

NHS Greater Glasgow and Clyde

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared by Audit Scotland
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Contents

Key messages	3
Introduction	5
1. Audit of 2021/22 annual report and accounts	8
2. Financial management	16
3. Financial sustainability	21
4. Governance and transparency	24
5. Value for money	28
Appendix 1. Action plan 2021/22	33
Appendix 2. Summary of uncorrected misstatements	36
Appendix 3. Summary of 2021/22 national performance reports and briefing papers	37

Key messages

2021/22 annual report and accounts

- 1 Our audit opinions on the annual accounts are unmodified. The financial statements have been prepared to a high standard and are supported by a comprehensive set of working papers
- 2 We adopted a hybrid working approach for the audit which supported a return to the pre-pandemic reporting deadline of 30 June 2022.
- 3 All significant misstatements identified by audit have been adjusted.

Financial management and sustainability

- 4 NHS Greater Glasgow and Clyde operated within its Revenue and Capital Resource Limits. The financial impact of Covid-19 on the health board and its six Integration Joint Boards (IJBs) is estimated to be £284 million. All Covid-19 costs incurred during 2021/22 were funded by the Scottish Government on a non-recurring basis.
- 5 The board delivered £34 million of recurring savings in year, which was 76 percent of its target. The remaining financial gap of £118 million was addressed by non-recurring solutions and has been carried forward into 2022/23.
- 6 In line with Scottish Government guidance, NHS Greater Glasgow and Clyde developed a one-year financial plan for 2022/23. The overall financial challenge identified is £173 million.
- 7 The Financial Improvement Programme for 2022/23 sets out a recurring savings target of £54 million but plans still need to be developed for £34 million, or 63 percent of this target. Savings initiatives will need to be developed at pace to ensure that the board can achieve financial balance in 2022/23 and into the future. The board plans to rely on non-recurring solutions to address the remaining funding gap of £119 million. The reliance on non-recurring solutions to finance pressures is not sustainable in the medium and long term.

Governance, transparency, and value for money

- 8 NHS Greater Glasgow and Clyde has appropriate governance arrangements in place that support scrutiny of decisions made by the board.

- 9 Significant work has taken place in relation to concerns over infection prevention and control at the Queen Elizabeth University Hospital and Royal Hospital for Children, and in June 2022, the board was de-escalated from stage four to stage two of the NHS Scotland Board Performance Escalation Framework on this matter.
- 10 The board continues to assess, and where appropriate, update the arrangements it has in place to respond the Scottish Public Hospitals Inquiry and the legal proceedings against the parties responsible for delivering the Queen Elizabeth University Hospital and Royal Hospital for Children construction project. However, the challenges are significant, and are placing additional pressures on the board that need to be balanced with other priorities.
- 11 NHS Greater Glasgow and Clyde's remobilisation plan was revised part way through 2021/22 to reflect the high levels of Covid-19 that were present at that time. Performance remains challenging in several areas, but overall activity levels are gradually being restored.
- 12 In response to our recommendation, an annual review of the arrangements in place at the board to secure Best Value has been prepared and presented to the Audit and Risk Committee for assurance.

Introduction

1. This report summarises the findings from our 2021/22 audit of NHS Greater Glasgow and Clyde (the board). The scope of our audit was set out in our Annual Audit Plan presented to the 15 March 2022 meeting of the Audit and Risk Committee. This report comprises the findings from:

- an audit of the body's annual report and accounts
- consideration of the wider dimensions that frame the scope of public audit set out in the *[Code of Audit Practice 2016](#)*

2. The main elements of our audit work in 2021/22 have been:

- an audit of NHS Greater Glasgow and Clyde's 2021/22 annual report and accounts including the issue of an independent auditor's report setting out our opinions
- a review of NHS Greater Glasgow and Clyde's key financial systems
- consideration of the four audit dimensions.

3. The global coronavirus pandemic continued to have a considerable impact on NHS Greater Glasgow and Clyde during 2021/22. This included increased costs associated with the board's response to Covid-19, higher sickness absence levels and ultimately the need to pause the delivery of elective treatment. We have considered the risks emerging from the pandemic that impact our audit work and have adapted our work to reflect this.

Adding value through the audit

4. We add value to NHS Greater Glasgow and Clyde by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides.

5. We aim to help the board promote improved standards of governance, better management, and decision-making and more effective use of resources.

Responsibilities and reporting

6. NHS Greater Glasgow and Clyde has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the accounts direction from the Scottish Ministers.

7. NHS Greater Glasgow and Clyde is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

8. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#) and supplementary guidance and International Standards on Auditing in the UK. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on the audit dimensions that frame the wider scope of public sector audit namely, financial management including the financial position and arrangements for securing financial sustainability, the suitability and effectiveness of corporate governance arrangements and the appropriateness and effectiveness of the performance management arrangements. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

9. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers, and dates for implementation. It also includes actions from last year and the progress that has been made.

Auditor Independence

11. Auditors appointed by the Accounts Commission or Auditor General must comply with the [Code of Audit Practice 2016](#) and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £415,810, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

13. 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 in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Audit appointment from 2022/23

- 14.** The Auditor General for Scotland is responsible for the appointment of external auditors to Scottish health bodies. External auditors are usually appointed for a five year term either from Audit Scotland's Audit Services Group or private firms of accountants. The financial year 2021/22 was a one year extension and is the last year of the current audit appointment round.
- 15.** The procurement process for the new round of audit appointments was completed in May 2022. From next year (2022/23) Ernst and Young will be the appointed auditor for NHS Greater Glasgow and Clyde. We are working closely with the new auditors to ensure a well-managed transition.
- 16.** A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.
- 17.** We would like to thank board members, audit committee members, executive directors, and other staff, particularly those in finance, for their co-operation and assistance over the last six years.

1. Audit of 2021/22 annual report and accounts

The principal means of accounting for the stewardship of resources and performance.

Main judgements

Our audit opinions on the annual accounts are unmodified. The financial statements have been prepared to a high standard and are supported by a comprehensive set of working papers.

We adopted a hybrid working approach for the audit which supported a return to the pre-pandemic reporting deadline of 30 June 2022.

All significant misstatements identified by audit have been adjusted.

