

SHETLAND NHS BOARD**Minutes of the Meeting of the Audit and Risk Committee held at 10.00am on Tuesday 30th September 2025 via Microsoft Teams**

Present	
Mrs Gaynor Jones [GJ]	Non-Executive Director (Chair)
Mrs Natasha Cornick [NC]	Non-Executive Director
Mrs Kathy Hubbard [KH]	Non-Executive Director
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Mr Brian Chittick [BC]	Chief Executive
Mr David Eardley [DE]	Internal Audit
Mr Daniel Cunningham [DC]	External Audit
Ms Lorraine Allinson [LA]	HR Services Manager (up to item 6)
Mrs Pauline Moncrieff	Board Business Administrator (minutetaker)

1. Apologies for Absence

Apologies for absence were received from Lincoln Carroll, Edna Mary Watson and Michelle Hankin.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of the Meeting held on 19th June 2025

NC said that the draft minute did not fully reflect the extent of previous discussions regarding outstanding internal audit action updates when Members had expressed significant concern over the lack of progress and incomplete updates. In light of the issues being presented in this meeting also, it was agreed that it was important to accurately record these concerns in both sets of minutes.

ACTION: GJ, CM and PM to discuss an amendment to minutes to be presented to the Committee in November

Draft Minutes of the Meeting held on 25th March 2025

The amended minutes were approved as an accurate record of the meeting.

4. Action Tracker

Members discussed the Action Tracker and agreed the following updates:

(220) Internal Audit Report 23/24: IT Stock Control

BC reported that IT and Digital had moved to the Chief Exec's portfolio (Information Governance had moved to the DFin). Members were assured that work was already progressing including a meeting arranged for 30 Sept to develop an action plan and look at outstanding IT management actions. An informed update on the management actions would be possible after 30 Sept.

(234) Auditing Climate Change - Decarbonising health and social care services

BC explained a joint bid had been submitted with Herriot Watt University to look at different ways of working with an outcome of decarbonising. Unfortunately the bid had been unsuccessful but the plan was to now look at other potential areas of working with the University, particularly around patient travel and providing care closer to home (from a decarbonisation perspective). Members agreed action 234 could be closed.

BC informed Members that the funding bid for the workforce skills development Foresighting cycle in collaboration with the University of Strathclyde and the National Manufacturing Institute of Scotland had also been unsuccessful. Despite being unsuccessful in these bids, it demonstrated partnership working and that NHS Shetland was an innovative health board.

(236) Internal Audit Report 24/25: Supplementary Staffing

BC said it had been agreed at the last meeting that this action should be closed off and scrutiny be deferred until the implementation of Allocate was complete. BC asked that this be formally fed back to Internal Auditors in order to prevent colleagues receiving routine requests for management action updates. The committee noted that these actions would be closed off but that this topic could be revisited with a future audit or with a programme review bearing in mind the scope and timing.

DE commented that, unless it was necessary to raise any specific issue, Internal Audit was content to revisit or set aside recommendations at any time on the instruction of the committee. Internal Audit was happy to proceed on the basis of the Committee's decision to close off the current actions and revisit this audit at a later date.

ACTION: Members agree to close this action (as proposed at the last meeting)

GJ enquired whether the CExec would need extra support to handle the digital portfolio given current workload constraints. BC said that digital initiatives were a priority for the Board, with efforts focused on audit actions and the Digital Strategy. The team was making progress, with steps being taken to strengthen resources through recruitment and task reallocation so team leaders can concentrate on strategic and audit tasks.

(218) Strategic Risk Register Review: Mental Health Risk to be drawn up and included in Strategic Risk Register

GJ asked if there were particular issues affecting progress with the review. BC discussed whether the mental health risk should remain on the Risk Register, noting ongoing improvements and uncertainty about whether the risk belongs at the directorate or corporate level. BC recommended seeking guidance from RMG on the justification for escalating this as a strategic risk, emphasising the need for purposeful inclusion that drives management actions rather than just raising visibility. The Committee agreed it may be appropriate to take a broader view that includes other fragile services, not just mental health.

