

National Waiting Times Centre Board

2018/19 Annual Audit Report to the
Board and the Auditor General for
Scotland

June 2019

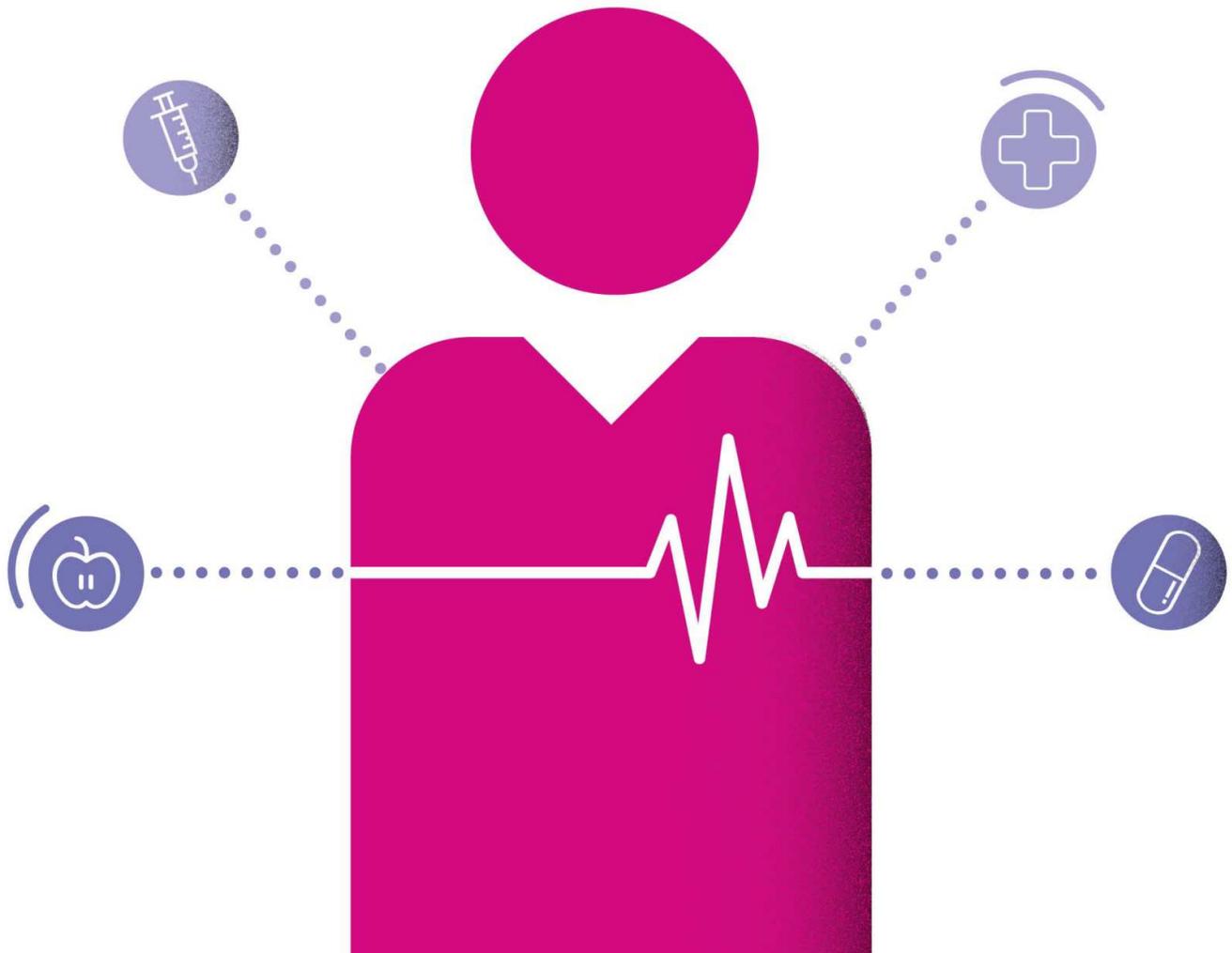




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1. Key messages



Annual accounts audit

All key financial targets were met in 2018/19. The Board achieved a saving against its revenue resource limit of £117,000 and a breakeven position against its capital resource limit of £6.439million.

The annual report and accounts were approved by the Board on 20 June 2019. Our independent auditor's report includes an unqualified opinion on the annual accounts, regularity and on other prescribed matters.

Wider scope audit

Financial sustainability

A breakeven position is forecast for the three years commencing 2019/20.

The Board has appropriate arrangements in place to develop a financial framework for achieving long term financial sustainability in partnership with other national and regional health boards.

Financial management

The Board has adequate arrangements in place for managing its financial position and use of resources.

The key financial systems and internal financial controls are adequate to prevent material misstatements in the annual accounts.

Governance and transparency

Governance arrangements were found to be satisfactory and appropriate.

Effective arrangements are in place regarding financial control, prevention and detection of fraud and irregularity, and standards of conduct.

The Board's self-assessment against the Blueprint for Good Governance demonstrates a commitment to continuous improvement, with actions identified to strengthen existing arrangements.

Value for money

The Board has appropriate performance management processes in place that support the achievement of value for money.

Progress has been made towards achievement of the local priorities and five out of eight LDP measures were on target for 2018/19.

Conclusion

This report concludes our audit for 2018/19. Our work has been performed in accordance with the Audit Scotland Code of Audit Practice, International Standards on Auditing (UK) and Ethical Standards.

Scott-Moncrieff

June 2019



2. Introduction

This report is presented to those charged with governance and the Auditor General for Scotland and concludes our audit of National Waiting Times Centre Board for 2018/19.

We carried out our audit in accordance with Audit Scotland’s Code of Audit Practice (May 2016). This report also fulfils the requirements of International Standards on Auditing (UK) 260: Communication with those charged with governance.

At National Waiting Times Centre Board, the Audit and Risk Committee has been designated as “those charged with governance”.



Introduction

1. This report summarises the findings from our 2018/19 audit of National Waiting Times Centre Board (“the Board”).
2. We outlined the scope of our audit in our External Audit Plan, which we presented to the Audit and Risk Committee at the outset of our audit. The core elements of our work include:
 - an audit of the 2018/19 annual report and accounts and related matters;
 - consideration of the wider dimensions of public audit work, as set out in Exhibit 1;
 - monitoring the Board’s participation in the National Fraud Initiative (NFI); and
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



3. The Board is responsible for preparing an annual report and accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the annual report and accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
4. The report contains an action plan with specific recommendations, responsible officers and dates for implementation. Senior management should assess these recommendations and consider their wider implications before deciding on appropriate actions.
5. We discussed and agreed the content of this report with the Director of Finance and Assistant Director of Finance – Governance and Accounting. We would like to thank all management and staff for their co-operation and assistance during our audit.