Our audit opinions on the annual report and accounts are unmodified

18. The board approved the annual report and accounts for the year ended 31 March 2022 on 28 June 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were regular and in accordance with applicable enactments and guidance
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

We successfully adopted a hybrid working approach

19. In 2020/21, the restrictions imposed due to Covid-19 meant that we carried out all aspects of our audit work remotely. This created some challenges, and our audit work took longer to complete. For our 2021/22 audit we were able to meet with finance staff and perform some of our audit procedures on-site at Caledonia House.

20. We adopted a hybrid working approach, which means we selected the most efficient and effective means of carrying out our work. In some cases, this involved face-to face meetings, access to the board's systems and physical

audit evidence. For other tasks, remote working was deemed to be more appropriate.

The annual report and accounts are due to be signed in line with pre-pandemic timetables

21. The reporting deadline for NHS accounts is 31 August 2022, which remains an extension from the pre-pandemic deadline of 30 June. Despite this, we agreed an ambitious target with management to return to the pre-pandemic reporting timetable.

22. The unaudited annual report and accounts were received in line with our agreed audit timetable on 9 May 2022. The working papers provided to support the accounts were of a good standard and the audit team received excellent support from finance staff. This helped ensure the final accounts audit process ran smoothly.

Overall materiality remains unchanged at £30 million

23. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed on receipt of the unaudited annual report and accounts, and we concluded that the levels established at the planning phase remain appropriate. Our group and single entity levels of materiality were the same and are summarised in [Exhibit 1](#).

Exhibit 1 **Materiality values**

Materiality level	Amount
Overall materiality	£30 million
Performance materiality	£20 million
Reporting threshold	£250 thousand

Source: Audit Scotland

A resolution has been agreed for all significant findings from the audit

24. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. Significant findings from the audit are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Misclassification of income</p> <p>Our testing identified a £20 million transaction which had been incorrectly coded to miscellaneous expenditure, rather than income. This is a classification error and means that both income and expenditure were understated by £20 million. There is no impact on the net expenditure reported in the year. Given the nature of this transaction and the results of our detailed testing of other income transactions, we were able to conclude that this was an isolated instance. The transaction related to income received from Glasgow City Integration Joint Board which relates to unscheduled care funding.</p>	The accounts have been amended to correctly classify this transaction as income received in the year. Both income and expenditure have increased by £20 million and there is no impact on the net expenditure reported in the year.
<p>2. Payments to hospices</p> <p>Guidance on the accounting treatment of hospice sustainability payments advised that NHS boards are acting as agents for the Scottish Government in respect of these transactions. This means that NHS boards should not account for the expenditure and income associated with these transactions. Although the payments were correctly removed from the board's Statement of Consolidated Net Expenditure in the unaudited accounts, we noted that the amounts were still reflected in the cash drawn down from Scottish Government. The total value of these payments was £3.3 million.</p>	The accounts have been adjusted to remove the cash drawn down relating to payments to hospices under agency arrangements. An explanatory note has been included within the financial performance section of the performance report to reconcile the difference and set out this agency arrangement, including the values concerned.
<p>3. Capitalisation of assets under construction</p> <p>Our detailed testing of assets under construction identified £3.9 million of enhancement expenditure relating to replacement parts for radiotherapy equipment that should have been capitalised in year. This means that assets under construction in the unaudited accounts were overstated by £3.9m and information technology was understated by an equivalent amount.</p>	The property plant and equipment disclosure note has been amended to decrease the net book value of assets under construction by £3.9m, with an equivalent increase to information technology. There is no impact on the depreciation charge for the year due to the timing of the expenditure being in the first quarter. In addition, there is no impact on the overall property plant and equipment balance reported on the statement of financial position.

Recommendation 1

(See below and refer [Appendix 1](#), action plan)

Issue	Resolution
<p>4. Capitalisation of land</p> <p>The land on which the new Clydebank Health Care Centre has been built was acquired on 22 November 2019. We found that the land was not capitalised at the point of acquisition but instead, upon completion of the health care centre. This is a classification error and has no impact on the transactions or balances reported in the main financial statements as land is not subject to a depreciation charge. We performed additional audit procedures to confirm that this error was isolated.</p>	<p>The land element of the Clydebank Health Care Centre is correctly classified as land in 2021/22. A prior year adjustment is not required as the value involved is significantly below our materiality level.</p> <p>Recommendation 1</p> <p>(See below and refer Appendix 1, action plan)</p>
<p>5. Donated asset disposal adjustment</p> <p>Donated asset disposals and the related depreciation have been adjusted by £862k to correct a prior year omission. The adjustment only impacts the movements in donated asset disposals and depreciation shown in the property plant and equipment disclosure note. The impact on the overall net book value is nil.</p>	<p>The disclosure note has been amended. There is no impact on the net book value of property plant and equipment.</p>

Source: Audit Scotland

Recommendation 1

A review of the capitalisation process should be carried out. This should include consideration of the communication channels between the capital finance section and other areas of the business, including the capital planning group, to ensure that asset developments with capital accounting implications can be processed in a timely manner.

25. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3**Identified Significant risks of material misstatement in the financial statements**

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement caused by fraud due to management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Review the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity.</p> <p>Test journals at the year end and post-closing entries, focussing on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	<p>Results & Significant Judgements: We undertook the assurance procedures as planned and found:</p> <ul style="list-style-type: none"> the authorisation control over journal entries continues to operate effectively management are not aware of inappropriate or unusual activity detailed testing of journal entries and unusual transactions did not identify any errors the methodology used in preparing significant accounting estimates is reasonable and consistent with the previous year. <p>Conclusion: We did not identify any instances of management override of control.</p>
<p>2. Risk of material misstatement due to estimation and judgement in accruals</p> <p>The impact of Covid-19 resulted in an exceptional increase in the value of accruals reported in the 2020/21 annual accounts. There is a significant amount of estimation and judgement applied to the valuation and classification of such balances. Covid-19 has continued to impact the board in 2021/22, including the ability to deliver services (e.g. elective treatment) and capital projects. There is also continued pressure on the</p>	<p>Review management's controls over significant accruals reported in the accounts.</p> <p>Detailed testing of material accruals balances. To include an assessment of the reasonableness of methodology applied in any estimation and testing of completeness and accuracy of underlying data.</p> <p>Review of the design and implementation of controls over systems that provide the source of information for estimates e.g. Trakcare.</p>	<p>Results & Significant Judgements: We undertook the assurance procedures as planned and found:</p> <ul style="list-style-type: none"> the methodology used in preparing significant accounting estimates is reasonable and consistent with the previous year our understanding of the Trakcare system is consistent with the prior year amounts applied to the activity shortfall accrual could be agreed back to the patient information system (Trakcare)

