

NHS National Services Scotland

Report on the 2009/10 Audit to the Board and the Auditor General for Scotland

July 2010



 AUDIT SCOTLAND

NHS National Services Scotland

**Report on the 2009/10 Audit to the Board and the Auditor
General for Scotland**

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Key Messages

Introduction

In 2009/10 we looked at the key strategic and financial risks being faced by NHS National Services Scotland. We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

Financial statements

We have given an unqualified opinion on the financial statements of NHS National Services Scotland for 2009/10. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance issued by Scottish Ministers.

Financial position and use of resources

The public sector in Scotland is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are so tight. The Scottish budget is likely to reduce in real terms but the full extent of this, nor the impact on the health within the budget, are yet known. The Scottish public sector faces significant challenges in balancing its budget while also delivering on its commitments. Two per cent efficiency savings are unlikely to be sufficient beyond 2011 to bridge the gap between planned public spending and the smaller budget available. In the current economic climate, difficult decisions will have to be made across the public sector about priority spending programmes.

The Board carried forward a surplus of £161k from 2008/09 before taking account of adjustments arising from the implementation of International Financial Reporting Standards (IFRS). As at 31 March 2010, the Board disclosed a cumulative surplus of £144k.

The Board's financial statements include significant provisions, particularly in respect of Agenda for Change payments. However, they do not reflect any potential liability for Equal Pay claims as there is a lack of information to enable quantification of the liability. To date, the Board has received a very small number of Equal pay claims – below 1 per cent of its current workforce. Accounting estimates and provisions, by their nature, include a degree of uncertainty and any under-estimate of costs in 2009/10 could have a significant impact in future years.

In the medium to long term, the Board faces a number of challenges to maintaining its financial position. These include the requirement to meet the Government's savings targets, pay modernisation and utility costs, and the uncertainty over the level of uplifts. The Board's efficiency savings target for 2010/11 has identified that approximately £5.1million of cash releasing savings will be required if the Board is to achieve financial breakeven in 2010/11.



Governance and accountability

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall, the corporate governance and control arrangements for NHS National Services Scotland were improved and operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems underpinning the organisation's control environment. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.

Performance

NHS National Services Scotland has a good performance management culture, with regular divisional and departmental performance reviews feeding into half yearly performance reviews to the Board. The RAG (red, amber, green) system is used in performance reports to highlight progress for each HEAT or KPI target, both for each current quarter and a forecast position for the year end. Where appropriate, the reports outline recovery plans and remedial action. The Board has achieved its HEAT (Health Improvement, Efficiency, Access and Treatment) targets for 2009/10. This involved a significant investment in resources from the Board.

In partnership with the unions, NHS National Services Scotland has been going through a programme of organisational alignment resulting in changes within the management structure of the organisation to more effectively deliver services – e.g. Communications. In addition, the 11 operating divisions have been brought together into Health and Business Support Groups, with Corporate and Clinical Support Groups created as well. A significant part of the programme, which includes Human Resources realignment, was taken forward in 2009/10. The HR Transition programme is a major element of the realignment process. The programme aims to ensure that HR is fit for purpose with processes, systems and professional standards that will support NHS National Services Scotland's new organisational structure in delivering its objectives. This will have a significant impact on the business and staff, eventually resulting in an extensive up-skilling and professional development programme for staff and line managers. A formal consultation process closed on 30 April 2010. An initial implementation plan has been developed and shared with the unions.

Looking forward

The final part of our report notes some key risk areas for NHS National Services Scotland going forward. There are significant challenges around future funding and the achievement of savings targets. National issues around Equal Pay claims will also provide a challenge in future years.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.

Audit Scotland
July 2010



Introduction

1. This report summarises the findings from our 2009/10 audit of NHS National Services Scotland. The scope of the audit was set out in our Audit Plan in accordance with the Code of Audit Practice, which was presented to the Audit Committee on 26 March 2010. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. Audit Scotland issued a range of reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the Board's agreed response. Appendix A of this report sets out the key risks highlighted in this report and the action planned by management to address them.
3. Best value duties apply across the public sector and, in the health service, best value is a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and this has been further developed during 2009/10 with the completion of its bank of best value Toolkits which, although primarily designed for audit use, are available to all public bodies for reference.

Exhibit 1: Framework for a best value audit of a public body





4. A linked development here has been the Scottish Government's work to refresh its 2006 best value Guidance for Public Bodies. This latter initiative, due for issue later in 2010, will result in clearer guidance to public bodies, and particularly those in the Central Government and Health sectors, on securing continuous improvement in performance, with due regard to the balance between cost and quality.
5. Throughout this report we comment on aspects of NHS National Services Scotland's arrangements in this area. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not yet have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report represents a further step towards that goal.
6. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. Where these have a bearing on the activities, risks or performance of NHS National Services Scotland, we make reference to these reports in this document. Full copies of the study reports can be obtained from Audit Scotland's website, www.audit-scotland.gov.uk.
7. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of NHS National Services Scotland during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.



Financial Statements

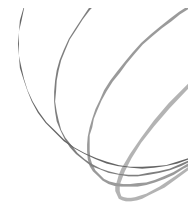
8. In this section we summarise key outcomes from our audit of NHS National Services Scotland's financial statements for 2009/10 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources. Also, the Board's 2009/10 financial statements were prepared on the basis of International Financial Reporting Standards (IFRS) for the first time.

Our responsibilities

9. We audit the financial statements and give an opinion on:
- whether they give a true and fair view of the financial position of the Board and its expenditure and income for the period in question
 - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - the consistency of the information which comprises the management commentary with the financial statements
 - the regularity of the expenditure and receipts.
10. We also review the Statement on Internal Control by:
- considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
 - assessing whether disclosures in the Statement are consistent with our knowledge of the Board.

