



NHS Forth Valley Audit Committee

Annual Report 2007~08

FORTH VALLEY NHS BOARD

ANNUAL REPORT OF AUDIT COMMITTEE 2007/08

1. PURPOSE

In order to assist the Board in conducting a regular review of the effectiveness of the systems of internal control, Standing Orders require that this Standing Committee submits an annual report to the Board. This report is submitted in fulfilment of this requirement.

2. AUDIT COMMITTEE

Composition

During the financial year ended 31 March 2008 membership of the Audit Committee comprised:

- Chairperson – Mr Graeme Simmers
- Members – Cllr John Hendry
Cllr Sam Ovens (from August 2007)
Mr Tom Hart
Dr Vicki Nash (to June 2007)

Meetings

The Committee has met on four occasions during the period from 1 April 2007 to 31 March 2008, on the undernoted dates:

Friday 08 June 2007
Friday 19 October 2007
Friday 25 January 2008
Tuesday 14 March 2008

This is in accordance with the requirements of the remit of the Committee

The attendance schedule is attached at Appendix 1.

Business

The Committee considered a combination of routine and specific work areas during the financial year. The routine work was largely in relation to internal financial controls, internal and external audit plans and internal and external audit reports. Specific areas considered in accordance with the Committee remit included:

Internal Control and Corporate Governance

- Receive regular reports on risk management including the Corporate Risk Register at each meeting
- Risk Management Strategy.
- Review of Minutes of the National Corporate Governance & Audit Group.
- Updates on progress in the National Shared Services Review and its implications within NHS Forth Valley.
- Receiving and reviewing quarterly and annual reports issued by Counter Fraud Services including the review and consideration on cases relevant to NHS Forth Valley.
- Review of Post Transaction Monitoring process.

- Consideration of local implications of the various national audit publications.
- Consideration of the Auditor Generals Overview of Scotland's health and NHS performance.
- Updates on the potential implications of International Accounting Standards.
- Review of Legal Claims lodged against NHS Forth Valley during the financial year and also a review of any Ex-Gratia payments made by NHS Forth Valley.

Internal Audit

- Approve the Internal Audit Annual Plan.
- Receive regular reports on progress against delivery of the Plan.
- Consider the mid-year and annual Internal Audit Report.
- Regular review and consideration of reports issued relating to the Audit Follow-up process to enable assurance to be provided to the NHS Board that agreed protocols are being followed.
- Report by Scott Moncrieff on the effectiveness of Internal Audit.

External Audit

- Audit Scotland Priorities and Risk Framework.
- Annual External Audit Plan.
- Annual External Audit Report.

Details of business items considered are attached at Appendix 2.

Minutes of the meetings of the Committee have been timeously submitted to the Board for its information and highlighted that during 2007/08 all meetings held were quorate.

3. OUTCOMES

Throughout the financial year items of particular interest or importance were presented to the Audit Committee and these can be summarised as follows.

- At the first meeting in June 2007 the Statutory Accounts were presented for Exchequer, Endowment and Patients Funds. The Committee provided assurance for approval of these accounts to the NHS Board.
- The Risk Management Annual Report was presented to Committee and members were informed that the Risk Management Team had worked on priorities relating to the critical elements of single system working and policy development for risk management. A set of objectives had been developed during the year that considered the immediate strategic objectives and also the top operational objectives.
- A report was presented by the new External Auditors, Scott Moncrieff, detailing work performed on a review of Information Communication Technology (ICT) Infrastructure & eFinancials System. The Committee were informed that the scope of the review was to consider the Board's ICT governance arrangements to ensure effective development and integration of technical eHealth strategies both locally and nationally. Progress was reported to the Audit Committee in March 2008.
- Representatives from Audit Scotland's Public Reporting Group (PRG) attended Committee during 2007/08 and advised that the aim of their group was to provide more support with national reports and develop communication links with Boards while considering the best ways to feedback local findings.

