

## 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, 2 June 2015 at 9:30am

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### PRESENT

Mr R Finnie (Chair)  
Mr I Lee  
Dr R Reid  
Cllr M Rooney (until minute 23)  
Mr D Sime

### IN ATTENDANCE

Mr R Calderwood	Chief Executive
Mr M White	Director of Finance
Mr P Ramsay	Head of Financial Services
Mr M Gillman	Financial Governance Manager
Mr J Hamilton	Head of Board Administration
Ms G Woolman	Audit Scotland
Ms H Russell	Audit Scotland
Ms J Bell	PwC
Ms M Kerr	PwC
Mr K Wilson	PwC
Mr T Curran	Head of Capital Planning and Procurement (until minute 21)
Ms S Johnston	Head of Civil Contingencies Planning (until minute 22)

**Action by**

#### 17. Welcome and apologies

Mr Finnie welcomed members to the meeting, his first as Chair. He also welcomed Ms Kerr, from PwC, attending for the first time.

Apologies were intimated on behalf of Cllr M Cunning and Cllr M O'Donnell

#### 18. Private meetings with the External Auditors and Internal Auditors

As part of the normal governance arrangements and in accordance with its Remit, the Audit Committee had private meetings with the External Auditors and Internal Auditors without officers of the Board being present.

**Action by**

# ***Not yet approved as a true record of the meeting***

## **19. Declarations of Interest**

Mr White declared that, while working for PwC, he has had been involved in some of the internal audit reviews referred to in the PwC annual report.

## **20. Minutes**

Subject to minor amendments – minute 5, 4th paragraph, change “experiences” to “experiencing” and minute 10, final line, change “mitigated” to “militated” - the minutes of the meeting on 24 February 2015 (A(M)15/01) were approved as a correct record of the meeting.

Members also noted the minutes of the Audit Committee Executive Group held on 6 May 2015. Mr Sime pointed out that he would in future expect a summary pro-forma to inform the Audit Committee, rather than minutes, from this group. With regard to the bad debt write-off in minute 4, Mr Lee whether any write-offs were in respect of Welsh health authorities. Mr Ramsay confirmed that all write-offs were of overseas debt and that the Board continued to pursue the Welsh authorities, and that the Scottish Government had given permission for litigation to proceed.

## **21. Matters Arising and Rolling Action Lists**

Mr Gillman updated the Committee on the position of items on the rolling action list.

**Bad debts write-off** – Mr Gillman updated members on the position relating to debts due from Welsh health authorities. He advised that, as noted above, the SGHSCD had given permission for the Board to take this matter to litigation, and that the treat of this was beginning to yield payments. Mr Ramsay confirmed that that a report be brought back to the Committee when results are known.

**Head of Financial Services**

**Significant Capital Project Post Project Evaluation (PPE) review** – Mr Curran advised members of the reasons behind the delay in this audit being able to be started, and how the issue had now been resolved, and that the audit would begin in the following week. Mr Lee expressed the view that the audit should have begun anyway, and that any limitations to their work reported. In response to a question from Mr Finnie as to how to ensure that such delays to audits don't happen again, Mr Calderwood reassured the Committee that all parts of the organisation are aware of their obligation to co-operate with auditors. He would, nevertheless, ensure that this was re-iterated to managers.

**Director of Finance**

There followed some discussion around the PPE of the new SGUH project. Prior to Mr Curran leaving the meeting, Mr Finnie thanked him for his helpful update.

**Risk Management** – Mr White updated members on the work being carried out by the reformed Risk Management Steering Group, and that a full report would be brought to the September Audit Committee meeting.

**Director of Finance**

**Action by**

## ***Not yet approved as a true record of the meeting***

**Internal Audit Standards External Quality Assessments** - Ms Woolman confirmed that Audit Scotland would be able to carry out this work if asked. Mr Wilson advised that it was for the Audit Committee to decide who they wished to carry out this work. Mr Lee said he had experience in another organisation where this work had been carried out by the Institute of Internal Auditors.

**Director of  
Finance**

Mr Finnie requested that a paper be brought to the September meeting to outline the minimum requirements of the external quality assessment.

**Noted**

### **22. Business Continuity Planning**

Ms Johnston talked through a paper she had prepared for the Committee, which gave an updated position in respect of Business Continuity Plans. The report was discussed by members, with particular focus around interaction with other bodies and major incident plans. Mr Calderwood also advised the committee on how the board would manage interruptions in areas such as decontamination and catering

**Noted**

### **23. Internal Audit Progress Report**

Mr Wilson updated members on the internal activity in the period to May, highlighting reports that had been started or completed during the period. He confirmed to the committee that work on the Post Project Evaluation review was due to start imminently. Mr Wilson also asked for members' agreement to an amendment to the audit plan, with the proposal that a review of Health and Social Care Integration: Opening Health Budgets replaces the planned review of Financial Efficiency Savings.

