

AUDIT COMMITTEE

Tuesday 3 September 2002
(*Afternoon*)

Session 1

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AUDIT COMMITTEE

11th Meeting 2002, Session 1

CONVENER

*Mr Andrew Welsh (Angus) (SNP)

DEPUTY CONVENER

*Mr David Davidson (North-East Scotland) (Con)

COMMITTEE MEMBERS

*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

Mr Lloyd Quinan (West of Scotland) (SNP)

*Mr Keith Raffan (Mid Scotland and Fife) (LD)

COMMITTEE SUBSTITUTES

Miss Annabel Goldie (West of Scotland) (Con)

Mr Duncan Hamilton (Highlands and Islands) (SNP)

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Judith Acton (Audit Scotland)

Mr Robert Black (Auditor General for Scotland)

Arwel Roberts (Audit Scotland)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Audit Committee

Tuesday 3 September 2002

(Afternoon)

[THE CONVENER *opened the meeting at 14:02*]

The Convener (Mr Andrew Welsh): Good afternoon and welcome to the 11th meeting of the Audit Committee in 2002. Please switch off all mobile phones and pagers. I have received no apologies.

On behalf of the committee, I welcome on board a new member of our clerking staff, Joanna Hardy. We wish her all success in her new role.

Items in Private

The Convener: I seek the committee's agreement for us to consider items 8 and 9 on the agenda in private. Those are housekeeping items and the results of our discussion will be made public in due course. Do members agree to consider items 8 and 9 in private?

Members *indicated agreement.*

Work Programme

The Convener: Item 2 on the agenda is consideration of the committee's work programme for September to December 2002. From paper AU/02/11/1, members will see that the draft programme has been drawn up in consultation with Audit Scotland. Members may wish to note that, in coming weeks, consideration must be given to planning our work programme in the run-up to the Scottish Parliament elections next year. I invite comments from members about the programme.

Mr David Davidson (North-East Scotland) (Con): It is important that we do not take on any work that we cannot complete adequately within the session. We should not rush anything—if we require evidence from people, they must be given plenty of notice. The Audit Committee, of all committees, should pay attention to the fine print and detail, and should not rush things.

The Convener: I appreciate the wisdom of what David Davidson is saying. We will receive a paper from the clerk about our work programme for next year. However, it would be wise for us to ensure that we can square off any activity that we undertake, rather than leaving loose ends. I am sure that we will return to this issue.

I welcome Keith Raffan to the meeting.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I apologise for my late arrival.

I echo what Mr Davidson has just said. We may not be here after next May, so we must complete our work before then.

The Convener: We have a full programme for the period up to May 2003. It includes consideration of the further education overview inquiry report; national health service items, such as waiting lists and ward nursing; a Scottish Environment Protection Agency briefing; a Scottish Executive landscape briefing; and briefings on local economic fora, individual learning accounts and youth justice. We may also hold an inquiry into evidence on the water board merger.

The Scottish Executive landscape briefing would mean breaking new ground, as it would involve our scrutinising the work of the Executive. I suggest that a short session be given over to such a briefing. Is that agreed?

Members *indicated agreement.*

The Convener: Would that pose a problem for Audit Scotland?

Mr Robert Black (Auditor General for Scotland): No—we would welcome the opportunity to share this work with the committee.

The report is unusual, as it is essentially a description of how Scottish government works and of the accountability arrangements that exist. It has been produced with the co-operation and support of the Executive. Perhaps the most constructive approach would be for the committee to hear from me, along with colleagues in Audit Scotland who have worked on the report and the accountable officer who has been most involved, Peter Collings. We can give the committee a good insight into what the report contains.

The Convener: Consideration of the report by the committee will be an important innovation. It will be important in ensuring greater scrutiny and openness in the new Scottish parliamentary system.

Do members agree to the work programme as outlined?

