

AUDIT COMMITTEE: 8 JUNE 2010

A (M) 10/04
Minutes: 37 – 42

NHS GREATER GLASGOW AND CLYDE

**Minutes of a Meeting of the
Audit Committee
held in Meeting Room 2,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday, 22 June 2010 at 8.30 a.m.**

PRESENT

Mrs E Smith (Chair)
Mr P Daniels OBE
Mr P Hamilton
Cllr J Handibode
Mr I Lee
Mrs J Murray
Mr D Sime
Mr K Winter

IN ATTENDANCE

Mr D Griffin	Director of Finance
Mr J C Hamilton	Head of Board Administration
Mr A Lindsay	Financial Governance and Audit Manager
Mr P Ramsay	Head of Operational Financial Services
Mr M Sheils	Deputy Head of Operational Financial Services
Mr D McConnell	Audit Scotland
Mr J Rundell	Audit Scotland
Mr B Gillespie	Audit Scotland

ACTION BY

37 MINUTES

On the motion of Mr Lee, seconded by Mr Winter, the Minutes of the meeting on 8 June 2010 [A (M) 10/03] were approved as a correct record and signed by the Convener.

To facilitate discussion of Item 4 - Draft Statement of Accounts 2009/2010, it was agreed to consider Item 7 – Audit Scotland: ICT Data Handling Review – Follow Up Report 2009/10 as the next item on the Agenda.

AUDIT COMMITTEE: 8 JUNE 2010

ACTION BY

38 AUDIT SCOTLAND: ICT DATA HANDLING REVIEW – FOLLOW UP REPORT 2009/2010

A report of Audit Scotland (Audit Paper No 10/24) was presented asking Members to note the results of a follow-up audit of the review in 2008/09 of ICT Data Handling. Mr Rundell (Audit Scotland) described the results of the follow up as positive and referred to the progress made in this area by the Director of Health Information and Technology and his staff with particular reference made to training, support and guidance issued to staff. Of the five actions agreed in the original report, four had been implemented and the fifth was scheduled to be fully implemented by August 2010. Mr Rundell emphasised the importance of staff awareness in the context of data handling and drew Members attention to Appendix 2 of the report which set out the progress in implementing the Board's Information Governance Policies and Guidance. In response to a question from Mr Hamilton, the Head of Board Administration explained the various means by which staff were made aware of these Policies and Guidance.

NOTED

39 DRAFT STATEMENT OF ACCOUNTS 2009/2010

A report of the Director of Finance (Audit Paper No 10/21) was presented asking Members to consider the draft Statement of Accounts in respect of Greater Glasgow Health Board for the financial year ended 31 March 2010 and, if satisfied, recommend that

1. the Statement of Accounts be adopted by the NHS Board;
2. the Chief Executive sign the Directors' Report and Remuneration Report;
3. the Chairman and Director of Finance sign the Statement of Health Board Members' Responsibilities in respect of the Accounts;
4. the Chief Executive sign the Statement of Internal Control;
5. the Chief Executive and Director of Finance sign the Balance Sheet;
6. the Statement of Accounts be submitted to the Scottish Government Health Directorates.

The Director of Finance tabled a short list of amendments to the Statement of Accounts and explained that list was made up of

- a number of minor changes which had been agreed with the external auditors since the last meeting of the Audit Committee on 8 June 2010;
- the list of related party transactions which appeared as note 17 to the Accounts and which it had not been possible to have completed in time for the previous meeting of the Audit Committee.

Subject to the approval of the amendments, the Accounts were now complete and the Director of Finance drew Members' attention to the

AUDIT COMMITTEE: 8 JUNE 2010

39

(Contd.)

ACTION BY

key points within the Accounts including the following matters.

1. The NHS Board had achieved its Revenue Resource Limit and Capital Resources Limit.
2. For the first time and in keeping with all other NHS bodies in Scotland, the Board had prepared its Annual Accounts in accordance with International Financial Reporting Standards (IFRS). The effect of IFRS on the accounts, including the restating of the prior year's balance sheet, was set out in Note 24 to the accounts. In addition, a comment had been added to the Directors' Report for further clarity.
3. Comprehensive information in respect of Board Members' and senior officers' remuneration had been provided in the Remuneration Report on pages 16 and 17 of the annual accounts.

