

SHETLAND NHS BOARD**Minutes of the Meeting of the Audit and Risk Committee held at 10.00am on
25th November 2025 via Microsoft Teams**

Present	
Mrs Gaynor Jones [GJ]	Non-Executive Director (Chair)
Mr Lincoln Carroll	Non-Executive Director
Mrs Natasha Cornick [NC]	Non-Executive Director
Mrs Kathy Hubbard [KH]	Non-Executive Director
In Attendance	
Mr Colin Marsland [CM]	Director of Finance
Ms Edna Mary Watson [EMW]	Chief Nurse Corporate
Ms Stephanie Hume [SH]	Internal Audit
Mr Jamie Fraser [JF]	Internal Audit
Mr Daniel Cunningham [DC]	External Audit
Mr Sam Elliot [SE]	External Audit
Mr Paul Buchanan	Aspiring Chairs programme (observer)
Mrs Pauline Moncrieff	Board Business Administrator (minutetaker)

1. Apologies for Absence

Apologies for absence were received from Brian Chittick and Rachel Browne.

2. Declaration(s) of Interest

There were no declarations of interest.

3. Draft Minutes of the Meeting held on 30th September 2025

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

Draft Minutes of the Meeting held on 19th June 2025 v3

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

4. Action Tracker

Members discussed the Action Tracker and agreed the following updates:

(207) Board Development Session on Risk Appetite to take place with External Facilitator

Members noted the confirmed date for this was now 15th December and would be facilitated by Carrie Marr in conjunction with the CExec.

(240) CExec and Committee Chair to discuss A&R Committee specific assurance needs as part of robust Board wide governance approach - GJ confirmed this action could be closed.

5. Matters Arising from the meeting on 30th September 2025**10. Internal Audit Management Action Follow-up Report Q1 2025/26**

GJ informed Members that a formal letter had been sent to the CExec requesting full responses on all outstanding audit actions prior to the next meeting. The response had been circulated to all committee members.

6. Risk Management Workplan 6-Monthly Update Report

(Paper AUD 25/28)

EMW presented the update report and explained that the full Workplan was presented to the Board in April with an update to this meeting. The key headlines were presented:

- The Terms of Reference for the Risk Management Group (RMG) had been reviewed and were on today's agenda for approval with some amendments.

- The Chair of the RMG had moved 2 years ago from being the Medical Director to the Chief Executive which had proved positive but at times challenging to maintain this year due to diary clashes. Efforts will be made to avoid clashes with CExec's national commitments.
- Support continues to be provided to managers in reviewing risks as part of preparations for implementation of the Inphase product (now called Healthcare Guardian). It had been agreed at the September meeting, to move forward with implementation and the contract had been signed at the end of October. Confirmation was now awaited from IdeaGen about the implementation and the timescales.
- The team had revised the Risk Management and Adverse Event training for staff. Staff must complete the training before receiving live system access.

DECISION: the committee noted the Risk Management Workplan 6-Monthly Update.

7. Strategic Risk Register Report Q2 2025/26

EMW presented the report for the period ending 30 September 2025. The key headline was that there had been little change this period, with the rating reduced on a few risks after review.

- SR17 (IT Failure due to cyber attack): Had been reviewed following the change in line management of the Digital Team to report directly to the CExec. The score had reduced from 16 to 12, remaining high risk, but at the lower end of that category.
- Directorate Risk 1571, concerning the audiology singlehanded practitioner: There has been significant redesign work, including collaboration with NHS Grampian and engagement with the Royal National Institute for the Deaf. A recruitment process had successfully appointed a new postholder who will start in 2026.
- SR08 (Workforce): A short-life working group had been set up and beginning to explore recruitment of substantive Consultants. More emphasis on promoting remote and rural working opportunities, eg. at the Viking Conference and discussions with national deaneries.
- The Estates risks have been extensively reviewed in Q2: RMG approved 3 new draft risks at the November meeting: a revised SR14 (Climate Emergency and Net Zero), a new risk on the Structural Integrity of the Gilbert Bain Hospital, and a wider risk on the Ageing Estate across NHS Shetland. These risks will be overseen by the Finance and Performance Committee, with Audit & Risk Committee continuing to receive updates. It is proposed that Clinical Governance Committee receive the Gilbert Bain related risks due to the potential impact on clinical service delivery.
- The Inphase product had been renamed Healthcare Guardian, which better reflects its intended governance functions.

