

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, 4 December 2012 at 11:45am**

PRESENT

Mr K Winter (Chair)

Mr R Finnie

Mr I Lee

Dr R Reid

Cllr M Rooney

Mr D Sime

OTHER BOARD MEMBERS IN ATTENDANCE

Dr J Armstrong

Dr C Benton MBE

Ms M Brown

Mr R Calderwood (to minute 67)

Mr G Carson

Mr P James

Mr A Robertson OBE

Mrs P Spencer (to minute 68)

Mr B Williamson

IN ATTENDANCE

Mrs J Grant

Chief Operating Officer, Acute Services Division

Mr J Crombie

Director of Surgery & Anaesthetics

Mr M Gillman

Financial Governance and Audit Manager

Mr J Hamilton

Head of Board Administration

Mr M White

PwC

Ms G Woolman

Audit Scotland

Mr A Brown

Audit Scotland

Ms A Canning

Audit Scotland

Ms J Matthew

Audit Scotland

Ms T Meldrum

Audit Scotland

65. Welcome and apologies

Mr Winter welcomed members to the special meeting of the Audit Committee, the purpose of which was to receive and approve, for submission to SGHSCD, the internal audit report into the management of Waiting Times within NHS Greater Glasgow and Clyde.

Apologies were intimated on behalf of Dr M Kapasi MBE and Mr P Daniels OBE.

66. Declarations of Interest

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

67. Internal Audit: Waiting Times Report

Paper 12/37

Mr White presented the Internal Auditor's report on the Board's waiting times management arrangements. He described for members the context surrounding the report, highlighting the "New Ways" guidance issued by the Scottish Government and that compliance issues had been uncovered in NHS Lothian. Following those issues the Cabinet Secretary commissioned reviews on waiting times, by internal auditors, in each health board in Scotland to establish that patient records and reporting on waiting times were accurate, and that local guidance was consistent with national guidance.

Mr White informed members that the data interrogation of NHSGGC's waiting times system had been restricted by the existing systems' architecture, and noted that the systems in use were due for replacement. Mr White confirmed that these issues did not adversely affect the management and monitoring of waiting times processes and that PwC had nevertheless been able to perform a satisfactory audit. They had, therefore, focussed their work and sample testing on specific specialties, and combined this with reviews of documentation and interviews with staff.

Mr White reported that PwC's overall conclusion was that:

"On the basis of the work performed we found that overall, the waiting times processes and procedures within NHSGGC were operating in a controlled manner with no material deficiencies identified. In addition, our sample testing did not identify any evidence of inappropriate amendments or contraventions of NHSGGC Waiting Times Policy."

Mr White concluded by outlining PwC's recommendations for management to take cognisance of when migrating to the new TRAKcare system. He also expressed his thanks to staff for their help and co-operation during the review.

There followed a full debate around the points raised by Mr White, with contributions both from members of the Audit Committee and also the other Non-executive NHS Board members present. Members were generally reassured by the report. The Chief Operating Officer, Acute Services Division and the Director of Surgery & Anaesthetics gave members further information on how the new TRAKcare system would address the issues that had arisen during PwC's review, and that they remained engaged with PwC to ensure that the new system meets ongoing needs and that processes are robust and being adhered to. Mr White confirmed for members that PwC would carry out a review of the new system once it had been bedded in.

On the culmination of the debate, Mr Winter thanked Mr White, the Chief Operating Officer, Acute Services Division and the Director of Surgery & Anaesthetics for their attendance and contributions, and asked members to approve the report for submission to SGHSCD.

Members approved the report

68. Audit Scotland: verbal update on progress

Mr Winter welcomed the members of the Audit Scotland Performance Audit Group to the meeting and invited them to give members a verbal update on the work being undertaken by Audit Scotland in respect of their review of the management of waiting times. Following the update, members had the opportunity to question the Audit Scotland team on the progress to date and timescale for their final report. It was agreed that a future meeting of the Audit Committee would discuss Audit Scotland's report early in the new year.

69. Date of Next Meeting

Mr Winter noted that the next meeting of the Audit Committee would take place on Tuesday 22nd January 2013, at 9:30am in the Board Room.