This amendment was agreed by the Audit Committee.

Ms Bell continued to outline for members the findings of seven reviews that had been finalised since the last meeting:

- **Clinical Governance** - the objective of this review focused on the Clinical Governance processes in place before the restructure and then reviewing the plans in place for the restructure. The review was rated as medium Risk, with four medium risk findings, which were described for members. Ms Bell reported that action plans had been agreed by management.
- **Review of IT Data Security and Management** - Ms Bell advised that this review evaluated the design and operation of the key controls supporting IT data security and management, over the period 1 April 2014 to 31 December 2014. There were two medium risk findings, for which management have put plans in place to address.

**Action by**

## ***Not yet approved as a true record of the meeting***

- **Review of Energy Management** – this review addressed three main areas, strategy and governance, carbon management plans and SEPA requirements. Ms Bell highlighted the two medium findings; there was discussion around the finding that the Board did not have a formal policy in place to ensure SEPA requirements are met. Mr Wilson confirmed that this had been identified by management.
- **Review of the Bed Model** - Ms Bell advised that this report had been completed but that the wording was still being finalised. Mr Wilson assured members that there no issues arising, just clarification on a couple of points. Mr Calderwood described for members the mechanics of the bed model and commented that he had seen the draft report.

Mr White noted that the report would be available for the next meeting on 16 June.

- **Review of Waiting Times/Treatment Time Guarantee (TTG) Audit Process** - the objective of this review was to assess the design of NHSGGC's TTG Assurance Framework against the recommendations made by the Scottish Parliament Public Audit Committee. PwC also tested the operating effectiveness of NHSGGC's controls in this area during the period 1 April 2014 to 31 January 2015. Ms Bell highlighted the two medium risk findings - the monthly performance of waiting list audits and the independence of staff performing the audits - and noted that the points raised had been promptly addressed.
- **Review of IT Risk Assessment and Management Processes** – Ms Bell highlighted the areas covered by this review - risk management and service continuity planning and management within HI&T. There were three medium risk findings, and management have agreed actions to address them.
- **Review of New South Glasgow Hospitals: Service Transfer Governance** – this review examined the governance, communications and stakeholder management arrangements in relation to the service transfer to the new SGUH. Ms Bell highlighted that NHSGGC had applied a thorough and considered approach to managing stakeholders, communicating externally with the general public and key partners and had effectively managed the 'On The Move' service transfer project.
- **Dignity at Work** – Ms Bell described the format of the report and the findings, which staff had highlighted the areas of strength and areas for management action. Mr Sime said he considered this was an important report which should be brought to the attention of all board members. Mr Lee noted his disappointment that medics had not participated in the acute focus group sessions.
- **Readiness for the Integration of Health and Social Care** - Mr Wilson gave members an overview of this report. The review focused on NHSGGC's compliance with the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and subsequent Scottish Government guidance in applying this legislation to the production of key documents.

**Head of Board  
Administration**

**Action by**

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The review confirmed that NHSGGC had complied with the relevant matters as set out in the Act and guidance, and they raised a number of points for management's consideration going forward.

### **Noted**

#### **24. Annual Risk Assessment and Internal Audit Plan**

Mr Wilson advised the Committee that following the previous meeting, the plan had been amended to remove the work on EEs be removed from the plan. This was replaced by a planned review of delayed discharges.

### **Decided**

That the Internal Audit Plan be approved

#### **25. Internal Audit Annual Report**

Mr Wilson presented the Annual Internal Audit Report for 2014/15.

He explained that the Head of Internal Audit was required to provide a written report to the Accountable Officer to inform the NHS Board's Governance Statement. The internal audit work carried out during the year was based on the internal audit annual plan for the year which had been approved by the Audit Committee.

Mr Wilson drew members' attention to the Head of Internal Audit Opinion:

"There are weaknesses in the framework of governance, risk management and control which potentially put the achievement of organisational objectives at risk.

Improvements are required in those areas to enhance the adequacy of governance, risk management and control."

There followed discussion around the opinion, in particular the perceived inference that the achievement of objectives were at risk. Mr Finnie and Mr Lee both expressed the view that they were surprised that the two high risk findings identified during the year would affect the Board's ability to achieve its objectives. Mr Wilson said that the wording did include "potentially". He also stated that there were a number of medium risk findings which added to the scoring. Mr Calderwood expressed his concern that this was an arithmetic exercise. Ms Woolman advised that Audit Scotland would take into account this report when completing their report.

Mr White noted that the points raised would be included in the Governance Statement, but would seek to discuss the wording further with the Internal Auditor

**Director of  
Finance**

### **Noted**

**Action by**

## ***Not yet approved as a true record of the meeting***

### **26. Audit Scotland - External Audit Progress Report**

Ms Woolman referred members to Audit Scotland's Progress report covering the work carried out in the period to May 2015 as part of the 2014/15 Audit Plan, highlighting the key points in respect of their work. She described for members the work of Audit Scotland in relation to Performance Audit, the National Fraud Initiative and the programme of national studies.

