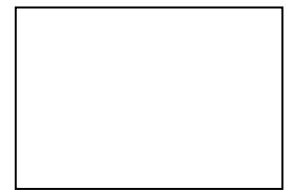


A (M) 12/05 Minutes: 52 - 64



NHS Greater Glasgow and Clyde

**Minutes of a Meeting of the Audit Committee
held in the Boardroom, J B Russell House, Gartnavel Royal Hospital, Glasgow G12 0XH
on Tuesday, 9 October 2012 at 9:30am**

PRESENT

Mr K Winter (Chair)
Mr P Daniels OBE
Mr R Finnie
Mr I Lee
Mr D Sime

IN ATTENDANCE

Mr P James	Director of Finance
Mr M Gillman	Financial Governance and Audit Manager
Mr J Hamilton	Head of Board Administration
Ms H Russell	Audit Scotland
Mr M White	PwC
Ms N Khan	NHS Finance Trainee
Mr L Flannigan	NHS Finance Trainee

Action by

52. Welcome and apologies

Mr Winter welcomed Mr Ross Finnie to his first meeting as a new member of the Audit Committee.

Apologies were intimated on behalf of Dr M Kapasi MBE, Dr R Reid and Cllr M Rooney.

53. Declarations of Interest

No declarations of interest were raised in relation to any of the agenda items to be discussed.

Action by

54. Minutes **A (M) 12/04**

The minutes of the meeting on 19 June 2012 were approved as a correct record, and signed by the Chairman.

55. Matters Arising & Rolling Action List **Paper 12/31**

The Financial Governance Manager drew members' attention to the rolling action list. He highlighted the current position in respect of the outstanding matters, and noted that a meeting was scheduled to identify the differences between workforce information and staffing statistics contained in the general ledger.

Head of Financial Services

Noted

56. Audit Scotland: External Audit Progress Report **Paper 12/32**

Ms Russell presented Audit Scotland's Progress report that summarised the outturn position as at 1 October 2012, against the planned audit work contained in the 2011/12 Annual Audit Plan. She highlighted work done in respect of ICT computer audit activity, which she noted as being a positive review, and the application of the best value toolkit for procurement, which would be covered separately on the agenda.

Ms Russell also advised the meeting of the other audit work being undertaken by Audit Scotland Headquarters teams, in particular the Waiting Times Review, of national studies and of the National Fraud Initiative. With regard to the Waiting Times Review, Ms Russell advised that there were some issues with the audit, and that they are liaising with PwC. In response to a question from the Director of Finance, Mr White advised that the problem was the extraction of data, and not the data itself.

Noted

57. Audit Scotland: Follow-up report on use of Locums **Paper 12/32**

Ms Russell gave details on the locum doctors' report and highlighted its main findings, including the reduced expenditure on locums. She informed the Committee that whilst good progress has been made by NHSGGC in applying the recommendations identified in the national report, the board does face a number of challenges achieving compliance with its own internal policy and with the continued development of the internal medical bank. Ms Russell noted that an action plan had been agreed with management.

Mr Lee raised the issue of the trend towards greater use of non-contract organisations, and asked that management investigate the possibility of bringing these non-contracted organisations under contract. Mr Sime suggested that it was possible that non-contracted organisations are used because they are cheaper. The Head of Board Administration undertook to look into who would be best placed to answer to this query, and for them to provide a response at the next meeting.

Head of Board Administration

Noted

Action by

58. Audit Scotland: Best value toolkit – procurement **Paper 12/32**

A report of Audit Scotland was presented showing that, in Procurement, the best value toolkit has identified that, in the 26 areas reviewed, NHSGGC demonstrates advanced practices in 18 areas, with 8 areas of better practices. Ms Russell considered this to be a strong outcome.

In response to questions from Mr Daniels and Mr Finnie, there followed a discussion as to the reasons why the Board wouldn't strive for advanced practices in all areas. Mr Sime suggested that it might not always be cost effective to achieve the highest rating. Mr Winter summed-up the view of the Committee: that the Board should always aim to achieve best value possible.

Noted

59. Audit Scotland: Annual report on the 2011/12 Audit **Paper 12/33**

Ms Russell reported to members that the Annual Report was a summary of Audit Scotland's findings arising from the 2011/12 audit, and that the report had been presented to the NHS Board in August 2012.

The Director of Finance raised the question of the appropriateness of the report going to the NHS Board prior to it having been reviewed by the Audit Committee. The Head of Board Administration endorsed the view that the Board would wish the Audit Committee to see this report initially.

Members discussed timing issues in relation to the Annual Report and their preference was that it would have been more helpful if it had been made available at the time the Audit Committee and NHS Board were considering the Annual Accounts for 2011/12.

Ms Russell explained that any major issues encountered during the audit were covered by the ISA260 which members received, thus enabling the Annual Accounts to be approved and signed without the Annual Report being presented at the same time. She also described that the second part of the report summarised governance matters arising during the year, all of which had been reported to the Audit Committee during the course of the 2011/12. Her view was, therefore, that there was nothing Members would not previously have been made aware of prior to the Annual Accounts being approved.

Members acknowledged that the Annual Report did duplicate previous reports but considered that with some planning, that duplication of effort could be avoided and that the report could be drafted earlier to allow it to be available to the Audit Committee in June. It was agreed that Mr Winter and the Director of Finance should raise this matter with Audit Scotland to resolve this issue.

In response to a question from Mr Finnie whether recurring savings take into account timing differences, the Director of Finance explained that there was a mix of both full and current year effects in the savings achieved, and that savings straddle the year end.