Audit risk	Assurance procedure	Results and conclusions
workforce which may impact on annual leave outstanding at the year end, and so the related accrual.	Review of related disclosures.	<ul style="list-style-type: none"> additional disclosures are required to highlight the degree of estimation and judgement applied to significant accruals. <p>Conclusion: We have concluded that the methodology applied in the estimation of significant accruals balances is reasonable and consistent with the prior year. Detailed testing has not identified any errors in the underlying data.</p>

Other areas of audit focus

26. In addition, as part of our 2021/22 Annual Audit, we identified other areas where we considered there to be risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of these risks, we did not consider these to represent significant risks. These areas of specific audit focus were:

Estimation in the valuation of land and buildings:

27. At 31 March 2022 the board held land and buildings with a net book value of £2,192 million. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist assumptions and estimates, and changes in these can result in material changes to valuations. There are no significant matters arising from our work in this area that we need to bring to your attention.

Estimation in the provision for clinical and medical negligence claims

28. The board includes a provision for estimated costs relating to clinical and medical negligence claims in the accounts and, at 31 March 2022, this balance was £146 million. Reliance is placed on the details provided by the NHS Scotland Central Legal Office (CLO) to quantify amounts provided. There is a significant amount of professional judgement applied by the CLO in arriving at these figures.

29. There are no significant matters arising from our work in this area at NHS Greater Glasgow and Clyde that we need to draw to your attention. Nationally, Audit Scotland's central Professional Support team evaluated the appropriateness of the methodology adopted by the Scottish Government to estimate the total national obligation for CNORIS and concluded that it is reasonable. However, detailed testing of the underlying data identified an isolated error that resulted in the total national obligation being overstated by £8.696 million.

30. Following Audit Scotland communicating the error to the Scottish Government, health boards were notified of a corrected liability on 18 May

2022. For NHS Greater Glasgow and Clyde, the impact was a reduction of £2.058 million to its share of the liability. This has been adjusted in the audited accounts.

Significant misstatements identified by audit have been adjusted

31. The most significant classification errors identified through our audit have been outlined in [Exhibit 2](#) above. Other misstatements relate to the incorrect classification of transactions and balances and the overstatement of the FHS accrual. All misstatements have been adjusted by management except for:

- the FHS accrual which is overstated by £2.267 million based on actual information received after the accounts were prepared. Management have not adjusted for this item as they consider the amounts are not material in the context of the financial statements; and
- a minor (£439k) classification error between NHS Scotland and non-NHS receivables balances.

32. We were also notified by management of two adjustments to the annual accounts after they were presented for audit. This includes the impairment of an asset where the conditions existed prior to 31 March 2022, and additional accruals for staff costs that relate to 2021/22. Appropriate adjustments have been made in the accounts and evidence has been provided to audit to support the changes made. A late change in accounting guidance also required the board to make an adjustment to account for an allocation of LFD testing kits donated by the UK Government. The impact of this was an increase in expenditure on PPE and Testing Kits of £17.8 million and an equivalent increase in income from donations. There is no impact on the net expenditure reported for the year.

Several changes were required to the remuneration report following audit

33. Our audit of the remuneration and staff report identified issues with the content and accuracy of the information presented. We recognise that this was largely due to changes in the disclosure requirements in 2021/22. Appropriate amendments have been agreed to ensure the final version of the remuneration and staff report is accurately presented in accordance with applicable guidance.

34. Going forward, management should ensure that the remuneration and staff report is subject to a cold review by a person independent of the preparation process before being submitted for audit.

Recommendation 2

The remuneration and staff report should be subject to a cold review by an individual independent of the preparation process before being submitted for audit.

Progress was made on prior year recommendations

35. NHS Greater Glasgow and Clyde has fully implemented all but one of the actions due to be completed by end June 2022 and partially completed the remaining one. Two of the prior year recommendations related to financial sustainability and the agreed management response was to adhere to Scottish Government timelines. The board has adhered to these timelines during the year, but the recommendations still stand. For actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

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

Main judgements

NHS Greater Glasgow and Clyde operated within its Revenue and Capital Resource Limits.

The financial impact of Covid-19 on the health board and its six Integration Joint Boards (IJBs) in 2021/22 is estimated to be £284 million. All Covid-19 costs incurred were funded by the Scottish Government on a non-recurring basis.

The board delivered £34 million of recurring savings in year, which was 76 percent of its target. The remaining financial gap of £118 million was addressed by non-recurring solutions and has been carried into 2022/23.

NHS Greater Glasgow and Clyde operated within its Revenue and Capital Resource Limits

36. The Scottish Government Health and Social Care Directorates (SGHSCD) set annual resource limits and cash requirements which NHS boards are required by statute to work within. In response to the pandemic throughout 2021/22, additional non-recurring funding allocations were provided based on the estimated financial impacts of the pandemic on the board.

37. [Exhibit 4](#) shows that the board operated within its financial limits during 2021/22. Actual revenue expenditure was marginally lower than forecast and as a result NHS Greater Glasgow and Clyde reported a small underspend.

Exhibit 4

Performance against resource limits in 2021/22

Performance against resource limits set by SGHSCD	Resource Limit £m	Actual £m	Underspend £m
Core revenue resource limit	3,219.305	3,218.944	0.361
Non-core revenue resource limit	85.950	85.950	0
Total revenue resource limit	3,305.255	3,304.894	0.361
Core capital resource limit	85.730	85.724	0.006

Performance against resource limits set by SGHSCD	Resource Limit £m	Actual £m	Underspend £m
Non-core capital resource limit	3.791	3.791	0
Total capital resource limit	89.521	89.515	0.006
Cash requirement	3,251.028	3,247.769	3.259

The outturn on cash requirement differs from the cash limit set due to the treatment of payments to hospices, which, in line with recommended practice, have been treated on an “agency” basis.

Source: NHS Greater Glasgow and Clyde Annual Report and Accounts 2021/22

The financial impact of Covid-19 continued into 2021/22

38. The financial impact of Covid-19 was tracked throughout the year and reported to Scottish Government. [Exhibit 5](#) shows the Covid-19 expenditure reported by the board and the six Integration Joint Boards (IJBs) that are in formal partnership arrangements with NHS Greater Glasgow and Clyde Health Board. The net costs identified were fully covered by additional funding allocations from the Scottish Government.