Discussion

KH commented that it was as yet unclear what the impact may be of the latest subnational planning requirements on all risks across the organisation.

KH suggested the Board's risk response to Risk 1609 (Incorrect storage of medical records) should be reviewed and updated to 'tolerate' (rather than treat) regardless of available resources. EMW explained this risk had originally concerned the management of the historical notes situation but had shifted focus from seeking extra resources to considering a broader move towards electronic records. Discussions are ongoing, with outcomes to be reported in the next quarter. CM added that over the past 11 years, the number of staff in the Medical Records department had risen by 20% but activity was only up by 5% which suggested it was a process issue rather than resources.

KH commented there was a typo in appendix 2 under Risk 1540 (Risk of CBRN contamination) where a number of actions had an update deadline of January 2025 which should perhaps read January 2026. **ACTION: EMW will verify the correct date and update the committee**

CM informed Members that the Board had today received the report on the NIS audit which reported the organisation's overall compliance status had increased to 75%.

NC asked how the Board could be kept updated on the Estates risk between meetings, given the speed that changes could occur (particularly around the Gilbert Bain Hospital works). EMW said that the new "Structural Integrity of GBH" risk will be reviewed on a monthly basis and the intent was also that it will be discussed at EMT meetings on a monthly basis. The Clinical Governance team will then receive feedback in order to ensure that the risk is always reflective of the conversations or any changes. KH added that there was an additional layer of assurance for the Committee by way of the *Gilbert Bain Hospital Structural Repairs Programme Board* where progress was monitored at a more granular level.

LC acknowledged that the issues around workforce persisted and was shared by other organisations, including the Council. The establishment of a short-life working group was welcomed, as it was viewed as providing a fresh perspective and encouraging broader consideration of employment, contract options and generate innovative approaches solutions.

DECISION: the committee noted the report and agreed the strategic risks were being managed.

8. Risk Management Group Decision Note from 17th September 2025 (Paper AUD 25/30)
Risk Management Group action notes from 12th November 2025 (verbal update)

EMW explained there was some crossover with discussion at both meetings so summarised the key points to Members.

- Challenges continue with the HEPMA system for interim discharge letters and communication between acute and primary care. RMG agreed to transition to a new system called Core Document Development for this purpose, with NHS Grampian's IT team committed to supporting NHS Shetland with implementation. The timeframe is the challenge with resource constraints remaining a challenge for both organisations. Discussions are ongoing at RMG, with regular updates provided to key operational groups.
- Lone worker fobs: in September there had been concern that uptake was low, but follow-up actions led by the Health and Safety Lead had reduced the number of outstanding fobs to three or four individuals. Completion is expected soon, with the Health and Safety Lead overseeing the process.
- The Risk Management Strategy is scheduled for review with the current version remaining extant pending that review. Discussions at RMG suggest aligning the review with the local authority's strategy to ensure integration, even if operating in two systems (JCAD and Healthcare Guardian). Progress is anticipated early in 2026.
- The risk concerning High Consequence Infectious Diseases is under monthly review. The Director of Public Health regularly reviews this risk and participates in national exercises around managing a patient with a disease of high consequence. Transporting a patient with such a disease off the island remains the biggest challenge.
- inPhase has been renamed Healthcare Guardian. The Board had approved the contract and awaits confirmation of available support resources for implementation. The Digital Projects Team Leader and EMW will serve as key contacts. The intended go-live date had been April, aiming for a 3-month testing period before Datix contract renewal; this may be delayed due to resource and staffing issues. Implementation will be phased, starting with adverse event and risk management, and could eventually include complaints, FOIs, litigation claims, and morbidity and mortality. The Clinical Governance Team will lead, with potentially involvement from the Complaints and Information Departments.