Overall conclusion

11. We have given an unqualified opinion on the financial statements of NHS National Services Scotland for 2009/10.
12. As agreed, the unaudited accounts were provided to us on 12 May 2010 supported by a comprehensive working papers package. The good standard of the supporting papers and the timely responses from NHS National Services Scotland's staff allowed us to conclude our audit within the agreed timetable and provide our opinion to the Audit Committee on 25 June 2010 as outlined in our Annual Audit Plan.



Issues arising from the audit

13. As required by auditing standards we reported to the Audit and Risk Committee on 25 June 2010 the main issues arising from our audit of the financial statements. The key issues reported were as follows.
14. **Equal Pay Claims** – The National Health Service in Scotland has received in excess of 11,000 claims for equal pay and 21 of these relate to NHS National Services Scotland. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. The NHS Scotland Central Legal Office (CLO) have stated that claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or any financial impact that they may have. The CLO and Equal Pay Unit are monitoring the progress of claims as well as developments relating to NHS equal pay claims elsewhere that may further inform the position. Further details on this issue are included at paragraphs 19 to 21 below.
15. **Agenda for Change** – As at 31 March 2010, £4.9 million was accrued in respect of Agenda for Change payments for NHS National Services Scotland. This figure includes estimations based on NHS National Services Scotland's assumptions and refers to a range of staff posts and grades for NSD commissioned services. There is also a provision within the accounts of £2.5 million. This comprises arrears still to be incurred which mainly relate to people who have already left the organisation and an amount for terms and conditions in relation to Agenda for Change. The Board provided formal assurances, in a letter of representation, that the accrual and provision, in their judgement, represent a prudent estimate of anticipated costs.
16. **Creditors** – Included in account K063 "Accruals Other Public Sector" is an amount of £291,753 to Greater Manchester West NHS which relates to an invoice dated 29 March 2007. Discussions with NHS National Services Scotland officials revealed that supporting documentation to the invoice has been requested but, due to frequent staff changes at Greater Manchester West NHS, this has proved to be a slow process. NHS National Services Scotland is disputing the amount but has carried forward the accrual until documentation has been received or a credit note is issued. We will monitor the situation in 2010/11.
17. **Maintenance accrual** – During a review of account K066 "Accruals" it was noted that there was an amount outstanding of £3,917,034 for maintenance. This relates to where NHS National Services Scotland acts as the conduit between the Boards and the providers of maintenance services. The reconciliation at the year end of the amounts outstanding to the maintenance suppliers and the amounts invoiced to the Boards and paid by them to NHS National Services Scotland was incomplete and proved difficult to audit. In addition, consideration of whether this is the best way forward, or whether the boards should pay the maintenance suppliers direct, or whether the amounts should be processed through "payments on behalf", requires to be further reviewed by NHS National Services Scotland.



18. **Pension provisions** – Due to the fact that the SPPA has not supplied NHS National Services Scotland with fully robust figures for the amounts due for payment relating to early retirement costs, the accrual includes an estimation. NHS National Services Scotland has estimated the accrual using the most recent data received as a base. The Board provided formal assurances, in a letter of representation, that the accrual represents a prudent estimate of anticipated costs.

Equal Pay Claims

19. The National Health Service in Scotland has received in excess of 11,000 claims for equal pay and NHS National Services Scotland currently has 21 claims outstanding. These have been referred for the attention of the CLO to co-ordinate the legal response to this issue.
20. Developments over the past year have slowed the progress of claims and led to a reduction in the number of claims going forward. The CLO have stated that claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are monitoring the progress of claims as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.
21. Discussions have been held between Audit Scotland, their partner firms, the Scottish Government, the CLO and Board representatives to ascertain the appropriate accounting treatment of equal pay claims in 2009/10. Given the CLO's advice that, although some liability is probable, it is not possible to estimate the impact of the claims, it has been agreed that disclosure as an unquantified contingent liability remains appropriate for the 2009/10 financial statements of affected NHS Boards.

Risk area 1

22. We continue to strongly encourage NHS National Services Scotland (including the CLO), working with the Scottish Government Health Directorates and other NHS boards to form a view of the potential liabilities as soon as possible taking into account the progress of cases in Scotland and England.

Regularity

23. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to his view on adherence to enactments and guidance. No significant issues were identified for disclosure.



International financial reporting standards (IFRS)

24. As announced by the Chancellor in the 2008 Budget report on 12 March 2008, Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. As a prerequisite to this health boards were required to prepare shadow IFRS based accounts for 2008/09 to provide comparative figures for the 2009/10 IFRS based accounts. This exercise progressed well and provided a solid base for compiling the 2009/10 accounts.



Use of Resources

25. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of NHS National Services Scotland's:

- financial position
- financial management
- management of people
- management and use of ICT.

The Board's financial position

Outturn 2009/10

26. NHS National Services Scotland is required to work within the resource limits and cash requirement set by the Scottish Government. The Board's performance against these targets is shown in Table 1.

Table 1

2009/10 Financial Targets Performance £ million

Financial Target	Target	Actual	Variance
Revenue Resource Limit	398.928	398.784	0.144
Capital Resource Limit	14.922	14.854	0.068
Cash Requirement	389.000	388.429	0.571

27. The Board has achieved a cumulative surplus of £0.144 million. The Board carried forward an adjusted surplus of £0.161 million from 2008/09. Table 2 overleaf shows how the current year's surplus of £0.144 million was achieved through non-recurring funding. The Board continued to achieve a recurring breakeven position.



