

**Greater Glasgow NHS Board**

**Board Meeting**

**Tuesday 20<sup>th</sup> December 2005**

**Board Paper No. 05/82**

**Director of Finance - Corporate and Partnerships**

**PATIENTS' PRIVATE FUNDS  
ANNUAL ACCOUNTS FOR 2004/05**

**Recommendations:**

The Board is asked to:

1. in respect of the Patients' Private Funds Annual Accounts:
  - (a) note the Board's responsibilities as detailed on the attached statement;
  - (b) approve the Abstract of Receipts and Payments for 2004/2005, which is to be signed by the Director of Finance and Chief Executive;
  - (c) confirm that the attached statement of Board Members' Responsibilities can be signed by the Chairman and Director of Finance
2. confirm that it is appropriate for the Chief Executive to sign the letter of representation to KPMG on behalf of the Board.

**Background**

1. The Board holds the private funds of many of its patients, especially those who have long term residence and who would have no ready alternative to safekeeping and management of their funds. Each of the Board's hospitals has arrangements in place to receive, hold and, where appropriate, manage the funds of any patients requiring this service. The Board keeps individual records for each patient using the "Trojan" computerised record keeping system. Any funds that are not required for immediate use are invested on behalf of the patients in an interest bearing deposit account. The interest generated by this account is distributed across the patients' accounts based on each individual's balance of funds held.
2. The majority of the patients, whose funds we manage, are considered, by their consultant as incapable of managing their own affairs. The welfare of these patients is regulated by Section 94 of the Mental Health (Scotland) Act 1984 and the Adults with Incapacity (Scotland) Act 2000. The Board is allowed to take responsibility for the funds of these patients, under the provisions of the above acts, and manages them on the patients' behalf

3. The Patients' funds service is also available to patients who are capable of managing their own affairs but who request that the Board provides them with, in effect, a banking facility. This service is particularly helpful for long-stay patients who would not be able to access normal commercial banking facilities and who have no relatives who are willing or suitable to assist them in managing their funds. The funds of patients who are capable of managing their own affairs are utilised in accordance with the patients' wishes and money is only withdrawn on the authority of individual patients.
4. The management of patients' funds is strictly controlled in accordance with Standing Financial Instructions and procedural guidance. This guidance to staff covers both procedures at ward level and on the maintenance of patients' accounts at hospital level. Patients' funds are covered by the Board's internal audit programme, with the level of coverage commensurate with the sensitivity of the area. A formal Fraud and Corruption Policy is in place and any instances of suspected fraud or irregularity are investigated immediately in line with the policy. The Audit Committee monitors all internal audit work and is made aware of any instances of fraud or irregularity.
5. Annual Accounts, in the form of an Abstract of Receipts and Payments (form SFR 19.0), must be sent to the Scottish Executive Health Department each year. The summary for 2004/2005 has been audited and shows that £1,348,907 was received during the year with £1,324,307 paid out. In addition, £39,468 interest was received on the balances held and this has been credited to the patients' accounts. The total balance of funds, held on behalf of patients, at 31 March 2005 was £1,389,037.
6. The Abstract of Receipts and Payments for 2004/2005 is attached along with the Statement of Board Members' Responsibilities and Auditors report. KPMG, External Auditors of the Patients' Private funds, have indicated that they are prepared to sign their report without qualification.
7. To comply with auditing standards, KPMG require representations from the audited body on certain matters that may have a bearing on the audit. This effectively confirms to the auditors that the audited body has disclosed all relevant information relating to the audit and includes such areas as fraud, error and potential non-compliance with laws and regulations. A letter containing the appropriate representations, required by KPMG, is attached.

**NHS Greater Glasgow  
Patients' Private Funds - Annual Accounts 2004/2005**

**Statement of Board Members' responsibilities**

The Scottish Executive Health Department requires NHS Greater Glasgow to prepare an abstract of receipts and payments of Patients' Private Funds for each financial year, which fairly presents the state of the funds administered.

NHS Greater Glasgow is responsible for ensuring proper accounting records are maintained, which disclose with reasonable accuracy at any time the financial position of the Patients' Private Funds and enable it to ensure that the statement complies with the requirements of the Scottish Executive Health Department given in the NHS Board Manual for Accounts. It is also responsible for safeguarding the assets held on behalf of the patients and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As members of Greater Glasgow NHS Board, we confirm that the above responsibilities have been discharged during the period 1 April 2004 to 31 March 2005 and in preparing the abstract of receipts and payments.

Chairman

Director of Finance

20 December 2005

# **NHS Greater Glasgow Patients' Private Funds - Annual Accounts 2004/2005**

## **Independent Auditors' Report to NHS Greater Glasgow**

We have audited the attached abstract of receipts and payments of patients' private funds administered by NHS Greater Glasgow ('the abstract of receipts and payments') which has been prepared on a cash receipts and payments basis.

### **Respective responsibilities of Board members, Accountable Officer and Auditors**

As described on page one, the Board members are responsible for the preparation of the abstract of receipts and payments in accordance with the requirements of the NHS Unified Board Manual for Accounts. Our responsibilities, as independent auditors, are established in the United Kingdom by the Auditing Practices Board, by our profession's ethical guidance and under the terms of our engagement letter dated 6<sup>th</sup> July 2005.