The meeting concluded at 1:00pm.

A (M) 13/01 Minutes: 1 - 10

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, 22 January 2013 at 9:30am**

PRESENT

Mr K Winter (Chair)
Mr R Finnie
Dr M Kapasi MBE
Mr I Lee
Cllr M Rooney
Mr D Sime

IN ATTENDANCE

Ms N Gibbs	PwC
Mr M Gillman	Financial Governance and Audit Manager
Mr J Hamilton	Head of Board Administration
Mr P Ramsay	Head of Financial Services
Mr M White	PwC
Ms G Woolman	Audit Scotland
Mr R Wright	Director of Health Information & Technology (until item 5)

Action by

1. Welcome and apologies

Mr Winter welcomed Mr Wright to the meeting to present a paper on HI&T.

Apologies were intimated on behalf of Mr P Daniels OBE, Dr R Reid and the Director of Finance.

2. Declarations of Interest

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

Not yet approved by the Committee as a correct record of the meeting

3. Minutes

A(M) 12/05 & A(M) 12/06

The minutes of the meetings held on 9 October (subject to, in the second paragraph of Minute 57, replacing the word “contact” with “contract”) and 4 December 2012 were approved as a correct record, and signed by the Chairman.

Action by

**Financial
Governance and
Audit Manager**

4. Matters Arising & Rolling Action List

Paper 13/01

The Financial Governance Manager drew members’ attention to the rolling action list. He highlighted the current position in respect of the outstanding matters.

In respect of the query on the differences between workforce statistics and the staffing numbers in the annual accounts, the Head of Financial Services tabled a paper reconciling the figures, and explained that the two figures are measured in two different ways; a note will be incorporated in the accounts to explain.

**Head of Financial
Services/
Financial
Governance and
Audit Manager**

The Financial Governance and Audit Manager reported on the position regarding the awarding of the new agency locum contract. Members requested an update report from the Director of HR for the next meeting.

Director of HR

In the absence of the Director of Finance, the Financial Governance and Audit Manager advised Members that the Director of Finance had agreed with Audit Scotland that it was not feasible to provide the full Annual Audit Report in advance of, or at the same time as, the accounts were being signed, but could be presented to the Audit Committee in August. The reasons why Audit Scotland could not provide the report for the Audit Committee in June were debated, and in response to a question from Mr Finnie. Ms Woolman explained the tight timescales that Audit Scotland had to work to. Mr Lee expressed his concern that something could arise between the signing of the accounts and the publication of the Annual Audit Report. Members requested an update from the Director of Finance as to the reasons for his agreement to receiving the report in August, and agreed with Audit Scotland that they would work towards improving the timescale for producing the report in future years.

**Director of
Finance**

With regard to the query re the CFS Quarterly Report, the Financial Governance and Audit Manager advised members that CFS had been contacted, and had agreed to consider revising their reporting format. In addition, the CFS Director has undertaken to attend the March Audit Committee meeting to present to members.

The Financial Governance and Audit Manager informed the meeting that a letter had been received from SGHSCD asking for the Board to provide assurance, by the end of April 2013, that all action plans in respect of the Waiting Times Review have been successfully implemented on time. Members agreed that the Chief Operating Officer should be requested to attend the Audit Committee meeting in March to report on the implementation of agreed actions.

COO

Noted

Action by

5. Report from Director of HI&T

Paper 13/02

The Director of HI&T presented a report on the status of the major IT projects currently being implemented, including the TrakCare system, the Clinical Portal and GP IT systems.

Members asked the Director a number of questions following his presentation, particularly about the TrakCare: in response to a question from Mr Winter about the involvement of clinicians on user groups, the Director said that he was actively trying to increase clinical involvement, and also confirmed to Mr Winter that the project was within budget. Cllr Rooney asked about the challenges around overcoming any lack of flexibility in the new system, and the Director answered that the main challenge was that the system comprises generic codes, and that they were investigating ways of being able to increase the number of pathways available for input to the system. In response to a suggestion from Dr Kapasi that a survey of consultants should be undertaken, the Director advised that consideration was being given to a more effective way of gathering clinicians' views on the system.