Table 2

Funding Position 2009/10

	£ Million	£ Million
Recurring income	312.0	
Recurring expenditure	316.9	
Recurring savings	4.9	
Underlying recurring surplus/(deficit)		0
Non-recurring income	86.9	
Non-recurring expenditure	86.8	
Non recurring savings	0.1	
Non-recurring surplus/(deficit)		0.1
Financial surplus/(deficit)		0.1
Underlying recurring surplus/(deficit) as a percentage of recurring income		0

Financial sustainability and the 2010/11 budget

28. There were tighter financial settlements in 2009/10, with a general uplift of 3.15%. This was consistent with the uplift received in 2008/09 but considerably lower than the uplifts awarded in the preceding years. The downward trend has continued in 2010/11 with SGHD confirming a general uplift of 2.15%. Furthermore the SGHD has indicated that future funding uplifts may be around 1%. This will have a significant impact on long term financial planning and the control of pay and non pay costs.
29. The main challenges to NSS in achieving financial balance in 2010/11 are set out in NHS National Services Scotland's Local Delivery Plan. They focus largely on the certainty of future funding, as follows:
- Not all of National Services Scotland's funding has been formally approved via formal Resource Allocation letters. The majority of the earmarked and non recurring funding anticipated in the finance plan for 2010/11 has still to be formally approved. Any reduction in the funding where the service provision is underway could result in additional financial pressures
 - In a proportion of cases, the earmarked and non recurring funding relates to services where the expenditure by its nature is recurring. NHS National Services Scotland are working with SGHD to mitigate this risk and are trying to convert non recurring funding to recurring funding if it is provided year on year. Work is also being undertaken on determining the full extent of non recurring allocations and when the funding will cease, to ensure continuity with the relevant projects



- A proportion of National Services Scotland's income results from transactions with other Health Boards for which it provides services. A reduction in the demand from Health Boards for these services, due to their own financial pressures, may result in additional pressures within NHS National Services Scotland.

Risk area 2

30. NHS National Services Scotland's efficiency programme for 2010/11 totals £5.1million which ensures that the Board meets the three year efficiency savings target as set by SGHD. In order to achieve recurring balance, the board will need to monitor the achievement of the identified efficiency savings closely and take appropriate action to address any shortfalls. Delivering these efficiency savings whilst taking account of the issues detailed above will present a challenge for the board.

Risk area 3

31. The Chancellor's emergency budget on 22 June included an increase in VAT from 17.5% to 20% from January 2011. In addition, it has been reported that the VAT increase will increase the cost of supplies across the NHS in Scotland by £26 million and NHS National Services Scotland will bear a significant portion of the increase. The increase in VAT poses a further risk to the Board's financial position.

Risk area 4

32. In the medium to longer term the Board faces a number of challenges to maintaining its financial position. These include the requirement to develop comprehensive cost savings plans to achieve recurring savings, pay increases and utility costs, and the uncertainty over the level of uplifts. The public sector as a whole is facing a difficult time ahead as emphasised in the Auditor General for Scotland's report '*Scotland's public finances: preparing for the future*' (February 2010) which is considered in more detail below.



Extract from Auditor General's report *Scotland's public finances*

The public sector is coming under the greatest financial pressure since devolution.

- Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight.
- The Scottish Government and the wider public sector need to work together to develop better activity, cost and performance information. This information is needed to enable informed choices to be made between competing priorities, and to encourage greater efficiency and productivity.

The Scottish Government faces significant challenges in balancing the budget while also delivering on its commitments and meeting increasing demands for public services.

- It remains unclear what impact the current recession will have beyond 2010/11. The Scottish budget is likely to reduce in real terms but the full extent of this is not yet known.
- In many cases, the public sector uses income from various sources to pay for services. Income levels anticipated before the recession are unlikely to be realised, reducing the amount available to spend.
- The Scottish public sector faces significant challenges in balancing its budget while also delivering on its commitments. Changes in Scotland's population and rising unemployment rates will increase demand for public services.
- Two per cent efficiency savings will not be sufficient beyond 2011 to bridge the gap between public spending and the smaller budget available.

In the current economic climate difficult decisions will have to be made about priority spending programmes.

- The Scottish Government's annual budget is largely developed on an incremental basis which involves making adjustments at the margin to existing budgets. This approach is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities, based on robust information about activity, costs and performance.
- The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews, would support the Scottish Parliament in fulfilling this role.

People management

33. Audit Scotland is developing a range of audit toolkits to cover key best value principles. These are being developed for use by auditors although they are also being made available to public bodies themselves for reference. In 2009/10, continuing our focus on the use of resources, we applied the best value toolkit on People Management. This exercise was part of our developing approach to the audit of best value which involves the cumulative development of a picture of NHS Bodies' best value activities over a period of time, setting it in the context of identified best practice.



34. The People Management toolkit covered a number of specific areas: policies and structures supporting effective people management; integration of workforce planning with strategic and financial planning processes; managing and developing the performance of staff, and communication and involvement of staff.
35. The process of HR realignment within NHS National Services Scotland continued in 2009/10. A review of Human Resources (HR) was undertaken in 2008 which resulted in the launch of an HR Transition programme. The aim of this is to ensure that HR is fit for purpose with processes, systems and professional standards that will support NHS National Services Scotland's new organisational structure in delivering its objectives. This will have significant impact on the business and staff which should result in extensive up-skilling and professional development for staff and line managers. In March 2010 a new Director of Human Resources and Workforce Development was appointed.
36. The application of our best value toolkit on People Management is currently in progress with NHS National Services Scotland treating the best value review as a continuation of what is required to meet the legislative requirements of Staff Governance. A report will be issued once our work is completed.
37. As with other health boards in Scotland, NHS National Services Scotland face a major challenge in achieving the sickness absence standard of 4% but we are pleased to note that this has been achieved in 2009/10. The Board will continue to monitor this to ensure compliance in 2010/11.

Management and use of ICT

38. As part of our 2009/10 audit we reviewed a number of aspects of the Board's management and use of ICT as part of our review of the National IM & T Services. This report was issued to the external auditors of NHS Boards and was also presented to NHS National Services Scotland for their information. The areas we covered were:
 - Organisational Structure
 - National IT Services Contract
 - Security Policy
 - Firewall and Virus Scanning.