**Director of
Finance**

Action by

Decided that

- 1 the Audit Scotland Annual Report be noted
- 2 the Chair of the Audit Committee and the Director of Finance discuss the timing of future Annual Reports with Audit Scotland

60. Internal Audit: Progress Report

Paper 12/34

Mr White presented PwC's Internal Audit Activity report to September 2012, which summarised the findings and recommendations of completed assignments and noted those assignments planned for the rest of the year. The report also outlined, for members, progress on the Internal Audit Review of Waiting times.

Information Management

This review looked at the effectiveness of the project management arrangements in place in relation to the migration of legacy systems to PiMS. Two projects had been reviewed and both projects had been delivered successfully. PwC did, however, consider that there was a need for more formal project management processes to ensure best use of resources and that expected benefits were being achieved. Two recommendations, one medium and one low risk, were made relating to the formalisation of processes and procedures.

Property Transactions Monitoring

Mr White reported that PwC had reviewed the seven property transactions concluded by NHSGGC during 2011/12 in accordance Property Transactions Handbook. All had been categorised "A", meaning that the transactions had been conducted properly. One minor recommendation had been made regarding the retention of all the relevant information in the centrally held property transactions files. Mr White reported that the Property Administrator has agreed to ensure that all of the files were complete and that they are available by the end of October 2012.

**Property
Administrator**

In response to a question from Mr Winter about the appointment of property advisors, Mr White replied that there are framework agreements in place which NHS Boards use.

Bad Debt Management

Mr White stated that this review was in response to an issue highlighted by Audit Scotland. PwC concluded that the management of bad debts within NHSGGC was effective, but there were some minor areas where improvement could be made. The main finding related to cash received from other NHS Boards which was as yet unallocated against specific debts; when these monies are allocated, it will substantially reduce the issue of debts outstanding over 90 days. Mr White explained debts external to the NHS were actually fairly low and appeared to be well managed.

Action by

PwC's main recommendation was that cash receipts should be allocated against specific debtors at the earliest opportunity, and that policies in this regard be formalised.

Mr Lee enquired as to how often inter-board balances are reconciled, and if there was a target time to allocate receipts. Mr James responded that the main income between boards comes from cross boundary flow. Work is ongoing to look at recharges and activity. Mr James informed the committee that whilst there are some issues with one NHS Board, agreement can normally be reached with all other Boards.

Ms Russell noted that Audit Scotland is content with the work done by PwC and that they will follow up on it in the current year.

South Glasgow Hospital Project

Mr White presented PwC's latest update on the South Glasgow Hospital project. Their work had not highlighted any weaknesses and only two advisory suggestions had been made surrounding additional information on change requests and the risk registers.

Waiting Times

Mr White outlined the reason for the extra scrutiny on all boards following a report on Waiting Times Management at NHS Lothian and highlighted the work that is being carried out on the systems that record waiting time information.

Mr White advised that, due to the impending termination of the contract with the current system supplier, engagement with the supplier had been challenging and, as knowledge of the system architecture and data tables rests with the supplier rather than NHSGGC staff, there were potential issues around extracting data from the system. However, PwC are continuing to work with NHSGGC management in both engaging with the supplier and analysing the current reports used by management. Mr White confirmed he had agreed a project plan (which would be more labour intensive than originally planned) with the Chief Executive and the Acute Division Chief Operating Officer, and he envisaged that the draft report would be available in mid November.

Mr Sime enquired what system was in use in Clyde; Mr White confirmed Clyde had recently moved to the new TRAK system which is more straightforward to interrogate.

In response to questions from Mr Finnie and Mr Daniels, Mr White confirmed that whilst the report will cover both processes and data, it will focus mainly on whether New Ways Guidance has been properly applied.

Noted

Action by

61. Property Transactions Monitoring Report **Paper 12/35**

Mr White confirmed that the report (as referred to under the previous agenda item) was suitable for submission to SGHSCD.

**Financial
Governance and
Audit manager**

Decided

That the report be submitted to SGHSCD.

62. Fraud Report **Paper 12/36**

The Financial Governance and Audit Manager presented a report summarising progress in the on-going investigations of fraud as at September 2012. He highlighted to members that there had been five new cases of suspected fraud arising since the last report, and that three cases had been closed during the same period.

Mr Lee expressed his disappointment that, despite the efforts of the Board and Counter Fraud Services (CFS), the Procurator Fiscal often does not pursue prosecution of those who commit fraud.

The Financial Governance and Audit Manager highlighted that the quarterly CFS report was also attached; Mr Lee also considered that the CFS reports could contain more meaningful data, particularly with regard to comparing absolute numbers relative to size and scale of boards. The Fraud Liaison Officer would be asked to communicate this to CFS.

**Fraud Liaison
Officer**

The Director of Finance gave members a verbal update on an ongoing investigation. This is over and above those recorded in the fraud register, as it had not yet been ascertained if there had been a fraud carried out.

Noted

63. Audit Support Groups - Minutes of Meeting

The following minutes were presented to the members:

Acute Audit Support Group meeting – 12 September 2012

Corporate and Partnerships Audit Support Group meeting – 12 September 2012

In response to a question from Mr Winter about the operation of the support groups, the Director of Finance confirmed that these groups provide assurance to the Audit Committee that management are properly addressing audit recommendations. Mr White endorsed this view.

Noted

Action by

64. Date of Next Meeting

The Financial Governance and Audit Manager informed members that the Waiting Times Report, previously referred to, required to be approved by the Audit Committee before being submitted to SGHSCD. In order to meet this requirement, the next meeting was scheduled for Tuesday, 4 December 2012 at 1:00pm (following the Board Seminar), in the Boardroom, J B Russell House.

The meeting concluded at 11:20am.