

A (M) 04/2
Minutes: 11 - 17

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, 11 May 2004 at 12.00 p.m.**

PRESENT

Mr C Scott
Ms R Dhir MBE
Mr P Hamilton
Cllr J Handibode
Mr A Haseeb
Mrs E Smith
Mrs A Stewart MBE

IN ATTENDANCE

Mrs W Hull	Director of Finance
Mr J M Hamilton	Assistant Director of Finance
Mr A Lindsay	Head of Control & Support Systems
Mr P McGinty	Deloitte
Mr S Kelly	Deloitte
Mr M Mazucco	PricewaterhouseCoopers
Mr M Thomson	PricewaterhouseCoopers

ACTION BY

11 APOLOGIES

Apologies were intimated on behalf of Cllr D Collins and Mr I Irvine. Mr Scott welcomed Ms Dhir to her first meeting as a Member of the Committee.

12 MINUTES

On the motion of Mr Scott, seconded by Mr Hamilton, the Minutes of the meeting on 9 March 2004 were noted as a correct record and signed by the Convener.

13 MATTERS ARISING FROM THE MINUTES

In respect of Minute 6, Mr Kelly, Deloitte, reported that consideration of the wider implications of the Adults with Incapacity (Scotland) Act 2000 were included in the internal audit annual plan for 2004/2005. Also in respect of Minute 6, the Head of Control and Support Systems reported that matters were being progressed in accordance with the action plan tabled at the previous meeting of the Committee.

ACTION BY

In respect of Minute 7, the Head of Control and Support Systems reported on the following matters.

1. Improvements were being introduced to the process for exceptions to tender and these would be considered by internal audit during the planned review of this subject. Details would be included in the next report on exceptions to tender.
2. The letter from the Director of Corporate Communications would be issued to Members shortly to provide further details of a specific transaction included in the previous report on exceptions to tender. Members expressed concern that the letter was not available and the Head of Control and Support Systems undertook to ensure the issue of the letter as soon as possible.

Head of Control & Support Systems

Head of Control & Support Systems

In respect of Minute 8, the Head of Control and Support Systems reported that the project authorisation checklist which had been approved at the previous meeting was now in use for the funding of projects and voluntary bodies and that a report providing further details of funded projects would be issued to Members.

Acting Director of Health Promotion

Mrs Smith and Mrs Stewart commented on the fact that draft minutes of the Audit Committee were presented to the NHS Board before Members had an opportunity to see them. It was agreed that in future draft minutes should be distributed by e-mail to Members for consideration prior to their submission to the NHS Board.

Head of Control & Support Systems

14 INTERNAL AUDIT PROGRESS REPORT

A report of Deloitte (Audit Paper No 04/07) was presented giving details of the status of audit programmes for the NHS Trusts and the NHS Board for the year to March 2004. Mr McGinty (Deloitte) commented on the key points from the report including the following matters.

1. There had been no further meetings of the Trust/Divisional Audit Committees since the report to the March meeting of the Committee.
2. All fieldwork had been completed with the exception of two additional projects requested by management of the Primary Care Division.
3. There were no new Priority 1 issues. Mr McGinty reminded Members that two Priority 1 issues had been previously reported to the Committee in respect of the Payroll Process Review and reported that action plans had been agreed with management.

In response to a question from Cllr Handibode, Mr McGinty explained that audit days which were not required to complete an assignment were not charged and undertook to ensure that future reports did not contain technical terms whose meaning was not obvious to lay persons.

Deloitte

Mr Kelly (Deloitte) commented on those audit matters relating to the NHS Board including the following issues.