Confirmation of independence

6. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.
7. We confirm that we will comply with the Financial Reporting Council’s (FRC) Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way.
8. We set out in Appendix 1 our assessment and confirmation of independence.



Adding value through the audit

9. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Board through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Board promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

10. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to the audit team or through our online survey:
www.surveymonkey.co.uk/r/S2SPZBX
11. This report is addressed to the Board and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk



3. Annual report and accounts

The Board's annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

In this section we summarise the findings from our audit of the 2018/19 annual report and accounts.



Annual report and accounts

An unqualified audit opinion on the annual report and accounts

The annual report and accounts for the year ended 31 March 2019 were approved by the Board on 20 June 2019. We have reported unqualified audit opinions within our independent auditor's report.

Overall conclusion

An unqualified audit opinion on the annual report and accounts

12. The annual report and accounts for the year ended 31 March 2019 were considered by the Audit and Risk Committee on 10 June 2019 and approved by the Board on 20 June 2019. We report within our independent auditor's report:
 - An unqualified opinion on the financial statements;
 - An unqualified opinion on regularity; and
 - An unqualified opinion on other prescribed matters.
13. We are also satisfied that there were no matters which we are required to report by exception.

Administrative processes for the audit

14. We received the unaudited annual report and accounts and supporting papers of an acceptable standard. However full draft statutory accounts incorporating the performance report and accountability report were not made available to us until the end of our audit. We intend to meet with management following the completion of the audit process to identify improvements for 2019/20.
15. The annual report and accounts were submitted to the Scottish Government and Auditor General for Scotland by the 30 June 2019 deadline.
16. Our thanks go to staff at the Board for their assistance with our work.

Our assessment of risks of material misstatement

17. The assessed risks of material misstatement described in Exhibit 2 are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual report and accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual report and accounts is not modified with respect to any of the risks described in Exhibit 2.



Exhibit 2 – Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

1. Management override

In any organisation, there exists a risk that management has the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the financial statements. This is treated as a presumed risk area in accordance with ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*.

Excerpt from the 2018/19 External Audit Plan

18. We have not identified any indication of management override in the year. We have reviewed the Board's accounting records and obtained evidence to ensure that transactions were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.

2. Revenue recognition

Under ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*, there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Board could adopt accounting policies or recognise revenue transactions in such a way as to lead to a material misstatement in the reported financial position.

Excerpt from the 2018/19 External Audit Plan

19. At the planning stage of our audit we considered that the risk of fraud in relation to revenue recognition was present in all non-government revenue streams. We evaluated each type of revenue transaction and documented our conclusions.
20. We have gained reasonable assurance on the completeness and occurrence of income and we are satisfied that income is fairly stated in the financial statements. To inform our conclusion we evaluated the Board's key revenue streams and reviewed the controls in place over revenue accounting. We also carried out testing to confirm that the revenue recognition policy is appropriate and that it was applied consistently throughout the year.



3. Risk of fraud in the recognition of expenditure

In 2016, the Public Audit Forum issued Practice Note 10 *The Audit of Public Sector Financial Statements* which applies to the audit of public sector financial statements for periods commencing after June 2016. This Practice Note recognises that most public sector bodies are net spending bodies and that there is an increased risk of material misstatement due to improper recognition of expenditure.

Excerpt from the 2018/19 External Audit Plan

21. We have evaluated each type of expenditure transaction and documented our conclusions. We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the annual accounts. To inform our conclusion we carried out testing to confirm that the Board's policy for recognising expenditure is appropriate and has been applied consistently throughout the year.

4. The Golden Jubilee Conference Hotel

The Golden Jubilee Conference Hotel forms a key part of the Board's unique model of care, with the hospital using the accommodation to assist with access for patients and their relatives from all over Scotland.

In May 2014 the Board approved the Golden Jubilee Conference Hotel 2020 Strategy. The strategy was developed to harness the strengths and opportunities available to the hotel, its role as an integral part of the Board and as a national resource for NHS Scotland. The Board's vision is that *"by 2020 the Hotel will be recognised as a pivotal meeting and hospitality element of an internationally renowned Innovation Campus, a global centre of excellence in quality, innovation and collaboration in health, hospitality and learning."*

We consider that the unique nature of the Board's operations in this area gives rise to a potential risk of misstatement in the financial statements.

Excerpt from the 2018/19 External Audit Plan

22. We carried out a high level review of the financial controls in place at the hotel and performed testing to gain assurance over the completeness, occurrence and accounting treatment applied to the income raised through the hotel. Through this work, we were able to gain assurance that hotel income was not materially misstated.
23. The Board continues to progress with the hotel's 2020 Strategy. A management and implementation planning group has responsibility for planning, implementation, scrutiny of agreed actions and managing risks to support the strategy. The Board monitors the hotel's performance through key performance indicators, which are included in the corporate scorecard reported to each Board meeting. The Board has an established and appropriate performance management framework, which is in line with corporate objectives.

Our application of materiality

24. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the financial statements.

25. Our initial assessment of materiality for the financial statements was £1.2million. On receipt of the 2018/19 draft accounts, we reassessed materiality and reset it to £1.165million. We consider that our updated assessment has remained appropriate throughout our audit.

26. Our assessment of materiality is set with reference to the revenue resource limit. We consider this to



be the principal consideration for the users of the financial statements when assessing the financial performance.

Performance materiality

27. Performance materiality is the amount set by the auditor for each financial statement area, to reduce to an appropriately low level the probability that collectively any uncorrected and undetected misstatements are less than materiality for the financial statements as a whole.
28. We set a performance (testing) materiality for each area of work which was based on a risk assessment for the area. We perform audit procedures on all transactions and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be of significant risk of material misstatement. Performance testing thresholds are set out in the table below:

| | Area risk assessment | | |
|-------------------------|----------------------|--------|-----|
| | High | Medium | Low |
| Performance materiality | 524 | 641 | 816 |

29. We agreed with the Audit and Risk Committee that we would report on all material corrected misstatements, uncorrected misstatements with a value in excess of 2% of the overall materiality figure, as well as other misstatements below that threshold which, in our view, warranted reporting on qualitative grounds.

