

AUDIT COMMITTEE: 11 SEPTEMBER 2007

A (M) 07/05
Minutes: 43 – 56

NHS GREATER GLASGOW AND CLYDE

**Minutes of a Meeting of the
Audit Committee
held in Board Room 1,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday, 11 September 2007 at 9.30 p.m.**

PRESENT

Mrs E Smith (Chair)
Mr P Daniels OBE
Mr P Hamilton
Mr A O Robertson OBE
Cllr I Robertson
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 I Reid	Director of Human Resources (To Minute 45)
Mr C D Revie	PricewaterhouseCoopers
Mr A Gray	PricewaterhouseCoopers
Ms S Caldwell	PricewaterhouseCoopers
Mr D McConnell	Audit Scotland
Mr J Rundell	Audit Scotland
Ms T Meldrum	Audit Scotland
Mr N Craig	Audit Scotland

ACTION BY

43 APOLOGY AND WELCOME

An apology was intimated on behalf of Cllr J Handibode. The Convener welcomed Cllr I Robertson who was attending his first meeting as a Member of the Audit Committee. To facilitate the attendance of the Director of Human Resources, it was agreed to consider item 10 – Internal Audit Progress Report and Item 9 – Internal Audit Operational Plan 2007/08 - after Item 2 – Minutes of the Meeting of the Audit Committee on 26 June 2007.

44 MINUTES

On the motion of Mr A O Robertson, seconded by Mr Sime, the Minutes of the meeting on 5 June 2007 [A (M) 07/04] were approved as a correct record and signed by the Convener.

45 INTERNAL AUDIT PROGRESS REPORT

A report of PricewaterhouseCoopers (Audit Paper No 07/31) was presented asking Members to note progress against the Internal Audit Annual Plan and the key matters which had arisen from the internal audit work carried out in the period to September 2007. Mr Revie (PricewaterhouseCoopers) reported that three assignments were in progress and three reports had been finalised. A further report on the Recruitment of Foreign Nationals had been issued in draft form but due to the importance of the subject matter, the key findings were included in the progress report. Mr Revie summarised the main issues arising from this work.

Recruitment of Foreign Nationals

Mr Revie explained that following the incident at Glasgow Airport in June 2007, the UK Government requested a review of procedures for recruiting foreign nationals in the NHS. In addition, the Cabinet Secretary for Health and Wellbeing determined that two strands of work be undertaken in Scotland:-

1. A review of good practice guidance and policy to determine if there are any areas where improvement may be made;
2. A review by Audit Scotland to ensure that existing procedures on international recruitment are being followed; five NHS Boards had been selected for this exercise including NHS Greater Glasgow and Clyde.

In advance of the review by Audit Scotland, management had requested that internal audit undertake a review of the procedures for recruiting foreign nationals at a sample of locations. This work had been completed and a draft report issued to the Director of Human Resources. The key finding was that, at the time of the audit, a number of the documents required to evidence key recruitment processes were not present in the files and had yet to be located.

The Director of Human Resources explained that the process of finalising the internal audit report would include a further visit by the internal auditors in October 2007 and the completion of an action plan. The completed action plan would be monitored and reported in accordance with the normal follow up process. The action plan would be finalised by the time that Audit Scotland reported the results of their review of this matter.

Medical Locums

Mr Gray (PricewaterhouseCoopers) explained that this audit had been carried out as part of the internal audit operational plan and the full report was being presented to the Audit Committee due to the importance of the findings. The principal findings related to the following issues.

1. There was broad compliance with proper procedures within Greater Glasgow but issues had been noted within Clyde.

AUDIT COMMITTEE: 11 SEPTEMBER 2007

ACTION BY

2. There was insufficient involvement of Human Resources staff in locum appointments in Clyde.
3. A number of different locum agencies were used.
4. There was insufficient evidence that General Medical Council (GMC) registration had been checked. In response to a question from Cllr I Robertson, the Director of Human Resources explained that checks of GMC registration were undertaken by locum agencies but not always evidenced. While the Board retained responsibility for ensuring medical staff were registered with the GMC, checks were required to be made by the locum agencies. Within Greater Glasgow, checks were undertaken by both the Board and the locum agency.
5. There had been issues in locating some files, particularly in Clyde.

