

AUDIT COMMITTEE: 24 MARCH 2009

A (M) 09/02
Minutes: 12 – 28

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 24 March 2009 at 9.30 a.m.**

PRESENT

Mrs E Smith (Chair)
Mr P Daniels OBE
Mr P Hamilton
Cllr J Handibode (to Minute 23)
Mr I Lee (to Minute 19)
Mr D Sime
Mrs A Stewart MBE

IN ATTENDANCE

Mr D Griffin	Director of Finance
Mr J Hamilton	Head of Board Administration
Mr A Lindsay	Financial Governance and Audit Manager
Dr S Ahmed	Consultant in Public Health Medicine (Minute 16)
Mr S Hanley	Project Manager (Minute 16)
Mr M Sheils	Assistant Head of Financial Services (Minute 20)
Ms M Valente	Head of Child Protection Development (Minute 17)
Ms M Worsfold	NHS Scotland Counter Fraud Services (Minute 19)
Mr C D Revie	PricewaterhouseCoopers (to Minute 24)
Mr A Gray	PricewaterhouseCoopers
Mr M White	PricewaterhouseCoopers
Mr D McConnell	Audit Scotland (to Minute 25)
Mr J Rundell	Audit Scotland (to Minute 25)
Mr J Davidson	Audit Scotland
Mr B Gillespie	Audit Scotland

ACTION BY

12 APOLOGIES

An apology was intimated on behalf of Mrs J Murray.

13 MINUTES

On the motion of Mr Lee, seconded by Mrs Stewart, the Minutes of the meeting on 27 January 2009 (M) 09/01] were approved as a correct record and signed by the Convener.

14 MATTERS ARISING FROM THE MINUTES

In respect of Minute 3 and the issue of the Knowledge and Skills Framework (KSF), the Head of Board Administration described the process to harmonise the Board's own information with that produced by the Information and Statistics Division of National Services Scotland and confirmed that both sets of data were now reconciled. Details had been previously issued to Members by e-mail.

15 INTERNAL AUDIT REPORT: COMMUNITY AND HEALTH CARE PARTNERSHIPS – FINANCIAL PLANNING AND BUDGETARY CONTROL

A report of PricewaterhouseCoopers (Audit Paper No 09/07) was presented asking Members to note the report on the internal audit of Financial Planning and Budgetary Control within Community Health and Care Partnerships (CHCPs). The Director of Finance explained that it had been intended that the Director of North Glasgow CHCP attend the meeting to describe the response to the report but due to unavoidable circumstances he was unable to attend at short notice.

The Director of Finance described how this report was the first to be produced under the joint working arrangements in respect of CHCPs agreed by the internal auditors of the NHS Board and Glasgow City Council (GCC). The process of discussion and agreement of the report within both organisations had inevitably taken longer than would usually be required to finalise an audit report.

The Director of Finance commented on the background to CHCPs, in particular the delegation of budgets from GCC and the devolution of budgets from the NHS Board. The internal audit report provided assurance that from an NHS perspective, overall financial management arrangements were satisfactory. In respect of the recommendations made in the report, the Director of Finance indicated that more formality would be given by the Board to the signing off of budgets.

Mr Sime commented on the differences within CHCPs but noted the need for a mechanism to disseminate best practice. Mr White (PricewaterhouseCoopers) added that one of the purposes of the report had been to allow each CHCP to consider the issues which it had to address. In response to questions from Mr Lee, the Director of Finance described the arrangements for financial scrutiny within CHCPs including the interaction between Directors and Heads of Finance and the interaction between the Board Director and the CH(C)P Directors and Heads of Finance, both on a monthly basis and in the context of a formal mid year review. The Director of Finance again drew Members attention to the assurance which could be taken from the report. In addition, while the report focused on financial issues, CHCPs had also made real progress on the ground in terms of service delivery to their resident populations. Cllr Handibode and Mr Daniels commented on the differences in the way each CHCP operated and the contrast between CHCPs and Community Health Partnerships. Replying to questions from Mrs Stewart and Cllr Handibode, the Director of Finance described the financial training which had been provided to CHCP staff and the written instructions and guidance which had been issued.