Discussion

In response to a question from GJ about tolerance of the potential implications of the delay in transition to the HEPMA system, EMW explained that some interim discharge letters do not transfer correctly or lack sufficient detail for primary care. Practical efforts have been made to improve the process, including the development of a structured template within A&E to support Resident Doctors to ensure no information is missed. Audits had been conducted by Medical Records to ensure discharge letters are sent and staff are encouraged to report adverse events via Datix to monitor how significant an issue it is. While workarounds and checks are in place, a full resolution awaits the transition to the Core Document Development system, which depends on support from NHS Grampian. The interface group between primary and secondary care continues to seek collaborative solutions.

DECISION: the committee noted the Risk Management Group Decision Notes.

9. Draft Audit and Risk Management Group Terms of Reference (Paper AUD 25/31)

EMW presented the paper and explained that there was an annual review of the Terms of Reference at the Risk Management Group before presentation to the Audit & Risk Committee for approval. The main amendments to the draft ToR include:

- The proposal that oversight of the internal audit actions should be an addition as a standing item on the RMG agenda.
- The name of the group therefore be changed to Audit and Risk Management Group (ARMG)

Discussion

NC welcomed the addition of oversight of internal audit actions to the ToR but questioned whether there was capacity within RMG to pick up this additional work. EMW said that the meeting schedule was adjusted last year to allow for a 3-hour quarterly session, the first two hours being dedicated to core risk activities, while the final hour focused on issues identified from significant adverse event reviews. The current structure is considered sufficient, but will revisit the timing of the meeting if necessary.

DECISION: the committee approved the Audit & Risk Management Group ToR.

10. Corporate Governance Handbook: Section 5 – Scheme of Delegation (Paper AUD 25/32)

CM explained this was part of the annual review conducted by the Committee prior to approval at the Board in December. The changes include updating job titles and the requirement in the Endowment Fund for the MRI Scanner appeal capital equipment delegation rule has now ceased because the asset is now in place.

DECISION: the committee agreed the Scheme of Delegation be submitted to the Board for final approval.

11. Corporate Governance Handbook: Section 6 – Standing Financial Instructions

(Paper AUD 25/33)

CM confirmed that the annual review of the Standing Financial Instructions had been completed. Although no changes were proposed, the process was being followed for documentation purposes as advised by external audit. The Board is recommended to approve the Standing Financial Instructions with no amendments.

DECISION: the committee agreed the Standing Financial Instructions required no amendments and be submitted to the Board for final approval.

Internal Audit**12. Internal Audit Progress Report Quarter 2 2025/26**

(Paper AUD 25/34)

JF presented the paper and summarised the key points.

- Q2 follow-up has been completed and will be presented under a separate agenda item.
- Fieldwork for the Income Generation and Strategic Planning audits is finished; draft reports are being prepared and will be issued to management in the coming weeks.
- Business Continuity Planning audit fieldwork is also complete, with the report in draft and due for release soon.
- Project Implementation audit - planning meeting with management has occurred and the scope is being finalised.
- All audit work is progressing on schedule to be completed and reported at the March Audit Committee meeting, along with the final Internal Audit Plan (presented in draft at this meeting).

Discussion

CM commented that although the Project Implementation audit planning meeting had occurred, it had been suggested that Internal Audit look at Allocate and whether or not the other three boards may wish to contribute information due to the fact the same system was implemented across three different boards.

NC asked if concentrating audit findings toward the end of the audit year was most efficient for both the audit team and departments across the organisation, or would spreading findings throughout the year, as was done previously, allow for better focus and management of audit outcomes. CM explained that audit actions involve different staff members, but that limited personnel and staff availability, especially during the summer, can impact scheduling and responsiveness. As a result, the timing of audit discussions varies throughout the year, with some items addressed at different meetings due to these constraints.

SH acknowledged that scheduling audits during the summer months can be challenging due to staff holidays. She explained that the condensed reporting to the March meeting is a result of changes to the meeting schedule, ie the removal of the May and September meetings. She proposed considering an earlier audit to be completed by December in the next audit plan to better distribute the workload.

ACTION: the IA team will consult with the CExec and DoF to explore scheduling an audit for completion by December in next year's plan.