#### **Noted**

### **27. Audit Scotland - Your Business @ Risk**

Ms Woolman described the background to this piece of work.

Your Business @ Risk (YB@R) is a web-based survey that helps bodies quickly assess procedural, cultural and ethical compliance risks that have the potential to undermine the effectiveness of their information governance policies.

YB@R assists organisation to:

- assess awareness of the risks associated with the use of technology
- gauge how well policies and standards have been understood
- assess the levels of ICT security awareness among staff
- highlight areas where the board may need to improve governance and reduce risk
- tailor training plans in order to improve staff awareness.

Ms Woolman highlighted that the profile of results demonstrates that there is some information security awareness within NHSGGC. However, a number of areas were highlighted that should be addressed to improve overall staff awareness of information security. The full results from the survey have been provided to management for detailed review to assist with the improvement of information governance through increased information security awareness within the board.

In reply to a question from Dr Reid as to whether medics had participated, Ms Russell advised that the responses were mainly from desk based staff.

#### **Noted**

### **28. Audit Scotland – Managing the Workforce**

Ms Woolman described the review Audit Scotland carried out of the Board's arrangements for managing the workforce. She noted that they had considered the Board's processes and procedures against the updated guidance issued in April 2014 and also took cognisance of the further guidance issued by the Head of NHS Pay, Conditions and Workforce Planning.

**Action by**

Ms Woolman was pleased to record that all the matters raised in their letter of

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May 2013 have been fully addressed.

Mr Sime noted that the report referred to a voluntary severance scheme, but that was not allowed: the Board only allows the possibility of individual settlement agreements. Mr Calderwood confirmed this was the case.

### **Noted**

#### **29. Audit Scotland – Accounting for Property, Plant and Equipment**

Ms Woolman presented the report on accounting for the Board's fixed assets, which had a total value of £2.043bn as at 31 March 2014.

Audit Scotland recorded that no significant control weaknesses were identified, but did identify a number of areas for improvement which would strengthen the control environment including:

- the introduction of a formal 5 year programme for the revaluation of all land and building assets by an independent valuer
- the regular review of the useful lives of assets on the asset register
- the introduction of a formal process for disposing of assets and removing them from the fixed asset system.

### **Noted**

#### **30. Audit Scotland – Review of Internal Controls**

Ms Woolman presented Audit Scotland's report detailing Audit Scotland's assessment of the systems of internal control put in place by management. She highlighted for members the key findings identified in the review.

The report concluded that, subject to one area of concern, they were able to record that based on their review and testing of selected financial systems the overall conclusion is that NHSGGC has adequate systems of internal control.

The area of concern referred to was in relation to the controls surrounding the authorisation and agreement of agency staff payments. Ms Woolman noted that they were aware of some mitigating controls: any outliers and unusual transactions are subject to review and the budgetary control process would highlight any concerns. In response, management has agreed to undertake a full review of the process and introduce a range of appropriate controls.

Ms Woolman advised that the matters raised in the report, and in the reports on Accounting for Property, Plant and Equipment and Managing the Workforce, should be considered as part of the Accountable Officer's assessment of the review and adequacy of the financial governance processes in place to support the Annual Governance Statement.

**Financial  
Governance  
Manager**

### **Noted**

**Action by**

# ***Not yet approved as a true record of the meeting***

## **31. Annual Fraud Report**

Mr Gillman presented the Annual Fraud Report for 2014/15. The report summarised the NHS Board's counter fraud arrangements and also the nature and level of fraud within NHS Greater Glasgow and Clyde. He also summarised the position in respect of the National Fraud Initiative, and described the extrapolations provided by CFS in respect of patient fraud.

In terms of the nature and level of fraud, details were given of the new cases of fraud which were discovered in 2014/15. The conclusion of the report was that the level and nature of fraud which has occurred within NHSGGC does not indicate that there are deficiencies within the specific counter fraud arrangements nor significant weakness in the overall system of internal control within the organisation.

**Noted**

## **32. Losses and compensations 2014/15**

Mr Gillman presented a report for members to note the details of losses incurred and compensation payments made during 2014/15. He advised members that the Remit of Audit Committee required consideration of the losses and compensation payments in accordance with the Scottish Government Audit Committee Handbook.

He noted that whilst there was a significant decrease in respect of compensation payments, these were largely recoverable from the Clinical Negligence and Other Risk Indemnity Scheme. The overall losses, excluding compensation payments, from £522k to £474k.

**Noted**

## **33. Date of Next Meeting**

The next meeting will be held on Tuesday 16th June at 9:30am.

The meeting concluded at 1:10pm.