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ACTION BY

Mr Revie (PricewaterhouseCoopers) commented on the need for the Audit Committee to remain focussed on CHCPs and in this context, the Convener welcomed the report as it provided focus on the key issues and delineated a pathway forward. Members agreed that consideration be given to holding an NHS Board Seminar on CHCPs at a future date.

**Head of Board
Administration**

NOTED

16 **INTERNAL AUDIT REPORT: HPV VACCINES**

A report of PricewaterhouseCoopers (Audit Paper No 09/08) was presented asking Members to note the internal audit report on Health Protection – Human Papilloma Virus (HPV) Vaccines. Dr Ahmed, Consultant in Public Health Medicine, summarised the background to the HPV immunisation Project and the progress and achievements to date, including the following matters.

1. In 2007, the Scottish Government announced a vaccination programme for females, to commence in September 2008 for a three year period with the aim of preventing the development of cervical cancer in later life.
2. A Project Board and Implementation Group were established within NHS Greater Glasgow and Clyde to deliver the programme.
3. The three year programme within NHS Greater Glasgow and Clyde would be delivered in schools for 12-13 year olds and in the community for those girls not in school with a catch up plan to cover 13-18 year olds.
4. After assessment of the options for delivery of the programme, a model was chosen which involved partial devolution to Community Health and Care Partnerships and Community Health Partnerships.
5. Initial guidance from the Scottish Government suggested that the programme for girls not in school be delivered via General Medical Practitioners on a national basis. Insufficient numbers of GPs opted into the programme within the Board's area and this required a further project to be set up within the original project to deliver vaccinations to females not in school via a range of community clinics. In response to a question from Mr Hamilton, Dr Ahmed explained that each NHS Board was required to put in place its own local arrangements and Local Medical Committees had taken different views resulting in different approaches across Scotland.
6. Uptake rates within the Board's area had been good and it was anticipated that the results for NHS Greater Glasgow and Clyde would be comparable to or above the national average when figures were published by the Information and Statistics Division of National Services Scotland.

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ACTION BY

Mr White (PricewaterhouseCoopers) commented on the scale of the project and explained that the internal audit review had focussed on the project management process. He commented favourably on the governance structure of the project and the use of Prince2 project methodology. The process of resolving the issue of GP involvement within NHS Greater Glasgow and Clyde was particularly well managed and lessons learned in year 1 of the project would be applied to years 2 and 3. The planning and methodology in place would be likely to ensure successful delivery of the Project.

In response to a question from Mrs Smith, Dr Ahmed explained the rationale behind the upper age limit of 18 years and the Project Manager explained the actions to communicate with females not in school including a dedicated helpline, letters to GPs and letters to the patients themselves. Replying to a question from Mrs Stewart, Mr Gray (PricewaterhouseCoopers) explained that risks identified via the project management methodology would, if required, be escalated in accordance with the NHS Board's Risk Register Policy. In answer to a question from Cllr Handibode, Dr Ahmed and the Project Manager explained that education authorities had been engaged in addressing issues of data protection and the issue of religious belief and personal choice.

The Convener complimented Dr Ahmed and the Project Manager on their achievements in such a significant project.

NOTED

17 **INTERNAL AUDIT PROGRESS REPORT: JANUARY – MARCH 2009**

A report of PricewaterhouseCoopers (Audit Paper No 09/09) was presented asking Members to note the report on progress against the internal audit annual plan in the period January – March 2009. Mr Revie (PricewaterhouseCoopers) summarised the overall status of internal audit work including support for projects in respect of electronic expenses and the retention of human resources records. Members' attention was drawn to the internal audit support being provided to the Risk Management Steering Group and to work being undertaken in respect of information governance. The Convener noted the importance of this latter piece of work and its contribution to the Statement on Internal Control.

Management and Use of Non Clinical Temporary Staff

Mr White (PricewaterhouseCoopers) summarised the main findings from the internal audit review of the Management and Use of Non Clinical Temporary Staff.

1. There were adequate procedures in place to manage the use of temporary administration staff and business consultants.
2. The use of temporary staff was low given the size of the organisation.
3. The three areas which made most use of temporary staff were reviewed and the need for temporary staff had been justified.

