

Audit and Risk Committee 27 May 2025 Minitues

Attendance

Melanie Barnes (Interim Director of Finance), Debs Crohn (Head of Improvement), Suzanne Gray (Senior Financial Accountant), Kat Jenkin (Head of Patient Safety, Quality and Risk), Dr Anna Lamont (Medical Director), Ryan McLaughlin (Non-Executive Director - Employee Director), Keren Somerville (Head of Finance), Jean Stevenson (Non-Executive Director), Jason Taylor (Chair - Non-Executive Director), Laura Skaife-Knight (Chief Executive).

Guests

Iain Gray (Data Protection Officer), Rashpal Khangura (KPMG), Rachel King (Azets), Harmony Bourn (Senior Project Manager).

1. Cover page

Audit and Risk Committees Purpose

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. Minutes of Audit and Risk Committee meeting held on 6 May 2025 (Presenter: Chair)

Decision/Conclusion

J Stevenson asked for clarity on whether a survey had been undertaken with hiring managers prior to the review and refresh of the recruitment policy. Update to be provided by Director of People and culture and recorded in the Committee Action Log.

The minute of the Audit and Risk Committee meeting held on 6 May 2025 were approved as an accurate record of the meeting.

5. Action Log (Presenter: Chair)

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

6. Chairs Assurance Report from meeting on 6 May 2025 ARC2526-14 (Presenter: Chair)

The Chair presented the Chairs Assurance Reports from the meeting held on 6 May 2025.

The Chief Executive welcomed the test of change in Children's services on managing operational risk but felt that a different test of change is required in an area of the business less engaged than Children's Services.

The Chief Executive welcomed work being led by the Head of Finance to enhance our Fraud Prevention Strategy and asked that information in relation to what this includes and by when be added to the Chairs Assurance Report.

Committee Chair confirmed this would be updated in the Chairs Assurance Report prior to onward submission to the Board.

Decision / Conclusion

The committee welcomed and noted the report.

7. PLACE - No items for this meeting

8. PEOPLE - No items for this meeting

9. PATIENT SAFETY, QUALITY AND EXPERIENCE - No items for this meeting.

10. PERFORMANCE

10.1. Orkney Health Board Endowment Fund Annual Accounts 2024/25 ARC2526-15 (Presenter: Endowment Fund Treasurer)

The Endowment Fund Sub Committee Treasurer presented the draft Orkney Health Board Endowment Fund Annual Accounts 2024/25 for awareness.

Audited accounts will be presented to Endowment Fund Trustees 5 June 2025. Income for the year is in line with the previous year.

The Employee Director asked for clarity on transactions in relation to recharges to NHS Orkney. The Head of Finance advised that it is expenditure by the Charity - point to be updated with an explanatory note.

Chief Executive asked for the date of departure of Michael Dickson to be amended.

Chief Executive asked that acknowledgement be given to the fact that the £20K community support fund had received no bids as well as noting that there had been no spend on restricted funds.

The committee recognised the need for awareness to be raised with our teams noting the impact this funding has on improving patient care. The Chair reminded members of the forthcoming Endowments meeting as an opportune time to raise and discuss these issues.

Decision/Conclusion

Members welcomed and noted the Orkney Health Board Endowment Fund Annual Accounts 2024/25

10.2. Orkney Health Board Endowment Fund Governance Statement 2024/25 ARC2526-16 (Presenter: Chair / Endowment Fund Sub Committee Treasurer)

The Endowment Fund Sub Committee Treasurer presented the Orkney Health Board Endowment Fund Governance Statement 2024/25 which was approved at the 21 May 2025 providing assurance that there are robust and transparent processes in place to manage the Endowment Fund.

The Orkney Health Board Endowment Fund Governance Statement 2024/25 will be presented to Endowment Fund Trustees 5 June 2025.

Decision/conclusion

Committee noted the Orkney Health Board Endowment Fund Governance Statement 2024/25.

10.3. Draft Audit and Risk Committee Governance Statement 2024/25 ARC2526-17 (Presenter: Chair)

The Chair presented the Draft Audit and Risk Committee Governance Statement 2024/25 for approval.

The Medical Director asked if the offer of transitional funding should be included in the final Audit and Risk Committee Governance Statement 2024/25 recognising the risks accepting this funding poses.

Committee Chair advised it would be more relevant for transitional funding to be included in the Audit and Risk Committee Governance Statement 2025/26 as funding was accepted in 2025/26. However, it was agreed that narrative around transitional funding would be included in the forward look section of the Annual Report 2024/25.

Decision/Conclusion

Committee approved the Audit and Risk Committee Governance Statement 2024/25 for onward submission to the Board.