- The Internal Audit Plan for 2008/09 was approved.
- The Committee were updated on potential issues that may arise as a result of preparing financial statements in accordance with International Financial Reporting Standards (IFRS) due for adoption in financial year 2009/10. Although the full implications remain uncertain the Committee were particularly made aware of issues pertaining to PFI funding, leasing arrangements and the restating of prior year annual accounts.
- The Committee were presented with a letter issued by the Scottish Government informing them that, through the Corporate Governance & Audit Group, Chief Internal Auditors had considered guidance on the sources of assurance and evidence of compliance which can be used by Health Bodies when preparing the Statement on Internal Control (SIC) and suggested amendments to enhance the process.
- Issues relating to National Fraud Initiative Returns were discussed.

Specific areas of future work will include:

- The 2007/08 Statutory Accounts for Exchequer, Endowment and Patient Funds will be reviewed at the Audit Committee meeting scheduled for 6th June 2008.
- Audit Plan – completed via a comprehensive risk assessment process.
- Review of developments within the progress towards establishing the new Acute Hospital Facility, Clackmannanshire Health Resource and Falkirk and Stirling Community Hospitals.
- The continued implementation of Agenda for Change and the development of Knowledge and Skill Framework profiles for all staff.
- Ongoing implications of the NHSS Shared Service Review will continue to be monitored.
- Potential financial impact of developments regarding Equal Pay Status.
- Review of best value with a particular focus on improved efficiency and delivery of cash releasing efficiency savings.

4. CONCLUSION

Statement of Assurance

Throughout 2007/08 the Audit Committee received reports from Internal and External Audit. These reflected work identified in the approved Internal Audit Plan or reports which had a national perspective but a local impact.

The Committee has considered these reports to seek reassurance that the Board has in place an effective system of internal control which gives reasonable assurance that assets are safeguarded, waste or inefficiency avoided and reliable financial information produced and that value for money is continuously sought.

As a result, I can confirm to the Board that the decision making processes and control environment have been in line with the established regulations and procedures of internal control within the Board during 2007/08.

(signed).....

Mr Graeme Simmers (Chair, Audit Committee)
NHS Forth Valley
June 2008

AUDIT COMMITTEE ATTENDANCE RECORD – 2007/08

Members

NAME	POSITION	ORGANISATION	08/06/07	19/10/07	25/01/08	14/03/08
Mr Graeme Simmers	Chairperson	Audit Committee	P	P	P	P
Cllr John Hendry	Member	Audit Committee	A	P	P	P
Dr Vicki Nash	Member	Audit Committee	P	-	-	-
Mr Tom Hart	Member	Audit Committee	P	P	P	P
Cllr Sam Ovens	Member	Audit Committee	-	P	AA	P

In Attendance

NAME	POSITION	ORGANISATION	08/06/07	19/10/07	25/01/08	14/03/08
Mr Ian Mullen	Chair	NHS Forth Valley	P	P	AA	AA
Miss Fiona Mackenzie	Chief Executive	NHS Forth Valley	P	P	P	P
Mrs Fiona Ramsay	Director of Finance	NHS Forth Valley	P	P	P	P
Mr Tony Gaskin	Chief Internal Auditor	FTF Audit Services	AA	AA	P	P
Mrs Roseann Stevenson	Audit Manager	FTF Audit Services	P	P	P	P
Mr Andy Gibb	Audit Manager	Scott Moncrieff	P	P	-	P
Mr Nick Bennett	Partner	Scott Moncrieff	P	AA	P	P
Mr Chris Brown	Director	Scott Moncrieff	P	AA	P	-
Mr Paul Kelly	Auditor	Scott Moncrieff	-	P	-	-
Mrs Deirdre Anderson	Out of Hours Manager	NHS Forth Valley	-	P	-	-
Mr Gregor Clark	Chartered Accountant	Gregor Clark & Company	P	-	-	-
Mr John Watkins	Chartered Accountant	Dickson & Middleton	P	-	-	-
Mr Jonathan Procter	Director of Capacity & Patient Access	NHS Forth Valley	P	-	-	P
Ms Elaine Vanhegan	Head of Performance Management	NHS Forth Valley	P	P	P	P
Mr Scott Jaffray	Head of IT	NHS Forth Valley	-	-	-	P
Mr Douglas Peden	Head of Financial Services	NHS Forth Valley	P	-	P	P
Mr Graeme Bowden	Capital Accountant	NHS Forth Valley	P	P	P	P