NC raised concerns regarding governance assurance, questioning how the Committee can fulfill its oversight responsibilities when actions remain open on the tracker without progress or feedback.

ACTION: BC agreed to raise this risk at the next RMG meeting and would also discuss with the Director of CH&SC.

5. **Matters Arising from the meeting on 25th March 2025**

Audit Scotland: NHS in Scotland 2024 Annual Report (Paper AUD24/25)

BC highlighted to Members that it had been the intention to present a paper on NHS Reform and Renewal to the April Board Meeting but instead a presentation on Regional Collaboration had taken place at the Board Development Session on 26th August and the Service Renewal Framework and Public Health Framework would form part of the discussion at the Board Development Session on 7th October.

6. **Internal Audit Outstanding Management Action Updates:**

Bank/agency/locum Onboarding

LA explained that the management actions had been put in place before the implementation of Allocate had begun. Subsequently a request had been made to reshape or delay what was required until implementation of Allocate was complete.

Achievements to date included:

- tightening up aspects of the induction process in partnership with colleagues in Organisational Development
- a check sheet process is in place, managed by the GP Joy Administrator, to ensure compliance with audit requirements for bank/agency/locum onboarding.
- The check sheet process has been extended to primary care and dental services, which manage their own agency arrangements with HR support as needed.
- The GP Joy Administrator role is government-funded, presenting some prioritisation challenges. The HR team oversees the system, with service managers making operational decisions.
- consideration is being given to whether the Allocate system can eventually replace current processes (SSTS), aligning with other Allocate modules.
- Progress is being made with the Allocate eRostering module, which now includes locums and provides greater visibility; however, full cost tracking and integration with budget systems are still under review. Further decisions are required regarding centralisation and the future use of Allocate for these processes.

CM explained that the Allocate eRostering module operated in partnership with different direct providers and that NHS Shetland's current contract expires in April 2026. The procurement team are collecting information from other boards who have brought this in-house. The SGov Working Group had also recommended looking at a national or regional bank solution. If the Board decided to chose a provider other than Allocate, this would require a procurement exercise. Going for the in-house option was not currently the favoured recommendation from an HR capacity, resource and office space perspective.

CM informed the committee that since the March meeting, a national report had been published with recommendations which included those around bank staffing. The Director of Nursing and Acute Services chairs a project group looking at the implementation of a single bank and a report will be presented to EMT and this committee in due course.

In response to a question from GJ regarding the timeframe for the contract discussions, CM explained a procurement process will be put in place to determine if the in-house or external option is preferred. LA added that there was a national contract with eESS for the wider business management system (finance, workforce and procurement) due for renewal in 2028 so a national NSS group will consider replacement or continuation as part of the review process.

Business Continuity Plans

BC reported that a deadline of 16th October had been set for completion of BCPs to be reviewed in alignment with winter planning. Any outstanding plans will be reviewed with the relevant director and service lead. Anecdotal feedback from the Business Continuity and Resilience Officer was that there was already progress and the hope was that it will be possible to close off this management action in the next few months.

7. Strategic Risk Register Report Q1 2025/26

(Paper AUD 25/19)

BC presented the paper on behalf of Edna Mary Watson. The report offers assurance that the Board's most significant risks are being actively managed and the team continues to work hard to strengthen the Board's risk management processes as detailed in the paper.

- Strategic Risk Register development is a board-level priority. The Board Development Session in November will consider what the publication of the PHF and SRF will mean for how risks are managed and the Board's risk appetite. The session will be supported by Carrie Moore to help develop this live piece of work.

- Working towards linking RMG work and strategic work with the Strategic Delivery Plan whilst ensuring the Strategic Risk Register is fit for purpose moving forward.
- No significant movement in the highest-rated risks in Q1, possibly reflecting a period of stability. However, this stability may be due to managing risks that are out of context, which could mean disruption moving forward.
- Progress on key organisational risk management areas highlighted by RMG, eg. implementation of the lone worker fob system to enhance staff safety, which has positively impacted risk ratings around lone working in the risk register.
- Continued focus on high-level risks impacting delivery, eg external factors, workforce, information governance, and cybersecurity. There have been developments around cybersecurity and regional ways of working. Despite progress, some risks remain challenging, particularly those influenced by national workforce shortages, funding constraints, and external pressures outwith the organisation’s control.
- Ongoing challenges and vacancies within the Clinical Governance and Risk Team, may impact the pace of risk review and updates in the coming months. Carrie Marr will support work to maintain momentum with delivery for the next financial year, the aim being to have an updated, reviewed Strategic Risk Register moving forward.