In reply to a question from Mr Winter, the Director of Finance explained that the amounts shown under the column headed "Salary (bands of £5,000)" on pages 16 and 17 of the annual accounts included any backdated salary payments made and Board contributions made to national insurance and pension. The need for accurate and consistent presentation of information for comparative purposes was discussed and a number of minor changes were agreed to the Annual Accounts to achieve this.

**Head of Operational
Financial Services**

Mr Lee commented on the timing of the meeting of the Audit Committee immediately prior to the Board meeting and the Director of Finance noted that the calendar offered scope to alter the timing of the Audit Committee meeting in 2011.

**Financial Governance
and Audit Manager**

In respect of Note 24 to the Annual Accounts, Mr Lee commented on the Restated Net Operating Cost under IFRS and noted the amount of the adjustment due to revaluation in respect of IAS 16 - Property, Plant and Equipment. The Director of Finance proposed to insert additional narrative to the explanatory note regarding the effect of revaluation in respect of IAS 16 – Property, Plant and Equipment.

**Head of Operational
Financial Services**

DECIDED:

That, subject to the agreed amendments, the draft Statement of Accounts in respect of Greater Glasgow Health Board for the financial year ended 31 March 2010 be adopted and it be recommended that

Director of Finance

1. the Statement of Accounts be adopted by the NHS Board;
2. the Chief Executive sign the Directors' Report and Remuneration Report;
3. the Chairman and Director of Finance sign the Statement of Health Board Members' Responsibilities in respect of the Accounts;
4. the Chief Executive sign the Statement of Internal Control;
5. the Chief Executive and Director of Finance sign the Balance Sheet;
6. the Statement of Accounts be submitted to the Scottish Government Health Directorates.

ACTION BY

40 DRAFT LETTER OF REPRESENTATION 2009/2010

A report of the Director of Finance (Audit Paper No 10/22) was presented asking Members to approve the draft Letter of Representation 2009/2010 for signature by the Chief Executive. The Director of Finance explained that International Standards in Auditing required the external auditor to seek assurances of the Chief Executive as Accountable Officer in respect of certain matters relating to the annual accounts. The attached letter provided these assurances.

DECIDED:

That the Letter of Representation be approved for signature by the Chief Executive as Accountable Officer in respect of the 2009/2010 Statement of Accounts.

Director of Finance

41 AUDIT SCOTLAND: REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2009/2010 AUDIT

A report of Audit Scotland (Audit Paper No 10/23) was presented asking Members to note the matters arising from the audit of the Statement of Accounts 2009/2010. Mr McConnell (Audit Scotland) described how International Financial Reporting Standard 260 required auditors to report certain matters arising from the audit of financial statements to "those charged with governance." The matters arising from the audit of the Statement of Accounts had therefore been summarised in this report to Audit Committee. Mr McConnell drew Members' attention to key points in the report including the following matters.

1. The audit of the financial statements was substantially complete. Issues arising during the course of the audit had been cleared on a weekly basis with the Head of Operational Financial Services. More significant issues had been discussed with the Director of Finance at a clearance meeting on 14 June 2010.
2. The audit opinion on regularity and on the financial statements was clean and Members' attention was drawn to the proposed Audit Report at Appendix A.
3. A number of adjustments had been required, particularly in respect of International Financial Reporting Standards. These had all been incorporated in to the annual accounts and there were no outstanding adjustments.
4. The Letter of Representation, summarisation schedule and minimum data set would all be provided by the Board to Audit Scotland.
5. In respect of equal pay claims, it had been agreed that disclosure as an unquantified contingent liability was appropriate for 2009/10 and the proposed Audit Report would not refer to equal claims pay.

AUDIT COMMITTEE: 8 JUNE 2010

41 (Contd.)

ACTION BY

6. The appropriate disclosure had been made in the draft Letter of Representation in respect of pension provision.
7. The appropriate disclosure had also been made in the draft Letter of Representation regarding the disposal of Woodilee Hospital and the Director of Finance explained to Members the key aspects of this disposal.

Mr McConnell concluded by thanking the Director of Finance and his staff for their assistance during the audit and in turn, the Convener extended the Audit Committee's thanks to Audit Scotland for their contribution during 2009/2010.

NOTED

42 **DATE OF NEXT MEETING**

The next meeting was scheduled for Thursday, 21 October 2010 at 9.30 a.m.

The meeting ended at 9.15 a.m.