

Mr Mark White
Director of Finance
NHS Greater Glasgow and Clyde Corporate HQ
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Gartnavel Royal Hospital Campus
1055 Great Western Road
Glasgow
G12 0XH

19 March 2018

Dear Mark

NHS Greater Glasgow and Clyde - Review of internal controls in financial systems 2017/18

1. Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that NHS Greater Glasgow and Clyde:
 - has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
 - has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
 - complies with established policies, procedures, laws and regulation.

Overall conclusion

2. On the basis of audit work undertaken, we concluded that appropriate and effective internal controls were in place for those key financial systems reviewed by us.

System coverage

3. The following table summarises the key systems that we have tested in our interim audit for financial year 2017/18.

Key System	Audit coverage
Payroll	√ (including internal audit reliance)
General Ledger	√
Trade Payables	√ (including internal audit reliance)
Trade Receivables	√

Cash and Banking

√

Key findings

4. Our audit testing did not identify any significant control weaknesses, which could impact on our financial statements audit work. We did identify a less significant issue which was discussed with management so that appropriate action could be taken.
5. We placed reliance on internal audit work on payroll and accounts payable and re-performed certain tests to gain assurances on the adequacy of the work. We found the internal audit work to be well documented and supported by appropriate evidence. Therefore, we were able to place reliance on their findings for our financial statements work, and thereby avoid unnecessary duplication.
6. We also plan to undertake substantive testing across a number of areas including staff costs, income, expenditure and fixed assets in advance of receipt of the financial statements. We will report any issues arising through our Annual Audit Report in June.

Risk identification

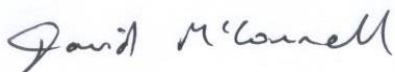
7. The issues identified in preparing this management letter are only those which have come to our attention during the course of our normal work and are not necessarily, therefore, all the risk areas that may exist. It remains the responsibility of management to determine the extent of the internal control system appropriate to NHS Greater Glasgow and Clyde. We would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

Acknowledgement

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

Yours sincerely

David McConnell
Assistant Director



cc (email): Michael Gillman
Peter Ramsay