Discussion

KH acknowledged the challenges associated with maintaining an effective Strategic Risk Register, noting that while individual projects have their own risk registers, there remains difficulty in ensuring that emerging estate risks (eg. GBH structural repair works) are promptly and accurately reflected at the strategic level. The concern was that the process can be cumbersome, resulting in certain risks being superseded before formal inclusion, and KH questioned whether current systems and processes support sufficient agility without compromising governance overview and necessary due process.

BC explained that as reported at yesterday’s Programme Board, the risk register for the Gilbert Bain remedial works had 63 active risks and the concern was that in managing so many risks, the board was losing the basis of the work it was trying to do (or having to let risks slip in order to prioritise others).

The committee discussed the escalation of operational risks within programmes to the strategic level, noting the challenges in ensuring the same individual remains responsible for these risks as they evolve. It was recognised that there was an aspiration to address estate risks across NHS Shetland, given the ageing infrastructure, but current constraints in managing immediate project risks—such as those encountered during business case development and tendering—remain a concern. BC agreed to refer this issue back to the Risk Management Group for further consideration, acknowledging its connection to points raised previously regarding performance management and issues sometimes being identified retrospectively, following a lag of up to two quarters.

The Committee agreed that a future development session could provide a forum for discussing the need for greater agility in bringing assurance and scrutiny to committees and the Board, and what agility should look like for Board and committee members.

The committee discussed some of the challenges associated with ensuring all relevant risks are appropriately captured and updated within the corporate risk register and acknowledged that some risks, such as the storage of medical records, have been longstanding and may not always be reflected accurately or in a timely manner. The importance of distinguishing between risks that remain current and those that have become business as usual was highlighted. The future direction of risk mitigation, including the transition to more electronic systems and improved interfaces for patient information, was identified as a key area for development.

DECISION: The committee agreed that these considerations would be brought forward for further discussion at the next Board Development Session scheduled for mid November.

GJ highlighted the level of risk reflected in the Community Health & Social Care service, as noted within the JCAD report appended to the report and emphasised the recurring challenges related to service redesign, updates, and capacity. BC noted the specific risk identified was associated with the inability of the Clinical Governance and Risk team to directly access and modify the JCAD system (reports can still be requested and risks were actively managed by the Directorate). BC outlined the ongoing evaluation of system access issues, including consideration of reverting to the previous system (Datix) should JCAD remain inaccessible. However, he cautioned that reverting may introduce duplication risks and potential gaps in risk management.

BC reported that RMG was exploring procurement of the InPhase system, which may offer improved interface capabilities and integration with the Health & Social Care Partnership, potentially resolving the identified issues. NC added that the possibility of adopting InPhase had been actively discussed with the Director of CH&SC, with the system considered a high priority for future risk register and governance improvements on the IJB side.

DECISION: the committee noted the Strategic Risk Register Q1 2025/26.

8. Risk Management Group actions notes from 11th June 2025 (Paper AUD 25/20)
Included in the SRR Report update discussion above.

Risk Management Group action notes from 17th September 2025 (verbal update)
BC highlighted the points not covered in the SRR discussion above.

