

Minutes of Meeting of Audit and Risk Committee  
on Tuesday 9<sup>th</sup> December 2025 at 11.30  
By Teams

Board Meeting 11.06.26 Open Session Item 15.1.1
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<b>Present</b>	Mr Derick Murray Mr Bert Donald Mr Ritchie Johnson Mr Denis Robertson Cllr Ian Yuill	Chair, Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member Non-Executive Board Member
<b>Attending</b>	Ms Julie Anderson Mr Robert Barr Dr Hugh Bishop Ms Gillian Collin Ms Sarah Duncan Mrs Alison Evison Ms Michelle Hankin Mr Martin Innes Mr Alex Stephen Mr David Walker Mr Andrew Wallace Ms Else Smaaskjaer	Assistant Director of Finance Manager, PricewaterhouseCoopers LLP (PwC) Medical Director and Executive Lead for Risk Director, PricewaterhouseCoopers LLP (PwC) Board Secretary Chair, NHS Grampian Board Corporate Risk Advisor (Item 9) Chief Digital Officer (Item 7.2) Director of Finance Head of Financial Services and Accounts Senior Audit Manager, Grant Thornton Senior Administrator (Minute)
<b>Apologies</b>	Mr Steven Lindsay	Vice Chair, Employee Director/Non-Executive Board Member

<b>Item</b>	<b>Subject</b>	<b>Action</b>
<b>1</b>	<b>Apologies</b>  Noted above.	
<b>2</b>	<b>Declarations of Interest</b>  For transparency Mr Johnson informed the Committee that he chairs the NHSG Finance Recovery Board, Mr Robertson confirmed his position as Chair of Moray IJB and Cllr Yuill that he is a member of Aberdeen City Council which partners Aberdeen City IJB. There were no other declarations of interest.	
<b>3</b>	<b>Chair's Welcome and Briefing</b>  Mr Murray welcomed everyone to the meeting. Introductions were made.	
<b>4</b>	<b>Committee Forward Planner</b>  Ms Anderson highlighted the additional column 'Committee Engagement Opportunities' which had been included following agreement by NHSG Committee Chairs to raise the profile of committee members and the work of the Board Committees. Mr Murray confirmed the agreement and that visibility visits should be aligned to the remit of each Committee.	

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The committee discussed good governance indicators. It was noted that at this stage, although performance did not look very positive, the indicators are still being embedded. There will be further discussion at Committee development session to consider how to monitor and track progress in taking this forward. Ms Anderson suggested it could be useful to set targets against what the Committee is trying to achieve rather than just measure performance.

**The Audit and Risk Committee:**

- **Noted the content of the forward planner for 2025/26.**
- **Welcomed the inclusion of ‘Committee Engagement Opportunities’ – arrangements TBC.**
- **Agreed it was useful to see updates in relation to good governance indicators and it will continue to monitor progress.**

**5 Minutes of Meeting on 29<sup>th</sup> September 2025**

No comments and the minute was approved as an accurate record.

**6 Matters Arising**

**6.1 Action Log of 29<sup>th</sup> September 2025**

The Committee reviewed the action log of items from previous meetings, noted the updates provided and that items were either complete, on the agenda for this meeting or scheduled for future meetings of the Committee.

**The Audit and Risk Committee noted the update.**

**6.2 Any other matters arising not on the action log**

None

**7 Internal Audit**

**7.1 Internal Audit Progress Report**

A report was presented which updated the Committee on progress against the Internal Audit Plan for 2025/26 since the previous meeting of the Committee in September 2025, including an outline of agreed terms of reference for the planned reviews of Winter Planning and Shadow IT.

There are no proposed changes to the plan and the internal audit team had no areas of concern to report.