DECISION: the committee noted the Internal Audit Progress Report Q2 2025/26.

13. Internal Audit Management Action Follow-up Report Q2 2025/26 (Paper AUD 25/35)

SH presented the follow-up report for Q2 which summarises progress on the 29 actions on the tracker.

- Supplementary staffing audit actions were removed from the tracker based on discussion at the previous Audit & Risk Committee meeting in September.
- 19 actions were followed up; 7 were closed following updates and evidence received.
- 12 actions remain outstanding, a manageable level going forward.
- Updates were received for all actions; management demonstrated commitment to the process, with special acknowledgment of assistance from the Chief Exec and Head of Finance & Procurement.
- Separate meetings were held to ensure timely updates and in order to provide assurance to the committee.
- Of the outstanding actions: 10 are partially complete, showing good progress, and 2 are assessed as incomplete by management.

- The report shows the percentage of completed audit actions, noting a positive spike in completion rates. Fluctuations in completion rates were attributed to the timing of audit recommendations and committee meetings, particularly the March meeting.
- The reduction in open audit actions between November and September was highlighted as a positive development.
- Audit actions status was provided by grading. Three Grade 3 (high risk) actions are complete, with six more partially complete. It is recommended that these high-grade actions receive the most attention and focus.
- Appendix 1 shows the most outstanding actions are from audit years 2023/24 and 2024/25; progress is being made in resolving older, historic actions.
- Appendix 2 details the 12 outstanding actions, including updates and revised timelines assigned by both the audit team and management.

Discussion

The Committee expressed its appreciation to management for providing long-requested information and emphasised the importance of maintaining timely updates. NC recommended that the paper be considered for decision rather than awareness, as approval of amended management action timescales was required; the revised timelines were deemed appropriate and within the committee's oversight.

GJ asked if there was sufficient progress demonstrated with the actions labelled as partially complete, to be confident they will be at an acceptable position at the end of 2025/26. SH acknowledged that Internal Audit had faced challenges getting updates on some specific actions, but recent progress was encouraging. The Chief Exec had also sought assurances regarding IT actions in particular. With 12 actions spread across different owners, some delays were expected, and revised due dates for several actions were likely. However, overall improvement is evident, and the positive progress is appreciated.

DECISION: the committee noted the Management Action Follow-up Report Q2 report **and approved** the revised timescales as presented.

14. Internal Audit Draft Strategic Audit Plan 2026-27 (Paper AUD 25/36)

SH presented the draft plan, noting it is in the initial stage of the planning process. The committee was invited to provide feedback on whether the proposed areas set out remain appropriate and address key assurance needs. Internal Audit will consult with the CExec regarding any additional or amended areas and return with a final plan for approval in March.

Discussion

LC suggested that recruitment and retention be considered together in one audit, since improving recruitment may not solve issues if employee turnover remains high. SH replied that a retention audit was previously conducted and suggested that, rather than repeating the same review, the team could focus on analysing the exit interview processes to identify learnings that might enhance recruitment strategies.

The committee discussed the limitations of sharing exit interview details due to confidentiality, noting that only general trends can be provided unless explicit permission was granted. It was suggested that anonymised themes and trends could be used for organisational learning, without delving into individual details. The Staff Governance Committee was identified as the appropriate route to review such information, and it was suggested to establish whether they already receive and analyse these data, or if HR reports can be provided for assurance purposes. GJ agreed to contact the Chair of the Staff Governance Committee to confirm whether anonymised exit interview data is reviewed.

ACTION: GJ

KH raised concerns that confidentiality around exit interviews can sometimes prevent the organisation from addressing underlying issues affecting staff retention. She noted that while confidentiality is important, it should not be used as a barrier to organisational improvement, comparing it to other confidential processes where broader concerns take precedence.

ACTION: Internal Audit to consult with the CExec regarding the inclusion of exit interview process insights into the recruitment audit and provide an update to the committee.

DECISION: the committee noted the Internal Audit Draft Strategic Audit Plan 2026-27.