Para graphs 39 to 44 below list our main conclusions. Overall we concluded that the service was being appropriately controlled and there were no major issues for the external auditors of NHS Boards.



Organisational Structure

39. Services provided by the National Information Systems Group (NISG) are changing and are now increasingly provided under service level agreement arrangements with individual NHS boards. As part of NISG, the NHS National Services Scotland Contract Management Team (CMT) was redefined and renamed as the Procurement, Contracting & Vendor Management (PCVM) Team and the expertise within this team is now more widely available as an element of a nationally available procurement and vendor management service. Further elements of the restructuring of NISG are ongoing and will take place over the next few years.

National IT Services Contract

40. The governance arrangements supporting the national contract were stable throughout the year. The Contract Management Board has representation from NHS National Services Scotland, SGHD, AOA and regional boards to ensure that all key stakeholders are represented. Day to day operational management of the contract continues to be a direct NHS National Services Scotland responsibility that is discharged via the PCVM Team. Progress monitoring is performed by the PCVM Team and a contract status report is issued on a quarterly basis to the Contract Management Board.

Security Policy

41. Maintenance of the Security Policy is split between NHS National Services Scotland and the SGHD. The SGHD handle strategic elements within the eHealth team under an Enterprise Architect-Security post. NHS National Services Scotland has responsibility for operational and compliance aspects under a National Information Security Consultant (NISC) role. The NISC is working with the NHS Scotland ITSO (IT Security Officer) Forum to take forward a national programme of work in the areas of security policy review and standards development.
42. There is no mandate for the NISC to review local compliance with policy. However, all NHS Scotland boards are required to complete a quarterly return to NHS National Services Scotland using the Information Governance Toolkit, which includes a self assessment of compliance with the NHS Scotland Information Security Policy. NHS National Services Scotland is responsible for the secure operation of national systems and together with AOA, perform security monitoring activities. Due to the profile and reputational implications of potential information security incidents, secure operating procedures of national systems are currently under review.

Firewall and Virus Scanning

43. The contract for the national data network (N3) has been reviewed by NHS Connecting for Health (CfH) and has been extended for a further two years until 31 March 2013 with the option to extend until 31 March 2016. It is worth noting that there is a three year termination period, giving a means of ensuring a managed transfer of services to a replacement service. NHS National Services Scotland continue to participate in discussions with CfH and review areas of potential cost savings.



44. The scope of the N3 managed network environment extends only as far as the N3 firewall at each premises. The firewall service of GP surgeries, pharmacies and small health centres are centrally managed by BT, using a standardised set of rules. Under the N3 contract, CfH ensure that BT carry out security tests. The firewalls of hospitals and larger NHS Board premises are generally maintained locally and there is no national remit for NHS National Services Scotland to validate them. Auditors should be aware that anti-virus and local area network (LAN) administration are local responsibilities. Under the 2002 NHSnet code of connection, it is a local responsibility to ensure that connected systems comply with NHS security policies. NHS National Services Scotland and N3 do not have responsibility for local anti-virus, web filtering and quality of service for eHealth applications provided over the LAN. Pharmacies and dentists sign up to an N3 Acceptable Use Policy and a Security Policy as a condition of joining N3. GP surgeries are covered by local arrangements with their host board.



Governance and Accountability

45. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our main findings arising from our review of NHS National Services Scotland's arrangements.
46. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

Overview of arrangements

47. This year we reviewed:
- internal audit (paragraph 61)
 - key systems of internal control (paragraphs 55 to 57)
 - aspects of ICT (paragraphs 39 to 45)
 - arrangements for the prevention and detection of fraud and irregularity, including standards of conduct (paragraphs 74 to 76)
 - Commitment to the National Fraud Initiative (paragraphs 77 to 83).
48. Our overall conclusion is that governance and accountability arrangements within NHS National Services Scotland are sound and have operated throughout 2009/10.

Patient safety and clinical governance

49. Clinical Governance within NHS National Services Scotland is overseen by the Clinical Governance Committee which is a sub-committee of the NHS National Services Scotland Board. The role of the Committee is to provide
- **systems assurance** to ensure that clinical governance mechanisms are in place and effective throughout NSS
 - **public health governance** to ensure that the principles and standards of clinical governance are applied.

The Committee met four times during the year and provided progress reports to NHS National Services Scotland's Board.



50. The Board continues to work with NHS Quality Improvement Scotland (NHS QIS) to support the implementation of the clinical governance and risk management standards to ensure that clinical governance principles are embedded in local practice. The Board completed and submitted a self – assessment performance prior to a NHS QIS visit in September 2009. The findings from the NHS QIS visit were reported in January 2010. The report highlighted that, compared to the previous report, improvements were made in 6 of the 10 core areas, with the remaining 4 staying the same as previously assessed. Overall NHS National Services Scotland improved its score, thus achieving its HEAT target.
51. The NHS QIS report identified that NHS National Services Scotland had a number of strengths:
- Clearly embedded risk management structures throughout the Board
 - A strong commitment to clinical effectiveness and quality improvement
 - A sound cycle of annual clinical governance reporting arrangements for operational entities with devolved responsibilities
 - A robust performance management framework with a high level of qualitative information.

Partnership Working

52. Partnership working in the NHS covers a number of areas, including partnerships with staff groups, local authorities, the voluntary sector, private healthcare providers and regional planning with other NHS boards.
53. NHS National Services Scotland plays a key role in the delivery of national projects on behalf of NHS Scotland. There is a potential risk to the organisation’s ability to deliver national projects and services from a lack of clinical “buy-in” for strategies and inadequate stakeholder involvement in the commissioning of national projects and services. Accordingly, measures are being taken by the organisation to reduce risks in this area including the development of customer engagement processes and we will monitor the impact of these during 2010/11.

