Minutes of a Meeting of the Audit Committee
held in Meeting Room B,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday 23 June 2009 at 8.30 a.m.

PRESENT

Mrs E Smith (Chair)
Mrs A Coulthard
Mr P Daniels OBE
Mr P Hamilton
Cllr J Handibode
Mr I Lee
Mrs J Murray
Mr D Sime

IN ATTENDANCE

Mr D Griffin  Director of Finance
Mr J Hamilton  Head of Board Administration
Mr A Lindsay  Financial Governance and Audit Manager
Mr P Ramsay  Head of Operational Financial Services
Mr D McConnell  Audit Scotland
Mr J Rundell  Audit Scotland

ACTION BY

45  APOLOGY/WELCOME

An apology was intimated on behalf of Mr P Hamilton. The Convener welcomed Mrs Coulthard to her first meeting as a Member of the Audit Committee. Mrs Coulthard intimated she had obtained a new post within the NHS which would necessitate her resignation as a Non-executive Director. On behalf of the Committee, the Convener offered Mrs Coulthard best wishes in her forthcoming new employment.

46  MINUTES

The Director of Finance noted that in the second line on page 7, Minute 36 should read “the Scottish Government Health Directorates manage expenditure.” On the motion of Mr Sime, seconded by Mr Lee, the Minutes of the meeting on 9 June 2009 [A (M) 09/03] were approved as a correct record subject to the agreed amendment and signed by the Convener.
48 DRAFT STATEMENT OF ACCOUNTS 2008/2009

A report of the Director of Finance (Audit Paper No 09/25) was presented asking Members to consider the draft Statement of Accounts for the financial year ended 31 March 2009 and, if satisfied, recommend that the Statement of Accounts be adopted by the NHS Board and submitted to the Scottish Government Health Directorates.

The Director of Finance described the main elements of Statement of Accounts including the Operating Cost Statement, Balance Sheet, Cash Flow Statement, Accounting Policies and the Notes to the Accounts. Members’ attention was drawn in particular to the Directors’ Report where it was reported that the NHS Board had met the three financial targets set by the Scottish Government Health Directorates – the Revenue Resource Limit (RRL), the Capital Resource Limit (CRL) and the Cash Requirement. At the year end, the NHS Board was within its RRL by £441k and its CRL by £77k.

The Audit Opinion was unqualified. A note was included in the Audit Opinion drawing attention to the issue of Equal Pay. A number of claims had been made against the NHS Board under the Equal Pay Act 1970 but as the outcome of these could not be determined at this point, no provision for liability could be made. This matter was disclosed as an unquantified contingent liability in Note 21 to the Statement of Accounts.

The Director of Finance explained how the Net Operating Cost in the Operating Cost Statement was calculated and how this related to the monthly financial monitoring reports.

DECIDED

That the draft Statement of Accounts for the financial year ended 31 March 2009 be recommended for adoption by the NHS Board and submission to the Scottish Government Health Directorates.

Director of Finance

49 LETTER OF REPRESENTATION

A report of the Director of Finance (Audit Paper No 09/26) was presented asking Members to approve the attached Letter of Representation for signature by the Chief Executive as Accountable Officer in respect of the audit of the Statement of Accounts 2008/2009.

The Director of Finance explained that International Standards in Auditing required the external auditor to seek assurances of the Chief Executive as Accountable Officer in respect of certain matters relating to the annual accounts. The attached Letter of Representation provided these assurances. In response to a question from Mr Lee, Mr McConnell (Audit Scotland) confirmed that audit testing had been carried out in respect of all specific matters included in the Letter of Representation.

DECIDED:

That the Letter of Representation be recommended for signature by the Chief Executive.

Director of Finance
AUDIT SCOTLAND: REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2008/2009 AUDIT

A report of Audit Scotland (Audit Paper No 09/27) was presented asking Members to note the matters arising from the audit of the Statement of Accounts 2008/2009. Mr McConnell (Audit Scotland) explained that International Financial Reporting Standard 260 required auditors to report certain matters arising from the audit of financial statements to “those charged with governance” and the matters arising from the 2008/2009 audit were summarised for Members in the attached report. These matters included Equal Pay, invoices with no matching goods received notes, land transfer to Renfrewshire Council, Agenda for Change provision, pension provisions including the information supplied by the Scottish Public Pensions Agency and the disposal of Woodilee Hospital. Mr McConnell explained that appropriate disclosures in respect of these matters had been made in the Letter of Representation previously considered earlier in the meeting (Minute 49 refers).

Replying to a question from Mr Lee, the Director of Finance explained the process for calculating the accrual in respect of invoices for which matching goods received notes had not been received. The Head of Operational Financial Services confirmed that the issue was one of process and not due to failure to complete goods received notes. The Director of Finance explained the targets for improvement in this area that had been set for 2009/10 and the potential benefits anticipated from technological changes within the Accounts Payable system.

Mr Rundell (Audit Scotland) commented that the timescale for completion of the audit had been even more challenging that in previous years. The quality of the working papers and the co-operation of Finance staff had been key to the successful completion of the audit. The Director of Finance expressed his appreciation of the efforts of the Head of Operational Financial Services and the Assistant Head of Financial Services and of the high level of co-operation between Audit Scotland and Operational Financial Services.

NOTED

DATE OF NEXT MEETING

The next meeting was scheduled for Tuesday 27 October 2009 at 9.30 a.m.

The meeting ended at 09.00 a.m.