39. NHS Greater Glasgow and Clyde reported net expenditure of £208 million relating to Covid-19 and remobilisation, excluding IJB costs. The major areas of additional expenditure included:

- Covid-19 test, trace and vaccinations at a cost of £52 million
- an increase in costs for infection prevention and control of £22 million
- additional hospital bed capacity at a cost of £14 million
- additional staff costs of £36 million
- funding to offset £63 million of unachievable savings due to Covid-19.

40. The six IJBs reported equivalent costs of £76 million, with the majority of this being attributed to social care services such as homelessness and criminal justice, and children and families services.

Exhibit 5**Financial impact of Covid-19: reported to Scottish Government**

	Covid-19 Net Expenditure £m	Unachieved savings £m	Net Impact of Covid-19 £m
NHS Board			
Board only	145	63	208
Health & Social Care			
Health care services	16		16
Social care services	54	6	60
Total	215	69	284

Source: NHS Greater Glasgow and Clyde - Financial Performance Return 2021-22

Reserves held by Integration Joint Boards increased significantly due to late allocations from Scottish Government

41. NHS Greater Glasgow and Clyde transferred £184 million to the Integration Joint Boards at the year end to hold in earmarked reserves for future use. This was largely due to a £221 million late allocation from Scottish Government that was provided to meet Covid-19 costs and to support the continuing impact of the pandemic. The instruction from Scottish Government specified that where funding remains at the year end, this must be carried in an earmarked reserve for Covid-19 purposes in line with usual accounting arrangements for Integration Joint Boards. This is reflected in the year end reserves balances of the Integration Joint Boards.

The board remobilised its Financial Improvement Programme and achieved £34 million of recurring savings but the underlying recurring deficit has continued to grow

42. In the original budget for 2021/22, NHS Greater Glasgow and Clyde identified financial pressures of £177 million. The plan to address this included £35 million of recurring efficiency savings. Other solutions included additional funding (£20 million), non-recurring savings (£68 million), and non-recurring support (£35 million), leaving a net cash efficiency challenge of £20 million.

43. The revised financial challenge for 2021/22 was £152 million. This included a more ambitious recurring savings target of £42 million and the board has reported successful delivery of £34 million, or 76 per cent of these savings. Non-recurring solutions were identified to close the remaining financial gap. These solutions are only effective in the year they are applied and include for example, additional Covid-19 funding received. This means an underlying recurring deficit of £118 million exists going into 2022/23 which will be extremely

challenging for the health board. The health board's reliance on non-recurring solutions is unsustainable in the medium to long term.

Financial systems of internal control are operating effectively

44. From our review of the systems of internal control and testing the operating effectiveness of key controls, we did not identify any significant internal control weaknesses which could affect NHS Greater Glasgow and Clyde's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

45. As part of this work in 2021/22, we followed up the two areas for improvement reported in our prior year management letter. The improvements identified related to user access reviews for the payroll and HR system and a specific recommendation relating to the quarterly review of assets under construction. We confirmed that these specific actions were implemented in year, however, we have recommended further improvement to the capitalisation process through our 2021/22 audit work.

NHS NSS controls over practitioner service operated effectively during the year

46. The NHS in Scotland procures several service audits each year for shared systems. Within this suite of service audits, NHS National Services Scotland (NSS) procures service audits covering primary care payments.

47. The NHS NSS service auditor's assurance reports in relation to primary care payments was unqualified in 2021/22, however an emphasis of matter disclosure was included in relation to the lack of post payment verification checks taking place. This did not have an impact on our ability to obtain sufficient and appropriate audit evidence over primary care services.

48. NHS Greater Glasgow and Clyde has made appropriate disclosures on the matter in the 2021/22 Annual Governance Statement.

Standards of conduct for prevention and detection of fraud and error are appropriate

49. There are appropriate arrangements for the prevention and detection of fraud, error, and irregularities. NHS Greater Glasgow and Clyde is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. The board is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

50. The board has a formal partnership with NHS Scotland Counter Fraud Services (CFS). These arrangements include the Fraud Liaison Officer circulating reports to the Audit and Risk Committee and appropriate managers. Reports from CFS highlight any referrals from NHS Greater Glasgow and Clyde and are presented quarterly to the meetings of the Audit and Risk Committee.

51. The National Fraud Initiative (NFI) is a bi-annual counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. We carried out a review of the board's participation in the current NFI exercise and

concluded that the board is adequately engaged. The approach to investigating matches is well understood and the number of matches investigated as part of the exercise appears reasonable. NFI participation is also reported to the Audit and Risk Committee.

52. Two errors have been identified through the current NFI exercise: a duplicate invoice which had already been identified through existing controls and a payroll match which related to the incorrect recording of sickness absence. No financial loss arose from these errors. In addition, a case of potential identity theft remains under investigation by the UK Home Office.

3. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services.

Main judgements

In line with Scottish Government guidance, NHS Greater Glasgow and Clyde developed a one-year financial plan for 2022/23. The overall financial challenge identified is £173 million.

The Financial Improvement Programme for 2022/23 sets out a recurring savings target of £54 million but plans still need to be developed for £34 million, or 63 percent of this target. Savings initiatives will need to be developed at pace to ensure that the board can achieve financial balance in 2022/23 and into the future. The board plans to rely on non-recurring solutions to address the remaining funding gap of £119 million. The reliance on non-recurring solutions to finance pressures is not sustainable in the medium and long term.

The board continues to face a significant financial challenge and reliance on non-recurring solutions is not sustainable into the medium and long term

53. [Exhibit 6](#) sets out the significant risks of material misstatement we identified in our 2021/22 audit, our assurance procedures and the results and conclusions from our work. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and informed where the efforts of the team were directed.