Audit Scotland

15. Improving care experience: Delivering the Promise (October 2025) (Paper AUD 25/37)
CM presented the report and informed members that the report was presented for information. He highlighted the partnership between the NHS and Shetland Islands Council in health and social care, noting that while the children's aspect of the service is technically not solely within the IJB remit, collaboration between agencies remains essential. Members acknowledged the importance of the ongoing joint efforts by all agencies required to achieve the agreed outcomes.

Discussion

KH expressed disappointment regarding the progress of the policy aimed at supporting vulnerable children, noting omissions in its implementation and resource planning raised by Audit Scotland in the report. She acknowledged the contributions of the recently retired Chief Social Work Officer, Denise Morgan, to looked-after children and care-experienced individuals.

LC reflected on recent discussions within the Children's Partnership, highlighting barriers to collaborative working caused by data sharing and confidentiality issues. He emphasised the need for improved engagement between the Children's Partnership, IJB, NHS and Council, noting that a lack of shared constitution and funding sometimes hindered progress, particularly at transition points for young people moving from education to adult services. LC recommended that the Audit Scotland report be presented to the board for wider consideration. GJ recognising the value of the report and its recommendations which should be addressed through existing community planning structures.

CM agreed to approach the Director of Nursing & Acute Services as the lead director for the Board for Children and Families to confirm if there is a plan to present the report to the Board. It may be more appropriate to present at a Board Development Session. **ACTION: CM**

DECISION: the committee noted the report.

Standing Items

- 16. Audit & Risk Committee Business Plan 2025-26** (Paper AUD 25/38)
CM presented the plan to the committee for review and update in line with the Committee's Terms of Reference (ToR). One change for this meeting is that the review of the Terms of Reference had been brought forward from March to this meeting due to the agreement at the Board Meeting in September to amend the ToR for every governance committee to allow the Chair to nominate a short-term substitute if required.

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

- 17. Other Auditors Action Points (outstanding) update** (Paper AUD 25/39)
CM said that performance against external audit actions will be updated at each Audit Committee meeting. The latest report provides the current status of actions addressing both recent and outstanding external audit issues.

Discussion

With reference to the identified action of “*Gaps in information responses*” and the recommendation that “*management should engage with key IT personnel to ensure adequate participation in the audit process*”, GJ asked if there was any update on filling IT personnel gaps now the Digital Team had transitioned to the Corporate Directorate. CM reported the Head of Information and Digital Technology was still on secondment to the North of Scotland but other staff in the team were acting in this role. As part of the process for budget setting, the CExec and the IT team are looking at the review of staffing and also the implications of the Reduced Working Week on the IT department and what this means for the structure of the organisation.

DECISION: the committee noted the update.

18. Draft Audit and Risk Committee Business Plan 2026-27*(Paper AUD 25/40)*

CM commenting that the plan effectively replicated the plan for this year. Members acknowledged that the plan will evolve during the year and a final version of the Business Plan will take into account any feedback and will be presented to the March meeting. The Performance Indicators currently remain unchanged.

DECISION: the committee noted the draft Business Plan 2026-27.

19. Audit and Risk Committee Terms of Reference*(Paper AUD 25/41)*

CM reported that the only change to the Terms of Reference for the Audit and Risk Committee was basically in terms of the membership, adding the ability for the Chair to nominate a short-term substitute member to ensure the committee will be quorate should the need arise.

DECISION: the committee approved the Audit & Risk Committee Terms of Reference

20. Any Other Business:**Training for the remote and rural audit committees**

In response to a question from GJ regarding progress with finalising the details, CM responded that NHS Orkney were still to submit their suggestions. The top 3 common preferred topics as suggested by NHS Shetland, Western Isles and Highland were Whistleblowing, cybersecurity and data analytics. These have been shared with Internal Audit today and dates will be confirmed in due course.

Fraud Awareness

GJ thanked CM and the finance team for all the work around the recent fraud awareness messaging across the organisation. CM added that it was BBC Scam Week this week, and referred members to the resources on the BBC website with helpful advice on how to spot a scam.

21. Date of next meeting: Tuesday 31st March 2026 at 10.00am by Microsoft Teams.

[the meeting concluded at 11.20am]