Systems of internal control

54. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2009/10 PricewaterhouseCoopers, the Board’s internal auditors, provided their opinion that, based on the internal audit work undertaken during the year, there were no significant weaknesses that required specific mention in the Statement on Internal Control.



55. As part of our audit we reviewed the high level controls in a number of NHS National Services Scotland systems that impact on the financial statements. This audit work covered a number of areas including cash and bank, payroll, accounts payable, accounts receivable, capital accounting, general ledger and inventory. Our overall conclusion was that NHS National Services Scotland has adequate systems of internal control in place. We identified some areas where controls could be strengthened and agreed an action plan of improvements with management. This will be followed-up at a future date to confirm that improvements have been made.
56. In addition, we placed formal reliance on aspects of internal audit's systems work in terms of International Standard on Auditing 610 (*Considering the Work of Internal Audit*) to avoid duplication of effort. The work of internal audit provides us with additional assurances on the adequacy of the internal control environment within NHS National Services Scotland.

Statement on internal control

57. The Statement on Internal Control (SIC) provided by NHS National Services Scotland's Accountable Officer reflected the main findings from both external and internal audit work. This SIC records management's responsibility for maintaining a sound system of internal control and summarises the process by which the Accountable Officer obtains assurances on the contents of the SIC.
58. The SIC also drew attention to significant progress in the area of Information Governance and the Board's developing work in the area of demonstrating Best Value in its use of resources.

Internal Audit

59. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible. Also, as part of our risk assessment and planning process for the 2009/10 audit we assessed whether we could place reliance on NHS National Services Scotland's internal audit function. We concluded that the internal audit service operates in accordance with relevant Internal Audit Standards and has sound documentation standards and reporting procedures in place. We therefore placed reliance on their work in a number of areas during 2009/10, as we anticipated in our annual audit plan.

Practitioner Services Division – Service Audit

60. The Practitioner Services Division (PSD) of NHS National Services Scotland is responsible for calculating and making payments to primary care contractors on behalf of each Health Board. Payments to primary care contractors account for more than 20% of the total health expenditure in Scotland.



61. NHS National Services Scotland appointed PricewaterhouseCoopers LLP (PWC) in May 2008, as Service Auditor, to carry out a detailed Statement on Auditing Standard 70 (SAS 70) review of this area. Their review provides assurance on the controls environment for processing practitioner data and paying primary care contractors. The report produced by the Service Auditor provides assurance on the control environment within PSD. It listed 11 control exceptions and only one was identified as requiring greatest attention in 2009/10. This related to the prior approval and payment of individual claims to dentists exceeding £350. Our review (summarised to other external auditors of the Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland continues to perform its role in properly managing payments to NHS practitioners.

National IT Services – Service Audit

62. NHS National Services Scotland manages a range of IM&T services throughout Scotland including: the National IT Services contract (an 11 year contract with Atos Origin Alliance (AOA) commenced on 1st April 2007); the General Practice Administration System for Scotland (GPASS); the national data network; and the Community Health Index (CHI). These systems underpin the delivery of NHS Scotland's eHealth Strategy and are integral to the activities of NHS Scotland.
63. NHS National Services Scotland appointed Scott Moncrieff as Service Auditor, to carry out a detailed SAS70 review of the processes operated by AOA. The report produced by the Service Auditor provides assurance on the control environment within AOA. It identified a number of control issues, including four which were categorised as "significant". However, none of these issues were deemed critical. Our review (summarised to other external auditors of health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is properly managing the National IT service which is provided by AOA.

Logistics – Service Audit

64. During 2009/10, NHS National Services Scotland National Procurement continued to implement a Logistics service for NHSScotland, targeted on the delivery of savings to a number of health boards through the centralisation of the ordering, storage and distribution of supplies.
65. NHS National Services Scotland appointed Scott Moncrieff as the Service Auditor, to carry out a detailed SAS70 review of the processes operated by Logistics. The report produced by the Service Auditor provides assurance on the control environment within Logistics. It identified a number of control issues, including two which were categorised as "high risk". However, none of these issues were deemed critical. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is appropriately managing the provision of a logistics service for NHS Scotland. We note that, following agreement with all customer Health Board via their Directors of Finance, this area will not be subject to a Service Audit review in 2010/11 but will, instead, be subject to a review by Internal Audit and will rely upon regular management information being provided to customers.



Payroll – Service Audit

66. During 2009/10, NHS National Services Scotland provided payroll services on behalf of the three NHS Scotland Boards as noted below:
- NHS Quality Improvement Scotland (QIS)
 - NHS 24
 - NHS Education for Scotland (NES).
67. On 2 March 2009, NHS National Services Scotland appointed PWC as the Service Auditors of the hosting of payroll services by NHS National Services Scotland. The report produced under SAS70 by the Service Auditor provides assurance to the relevant NHS Boards on agreed control objectives, and on their operating effectiveness.
68. The Service Auditor's report identified a number of controls issues, including two exceptions highlighted in the report although again, none were deemed critical. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is appropriately managing the provision of payroll services for these NHS Boards.

Financial Services Consortium – Service Audit

69. Under the "New Way Forward" National Programme led by NHS National Services Scotland, the intention is to develop and deliver a programme of foundation and pathfinder activities together with Health Boards in Scotland, leading to the implementation of financial shared services across Scotland. NHS National Services Scotland is a key driver in the shared services agenda and it leads in one of the four recently established consortia, containing seven NHS Boards,
70. As these consortium arrangements continue to develop and progress, an increasing number of responsibilities are being shared between consortium members. As the lead consortium Board, NHS National Services Scotland recognises the need to introduce robust governance and control frameworks over the services which are currently being provided by the Board on behalf of consortium members, namely the hosting of certain Financial Services.
71. NHS National Services Scotland also processes a limited number of transactions on behalf of NHS 24, NHS QIS and the State Hospital. However, the processing of these transactions is excluded from this year's review but will be further developed through the financial year 2010/11 as pathfinder processes are implemented.



