

A (M) 12/04 Minutes: 43 - 51

# 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, 19 June 2012 at 9:30am

---

## PRESENT

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

## IN ATTENDANCE

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

## Action by

### 43. Apology

An apology was intimated on behalf of Mr P Daniels OBE.

### 44. Declarations of Interest

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

### 45. Minutes

The minutes of the meeting on 5 June 2012 (A (M) 12/03) were approved as a correct record and signed by the Chairman.

Action by

**46. Matters Arising & Rolling Action List**

The Financial Governance Manager drew members' attention to the rolling action list, and, in particular, the matters relating to the annual accounts process. Mr Winter apologised to members that they had received those papers at a late stage. He advised that lengthy discussions had been held with Audit Scotland before the accounts could be issued to members. Mr Lee expressed his concern with this. In his view, this gave a very short time for members to fully review the accounts, although he confirmed that he had done so. The Director of Finance assured the committee that next year the accounts would be issued (even if subject to change) immediately after the audit clearance meeting.

**Director of  
Finance**

**Noted**

**47. Draft Directors' Report and Annual Accounts 2011/12**

A report of the Director of Finance (Audit Paper No 12/28) was presented asking Members to consider the draft Statement of Accounts in respect of NHS Greater Glasgow and Clyde for the year ended 31 March 2012.

The Director of Finance informed members that, following the audit clearance meeting, it had been agreed with Audit Scotland that there would be adjustments to the accounts, but the Board would still achieve its three financial targets: the Revenue Resource Limit, the Capital Resource Limit and the Cash Requirement.

Mr Lee raised a query regarding the use of brackets in the "memorandum for in-year outturn", and asked if the Director of Finance could investigate this for next year. Mr Lee also pointed out that there were areas of repetition between the Directors' Report and the Governance Statement. Ms Woolman recognised this and noted that this was the first year that the new Governance Statement was required, and that guidance from SGHD was published late. She hoped that next year the guidance could be considered at an earlier stage.

**Director of  
Finance**

The Financial Governance Manager informed the meeting that a short statement had been added to the Directors' Report describing directors' third party indemnity provisions.

The Director of Finance then outlined the key aspects of the accounts for members.

In reply to a question from Mr Lee, the Head of Financial Services explained the impairment charge shown for Assets Under Construction related to building work at the Western Infirmary carried out to facilitate the transfer of services from Stobhill Hospital. Dr Reid asked about when the contingent liabilities in respect of legal claims became actual liabilities; the Deputy Head of Financial Services responded that the Central Legal Office advised on the classification of legal claims.

In response to a question from Dr Reid regarding the Board's capital expenditure process, the Director of Finance advised that the Property Asset Management Strategy addressed the issue of equipment replacement.

Mr Lee commented on the good shape of the accounts and commended officers on their hard work in producing them.

**Decided**

Subject to the changes described,

1. that the Statement of Accounts be adopted by the NHS Board;
2. that the Chief Executive sign the Directors' Report and Remuneration Report;
3. that the Chairman and Director of Finance sign the Statement of Health Board Members' Responsibilities in respect of the Accounts;
4. that the Chief Executive sign the Governance Statement;
5. that the Chief Executive and Director of Finance sign the Balance Sheet;
6. that the Statement of Accounts be submitted to the Scottish Government Health Directorates.

**48. Draft Letter of Representation 2011/12**

A report of the Director of Finance (Audit Paper No 12/29) was presented asking Members to approve the draft Letter of Representation 2011/12 for signature by the Chief Executive. The Director of Finance explained that International Standards of Auditing required the external auditor to seek assurances of the Chief Executive as Accountable Officer in respect of certain matters relating to the Annual Accounts. The draft Letter of Representation provided these assurances.

**Decided**

That the draft Letter of Representation in respect of the 2011/12 Statement of Accounts be approved for signature by the Chief Executive as Accountable Officer.

**49. Audit Scotland: Report to those charged with governance on the 2011/12 audit**

A report of Audit Scotland (Audit Paper No. 12/30) was presented asking members to note the matters arising from the audit of the Statement of Accounts 2011/12. Ms Woolman acknowledged Mr Lee's earlier point about the late availability of papers, but highlighted that meetings to finalise the accounts had thrown up some complex issues which had been the subject of great debate. She was, however, able to report that Audit Scotland's work on the accounts was substantially complete, and that they would be issuing an unqualified audit opinion (a draft of which was included as an appendix to the report).

**Action by**

A number of matters, including the following, were highlighted for members' attention:-

- Audit Scotland's work identified no material weaknesses in the Board's accounting and internal control systems.
- an unquantified contingent liability had been included in the accounts in respect of equal pay claims.
- reference was made in the draft Letter of Representation to the income due in respect of the disposal of the Woodilee site.
- the Board has accrued expenditure for which it has a constructive obligation at 31 March 2012 in respect of funding received from SGHD. Ms Woolman noted that management had provided documentation to support the efficacy of the constructive obligation. Reference has been made in the letter of representation.
- Ms Woolman noted that the last actuarial valuation of the NHS Superannuation Scheme had been in 2004. HM Treasury have instructed that there is to be a moratorium on actuarial valuations at this time of consultation on reform of public sector pension schemes.
- Ms Woolman noted that there were differences between the workforce reduction plan and the annual accounts with regard to the reduction in staff numbers.

Members discussed these points; Dr Reid asked how the potential liability for the equal pay claims had arisen, and Mr Sime advised that these originated prior to the introduction of Agenda for Change, and were being contested by the NHS. Dr Reid also asked about the Board's exposure in respect of the sale of Woodilee; the Head of Financial Services responded by describing the process in place to recover the balance due to the Board.

Mr Lee noted that the length of time since the last superannuation scheme actuarial valuation could potentially throw up some differences, particularly in light of increasing life expectancy.

Mr Winter asked about the differences in workforce statistics; the Head of Financial Services undertook to investigate this.

**Head of Financial Services**

Ms Woolman then advised members of the final stages in completing the audit, and concluded by expressing her appreciation of the quality of papers provided by the Board, and the ease of access to relevant personnel.

Dr Kapasi reiterated the need for members to have papers for the meeting more timeously; Ms Woolman responded that they would plan accordingly next year, but the short timescale available did dictate the process.

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

**Noted**

**Action by**

**50. NHS National Services – Service Auditor’s reports**

The Director of Finance tabled a paper (12/31) asking members to note the summaries of the NHSNSS service auditor’s reports. He highlighted that, although some issues were raised around individual controls the overall opinion the audits was unqualified, and that there were no issues which NHS Greater Glasgow and Clyde required to disclose in its Governance Statement.

**Noted**

**51. Date of Next Meeting**

The next meeting was scheduled for Tuesday, 9 October 2012 at 9:30am, in the Boardroom, J B Russell House.

The meeting concluded at 11:20am.