Minute Audit and Risk Committee
2 December 2025

Attendance

Hazel Aim (Senior Corporate Governance Officer), Melanie Barnes (Interim Director of Finance), Suzanne Gray (Senior Financial Accountant), Issy Grieve (Non-Executive Board Member), Kat Jenkin (Head of Patient Safety, Quality and Risk), Joanna Kenny - Non-Executive Board Memberf), Dr Anna Lamont (Medical Director), Ryan McLaughlin (Non-Executive Board Member/Employee Director), Tammy Sharp (Director of Performance, Transformation and Deputy CEO), Jason Taylor (Non-Executive Director - Chair)

Guests: Martin Baird (Azets), Rachel King (Azets), Rashpal Khangura (KPMG, Iain Gray (Information Governance Manager and Data Protection Officer)

1.   Cover page (Presenter: Chair)

To support the Board in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge

2.   Apologies (Presenter: Chair)

The Chair opened the meeting at 0930 and welcomed members to the meeting.

Apologies were received from in Interim Chief Executive, Davie Campbell (Non-Executive Board Member), Rona Gold (Non-Executive Board Member), Stephen Brown (Chief Officer, Integration Joint Board)

The meeting was quorate in accordance with the Board's Code of Corporate Governance.

3.   Declaration of Interest (Presenter: Chair)

There were no declarations of interest raised.

4.   Minutes of meeting held 2 September 2025 (Presenter: Chair)

The Chair presented the minutes of Audit and Risk Committee meeting held on 2 September 2025

Decision / Conclusion
The minutes of the Audit and Risk Committee were approved as an accurate record of the meeting

4.1.   Chairs Assurance Report from meeting on 2 September 2025 (Presenter: Chair)

The Chair presented the Chair's Assurance report from the meeting held on 2 September 2025.

Decision / Conclusion
The committee approved the report.

4.2. ACTION LOG (Presenter: Chair)

The action log was reviewed, and corrective action agreed on outstanding issues (see action log for details).

5. Corporate Risk and Assurance Report (Presenter: Medical Director)

Head of Patient Safety, Quality and Risk sought feedback regarding the presentation of risks, including the additional column to show changes from the original risk position. The chair requested the alignment of risk update cycles with committee meeting dates to enhance scrutiny and ensure updates are timely.

The Medical Director and Head of Patient Quality and Risk advised that aligning updates with committee cycles may require further coordination with risk owners and corporate governance however, this could be achieved early 2026.

They also advised that a revised process for escalation of corporate risks has been agreed by the Senior Leadership Team (SLT), and will be brought to Committee. Draft guidance documents for operational risk registers are in development. Several services, including maternity and acute sectors, are progressing with their own risk registers, with governance arrangements being aligned to agreed processes. Training for staff on the new guidance is anticipated by April.

The Committee was assured that the number of operational risk registers is increasing, with improved scrutiny and accountability through the Risk Management Group and Clinical Governance structures. The new process aims to simplify risk management and enhance responsiveness.

Specific risks discussed included Major Incident Planning, MRI scanner and Fragile Workforce and Clinical Services**.**

The Medical Director expressed her concern in respect of funding for the MRI scanner when the current stream ends, with the risk level currently under review and likely to increase.

The Head of Patient Safety, Quality and Risk advised that they were meeting the Executive Director of Nursing Midwifery and Allied Health Professionals next week to get a partial update to the Fragile Workforce and clinical services and would report back to the Medical Director by 4 November 2025.

Decision / Conclusion

The Committee noted and took assurance on the management of the Corporate Risk Register. They noted comments from the Head of Patient Safety, Quality and Risk that significant amounts of time were being spent seeking updates from Risk Owners. The chair indicated that he would raise the matter with the Interim Chief Executive.