Audit differences

30. We identified one material adjustment to the unaudited annual accounts, which has been disclosed in the letter of representation. The adjustment was in respect of income the Board receives and passes directly to NHS Lanarkshire (£1.5million). As the Board is in effect acting as an intermediary, this income is not reflected in the Board's annual accounts.
31. We also identified some disclosure and presentational adjustments during our audit, which have been reflected in the final set of accounts.
32. There were no unadjusted differences to the unaudited annual accounts.

An overview of the scope of our audit

33. The scope of our audit was detailed in our External Audit Plan, which was presented to the Audit and

Risk Committee in February 2019. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Board. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.

34. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
35. Our standard audit approach is based on performing a review of the key financial systems in place, substantive tests and detailed analytical procedures. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit manager and audit partner. In performing our work we have applied the concept of materiality, which is explained earlier in this report.

Group audit

36. The Group comprises the Board and the Endowment Fund. The Endowment Fund is fully consolidated. We did not consider the Endowment Fund to be of individual financial significance to the group or, due to its specific nature or circumstances, include a significant risk of material misstatement to the group financial statements.
37. As part of our audit we reviewed the consolidation entries made within the group accounts and confirmed those entries back to the financial statements.
38. Scott-Moncrieff is also the appointed auditor to the Endowment Fund. During our audit we liaised with the Endowment Fund audit team to confirm that their programme of work is adequate for our purposes.
39. We have nothing to report in respect of the following matters:
- No significant deficiencies in the system of internal control or instances of fraud were identified by the component auditor; and
 - There were no limitations on the group audit.

Other matters identified during our audit

40. During the course of our audit we noted the following:



Other information in the annual report and accounts

41. “Other information” in the annual report and accounts comprises any information other than the financial statements and our independent auditor’s report. We do not express any form of assurance conclusion on the “other information” except as specifically stated below.

The performance report

42. The performance report provides information on the entity, its main objectives and strategies and the principal risks that it faces. It comprises an overview of the organisation and a detailed summary of how the entity measures performance.
43. We have concluded that the performance report has been prepared in accordance with directions from Scottish Ministers and is consistent with the financial statements.

The accountability report

44. The accountability report is required in order to meet key parliamentary accountability requirements and comprises three sections: a corporate governance report (including the governance statement), a remuneration and staff report; and a parliamentary accountability report.

Governance statement

45. We consider the coverage of the governance statement to be in line with our expectations.
46. We have concluded that the governance statement has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions from Scottish Ministers and is consistent with the financial statements.

Remuneration and staff report

47. We have concluded that the audited part of the remuneration and staff report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions from Scottish Ministers.

Regularity

48. We have planned and performed our audit recognising that non-compliance with statute or regulations may materially impact on the annual report and accounts. We did not identify any instances of irregular activity.

Looking forward – IFRS 16 Leases

49. IFRS 16 Leases will be effective from 1 April 2020. IFRS 16 Leases will lead to a substantial change in accounting practice for lessees where the current distinction between operating and finance leases will be removed. Instead, it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased property, and a lease liability representing the lessee’s obligation to pay for that right.
50. There are new requirements for measurement of the lease liability where it will initially be measured at the present value of the lease payments payable over the lease term but may rise to reflect any reassessment or lease modifications, or revised lease payments.
51. Board finance staff have attended a number of events at which the anticipated changes resulting from adoption of the standard have been discussed. The Board has also commenced work to quantify the impact the change in accounting standard will have moving forward. This will be a key area of focus for our 2019/20 audit.

Qualitative aspects of accounting practices and financial reporting

52. During the course of our audit, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the annual accounts. The following observations have been made:



| Qualitative aspect considered | Audit conclusion |
|---|--|
| The appropriateness of the accounting policies used. | The accounting policies, which are disclosed in the annual accounts, are in line with the NHS Accounts Manual and are considered appropriate. |
| The timing of the transactions and the period in which they are recorded. | We did not identify any concerns over the timing of transactions or the period in which they were recognised. |
| The appropriateness of the accounting estimates and judgements used. | We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the annual accounts. Significant estimates have been made in relation to the valuation of liabilities related to the Board's membership of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). These estimates have been informed by advice from qualified, independent experts. We evaluated the competence, objectivity and capability of management experts in line with the requirements of ISA (UK) 500 and concluded that use of the experts was appropriate. |
| The appropriateness of the going concern assumption | We have reviewed the detailed financial forecasts for 2019/20. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Board will continue to operate for at least 12 months from the signing date. |
| The potential effect on the annual accounts of any uncertainties, including significant risks and related disclosures that are required. | We have not identified any uncertainties, including any significant risk or required disclosures, which are not already included in the annual accounts. |
| The extent to which the annual accounts have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed. | From the testing performed, we identified no significant unusual transactions in the period. |
| Apparent misstatements in the annual report or material inconsistencies with the financial statements. | The annual report contains no material misstatements or inconsistencies with the financial statements. |
| Any significant annual accounts disclosures to bring to your attention. | There are no significant annual accounts disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately. |
| Disagreement over any accounting treatment or annual accounts disclosure. | While disclosure and presentational adjustments were made during the audit there was no material disagreement during the course of the audit over any accounting treatment or disclosure. |
| Difficulties encountered in the audit. | There were no significant difficulties encountered during the audit. |



4. Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered.



The Board has appropriate arrangements in place to manage its financial position and use of resources, including appropriate consideration of its long term financial sustainability in partnership with other national and regional health boards.

The Board is forecasting a breakeven position for the three years commencing 2019/20 and is fully engaged in national and regional financial planning processes for the medium and longer term.



Significant audit risk

53. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities

Financial sustainability

The Board forecasts a breakeven position within its 2018/19 Annual Operational Plan (AOP). Financial projections from 2018/19 onwards indicate ongoing challenges in achieving annual savings targets over the next three years.

There is a risk that delivery of the Board's efficiency savings plans are at the detriment of services and/or on-going financial health. The achievement of future financial targets will depend on continuing tight control of expenditure, delivery of a challenging savings plan and may also require some difficult decisions to be taken in areas such as workforce.

