

AUDIT COMMITTEE: 13 SEPTEMBER 2005

A (M) 05/05  
Minutes: 51 –55

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, 13 September 2005 at 9.30 a.m.**

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**PRESENT**

Mrs E Smith (Chair)  
Mr J Bannon MBE  
Cllr D Collins  
Mr P Hamilton

**IN ATTENDANCE**

Mr D Griffin	Acting Director of Finance (From Minute 53)
Mr J C Hamilton	Head of Board Administration
Mr J M Hamilton	Assistant Director of Finance
Mr A Lindsay	Head of Control & Support Systems
Mr C D Revie	PricewaterhouseCoopers
Mr M White	PricewaterhouseCoopers
Mr S Kelly	Deloitte

**ACTION BY**

**51 APOLOGIES**

Apologies were intimated on behalf of Dr R Groden and Cllr J Handibode and Mrs A Stewart MBE.

**52 MINUTES**

On the motion of Mrs Smith, seconded by Cllr Collins, the Minutes of the meeting on 12 July 2005 [A (M) 05/04] were noted as a correct record and signed by the Convener subject to "PricewaterhouseCoopers" being changed to "Deloitte" on the first line of Minute 45.

**53 AUDIT COMMITTEE WORKSHOP – OUTPUT**

A report of PricewaterhouseCoopers (Audit Paper No 05/28) was presented on the output of a workshop for Audit Committee Members facilitated by PricewaterhouseCoopers and held on 29 August 2005. The Convener noted that the workshop had been productive and thanked PricewaterhouseCoopers for staging it.

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Mr Revie, PricewaterhouseCoopers, explained that the purpose of the workshop was to

1. Outline the key principles of good governance in the NHS including the important role and responsibilities fulfilled by the Audit Committee and its Members;
2. Identify the preferred option for the future arrangements for the operation of the NHS Greater Glasgow Audit Committee and its support mechanisms.

Mr Revie commented that the discussion had been open and balanced and summarised the main points to emerge which included the following matters.

The workshop had considered standards in public life and discussion covered the increased expectation on Non Executive Directors, the key elements of the Ethical Standards in Public Life Act and other guidance and the training provided to Non Executive Directors. In respect of recent training, the Head of Board Administration confirmed that the NHS Board was statutorily required to provide training annually for its Non Executive Directors. This training was provided either internally or externally.

The workshop had discussed the role of the Audit Committee which was seen as having five broad categories:-

1. Internal control and corporate governance;
2. Internal audit;
3. External audit;
4. Standing Financial Instructions;
5. Annual accounts.

In response to a question from Mr Kelly, Deloitte, Mr Revie confirmed that risk management was included under internal control and corporate governance. In respect of risk management, the Convener noted that a report would be presented to the next meeting of the Audit Committee on the development of a corporate risk register for NHS Greater Glasgow.

**Chair of Risk  
Management  
Steering Group**

While existing Audit Committee arrangements had worked well prior to April 2004 and during the transitional period since April 2004, change was required to reflect single-system working. Members felt that a single Audit Committee serving all of NHS Greater Glasgow would be the most efficient arrangement, supported by Audit Support Groups based around two key areas:

1. NHS Board/corporate and Partnerships (including Community Health Partnerships and the Mental Health Partnership);
2. Acute.

In response to a question from Mr P Hamilton, Mr Revie confirmed that it was intended that there would be one Audit Support Group for each of the two key areas.

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Mr Revie described some of the working arrangements that might apply to the proposed structure and drew attention to the following matters in particular.

1. Members had felt consideration should be given to meeting at least six times a year (rather than four times as at present) with the possibility of specially convened meetings to deal with specific issues;
2. The Audit Committee should determine the cycle of the meetings of the Audit Support Groups to ensure the appropriate and timely flow of information.

There was discussion of some of the potential difficulties relating to the audit of Community Health and Social Care Partnerships and the Assistant Director of Finance reported that a joint working group of NHS and local authority managers was considering issues relating to joint working including the harmonisation of Standing Financial Instructions and the allocation of budgets. The Assistant Director of Finance undertook to raise with the joint working group the issue of communication and co-operation between the auditors of the NHS Board and of the local authorities. In respect of the audit arrangements for the Acute Division, Mr Revie highlighted the need to consider arrangements for any parts of NHS Argyll and Clyde which will become part of NHS Greater Glasgow following the current consultation process.