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ACTION BY

4. The use of business consultants was limited throughout the organisation, with the key areas where their services were required being capital projects – predominantly as part of the Acute Services Strategy.

There were two projects where some of the required paperwork could not be produced. The Financial Governance and Audit Manager explained that one of these projects occurred during the transition to a centralised Procurement Function and although documents could not be produced, proper process had been followed to appoint the supplier. He undertook to raise the issue of the missing documentation with the Head of Procurement and report back to the Audit Committee.

**Financial Governance
& Audit Manager**

Child Protection – Protocols, Monitoring and Incident Reporting –
Part 1

Mr Gray (PricewaterhouseCoopers) described how the Board established a Child Protection Unit (CPU) in 2006 within the Women and Children's Directorate and summarised the key aims of the CPU. He explained that the internal audit review was in two parts. This, the first, focussed on Children's services within hospitals and Community Health and Care Partnerships while the second part would focus on Accident and Emergency services.

The Head of Child Protection Development thanked the internal auditors for their report and described some of the key areas of progress in the three years since the CPU had been established including the ability to deal with national enquiries, provision of advice to staff, development of policies and procedures, provision of training for staff and the early sharing and collation of information. The CPU acted as a safety net by resolving issues where a member of staff was experiencing difficulty with a case. The Head of Child Protection Development attended the Child Protection Forum within NHS Greater Glasgow and Clyde. In reply to a question from Mr Hamilton, the Head of Child Protection Development explained how voluntary sector organisations and children's panels were involved in child protection committees. Responding to questions from Mrs Stewart, the Head of Child Protection Development explained the arrangements for dealing with children in care including foster care and the liaison with Social Work over the development of policies. In answer to a question from Mr Lee, the Head of Child Protection Development described how a Specialist GP was employed within the CPU to develop GPs' knowledge of and contribution to child protection and explained some of the initiatives in this area.

The Head of Child Protection Development then described the actions being taken to address the issues raised in the internal audit report where improvement could be made.

1. Individual departments would have responsibility for ensuring their staff received child protection training and for confirming to the CPU that training has been given.
2. An on line training facility was about to be introduced to increase the capacity to train staff.

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(Cont'd)

ACTION BY

3. The early sharing and collation of information had been introduced placing NHS Greater Glasgow and Clyde in advance of other NHS Boards.
4. Process was in place for sharing the findings of reviews and audits.
5. A shared referral form was in use for liaison with Social Work.

The Convener commented on the importance of child protection and the level of reassurance provided by the Head of Child Protection Development's comments.

Internal Audit Support Role

Mr Gray then described the support role of internal audit in respect of the implementation of eExpenses, the electronic expense system.

Waiting Times

Mr White then commented on the key issues to emerge from the internal audit review of waiting times. The focus of this review had been on the information system which supported waiting times reporting and on the process for dealing with any breaches of these waiting times targets. While two minor issues had been identified, the overall conclusion was that there was a robust process for waiting times reporting and for dealing with breaches and there was good process of governance exercised by the Director of Surgery and Anaesthetics.

Theatres Utilisation

Mr White reported on the review of Theatres Utilisation. To put matters in context, NHS Greater Glasgow and Clyde operated 103 of the 348 theatres in NHS Scotland. While the review had generated 10 recommendations, this was indicative of the scale of activity rather than of major problems. Several areas of good practice had been identified including ownership of theatre data, the Notification of Theatre Lists Policy and the work to address short notice cancellations. An action plan to address the ten areas of improvement identified within the report had been agreed with the Director of Surgery and Anaesthetics. In reply to a question from Mr Hamilton, Mr White confirmed that the new Ambulatory Care Hospitals would have a positive effect of theatres utilisation.

Mr Daniels commented on the importance of the Audit Committee's role in monitoring progress in this area given the performance of NHS Greater Glasgow and Clyde in comparison with the national averages but noted that not all Boards had submitted data. The Director of Finance stressed the attention given to this report by the Audit Support Groups as demonstrated by their Minutes (item 14 on the Agenda) and by the Strategic Management Group within the Acute Services Division. It was agreed that given the likely impact of the new Ambulatory Care Hospitals, the Audit Committee should receive an update on progress against the recommendations made and on performance against national average. At an appropriate future date, the Director of Surgery and Anaesthetics should be invited to attend

**Financial Governance
& Audit Manager**

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ACTION BY

a meeting of the Audit Committee.

