

AUDIT COMMITTEE: 24 JUNE 2008

A (M) 08/04
Minutes: 37 – 41

NHS GREATER GLASGOW AND CLYDE

**Minutes of a Meeting of the
Audit Committee
held in Meeting Room B,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday 24 June 2008 at 8.30 a.m.**

PRESENT

Mrs E Smith (Chair)
Mr P Daniels OBE (From Minute 39)
Mr P Hamilton
Cllr J Handibode
Mrs J Murray
Cllr I Robertson
Mr D Sime
Mrs A Stewart MBE

IN ATTENDANCE

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| Mr D Griffin | Director of Finance |
| Mr J Hobson | Head of Corporate Financial Reporting and Audit |
| Mr A Lindsay | Financial Governance and Audit Manager |
| Mr P Ramsay | Head of Financial Services |
| Mr J Rundell | Audit Scotland |
| Mr J Davidson | Audit Scotland |
| Mr M White | PricewaterhouseCoopers |

ACTION BY

37 MINUTES

On the motion of Mr Sime, seconded by Mrs Stewart, the Minutes of the meeting on 10 June 2008 [A (M) 08/03] were approved as a correct record and signed by the Convener.

38 AUDIT SCOTLAND REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2007/2008 AUDIT

A report of Audit Scotland (Audit Paper No 08/20) was presented asking Members to note the matters arising from the audit of the Statement of Accounts 2007/2008. Mr McConnell (Audit Scotland) explained that International Auditing Standard 260 required auditors to report certain matters arising from the audit of the financial statements

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to "those charged with governance" and these matters were summarised for Audit Members' consideration in the attached report.

Mr Rundell (Audit Scotland) commented on the challenge presented in completing the audit within the given timescale. This had been facilitated by the process whereby matters arising from the audit were reported to management on a weekly basis to allow prompt resolution.

Mr McConnell summarised the main issues within the report including the following matters.

1. The audit certificate at Appendix A of the report related to the "true and fair view", regularity and the content of the Statement on Internal Control and was unqualified in all these respects.
2. There was one unadjusted error. As this was not material, the accounts had not been adjusted.
3. No material weaknesses in the system of internal control were identified during the audit which could have resulted in a material misstatement in the accounts.

In terms of matters arising, Mr McConnell referred to issues relating to accounting processes for Family Health Service expenditure and the actions being taken by management to address these issues and commented on the implications of equal pay claims and Agenda for Change for an organisation as large as NHS Greater Glasgow and Clyde. Mr McConnell also referred to the provision for pensions in respect of early retirals and the challenges presented by the absence of detailed reports from the Scottish Public Pensions Agency (SPPA). This matter was referred to in the Letter of Representation which would be considered later in the meeting (Audit Paper No 08/21). Members discussed the wording of the Letter of Representation in respect of this particular matter, and it was agreed to revise the Letter of Representation to better reflect the difficulty presented by the absence of detailed information from the SPPA.

Director of Finance

Mr McConnell offered his thanks to the Head of Financial Services and his staff in helping to ensure the audit was completed satisfactorily.

NOTED

39 LETTER OF REPRESENTATION 2007/2008

A report of the Director of Finance (Audit Paper No 08/21) was presented asking Members to approve the Letter of Representation from the Chief Executive to Audit Scotland. The Director of Finance explained that the International Standard on Auditing (UK and Ireland) 580 required the auditor to seek assurances of the Chief Executive as Accountable Officer in respect of certain matters relating to the annual accounts before he reports on the audit. The attached Letter of Representation provided these assurances.

The Director of Finance explained that the Letter of Representation would be revised in accordance with the decision made in respect of the previous item (Audit Paper No 08/20) and the revised letter signed

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by the Chief Executive prior to the Board meeting which would immediately follow the meeting of the Audit Committee.

DECIDED:

That, subject to the agreed amendments, the Letter of Representation in respect of the Statement of Accounts 2007/2008 be approved for signing by the Chief Executive.

Director of Finance

40 DRAFT STATEMENT OF ACCOUNTS 2007/2008

A report of the Director of Finance (Audit Paper No 08/22) was presented asking Members to consider the draft Statement of Accounts 2007/2008 and, if satisfied, recommend that the Statement of Accounts be adopted by the NHS Board and submitted to the Scottish Government.

The Director of Finance reminded Members that, at the last meeting of the Audit Committee, they had considered the format of an earlier draft version of the Statement of Accounts 2007/2008 and explained that the final version was now presented containing the final, audited figures. Members' attention was drawn to the following key issues.

1. The Operating Cost Statement showed that the Board had operated within its Revenue Resource Limit (RRL). A saving of £646K had been against the RRL.
2. Note 9 – Analysis of Capital Expenditure showed that a small saving of £400k had been made against the Capital Resource Limit. This represented a significant achievement given the position earlier in the year.
3. The Audit Certificate was unqualified.

The Director of Finance also described the financial planning regime within the Board. It was a measure of its robustness that the Board's final position was very close to the expected outcome. The Convener noted the successful outturn and commented on the high level of assurance the Audit Committee gained from the robustness of the financial planning process.

DECIDED:

That the Statement of Accounts 2007/2008 be recommended for adoption by the NHS Board and submission to the Scottish Government.

Director of Finance

41 DATE OF NEXT MEETING

The next meeting was scheduled for Tuesday 9 September 2008 at 9.30 a.m.

The meeting ended at 9.00 a.m.