

A (M) 03/1
Minutes: 1- 11

NHS GREATER GLASGOW

**Minutes of a Meeting of the
Audit Committee
held in Conference Room 1,
Dalian House, 350 St Vincent Street, Glasgow,
on Tuesday, 28 January 2003 at 9.30 a.m.**

PRESENT

Councillor D McCafferty (in the Chair)
Councillor D Collins
Councillor J Handibode
Mr I Irvine
Mr C Scott

IN ATTENDANCE

Mrs W Hull	Director of Finance
Mr J C Hamilton	Head of Board Administration
Ms E Borland	Acting Director of Health Promotion
Mr A Lindsay	Head of Control & Support Systems
Mr J M Hamilton	Assistant Director of Finance
Mr C Gibson	Deloitte and Touche
Mr A Gray	Deloitte and Touche
Mr S Kelly	Deloitte and Touche
Mr C D Revie	PricewaterhouseCoopers
Mr J Hobson	PricewaterhouseCoopers
Ms W O'Neill	PricewaterhouseCoopers
Mr M Thomson	PricewaterhouseCoopers

ACTION BY

1 APOLOGIES

Apologies were intimated on behalf of Mrs E Smith, Mr A Haseeb and Mr J Thomson.

2 MINUTES

On the motion of Cllr McCafferty, seconded by Mr Thomson, the Minutes of the meeting on 23 July 2002 subject to "Deloitte and Touche" on the first line of Minute 33 being changed to "PricewaterhouseCoopers" were noted as a correct record and signed by the Convener.

NHS GREATER GLASGOW

3 INTERNAL AUDIT PROGRESS REPORTS

(i) PAN GLASGOW REVIEWS

(ii) STATUS OF TRUST AUDIT PROGRAMMES

Two reports of Deloitte and Touche (Audit Paper No 03/01) were presented describing progress in respect of the internal audit reviews being carried out on a pan Glasgow basis and setting out progress against the internal audit programmes in the NHS Trusts in Glasgow.

The Convener welcomed Mr Gibson, Deloitte and Touche, who was attending his first meeting and explained that this was to be the last meeting attended by Mr Gray, Deloitte and Touche. The Convener thanked Mr Gray for his support to the Audit Committee.

In respect of the report on pan Glasgow reviews, Mr Gray reported that four reviews had been undertaken or were in progress covering

1. Capital Approval Process;
2. Clinical Standards Board – Hospital Acquired Infection;
3. Data Protection Act/Caldicott Guardian;
4. IT Governance.

In response to a question from Cllr Collins, Mr Gray explained that the report summarised progress and that a more detailed report including timescales for action had been presented to individual NHS Trusts. It was agreed that in future, reports should contain references to the relevant Trust papers to ensure progress on the implementation of action plans could be tracked.

Deloitte & Touche

Mr Scott commented on the clinical aspects of the matters raised in the report on Hospital Acquired Infection and it was agreed that this should be referred to the Clinical Governance Committee. Members noted that while a distinction could be made between operational or clinical matters and issues of process, the Audit Committee had an overarching role to play. It was agreed that where the subject matter required, the appropriate specialist or clinical input should be obtained before reports were presented to the Audit Committee.

Deloitte & Touche

Deloitte & Touche

Mr Gray explained that in respect of the audit of the Data Protection Act/Caldicott Guardian, detailed reports had been submitted to individual NHS Trusts but certain of the issues identified could best be addressed on a pan Glasgow basis. These issues were set out in the progress report.

With regard to the status of the Trust audit programmes, Mr Gray reported that the internal auditors were on schedule to complete the internal audit plans and that none of the recommendations made had been classified as priority 1 (major issues requiring to be drawn to the attention of senior management and the Audit Committee). Cllr Collins commented on the need for the Audit Committee to gain assurance that NHS Trusts were making progress to address the issues raised in the internal audit reports. He also commented on the need to relate summaries to the financial implications of the issues raised. The Director of Finance commented that the ways of working which had

ACTION BY

been previously agreed (Audit Paper 02/2 refers) provided for detailed tracking of matters of significance. Mr Gibson commented that as more pan Glasgow work was completed, the Audit Committee would be better placed to make comparisons between the bodies within NHS Greater Glasgow.

NOTED

4 NHS GREATER GLASGOW: CAPITAL PLANNING AND APPROVAL PROCESS

A report of the Director of Finance (Audit Paper No. 03/02) was presented setting out the proposed processes and procedures to support the delegation of capital planning responsibility to NHS Boards under HDL (2002) 40. The Director of Finance explained that the proposals had been considered and supported by the Chief Executives of the NHS Board and Trusts within Glasgow. She then highlighted key issues within the proposed processes including the underlying rationale, compliance with the NHS Board's Standing Financial Instructions, membership of working groups and the clarity of respective responsibilities.

Cllr Collins sought clarification of the reference to discretion in the fifth page of the paper. The Director of Finance drew Members attention to further references within the report which set out the context within which discretion could be applied. These were noted and it was agreed that the paper be amended to emphasise the limits on and context of discretionary powers.

Director of Finance

Mr Scott referred to Annual Capital Planning Cycle set out within the report and commented on the delay during the first quarter of each financial year before work on projects commenced. The Director of Finance explained that although approval to plans could not be given until April, advance planning would allow work to commence promptly in time critical schemes. She further commented on the need to factor in any preliminary work to ensure it was known when expenditure would be incurred.