Management and Use of Overtime

Mr White continued the internal audit progress report by describing the review of the management and use of overtime within the Acute Services Division. This had concluded that overtime costs were proportionate to salary costs and the use of overtime was managed and monitored in controlled manner. An action plan was being agreed with the Associate Director of Human Resources.

Follow up Report: Health and Safety

Mr Gray concluded the internal audit progress report by drawing Members' attention to the findings of a follow up review of health and safety arrangements with NHS Greater Glasgow and Clyde. Most recommendations had been implemented with some residual work ongoing to conclude four recommendations. In response to a question from Mrs Smith, Mr Gray confirmed that there had been no undue delay in actioning the recommendations.

NOTED

18 **CHANGE TO AGENDA**

It was agreed that item 9 - Counter Fraud Services: Annual Plan 2009/2010 and item 13 - International Financial Reporting Standards should now be dealt with to facilitate the attendance of the representative of NHS Counter Fraud Services and the Assistant Head of Financial Services.

19 **COUNTER FRAUD SERVICES: ANNUAL PLAN 2009/2010**

A report of NHS Scotland Counter Fraud Services (Audit Paper No 09/12) was presented asking members to approve the draft annual plan 2009/10 by NHS Counter Fraud Services (CFS). Ms Worsfold (CFS) explained that the CFS annual plan for 2009/10 consisted of two parts; the first related specifically to NHS Greater Glasgow and Clyde while the second described national projects and work planned for other NHS Boards. The work specific to NHS Greater Glasgow and Clyde contained a number of elements including the following:-

- Introduction of an e-learning programme to promote fraud awareness among staff;
- Activities and events as part of Fraud Awareness Month
- Articles in staff newsletter;
- Seminar for Human Resources staff;
- Assistance if required with the National Fraud Initiative;
- Covert surveillance workshop;
- Proactive exercise to review overtime claims.

Ms Worsfold commented favourable on the working relationship between CFS and NHS Greater Glasgow and Clyde. The Director of Finance explained the composition and role of the Financial Governance which the Board had established and how this team

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ACTION BY

interacted with CFS.

DECIDED:

That the NHS Scotland Counter Fraud Services Annual Plan 2009/10 be approved.

**Counter Fraud
Services**

20 **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

A report of the Director of Finance (Audit Paper No 09/16) was presented asking Members to note the report of Audit Scotland on the International Financial Reporting Standards (IFRS) restated balance sheet as at 1 April 2008. Mr McConnell (Audit Scotland) reminded Members that all Scottish Government Departments, Executive Agencies, Health Bodies and Non-departmental Public Bodies were required to report using International Financial Reporting Standards (IFRS) from 2009/10. In accordance with Scottish Government Instructions, these bodies are required to produce shadow IFRS based accounts for the financial year 2008/09 including a restated balance sheet as at 1 April 2008. The Board submitted its restated balance sheet in advance of the Scottish Government's deadline of 28 November 2008 and in accordance with the agreed process, the restated balance sheet had been reviewed and reported upon by Audit Scotland. The results of this review indicated that progress made by the Board was acceptable at this stage. A number of points had been raised with management which were being addressed. The assembly of evidence to support the restated figures was part of the ongoing process.

The Assistant Head of Financial Services explained how a project team had been established within the Board to progress IFRS including production of the restated balance sheet. The principal impact on the balance sheet was the inclusion of PFI schemes which had previously been off balance sheet.

The Director of Finance drew Members' attention to the schedule attached to the paper which showed how the balance sheet figures originally reported under UK GAAP had been restated under IFRS. The main issue raised by the Audit Scotland review related to the calculation of the accrual for untaken annual leave and action was being taken to address this.