Members *indicated agreement.*

“Review of the management of waiting lists in Scotland”

The Convener: Item 3 on our agenda is consideration of the Auditor General’s “Review of the management of waiting lists in Scotland”, copies of which have been circulated to members. I invite the Auditor General to brief the committee on his report.

Mr Black: At the turn of the year, the First Minister asked me whether Audit Scotland would undertake a review of the management of health service waiting lists. Four issues were considered as part of the exercise. First, we examined the arrangements for placing patients on waiting lists. Secondly, we considered the monitoring of lists and how they are kept up to date. Thirdly, we considered consistency—the extent to which trusts apply central guidance consistently. Finally, we examined whether trusts had taken any action in managing lists that resulted in inappropriate delays to treatment.

Audit Scotland found no evidence of systematic or deliberate irregularities in the management of waiting lists, but it did find some inconsistencies across Scotland.

I will deal first with the acute hospital trusts. We identified three areas in which a more consistent approach is needed to ensure that all acute trusts perform at the level of the best. Those areas are the administration of waiting lists, the reclassification of patients’ treatment from in-patient or day-case treatment to out-patient treatment, and the use of the deferred lists according to central guidance.

Audit Scotland found different practices among primary care trusts in the recording of waiting lists. We suggested that primary care trusts needed to improve data collection and monitoring, and the validation of information, to ensure that patients are treated equally throughout Scotland.

Some general issues emerged for all trusts. First, there is a need for trusts to provide clearer information to all patients—and the public—on waiting lists and times. Secondly, trusts need to ensure that all patients understand their waiting list status, and the implications of the use of so-called deferred waiting lists and guaranteed exception codes. Thirdly, trusts need to have in place rigorous monitoring to provide early warning of patients whose waiting times risk breaching the guarantees. Finally, trusts need to identify the services that are under pressure, and to put in place formal policies and procedures for dealing with such situations.

The report contains a number of recommendations for the health agencies

concerned—trusts, boards and the health department—to improve the practice of managing waiting lists and to standardise data recording. We suggest that we may revisit the issue in future, to ensure that the recommendations have been implemented. The unified health boards are to be given a greater role in this area.

When we return to the issue, we will examine the unified health boards' arrangements for the monitoring and strategic management of waiting times. The health department has welcomed the report and has been developing an action plan. In the past few days, the issuing of that action plan has been announced. I am pleased that the plan seems to have taken on board all the report's recommendations. We are pleased that there has been such a swift and comprehensive response to the report. I am sure that the committee will want to take into account the issuing of the action plan in its determination of what should happen next.

I will be pleased to answer questions. If there are any that I cannot handle, Barbara Hurst and Judith Acton, who are with me, will assist. I humbly submit that they know more about the subject than anyone in the room.

The Convener: I remind members that we will consider in detail our next steps under item 8. I thank the Auditor General for his comments and invite members to make general remarks, rather than to ask about details.

Mr Davidson: How many of the primary care trusts had established full, written waiting list protocols? That has been a topic of discussion. Which primary care trusts had established such protocols?

Judith Acton (Audit Scotland): Four primary care trusts had written waiting list protocols and procedures that covered all their services. Those trusts were Ayrshire and Arran Primary Care NHS Trust, Renfrewshire and Inverclyde Primary Care NHS Trust, Lanarkshire Primary Care NHS Trust and Lothian Primary Care NHS Trust.

Mr Raffan: It is important that we receive a copy of the press release, which I have not seen, and the action plan. It is unusual that the Executive has responded to the report so quickly. We should examine whether consistent and equal implementation prevails across Scotland. In relation to the inquiry, to what extent have we been overtaken by events?

Mr Black: It is encouraging that the health department has responded so quickly. The committee might wish to explore more fully with the accountable officer time scales for improvement. The committee might well wish to obtain assurances that the situation will change in a reasonably short time.

The Convener: We will all be expecting practical action and results. I thank the Auditor General for his report.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): Why, prior to your report, did information and statistics division staff not pick up the fact that people were reclassifying patients? That fact would be contained in any report that they were provided with.