Excerpt from the 2018/19 External Audit Plan

54. The Board has developed an Annual Operational Plan, supported by a three year Financial Plan, on the basis of the Scottish Government Health and Social Care Medium Term Financial Framework. As outlined below we have reviewed the Board's arrangements for managing its financial position in this context.

Health and social care medium term financial framework

55. In October 2018, the Scottish Government published its Health and Social Care Medium Term Financial Framework. The Framework is supported by financial modelling and highlights the necessity for not only additional investment but continued reform of the Health and Social Care system. It is anticipated that the development of the Framework will provide NHS Boards with more information and funding assurances in order to develop longer term financial and reform plans.
56. The Board's Financial Plan 2019/20 incorporates the key issues identified in the Framework which impact the National Waiting Times Centre Board.
- Growth in demand for services, and a recognition that capacity within the Board has been reached;
 - The shifting balance of care between hospitals and primary care providers;
 - Regional planning and delivery of services; and
 - The impact on demand of public health and prevention initiatives.

Scottish Ambulance Service; NHS 24; NHS Education for Scotland and NHS National Services Scotland.

58. The Board currently manages the West of Scotland Heart and Lung Centre, and through expansion will become the elective centre for the West region.

Operational and financial planning

59. The Board recognises that financial planning is an integral part of the Annual Operational Plan (AOP) process. The Board submitted a draft of its AOP to the Scottish Government, with an accompanying financial plan, on the 1 April 2019..
60. The 2019/20 AOP is underpinned by a financial plan which considers the outlook for a three year period. Though Boards are now permitted to plan for a breakeven position over a three year period, the Board has planned to break even in each year of the plan (Exhibit 3).

Regional planning

57. The Board works in close collaboration with the West of Scotland regional group. The group comprises the Board, NHS Ayrshire and Arran; NHS Dumfries and Galloway; NHS Forth Valley; NHS Greater Glasgow and Clyde; NHS Lanarkshire; the



Exhibit 3: Forecast Core Revenue Resource Limit (£million)



Source: 2019/20 Financial Plan

61. The 2018/19 AOP sets out how the Board will achieve financial balance over the coming years and discusses a range of key issues and assumptions made in forming that view.
62. The key risks and assumptions within the 2018/19 AOP are set out below (Exhibit 4):

Exhibit 4: Key risks and assumptions

| Risk/assumption | Likely cost implication (£million) |
|---|------------------------------------|
| Cost differential on superannuation increases | 3.97 |
| Funding for capacity expansion | 6.66 |

Source: 2019/20 Financial Plan

Capital plans

63. The Board has well established capital planning processes in place. A capital group meets every two weeks to consider capital requests and requirements against the Board's strategic planning objectives. The group discusses proposed capital projects and approves and monitors capital expenditure.
64. While the Financial Plan outlines the forecast revenue position for a three year period, capital plans extend out to five years (as in previous years) (Exhibit 5).

Exhibit 5: 5 year capital plan (£million)

| CRL | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
|------------------|-------------|-------------|-------------|-------------|-------------|
| Formula funding | 2.7 | 7.4 | 4.8 | 5.0 | 3.5 |
| Project funding | 13.0 | 13.4 | 24.2 | 27.8 | 15.4 |
| Total CRL | 15.7 | 20.8 | 29.0 | 32.8 | 18.9 |

Source: 2019/20 Financial Plan

65. The Board's capital plan outlines significant capital investment in its property, plant and equipment over the next five years, totalling £117.4million. Of that total, £87.8million relates to the Board's major expansion plans, discussed further below.

Efficiency savings

66. The Financial Plan outlines challenging savings requirements over the next three years. While the Board has a strong record in delivering efficiency savings to date, it still needs to develop plans in respect of 31% of the required 2019/20 savings target. Unidentified savings for the following two years are also significant at this time.

Exhibit 6: Efficiency savings

| | 19/20 | 20/21 | 21/22 |
|---------------------------------|-------|-------|-------|
| Savings required (£million) | 4.8 | 6.1 | 5.6 |
| Savings identified (£million) | 3.3 | 1.3 | 1.0 |
| Unidentified savings (£million) | 1.5 | 4.8 | 4.5 |
| % savings unidentified | 31 | 79 | 81 |

Source: 2019/20 Financial Plan

67. During 2017/18 national boards worked together to meet a shared target of £15million efficiency savings. In 2018/19 the same £15million target was deducted from revenue allocations, and this will be applied on a recurring basis.



68. The Board has implemented an Efficiency and Productivity Group, chaired by the Director of Finance, which has developed a 3-5 year work plan to identify and implement efficiency schemes.

Board expansion

69. The 2019/20 AOP and Financial Plan reflect that the Scottish Government plans to invest over £87 million over the next five years as part of a major expansion of the Board's services. The planned expansion is a direct result of the success of the Board's service model and is expected to consist of two phases:

- phase one: delivery of ophthalmology elective care capacity; and
- phase two: delivery of additional orthopaedic and other surgical elective care capacity.

70. Spend on phase one of the expansion programme commenced during 2018/19. Phase two of the programme, the creation of an orthopaedic and other elective surgery unit, is planned to commence in early 2020 following approval of the Full Business Case.

71. The Board receives updates on the expansion programme at each meeting, providing an overview of progress to date against key milestones. As at April 2019 the expansion programme remained on track.

72. A project budget has been allocated for the internal Programme Team and separate funds have been identified for Advisors and the Principal Supply Chain Partner, Kier Construction. Cost control meetings are held on a monthly basis and the programme remains on budget.

73. The Outline Business Case has been completed and through April and May 2018 was reported to the Golden Jubilee Foundation Programme Steering Group, the West of Scotland Directors of Finance, the West of Scotland Chief Executives and the Board itself. The next key task for the Board is the formal approval of the Outline Business Case.

74. Given the scale of the expansion programme and its significance to the Board's service delivery we will continue to monitor developments throughout our term of appointment.

Impact of EU withdrawal

75. Audit Scotland has identified EU withdrawal as an emerging significant risk facing public bodies across Scotland. Three streams of potential impact were identified:

- Workforce
- Funding
- Regulation

76. The Board receives updates on the preparation for EU withdrawal. The Nurse Director is acting as Executive Lead supported operationally by the Head of Communications and Corporate Affairs and the Head of Clinical Governance. In their last update to the Board it was noted that assessments have highlighted the key areas of focus as:

- Procurement (including medical equipment)
- Supply of medicines
- Workforce
- Finance
- Research and development
- Regulatory.