ACTION BY

1. A report on funded projects was being finalised which considered corporate issues within the NHS Board and operational issues within the projects including one project where NHS Board officers had requested that internal audit review specific aspects. In response to a question from Mrs Smith, the Director of Finance commented that it was not appropriate for the NHS Board to provide detailed support and guidance to projects and voluntary bodies. Members noted the need for staff within the NHS Board and the projects themselves to be adequately trained and agreed that projects which did not meet the agreed criteria should not receive funding.
2. A draft report had been issued in respect of the NHS Board's implementation of Part 4 of the Adults with Incapacity (Scotland) Act 2000. The final report including the management response would be presented to the next meeting of the Committee.

**Acting Director of
Health Promotion**

Deloitte

In conclusion, Mr Kelly drew Members' attention to the report of the internal audit review of Senior Managers' Pay within the NHS Board and noted that the NHS Board's arrangements complied with the requirements of the Scottish Executive Health Department and the Senior Managers' pay award process had been undertaken in an open and transparent manner.

NOTED

15 INTERNAL AUDIT ANNUAL PLAN 2004/2005

A report of Deloitte (Audit Paper No 04/08) was presented giving details of the planned internal audit coverage of the NHS Board and its Divisions for 2004/2005. Mr McGinty (Deloitte) commented on the main issues.

1. The key considerations in developing the plan were review of rotational coverage over prior years, results from 2003/2004, risk assessment and consideration of business changes.
2. The detailed process risk assessment not only considered all process areas across the full spectrum of activity but also considered those matters with Glasgow wide significance.
3. There had been full consultation with senior managers at both the NHS Board and Divisional level. In response to a question from Mr Haseeb, Mr McGinty confirmed that the external auditors had also been consulted.

In response to questions from Mrs Stewart, Mr McGinty commented that days carried forward from previous years' plans were shown in the detailed schedule which formed part of the report, that the days shown for each project were indicative and could be subject to change if required and that the number of days shown against managing risk of key business and system change would be checked for accuracy.

Deloitte

In response to a question from Mr Haseeb, the Director of Finance explained that while the allocation of days to the NHS Board had increased significantly, this included Glasgow-wide projects embedded in the Divisions. In response to a question from Mr Scott, Mr Kelly

EMBARGOED UNTIL MEETING

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ACTION BY

(Deloitte) confirmed that the audit coverage would reflect those areas where services had been centralised.

In response to questions from Mr Scott, Mr McGinty confirmed that change of emphasis and the emergence of pan-Glasgow risks or risks from Divisions would be reflected in changes in the internal audit plan.

Deloitte

In response to a question from Mr Hamilton on the frequency of review of the risk registers, Mr Kelly commented that Divisional registers were generally more up to date than the NHS Board. Mr McGinty added that the risk profile changed slowly and Members agreed that quarterly review would therefore be appropriate. Following discussion by Members of the need for a standard approach to and definition of risk, the Director of Finance added that following the Audit Committee Workshop which preceded the meeting, the NHS Board would facilitate the development of a common Glasgow-wide approach by those directors and managers responsible for risk within both the NHS Board and the Divisions. Following further discussion of the risk management process, Mrs Smith commented that the Committee needed assurance that risk management was functioning effectively at both NHS Board and Divisional level and that changes were acted upon. Members agreed that quarterly reports should be presented to the Committee to provide this assurance.

Director of Finance

Director of Finance

In response to a question from Mr Scott in respect of external audit coverage, Mr Mazzucco (PricewaterhouseCoopers) reported that confirmation was awaited from Audit Scotland as to the arrangements for value for money audit in 2004/2005.

DECIDED:

That the Internal Audit Annual Plan for 2004/2005 be approved.

Deloitte

16 AUDIT COMMITTEE HANDBOOK

Mr Scott drew Members attention to the revised Audit Committee Handbook which had been distributed at the start of the meeting and suggested that the good practice checklist within the Handbook should be used by the Governance Forums which were to be established within the Divisions.

17 DATE OF NEXT MEETING

DECIDED

That the next meeting of the Committee be scheduled for Tuesday, 6 July, 2004 at 9.30 a.m.

The meeting ended at 2.15 p.m.