

A (M) 13/02 Minutes: 11 - 25

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, 26 March 2013 at 9:30am**

PRESENT

Mr K Winter (Chair)
Mr P Daniels OBE (until item 18)
Mr R Finnie
Dr M Kapasi MBE
Mr I Lee
Dr R Reid
Cllr M Rooney (until item 19)
Mr D Sime

IN ATTENDANCE

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| Mr G Archibald | Director of Emergency Care & Medical Services (until item 16) |
| Mr A Brown | Audit Scotland |
| Mr J Crombie | Director of Surgery & Anaesthetics (until item 16) |
| Ms N Gibbs | PwC |
| Mr M Gillman | Financial Governance and Audit Manager |
| Mrs J Grant | Chief Operating Officer, Acute Services Division (until item 16) |
| Mr J Hamilton | Head of Board Administration |
| Mr P James | Director of Finance |
| Ms J Matthew | Audit Scotland - Performance Audit Group (until item 16) |
| Ms T Meldrum | Audit Scotland - Performance Audit Group (until item 16) |
| Mr C Revie | PwC |
| Ms G Woolman | Audit Scotland |
| Mr G Young | NHS Counter Fraud Services (for item 17 only) |

11. Welcome and apologies

Mr Winter welcomed Ms Matthew and Ms Meldrum of Audit Scotland's Performance Audit Group to the meeting.

There were no apologies.

Action by

12. Declarations of Interest

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

13. Minutes

A(M) 13/01

Members agreed that, as suggested by Ms Woolman, the following addition to the fourth paragraph of Minute 4 of the minutes of the meeting held on 22 January 2013 should be made - "Ms Woolman assured members that, as in previous years, the report on the financial statements to 'those charged with governance' will come to members of the Audit Committee at the June meeting." Subject to that amendment, the minutes were approved as a correct record, and signed by the Chairman.

**Financial
Governance and
Audit Manager**

14. Matters Arising & Rolling Action List

Paper 13/07

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

The Financial Governance and Audit Manager reported that the award of the new agency locum contract (being handled by NHS National Services) had been delayed, and that the Director of HR would provide an update for members when the process was concluded.

Director of HR

With regard to the agreement between the Director of Finance and Audit Scotland as to the timing of the Annual Audit Report, Mr Finnie asked the Director of Finance for his reasons for agreeing to the report being submitted in August. The Director of Finance explained that the report is essentially two documents – firstly, the ISA260 report, in which auditors report certain matters arising from the audit of the financial statements to those charged with governance, and, secondly, the Annual Report the purpose of which is to summarise the auditor's opinions and conclusions (including those raised in the ISA 260 report) and any other significant issues that may have arisen during the course of the year on which Audit Scotland make recommendations for improvements. The Director of Finance noted that management actions arising from the report can't be agreed before 30th June.

Mr Lee noted that whilst he didn't accept that management actions can't be agreed by 30th June, he did, however, accept that the two reports were different. He suggested that, for clarity, the ISA260 report might be included as an appendix to the Annual Report, and stating that ISA260 report had already been discussed and noted by the Audit Committee.

Ms Woolman noted Mr Lee's suggestion and said she would try to accommodate it.

Audit Scotland

Noted

15. Waiting Times Review

Paper 13/08

Ms Matthew and Ms Meldrum gave a presentation highlighting the key messages and recommendations arising from Audit Scotland's review of NHS waiting lists. One of the key points they had highlighted in the report was that they had been unable to extract data from NHSGGC's electronic waiting list system.

Ms Grant commented that it was recognised that the system in place at that time of the audit was an old system, not originally designed to enable data extraction, and was being replaced by Trakcare. She advised that management were consulting with Internal Audit during the implementation of the new system to ensure the correct internal controls are built into the processes. In reply to a question from Mr Finnie regarding the level of information that should be provided to non-executive Board Members, Ms Grant noted that the appropriate level of reporting to Board Members was being investigated. She also re-iterated that neither PwC nor Audit Scotland had uncovered any evidence of manipulation of data, and there was nothing that was not being reported to the NHS Board.