77. At the time of our audit (April 2019) the risk had been increased to high given the uncertainty of the situation.



5. Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



The Board has effective arrangements in place for managing its financial position and the use of resources.

All three key financial targets for the year were met.

The Board exceeded its efficiency savings target.



Financial performance

All Boards have to work within the resource limits and cash requirements set by the Scottish Government.

resource limit (RRL) of £117,000 (0.151%). This position was consistent with the breakeven position outlined in the 2018/19 Financial Plan for core RRL.

78. All key financial targets were met in 2018/19. The Board reported a saving against its revenue

Exhibit 7: Performance against resource limits

| Financial target | Limit £000 | Actual £000 | Variance £000 | Target achieved? |
|---------------------------------|---------------|----------------|------------------|---------------------|
| Core revenue resource limit | 71,097 | 71,095 | 2 | Yes |
| Non-core revenue resource limit | 6,611 | 6,496 | 115 | Yes |
| Capital resource limit | 6,439 | 6,439 | 0 | Yes |
| Cash requirement | 83,292 | 83,292 | 0 | Yes |

The Board invested £6.439million in capital

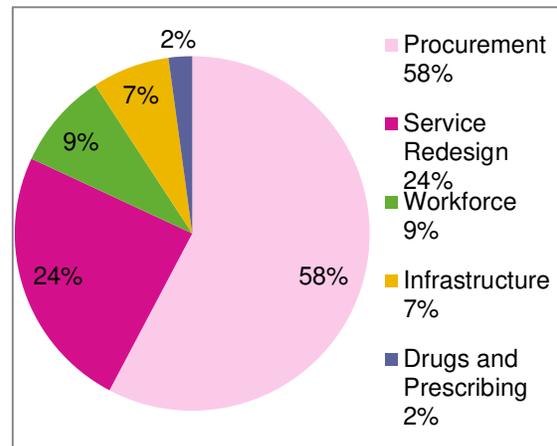
79. In line with the financial plan, the Board invested £6.439million into capital projects during the year. This included an agreed revenue to capital transfer of £1.4 million.
80. Phase One of the hospital expansion programme, building work for which commenced in January 2019, is proceeding in line with financial projections. Phase Two is planned to commence in early 2020.

Efficiency savings

Total efficiency savings were above target

81. As part of the 2018/19 Financial Plan, the Board was tasked with achieving £4.206million efficiency savings. The Board exceeded its target by £61,000. Exhibit 8 provides a breakdown of efficiency savings achieved by work stream.
82. The Board has a strong record of achieving its efficiency savings target. A key driver this year is the Board's achievement of recurring savings. In 2018/19, 66% of the savings reported were recurring savings (£1.491million). This was £203,000 more than target and puts the Board in a stronger position to reach future efficiency targets.

Exhibit 8: Efficiency savings achieved by workstream



Effective financial management arrangements are in place

83. We reviewed the Board's system of budgetary control and financial management and did not identify any significant deficiencies. The Board's divisional managers have monthly meetings with a member of the finance and business service team to ensure budgets are in line with planned activity for the division.



Budget monitoring and control

84. Each Board meeting considers the most recent financial monitoring report. Reports detail performance against budget and narrative to explain any significant variances from budget and efficiency targets

Key supplier dependency

85. One of the sector risks identified by Audit Scotland for 2018-19 relates to public sector organisations' reliance on key suppliers. Following the collapse of Carillion, it became apparent that public sector bodies face significant risks where suppliers are experiencing difficult trading conditions.
86. The Board considers, through its risk register, the dependency on key suppliers as a corporate risk. This has included suppliers in respect of the Board Expansion Project and Clinical Waste.

Systems of internal control

87. We have evaluated the Board's key financial systems and internal financial controls to determine whether they are adequate to prevent material misstatements in the annual accounts. Our approach has included documenting the key internal financial controls and performing walkthroughs to confirm that they are operating as intended.
88. We did not identify any significant weaknesses in the Board's accounting and internal control systems during our audit.

Internal audit

89. An effective internal audit service is an important element of a Board's overall governance arrangements. The Board's internal audit service is provided by Grant Thornton. During our audit we considered the work of internal audit wherever possible to avoid duplication of effort and make the most efficient use of the Board's total audit resource.

Prevention and detection of fraud and irregularity

90. Our audit was planned to provide a reasonable expectation of detecting material misstatements in the financial statements resulting from fraud and irregularity. We found the Board's arrangements for the prevention and detection of fraud and other irregularities to be adequate.
91. Regular updates on fraud related matters, including Counter Fraud Services updates and the National

Fraud Initiative (NFI) are presented to the Audit and Risk Committee.

National Fraud Initiative

92. The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error.
93. Participating bodies were required to submit data in October 2018 and received matches for investigation in January 2019. Match investigation work should be largely completed by 30 September 2019 and the results recorded on the NFI system.
94. We have reviewed the Board's participation in the NFI scheme. Overall we have concluded that the Board's arrangements with respect to NFI are satisfactory.



6. Governance and transparency

Governance and transparency is concerned with the adequacy of governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



Governance arrangements at the Board were found to be satisfactory and appropriate.

Effective arrangements are in place regarding financial control, prevention and detection of fraud and irregularity, and standards of conduct.

The Board's self-assessment against the Blueprint for Good Governance demonstrates a commitment to continuous improvement, with actions identified to strengthen existing arrangements.



Governance and transparency

Governance arrangements

95. The following changes in the governance arrangements have happened during the period:
- Jann Gardner took up her post as Chief Executive from January 2019, replacing Jill Young, who departed in November 2018.
 - New non-executive members Linda Semple and Stephen McAllister were appointed in October 2018.
 - Medical Director Mike Higgins returned to his role, after a period of absence covered by Acting Medical Director Hany Eteiba.
96. Since January 2018, a number of national boards have been trialling a collaborative working set up that sees Directors of Finance taking on the role across multiple Boards. The National Waiting Times Centre Board Director of Finance has taken on a role two days a week, at the Scottish Ambulance Service. The two days she is absent from the Board were covered (up until December 2018) by the Finance and Performance Management Director from the State Hospitals Board for Scotland. The Director of Finance is due to take up a permanent post at the Scottish Ambulance Service from July 2019 and the National Waiting Times Centre Board have recruited a Director of Finance who takes up post on 1 July 2019.