Under the terms of the engagement we are required to report to you our opinion as to whether the abstract of receipts and payments presents fairly, in accordance with the requirements of the NHS Unified Board Manual for Accounts, the state of affairs of the patients' private funds as at 31 March 2005 and their cash receipts and payments for the year then ended. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

Our report has been prepared for the Board solely in connection with the audit of the abstract of receipts and payments of patients' private funds administered by the Board. It has been released to the Board and to the Scottish Executive Health Department on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Board's or the Scottish Executive Health Department's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Board and particular features of our engagement determined by the Board's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us for any purpose or in any context. Any party other than the Board who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

### **Basis of opinion**

We conducted our audit having regard to Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the abstract of receipts and payments. It also includes an assessment of the significant estimates and judgements made by the Board members in the preparation of the abstract of receipts and payments.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the abstract of receipts and payments is free from material misstatement, whether caused by fraud or other irregularity or error. In view of the purpose for which this abstract has been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under Auditing Standards.

### **Opinion**

In our opinion the abstract presents fairly, in accordance with the requirements of the NHS Unified Board Manual for Accounts, the state of affairs of the patients' private funds administered by NHS Greater Glasgow as at 31 March 2005 and their cash receipts and payments for the year then ended.

<b>KPMG LLP</b> Chartered Accountants 20 <sup>th</sup> December 2005	191 West George Street Glasgow G2 2LJ
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NHS GREATER GLASGOW

SFR 19.0

PATIENTS PRIVATE FUNDS  
FOR THE YEAR ENDED 31 MARCH 2005

2003/2004 £		£	TOTAL £
	100	<b>RECEIPTS</b>	
	110	Opening Balances :	
1,403,222.97	120	Cash in Bank	1,300,396.59
22,700.00	130	Cash on Hand	24,572.44
10.00	140	Other Funds	
-----	180		-----
1,425,932.97	190		1,324,969.03
1,456,921.16	200	From or on behalf of Patients	1,348,907.03
32,086.34	210	Interest on Patients' Fund Account	39,468.32
-----	270		-----
2,914,940.47	280	<b>TOTAL RECEIPTS</b>	2,713,344.38
=====	290		=====
	400	<b>PAYMENTS</b>	
1,589,971.44	410	To or on behalf of Patients	1,324,306.98
	420	Extra Comforts etc.	
	500	Closing Balances:	
1,300,396.59	510	Cash in Bank	1,363,817.40
24,572.44	520	Cash in Hand	25,220.00
	530	Other Funds	
-----	550		-----
1,324,969.03	560		1,389,037.40
-----	570		-----
2,914,940.47	580	<b>TOTAL PAYMENTS</b>	2,713,344.38
=====	590		=====
	700	Closing Balances accounted for as:	
	710	Patients' Personal Accounts	
1,326,676.79	720	Credit Balances	1,390,253.29
-1,734.00	730	Less: Debit Balances	-1,366.83
-----	740		-----
1,324,942.79	750		1,388,886.46
26.24	760	Interest received but not credited	150.94
-----	770		-----
1,324,969.03	780	<b>TOTAL CLOSING BALANCE AS LINE 560</b>	1,389,037.40
=====	790		=====

I certify that the above abstract of Receipts and Payments is correct, and in accordance with the Books of Account and that the Register of Valuables has been inspected and checked with property held.

Date:.....Director of Finance.....

The abstract of Receipts and Payments was submitted at a Board Meeting on .....  
and duly approved.

Date:.....Chief Executive.....

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Date 20 December 2005  
Your Ref  
Our Ref BMcL/ppf

Enquiries to Alan Lindsay  
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Dear Sirs

This representation letter is provided in connection with your audit of the abstract of receipts and payments of private patients' funds administered by Greater Glasgow NHS Board ("the Board"), for the year ended 31 March 2005, for the purpose of expressing an opinion as to whether the abstract presents fairly, in all material respects, the state of affairs of the private patients' funds administered by the Board in accordance with the requirements of the NHS Unified Board Manual for Accounts.

We acknowledge as directors our responsibilities under the National Health Service (Scotland) Act 1978 for preparing the abstract of receipts and payments of private patients' funds administered by the Board which presents fairly the state of affairs of the private patients' funds and for making accurate representations to you. The Board approves the abstract of receipts and payments of private patients' funds administered by the Board.

The Board understands that auditing standards require you to obtain representations from directors on matters that are material to your opinion.

The Board has made appropriate inquiries of directors and officers with the relevant knowledge and experience. Accordingly, the Board confirms, to the best of its knowledge and belief, the following representations given to you in connection with your audit of the abstract of receipts and payments of private patients' funds administered by the Board for the year ended 31 March 2005:

1. All records have been made available to you for the purpose of your audit and the full effect of all transactions in the period have been reflected in the abstract of receipts and payments of private patients' funds administered by the Board.
2. The Board is not aware of any known actual or possible non-compliance with laws and regulations that could have a material effect on the ability of the Board to conduct its business and therefore on the state of affairs in the abstract of receipts and payments of private patients' funds administered by the Board for the year ended 31 March 2005.
3. The Board:
  - (a) understands that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the abstract of receipts and payments of private patients' funds to

deceive users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

- (b) acknowledges responsibility for the design and implementation of internal control to prevent and detect fraud and error.
- (c) has disclosed to you our knowledge of fraud or suspected fraud affecting the Board involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the abstract of receipts and payments of private patients' funds.
- (d) has disclosed to you its knowledge of any allegations of fraud, or suspected fraud, affecting the Board's abstract of receipts and payments of private patients' funds communicated by employees, former employees, regulators or others.
- (e) has disclosed to you the results of its assessment of the risk that the abstract of receipts and payments of private patients' funds may be materially misstated as a result of fraud.

This letter was agreed at a meeting of the Board on 20<sup>th</sup> December 2005.

Tom Divers

Chief Executive

(signed on behalf of the Board)