The Director of Human Resources explained that an Action Plan had been completed to address the issues raised in the internal audit report. The internal auditors would revisit this subject and once this follow up work was complete, the Director of Human Resources would report progress to the Audit Committee in March 2008.

**Pricewaterhouse
Coopers
Director of Human
Resources**

Bank and Agency Nursing

Ms Caldwell (PricewaterhouseCoopers) summarised the main issues arising from the audit of bank and agency nursing. These were the issue of the call centre's capacity to deal with the level of demand and the relatively high level of agency usage within Clyde.

The Director of Human Resources described how an action plan had been developed as part of the process of finalising the internal audit report. He highlighted the large number of nurses registered with the bank and the challenge that presented in managing such a large undertaking. A business case was being developed for additional resource to help run the bank. In response to questions from Mr A O Robertson and Mr Daniels, the Director of Human Resources explained the potential difficulties caused by geography in attracting nurses to the bank and how the use of bank nurses allowed a degree of continuity and flexibility in staffing arrangements. He confirmed for Mrs Stewart that bank staff were monitored to ensure compliance with the European Union Working Time Directive. In response to a question from Cllr I Robertson, the Director of Human Resources explained the approach to reducing the levels of agency use within Clyde recognising the potential difficulties caused by the geography of the area. Mr Revie (PricewaterhouseCoopers) undertook to carry out a follow up audit and report the outcome to the Audit Committee in March 2008.

**Pricewaterhouse
Coopers**

Risk Management Ongoing Support Role

Mr Revie described how membership of the Risk Management Steering Group had been revised to provide fresh focus and how the Group was now chaired by the Director of Finance. Ms Caldwell (PricewaterhouseCoopers) had been invited to join the Group. The revised Group had met for the first time and discussed how the development of corporate processes and the Corporate Risk Register should be progressed. A further meeting was planned for November

**Risk Management
Steering Group**

AUDIT COMMITTEE: 11 SEPTEMBER 2007

ACTION BY

2007 with a report being presented to the Audit Committee in January 2008.

Ongoing Work

Mr Revie reported that two assignments were ongoing in respect of payroll and accounts payable.

NOTED

46 INTERNAL AUDIT OPERATIONAL PLAN 2007/2008

A report of PricewaterhouseCoopers (Audit Paper No 07/31) was presented asking Members to approve the updated Internal Audit Operational Plan for 2007/2008. Ms Caldwell (PricewaterhouseCoopers) reminded Members that when the Audit Committee approved the Internal Audit Operational Plan 2007/08 at the meeting on 5 June 2007 (Minute 39 refers), it had been agreed that further detail of the objectives of each of the planned assignments would be provided. The updated plan now contained this detail and Ms Caldwell explained that these high level objectives would be refined further in discussion with the key contact for each assignment. In response to a question from Mr P Hamilton, Ms Caldwell explained that the locations had not yet been selected for the review of Key Performance Indicators at Community Health (and Care) Partnerships.

DECIDED:

That the updated Internal Audit Operational Plan 2007/2008 be approved.

**Pricewaterhouse
Coopers**

47 AUDIT SCOTLAND PUBLIC REPORTING GROUP

The Convener welcomed Ms Meldrum and Mr Craig, both of the Public Reporting Group of Audit Scotland. Ms Meldrum explained that this was the first of a series of presentations to NHS Boards and Audit Committees and described the following aspects of the work of the Public Reporting Group (PRG) of Audit Scotland.