Blueprint for good governance

97. In February 2019 the Scottish Government issued the Blueprint for Good Governance to all NHS Boards to ensure they are utilising best practice and, as part of this, periodically assessing and improving their corporate governance systems.
98. The Scottish Government also developed a self-assessment tool to allow Boards to assess themselves against the Blueprint. The self-assessment tool was issued by the Scottish Government to all NHS Scotland board members, who were invited to complete and return by 1 March 2019.
99. The results of the self assessment were fed back to the Board at its meeting in April 2019. The paper identified a number of next steps arising from the tool, which the Board was asked to approve as the basis of an action plan.
100. The process identified a number of areas which were viewed positively by survey respondents, and with one exception 75% or more of survey

respondents considered that the areas queried were those where the Board performed “well”, or “exceptionally well”.

101. Identified areas of strength included:
- 94% of respondents considered that the Board provided leadership, support and guidance to the organisation “well” or “exceptionally well”;
 - 94% of respondents considered that the Board established and maintained public confidence in the organisation as a public body “well” or “exceptionally well”.
102. The majority of opportunities for improvement lay within the survey domain of “Holding to Account”, and included:
- The ability of Non-Executive Directors to monitor, scrutinise, challenge, and if satisfied, support the Executive Team’s day to day management of the organisation’s activities;
 - Oversight of the application and implementation of fair and equitable systems of pay and performance management; and
 - The embedding of continuous improvement in all aspects of service delivery.
103. The Board has identified a series of next steps to be developed into an action plan, alongside its existing overall review of its committee structures. These include: the appointment of a Board Secretary as recommended by the Blueprint for Good Governance; the development of a new Board Strategy, including a concise overarching strategy document; and a review of Board development activity.
104. We have confirmed that the board has followed the self-assessment process prescribed by the Scottish Government. We have reviewed the survey results and the conclusions from the self-assessment and the workshop, which are consistent with our own views of the board’s governance arrangements. During 2019/20, we will follow progress in developing and implementing the detailed action plan arising from the self-assessment.

Openness and transparency

105. In line with 2017/18, one of the sector risks identified by Audit Scotland for 2018/19 relates to public sector organisations keeping pace with public expectations relating to openness and transparency.



106. In last year's annual audit report, we highlighted that, while National Waiting Times Centre Board did publish meeting papers online, this was subject to time restriction and the withholding of minutes, which was inconsistent with practice at other Boards.
107. In 2018/19, National Waiting Times Centre Board has made current and historic Board agendas, meeting minutes, and papers available online.
108. Though Board agendas, minutes, and papers are published online, we noted that key strategic documents such as the Annual Operational Plan are not published online, either independently or as part of Board papers. We consider publication of such documents to be good practice, and in line with the practice at other Boards.
109. The proceedings of other key committees such as the Audit Committee are not published online. This is not presently routine practice across other Boards, however we would support any future review of openness and transparency which considered whether there is scope to make such papers available publicly.
110. All NHS Boards are required to have a Register of Interests in place, and these are typically published on the Board's website. Though the Board publishes its register of interest, this is not made available on a timely basis. At the time of our review, the most recent register of interests related to the year 2017/18.
111. In our opinion, the Board's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate. Our conclusion has been informed by a review of the arrangements for adopting and reviewing standing orders, financial instructions and scheme of delegation and for complying with national and local codes of conduct. We have also considered compliance with the regulatory guidance that is produced by the SGHSCD throughout the year.
112. Revised planning structures across the Scottish public sector are being implemented with the Board playing a significant role in collaborating with other National Health Boards.
113. National Boards have been working collaboratively for a number of years but as the level of collaboration increases, the need for a clear governance structure increases.
114. A draft governance framework has been developed in order to formalise how national boards could align in governance terms to facilitate the joint working set out in the draft NHS National Boards Collaborative Discussion Document. The framework proposes the introduction of a Strategic Forum which would hold senior representation from across the National Health Boards. This document is still in draft form and due to be reviewed by Audit Scotland and approved by staff side over the next couple of months.

Action Plan point 1

109. The proceedings of other key committees such as the Audit Committee are not published online. This is not presently routine practice across other Boards, however we would support any future review of openness and transparency which considered whether there is scope to make such papers available publicly.

Disclosure of Interests

110. All NHS Boards are required to have a Register of Interests in place, and these are typically published on the Board's website. Though the Board publishes its register of interest, this is not made available on a timely basis. At the time of our review, the most recent register of interests related to the year 2017/18.

Follow up of prior year recommendations action point 4

Standards of conduct

111. In our opinion, the Board's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate. Our conclusion has been informed by a review of the arrangements for adopting and reviewing standing orders, financial instructions and scheme of delegation and for complying with national and local codes of conduct. We have also considered compliance with the regulatory guidance that is produced by the SGHSCD throughout the year.

National health board collaborative partnership

112. Revised planning structures across the Scottish public sector are being implemented with the Board



7. Value for money

Value for money is concerned with using resources effectively and continually improving services. In this section we summarise our audit work as it relates to the Board's own reporting of its performance.



The Board has appropriate performance management processes in place that support the achievement of value for money. Progress has been made towards achieving the local priorities and five out of eight LDP measures were on target for 2018/19.



Value for money

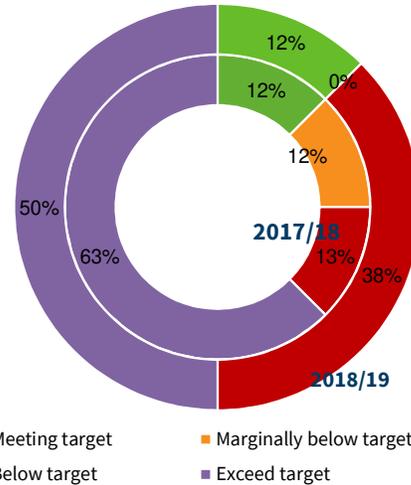
Performance management arrangements

115. The Board and its Performance and Planning Committee monitor performance against the priorities every six weeks through a range of reports. The Performance and Planning Committee reviews a large volume of operational performance data from each division, which is reported on by exception to the Board alongside the corporate balanced scorecard. There is also an Efficiency and Productivity group with a defined efficiency and resource focus which meets quarterly. On a 6 monthly basis, they produce an efficiency and productivity scorecard with detailed information on specialised topics such as theatre productivity.
116. The Board tracks over 70 KPIs, including eight Local Delivery Plan Standard (LDP) targets, via a corporate balanced scorecard. The KPI's align with the Scottish Government's quality ambitions: safe, effective and person-centred and the Board's corporate objectives.
117. Performance reports measure each KPI on the scorecard using a red, amber, green (RAG) rating. The scorecard also includes an update on performance and a graph detailing the two-year trend analysis against target. An exception report of all red or amber ratings with detailed narrative explanation helps to focus discussion at Board meetings.
118. Progress against the LDP standards has been reported by the Board in its Annual Report and Accounts for the year ended 31 March 2019.