5.1. Risk Management Group Chairs Assurance Reports (Presenter: Head of Patient Safety, Quality and Risk)

Head of Patient Safety, Quality and Risk reported that in October, the Risk Management Group revised its terms of reference to reflect maturity and remit growth. The process for risk escalation was streamlined to a single route, enhancing transparency and alignment with organisational values. Acute operational risk registers were reviewed and managed through the Clinical Quality Group. They also reported in November, discussions focused on essential training definitions and positive assurance regarding policy reviews.

Decision / Conclusion

The Committee noted the Chair's Assurance reports and took assurance from the work being undertaken.

6. RISKS ESCALATED FROM OTHER GOVERNANCE COMMITTEES (Presenter: Chair)

7.

Decision / Conclusion

No risks were escalated from other governance committees.

8. SENIOR LEADERSHIP TEAM CHAIR'S ASSURANCE REPORT

Decision / Conclusion

The Committee noted the Chair's Assurance Reports for Senior Leadership Team with reference to the discussions around Risk.

9. APPROVAL OF AUDIT AND RISK COMMITTEE CORE DOCUMENTS 2026/27 (Presenter: Chair)

Proposed revised documents for Terms of Reference, Workplan and Timetable for Papers for 2026/27 were presented to the Committee.

Decision / Conclusion

The Committee approved the revised documents.

10. PLACE

10.1. No items at this meeting

11. PEOPLE

11.1. No items for this meeting

12. PATIENT SAFETY QUALITY AND EXPERIENCE

12.1. Scottish National Audit Programme Update Cover Paper (Presenter: Head of Patient Safety, Quality and Risk)

12.2.

Head of Patient safety, Quality and Risk updated the committee on the Scottish National Audit Programme (SNAP), which encompasses nine national clinical audit programmes. NHS Orkney actively participates in five of these audits: Scottish Trauma Audit, Stroke Audit, Hip Fracture Audit, Cardiac Audit of Devices and Scottish Intensive Care Society Audit Group (SICSAG).

She advised that audits have now been brought together under the Safety, Quality and Risk banner, with quarterly meetings established for clinical and audit leads. This new structure enables regular review of audit findings, identification of areas for improvement, and escalation of concerns to the Clinical Quality Group and the Committee.

Challenges identified in SICSAG related to limited anaesthetic consultant capacity and training of staff members. Steps are being taken to address.

Decision / Conclusion
The Committee noted the report.

12.3. Risk Management Group Terms of Reference (Presenter: Head of Patient Safety, Quality and Risk)

Head of Patient Safety Quality and Risk presented the proposed revised Terms of Reference for the Risk Management Group. Membership was updated and reporting guidance was made more transparent and included stakeholder engagement and accountability.

The Medical Director commented that the amendments strengthened the scrutiny of risks.

Decision / Conclusion
The Committee approved the amended Terms of Reference for the Risk Management Group

13. PERFORMANCE

13.1. Counter Fraud Strategy Update (Presenter: Interim Director of Finance)

The Interim Director of Finance gave an update on the consolidated Counter Fraud Strategy.

It was reported that there have been no fraud allegations during the period.

Details of monies recovered via Patient Exemption charge errors were also provided.

She advised of recent communications to staff regarding Fraud Awareness Week, which aimed to raise awareness of fraud prevention measures across the organisation, setting clear expectations for staff, suppliers and those acting on behalf of NHS Orkney.

Decision / Conclusion
The Committee noted and were reassured by the ongoing work.

14. POTENTIAL

14.1. Internal Audit

14.1.1. Internal Audit Progress Update and Recommendations Tracker (Presenter: Director of Performance and Transformation)

R King, Azets presented the progress report, confirming that all but one audit - Health and Safety - for the year had been completed and this was scheduled to begin shortly.

M Baird, Azets presented the Final Audit Report for NHSO Information Governance and concluded minor improvements were required with 4 recommendations in relation to the general housekeeping of documentation.

Information Governance Manager and Data Protection Officer welcomed the report and advised that the 2 year mandatory training approach adopted by NHSO will be standardised to an annual cycle across Scotland from March 2026.
They commented that this was sensible but likely to present challenges.