Exhibit 6

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
Financial sustainability Whilst the board is projecting a year end breakeven position, financial challenges going forward remain significant. The board is heavily reliant on non-recurring funding from	Monitor the board's financial position as reported to the board / relevant committees, including progress against the Financial Improvement Programme. Review any assessment of the board's future financial	Results & Significant Judgements: We undertook the assurance procedures as planned and found: <ul style="list-style-type: none">• The financial position in 2021/22 was largely achieved by reliance on non-recurring funding

Audit risk	Assurance procedure	Results and conclusions
Scottish Government to achieve financial balance and has a significant underlying recurring deficit. The risk of financial sustainability remains, and the Financial Improvement Programme will be important in driving forward the identification and achievement of future efficiency savings within the board.	<p>position (including medium term financial plan when available) and consider whether appropriate arrangements are in place to address the underlying recurring deficit.</p> <p>Attendance at board and relevant committee meetings.</p>	<p>solutions (paragraph 43.). The underlying deficit has grown to £118 million (£93 million in 2020/21).</p> <ul style="list-style-type: none"> • Savings plans still need to be developed for a significant proportion of the recurring savings target and the board plans to place reliance on non-recurring solutions to address most of the funding gap in 2022/23. • A medium-term financial plan is being prepared in line with Scottish Government timelines. <p>Conclusion: The financial challenge that the board faces is significant. Reliance on non-recurring funding solutions is not sustainable and savings plans will need to be developed at pace to ensure that the board can achieve financial balance in 2022/23 and into the future.</p>

NHS Greater Glasgow and Clyde's 2022/23 financial plan identified a funding gap of £173 million

54. NHS Greater Glasgow and Clyde's initial financial plan for 2022/23 was taken to the board in February 2022 and an update to this plan was presented in April 2022. The updated plan reported a slight reduction to the outstanding financial challenge of around £1 million, to £82 million.

55. The initial financial plan was based on a brought forward underlying recurring deficit of £120 million, although this has been subsequently revised to £118 million ([paragraph 43.](#)). The overall financial challenge identified is £173 million, however, a savings target of £50 million and non-recurring funding of £41 million bring the reported funding gap down to £82 million. Non-recurring solutions have since been identified to reduce this funding gap to £52 million.

56. The financial plan is based on £80 million of additional resource, including a 2% baseline uplift from Scottish Government, funding for the National Insurance increase, uplifts from other NHS bodies and money relating to the New Medicine Fund. The most significant cost pressures identified by the board include pay growth (£61 million), prescribing (£29 million) and supplies, public private partnerships, and other inflation (£37 million).

57. It has been assumed that all Covid-19 costs incurred in 2022/23 will be fully funded by the Scottish Government, consistent with the previous two years. The latest estimate of Covid-19 costs in 2022/23 is estimated to be £159 million.

The Financial Improvement Programme for 2022/23 sets out a recurring savings target of £54 million but plans still need to be developed for £34 million, or 63 percent of this target

58. While there has been significant additional funding provided to NHS Greater Glasgow and Clyde in 2021/22 and 2022/23, this has been allocated as non-recurring funding and the need to progress recurring savings plans is critically important in 2022/23. As outlined at [paragraph 43.](#), the board has faced significant pressure due to the ongoing impact of Covid-19 and despite achieving a breakeven financial position for the year, the underlying deficit continued to increase. The board aims to deliver recurring savings through its Financial Improvement Programme.

59. The latest financial monitoring report, taken to the Financial, Planning and Performance Committee in June 2022 provides a progress update against the Financial Improvement Programme for 2022/23. It indicates that £6 million of savings have been achieved in the two months of 2022/23. This is against a revised savings target for the year of £54 million, which is based on all sectors and directorates achieving 1.5% efficiency savings.

60. There are 53 additional recurring savings schemes defined as being in the pipeline under the Financial Improvement Programme. The total estimated value of these schemes is £9 million in the current year. This means there is still a significant gap of £34 million (or 63 per cent) against the recurring savings target. Savings initiatives will need to be developed at pace to ensure that the board can achieve financial balance in 2022/23 and into the future.

61. We have previously reported the need for the board to develop detailed recurring savings plans that are aligned with the Remobilisation Plan and Moving Forward Together ambition, and this remains relevant in 2021/22 (Follow-up recommendation 5, [Appendix 1](#)).

NHS Greater Glasgow and Clyde will be required to return to medium term financial planning in 2022/23

62. We recognise that the requirement to produce three-year financial plans was paused due to the pandemic and NHS boards were initially asked to complete a one-year plan for 2022/23.

63. In our 2020/21 Annual Audit Report we acknowledged that creating a robust medium term financial plan is a complex and challenging process, particularly in an uncertain environment. However, it is a critical step if the board is going to deliver on its activity targets and wider objectives, at the same time as reducing the underlying deficit to a sustainable level over the medium term (Follow-up recommendation 6, [Appendix 1](#)). In line with Scottish Government timelines, the board has advised that a three-year financial plan which will be submitted in July 2022.

4. Governance and transparency

The effectiveness of scrutiny and oversight, and transparent reporting of information.

Main judgements

NHS Greater Glasgow and Clyde has appropriate governance arrangements in place that support scrutiny of decisions made by the board.

Significant work has taken place in relation to concerns over infection prevention and control at the Queen Elizabeth University Hospital and Royal Hospital for Children, and in June 2022 the board was de-escalated from stage four to stage two of the NHS Scotland Board Performance Escalation Framework.

The board continues to assess, and where appropriate, update the arrangements it has in place to respond the Scottish Public Hospitals Inquiry and the legal proceedings against the parties responsible for delivering the Queen Elizabeth University Hospital and Royal Hospital for Children construction project. However, the challenges are significant, and are placing additional pressures on the board that need to be balanced with other priorities.

The challenges arising from the issues concerning the Queen Elizabeth University Hospital and Royal Hospital for Children are significant and the board continues to assess the arrangements it has in place to respond

64. [Exhibit 7](#) sets out the significant risk of material misstatement we identified in our 2021/22 audit, our assurance procedures and the results and conclusions from our work. This risk influenced our overall audit strategy, the allocation of staff resources to the audit and informed where the efforts of the team were directed.