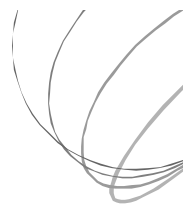
72. NHS National Services Scotland had recognised the need to provide third party assurance to members of the consortium and in January 2009 appointed PWC as the Service Auditor of its Financial Service arrangements. The report produced by the Service Auditor under SAS70 provides assurance to the consortium Boards on agreed control objectives, and on their operating effectiveness. It identified a number of controls issues, including some exceptions but no critical issues. Our review (summarised to other external auditors of the Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is appropriately managing the provision of Financial Services for specified NHS Boards.

Prevention and detection of fraud and irregularities

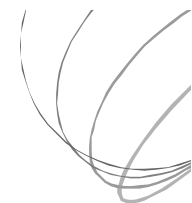
73. NHS National Services Scotland has a comprehensive range of measures in place to prevent and detect fraud including Standing Financial Instructions, a Code of Conduct for staff and policies covering 'whistleblowing' and fraud. The Board has also entered into a formal partnership agreement with NHS Scotland Counter Fraud Services (CFS).
74. The Board has also agreed a formal protocol covering a programme of Payment Verification checks with the Practitioner Services Division of NHS National Services Scotland. In 2009/10 these checks included verification against patient records, requesting patients to confirm treatment by letter, visits to practices and examination of patients.
75. Additionally, the Board's internal audit function has a formal programme of work, which, although not designed to detect fraud, does provide assurance on the operation of the control systems which are designed to prevent fraud.

NFI in Scotland

76. In 2009/10 NHS National Services Scotland took part in the National Fraud Initiative (NFI) in Scotland. The NFI in Scotland is a counter-fraud exercise led by Audit Scotland, assisted by the Audit Commission (our sister organisation in England). It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error.
77. NFI allows public bodies to investigate these matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that the bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself.
78. As part of our local audit work we carried out a high level assessment of NHS National Services Scotland's approach to the NFI. We concluded that the Boards is proactive in preventing and detecting fraud including participation in the NFI. The Board's Financial Governance and Audit Manager and his team systematically review data matches. Additionally, the Audit and Risk Committee receives regular updates of NFI investigations.



79. The Audit Scotland report *The National Fraud Initiative in Scotland; making an impact*, which was published on 20 May 2010 set out the results of the 2008/09 NFI exercise. It involved 74 bodies, including councils, police forces, fire and rescue services, health boards, the Scottish Public Pension Agency and the Student Award Agency for Scotland.
80. Overall, the outcome of the 2008/09 exercise was worth £21.1 million to the public purse. The report also highlights that while the NFI has been successful, much of the information used in this exercise was collected before the recession really took hold. An economic downturn is commonly linked to a heightened risk of fraud, and public bodies need to remain vigilant.
81. The cumulative outcome of the current and previous NFI exercises in Scotland is now around £58 million and there have been at least 80 successful prosecutions since the last NFI report in 2008. Audit Scotland will begin the next NFI exercise in October. This is expected to be carried out under new powers currently before the Scottish Parliament. These will provide for more collaboration with other UK agencies to detect 'cross border' fraud, extend the range of public sector bodies involved, and allow data matching to be used to detect other crime as well as fraud.
82. The national report *The National Fraud Initiative in Scotland; making an impact* includes a self-appraisal checklist. The Financial Governance and Audit Manager with support from colleagues completed the checklist. This is good practice and will help with the preparations for the NFI 2010/11.



Performance

83. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. Key features of best value include setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery. Additionally, it includes a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes for citizens.

Vision and strategic direction

84. The Corporate Strategy outlines how the Board is going to develop its key strategic objective to **deliver effective national and specialist services which enable and support improvements in the health and well being of all the people of Scotland**. The Strategy sets out seven strategic enhancement themes as illustrated below:

Exhibit 2: NHS National Services Scotland's Strategic Enhancement Themes

Service Enhancement Themes	Ways of Working Enhancement Themes	
	Processes	People
1. Improve Customer Service	4. Modernise working practices	6. Enhance leadership capability
2. Strengthen Partnership Working	5. Increase efficiency	7. Develop people
3. Ensure Quality and Innovation		

It is from these themes that NHS National Services Scotland derives its strategic objectives of:

- Improve service delivery
- Enhance customer and partner engagements
- Build organisational capability
- Develop and support staff.

During 2009/10 NHS National Services Scotland also approved the NHS National Services Scotland Values programme which consists of a set of six values and associated behaviours. These Values, which includes customer focus, openness and excel and improve, are included in the corporate strategy alongside the seven strategic enhancement themes.



Managing risk

85. There are a number of key challenges and risks for the Board in delivering its plan. The NHS National Services Scotland approach to risk management is one of continuous improvement in order to develop an effective and consistent risk management culture across the organisation. Risk management is integrated into the planning and performance processes as well as the day to day business as usual activities and this process was rolled out across the organisation during 2009/10.
86. This roll out has been supported by senior management, risk managers and divisional risk champions and as a result of this new approach, the online risk register has now been populated with organisational risks. This has resulted in risks and risk management being more visible across the organisation. The challenge for the Board will be the embedding of this new process within the organisation for the future management of existing and emerging risks in the medium to long term.
87. The main risk areas are:
- Financial management and affordability
 - Service Redesign and Sustainability
 - Effective Partnership Working
 - Performance Management
 - Capacity to Deliver.
88. These areas are all addressed in earlier sections of this report. Each area is complex and comprises multiple issues which will require careful management to resolve. We have continued to monitor the Board's progress in each of these areas over the course of the year.