**The Audit and Risk Committee noted the update.**

### 7.1.1 Dangerous Substances

This review assessed the effectiveness of Facilities and Estates policies and procedures in relation to dangerous substances, specifically legionella and asbestos, including regulatory compliance, risk assessments, and health and safety reporting. It concluded that there is an established policy and procedural framework for both asbestos and legionella but in practice there are areas where improvement can be made. It identified three medium risk recommendations in relation to not having the remit and responsibilities of the Asbestos Management Group formalised through agreed terms of reference, delays in completing remediation actions and the absence of central monitoring around asbestos training. Good practice was identified in the development of defined policies and procedures and the identification of corrective actions for non-conformities.

During discussion the Committee was given assurance that remediation works are part of the overall programme of backlog maintenance which is managed through a risk based approach, and although there are financial constraints this does not present an unreasonable risk.

It was clarified that the uptake of training referenced in the report applied to specific training for staff liable to exposure. Management had agreed an action to ensure completion rates are now recorded and reviewed by the Asbestos Management Group and reported to the Facilities Health, Safety and Wellbeing Committee.

**The Audit and Risk Committee noted the report and the agreed management actions.**

### 7.1.2 High, Medium and Low Recommendations

**High: Ransomware Management** – The Committee was informed that of the 37 original actions, 22 had been closed, 4 had been assessed as closed, 8 remain open but are in progress and 3 are no longer relevant. It was agreed that this indicated reasonable progress and the Chief Digital Officer will provide a more detailed update at item 7.2. It was confirmed that since the review was carried out the risk from AI had grown but that human behaviours remain a significant cyber security risk. **The Audit and Risk Committee agreed the approach in relation to the four recommendations assessed as closed.**

**High: Business Continuity Planning** – It was confirmed that of the two high risk findings raised in the report issued in February 2025 one had been completed and the other is expected to complete by the end of May 2026.

**Low and Medium Risk Recommendations** – The report from PwC summarised the status of open low and medium risk internal

audit actions agreed with management. 10 had been closed, 7 were overdue but in progress and 6 not yet due.

The Committee were pleased to note the progress in reducing the number of outstanding actions and that the number of actions remaining appears to be manageable.

**The Audit and Risk Committee noted the update.**

**7.2 Cybersecurity Risk Assurance Report**

The Chief Digital Officer attended and provided a presentation to update the Committee on the progress made against the action plan to address the high risk recommendations in the reviews of Cybersecurity and IT Asset Management. He also highlighted the improved audit rating in the annual NIS report.

- During recent months significant work had been undertaken in upgrading devices from Windows 10 to Windows 11 and to identify those devices which are not compatible. Funding had been agreed to protect those for a one year period.
- Work continues to improve security and consider how the organisation can reduce the risks from human behaviours.
- The Committee considered the wearing of ID badges in social media posts as this identifies individual staff members and where they work. It was agreed that the organisation should continue to celebrate staff activities and praise their achievements but with awareness of the tension between that and the risk to personal safety. These concerns, and the issue of personal consent, are to be considered in the context of the NHSG Social Media Policy.
- Financial limitations in improving security had been highlighted – e.g. renewal of security software security licences. Confirmed that resource prioritisation is reported through the Digital Board which can escalate matters to the Chief Executive Team when required.
- Sub-national planning will allow for discussion regarding digital matters across a wider team of colleagues with a wide range of experience.

**Actions:**

- **Share with Committee the NHSG Social Media Policy with HR.**
- **Confirm timeline to close off the outstanding recommendations.**

**JA**

**MI**

**The Audit and Risk Committee welcomed the progress made to date. The Committee agreed that the Chief Digital Officer should continue to meet monthly with internal audit colleagues and provide updates to future meetings of the Committee providing assurance that cybersecurity risks are being addressed in their broadest sense.**

**7.3 Integration Joint Boards (IJBs) Internal Audit Update Report**

Ms Anderson presented a report which provided an update on audit activity across the three IJBs, outlined progress against the individual 2025/26 Audit Plans and informed the Committee that the implementation of agreed audit recommendations were being progressed by the IJBs.