Performance has declined in comparison to the prior year

119. As illustrated in exhibit 9, performance in 2018/19 has declined in comparison to the prior year. The number of KPIs which fell below target increased from one to three.

Exhibit 9: Performance against target in 2018/19



Source: Annual Report and Accounts for year ended 31 March 2019

120. The KPI's which have not met the 2018/19 target are noted below:
- Sickness absence: 5.03% (target: 4%)
 - 12 weeks Treatment Time Guarantee: 83% (target: 100%)
 - 12 weeks for first outpatient appointment: 83% (target: 95%)

Driving continuous improvement

121. The Performance and Planning Committee also oversees the Strategic Projects Group, where teams can bid for funding and improvement team resource for improvement projects. In order to get funding support, the applicants must demonstrate that investment or improvement resource can be used to make efficiency savings. The bid form and reporting template requires measurable outcomes and clear aims from the outset as well as an agreed reporting frequency. Case studies are drawn from the end project reports – see Exhibit 10 for a case study on patient level costing.



Exhibit 10: Patient level costing - Orthopaedic

As part of understanding the patient journey and variation within the Orthopaedic pathways – focusing on hip and knee joint replacement, the Golden Jubilee Foundation commenced a patient level costing exercise to engage clinicians, improve costing information, and identify variation. This also supported the realistic medicine work.

This work involved the following;

- Gathering actual patient pathway data over an agreed period of 18 months – spanning April 2016 to September 2017 inclusive.
- Aligning patient reporting data for this period into manageable sample CHI size by clinician, agreed 150 sample size i.e. 10 patients per clinician.
- This Clinician sample CHI data was then grouped into the main steps within the patient pathway i.e. Outpatient appointment including new and returns, theatre time and consumables used, inpatient stay duration, use of radiology tests and lab tests.
- A cost per episode for each of these steps was then calculated and aligned with the actual patient pathway steps for clinician CHI sample. This identified different patient costs per consultant – depending on the number of appointments, number of MRI's, length of stay and theatre time and costs.
- This highlighted variation between clinicians against a fairly standard patient dataset, with broadly the same patient outcomes.
- This was presented to the Orthopaedic consultants and generated useful discussion which allowed the pros and cons of different treatment pathways to be considered. This resulted in changes to patient pathways, the use of theatre equipment, discussion on theatre times, and the removal of unnecessary diagnostic tests and return appointments - all clinically led decisions.
- The data was then used as part of the work in developing the agreed (best) patient pathway to improve quality, reduce unnecessary variation, generate efficiencies and support the electronic patient record project.
- This work also relates well to the Realistic Medicine 6 pillars - specifically to reduce harm and waste in addition to reduce unnecessary variation in practice and outcomes.

The next steps are to re-run this exercise for the next 18 months and to expand into Ophthalmology.



8. Appendices





Appendix 1: Respective responsibilities of the Board and the Auditor

Responsibility for the preparation of the annual report and accounts

It is the responsibility of the Board and the Chief Executive, as Accountable Officer, to prepare financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder.

In preparing the annual report and accounts, the Board and the Chief Executive, as Accountable Officer are required to:

- apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Board will continue to operate; and
- ensure the regularity of expenditure and income.

Board members are also responsible for:

- keeping proper accounting records which are up to date; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor responsibilities

We audit the annual report and accounts and give an opinion on whether:

- they give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2019 and of its net expenditure for the year then ended;
- they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM ;
- they have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers;
- in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Performance Report is consistent with the financial statements and has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement is consistent with the financial statements and has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

We are also required to report, if in our opinion:

- adequate accounting records have not been kept; or
- the annual accounts and the part of the Remuneration and Staff Report to be audited are not in agreement with accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.



Wider scope of audit

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability.

The Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of four audit dimensions: financial sustainability; financial management; governance and transparency; and value for money.

Independence

International Standard on Auditing (UK) 260 "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

Confirmation of independence

We confirm that we have complied with the FRC's Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Scott-Moncrieff and the Board, its Board members and senior management that may reasonably be thought to bear on our objectivity and independence.



Appendix 2: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our audit.

Action plan grading structure

To assist the Board in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated.

The rating structure is summarised as follows:

| Grade | Explanation |
|----------------|---|
| Grade 5 | Very high risk exposure - Major concerns requiring immediate attention. |
| Grade 4 | High risk exposure - Material observations requiring management attention. |
| Grade 3 | Moderate risk exposure - Significant observations requiring management attention. |
| Grade 2 | Limited risk exposure - Minor observations requiring management attention |
| Grade 1 | Efficiency / housekeeping point. |



Current year action plan

| Action plan point | Issue & recommendation | Management comments |
|--|--|--|
| <p>1. Publication of key strategic documents</p> <p>Rating</p> <p>Grade 2</p> <p>Paragraph Ref</p> <p>108</p> | <p>Issue</p> <p>The Board does not publish its key strategic documents, such as its Annual Operational Plan.</p> <p>Risk</p> <p>The fact that such documents are not published does not serve the ends of openness and transparency, and puts the Board out of line with other National Health Boards.</p> <p>Recommendation</p> <p>The Board should review its main strategic documents and publish those that it is able to, consistent with the aim of being open and transparent.</p> | <p>Noted. The appointment of the Board Secretary will ensure this is actioned on an ongoing basis</p> <p>Responsible officer: Head of Corporate Governance and Board Secretary through the Director of Finance</p> <p>Implementation date: August 2019</p> |



Follow up of prior year recommendations

Of the four recommendations raised within our 2017/18 annual audit report, we note that two have been implemented and two are ongoing. Details are given below.