Service Development

89. In response to the Scottish Government's *Better Health, Better Care* Action Plan (2007) NHS National Services Scotland in its delivery plan for 2009/10, has established a clear connection between NHS National Services Scotland's vision, mission and corporate objectives.
90. NHS National Services Scotland has an estimated capital requirement of £34.5m covering the period 2010/11 to 2013/14 to fund the proposed new National Centre for the Scottish National Blood Transfusion Service (SNBTS). This was included within the Local Delivery Plan for 2009/10 and funding was being sought from SGHD. However, there is a risk that in the current economic climate NHS National Services Scotland may not receive sufficient capital funding to achieve its future strategy and build a new centre.



91. NHS National Services Scotland continues to make progress in developing National Procurement arrangements across NHS Scotland. During 2009/10, NHS National Services Scotland National Procurement (NP) secured £31m of strategic sourcing savings in year, achieving a total of £128m since inception. Also, supply chain logistics was rolled out to all NHS Scotland Boards in the year. We will continue to monitor progress in this area.

Performance Overview

92. NHS National Services Scotland Local Delivery Plan (LDP) was agreed with SGHD at the beginning of 2009/10. To control implementation, a tighter performance management regime was introduced, including quarterly reporting and recovery plans to ensure progress remains on track. Progress on these targets is provided to NHS National Services Scotland Board and SGHD on a six monthly basis.

93. The Local Delivery Plan required NHS National Services Scotland to deliver on 42 targets. Four of these were mandatory HEAT targets applicable to all Health Boards and 38 specific targets to NHS National Services Scotland. The four HEAT targets were achieved in 2010/11

- Operating within revenue, capital and cash limits and achieving efficiency programme
- Meeting the cash efficiency target
- QIS clinical governance and risk management standards improving
- NHS National Services Scotland to ensure at least 80% of staff covered by Agenda for Change to have their annual Knowledge and Skills Framework development reviews completed and recorded on e-KSF by March 2011.

94. NHS National Services Scotland has also achieved all 38 contributory and customer targets. Achievements include:

- All NHS Scotland Boards commenced bowel screening ultrasound scan by December 2009
- All NHS Scotland Boards commenced 20 week pregnancy ultrasound scan by December 2009
- Ensured adequate blood and tissue supply and quality to meet demand without invoking the integrated plan for management blood shortages
- Supported NHS Scotland Boards to ensure optimal uptake of completed courses of HPV immunisation in girls aged 12-13 years; implement and ensured optimal uptake of second phase of catch up campaign for girls aged 13-17 years inclusive
- Paid approximately £2billion to over 8,000 primary care practitioners to agreed standards of accuracy and timeliness.



Performance Management

95. NHS National Services Scotland has a sound performance management culture, with regular divisional and departmental performance reviews feeding into half-yearly reviews to the Board. The RAG system is used in performance reports to highlight progress for each HEAT or KPI target, both for current quarter and a forecast position for the year end. Where appropriate, the report outlines recovery plans and remedial action.
96. NHS National Services Scotland has recognised that its arrangements tend to be more output based rather than outcome focussed and it is aiming to develop long term measures which assess the impact of its work on the wider NHS in Scotland and the National outcomes. We note that the Local Delivery Plan for 2010/11 details the service priorities as set by the SGHD that support the HEAT targets and these targets have been categorised into 7 themes to provide a clear link between NHS National Services Scotland's Strategy Map and the SGHD outcomes based approach to service delivery. We will continue to monitor progress in this area.

Improving public sector efficiency

97. The Audit Scotland report *Improving public sector efficiency* was published on 25 February 2010. It provides a position statement on the first year (2008/09) of the Efficient Government Programme (the Programme), which aims to deliver £1.6 billion efficiency savings over the three years to 2010/11. It also gave an update on how the Scottish Government and public bodies have addressed the recommendations made in the 2006 report about the previous efficiency programme.
98. The report found that Scottish public bodies reported more efficiency savings than the Government's two per cent target. But there are serious financial challenges ahead – the most significant since devolution – and making the required savings through efficiency will become increasingly difficult.
99. The report recommended that to deal with reduced future funding and increase savings public bodies need to consider fresh approaches to improving efficiency and productivity. They must take a more fundamental approach to identifying priorities, improving the productivity of public services, and improving collaboration and joint working.
100. The drive to improve efficiency and productivity is not just an exercise for managers and service providers. It requires strong leadership and engagement from the very top of public bodies. Leaders and senior decision-makers within an organisation have a responsibility to check, challenge, monitor and support their organisations in delivering efficiency and productivity improvements. The report's recommendations highlighted areas that public bodies' key decision makers should look at to assess their organisation's development and to challenge existing arrangements (see below).



Extract from Audit Scotland report *Improving public sector efficiency*

In order to improve the delivery of efficiency savings public bodies should:

- ensure they have a priority-based approach to budgeting and spending
- continue to improve collaboration and joint working, overcoming traditional service boundaries
- consider using alternative providers of services, if these providers can improve the efficiency, productivity or quality of services
- improve information on costs, activity, productivity and outcomes, including setting baselines to measure performance against
- give greater urgency to developing benchmarking programmes
- maintain the momentum of activities and initiatives to improve purchasing and asset management and extend shared services
- ensure there is a joined-up approach to efficiency savings across the public sector, avoiding duplication
- ensure that plans are in place to deliver savings, clearly setting out what action will be taken, the level of savings to be delivered and how these will be measured
- strengthen the involvement of front-line staff, service providers and users in redesigning public services
- reduce reliance on non-recurring savings to meet financial targets and generally use these as part of a wider and longer term strategy
- report efficiency savings consistently.

