# Minute Audit and Risk Committee
# 2 September 2025

**Attendance**

Hazel Aim (Senior Corporate Governance Officer), Melanie Barnes (Interim Director of Finance), Debs Crohn (Interim Head of Corporate Governance), Rona Gold (Non-Executive Director), Suzanne  Gray (Senior Financial Accountant), Kat Jenkin (Head of Patient Safety, Quality and Risk), Dr Anna Lamont (Medical Director), Jason Taylor (Non-Executive Director), Ryan McLaughlin (Non-Executive Director - Employee Director)

**Guests**: Rachel King (Azets), Rashpal Khangura (KPMG), Iain Gray (Data Protection Officer)

## 1. Cover page

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

The Committee will be quorate when there are three members present, one of whom must be the chair or vice-chair.

## 2. Apologies (Presenter: Chair )

The Chair opened the meeting at 09:30 am and welcomed members to the meeting.

No apologies received.

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. Minute of meeting held on 26 June 2025 (Presenter: Chair )

The Medical Director asked for some tracked errors to be corrected before submission to the Board and added to the corporate record.  The minutes of Audit and Risk Committee meeting held on 26 June 2025 were approved as an accurate record of the meeting, subject to the requested amendment.

### 4.1. Chair's Assurance Report from meeting 26 June 2025 (Presenter: Chair)

The Chair presented the Chair's Assurance report from the meeting held on 26 June 2025.

**Decision / Conclusion**
The committee approved the report.

## 5. Action Log (Presenter: Chair)

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

## 6. Corporate Risk Register (Presenter: Medical Director)

The Head of Patient Safety, Quality and Risk presented the Corporate Risk Register and reported that two new risks had been added - one concerning the National Infection Control Manual and another regarding Significant Adverse Event Review capacity.

Two risks were closed: the temporary closure of the clinical decontamination unit and waiting time data, as mitigations had been completed and targets met.

R Gold raised concerns about the limited nature of some updates and how they could be expanded to ensure non-executive members can trace actions, responsible parties, and timeframes. After discussion, it was agreed that future updates should include references to supporting documents / meeting minutes where details of SMART actions could be interrogated.

R Gold also raised concerns about the adequacy of mitigations for senior leadership capacity risks, highlighting the need for assurance on handovers, induction, and the impact of interim appointments. Members agreed to escalate this matter to the Board.

The Interim Director of Finance reported that the financial sustainability risks to senior leadership capacity and amongst other staff were monitored in detail at the Financial Escalation Board, with a formal review scheduled at month 6 to assess progress toward financial targets. If targets are not met, escalation to the board and Scottish Government will occur.

The Medical Director and Head of Patient Safety, Quality and Risk were tasked with ensuring future updates reference where evidence can be found, and to take forward a review of the Leadership risk given the areas highlighted

**Decision/Conclusion**
Members noted the update and actions agreed.  Limited assurance taken in respect of the Leadership Risk – concern to be escalated to board.

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

The Head of Patient Safety, Quality and Risk reported on the work of the Risk Management Group, including the adoption of SMART mitigating actions, oversight of operational risk registers, and improvements to risk scoring and

levelling, with the group's activities now providing greater assurance and organisational engagement.

It was noted that not all the Chair's assurance reports submitted by the Head of Patient Safety, Quality and Risk had been included in the meeting papers, albeit RMG minutes were available Onboard to view.

Corporate Governance to ensure all relevant Chair's assurance reports are uploaded to Onboard and notified to members following the meeting.

**Decision/Conclusion**
Members noted the update.

## 7. Senior Leadership Team Chair's Assurance Reports (Presenter: Chief Executive)

Chair's Assurance reports for the Senior Leadership Team meetings on 24 June 2025, 10 July 2025, 21 July 2025, 29 July 2025 and 5 August were made available to members.

R Gold enquired whether IT costs flowing from national programmes had been known, and whether such unavoidable costs were noted as being out with the board's control, and were tracked separately, in order to report back to the Scottish Government.

Interim Head of Finance confirmed that national program IT costs were budgeted, although the final amount had been unknown. It was also confirmed that this was being tracked internally and was being discussed nationally amongst Directors of Finance.

**Decision/Conclusion**
Members noted and took assurance from the reports.

## 8. Risks escalated from other Governance Committees (Presenter: Chair )

There were no risks escalated to other Governance Committees

## 9. PLACE - no papers presented

## 10. PATIENT SAFETY, QUALITY AND EXPERIENCE

### 10.1. Review of Public Health Scotland (PHS) Scottish National Audit Programme (SNAP) Reports (Presenter: Medical Director)

The Head of Patient Safety, Quality and Risk described NHS Orkney's participation in the Scottish National Audit Programme, the challenges of small sample sizes, improvements in data submission and clinical engagement, and the establishment of regular audit meetings to address outliers and enhance clinical governance.

NHS Orkney submits six national audits, with recent outliers in the Scottish Hip Fracture Audit, Scottish Stroke Care Audit, and the ICU/CDU audit. Outliers are

investigated, and action plans are developed to address identified issues, though small numbers can exaggerate the impact of single cases.

