

A (M) 03/4
Minutes: 25 - 34

NHS GREATER GLASGOW

**Minutes of a Meeting of the
Audit Committee
held in Board Room 1,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday, 30 September 2003 at 9.30 p.m.**

PRESENT

Mr C Scott (in the Chair)
Mr P Hamilton
Mr I Irvine
Mrs E Smith
Mrs A Stewart MBE

IN ATTENDANCE

Mrs W Hull	Director of Finance
Mr J C Hamilton	Head of Board Administration
Mr A Lindsay	Head of Control & Support Systems
Mr S Kelly	Deloitte and Touche
Mr P McGinty	Deloitte and Touche
Mr C D Revie	PricewaterhouseCoopers
Mr M Thomson	PricewaterhouseCoopers

25 APOLOGIES

Apologies were intimated on behalf of Cllr D Collins, Cllr J Handibode and Mr A Haseeb.

26 MINUTES

On the motion of Mr Scott, seconded by Mr Irvine, the Minutes of the meeting on 1 July 2003 were noted as a correct record and signed by the Convener.

27 MATTERS ARISING FROM THE MINUTES

In respect of Minute 17, the Convener noted that the report detailing organisations funded by the NHS Board and the arrangements for the award of funding and monitoring of performance would now be presented to the next meeting of the Committee. In response to a question for Mrs Smith, Mr Kelly (Deloitte and Touche) undertook to report on the final outcome of the internal audit report on the review of the operations of a registered charity funded by the NHS Board.

ACTION BY

**Director of
Finance**

**Deloitte and
Touche**

**28 EXTERNAL AUDIT REPORT ON NHS GREATER GLASGOW
2002/2003**

A report of PricewaterhouseCoopers (Audit Paper N0 03/22) was presented describing certain of the key matters arising from the audit of the constituent bodies within NHS Greater Glasgow for 2002/2003. Mr Revie (PricewaterhouseCoopers) commented on these key matters including the following.

1. The true and fair view opinions on the accounts of the NHS Trusts and NHS Board were unqualified.
2. The regularity opinion on the income and expenditure of the Greater Glasgow Primary Care NHS Trust and of the NHS Board were qualified due to the absence of a systematic programme of payment verification of Family Health Services expenditure throughout the full year and concerns identified at national level in relation to non-eligible payment exemptions for prescriptions.
3. The Statements of Internal Control made the appropriate disclosures.
4. The audit process had been successfully achieved. In this respect, Mr Revie confirmed that page 3 of the report contained an error and explained that the key to the symbols used in the chart should indicate that a tick indicated that the target had been achieved. Mr Revie undertook to issue an amendment.
5. Financial targets had been met.
6. While a number of recommendations had been made in respect of financial governance, none of these were critical and Mr Revie commented that this should provide Members with assurance.
7. Positive progress had been made in addressing business risks.

**Pricewaterhouse
Coopers**

Mr Revie also commented on the Acute Services Review and noted that while various parts of a programme management framework were in place, further work was required to complete this process. There was discussion of the programme management including the clarification of roles, monitoring of working groups and review of overall progress. It was agreed that while work was underway to address the issues raised, the Director of Finance and the Head of Board Administration should convey to the Chief Executive that the Audit Committee wished further assurance that the overall programme management framework was satisfactory.

**Director of Finance
& Head of Board
Administration**

NOTED

29 EXTERNAL AUDIT: OUTLINE AUDIT APPROACH 2003/2004

A report of PricewaterhouseCoopers (Audit Paper No 03/23) was presented to inform Members of the responsibilities of the external auditors and how it was planned to discharge these in 2003/2004. Mr Thomson (PricewaterhouseCoopers) commented on the key elements of the report including how the different elements of external audit work fitted together, increased focus on working across the constituent bodies of NHS Greater Glasgow, key business and audit risks, audit

ACTION BY

timetable and audit fees. In response to a question from Mrs Smith, Mr Thomson agreed that in the diagrammatic representation of key risks within the report, the issue of risk management should be shown against all the headings within the diagram.

**Pricewaterhouse
Coopers**

NOTED

**30 INTERNAL AUDIT PROGRESS REPORT: STATUS OF TRUST
AUDIT PROGRAMMES**

A report of Deloitte and Touche (Audit Paper No 03/24) was presented setting out progress against the Trust audit programmes. The Convener welcomed Mr McGinty (Deloitte and Touche) to his first meeting of the Committee. Mr McGinty commented that progress was broadly in line with the intended timetable and described some of the key matters arising from the audit work carried out including a review of nurse bank arrangements in one Trust, a review of payroll feeder systems in another and work done on pan-Glasgow basis on PAYE compliance.

NOTED

31 INTERNAL AUDIT ANNUAL PLAN 2003/2004

A report of Deloitte and Touche (Audit Paper No 03/25) was presented giving details of the proposed internal audit plan for the NHS Board in respect of 2003/2004. Mr Kelly (Deloitte and Touche) explained that the proposed plan had been prepared to strike a balance between compliance and operational matters. In particular, Mr Kelly drew Members' attention to the time allocated to funded projects and the Adults with Incapacity (Scotland) Act 2000. Mr Kelly further commented that IT audit would be addressed under a pan-Glasgow audit plan which was being prepared.

Deloitte & Touche

DECIDED:

That the internal audit plan for 2003/2004 be approved.

Deloitte & Touche

32 PROPERTY TRANSACTIONS MONITORING 2002/2003

A report of Deloitte and Touche (Audit Paper No 03/26) was presented giving the results of the internal audit review of property transactions concluded during 2002/2003. Mr Kelly (Deloitte and Touche) explained that this review was a statutory requirement in accordance with the NHS Scotland Property Transactions Handbook (the Handbook). One transaction only had been concluded during 2002/2003 and this related to a sale of property. The internal auditors had reviewed this transaction and concluded that it merited the award of a category "A" under the terms of the Handbook i.e. the transaction appeared to have been properly conducted.

DECIDED:

That the report on property transactions monitoring 2002/2003 be submitted to the Scottish Executive Health Department in accordance with the NHS Scotland Property Transactions Handbook.

**Head of Control &
Support Systems**

ACTION BY

33 EXCEPTION TO TENDER

A report of the Director of Finance (Audit Paper No. 03/27) was presented giving details of those cases where the requirement to obtain competitive quotations or tenders had been waived during the period 1 April 2003 – 30 September 2003. Members discussed the 7 exceptions reported and it was agreed that future reports should provide more information on the reason for the exception, the chosen supplier/contractor and the extent of other commitments to the same supplier/contractor. Mr Kelly (Deloitte and Touche) undertook to review the process by which management made decisions relating to exception to tender.

**Head of Control &
Support Systems**

Deloitte & Touche

NOTED

34 DATE OF NEXT MEETING

DECIDED:

That the next meeting of the Committee be scheduled for Tuesday, 9 March 2004 at 9.30 a.m. subject to the outcome of the Audit Committee Workshop which was to follow the meeting when the need for an earlier meeting would be considered.

The meeting ended at 10.40 a.m.