Exhibit 7**Risks identified from the auditor's wider responsibility under the Code of Audit Practice**

Audit risk	Assurance procedure	Results and conclusions
<p>Queen Elizabeth University Hospital (QEUh) and Royal Hospital for Children (RHC)</p> <p>NHS Greater Glasgow and Clyde continues to face exceptional challenges; escalation to Level 4 on the NHS Scotland Performance Management, the ongoing public inquiry into the Queen Elizabeth University Hospital (QEUh), a police investigation and litigation against the QEUh contractor. A significant amount of work and uncertainty exists around these issues, and this is placing additional demands on the board, senior management, and staff. There is a risk that this could impact on the board's ability to deliver its objectives.</p>	<p>Attendance at board and relevant committee meetings.</p> <p>Ongoing engagement with senior management.</p> <p>Review of QEUh / RHC updates, performance reports and other relevant papers.</p> <p>Assess the potential accounting implications of any developments.</p>	<p>Results & Significant Judgements: We undertook the assurance procedures as planned and found:</p> <ul style="list-style-type: none"> Regular updates on QEUh/RHC issues have been provided to the board and relevant committees and attendance at these meetings has confirmed ongoing scrutiny of the board's position and response. Senior management have provided assurance at meetings with audit that the board has appropriate arrangements in place to respond to the ongoing issues. A contingent liability has been disclosed in the accounts to highlight the uncertainty over the financial implications arising from the QEUh/RHC issues. <p>Conclusion: The board continues to assess and, where appropriate, update the arrangements it has in place to respond to the ongoing issues concerning the QEUh/RHC. The challenges around these issues still exist and this is placing significant additional pressure on the board that needs to be balanced with other priorities.</p>

Governance arrangements are appropriate

65. Governance arrangements were revised in 2020/21 due to the Covid-19 pandemic, with many of the normal committees suspended for part of the year.

We reported on this in our 2020/21 Annual Audit Report and concluded that overall governance arrangements remained effective.

66. The full committee timetable resumed from mid-March 2021 and the decision to re-establish the full standing committee structure was approved by the board on 30 June 2021. Board and committee meetings continued to operate effectively during a continued period of significant uncertainty in 2021/22 and appropriate levels of scrutiny and challenge have been present in these meetings throughout the year. Virtual meetings have been the norm throughout 2021/22.

Significant work has taken place in relation to issues around the Queen Elizabeth University Hospital and Royal Hospital for Children and the board has now been de-escalated to stage two of the NHS Scotland Board Performance Escalation Framework

67. In November 2019 the Cabinet Secretary announced that NHS Greater Glasgow and Clyde was being escalated to stage four of the NHS Scotland Board Performance Escalation Framework for infection prevention, management and control at the Queen Elizabeth University Hospital (QEUEH) and Royal Hospital for Children (RHC) and the associated communication and public engagement. Several investigations have been undertaken in response to the issues identified, including:

- The Queen Elizabeth University Hospital Review of the QEUEH campus was set up to establish whether the design, build, commissioning and maintenance of the QEUEH / RHC had an adverse impact on the risk of Healthcare Associated Infection. The final report was issued in June 2020 and included 63 recommendations.
- The Oversight Board investigated the escalation issues and reported in March 2021. A total of 18 recommendations were made by the Oversight Board across the areas of infection prevention and control, governance and risk management, communication and engagement and general issues. This included 12 recommendations that were specific to the board and six to be considered nationally.
- An independent Case Note Review was commissioned to examine the individual incidents of infection among the children and young people affected. This was reported at the same time as the Oversight Board Report, in March 2021. A total of 43 recommendations over 15 themes were reported through the Case Note Review.

68. A Gold Command delivery group was established to oversee the delivery of all actions in response to the reviews noted above. Evidence and assurances were provided to the Scottish Government to outline the extensive work that has been delivered. On 13 June 2022, notification was received from the Scottish Government that the board has been de-escalated from stage four to stage two of the NHS Scotland National Escalation Framework.

69. As part of the de-escalation process support will be provided to the board, as well as monthly exception reporting and quarterly assurance meetings with the Chief Nursing Officer and Chief Operating Officer for NHS Scotland.

The board is supporting the Scottish Hospitals Public Inquiry

70. The Scottish Hospitals Public Inquiry (the Inquiry) into the construction of the QEUH campus and the Royal Hospital for Children and Young People in Edinburgh was launched in August 2020. NHS Greater Glasgow and Clyde established a Project Management Office (PMO) in 2019 to manage the external review in relation to the QEUH and RHC. The PMO is responsible for managing the Inquiry requirements in terms of administration and document flow and assessment.

71. In our 2020/21 Annual Audit Report we noted that resources within the PMO had been increased, and a single team created to manage the Inquiry and the legal claim ([Paragraph 74.](#)). The Executive Oversight Group, which was established to ensure effective and transparent decision making, increased the frequency of its meetings to weekly to support decision making.

72. The workload arising from information requests to support the Inquiry is significant. This includes document requests and specific questions that require a written response. An Executive Working Group has now been established to ensure effective co-ordination of all responses. This group reports to the Executive Oversight Group, which continues to meet weekly.

73. The next oral hearings for the Inquiry will take place from 14 October to 2 December 2022, although the content of those hearings has not been confirmed at this stage.

The outcome of legal proceedings against the parties responsible for delivering the Queen Elizabeth University Hospital and Royal Hospital for Children construction project is still unknown

74. In December 2019, the board initiated court proceedings against the parties responsible for delivering the QEUH/RHC construction project and engaged solicitors (MacRoberts LLP) to act on its behalf. Legal proceedings have been initiated for losses and damages incurred in relation to a number of technical issues identified with the QEUH and RHC. These include issues with the water and ventilation systems, the heating system, the atrium roof and internal fabric moisture ingress.

75. The contractors challenged the court action against them but the legal debate was heard and found in favour of the health board. In addition, permission to appeal was put forward by the contractors but it was subsequently refused. The court has sisted the action to allow the claims to be adjudicated and preparation for this is ongoing. The board has since lodged additional claims in relation to issues with the chilled water system and internal cladding.

76. It is evident that significant uncertainty remains over the outcome of existing and potential future legal proceedings and therefore, the overall cost to the board is unknown. A contingent liability has been disclosed in the accounts to recognise the possible obligations that may arise throughout the processes.

5. Value for money

Using resources effectively and continually improving services.

Main judgements

NHS Greater Glasgow and Clyde's remobilisation plan was revised part way through 2021/22 to reflect the high levels of Covid-19 that were present.

Performance remains challenging in several areas, but overall, activity levels are gradually being restored.

An annual review of the arrangements in place at the board to secure Best Value has been prepared and presented to the Audit and Risk Committee for assurance.

NHS Greater Glasgow and Clyde's remobilisation plan was revised during 2021/22 to respond to the uncertainty arising from Covid-19

77. The Scottish Government has requested that NHS boards produce and regularly revise Remobilisations plans outlining plans for the restoration of normal health services.

78. Remobilisation Plan 3 (RMP3) was originally approved to cover the year to 31 March 2022. However, it became clear that high levels of Covid-19 would continue into the second half of the year and so a revision to the plan for the remainder of the year was submitted to the Scottish Government, Remobilisation Plan 4 (RMP4). RMP4 was approved in November 2021 and included a winter plan and revised activity projections.