NOTED

21 **INTEGRATED RISK MANAGEMENT STATUS REPORT – MARCH 2009**

A report of PricewaterhouseCoopers (Audit Paper No 09/10) was presented asking Members to note the status report on the integrated risk management arrangements within NHS Greater Glasgow and Clyde. Mr Gray (PricewaterhouseCoopers) explained that the internal auditors had undertaken a high level assessment across a selection of organisational areas of compliance with the Board's Risk Management Strategy and National Clinical Governance and Risk Management Standards. A number of opportunities to improve processes were identified with the most significant relating to the potential for the Community Health and Care Partnerships (CHCP) Directors Group to

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21 (Cont'd)

ACTION BY

play an increased role in the escalation process for CHCP risk registers by jointly considering common risks.

NOTED

22 **INTERNAL AUDIT DRAFT ANNUAL PLAN 2009/2010**

A report of PricewaterhouseCoopers (Audit Paper No 09/11) was presented asking Members to approve the draft internal audit annual plan for 2009/10. Mr Revie explained that the draft plan had been prepared following discussion with a range of Executive Directors and Senior Managers. Final discussions had still to be held with the Chief Executive, Director of Finance and Audit Committee Members. A meeting was being arranged between the internal auditors and Audit Committee Members to allow fine tuning of the draft plan within the agreed overall resource. In view of this, it was agreed to defer detailed discussion of the plan until the next Audit Committee meeting.

DECIDED:

That the internal audit draft annual plan be discussed at the meeting between Members and the internal auditors and following these discussions, the plan be submitted for approval to the meeting of the Audit Committee on 9 June 2009.

**Pricewaterhouse
Coopers**

23 **AUDIT SCOTLAND: PROGRESS REPORT NO. 3**

A report of Audit Scotland (Audit Paper No. 09/13) was presented asking Members to note progress against each of the streams of work undertaken as part of the audit of the Board's accounts. Mr Rundell (Audit Scotland) drew Members' attention to Appendix 1 of the report which set out the planned outputs from the 2008/09 audit. These outputs fell into three categories: - Governance, Performance and Financial Statements.

With regard to Governance, Mr Rundell described the testing of key controls within the main financial systems and the reliance placed on the work of internal audit. Any matters arising from this work would be reported in a management letter but to date, no significant issues had arisen. The review of the Picture Archiving System (PACS) had been completed. The recommendations from this review would be included in the report to be submitted to a subsequent meeting of the Audit Committee on progress of implementation of recommendations in respect of Health Information and Technology.

Mr Rundell reported that the audit of the financial statements would commence in May 2009 but advance work was being carried out to help ensure the reporting timetable would be met.

In respect of Performance, Mr Rundell reported that a pamphlet was in production setting out Audit Scotland's approach to the audit of best value. As part of the evolving approach to best value, attention would be focussed on information management and efficiency, the latter including planning and managing and monitoring results. Mr Rundell drew attention to the list of national studies in Appendix 2 of the Progress Report and noted that the latest report to be issued was in respect of "Asset Management in the NHS in Scotland." NHS Bodies

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23 (Cont'd)

continued to work on the National Fraud Initiative 2008/09 and both Audit Scotland and the Financial Governance and Audit Manager would continue to report on this.

In conclusion, Mr Rundell commented on the Audit Scotland Corporate Plan 2009-12 and highlighted key points including the aim to deliver more streamlined audit, becoming a centre of excellence for public audit and improving the transparency of costs.

NOTED

24 **REVIEW OF CORPORATE GOVERNANCE 2009**

A report of the Head of Board Administration and the Financial Governance and Audit Manager (Audit Paper No. 09/14) was presented asking Members to endorse and comment upon the work completed to date for the annual review of corporate governance to be submitted for approval to the NHS Board meeting on 21 April 2009. The Head of Board Administration explained that the draft Board Paper contained within his report was work in progress and drew Members attention to the following matters.

- It was proposed to amend Standing Orders to reflect that the Code of Conduct, Code of Accountability and Code of Practice on Openness had been superseded by the Code of Conduct made under the Ethical Standards in Public Life etc (Scotland) Act 2000 and the Freedom of Information (Scotland) Act 2002.
- A further amendment to Standing Orders was proposed to reflect the decision of the NHS Board not to receive CHCP/CHP and Mental Health Partnership Committee minutes but to use the arrangements for organisational reviews to scrutinise and keep up to date with the business of the Partnerships. In answer to a question from Mr Hamilton, the Head of Board Administration confirmed that the Partnership minutes were published in the Board's website.