**Assistant Director  
of Finance**

Mr P Hamilton and the Convener commented on the need for the assurances provided to the Audit Committee to be independent and objective and Mr Kelly, Deloitte, reminded Members of the sources of assurance available other than internal and external audit i.e Audit Scotland, NHSQIS and other accreditation bodies. Mr Revie noted that these other sources of assurance were drawn together annually in the report on the system of internal control which the Audit Committee considers as part of the annual accounts process. There was potential for the sources of assurance to be drawn together on a more frequent basis to assist the Audit Committee to discharge its responsibilities.

In response to a question from the Convener, the Acting Director of Finance explained that in the first instance, it would be appropriate to include the NHS Board function in the role of the Audit Support Group for Partnerships given the reduced level of activity that would relate to the NHS Board under single system working. This issue could be revisited if the proposed arrangement was proving to be unsuitable.

Given the range and complexity of the issues still to be resolved, Members agreed that they should determine the principles which they wished to apply to the proposed arrangements and invite the Director of Finance to develop an implementation plan which reflected the agreed principles. Members noted six issues to be addressed in developing the implementation plan.

1. Is one Audit Support Group sufficient to service all Community Health Partnerships and the Mental Health Partnership? What is the most appropriate model for dealing with corporate and NHS Board specific matters; for example should such matters be dealt with by the Partnerships Audit Support Group or be reported

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directly to the Audit Committee?

2. A short term Audit Support Group will be required to support elements of NHS Argyll and Clyde which will transfer to NHS Greater Glasgow. In the longer term, arrangements will be required for full integration into the Audit Committee structure. How will the Audit Committee monitor the implementation of this process of integration?
3. Clarity is required in respect of the accountability of the Audit Support Groups and the responsibility for reporting upwards to the Audit Committee.
4. Protocols are required to allow the Audit Committee to receive assurances on a regular basis from sources other than internal audit and external audit. How will these sources be identified, co-ordinated and managed?
5. The arrangements for risk management require to be harmonised with those of the Audit Committee to enable the Audit Committee to receive the information and assurances it requires. Which key risks will require to be monitored by the Audit Committee and how will this be done?
6. The Audit Committee will require to meet at least 6 times per year and the cycle of the meetings of the Audit Support Groups will be dictated by the need to provide appropriate and timely information and assurances to the Audit Committee.

DECIDED:

The Acting Director of Finance should prepare an implementation plan for the proposed Audit Committee arrangements based on the agreed principles and present this implementation plan to the Audit Committee meeting scheduled for 25 October 2005.

**Acting Director of  
Finance**

**54 EXTERNAL AUDIT PROGRAMME 2005/2006**

A report of PricewaterhouseCoopers (Audit Paper No 05/29) was presented describing the key elements of the external audit programme for 2005/2006. Mr White, PricewaterhouseCoopers, commented on the five main aspects of the programme.

1. The Audit Team consisted of two elements – core staff and support staff. All had experience of the NHS in general and NHS Greater Glasgow in particular.
2. The audit approach was “top down” and risk based. A detailed plan would be presented to the next scheduled meeting of the Audit Committee.
3. In addition to providing assurance via the audit opinion, the audit programme delivered a number of benefits including comfort to the Audit Committee on control procedures, focus on key NHS and Glasgow specific risks and regular communication.

**Pricewaterhouse  
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4. The audit programme recognised the key challenges and issues facing NHS Greater Glasgow in 2005/2006. These had been considered in detail in the external audit report on Key Business Challenges in January 2005 (Audit Paper No 05/02 refers) and in the external audit presentation to the Audit Committee in July 2005 (Audit Paper No 05/25 refers).
5. The outputs from the audit programme were in three streams covering audit, business and performance. In response to a comment by Cllr Collins, Mr White undertook to amend the dates shown against some of the outputs.

**Pricewaterhouse  
Coopers**

NOTED

**55 DATE OF NEXT MEETING**

The next meeting be scheduled for Tuesday, 25 October 2005 at 9.30 p.m.

The meeting ended at 11.00 a.m.