1. Revaluation reserve

| Initial rating | Issue & recommendation | Management comments |
|-----------------|---|---|
| Grade 3 | <p>Observation</p> <p>The Board's asset register ('RAM') tracks historic cost and valuations in order to calculate the accounting entries required annually. However, RAM is not fully populated with historic data and does not currently reflect the full value of the revaluation reserve. This means that the entries calculated by RAM do not reflect all movements between reserves, which requires manual intervention to correct.</p> <p>Risk</p> <p>There is a risk that transfers from the revaluation reserve to the general fund are understated. An immaterial audit adjustment was required in 2017/18 in respect of the 2017/18 transfer.</p> <p>Recommendation</p> <p>The Board should review the revaluation entries within RAM and ensure that the system is updated to reflect the full revaluation reserve balance in order that future accounting entries properly reflect past valuations.</p> | <p>The information that impacts on the revaluation reserve dates back to 2002 when the NHS bought the site, at this stage the asset register was maintained on a spreadsheet and not a fixed asset system. The Board moved on to a standalone version of RAM, then as part of NSI moved onto the national version of RAM.</p> <p>Whilst we have copies of revaluations undertaken each year we have not been able to verify the accuracy of the entries into RAM from 16 years ago.</p> <p>Given that we would be unable to enter any date into RAM from the original periods and the length of time this exercise would take we discussed that we would take 1/4/18 as the point that we would track all movements in the revaluation reserve and ensure that all entries from this point on accurately reflect any revaluations undertaken.</p> <p>Responsible officer:</p> <p>Assistant Director of Finance – Governance and Financial Accounting</p> <p>Implementation date:</p> <p>Immediate</p> |
| Current status | Management response | |
| Complete | <p>It was agreed at prior year end that, due to difficulties in obtaining prior year information on the system, we would take April 2018/19 as the starting point for movements in revaluation reserve.</p> <p>Reconciliations between RAM and the financial ledger have been completed on a monthly basis during the year and the revaluation for 2018/19 has been audited.</p> <p>Responsible officer: Assistant Director of Finance – Governance and Financial Accounting Implementation date: N/A</p> | |



2. GRNI accrual

| Initial rating | Issue & recommendation | Management comments |
|----------------|---|--|
| Grade 3 | <p>Observation</p> <p>The National ledger system used by the Board generates automatic accruals for goods received that have not yet been invoiced (GRNI). Where payments are not properly matched on the system there is a risk that automatic accruals are made for items that have already been paid for, effectively double counting expenditure. The Board has an established process in place to identify items in the automatic accrual that are not required. However, while we have found no indication of an over accrual, the current process is not efficient as staff time needs to be spent monthly reviewing accruals that have resulted from expenditure not being properly matched to orders on the system, and that has likely already been identified as unrequired in previous months. In total, entries of c£2.5m have been raised to reduce the GRNI accrual to 'remove' the element that is not actually required (PY comparison £4.2m).</p> <p>Recommendation</p> <p>The Board should ensure that GRNI accruals that are not required are being promptly amended on the system.</p> | <p>The Board have now put in place a process for reviewing the accrual on a monthly basis, this is done by divisions each month with the items that require to be removed passed to procurement.</p> <p>To ensure adequate segregation of duties, procurement will then request that NSI close these orders.</p> <p>There has been a significant improvement in the value of the accrual and we will continue with this process during 2018/19.</p> <p>Responsible officer:</p> <p>Head of Procurement/Assistant Directors of Finance</p> <p>Implementation date:</p> <p>Ongoing</p> |
| Ongoing | <p>The response is as prior year, due to this being a national system. Management accountants continue to review this on a monthly basis</p> <p>In addition National Boards are undertaking a review of this to identify where improvements could be implemented to assist with this accrual.</p> <p>Responsible officer: Assistant Director of Finance – Governance and Financial Accounting</p> <p>Implementation date: Ongoing</p> | |



3. Board papers

| Initial rating | Issue & recommendation | Management comments |
|-----------------|---|--|
| Grade 4 | <p>Issue</p> <p>The Board makes papers available 7 days in advance, but they are removed after the date of the meeting. Only the Board agendas for previous meetings are available online. We found no other health boards in Scotland where this is current practice. The Board was also the only one we found where board minutes from the previous meeting are held as a private paper.</p> <p>Risk</p> <p>The operations and activities of the Board may lack transparency.</p> <p>Recommendation</p> <p>Board minutes and papers should be published online where feasible within commercial and privacy considerations. Previous minutes and papers should be archived on the website.</p> | <p>This action is accepted, we will identify if there are specific reasons why the papers are not available online and address these to ensure that in future all appropriate papers on available on line.</p> <p>Responsible officer: Chief Executive</p> <p>Implementation date: 30 September 2018</p> |
| Current status | Management response | |
| Complete | <p>This has been fully implemented</p> <p>Responsible officer: Head of Corporate Affairs</p> <p>Implementation date: N/A</p> | |



4. Register of interests

| Initial rating | Issue & recommendation | Management comments |
|----------------|--|---|
| Grade 3 | <p>Issue</p> <p>As identified in our interim audit report, the register of interests published on the Board's website was last reviewed in March 2016 and does not show the interests of all current board members. The Board's website had not been updated by the time of our final audit fieldwork.</p> <p>Risk</p> <p>There is a risk that potential related party transactions are not identified and disclosed in the financial statements. Additionally, the Board is not adhering to best practice as described within On Board.</p> <p>Recommendation</p> <p>The register of interests published on the website should be updated at the earliest opportunity.</p> | <p>The Board did complete the register of interests for 2016/17 as verified at year-end; however the summary register was not published in a timely manner.</p> <p>Responsible officer:</p> <p>Assistant Director of Finance – Governance and Financial Accounting/ Head of Corporate Affairs</p> <p>Implementation date:</p> <p>Immediate. We will ensure that the register of interests is published as soon as is practical after the end of the financial year.</p> |

| Current status | Management response |
|----------------|---|
| Ongoing | <p>The Board did complete the register of interests for 2018/19 as verified at year-end; however the summary register was not published in a timely manner.</p> <p>Responsible officer: Assistant Director of Finance – Governance and Financial Accounting/ Head of Corporate Affairs</p> <p>Implementation date: Immediate. We will ensure that the register of interests is published as soon as is practical after the end of the financial year.</p> |