R King, Azets presented the Final Audit Report for NHSO Financial Controls - Payroll. She reported that the audit found substantial improvements were required, highlighting the need for updated policies and procedures, improved sign-off processes, and assurance regarding outsourced payroll arrangements with NHS Grampian. This included the lack of local controls which currently allow staff members to enter information without cross check or validation, and a sample of errors, which in one case related to a £60000 overpayment.

Noting that 21 recommendations had been identified, members discussed the report and expressed their deep concern at the extent of the issues identified, especially given the financial situation the board currently faces. They did however recognize the focus and depth of the audit work and the importance of reviewing a business area previously assumed to be low risk, taking assurance that internal audit was fulfilling its role.

The Chair commented on previous errors that had been presented to committee, relating to a small cadre of staff whereby all but one had seen incorrect information entered in the system which had resulted in quite significant errors of payment.

An updated Internal Audit Recommendation tracker was not presented, due to resource limitations, noting that significant time and effort had to be routinely

applied to obtain updates from recommendation action owners. The Chair queried this and was advised that steps were being taken to have a fully updated report presented at the next meeting. This included support from Azets.

Decision / Conclusion
Medical Director praised the Information Governance Team for the really positive audit report.

The Interim Director of Finance will provide confirmation that the issues relating to staff payment errors have been rectified.

14.2. Draft External Audit Plan 2026/27 (Presenter: External Auditor)

R Khangura, KPMG presented a verbal update on external audit plans for 2026/27. They confirmed that guidance had been received from Audit Scotland and a meeting had been had with the chair. No significant changes are expected in the approach or accounting standards for the coming year. Areas of audit focus will include property, plant and equipment valuation, and fraudulent expenditure recognition, especially in light of the organisation's financial position.

The Chair advised that he had highlighted the finance rapid review to the external auditors as an area to be considered in their planning and audit work.

Decision / Conclusion
The Committee noted the update.

14.2.1. External Audit Recommendations (Presenter: Interim Director of Finance)

Interim Director of Finance confirmed that all recommendations from the External Audit have now been completed and were awaiting review by KPMG as part of the audit cycle.

Decision / Conclusion
The Committee were reassured by this update.

15. ITEMS TO BE INCLUDED ON THE CHAIR'S ASSURANCE REPORT (Presenter: Chair)

The Chair proposed the following to be included in the Chair's Assurance Report

- Approval of Audit and Risk Committee core documents for 2026/27
- Approval of the Risk Management Group terms of reference
- Update on the Scottish National Audit Programme (SNAP)
- Update on the Counter Fraud Strategy
- Discussion and assurance regarding the Corporate Risk Register
- Receipt of internal audit reports (Information Governance and Payroll) and progress update

- Receipt of external audit planning update and confirmation of completed recommendations
- Internal Audit recommendation tracker status
- Concerns regarding ownership of Risk and Audit actions

Decision / Conclusion
The Committee agreed to the above being added into the Chair's Assurance Report.

16. ANY OTHER COMPETENT BUSINESS (Presenter: Chair)

S Gray, Senior Financial Accountant, reported that a paper had been omitted from this meeting regarding the proposal to alter the timing of the year-end audit for the Endowment Fund.

This had been discussed with both the board external auditors and the endowment fund external auditors and in principle neither had any objections. I Grieve reported that it was not uncommon for charities to schedule audits for later in the year but stressed this was a decision for the Endowment Committee.

Decision / Conclusion
It was agreed that the missing paper would be circulated to members to provide comments to the Senior Corporate Governance Officer by close of play today to enable discussion at the Full Trustee Endowment Committee meeting on 4 December 2025

17. ITEMS FOR INFORMATION AND NOTING ONLY (Presenter: Chair)

17.1. Reporting Timetable for 2025/26

Decision / Conclusion
The Committee noted the Timetable for papers 2025/26

17.2. Record of Attendance 2025/26

Decision / Conclusion
The Committee noted the Record of Attendance 2025/26

The Chair closed the meeting at 11.10.