

<b>NHS Greater Glasgow and Clyde</b>	<b>Paper No. 23/42</b>
<b>Paper Title</b>	<b>Standing Committee Chair's Board Report</b>
<b>Meeting:</b>	<b>NHS Board Meeting</b>
<b>Date of Meeting:</b>	<b>27 June 2023</b>
<b>Purpose of Paper:</b>	<b>For Assurance</b>
<b>Classification:</b>	<b>Board Official</b>
<b>Name of Reporting Committee</b>	<b>Audit and Risk Committee</b>
<b>Date of Reporting Committee</b>	<b>20 June 2023</b>
<b>Committee Chairperson</b>	<b>Ms Michelle Wailes</b>

## 1. Purpose of Paper

**The purpose of this paper is to:** inform the NHS Board on key items of discussion at the NHSGGC Audit and Risk Committee.

## 2. Recommendation

The Board is asked to note the key items of discussion at the recent meeting of the Audit and Risk Committee on 20 June 2023 as set out below and seek further assurance as required.

## 3. Key Items of Discussion

### 3.1 Update from Endowments Management Committee

- Verbal update provided for assurance.
- The Committee were advised that BDO presented an unqualified audit which noted 1 immaterial adjustment.
- The Committee were assured that the EMC were content to recommend the accounts be forwarded to the Board of Trustees for their review and approval.
- The Committee were assured by the update.

### **3.2 Patient Private Funds Annual Accounts 2021-22**

- Papers provided for approval.
- The Committee were reminded that there had been a delay in the previous external audit firm finalising the 2020/21 accounts, which had led to a knock on delay in the 2021/22 accounts being finalised. The Committee were assured that the 2022/23 accounts will be brought back to ARC in September to bring this back up to date.
- The Committee were assured to note the proposal of a clean audit report and were content to endorse the accounts be approved by the Board.

### **3.3 2022-23 Annual Consolidated Accounts**

- Paper provided for approval.
- The Committee were informed that despite challenges, the Health Board was achieving its 3 key financial targets: Revenue Resource Limit, Capital Resource Limit and Cash.
- The Committee were given a high level overview of some of the main areas in the Consolidated accounts including, information on infrastructure investment, Sustainability and Value, the Digital Strategy and key performance targets.
- The Committee recognised the ongoing challenge with regards to savings and the opening deficit of £71.1M for 2023-24.
- The Committee were advised that there was one substantive area still under discussion between management and Ernst & Young in relation to the accounting treatment of the SLA Activity Accrual, which is a material item. The current approach is aligned with what had previously been agreed and audited by Audit Scotland in 2020/21 and 2021/22 and was also agreed with the Scottish Government. EY, as the new external auditors have taken a different view of the accounting treatment and work is ongoing to agree a final position around this.
- The Committee were unable to approve the accounts as they were incomplete due to the SLA Activity Accrual discussions being ongoing.

### **3.4 2022-23 Annual Audit Report from Ernst & Young**

- Paper provided for approval.
- The Committee were advised that despite challenges around finalising the accounting treatment arrangements for the SLA Activity Accrual, there were strong working relationships between the NHSGGC Finance and EY audit teams.
- The Committee noted the scope of the audit had not changed.
- The Committee were informed that an action plan was in place and work was underway to complete the remaining outstanding actions.
- The Committee were unable to approve the audit as it was incomplete in respect of the SLA Activity Accrual.
- The Committee discussed the wider scope and noted the recommendations made by EY.
- The Committee discussed the additional fee proposal from EY and were advised that negotiations were ongoing between EY and management.

### **3.5 Best Value Statement**

- Paper provided for approval.
- The Committee were assured that the report highlighted the approach and evidence in how the Board are working towards the objectives.
- The Committee were content to approve the statement.

### **3.6 Annual Review of Governance – Operational Requirements**

- Paper provided for assurance.
- The Committee noted that the operating requirements were as described in Blueprint for Good Governance (2<sup>nd</sup> edition).
- The Committee were assured by the paper, noting it was going to the Board for approval.

## **4 Issues for referral to other Standing Committees or escalation to the NHS Board**

There were no issues for referral to other Standing Committees or escalation to the NHS Board.

## **5 Date of Next Meeting**

The next meeting of the Audit and Risk Committee will take place on Tuesday, 12 September 2023.