Director of HI&T

Mr Winter thanked the Director of HI&T for attending the meeting and updating Members.

Noted

6. Audit Scotland Reports

Paper 13/03

External Audit Progress Report

Ms Woolman presented Audit Scotland's Progress report that summarised the work carried out in the period to January 2013 in respect of the planned audit work contained in the 2012/13 Audit Plan. She outlined the following strands of work they were carrying out:- governance work, best value, financial statements, and also updated Members on performance audit, Community Planning Partnerships, the National Fraud Initiative and national studies.

Ms Woolman then presented the Audit Scotland's Annual Audit plan, and summarised the key issues and sets out the audit work that is proposed to be undertaken in 2012/13. She highlighted the risks and priorities facing NHSGGC, current national risks relevant to local circumstances, the impact of changing international auditing and accounting standards and issues brought forward from previous audit reports. With regard to one of the audit issues identified, Cllr Rooney asked whether the Board had made a provision for equal pay; Mr Sime replied that there was no provision made for equal pay, as current legal advice was that NHS Boards did not inherit any liability from the former NHS Trusts and Agenda for Change was "equal pay proof". It was considered, therefore, that any potential liability is unquantifiable, but would be likely to be low. Mr Lee asked about the 25% targeted reduction in senior manager posts, and the Head of Board Administration answered that the trajectory was on course to meet the target by March 2014. He also advised that the Director of HR reported progress to the Corporate Management Team on an ongoing basis.

Action by

Mr Finnie raised a concern that the reduction in management levels might lead to risks arising, and that the Audit Committee should be sighted on the report on reduction in management posts.

Director of HR

Ms Woolman commented also that the audit fee for 2012/13 (£582,600) showed a 4.5% reduction from the previous year.

Ms Woolman concluded by informing members that Audit Scotland had assessed the work of the internal auditors, and confirmed that our internal audit service operates in accordance with the relevant standards, and that Audit Scotland were able to place reliance on a number of aspects of internal audit's work.

Noted

7. Internal Audit: Progress Report

Paper 13/04

Mr White presented PwC's Internal Audit Activity report covering the period to December 2012. The report summarised the findings and recommendations of completed assignments and noted those assignments planned for the rest of the year. He noted that six assignments had been completed and a review of the Board's risk management arrangements had been carried out and an overview paper containing a summary of the arrangements was also presented for members.

Mr White confirmed that PwC were on target to complete their work for the current programme. It was proposed that the Workforce Planning review would be replaced with a review of the sickness absence management arrangements within Renfrewshire CHP. This change had been requested by the Head of Finance for Renfrewshire CHP and supported by the Director of Glasgow CHP. The rationale behind this was that Renfrewshire CHP had been performing poorly in this area and Workforce Planning had been covered in the previous year without raising any major concerns.

Mr White and Ms Gibbs then highlighted for Members the key points arising from the audits which had been completed in the period:

Cash Management

Mr White highlighted that, whilst four medium and four low risk issues had been identified, there had been significant progress from the previous year. New procedures had been issued and there was now increased training and oversight by Financial Services. Mr White anticipated that as the new procedures "bedded in" further improvements would be seen.

Cllr Rooney queried why the audit was still classified as high risk, when there were no high risk findings. Mr White explained that the scoring system used by PwC was points based, and an accumulation of medium findings would lead to a high risk outcome.

Action by

Mr Lee noted that he was encouraged that controls had been strengthened, but was concerned about the levels of cash floats held; the Head of Financial Services confirmed that action was being taken to reduce this level of cash floats.

Business Continuity Management Arrangements

Mr White explained that there had been significant changes in Business Continuity Management arrangements over the last year. A new Head of the Civil Contingencies Planning Unit had been appointed and a new Strategy had been developed, which was introduced from January 2013. The new Strategy was based on industry standards rather than restricted to compliance with the Civil Contingencies Act. While the new strategy was a major step forward, and compared very favourably with other public sector organisations, it would take time to filter down throughout the organisation and become fully embedded. Accordingly the review was rated high risk.