NHS Greater Glasgow and Clyde has adapted its performance monitoring to reflect its remobilisation priorities

79. In November 2020, the Scottish Government published the Framework for Clinical Prioritisation providing guidance for prioritising elective care whilst ensuring appropriate Covid-19 safety and priority measures are in place.

80. While the duties under the Patient Rights (Scotland) Act 2011 still apply, it is expected that the framework is the primary tool for monitoring service performance during the pandemic.

81. NHS Greater Glasgow and Clyde has adapted its internal performance reporting to reflect this and has reported against the trajectories in its remobilisation plans. Performance updates have been considered at regular intervals by the board and relevant committees throughout 2021/22, and board papers can be accessed by the public through the NHS Greater Glasgow and Clyde website. Performance against the targets set out in RMP4 has also been reported in the board's performance report that forms part of the 2021/22 annual report and accounts.

Performance in some areas has continued to be significantly impacted by Covid-19

82. [Exhibit 8](#) demonstrates how activity and waiting times have been impacted by Covid-19 and [Exhibit 9](#) provides a comparison of current waiting times compared to the previous two years. While the national waiting time targets are not currently the board's primary focus for performance monitoring, they provide context for the scale of the impact of the pandemic on the delivery of health services.

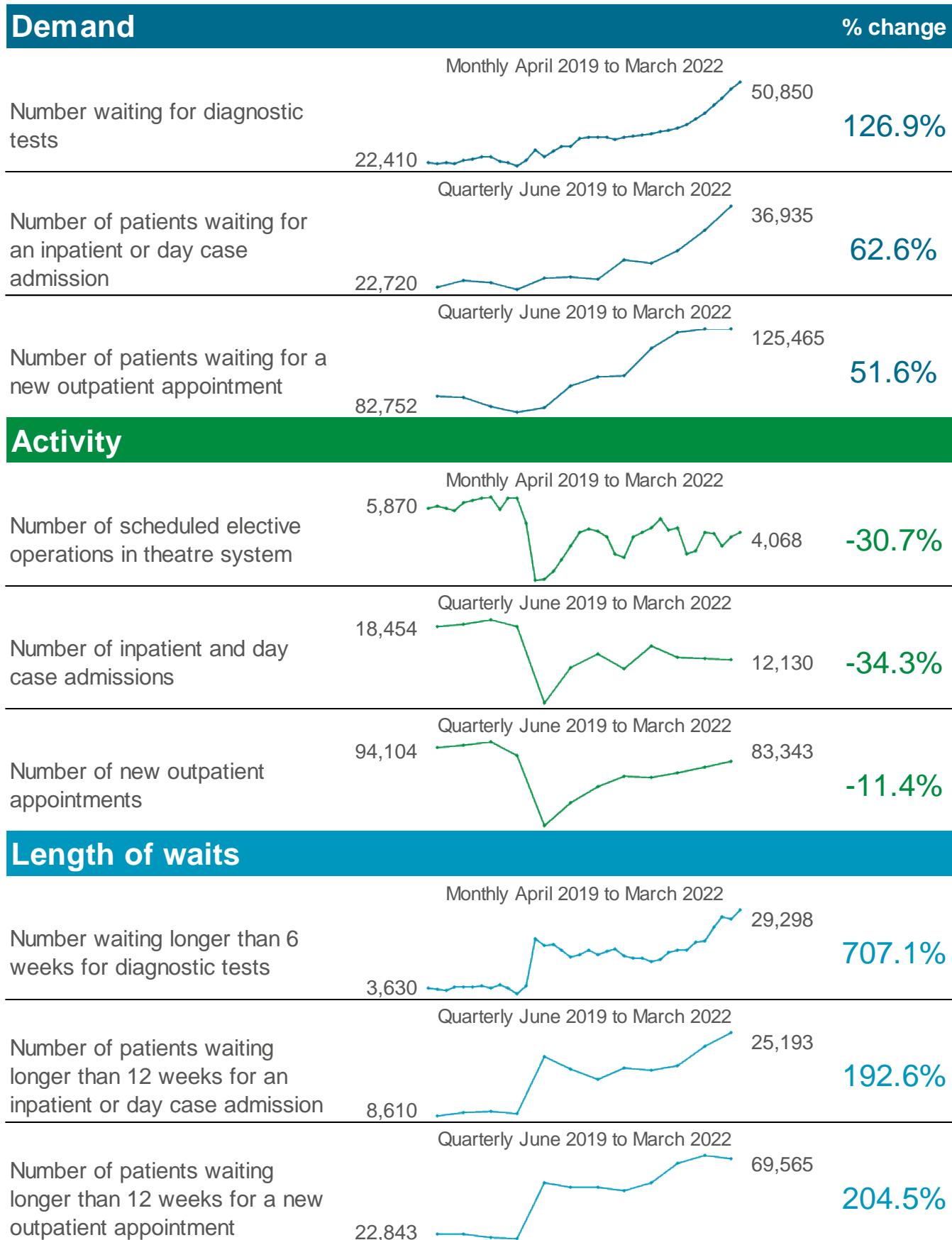
83. The data shows that the areas most affected include:

- Outpatients waiting less than 12 weeks: performance has dropped by 28 percentage points over two years, from 73 per cent at 31 March 2020 to 45 per cent at 31 March 2022. This is also reflected in the demand and activity data which shows that the number of patients waiting more than 12 weeks for a new outpatient appointment has more than tripled over the last two years.
- A & E attendances: performance has fallen from 88 per cent of attendees being admitted, transferred, or discharged within 4 hours at 31 March 2020 to 72 per cent at 31 March 2022. Performance peaked in 2020/21 at 92 per cent but this is likely to be due to lower attendance levels because of Covid-19 restrictions.
- Both the demand for diagnostic tests and the length of wait have increased significantly over the past two years, by 707 per cent and 127 per cent respectively.

84. The activity data at [Exhibit 8](#) shows that overall activity is gradually being restored, although further progress is required to bring activity back to pre-pandemic levels. Remobilisation was restricted in 2021/22 due to the third wave of the pandemic, which meant that elective operations had to be paused and restrictions imposed by Covid-19 continued. Despite the challenges, the board has reported good performance in some areas including psychological therapy treatment where 91 per cent of eligible patients started their treatment within 18 weeks, against a target of 90 percent.