Mr Scott commented on the difficulties which could ensue if funds were transferred between projects to match underspends with overspends. The Director of Finance agreed and explained that the underlying thrust of the proposed arrangements to manage capital expenditure were as strict as those for revenue expenditure. Mr Revie, PricewaterhouseCoopers, reminded Members that the Scottish Executive had set out clear and strict rules for the management of capital for example, the Capital Manual.

DECIDED:

That the Capital Planning and Approval Process be adopted.

Director of Finance

GREATER GLASGOW NHS BOARD

5 Matters Arising from the Minutes

In respect of Minute 35, the Head of Board Administration reported that the NHS Board had been assessed against the Level 1 Standards of the Clinical Negligence and Other Risks Indemnity Scheme on 12 December 2002 and still awaited the outcome. He commented that the NHS Board's Risk Management Group had expressed concerns as the extent to which the Standards reflected an understanding of the role of NHS Boards as opposed to NHS Trusts. As a result of these concerns, the Chief Executive had written to the assessors, Willis Ltd, seeking a discussion of this issue in a spirit of partnership.

6 External Audit: Follow Up of 2001/2002 Audit Recommendations

A report of PricewaterhouseCoopers (Audit Paper No. 03/03) was presented giving the results of a follow up review of the implementation of agreed audit recommendations arising from the 2001/2002 audit. Mr Thomson, PricewaterhouseCoopers, drew Members' attention to the summary of the results contained in the report which showed that of a total of 8 recommendations,

- 2 had been fully implemented;
- 3 had been partially implemented;
- 2 were on going;
- 1 was no longer applicable.

Mr Thomson commented that overall this was a positive response.

NOTED

7 EXTERNAL AUDIT: PERFORMANCE AUDIT TIMETABLE 2002/2003

A report of PricewaterhouseCoopers (Audit Paper No.03/04) was presented setting out the programme of performance audits for 2002/2003. Ms O'Neill, PricewaterhouseCoopers, described the approach that would be adopted in respect of each of the identified studies.

NOTED

8 INTERNAL AUDIT PROGRESS REPORT DECEMBER 2002

A report of Deloitte and Touche (Audit Paper No. 03/05) was presented giving details of the status of the internal audit plan for the NHS Board as at December 2002 and summarising the key findings from the reports discussed and agreed with management. Mr Kelly (Deloitte and Touche) reported that the audit of payroll was due to be completed shortly and that a meeting had been held with management to agree the timing and scope of the remaining assignments on the annual audit plan.

NOTED

9 EXCEPTIONS TO TENDER

A report of the Director of Finance (Audit Paper No. 03/06) was presented giving details of all cases where the requirement to obtain competitive quotations or tenders for the supply of goods and services had been waived during the period 1 September 2002 – 31 December 2002. The Head of Control and Support Systems commented that the report had been expanded to include the additional information which had been requested at the last meeting of the Committee (Minute 38 refers.)

Mr Scott commented that while the Board was under a statutory obligation to use the Central Legal Office for legal services, it was not clear if the service provided represented value for money. The Head of Board Administration explained that there was a robust process within the NHS Board to check the invoices received from the Central Legal Office. He further commented that the NHS Board had written previously to the Legal Adviser asking how the Central Legal Office ensured it provided value for money. It was agreed that the Central Legal Office should again be asked to provide assurance that its services represented value for money.

**Head of Board
Administration**

Members commented on the exception to tender for the Glasgow Translation and Interpreting Services. The Assistant Director of Finance advised that this matter was under detailed review with Glasgow City Council and every effort had been made to develop a cost effective service with ongoing changes being made to reflect evolving needs. The extent of the service had not been anticipated in the Council's initial planning assumptions and consequently the costs were not included in the contract negotiations with the National Asylum Seekers Service.

In response to a question from Cllr Handibode, the Assistant Director of Finance explained that an Endowments Funds had been established for the purpose of providing funding for a pharmacist post which was part of a project relating to secondary care initiation of NRT and the impact on smoking cessation rates.

NOTED

10 OTHER BUSINESS

With the agreement of Members, Mr Revie (PricewaterhouseCoopers) reported on the following matters.

1. A letter had been sent to Chief Executives advising that PricewaterhouseCoopers had converted to limited liability status with effect from 1 January 2003.
2. In future, the audit opinion on the annual accounts would include a disclaimer to reflect the auditor's liability to a third party as a result of the judgement in the case of RBS v Bannerman.

As a result of a change to Audit Standard 610, adjustments to the accounts would need to be formally considered by the Audit Committee. This could impact on the timetable for the audit of the annual accounts and the date of the Audit Committee meeting scheduled to deal with the annual accounts and related matters.

EMBARGOED UNTIL MEETING

AUDIT COMMITTEE: 28 JANUARY 2003

ACTION BY

Mr Revie undertook to make a written report to the Committee on these matters.

**Pricewaterhouse
Coopers**

As this was to be Cllr McCafferty's last meeting of the Committee, Cllr Collins thanked him on behalf of the Committee for his contribution including his chairmanship of the last two meetings.

11 DATE OF NEXT MEETING

The Head of Control and Support Systems advised that clarification of the timetable for the statutory audit of the annual accounts could mean that the meeting provisionally scheduled for 3 June 2003 was likely to be changed. This would be confirmed as soon as the audit timetable was agreed.

DECIDED:

That the next meeting of the Committee be scheduled for Tuesday, 29 April 2003 at 9.30 a.m. in Board Room 1, Dalian House.

The meeting ended at 11.20 a.m.