

Lanarkshire NHS Board

14 Beckford Street
Hamilton ML3 0TA
Telephone 01698 281313
Fax 01698 423134
www.nhslanarkshire.org.uk



Minute of Meeting of the Audit Committee held on
Wednesday 23 June 2010 at 9.00 am in the Board Room,
NHS Board Offices, 14 Beckford Street, Hamilton

CHAIRMAN: Mr W Sutherland, Non Executive Director

PRESENT: Mr J A Anning, Non Executive Director
Mr T Currie, Non Executive Director
Mrs L Macer, Non Executive Director
Mrs S Smith, Non Executive Director

IN ATTENDANCE: Mr P K Corsar, NHS Board Chair
Mrs L Ace, Director of Finance
Mr T Davison, Chief Executive
Dr A Graham, Medical Director
Mrs L Khindria, Director of Human Resources
Mrs R Lyness, Director of Acute Services
Mrs N Mahal, Non Executive Director
Mrs M Nelson, Non Executive Director
Mr I A Ross, Director of Planning
Mr C Sloey, Director, North Lanarkshire Community Health Partnership
Mr N J Agnew, Board Secretary/Corporate Affairs Manager
Mr R Borden, Financial Services Manager
Mrs L Paterson, Pricewaterhouse Coopers
Mr J Gray, Pricewaterhouse Coopers

APOLOGIES: Mr D Clark, Non Executive Director
Mrs A Armstrong, Non Executive Director
Dr H S Kohli, Director of Public Health and Health Policy
Mr A Lawrie, Director, South Lanarkshire Community Health Partnership
Councillor E McAvoy, Non Executive Director
Director for Nurses, Midwives and the Allied Health Professions
Mr K A Small, Director of Organisational Development
Mrs C McGhee, Corporate Risk Manager

ACTION

1. **WELCOME**

Mr Sutherland welcomed members and attendees to the meeting, the primary purpose of which, was to consider the Annual Accounts for the year ended 31 March 2010, and to recommend them to the NHS Board for adoption. He acknowledged that the preparation of the Annual Accounts had been a substantial task, made more challenging by the requirement to adopt the International Financial Reporting Standards (IFRS). He acknowledged the contribution of Pricewaterhouse Coopers, the Board's External Auditors, and the NHS Lanarkshire Finance Team to this endeavour.

He reported that the operating outcome for the Annual Accounts was in line with that reported monthly to the NHS Board. Mrs Paterson confirmed agreement with this position.

Mr Sutherland reported that the External Auditor's Opinion on the Annual Accounts was unqualified. He explained that the adoption of IFRS had resulted in some changes in the preparation and presentation of the Annual Accounts,

principally related to the treatment of assets around the Private Finance Initiative facilities in Lanarkshire.

2. **ANNUAL ACCOUNTS: YEAR ENDED 31 MARCH 2010**

The Committee considered a paper presenting Annual Accounts for the Year Ended 31 March 2010.

Mrs Ace presented an overview of the Annual Accounts.

Mr Sutherland led the Committee in detailed consideration of the Annual Accounts and the Notes to the Accounts. It was noted that NHS Lanarkshire had met all its financial targets in 2009/10, and continued to operate within a balanced financial position. The Board's satisfactory performance against Local Delivery Plan HEAT Targets was also noted.

Mrs Ace explained the accounting treatment of the Law Sale, including the calculation of risks around the sale, ultimately, not proceeding. Mrs Paterson confirmed that the outcome of the calculation of risk fell below any "materiality" consideration for Pricewaterhouse Coopers, as External Auditors.

Mrs Ace and Mrs Khindria updated the Committee in relation to the progress of Equal Pay Claims nationally, and the potential local impact of national decisions.

Mrs Ace also explained the position with regard to the treatment of the PFI Contracts under the new International Financial Reporting Standards. In response to an issue raised by Mrs Macer, Mr Borden confirmed that, currently, there was a Government commitment, long-term, to meeting the costs of depreciation.

Mrs Ace explained the issues around fluctuations in the stock market, and increased expenditure, which had led to a reduction in the balance of the Endowment Funds. She advised that the Trustees would meet later in the year to consider the Endowment Fund Annual Accounts for 2009/2010.

THE COMMITTEE:

1. Noted the draft Annual Accounts for the year ended 31 March 2010.
2. Noted the In-Year Revenue excess of £2.826m.
3. Noted the underspend of £12.069m against the Revenue Resource Limit.
4. Noted the underspend of £0.001m against the Capital Resource Limit.

3. **EXTERNAL AUDIT**

1. **Annual Report to Members and the Auditor General for Scotland 2009/10**

The Committee considered the Government and Public Sector – NHS Lanarkshire Annual Report to Members and the Auditor General for Scotland 2009/10.

Mrs Paterson highlighted the principal elements of the Annual Report, around: Financial Statements and the Audit Opinion; 2009/10 Performance; Governance and Control; and Managing in Uncertain Times. She also highlighted from the Report, the Action Plan, Unadjusted Items

and Communications to Management. She reported that the financial statements of the Board for the year ended 31 March 2010 had been prepared to comply with accounting requirements contained in the NHS Board Accounts Manual, as issued by the Scottish Government Health Directorate and approved by the Scottish Ministers. She reported that the External Audit Opinion on the Financial Statements for the year ended 31 March 2010 was unqualified.

2. **Audit Certificates for the Year to 31 March 2010**

The Committee considered the Independent Auditor's Report to the Members of Lanarkshire Health Board, the Auditor General for Scotland and the Scottish Parliament, setting out the respective responsibilities of the Board, the Chief Executive and the Auditor, the basis of Audit Opinion and the Audit Opinions.

Members noted the Audit Opinion: that the Financial Statements gave a true and fair view of the state of the affairs of the Board as at 31 March 2010, that the Financial Statements and the part of the Remuneration Report to be audited had been properly prepared in accordance with the relevant Act and Directions, and that information which comprised the Operating and Financial Review and Directive Report, included in the Annual Report, was consistent with the Financial Statement. Members noted also the Auditor's Opinion on Regularity, that in all material respects, the expenditure and income shown in the Financial Statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

3. **Letter of Representation**

The Committee received and noted the Letter of Representation to be sent to Pricewaterhouse Coopers, signed by the Chairman and the Board Secretary.

4. **Patients' Private Funds Statement**

The Committee received and noted the Patients' Private Funds Statement for the year ended 31 March 2010.

THE COMMITTEE:

1. Having regard to the detailed consideration given to the Annual Accounts for the year ended 31 March 2010, and the satisfactory reports from the External Auditors, agreed to recommend the Annual Accounts for adoption by the NHS Board.

4. **DATE OF NEXT MEETING**

Tuesday 7 September 2010 at 9.00 am in the Board Room, 14 Beckford Street, Hamilton.

NJA/OD 16 July 2010