# GJF LogoBoard Meeting: 2 August 2018

**Subject:** Response to Recent NHS Tayside issues

**Recommendation:** BoardMembers are being asked to note the two recent independent reports on NHS Tayside.

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1. **Background**

Members will be aware of two recent internal reports undertaken by our auditors, Grant Thornton, specifically on the:

* independent review on eHealth funding between eHealth, NHS National Services Scotland and NHS Tayside; and
* independent review on agreed areas of NHS Tayside financial governance arrangements between the financial years 2012/13 and 2017/18.

It was considered useful for Audit and Risk Committee members to review these reports and identify key messages and findings with key learning points identified for action, if relevant within our Board.

**2. Key Findings and Recommendations**

The reports are attached for members to review in detail with the key findings noted below with actions required (or not) by the Board.

**2.1 eHealth Funding Report**

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| **Key Finding** | **Action required by Board** |
| From 2012, NHS Tayside were ‘holding’ money relating to future eHealth programme activity. The money was given to NHS Tayside by Scottish Government through Revenue Resource Allocations and then ‘returned’ the following year. | No action – no monies are allocated to the Board on this basis. |
| In 2016/17, NHS Tayside used the money they were holding to offset general expenditure in year which supported them in showing a more favourable position. | No action – Any additional income from Scottish Government for approved developments/ expansions has limited slippage and not material to this Board. |
| **Key Finding** | **Action required by Board** |
| Lack of openness, governance and transparency on these transactions across three parties – two Health Boards and Scottish Government. | No action- no such transactions take place within the Board. |
| Inconsistencies and quality issues in reporting of financial spend, funding commitments and receipts for eHealth monies. | A review of the financial reporting arrangements for eHealth will be presented to the eHealth Steering Group on a regular basis. The eHealth funding steams are included within the Board financial plan. There is a regular review of budgets and spend by the finance team and Head of eHealth but this will be expanded to include regular finance reporting to the eHealth Steering Group and incorporated within Board finance reports. |
| Lack of control in place in NHS Tayside around the approval of amendments to Revenue Resource Allocations to/from Scottish Government. | No action. These changes are reporting monthly within the finance reports. |

**2.2 NHS Tayside Financial Governance arrangements**

The report was split into two sections:

1. the use of endowment money to achieve 2013/14 breakeven position
2. NHS Tayside financial reporting and governance arrangements

Recommendations for both have been incorporated into the table below.

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| **Endowment section** | |
| **Recommendations** | **Action required by Board** |
| Management should ensure that internal audit play a pivotal role in supporting cultural change and their input and actions are valued by management. | No further action. The internal audit function is valued by the Board and audit recommendations are followed up on a regular basis. The internal audit plan and other supporting work is progressed by and reported to the Audit and Risk Committee. The Chair of the Audit and Risk Committee has direct access to the internal auditors if any specific issues were to arise. |
| **Recommendations** | **Action required by Board** |
| Finance reports should be presented on a timely basis to the Board to allow effective insight and scrutiny. Finance reports should be clear and easy to understand. | Monthly finance reports are presented to the Performance and Planning Committee, the Senior Management Team and the Board. Further routine ongoing work will be undertaken to ensure these are understandable and up to date. Additional reporting requirements have been put in place by Scottish Government. |
| The Board should explore what additional training and support is needed to support Non Executives Members in their role. | This is an ongoing process and included within Board development and assessment process |
| **Financial reporting and governance** | |
| **Recommendations** | **Action required by Board** |
| Committee cover papers should only include the author on the paper and the author should present the paper. It might be helpful to clearly state on the cover paper the assurances the paper and Management are providing to Non Executives and how this relates to the strategic objectives of the Board. | A review of cover papers will be undertaken by the Executive team to ensure there is clarity on the points raised. |
| Revised financial reporting linking operational and financial performance and an honest assessment of the associated risks of delivery. | No specific action. As noted above, there is work ongoing to develop financial reporting. |
| Ensure deferred expenditure is more clearly reported and understood. | No specific action. Deferred expenditure is referred to in the finance reports, if material; this is limited within this Board. |
| Ensure accurate forecasting. | An ongoing review of forecasting will be undertaken, although no specific issues to date have been highlighted. |
| A more robust recommendation tracker should be introduced for internal and external audit. | This has recently been enhanced to include regular reporting and a dashboard. This will also now include external audit and endowments audit recommendations. |
| **Recommendations** | **Action required by Board** |
| Improved reporting and clarity on Revenue Resource Limit reporting. | This is currently reported within the finance report but will be reviewed in light of these recommendations. |

**3. Office of the Scottish Charity Regulator (OSCR) Review**

In addition, there were a number of observations that are likely to be considered within the OSCR review, which is due to be concluded by end September 2018 and is likely to focus on:

* whether or not charity trustees had the power in their own constitution and rules applicable at the time to amend their policy and procedures on a temporary basis; and
* how the charity trustees went about their decision making (did they act in the interests of their charity?); and
* whether or not the charity trustees understood and dealt appropriately with the conflict of interest between the charity and the Board.

OSCR has also been reviewing evidence as to the activities of other NHS endowment funds, taking into account the responses supplied to the Scottish Government and a review of their annual report and accounts. On the basis of information to date, there are no issues that merit the opening of a further enquiry by OSCR.

**4. Conclusion**

Members are asked to note the reports and proposed Board actions in response to these. Specific Charity actions will be considered by the Trustees.

This paper and report will be also presented to the Audit and Risk Committee and Trustees meeting and further actions will be considered in light of the OSCR review.

**Julie Carter**

**Director of Finance**

**3 June 2018**