- It was noted that in January 2026 the NHSG Finance Recovery Board will include a deep dive on the budgets of the three IJBs.
- The stronger approach to collaborative financial planning across NHSG and the IJBs was welcomed.
- Also highlighted that internal auditors across the system are working together to ensure coordination of audit plans.

**The Audit and Risk Committee was content:**

- **It had reviewed and scrutinised the information provided in the papers.**
- **It had reviewed the Internal Audit assurance reports and opinion to inform its assessment of the system of internal controls of the IJBs.**
- **It could confirm that this provided assurance that the policies and processes necessary are in place and are robust.**
- **That no escalation to another Board Committee or the Board is required.**

**8 External Audit**

**8.1 Progress Report – Management Actions Identified in the External Audit Annual Report**

Mr Walker reported on progress made against the implementation of external audit recommendations highlighted by Grant Thornton in their 2022/23, 2023/24 and 2024/25 Annual Audit reports.

He noted that of the 33 actions identified 23 had been closed and work is progressing to close off the remaining 10. An update on progress against outstanding recommendations had been included as an appendix to the report.

It was asked if a clearer picture would be presented by confirming target dates for closing off actions. Suggested that this could be possible for some actions but there are others where it would be difficult to establish a specific date for closure. Noted that progress in relation to any open actions will be assessed during audit planning which will start in January 2026.

**The Audit and Risk Committee agreed it was assured that good progress had been in relation to the implementation of external audit recommendations highlighted by Grant**

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	<p>Thornton in their 2022/23, 2023/24 and 2024/25 Annual Audit Reports.</p>	
8.2	<p><b>Audit Scotland - S22 Report for NHS Grampian Update</b></p> <p>Ms Anderson reported that this had been reviewed by NHS Grampian Board on 9<sup>th</sup> October 2025 and is now presented to the Audit and Risk Committee to complete the cycle of audit reports. It was noted that at this time no date had been given for attendance at the Scottish Parliament’s Public Audit Committee and the Board will be updated when this is confirmed.</p> <p><b>The Audit and Risk Committee agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>It had reviewed and scrutinised the information provided in the paper and confirmed it provided assurance on the arrangements for s22 reporting.</b></li> </ul>	
8.3	<p><b>Audit Scotland Annual Review of NHS Scotland</b></p> <p>Mr Walker presented the Audit Scotland report NHS Scotland Finance and Performance and highlighted the following:</p> <ul style="list-style-type: none"> <li>• NHS Scotland is not in a financially sustainable position.</li> <li>• Commitments made by the Scottish Government had not been reflected in performance improvements, despite an increase in staffing and funding.</li> <li>• The NHS Grampian Section 22 report noted.</li> </ul> <p>The Committee discussed:</p> <ul style="list-style-type: none"> <li>• There is a need to broaden understanding around why staff numbers had increased but in some areas performance had deteriorated. This will be part of the preparation for attendance at the Public Audit Committee.</li> <li>• There had been an increase in the number of nurses to reduce expenditure on agency nurses. However, this had been impacted by need to have more nurses to meet safe staffing requirements.</li> </ul> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• <b>Discuss the local and national position in relation to activity of low clinical value with the Lead for Realistic Medicine and provide an update for a future meeting of the Committee. Requested that this should include information regarding impact assessments to give assurance that unintended consequences will be considered.</b></li> </ul> <p><b>The Audit and Risk Committee agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>It had reviewed and scrutinised the information provided in this paper and the appended report and</b></li> </ul>	<p>AS/HFB</p>