Mr Lee noted that he was reassured by the report and agreed that non-executives should not be required to police the system, but should rely on management for that function. There was further discussion amongst members about the level of scrutiny by non-execs; members agreed that the systems should have strong internal controls backed up by reviews by Internal and External Audit to allow a scrutiny role for non-execs.

Mr Revie updated members on the work being done to allow the Chair of the Audit Committee to sign the letter to the Scottish Government to give assurance that the recommendations contained in the Internal Audit report were being actioned. He highlighted that as the new Trakcare system was in the process of being implemented, not all actions would be able to be completed by 31 March, but the reasons would be mentioned in the letter.

PwC

Noted

16. Update on Decontamination

Mr Winter commented on the recent press reports regarding the work of the decontamination unit and noted that this area had been covered by a recent Internal Audit. Mr Revie advised that their review had looked at general governance rather than the technical aspects of the service. PwC's report had commented that governance was generally good but had raised issues around continuity planning and that some user groups were not well attended.

Ms Grant noted that management were working on developing contingency plans, were also currently reviewing KPI's and were working with surgeons to look at processes, including issues around different types of trays, transport issues, and variations between all 118 theatres in the organisation.

Mr Winter thanked Ms Matthew, Ms Meldrum, the Chief Operating Officer, Acute Services Division, the Director of Surgery & Anaesthetics and the Director of Emergency Care & Medical Services for their attendance and contributions

Noted

17. Presentation by NHS Counter Fraud Services Paper 13/09

Mr Young, the Acting Director of CFS, gave a presentation to the Committee describing the role of CFS, the types of frauds that are prevalent in the NHS and how CFS and NHS Boards work together to minimise the risk of losses to the Health Service.

Following the presentation, Mr Young invited questions and comments from members of the Audit Committee.

Mr Lee pointed out that the Procurator Fiscal often decides not to prosecute where a fraud has been carried out, and asked if it is possible to encourage more prosecutions. Mr Young shared the frustration in this regard, but said that the Fiscal Service was “creaking at the seams under pressure”. Mr Young did highlight that a Procurator Fiscal does sit on the CFS Steering Group, but that each Fiscal was independent.

In response to a question from Dr Kapasi concerning health tourism and how patients can register with a GP without the proper documentation, Mr Young said that CFS liaised on a regular basis with GP practice staff and were working with the UK Border Agency to develop a check matrix.

Cllr Rooney enquired about the Memorandum of Understanding (MOU) with other partners, and also what the cost was of health tourism. Mr Young responded that the MOU was primarily about information sharing with other agencies such as the police; with regard to the cost of health tourism, Mr Young said that it was not possible to quantify the losses incurred by the NHS.

In response to a question from Mr Daniels about the effectiveness of NHSGGC’s fraud arrangements, Mr Young responded that NHSGGC was one of the top NHS Boards in terms of its fraud arrangements, and that CFS had a very good relationship with NHSGGC’s Fraud Liaison Officer.

Mr Winter thanked Mr Young for his informative presentation.

18. Audit Scotland Reports Paper 13/10

External Audit Progress Report

Ms Woolman referred members to Audit Scotland’s Progress report covering the work carried out in the period to March 2013 as part of the 2012/13 Audit Plan, and highlighted the key points in respect of their work in the following areas:- governance, best value and financial statements. She also updated Members on performance audit, Community Planning Partnerships, the National Fraud Initiative and national studies.

Action by

Members briefly discussed the Prescribing in General Practice national study; Dr Kapasi asked about windfall savings arising from drugs coming off patent, and the Director of Finance confirmed that NHS Boards have been allowed to retain the savings.

Noted

19. Internal Audit: Progress Report

Paper 13/11

Mr Revie outlined PwC's Internal Audit Activity report covering the period to March 2013, which summarised the findings and recommendations of assignments completed during the period. The report also included reference to the 2013/14 Internal Audit Plan, and the process for its finalisation and approval.

He informed members that three reports had been completed, four assignments were at draft report stage and a further five assignments were work in progress. Mr Revie highlighted that the impact of the work that PwC had been required to carry out in respect of waiting times had the effect of pushing back some other planned reports.