1. The role of the PRG including the different types of reports issued;
2. How the PRG was seeking to adopt a more active role to engage better with Boards and Audit Committees;
3. A summary of the current programme of work and how this related to the governance agenda;
4. Issues for Boards to consider arising from the reports recently issued on Managing Long Term Conditions and Primary Care Out of Hours Services.

Ms Meldrum concluded by seeking Members views on how the PRG could engage with Boards over its reports.

The Head of Board Administration explained that copies of all Audit Scotland national reports were now issued directly to all Board Members. This process meant that Members were aware of issues before those with operational responsibilities had the opportunity to address the issues highlighted in the reports. The Director of Finance emphasised the need for early engagement with operational managers to ensure necessary actions were taken.

AUDIT COMMITTEE: 11 SEPTEMBER 2007

ACTION BY

The Convener noted the Board's corporate responsibility to ensure each report by Audit Scotland was actioned and Mr Daniels commended the "Key Issues" document issued with each report which summarised the main points from the report which required attention from Non executive Directors. The Director of Finance and the Head of Board Administration proposed that

1. The full report be issued to the relevant operational manager(s) to assess the implications for NHS Greater Glasgow and Clyde, take any necessary action and prepare a briefing paper/response for submission to all Members of the NHS Board (possibly via the bi-monthly meetings of the Performance Review Group);
2. Audit Scotland's PRG raise in future presentations the suggestion that Non-executives only receive the "Key Issues for Non-executives" rather than the full detailed report and inform the Director of Finance of the outcome.

Audit Scotland

DECIDED:

That the Director of Finance and the Head of Board Administration should develop a proposal as suggested above and submit it to Members for approval.

**Director of
Finance/Head of Board
Administration**

48 AUDIT SCOTLAND: REPORT ON THE 2006/2007 AUDIT

A report of Audit Scotland (Audit Paper No 07/27) was presented asking Members to note the key issues identified in the range of reports issued as part of the 2006/2007 audit and that a copy would be provided to all Members of the NHS Board.

Mr McConnell (Audit Scotland) explained that the report summarised the key issues to emerge from the various streams of work undertaken as part of the 2006/07 audit. The report had been submitted to the Auditor General. Mr McConnell drew Members' attention to the organisational risk areas identified as part of the audit planning process – financial management, service sustainability, partnership working, information management, people management and governance. The report also referred to the challenges facing the Board in 2007/08 including independent scrutiny arrangements, acute services and the need for Community Health and Care Partnerships to demonstrate continued improvement in services.

In response to a question from Cllr I Robertson, the Director of Finance explained the division of the recurring deficit, in respect of the former NHS Argyll and Clyde, between NHS Greater Glasgow and Clyde and NHS Highland and their respective responsibilities for addressing the portions of the deficit that were attributable to each.

NOTED

49 AUDIT SCOTLAND: PROGRESS REPORT

A report of Audit Scotland (Audit Paper No 07/28) was presented asking Members to note progress against each of the streams of work undertaken as part of the audit of the annual accounts 2006/2007. Mr Rundell (Audit Scotland) summarised the key elements of the external audit programme of work and drew Members' attention to Appendix 1

of the report which described how the target dates for each of the elements of the 2006/07 audit had been met.

NOTED

50 AUDIT SCOTLAND REPORT: REVIEW OF FINANCIAL POSITION AND FINANCIAL MANAGEMENT ARRANGEMENTS 2006/07

It was agreed to consider at this point the Audit Scotland Report on their Review of Financial Position and Financial Management Arrangements 2006/07. This report had been concluded after the Agenda had been issued but as it formed the last element of the work in respect of the 2006/07 audit, it was appropriate to consider it at this meeting.

Mr Rundell (Audit Scotland) summarised the main findings and commented on the identified areas of good practice such as drugs modelling and the challenges facing the Board including the Clyde cost savings. Members' attention was drawn to the completed action plan contained within the report. The Director of Finance explained the use of non recurring funding in addressing the deficit position.