Item	Subject	Action
	<p><b>confirmed that it provided assurance in relation to highlighting key recommendations identified by Audit Scotland in relation to NHS in Scotland 2025: Finance and performance.</b></p>	
8.4	<p><b>Integration Joint Boards (IJBs) – External Audit 2024/25 Update Report</b></p> <p>Mr Walker reported on the audit findings from Aberdeen City, Aberdeenshire and Moray IJBs for 2024/25. The audit opinion for all three IJBs were unmodified. Auditors noted the poor quality of the annual accounts for Aberdeen City and noted concerns regarding financial sustainability across the three IJBs due to the level of overspends and failure to deliver savings.</p> <p><b>The Audit and Risk Committee agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>It had reviewed and scrutinised the information provided in the papers and the key messages and findings featured in the Annual Audit Reports for each of the Integrated Joint Boards (IJBs) for financial year 2024/25.</b></li> </ul>	
<b>9</b>	<b>Risk and Compliance</b>	
9.1	<p><b>Strategic Risk Management Update</b></p> <p>Dr Bishop and Ms Hankin presented the Strategic Risk Management update.</p> <p>Main points discussed:</p> <ul style="list-style-type: none"> <li>• The need to improve timely recording and robustness in risk register updates. Delayed updates will result in discrepancies in what is reported to Board Committees.</li> <li>• Risk overview summaries pull together information regarding risk scoring and the mitigations and controls in place.</li> <li>• Actions plans should be captured in DATIX to inform consistent reporting.</li> <li>• Updates to the risk register and outcome of discussions at Committee should be communicated to the Corporate Risk Adviser using the standardised feedback template at Appendix 2.</li> </ul> <p><b>The Audit and Risk Committee agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>It had reviewed the assessment provided in Section 2.3 of the report and the details within the Strategic Risk Register, and confirmed it provided assurance that processes for the management, review and oversight of Strategic Risk are in place and are effective.</b></li> </ul>	
9.2	<p><b>Civil Contingencies</b></p> <p>Ms Duncan provided a verbal update on the change to reporting arrangement for civil contingencies.</p>	

Civil contingencies are hosted within Public Health but the remit of the Population Health Committee does not cover reporting on compliance with national guidance and standards. Future reporting on those matters will be through the Audit and Risk Committee. Reports will be presented twice each year and include updates on civil contingency processes, business continuity planning and business impact assessments. It will also include details of any new national guidance issued.

This change will be reflected in the Terms of Reference for the Audit and Risk Committee when reviewed in 2026.

**The Audit and Risk Committee noted the update.**

**10 Financial Governance**

**10.1 Counter Fraud Update**

Ms Anderson provided an update on counter fraud activities, including ongoing investigations, allegations received and awareness raising activities.

Key Points:

- Good progress had been made in the delivery of the Fraud Annual Action Plan.
- The NHSG Fraud Policy had been approved at GAPF in June 2025.
- The recent annual review with CFS had focused on awareness raising in relation to AI and cybersecurity.
- When referrals are made to NHSG through formal or informal channels the Fraud Liaison Officer and CFS will discuss how to take these forward.
- The process should take into account vexatious referrals and any background information from HR colleagues.

**Action:**

- **Arrange discussion outside the meeting - lessons learned, referral routes, responses and processes around investigations.**

**AD/DM/  
JA**

**The Audit and Risk Committee agreed the information in the report had been reviewed and scrutinised and that it provides assurance on the progress towards meeting the Counter Fraud Standard and delivery of the Fraud Annual Action Plan and that policies and processes necessary are in place and are robust.**

**10.2 Financial Recovery Framework – Financial Governance and Control – Update**

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Ms Anderson updated the Committee on the progress made in completing 14 of the 18 actions identified during the self-assessment process.

**The Audit and Risk Committee were pleased to note the progress made to date and agreed:**

- **It had reviewed and scrutinised the information provided in the paper and confirmed it provides assurance of the progress being made in relation to the Financial Recovery Framework – Financial Governance and Control remit.**

**11 AOCB**

None

**Proposed Dates for 2026**

Tuesday 7<sup>th</sup> April

Tuesday 23<sup>rd</sup> June

Tuesday 29<sup>th</sup> September

Tuesday 15<sup>th</sup> December