10.4. Draft NHS Orkney Annual Report and Accounts for year ended 31 March ARC2526-18 (Presenter: Interim Director of Finance)

The Interim Head of Finance provided an update on the production of the NHS Orkney Annual Report and Accounts for year ended 31 March 2025.

The first draft has been shared with External Auditors, revisions have been made ahead of second draft being submitted to Scottish Government by Friday 30 May 2025.

Additional work is required on sustainability - this is being actioned by the Medical Director. Updates to the performance section, including the presentation of data are underway.

The Employee Director asked for clarification of how data is provided in relation number of employees released for trade unions duties.

Committee Chair and Chief Executive have provided minor changes, which have been actioned particularly in relation to this year's performance and internal controls.

Interim Director of Finance advised that the financial risks and sustainability will be updated before the final version is submitted to auditors.

External Auditor confirmed progress is where we need to be for this year's Annual Report and Accounts. External audit report will be presented Audit and Risk Committee and Board 26 June 2025, with submission to Scottish Government 30 June 2025.

Decision/Conclusion

Members discussed and welcomed progress on the Annual Report and Accounts for year ended 31 March 2025.

Noting the number of changes that had been made and were likely to follow prior to the second draft being submitted to Scottish Government on 30 May 2025, it was agreed that the second draft (tracked changes) would be circulated to committee members for transparency.

10.5. Draft Directors Subsidiary Assurance Statement 2024/25 (Presenter: Interim Director of Finance)

The Interim Director of Finance presented the Draft Directors Subsidiary Assurance Statement 2024/25. The statement provides the Accountable Officer with assurance that internal controls are in place in the services Executive Directors are responsible for.

All Directors have signed the statements for 2024/25 with the exception of the Director of Public Health who is currently absent.

J Stevenson asked for assurance that in the absence of the Director of Public Health, that relevant control were in place. The Interim Director of Finance confirmed that this has been reviewed in their absence

The Interim Director of Finance confirmed that the Internal Control checklist had been completed, noting where improvements are required and actions in place. She concluded by confirming that satisfactory internal controls are in place.

Decision/Conclusion

Committee took assurance from the Draft Directors Subsidiary Assurance Statement 2024/25 that satisfactory internal controls are in place.

10.6. NHS Scotland Service Audit Reports ARC2526-19 (Presenter: Interim Director of Finance)

The Interim Director of Finance provided an overview of NHS Scotland Service Audit Reports. Committee received the audit reports for National Business Systems provided for all Health Board by NHS Ayrshire & Arran and National Payroll Systems hosted by NHS Tayside.

An additional 2 audits are expected from National Services Scotland, these will be presented to Committee at the 26 June 2025 meeting.

Decision/conclusion

Committee noted the NHS Scotland Service Audit Reports and took assurance on performance.

11. Items to be included on the Chairs Assurance Report (Presenter: All)

Committee agreed the following items for inclusion in the Chairs Assurance Report

- Second draft of Annual Report and Accounts 2025/26 to be shared with Committee before submission to Scottish Government Friday 30 May 2025.
- No matters of concern or key risks to be escalated.
- Minutes and Chair's Assurance Report from the meeting held on 6 May 2025 approved subject to minor amendment.
- Draft Audit and Risk Committee Governance Statement 2024/25 approved.
- Draft Orkney Health Board Endowment Fund Annual Accounts 2024/25 scrutinised.
- Assurance taken from the Orkney Health Board Endowment Fund Governance Statement 2024/25 approved at the Endowment Fund Sub-Committee 21 May 2025.
- Assurance taken from the Draft Directors Subsidiary Assurance Statement 2024/25 that NHSO has satisfactory internal controls in place.
- Scrutiny of draft NHS Orkney Annual Report and Accounts for year ended 31 March 2025
- Assurance taken from NHS Scotland Service Audit Reports (Business and Payroll Systems).
- Papers being presented over 2 meetings to reduce the number of papers coming to the Annual Accounts meeting in 27 May 2025, was welcomed by Committee members

12. Any Other Competent Business (Presenter: All)

No AOCB raised.

13. ITEMS FOR NOTING

Committee noted the following

- 13.1 Recruitment Improvements Update - JS asked for clarity on whether a survey had been undertaken prior to the refresh of the recruitment process. Director of People and Culture to confirm if the survey has taken place.
- 13.2 - Internal Audit Recommendations 2023-2025 Cover Paper - these will be presented at all Committees. Chair thanked I Gray and H Bourn for the report and trackers.

14. Record of attendance 2025/26 (Presenter: Chair)

Members noted the record of attendance 2025/26.