AUDIT COMMITTEE

SCHEDULE OF BUSINESS CONSIDERED 2007/08

All business discussed was in an Open Forum.

DATE OF MEETING	TITLE OF BUSINESS CONSIDERED
08 June 2007 *	Minutes of Previous Meeting
*	Patients Funds Members Report & Annual Accounts
*	Endowment Funds Members Report & Annual Accounts
*	Internal Audit Annual report & Audit Outturn Report
*	External Audit Draft Annual Report to the Board and Letter of Representation
*	NHS Forth Valley Annual Accounts 2006/07
*	Audit Follow-Up Report
*	Internal Audit Follow-Up Protocol Review
*	Corporate Governance & Audit Group Minutes
*	Risk Management Annual Report
*	Corporate Risk Register
*	Audit Committee Annual Report 2006/07
*	Service Auditors Annual Report 2006/07
*	SE Correspondence – Notification of Sponsored Bodies Audit Committees
*	Atos Origin(SEMA) NHS Scotland Operations Reports
19 Oct 2007 *	Minutes of Previous Meeting
*	Internal Audit Progress Report
*	Review of Internal Audit Arrangements – Scott Moncrieff Report
*	External Audit Annual Report to the Board and Auditor General
*	Review of ICT Infrastructure & eFinancials Report
*	Audit Scotland Report – New Studies Programme 2007/08
*	Audit Scotland Report – Out of Hours Report
*	Audit Scotland Report – Long Term Conditions Report
*	Audit Follow-Up Reports
*	Corporate Governance & Audit Group Minutes
*	Counter Fraud Services Quarterly Reports
*	Corporate Risk register & Risk Management Update
*	Post Transaction Monitoring
*	National Shared Services Review Progress Update
*	Implications of International Accounting Standards
*	Mediated Settlement Agreement
25 Jan 2008 *	Minutes of Previous Meeting
*	Internal Audit Progress Report and Mid Year Review
*	External Audit Plan 2007/08
*	Audit Scotland Report – Priorities & Risks Framework
*	Audit Scotland Report – Health & Community Care Bulletin
*	Audit Scotland Report – Overview of Scotland’s Health & NHS Performance 06/07
*	Audit Follow-Up Reports
*	Corporate Governance & Audit Group Minutes
*	Counter Fraud Services Annual Report 2006/07 & Quarterly Reports
*	Corporate Risk Register Review

DATE OF MEETING	TITLE OF BUSINESS CONSIDERED
*	Family Health Service – Payment Verification Procedures
*	National Shared Services Review Progress Update
*	Implications of International Accounting Standards
14 Mar 2008 *	Minutes of Previous Meeting
*	Internal Audit Progress Report & Mid Year Review
*	Internal Audit Plan 2007/08
*	External Audit Interim Management Report
*	Audit Scotland Report – Review of Free Personal and Nursing Care
*	Audit Scotland Report – Overseas Staff in the NHS – pre-employment checks
*	Audit Follow-Up Reports
*	Update of Standing Orders including Committee Remits
*	Guidance for preparing the Statement on Internal Control
*	Corporate Risk Register Review
*	Legal Claims
*	Strategy to Combat NHS Fraud in Scotland
*	Counter Fraud Services Reports
*	Appointment of Endowments & Patient Funds Auditors