Members considered it would be useful for the Head of Civil Contingencies Planning to attend a future Audit Committee meeting to update Members on where the Board is in respect of its business continuity plans.

**Financial
Governance and
Audit Manager**

Accounts Payable

Ms Gibbs advised that this review had covered the processes and control environment surrounding the invoice payment system and included a follow-up of issues in previous audits of this area. Five medium risk issues had been identified and management had provided a response. One of the issues raised related to paying suppliers within the 30 day target. This was not always being met due to a variety of reasons, including failure to acknowledge the receipt of goods or authorise the invoice promptly. This can also often be the fault of suppliers if they send invoices to the delivery points instead of Financial Services.

The Head of Financial Services explained that payment performance was closely monitored and reported monthly to Scottish Government. Delays in payment are quickly highlighted by the Invoice Register and these are followed up and investigated in conjunction with Procurement.

Endowments

This audit covered the processes in place surrounding the Board's Endowment Funds. No major issues had been identified. One high risk recommendation had been made relating to the evidencing of bank reconciliations. These had not been dated and had not always been signed off as reviewed. It was emphasised that the reconciliations appeared to have been carried out correctly and reviewed, but it was not always possible to confirm that this had been done timeously or, in some instances, by whom the review had been had carried out.

Action by

Nursing and Midwifery Registrations

This review had been carried out at the request of the Director of Nursing following some issues that been highlighted by the Nursing and Midwifery Council. The Board has in place a formal Policy on Employment of Statutory Registered Professionals and this exercise sought to test the controls and procedures in place to ensure compliance with the policy. Overall the controls were found to be adequate and operating as intended but there were a few areas where controls could be enhanced to strengthen the overall control environment. As a result 5 medium risk recommendations had been made and these had been accepted by management.

The most significant issue related to the lack of a coordinated central system for holding registration details. This would be addressed by the roll out of the eESS central HR system. It was anticipated that the appropriate functionality was in the system but this had not been confirmed as part of the audit review. Members discussed the ramifications for the Board of employing unregistered staff, and the Head of Board Administration confirmed that the Board could potentially be subject to legal action. Mr Sime noted that the lessons learned from this report should be applied to Allied Health Professionals and not just those regulated by the Nursing and Midwifery Council.

Director of HR

Bank and Cash

This Audit had not raised any significant issues with one medium and two low risk recommendations made.

Risk Management Overview

Mr White explained that this paper had been prepared to provide the Audit Committee members with a comprehensive overview of the risk management arrangements in place within NHSGGC. PwC made recommendations regarding attendance at meetings and the composition of the group; Mr Lee suggested that group members be informed that the Audit Committee considered it crucial for a full attendance at steering group meetings.

**Financial
Governance and
Audit Manager**

Noted

8. Fraud Report

Paper 13/05

The Financial Governance and Audit Manager presented a report summarising progress in the on-going investigations of fraud. He highlighted to members that there had been six new cases of suspected fraud (mainly low level) arising since the last report, and that seven cases had been closed during the same period.

Action by

The Financial Governance and Audit Manager gave members a verbal update on an ongoing investigation, and advised Members that a meeting was scheduled for later that week.

Noted

9. Audit Support Groups - Minutes of Meeting

Paper 13/06

The following minutes were presented to the members:

Acute Audit Support Group meeting – 12 December 2012

Corporate and Partnerships Audit Support Group meeting – 19 December 2012

Mr Winter and Mr Finnie queried the operation of the support groups, and in particular, that as the Audit Committee relies upon the groups for assurance, attendance appears to be low and can seem at odds with the items being considered - eg the Nursing and Midwifery Registration report was reviewed with no-one from management present. The Head of Board Administration explained the rationale behind the current structure. Mr Winter requested that the Director of Finance look into this area and report back to the Audit Committee.

**Director of
Finance**

Noted

10. Date of Next Meeting

The next meeting was scheduled for Tuesday, 26 March 2013 at 9:30am, in the Boardroom, J B Russell House.

The meeting concluded at 12:20pm.