

AUDIT COMMITTEE: 12 SEPTEMBER 2006

A (M) 06/05
Minutes: 40 – 48

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, 12 September at 9.30 a.m.**

PRESENT

Mrs E Smith (Chair)
Mr P Hamilton
Mrs S Kuenssberg CBE
Mr A O Robertson OBE
Mr D Sime
Mrs A Stewart MBE

IN ATTENDANCE

Mr D Griffin	Director of Finance
Mr J C Hamilton	Head of Board Administration
Mr J Hobson	Head of Finance - Corporate Reporting and Audit
Mr A Lindsay	Financial Governance and Audit Manager
Mr C D Revie	PricewaterhouseCoopers
Mr A Gray	PricewaterhouseCoopers
Ms S Caldwell	PricewaterhouseCoopers
Mr J Rundell	Audit Scotland
Ms M Paterson	Audit Scotland

ACTION BY

40 APOLOGIES

Apologies were intimated on behalf of Cllr R Duncan, Dr Groden and Cllr J Handibode. The Convener welcomed to the meeting Mr Rundell and Ms Paterson, both Audit Scotland, attending their first meeting of the Audit Committee.

41 MINUTES

On the motion of Mrs Smith, seconded by Mrs A Stewart, the Minutes of the meeting on 20 June [A (M) 06/04] were noted as a correct record and signed by the Convener.

42 MATTERS ARISING FROM THE MINUTES

In respect of Minute 36, the Head of Board Administration reported that he would write to Members later in the year in respect of declarations of interest.

**Head of Board
Administration**

43 EXTERNAL AUDIT – NATIONAL FRAUD INITIATIVE

Mr Rundell, Audit Scotland, explained that the National Fraud Initiative (NFI) was taking place in the public sector in Scotland and the UK. For the first time in 2006/2007, NHS bodies in Scotland were included in the exercise. Mr Rundell summarised the key elements of the NFI including the following matters.

1. The exercise had received support from the Scottish Parliament Audit Committee and from the NHSS Chief Executive. It had been introduced in England and Wales in the 1990's and had generated over £300m savings in the UK.
2. The initiative covered local councils, police, fire, students, teachers and NHS bodies including health pensioners. All bodies were required to submit data to Audit Scotland for analysis and comparison.
3. In addition to the deterrence effect, the potential benefits included the detection of overpayments of council tax benefit, pensioners returning to work while continuing to receive pension and individuals working while on sick leave from another employer.
4. The key stages of the project involved bodies nominating key contacts and the issue of fair processing notices in employees' payslips. Organisations would submit payroll data in October and initial results from data analysis would be available in January 2007. Progress would be reported from May 2007 to January 2008 with a national report being produced in the spring or summer of 2008.
5. The role of Audit Scotland was to generally monitor participation and 2006/2007 annual reports would include comment on audited bodies' commitment and performance.

In response to questions from Mr Sime and Mrs Kuenssberg, Mr Rundell confirmed that the issue of fair processing notices to employees was compulsory and that the initiative had been cleared with the Information Commissioner. Replying to a question from the Director of Finance, Mr Rundell explained that the type of fraud found in the health sector related to people with more than one job and asylum seekers not entitled to work. Most of the identified frauds however related to benefit claims. In response to a question from Mrs Stewart, Mr Rundell undertook to establish if the exercise would include staff working with agencies as well as in NHS employment.

Audit Scotland

NOTED

**44 AUDIT SCOTLAND- PERFORMANCE AUDIT GROUP:
CONSULTATION ON FUTURE STUDY PROGRAMME**

A report of the Financial Governance and Audit Manager (Audit Paper No 06/18) was presented asking Members to approve responses to the Consultation Paper issued by Audit Scotland in respect of the future study programme 2006 – 2008. Responses to the Consultation Paper had been gathered via the Audit Support Groups and further comments had been added by the Chief Executive.

Mr Robertson, Mr Hamilton, Mrs Stewart and Mrs Kuenssberg noted that responses had not been provided in respect of all proposed projects and in particular it was felt appropriate for comment to be provided against the “cross cutting” exercises described in the consultation document. It was agreed that the Consultation Paper should be submitted to members of the Planning, Performance and Policy Group for further comment against the “cross cutting” exercises.

Mr Revie (PricewaterhouseCoopers) noted that as Audit Scotland would be unable to undertake all the potential projects listed in the Consultation Paper, the comments offered would assist in prioritising the programme of work. Mr Rundell (Audit Scotland) noted that the Board could seek from Audit Scotland an extension to the deadline for submission of responses.

With regard to the proposed study of Dental Health Services, Mr Robertson commented that study should reflect the complexity of the relationship between acute, teaching and community sectors within NHS Greater Glasgow and Clyde. In respect of the proposed study of diagnostic services, Mrs Kuenssberg noted the need to consider telemedicine while Mrs Stewart noted the need to consider AHPs.