In reference to changes to the current year's plan, Mr Winter asked if the Audit Committee should have been sighted on such changes. The Director of Finance confirmed that in future, all major changes to the plan would be remitted to the Audit Committee. Mr Lee endorsed this view, and on the suggestion of Dr Reid, it was agreed that the Chair of the Audit Committee should have delegated authority to agree changes as proposed by the Director of Finance. Any such changes should then be ratified by the Audit Committee.

**Director of
Finance**

Ms Gibbs then described the key points arising from those assignments which had been completed in the period:

Payroll

Ms Gibbs highlighted that whilst there was a positive trend identified when compared to the previous year's review, there were, however, still a number of exceptions identified where forms were not correctly authorised. Management actions had been agreed to reinforce correct procedures amongst both payroll and operational staff. Mr Lee queried whether this was being given adequate priority within payroll, and the Director of Finance confirmed that the issue was being revisited by the Head of Financial Services to ensure compliance with procedures.

**Head of Financial
Services**

Energy Management

This review assessed the operation of the Sustainability Planning and Implementation Group (SPIG), and three medium risk findings were reported. Ms Gibbs reported that these findings had been discussed with management and actions to implement the recommendations had been agreed.

Action by

Mr Finnie expressed his disappointment that, based on the findings of the review, SPIG did not appear to be working effectively. He was also surprised that the post of Sustainability Officer was no longer required, as he considered this to be an important post. These concerns were shared by the Audit Committee as a whole. It was agreed that the Director of Finance should remit this matter to CMT for further action.

**Director of
Finance**

Follow-up

Ms Gibbs advised that this review covered medium and high risk recommendations contained in 2011/12 reports and was to provide the Audit Committee with evidence that those recommendations had been implemented. The review had indicated that of those 13 recommendations which had been due to be implemented, 9 had been fully implemented, 3 partially implemented and 1 had not been implemented. The recommendation not yet implemented was from the Patient Focussed Booking review, and was on hold pending the roll-out of Trakcare. Further work was being carried out by NHSGGC and the Trakcare supplier to enable the recommendations to be actioned.

Noted

20. Audit Committee Remit

Paper 13/12

The Financial Governance Manager highlighted for members the minor changes to the previous version of the remit.

Mr Finnie requested that the remits of the Audit Support Groups be endorsed by the Audit Committee.

The Head of Board Administration pointed out that within the remit there was reference to “the Convener of the Audit Committee (or appointed Deputy)”, and that the Committee did not have a Deputy Convener/Chair. He advised that the Chair of the Audit Committee was able to appoint a Deputy. Mr Winter asked if any member was willing to act as Deputy, and Dr Kapasi volunteered and was appointed as Deputy.

**Financial
Governance
Manager**

Approved

21. Annual Review of Corporate Governance

Paper 13/13

The Head of Board Administration presented the Annual Review of Corporate Governance documentation for the Audit Committee’s consideration. He invited members to pass on any comments on specific details to him outwith the meeting so that issues of principle could be fully considered at the meeting.

DECIDED

That the Annual Review of Corporate Governance documentation be endorsed for consideration and approval by the NHS Board at its April 2013 meeting.

**Head of Board
Administration**

Action by

22. Fraud Policy

Paper 13/14

The Financial Governance and Audit Manager advised members that this updated policy would be presented to the NHS Board as part of the previous item. Mr Sime stated that in the first instance that the policy should also be considered by the Area Partnership Forum.

**Head of Board
Administration**

Noted

23. Fraud Report

Paper 13/15

The Financial Governance and Audit Manager summarised progress in the on-going investigations of fraud, and noted that there had been two new cases of suspected fraud arising since the last report, and that two cases had been closed during the same period.

The Director of Finance updated members on one of the new cases which related to allegations surrounding payments received by a former consultant member of staff.

Noted

24. Audit Support Groups - Minutes of Meeting

Paper 13/16

The following minutes were presented to the members:

Acute Audit Support Group meeting – 20 February 2013

Ms Woolman suggested that the remits of the Audit Support Groups capture operational staff inputs to audit reports.

**Financial
Governance
Manager**

Noted

25. Date of Next Meeting

The next meeting was scheduled for Tuesday, 4th June 2013 at 1:00pm (following the Board Seminar), in the Boardroom, J B Russell House.

The meeting concluded at 1:00pm.