

# NHS Tayside

Interim Management Report (Supplementary)  
2017/18



 AUDIT SCOTLAND

Prepared for NHS Tayside

18 June 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Audit findings

## Introduction

1. We submitted our initial 2017/18 interim management report to management on 30 April 2018 following which it was presented to the Audit Committee on 10 May 2018.
2. This supplementary report contains details of a further issue around a query relating to controls over family connections within the finance department, which we had initially raised in January 2018, but for which the response was not received until 17 May 2018.

## Conclusion

3. We have identified a further weakness in the board's system of internal controls. Details of the weakness identified and the improvement action agreed by management are included in Exhibit 1 below.

## Risks identified

4. The additional key control risk identified during the interim audit is detailed in [Exhibit 1](#). This weakness, and those identified in our interim management letter issued to management on 30 April 2018, represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to NHS Tayside.

## Audit findings

### Exhibit 1

#### Key findings and action plan 2017/18

Issue identified	Management response	Responsible officer and target date
<b>Audit finding</b>		
<b>Family connections</b>		
<p>As part of our interim work we made enquires of management over family members working in the finance department and the controls in place to mitigate any potential segregation issues.</p> <p>Responses from management were received in May and noted a number of family connections. The response also detailed two instances where officers had processed payroll data in respect of family members.</p>	<p>All known family connections within Finance teams have been identified and disclosed to Audit Scotland. Mitigations and controls were in place during the financial year for all but the two individuals noted in the audit finding which were duly investigated and found to be in order. In addition, processing of payment related data by a family member is not permitted and action has been taken to prevent a recurrence. Finally, all Finance staff with a family connection within the</p>	<p>Associate Director of Finance – Financial Services &amp; Fraud Liaison Officer</p> <p>30 June 2018</p>

Issue identified	Management response	Responsible officer and target date
<p>Management instigated changes in processes with immediate effect to strengthen the control environment. Management also investigated the two instances and have demonstrated to us that payments made were valid.</p> <p>We also note that the staff register of interests does not reflect the family connections identified through this review.</p> <p><b>Risk</b></p> <p>There is a risk of fraudulent payments if known family connections are not recorded and appropriate measures are not put in place to manage any potential segregation risks. Staff may also find themselves exposed to allegations of misconduct in such circumstances.</p>	<p>overall function have been asked to disclose their connection in the Register of Interests.</p>	
<hr/> <p>Source: Audit Scotland</p> <hr/>		

5. All our reports and any matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

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