

NHS Greater Glasgow and Clyde

Management report 2019/20



 AUDIT SCOTLAND

Prepared for NHS Greater Glasgow and Clyde
March 2020

Audit findings

Introduction

1. This report contains a summary of the key issues identified during the interim audit work carried out at NHS Greater Glasgow and Clyde. This work included testing of key controls within financial systems to gain assurance over the processes and systems used in preparing the financial statements. We will use the results of this testing to determine our approach during the 2019/20 financial statements audit.

2. Our responsibilities under the Code of Audit Practice require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

3. We have also under the [Code of Audit Practice](#), carried out work on the wider dimension audit. This focussed on financial management, financial sustainability, governance and transparency and value for money

Conclusion

4. No significant key control weaknesses were identified from our interim audit work. However we did identify one weakness around petty cash reconciliations as summarised in [Exhibit 1](#). The overall findings from our interim audit work enables us to take planned assurance for our audit of the 2019/20 financial statements. However, we do plan to review the year end petty cash balances and the respective reconciliations in response to these findings.

Work summary

5. Our 2019/20 testing covered key controls in a number of areas including bank reconciliations, payroll validation and exception reporting, authorisation of journals, change of supplier bank details and IT access controls. Additionally, our testing covered budget monitoring and control and feeder system reconciliations.

6. In accordance with *ISA 330: the auditor's response to assessed risk*, our audit judgements are based on current year testing of controls and where appropriate prior year results. Our risk based audit approach allows us to take a three-year cyclical approach to controls testing. This approach enables us to place reliance on previous years' audit work where controls remain unchanged and no significant weaknesses had been identified. Also, where possible we place reliance on the work of internal audit to avoid duplication of effort. We plan to review the payroll work undertaken by internal audit in due course and will use this work to inform our audit approach of the financial statements.

7. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

Risks identified

8. The key control risks identified during the interim audit are detailed in [Exhibit 1](#). These findings will inform our approach to the financial statements audit where relevant.

9. Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to NHS Greater Glasgow and Clyde.

Additional follow-up work

10. The issue identified around petty cash reconciliations will result in a sample of year end petty cash reconciliations being reviewed to ensure that they are being completed in a complete and timely manner.

Exhibit 1 Key findings and action plan 2018/19

Issue identified	Management response	Responsible officer / target date
Petty cash reconciliations		
As part of our walk-through of the cash and bank controls a review of petty cash was undertaken.	The head cashier as part of their role has been prioritising visits based on support required to cash sites throughout the Health Board area.	Assistant Director of Finance – 31 st March 2020
One large petty cash balance of £15,000 was selected for review and we requested a copy of the daily reconciliations for December.	Leverndale which had experienced staff within the cash office was planned for the coming financial year.	
The petty cash reconciliation was not completed on the correct reconciliation template as required by the ' <i>Operating Procedures for the control and management of cash offices</i> '. The daily reconciliations provided were difficult to understand and could not be reconciled to financial records held within finance.	The head cashier has had communications with staff at Leverndale regarding the reconciliation but unfortunately the manager is currently on annual leave. On the basis of these communications the head cashier believes that completion of the reconciliation template will resolve the matter.	
An additional £15,000 float was requested by the petty cash officer in December to cover the Christmas period. This was not recorded appropriately within the daily reconciliation. However, we have confirmed that the additional petty cash balance has subsequently been returned.	A site visit will be arranged for the week beginning the 16 th of March when the manager at Leverndale is due to return from annual leave.	
There is an increased risk of fraud occurring.		

11. All our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

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