- The helicopter landing site remains in status quo with ongoing partnership discussions continuing. Policy is driving health board accountability for hospital landing sites which is currently under review by CLO and other relevant parties.
- Discussion on the blockages related to the lone worker fob implementation were resolved following involvement from the Risk Management Group (RMG) and Executive Management Team (EMT), resulting in significant progress on this issue.
- The structural integrity of Gilbert Bain Hospital was discussed, including associated risks and updates to the Programme Board risk registers.
- Digital capability and progress on the Digital Strategy review were discussed, with particular attention to regional collaboration and cybersecurity. The regional CExecs have commissioned work in this area as part of efforts to enhance regional working.
- A high focus on cybersecurity, with NHS Shetland collaborating with five other northern health boards to improve intelligence, assurance, and learning related to cybersecurity risks. Updates to the local cybersecurity risk controls were noted as necessary.
- Discussion on risks related to infectious diseases in the lead-up to Exercise Pegasus. Review of pandemic controls, winter planning, and the potential need for tabletop exercises to prepare for flu pandemics and winter-related impacts.
- Learning from whistleblowing reports and discussion of "Speak Up Week" were shared, with a focus on increased engagement and ongoing improvement.

DECISION: the committee noted the Risk Management Group action notes.

Internal Audit

9. Internal Audit Progress Report Quarter 1 2025/26 (Paper AUD 25/21)

DE presented the progress report and assured members that there were no concerns emerging and progress was on track with a number of internal audit review reports

scheduled for presentation to the committee in March 2026

DECISION: the committee noted the Internal Audit Progress Report Q1 2025/26.

10. Internal Audit Management Action Follow-up Report Q1 2025/26 (Paper AUD 25/22)

DE reported that there was an increasing number of open management actions, noting that the number of outstanding items had risen to 29 at the time of reporting. It was acknowledged that some further updates may have occurred since the report was prepared to meet committee deadlines. DE said that management had expressed a commitment to maintaining oversight of these actions to prevent further increases, aiming to keep the number of open actions low as had been achieved in the past six months.

It was noted that several actions had been completed or partially addressed, some had been superseded, and others were not yet due. The committee's attention was drawn to a number of higher graded items for which updates had not been received; management was encouraged to focus on these to ensure proactive monitoring and timely completion.

Discussion

BC observed the audit action graph (page 5), highlighting cyclical trends where audit reports presented in March were followed by corresponding action deadline spikes typically occurring around year-end. BC acknowledged the narrative around no feedback being received and assured members that efforts were being made to enhance digital feedback plus raising the profile of this priority within the EMT meetings through a regular formal paper being presented by Karl Williamson in conjunction with Internal Audit.

ACTION: BC agreed to ensure this is taken forward on a quarterly basis in the run up to Audit and Risk Committee as part of the business cycle, with the aim of closing or updating outstanding actions.

NC expressed ongoing concerns regarding the lack of responses from several directors to audit committee queries, noting a recent increase in non-responses. Despite prior discussions and planning, the current approach did not appear to be yielding the necessary information, leaving the committee without timely updates on actions. NC emphasised that receiving updates after meeting packs have been distributed did not resolve the issue, as the committee remained uninformed at the time of discussion.

After discussion, it was agreed that a formal letter should be sent by the Audit and Risk Committee Chair to the Chief Executive, (copying in the Board Chair) emphasising the need for clear, comprehensive updates on all outstanding actions ahead of the November meeting. The committee noted the seriousness of the issue, acknowledging that failure to address it may result in external escalation and public scrutiny.

ACTION: Audit & Risk Committee Chair to issue a formal letter to the Chief Executive, (copying in the Board Chair), requesting full responses on all outstanding audit actions prior to the November meeting.

DE acknowledged that there were various factors affecting the backlog of outstanding audit action such as prioritization and staff absences which can contribute to delays. NHS Boards often face competing demands, resulting in occasional fluctuations in progress. The committee noted the importance of using risk ratings to indicate the relative urgency and importance of each action. Members agreed on the need to redouble efforts to progress these actions, recognising that the value of internal audits was realised only through effective implementation of recommendations and the importance of completing the audit cycle to ensure impactful outcomes.

CM updated members on progress with the IT Stock Control action (from 2023/24). The group looking at the corporate use of assets had visited the IT stockroom to assess the current use and contents with a view to relocation. Maintaining an accurate asset inventory in an IT store location will remain the responsibility of the IT department but the physical location of a new stockroom(s) has been taken forward as part of the strategic review of the accommodation estate.