Exhibit 8

Trends in demand and activity per acute services



Source: Public Health Scotland

Exhibit 9**Impact of Covid-19 on national waiting time standards**

Target/standard	Performance at March 2020	Performance at March 2021	Performance at March 2022 ¹
Cancer 62 Day RTT Proportion of patients that started treatment within 62 days of referral	80%	82%	72% (Dec 2021)
18 Weeks RTT Proportion of patients that started treatment within 18 weeks of referral	79%	78%	75%
Patient Treatment Time Guarantee (TTG) Proportion of inpatients or day case that were seen within 12 weeks	69%	75%	73%
Outpatients waiting less than 12 weeks Proportion of patients on the waiting list at month end who have been waiting less than 12 weeks since referral at month end	73%	48%	45%
A & E attendees Proportion of A & E attendees who were admitted, transferred, or discharged within 4 hours	88%	92%	72%
Cancer 31 Days RTT Proportion of patients who started treatment within 31 days of decision to treat	96%	97%	98% (Dec 2021)
Drug and Alcohol 21 days Proportion of drug and alcohol patients that started treatment within 21 days	97%	99%	94% (Dec 2021)
CAMHS Waiting Times Proportion of patients seen within 18 weeks of referral	59%	67%	63%

Note 1: Figures still to be validated by NHS Information Services Division.

Note 2: Performance at 31 March 2022 unless otherwise stated.

A review of Best Value arrangements has been reported to the Audit and Risk Committee

85. *Ministerial guidance to Accountable Officers* for public bodies and the *Scottish Public Finance Manual* (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure Best Value. The guidance sets out the key characteristics of Best Value and states that compliance with the duty of Best Value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

86. In 2020/21, we recommended that assurance over the adequacy of arrangements put in place by the accountable office to secure Best Value is provided to the board or an appropriate committee through an annual review. An annual review has been prepared and this sets out the arrangements and processes that the board has in place against each Best Value characteristic. This report was presented to the Audit and Risk Committee on 21 June 2022.

National performance audit reports

87. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2021/22 several reports were published which may be of direct interest to the board and are highlighted in [Appendix 3](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Capitalisation process</p> <p>We identified two errors relating to the timing of the capitalisation of assets (Exhibit 2 Items 3 and 4). Both issues arose due to a lack of communication with the capital finance section.</p> <p>Risk – incorrect capital accounting treatment is applied.</p>	<p>A review of the capitalisation process should be carried out, including consideration of how capital finance is kept informed of asset developments (additions, disposals, enhancements, completion) so that the capital accounting implications can be processed in a timely manner. Management should consider how the capital planning group engages with the capital finance section.</p>	<p>Agreed. A new process has already been put in place, following Audit Scotland feedback, to ensure there is regular communication between Capital Finance and the Fixed Asset teams and quarterly checks/reconciliations of in year capitalisation processes.</p> <p>Responsible officer Head of Capital Finance</p> <p>Agreed date Complete</p>
<p>2. Remuneration and staff report</p> <p>Our audit of the remuneration and staff report identified issues with the content and accuracy of the information presented.</p> <p>Risk – future remuneration and staff reports do not comply with applicable guidance and present inaccurate information.</p>	<p>The remuneration and staff report should be subject to a cold review by an individual independent of the preparation process before being submitted for audit.</p> <p>Paragraph 33.</p>	<p>Agreed. An additional counterchecking process has been added to the yearend task planner master list to ensure the Remuneration report is independently reviewed by a senior member of the Financial Services team prior to submission to audit.</p> <p>Responsible officer Head of Financial Services</p> <p>Agreed date Complete</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
3. Existence of assets	<p>The arrangements for the verification of assets should be fully implemented. This includes establishing management responsibilities within departments for ownership of assets and the timeous return of relevant documentation to the fixed asset team within finance to ensure accounting records are complete.</p>	<p>Ongoing Agreed. Progress has already been made on this and the arrangements improved each year. Going forward the Fixed Assets team will engage earlier with services to ensure this is done promptly throughout the year</p> <p>Responsible officer Head of Financial Services</p> <p>Agreed date 31 March 2023</p>
4. Impairment review	<p>A formal impairment review should be carried out annually by the Capital Planning Group and provided to the fixed asset team to support the preparation of the annual accounts.</p>	Complete
5. Financial sustainability	<p>Develop and implement detailed savings plans over the medium term which are aligned to the Remobilisation Plan and Moving Forward Together programme. The savings plans should articulate how savings will be achieved.</p> <p><u>Paragraph 58.</u></p>	<p>Ongoing The Board will submit its 3-year financial plan to Scottish Government in line with the agreed timescale in July 2022. This plan includes medium term savings plans. Work is ongoing through the FIP programme to develop and deliver in year savings as well as actively developing medium term plans for the future years</p> <p>Responsible officer Director of Finance</p> <p>Agreed date 31 March 2023</p>
6. Medium term financial planning	<p>Develop a robust medium term financial plan with stakeholders and partners to include a range of different</p>	<p>Ongoing The Board will submit its 3-year financial plan to Scottish</p>

Issue/risk	Recommendation	Agreed management action/timing
	<p>scenarios to reflect the uncertain environment that exists. This should be aligned with the board's transformation and savings programmes to support a reduction in the underlying deficit.</p> <p><u>Paragraph 62.</u></p>	<p>Government in line with the agreed timescale in July 2022. This plan includes medium term savings plans. Work is ongoing through the FIP programme to develop and deliver in year savings</p> <p>Responsible officer Interim Director of Finance</p> <p>Agreed date 31 July 2022</p>
7. Review of Best Value arrangements	<p>Prepare an annual update detailing the arrangements and processes in place that support each of the Best Value characteristics.</p> <p><u>Paragraph 86.</u></p>	Complete

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £250 thousand.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements.

Cumulatively these errors are below our performance materiality level. We are satisfied that these errors do not have a material impact on the financial statements.

Account areas	Comprehensive income and expenditure statement		Balance sheet	
	Dr £000	Cr £000	Dr £000	Cr £000
1. FHS Expenditure		2,267		
Trade Payables			2,267	
Net impact		2,267		2,267

Notes:

1. Entry 1 relates to a year end over accrual of FHS expenditure which was included within the accounts. The FHS expenditure would reduce by £2,267k and so the impact on the reported outturn position would be an equivalent increase in the year end surplus bringing it to £2,628k.

Appendix 3. Summary of 2021/22 national performance reports and briefing papers

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

NHS Greater Glasgow and Clyde

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