The Director of Finance drew Members' attention to Annex A of the report which set out the proposed changes to Standing Financial Instructions (SFIs) and it was agreed that the report to the NHS Board meeting on 21 April 2009 should include SFIs in full.

The Head of Board Administration reported on the changes to Membership of the Standing Committees of the Board and the discussions which would take place to consider filling the existing vacancies.

DECIDED:

The annual review of corporate governance be submitted for approval to the NHS Board meeting on 21 April 2009.

25 **AUDIT COMMITTEE DRAFT REMIT**

A report of the Financial Governance and Audit Manager (Audit Paper

ACTION BY

**Audit
Scotland/Financial
Governance & Audit
Manager**

**Financial Governance
& Audit Manager**

**Head of Board
Administration**

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ACTION BY

No. 09/15) was presented asking Members to consider the revised Remit for the Audit Committee and if satisfied, endorse its submission for approval to the NHS Board meeting on 21 April 2009.

The Convener drew Members' attention to the self assessment checklist at Appendix 2 of the report. A number of the questions within the checklist had not been answered and Members were invited to consider their response to these questions.

Question 11 related to the induction of new Members. The Convener referred to the work being done in this regard by the Organisational Development Team and noted that this work would form a key element of the NHS Board Seminar in April 2009 on Board Effectiveness.

Question 13 asked if Members were sufficiently independent of the other key Committees of the Board. Members concluded that there were no conflicts of interest arising from their Membership of Committees and the Director of Finance commented on the benefits of Members bringing knowledge from other Committees. It was agreed that question 13 should be answered "yes."

Question 19 related to the attendance at Audit Committee meetings of the Chief Executive as Accountable Officer. It was agreed that it would be beneficial for the Chief Executive to attend meetings when required.

Question 59 asked if Audit Committee papers were adequate in terms of content, timeliness, frequency and format. Members agreed that the Committee papers were adequate.

Question 66 asked if there were areas where the Audit Committee could improve upon its current level of effectiveness. Members referred to the issues of induction of new Members as discussed in respect of question 11.

Question 67 raised the issue of feedback on the Audit Committee's performance from the Board and Accountable Officer. Members noted that the Convener met regularly with the Chief Executive while Members were subject to an annual appraisal by the NHS Board Chairman.

DECIDED:

That

1. The self assessment checklist within the Scottish Government Audit Committee Handbook be updated to reflect Members' comments;
2. the Draft Remit for the Audit Committee be submitted for approval to the NHS Board meeting on 21 April 2009.

**Financial Governance
& Audit Manager**

26 AUDIT SUPPORT GROUPS

**26 (a) AUDIT SUPPORT GROUP- CORPORATE AND PARTNERSHIPS:
MINUTES OF MEETING ON 27 FEBRUARY 2009 [ASG CP (M)
09/02]**

NOTED

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26 (Cont'd)

ACTION BY

26 (b) **AUDIT SUPPORT GROUP – ACUTE: MINUTES OF MEETING ON 25 FEBRUARY 2009 [ASG A (M) 09/01]**

NOTED

27 **MRS A STEWART**

The Convener reminded Members that this was Mrs Stewart's last meeting as a Member of the Audit Committee. As part of her significant contribution to the health economy in Glasgow, Mrs Stewart joined the NHS Board's Audit Committee on 1 July 2003 and since then had attended 29 of the 32 meetings. She had made an excellent contribution to the work of the Audit Committee and on behalf of the Members of the Committee, the Convener thanked Mrs Stewart for this.

Mrs Stewart replied that she had enjoyed immensely her work as an Audit Committee Member and thanked her fellow Members and colleagues for their assistance during this time.

28 **DATE OF NEXT MEETING**

The next meeting was scheduled for Tuesday 9 June 2009 at 9.30 a.m.

The meeting ended at 01.10 p.m.