Quarterly meetings with audit and clinical leads have been established to review progress, address outliers proactively, and support clinical teams. The hip fracture and stroke teams have set up six-weekly meetings to drive improvements, resulting in reduced outliers and enhanced patient pathways. Although resource intensity is acknowledged, the benefits for clinical teams, including improved support, problem-solving, and oversight justified the effort.

The Medical Director stressed that audit activity is an essential part of clinical governance and board responsibilities, not an optional extra.

**Decision/Conclusion**
Members noted and took assurance from the reports and agreed that annual oversight of the Scottish National Audit Programme should remain with the Audit and Risk Committee, with Joint Clinical Care Governance Committee receiving assurance through Chairs Assurance reports from the Clinical Quality Group.

## 11.    PEOPLE - no papers presented

## 12.    PERFORMANCE

### 12.1.    Property Transaction Monitoring Annual Compliance Report (Presenter: Interim Director of Finance)

The Interim Director of Finance reported that there were no property disposals, acquisitions, or leases in the past financial year, resulting in a nil return to the Scottish Government, with a note that the sale of King Street may require audit in the next period.

**Decision/Conclusion**
Committee noted the report

### 12.2.    Counter Fraud Update (Presenter: Head of Finance)

The Interim Director of Finance provided an update on counter fraud activities. It was reported that all high-risk matches from the National Fraud Initiative have been investigated and closed with no evidence of fraud. The remaining matches are under investigation, with conclusions expected by the end of September.

A new fraud strategy is being developed, including a staff awareness survey and training sessions. The Interim Director of Finance emphasised the importance of having processes in place to test internal controls and ensure organisational resilience.

**Decision/Conclusion**
Members noted the update and took assurance from the report.

# 13.    POTENTIAL

## 13.1.    Internal Audit

### 13.1.1.    Internal Audit progress report and audit tracker - September 2025 (Presenter: Azets)

The Data Protection Officer reported on the status of the internal audit recommendations and that many were close to completion.

Summary of number of recommendations

- In 2023/24 – 16 actions were closed and 7 pending closure
- In 2023/24 – 1 in progress
- In 2023/24 – 1 not yet due
- In 2024/25 – 22 actions closed
- In 2024/25 – 8 in progress
- In 2024/25 – 5 not yet due

The Chair questioned why management was proposing the closure of a number of actions, when further information was still required to satisfy the Auditors.  After discussion, it was agreed that proposals to close audit recommendations to be supported by clear evidence and rationale, with action owners present to answer questions. To be progressed for December meeting.

### 13.1.1d   Waiting Times

R King - Azets presented the internal audit of waiting times management, focusing on trauma and orthopaedics and paediatrics, identifying minor improvements required, with a key recommendation to formalise clinical validation processes.

The audit reviewed compliance with the NHS Scotland access policy, patient journey processes, and monitoring arrangements. Fourteen recommendations were made, mostly minor, with one Grade 3 recommendation to formalise clinical validation of waiting lists.

The Medical Director explained that orthopaedic services in Orkney are delivered through multiple providers, making processes complex. The audit findings will inform ongoing clinical service redesign, with changes expected in the coming months.

### 13.1.1e Financial Management & Reporting

The internal audit of financial management and reporting, highlighted recommendations for improved budget holder training, consistent monthly

monitoring, and managing risks related to leadership changes, with actions to report progress through governance structures.

Risks associated with changes in finance leadership were noted, with plans to review the situation at the end of March 2026.

The Chair asked why the action timeline in respect of rolling out a uniform process in respect of budget variance meetings was so long. The Interim Director of Finance advised this was due to the differing skill sets / experience / practice of finance team members and the need to properly align these to ensure consistent processes.

Members agreed that the report should be shared with the Director of People and Culture to ensure organisational awareness, and that the Audit itself should form part of the year end evidence in the board annual report.

### 13.1.1f Draft Information Governance

This report was presented for information only, a final report to be returned to December Committee.

R Gold raised concerns regarding the increased use of Artificial Intelligence (AI). The Medical Director confirmed this is an active area of national discussion. The Data Protection Officer confirmed that policy and guidance in respect of approved AI models had been circulated to staff, and further communication would be made in this regard.

**Decision/Conclusion**
Members noted and took assurance from the summary report, and the audits undertaken by Azets, noting the recommendations and various action / decisions taken.

### 13.2 External Audit - No papers to be presented

R Khangura - KPMG reported that all deadlines had been met and a meeting had been set this month to set timelines for 2025/26 audit.

**Decision/Conclusion**
Members noted the update.

## 14. Items to be included on the Chairs Assurance Report (Presenter: Chair)

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

- Public Health Scotland SNAP reporting
- Senior Leadership stability risk – lack of assurance

- Internal audit recommendations
- Counter fraud
- Risks associated with using AI
- Property Transactions Report 2024/25.
- Received 2 x Audit reports
- Proposed enhancement to risk register

## 15.    Any Other Competent Business (AOCB) (Presenter: Chair)

No AOCB raised.

## 16.    ITEMS FOR INFORMATION AND NOTING ONLY

16.1.    Reporting Timetable for 2025/26 (Presenter: Chair)

Members noted the Reporting timetable for 2025/26.

16.2.    Record of Attendance 2025/26 (Presenter: Chair)

Members noted the record of attendance 2025/26.

The meeting closed at 11.34