**Financial
Governance and
Audit Manager**

DECIDED:

That

1. Members of the Planning, Performance and Policy Group be invited to provide further comments on the “cross cutting” studies included in the Audit Scotland Consultation Paper;
2. the response to the Audit Scotland Consultation Paper on the future study programme 2006 – 2008 be submitted to Audit Scotland subject to amendments to reflect the comments of Members of the Planning, Performance and Policy Group.

**Financial
Governance and
Audit Manager**

**Financial
Governance and
Audit Manager**

45 INTERNAL AUDIT STATUS REPORT

A report of PricewaterhouseCoopers (Audit Paper No 06/19) was asking Members to approve the Internal Audit Annual Plan 2006/2007 (the Plan) and to approve the format for reporting progress against the Plan to the Audit Committee.

Mr Gray (PricewaterhouseCoopers) explained that the Plan had been designed to focus on those areas on which the Audit Committee would require assurance. Mr Gray described the processes followed to formulate the Plan including discussion with Audit Committee Members and representatives from the senior management team. The Plan provided for coverage across six types of review:

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ACTION BY

1. Strategic focus;
2. Change/programme assurance and effectiveness;
3. Governance, risk and compliance;
4. IT assurance and effectiveness;
5. Operational assurance and effectiveness;
6. Process assurance and improvement.

Mr Gray described how the plan would be resourced including the utilisation of the in-house audit team of the former NHS Argyll and Clyde. The reporting principles would see reports being considered in detail by the Audit Support Groups and matters of strategic significance being reported to the Audit Committee itself. The Plan provided for four corporate strategic reviews which would be reported directly to the Audit Committee: -

1. Pay modernisation –benefits realisation;
2. Staff Absence Management;
3. Integration of NHS Argyll and Clyde;
4. Service Level Agreements with NHS Highland.

In response to a question from the Convener, Mr Gray explained that the Plan provided for a review of the governance arrangements for CHCPs and CHPs. This review would be reported to the Audit Support Group – Corporate and Partnerships with any matters of significance to emerge being reported to the Audit Committee. Following a question from Mrs Kuenssberg on the timing of this review, Mr Revie (PricewaterhouseCoopers) explained that to allow an opportunity for arrangements to be established, the first year's audit focus would be on the governance and risk aspects of CHCPs and CHPs rather than operational issues. The Head of Board Administration reminded Members that the Audit Scotland Self Assessment Tool for CHCP/CHP governance would inform the Board seminar in October 2006.

Following a question from Mr P Hamilton, the Director of Finance indicated that the Financial Governance and Audit Manager would discuss with PricewaterhouseCoopers the possibility of releasing internal audit resources from the audit of patients' private funds to allow increased coverage of the funding of voluntary sector bodies.

**Financial
Governance and
Audit Manager/
Pricewaterhouse
Coopers**

In response to questions from Mrs Stewart and Mrs Kuenssberg, Ms Caldwell (PricewaterhouseCoopers) explained the arrangements for liaising with the internal auditors of local authorities and seeking agreement for a common programme in respect of the audit of CHCPs and CHPs.

The Director of Finance commented that the Plan had been developed using a more inclusive process than previously and reflected the various comments made during the consultation process.

Ms Caldwell described the proposed format for reporting progress against the Plan to the Audit Committee including a summary of findings and overall assurance statement, significant and strategic issues from reports presented to the Audit Support Groups and a detailed analysis of progress against the Plan.

DECIDED:

That the Internal Audit Annual Plan and the proposed format for reporting progress to the Audit Committee be approved.

**Pricewaterhouse
Coopers**

46 STANDING FINANCIAL INSTRUCTIONS

A report of the Financial Governance and Audit Manager (Audit Paper No 06/12) was presented asking Members to consider revisions to Standing Financial Instructions (SFIs). Both internal and external audit were to be invited to comment on the revisions.

In response to a question from Mr Sime, the Financial Governance and Audit Manager undertook to amend paragraph 8.1 as agreed. It was agreed that Members should pass any further comments to the Financial Governance and Audit Manager to allow these to be incorporated before the SFIs were presented to the Board for approval.

Members

DECIDED:

That subject to any further minor changes approved by the Director of Finance, the revised Standing Financial Instructions should be submitted to the Board for approval.

**Financial
Governance and
Audit Manager**

47 AUDIT SUPPORT GROUPS

47(a) CORPORATE AND PARTNERSHIPS: MINUTES OF MEETING ON 21 AUGUST 2006

NOTED

47(b) ACUTE: MINUTES OF MEETING ON 22 AUGUST 2006

In response to a question by Mrs Stewart, the Financial Governance and Audit Manager explained the process by which internal audit reports were considered by the Audit Support Groups and confirmed that there was consistency of practice in respect of both Audit Support Groups.

NOTED

48 DATE OF NEXT MEETING

The next meeting be scheduled for Tuesday, 14 November 2006 at 9.30 a.m.

The meeting ended at 11.10 a.m.