101. To support these high-level recommendations, Audit Scotland, the Northern Ireland Audit Office and the Wales Audit Office have drawn on their combined experience to develop a detailed good practice checklist. The checklist is intended to promote detailed review and reflection and, if necessary, a basis for improvement. We recommend that those responsible within the Board for leading efficiency and improvement work should consider assessing themselves against each question, and recording the results.

National Studies

102. Audit Scotland's Public Reporting Group undertakes a programme of national studies each year in consultation with key stakeholders. The findings and key messages of these studies are published in national reports which are publicised and widely distributed. Table 3 below details the reports issued during 2009/10. In addition they are also available on Audit Scotland's website. However, members and executives are encouraged to review and engage with the study reports and to identify what impact they may have on the organisation. These reports can be accessed on Audit Scotland's website at www.audit-scotland.gov.uk



Table 3

Audit Scotland national performance reports issued during 2009/10

Report Title	Date of Publication
Managing the Use of Medicines in Hospitals – Follow-up Review	16 April 2009
Overview of Mental Health Services	14 May 2009
Improving Public Sector Purchasing	23 July 2009
Scotland's Public Finances: Preparing for the Future	5 November 2009
Overview of the NHS in Scotland's Performance 2008/09	10 December 2009
Improving Public Sector Efficiency	25 February 2010
Managing NHS Waiting Lists	4 March 2010
Review of Orthopaedic Services	25 March 2010

112. Audit Scotland's expectation is that NHS Boards should consider the findings contained in national reports and identify actions to be taken locally. At a local level, the Board does not currently have a protocol whereby national reports which are relevant to NHS National Services Scotland are considered in detail by officers of the Board.

Risk area 5



Looking Forward

103. NHS National Services Scotland faces a number of challenges in 2010/11, which include:

- **Financial management and affordability** – The financial settlement in 2010/11 provides an uplift of 2.15% which may reduce in 2011/12 given the current economic situation and the impact of the recent UK Government emergency budget in June 2010. This will have a significant impact on long term financial planning and the control of pay and non pay costs. NHS National Services Scotland has also identified that during 2010/11, £5.1 million of recurrent efficiency savings are required to be achieved. Delivery of these savings without impacting on services presents a challenge to the Board.
- **Efficiency, future funding and economic developments** – Scottish public bodies reported more efficiency savings than the Government's two per cent target in 2008/09, but there are serious financial challenges ahead – the most significant since devolution – and making the required savings through efficiency increasingly difficult. To deal with reduced future funding and increase savings fresh approaches to improving efficiency and productivity must be considered, taking a more fundamental approach to identifying priorities, improving the productivity of public services, and improving collaboration and joint working. The challenge for NHS National Services Scotland is to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives. This will be even more challenging in the context of the current economic downturn which may impact on a number of elements of the Board's operations including both its resources and the demand for its services.
- **Service redesign and sustainability** – There are significant developments planned for the delivery of future healthcare services by the Board including the new National Centre for SNBTS. This will present a recurring cost pressure on the Board's financial plan in future years.
- **Equal Pay** - The Equal Pay Directive has made it clear that pay discrimination should be eliminated from all aspects of remuneration. NHS National Services Scotland currently has 21 claims outstanding. Significant ongoing uncertainties have been identified by the CLO resulting in an unquantified contingent liability disclosure in 2009/10. However, Board management, working with the Scottish Government Health Directorates and other NHS Boards, will require to form a view of the potential liabilities as soon as practicable, taking into account the progress of cases in Scotland and in England.



- **VAT increase** – The Chancellor’s emergency budget on 22 June included an increase in VAT from 17.5% to 20% from January 2011. In addition, it has been reported that the VAT increase will increase the cost of supplies across the NHS in Scotland by £26 million and NHS National Services Scotland will bear a significant portion of the increase. The increase in VAT poses an additional risk to the Board’s financial position.
- **Best Value** - The concept of Best Value is seen as a key driver of modernisation and improvement in public services. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year, particularly in the area of Use of Resources. NHS National Services Scotland will wish to respond to this important initiative as it develops.

104. The Board recognises these challenges and is taking steps through its planning processes to address them. We will continue to monitor the progress that the Board is making on these key issues.



Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
1	NHS National Services Scotland does not have a significant exposure to equal pay and has not received a significant number of claims. However, as with other Boards, it has not been able to quantify the extent of its liability for Equal Pay claims. There is a risk that these liabilities will have a significant impact on the Board's financial position.	As noted, NSS has not received a significant number of Equal Pay claims and although the liability can not be assessed it is unlikely to be significant. However the situation will continue to be monitored, especially in relation to any potential financial impact.	Director of Finance	Ongoing
2	NHS National Services Scotland has a high percentage of non recurring funding from additional allocations. This poses a risk to budgets should this funding be reduced.	NSS will continue to work closely with SGHD to both optimise the level of baseline funding and to finalise the additional allocations as early in the financial year as possible.	Director of Finance	Dec 2010
3	The Board faces a wide range of financial challenges and there is a risk that it may not be able to make its savings targets in 2010/11. The longer term financial plan remains at risk of not being affordable and is a significant challenge to the Board moving forward.	The full programme of efficiencies for 2010/11 has been identified to meet and exceed the savings target. NSS is ahead of the target at the end of the first quarter.	Director of Finance	Mar 2011
4	VAT is set to increase from 17.5% to 20% from January 2011. This will have a significant impact on the cost of supplies.	The impact of the VAT rise has been assessed and has been factored into the forecast outturn for 2010/11 and in the initial financial planning for 2011/12 and beyond.	Director of Finance	Ongoing
5	There is a risk that the Board may not recognise and respond to issues highlighted in national performance reports issued by Audit Scotland.	All relevant reports will be presented to the Audit and Risk Committee and appropriate actions taken.	Director of Finance	Ongoing