NOTED

51 AUDIT SCOTLAND: PARTNERSHIP WORKING 2006/2007 – A REVIEW OF COMMUNITY HEALTH AND CARE PARTNERSHIPS IN GLASGOW

A report of Audit Scotland (Audit Paper No 07/29) was presented asking Members to note the outcome of their review of partnership working in NHS Greater Glasgow and Clyde with specific reference to Community Health and Care Partnerships (CHCPs). Mr McConnell (Audit Scotland) explained that the review had been carried out jointly by staff from Audit Scotland Health and Local Authority teams. A joint action plan had been agreed with the Board and Glasgow City Council. Mr McConnell commented on some of the overall conclusions which included the following matters.

1. CHCPs were still at an early stage of development;
2. Progress had already been made in many areas;
3. Examples of good practice had been highlighted;
4. Challenges remained for example, in the need to demonstrate continued improvement in services to patients.

In response to a question from Mr P Hamilton, Mr Rundell commented that the planned integrated care facility within the South West Glasgow Community Health and Care Partnership provided a model for future similar developments.

NOTED

52 AUDIT SCOTLAND REPORT: MANAGING LONG TERM CONDITIONS

A report of the Director of Corporate Planning and Policy (Audit Paper No 07/30) was presented asking Members to note the Audit Scotland

National Report on Managing Long Term Conditions and the summary of the current position within NHS Greater Glasgow and Clyde.

DECIDED:

That the Audit Scotland Report on Managing Long Term Conditions should be dealt with under the process agreed in respect of Minute 47.

**Financial Governance
and Audit Manager**

53 PROPERTY TRANSACTIONS MONITORING 2006/2007

A report of the Financial Governance and Audit Manager (Audit Paper No 07/33) was presented asking Members to approve for submission to the Scottish Government Department of Health and Wellbeing the internal audit report on property transactions concluded in the year ended 31 March 2007.

Ms Caldwell (PricewaterhouseCoopers) explained that in accordance with the NHS Scotland Property Transactions Handbook, the internal auditors had carried out a review of property transactions concluded during 2006/07. Ten transactions had been concluded and eight had been reviewed. Using the classifications defined in the Property Transactions Handbook, all eight were deemed to be Category A – the transactions appear to have been properly conducted.

DECIDED:

That the internal audit report on Property Transactions Monitoring 2006/2007 be approved and submitted to the Scottish Government Department of Health and Wellbeing.

**Financial Governance
and Audit Manager**

54 AUDIT SUPPORT GROUPS

54(a) CORPORATE AND PARTNERSHIPS: MINUTES OF MEETING ON 3 SEPTEMBER 2007 [ASG CP (M) 07/04]

NOTED

54(b) ACUTE: MINUTES OF MEETING ON 14 AUGUST 2007 [ASG A (M) 07/03]

NOTED

55 REVIEW OF AUDIT COMMITTEE ARRANGEMENTS

The Director of Finance reminded Members of the rationale behind the current Audit Committee arrangements which established two Audit Support Groups to assist the Audit Committee to discharge its responsibilities under single system working. When the Audit Support Groups were established, it had been agreed that Members should review the effectiveness of these arrangements after they had been in place for some time. It was now an appropriate point to undertake this review.

The Director of Finance described how the two Audit Support Groups had functioned since their establishment. It was proposed that the Audit Support Groups should continue to function under the existing Remit with a further review by the Audit Committee in twelve months.

AUDIT COMMITTEE: 11 SEPTEMBER 2007

ACTION BY:

In the meantime, the Director of Finance undertook to discuss with his counterpart in the Acute Services Division how the role of the Audit Support Group – Acute could be developed.

DECIDED:

That the present Audit Committee arrangements should continue with a further review by the Audit Committee in late 2008.

Director of Finance

56 DATE OF NEXT MEETING

The next meeting was scheduled for Monday 5 November 2007 at 10.00 a.m.

The meeting ended at 12.10 p.m.