

NHS Greater Glasgow and Clyde

**Minutes of a Meeting of the Audit Committee
held in the Board Room,
JB Russell House, Gartnavel Royal Hospital
on Tuesday, 17 June 2014 at 9:30am**

PRESENT

Mr K Winter (Chair)
Mr P Daniels OBE
Mr R Finnie
Dr M Kapasi MBE
Mr I Lee
Dr R Reid
Mr D Sime

IN ATTENDANCE

Mr R Calderwood	Chief Executive
Mr P James	Director of Finance
Mr M Gillman	Financial Governance Manager
Mr P Ramsay	Head of Financial Services
Mr M Sheils	Deputy Head of Financial Services
Ms G Woolman	Audit Scotland
Ms H Russell	Audit Scotland
Mr M White	PwC
Mr M Gill	BDO (Endowment Fund auditors) until minute 42

Action by

39. Apologies

Apologies were intimated on behalf of Cllr M Rooney.

40. Declarations of Interest

Mr Sime declared an interest in the Remuneration Report section of the Annual Accounts. However, members agreed that he could remain in the meeting for that agenda item.

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

41. Minutes

The minutes of the meeting on 3 June 2014 (A (M) 14/02) were proposed by Mr Sime and seconded by Mr Finnie as a correct record and signed by Mr Lee.

42. Endowment Funds Annual Accounts

Mr James advised members that the Endowment Funds Annual Accounts were at the meeting for members' consideration as they were, for the first time, consolidated into the NHS Board accounts. He drew members' attention to the key points contained in the accounts, highlighting that there had been no significant movements from the previous year's accounts. He also advised members that there were some minor revisions required to be made to the notes in respect of investment gains and the analysis of funds.

**Deputy Head of
Financial
Services**

There followed discussion on the accounts, and Mr Lee commented that he considered that the allocation of £10m to the Chief Executive for the New South Glasgow Hospitals should be mentioned in the report. Mr Gill agreed that this should be included.

**Deputy Head of
Financial
Services**

Mr Gill presented his report on the audit of the Endowment Funds Annual Accounts. In particular, he advised that BDO had substantially completed their audit work, and anticipated that they would issue an unqualified audit opinion. He also described for members the key audit and accounting matters that had arisen during their audit and confirmed that none of them had any effect on the accounts.

There then followed some discussion around the mechanics for having the accounts approved by the Endowment Funds Trustees prior to the approval of the NHS Board accounts. It was suggested that during the NHS Board Meeting on 24 June there could be an adjournment of the meeting during which the Endowment Funds Trustees would consider and approve the accounts; following that the NHS Board meeting would reconvene.

**Director of
Finance**

Ms Woolman expressed her gratitude to the Endowment Funds officers and auditors for completing the accounts and audit, enabling consolidation within deadlines.

Noted

43. Draft Directors' Report and Annual Accounts 2013/14

Mr James presented a paper asking Members to consider the draft Statement of Accounts in respect of NHS Greater Glasgow and Clyde for the year ended 31 March 2014. The paper included a list detailing the main changes in the Directors' Report following the previous meeting of the Audit Committee on 3rd June. He advised members that the Board had achieved its three financial targets: the Revenue Resource Limit (having retained a £10m surplus which would be reprovided by the Scottish Government Health and Social Care

Directorates in future years to cover transitional costs of moving to the new South Glasgow Hospitals), the Capital Resource Limit and the Cash Requirement.

Mr James drew members' attention to the key aspects of the financial section of the report and highlighted that the consolidation of the Endowment Funds accounts had had no material effect on the NHS Board accounts. With reference to the Accounting Policies note, Mr Lee raised his concern about the lack of an explanation for the reasons for consolidating endowment accounts, and that he considered that additional wording be inserted. Ms Woolman, however, advised that the wording used was required by HM Treasury, and after some discussion it was agreed that the Board wouldn't "fight" with them over this issue. Mr Lee also stated that he considered the requirement for the prior year adjustments to be shown as being incorrect, but that he would be content for Mr Sheils and Ms Woolman to agree on suitable wording for the notes.

**Deputy Head of
Financial
Services/ Audit
Scotland**

Decided

Subject to changes agreed, the Audit Committee recommended that

1. the Statement of Accounts be adopted by the NHS Board;
2. the Chief Executive sign the Directors' Report, Remuneration Report and the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board;
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 Governance Statement;
5. the Chief Executive and Director of Finance sign the Balance Sheet;
6. the Statement of Accounts be submitted to the Scottish Government Health and Social Care Directorates.

44. Audit Scotland: Report to those charged with governance on the 2013/14 audit

Ms Woolman presented the Audit Scotland report highlighting for members matters arising from the audit of the Statement of Accounts 2013/14.

Ms Woolman described for members the significant matters arising in her report; she advised that Audit Scotland's work had identified no material weaknesses in the Board's accounting and internal control systems, and that, subject, to a final review, she anticipated that an unqualified audit opinion would be issued.

Ms Woolman highlighted the key issues that Audit Scotland considered that required to be brought to the attention of the NHS Board, namely:

- the disposal of Woodilee Hospital
- impairment of non current assets

Action by

- revaluation of land and buildings
- indexation of assets under construction
- equal pay claims
- endowment funds
- payroll accruals
- trade payable – accruals
- trades payable
- capital resource limit
- pension costs
- Vale of Leven Inquiry
- heritage assets

Members discussed the points raised in the report, and in relation to impairments, Mr Lee enquired how the residual value of assets was arrived at. Mr Sheils advised that these were determined by the District Valuer.

Ms Woolman outlined the letter of representation that the Chief Executive would be signing along with the annual accounts.

Mr Winter thanked Ms Woolman and the Audit Scotland team for their work throughout the year.

Decided

That the Chief Executive be authorised to sign the Letter of Representation.

45. Corporate Risk Register

Mr James presented the Draft Corporate Risk Register (CRR) for discussion and members' approval. He advised that he had discussed risk management arrangements with the Chief Executive and that the intention would be for the CRR to become a dynamic document.

Mr Finnie welcomed this suggestion and asked how often the Audit Committee would consider the CRR. Mr James advised that it would be twice a year.

There followed some discussion on the register; clarification was requested as to what "over-development" referred to in risk 12.1. Mr Gillman would follow this up.

Decided

That the draft CRR be approved.

**Financial
Governance
Manager**

46. Thanks from the Chair

As this was their final meeting, on behalf of the Audit Committee, Mr Winter thanked Dr Kapasi and Mr James for their work on the Audit Committee over the last few years.

47. Date of Next Meeting

The next meeting will be on Tuesday, 12 August 2014 at 9:30am, in the Boardroom, J B Russell House.

The meeting concluded at 11:25am.