

A (M) 17/03 Minutes: 31 - 38

## 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, 20 June 2017 at 9:30am**

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### **PRESENT**

Mr A Macleod (Chair)  
Mr R Finnie  
Ms J Forbes  
Mr J Matthews  
Ms A Monaghan

### **IN ATTENDANCE**

Mr J Brown	Chairman
Ms J Grant	Chief Executive
Mr M White	Director of Finance
Mr P Ramsay	Assistant Director of Finance – Financial Services
Mr M Sheils	Deputy Head of Financial Services
Mr J Hamilton	Head of Administration
Mr M Gillman	Financial Governance and Audit Manager
Mr D McConnell	Audit Scotland
Ms L Maconachie	Audit Scotland
Ms L Yule	Audit Scotland
Ms B Sutherland	BDO (until minute 34)

### **Action by**

#### **31. Welcome and apologies**

Apologies were intimated on behalf of Mr S Carr, Dr D Lyons and Mrs D McErlean.

Mr Macleod welcomed members and attendees to the meeting, and expressed his gratitude to all those involved, from the board and Audit Scotland, in preparing the papers for the meeting; it was a difficult job well done.

**32. Declarations of Interest**

No declarations of interest were intimated.

**33. Minutes**

The minutes of the meeting on 6 June 2017 (A(M)17/02) were approved as a correct record of the meeting, subject to the following amendments:

- minute 17 – replace “next meeting” with “*September meeting*”;
- minute 20, final paragraph - replace the word “real” with the word “*formal*”;
- minute 23, 2<sup>nd</sup> paragraph – change to read “Mr Macleod asked Mr Morrison if the board needed to consider *anything different*”;
- minute 25, 2<sup>nd</sup> paragraph - replace the word “provide” with the word “*approve*”.

**34. Endowment Funds Accounts**

Ms Sutherland presented the BDO report to the Trustees which detailed the key findings arising from the audit for the attention of those charged with governance. She described for members, the methodology they had used to address the significant audit risks, and the out comes of their procedures. Ms Southern advised that they had satisfactorily tested significant risk areas and did not identify any significant deficiencies in internal control during the audit process.

She advised that they had achieved their audit objectives and that, subject to the successful resolution of outstanding matters (on which they will report at the Trustees’ meeting), they anticipated issuing an unmodified opinion on the charity’s financial statements for the year ended 31 March 2017.

Mr Brown noted that he was impressed with the data analytics tool that BDO ha used, and asked how they knew that all information had been made available. Ms Sutherland replied that BDO had drawn down all the data themselves.

Mr Macleod thanked Ms Sutherland for her presentation. He raised a point on the accounts regarding the date of appointment of the new fund managers, and asked that Mr Sheils make the appropriate amendment prior to the accounts being presented to the Trustees.

**Deputy Head of  
Financial  
Services**

**Decided that**

the Audit Committee recommend that the Endowment Fund Accounts be adopted by the Trustees.

**35. Review of System of Internal Control 2016-17**

Mr Macleod led members through the paper asking the Committee to approve the report on the Review of the System of Internal Control. He described the thirteen areas of assurance that were considered in allowing the committee to review the NHS Board's system of internal control. This review enabled the completion of the draft Governance Statement contained in the Annual Report.

The appendices to the paper contained a review of the NHS Board's system of internal control based upon a number of sources of evidence, including the work of internal and external audit, a review of the NHS Board's governance arrangements, third party service audit reports and statements of assurance provided by directors.

Also attached to the paper as appendices were the draft Statement of Assurance from the Audit and Risk Committee to the NHS Board and the draft letter to the Scottish Government Health and Wellbeing Audit and Risk Committee.

The review concluded that three matters should be disclosed in the Audit and Risk Committee's assurance statement, the Chief Executive's Governance Statement and the letter to the Health and Wellbeing Audit and Risk Committee. These were in relation to three of the audit reviews undertaken during 2016/17 which were rated overall as high risk - Waiting Times Management and Reporting, Business Continuity Management and Reporting and Monitoring Arrangements for Efficiency Savings. All of these areas were known areas of challenge for the NHS Board. Internal Audit had acknowledged that management accepted the findings in these reviews and that action plans were put in place to address issues identified.

**Decided that :**

1. the report on the Review of the System of Internal Control be approved;
2. the Statement of Assurance by the Audit and Risk Committee be approved for submission to the NHS Board on 27 June 2017;
3. the Governance Statement be approved for submission to the NHS Board on 27 June 2017, with a recommendation that the Chief Executive signs the Accountability Report in which is contained the Governance Statement;
4. the letter to the Scottish Government Health and Wellbeing Audit and Risk Committee be approved.

**36. Draft Annual Report and Consolidated Accounts 2016-17**

Mr Macleod introduced the paper which contained the draft Annual Report and Accounts. He advised members that the report was still work-in-progress and that the final document would be issued to the NHS Board on Friday 23<sup>rd</sup> June. Mr Macleod led members through a discussion on the report, asking members to focus on substantive issues.

There followed a full discussion on the report and accounts, particularly around the performance report and the balance sheet, and whilst there were no significant issues raised by members, there were some presentational matters which required to be addressed. It was agreed that Mr Macleod and Mr Finnie discuss these matters with Mr Ramsay and Mr Sheils outwith the meeting, and that any changes required would be made before the final draft was issued to the NHS Board.

**Assistant Director  
of Finance**

**Decided**

the Audit Committee recommended that

1. subject to the agreed changes being made, the Annual report and Consolidated Accounts be adopted by the NHS Board;
2. the Chief Executive sign the Performance Report and the Accountability Report;
3. the Chief Executive and Director of Finance sign the Balance Sheet; and
4. that the report and accounts be submitted to the Scottish Government Health Directorates.

**37. Audit Scotland: 2016-17 Annual Audit Report**

Before presenting his report, Mr McConnell expressed his thanks to Mr Ramsay, Mr Sheils and their team for all their assistance during the audit.

Mr McConnell advised that Audit Scotland's work was substantially complete, and that, subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, he anticipated being able to issue an unqualified auditor's report with no anticipated modifications to the report.

Mr McConnell presented the draft Annual Audit Report, which summarised Audit Scotland's findings from the 2016-17 audit of NHS GGC. He described the key points that were contained in the report in each of the following sections:

- Financial management
- Financial sustainability
- Governance and transparency
- Value for money

Mr Brown and Ms Grant referred to the value for money section and expressed their concerns over some of the wording used: Mr McConnell undertook to review the text and, if appropriate, amend before the final version is issued to the NHS Board.

Mr McConnell advised members that the audit opinions were expected to be unqualified. He also described the main “unadjusted error” that they had identified, in respect of Road Traffic Accident income; this would have had no effect on the “bottom line” if it had been included and it was below the materiality level.

Mr Macleod thanked Mr McConnell for his report, and Mr Finnie also expressed his gratitude that it was available for the Audit Committee before being issued to the NHS Board.

**Noted**

**38. Date of Next Meeting**

The next meeting will be held on Tuesday 12th September 2017 at 9:30am.

The meeting concluded at 11:35am.