Members discussed in more detail some ongoing actions to improve IT asset management, including asset inventory updates and stockroom relocation plans. Concerns were raised about lost or stolen devices, and it was noted that unresolved legacy issues from the COVID pandemic were still being addressed. Staff were reminded that all IT equipment belonged to the Board (not a department) and that proper asset return and record-keeping are crucial for security and accountability.

Audit Scotland

No papers to report

Standing Items

11. Audit & Risk Committee Business Plan 2025-26

Paper AUD 25/23)

CM presented the paper which has been revised to reflect recent changes. It was noted that training dates and subject matters are yet to be finalised. Internal Audit will be considering training requirements to ensure contractual compliance and will seek feedback from Committee members to inform the training programme. Members were encouraged to suggest topics that would support their learning and enable them to fulfil their roles and responsibilities effectively.

Decision: the committee noted the Business Plan 2025-26.

12. Other Auditors Action Points (outstanding) update

(Paper AUD 25/24)

CM presented the report and explained that the main outstanding actions listed were primarily those from external auditors, with completed and ongoing items included. Any new external audit recommendations will be added in future reports, while Internal Audit actions are addressed in separate papers on the agenda. It was noted that progress updates have been provided for some actions since this report was prepared and it acknowledged that further detail on these will be provided at the November meeting.

DECISION: the committee noted the updates.

13. Revised Payment Verification Protocols – General Dental Services, Primary Medical Services, General Ophthalmic Services, Pharmaceutical Services (Circular DL(2025)17)

(Paper AUD 25/25)

CM presented the paper and informed the committee that the revised payment verification protocols were implemented by NSS and reflected in their audit reports. It was confirmed that the changes proposed by SGov do not alter the risk profile for the organisation.

CM confirmed that the Board's Finance Department was not involved in the implementation of the revised payment verification protocols at a local level. All payments to independent contractors and related compliance visits are managed by NSS, as part of NHS procedures.

DECISION: the committee noted the Revised Payment Verification Protocols – General Dental Services, Primary Medical Services, General Ophthalmic Services, Pharmaceutical Services (Circular DL(2025)17)

14. CFS: Patient Exemption Checking Annual Reporting Package 24/25 (Paper AUD 25/26)

CM explained that one of the work streams of counter fraud services is to examine and verify that the claims submitted by patients are true and accurate, and occasionally forms are not completed correctly whether through administrative error or deliberate fraud. The report highlights the total collected by CFS and the value had been returned to NHS Shetland from that process.

DECISION: the committee noted the Counter Fraud Services: Patient Exemption Checking Annual Reporting Package 2024/25.

15. Counter Fraud Services Annual Report 2024-25 (Paper AUD 25/27)

CM presented the report which summarises the key activities throughout the year, including examples of successful court cases and their outcomes. It was noted that the report forms part of regular reporting to Boards and supports ongoing efforts to raise fraud awareness, including the upcoming Counter Fraud Week in November, where the Board's Counter Fraud Champion will participate. The committee acknowledged the importance of deterrence in fraud prevention and recognised Counter Fraud Services as the lead agency for addressing fraud within the NHS.

Discussion

In response to a comment from NC regarding whether a Shetland example was included in the report, CM said that the main case last year involving NHS Shetland was not included, and that the Procurator Fiscal decided not to take proceedings. The board is still in the process of debt recovery in regards to recovering the losses the board has suffered.

GJ enquired about the financial responsibility for debt recovery, highlighting the limited recoveries for NHS Shetland compared to larger boards and questioning the cost-effectiveness. CM clarified that, since NSS ceased providing debt recovery, NHS Shetland now employs an external agency that charges only upon successful recovery. However, pursuing debts often proves uneconomical, especially over time or if individuals relocate. Fraud-related debts may ultimately need to be written off, leading to income loss for the NHS, though every effort is made to mitigate these losses.

DECISION: the committee noted Counter Fraud Services Annual Report 2024-25.

16. Any Other Business: There was no further business.

17. Date of next meeting: Tuesday 25th November 2025 at 10.00am by Microsoft Teams.

[the meeting concluded at 11.25am]