Mr Black: The accountable officer would be the best person to answer that question, but I will attempt to throw some light on it. The ISD is essentially a central unit in Edinburgh that is responsible for developing the systems. The responsibility for running the systems and taking local decisions about the classification of patients lies with the individual trusts.

The Convener: I note that Audit Scotland might revisit the issue in the future. I hope that it will check that action has been taken. That will provide reassurance that the system had improved.

“Overview of the National Health Service in Scotland 2000/01”

14:15

The Convener: We now move on to agenda item 4, on the response of the Scottish Executive to this committee's report entitled “Overview of the National Health Service in Scotland 2000/2001”, which was published on 2 May.

Members may be disappointed to note that the Executive has not accepted one of our recommendations—recommendation 3, which relates to the tracking of the use of non-recurring funding by health boards. I must express a little disappointment in that, but I should say that, out of eight recommendations, recommendation 3 is the only one that has not been accepted. It is the first time that the Scottish Executive has not accepted one of our recommendations. However, I am happy to note the action that the Executive has taken on a range of other issues, including early action on deficit build-up; transparency in financial management below board level in the reorganised structure; deadlines for the full implementation of partnership agreements; communications in partnership with pharmacists to ensure modern and accurate accounting systems; the development of partnership agreements; and the monitoring of the financial processes in the NHS and the pressures on the NHS, to which the Executive has taken a very positive approach. Those positive responses from the Executive will help to improve the system for the benefit of patients and professionals alike.

I regret the negative reaction to one of our recommendations and I will seek to pursue the matter to ensure that the Executive clearly understands what we were proposing. I stand by our recommendation, which I feel would be beneficial. The issue it deals with is fundamental.

Mr Raffan: I am not at all happy with the Executive's response on that point. We should invite Mr Trevor Jones back to elaborate on what I regard as an inadequate explanation.

The explanation is faulty on two grounds: the use of non-recurring funds is clearly critical, because it can distort and disguise a board's financial position; and, if such things happen again, the Executive will have laid itself open to criticism for not having accepted our recommendation. I do not understand the Executive's position. We were not asking for anything very ambitious; we were simply asking for a system to be put in place.

The Convener: I have re-read our recommendation. We were asking for reporting to

the department, rather than reporting by the department. I would like that point to be made clear. Perhaps Arwel Roberts would like to comment.

Arwel Roberts (Audit Scotland): There is a need for clarity here. The department has understood that the committee was recommending that the department itself should provide the mechanism for monitoring. Members will recall that a new management framework is being developed for the health service. At the time, the committee was concerned that there should be transparency down to what is now trust level. If the committee's position were made clear, I do not think that the department would have any difficulty in accepting that it should make arrangements whereby the trusts should make the relevant information available.

The Convener: Our intention was not to put any extra burden on the department but simply to ensure that the department could get the information it required to have a proper overview of what is going on. Using non-recurring finance is no way to run a system; it can hide problems, rather than addressing them.

Does the committee agree that we should write back to the Executive to seek clarification?

Members indicated agreement.

External Research

The Convener: Item 5 is external committee research. Members have received a paper from the clerk. As we enter the final year of the first session of our Parliament, members may consider this an appropriate time to take stock of what we have achieved. A useful start to such a process would be to compare ourselves with other audit committees internationally. The proposed research would enable us to do that. After three years of substantial and, I think, very successful work, it is time to take an objective look at our committee's practices and procedures within the UK, European and world auditing context, to ascertain ways in which we can further improve what we do.

The aims are clear. We should assess the committee's progress, development and achievements so far. I hope that that will assist our successors in the next session and inform their work. Also, we should place the committee in its international auditing context by making a comparative study of the practices and procedures of equivalent committees in other Parliaments.

Such a study would build on the contacts that we have already established with our UK and European counterparts. The proposal is for an external research project examining equivalent committees and legislatures, seeking out best practice and drawing together an overview of the work done by the Audit Committee in its first Parliament. That could be the basis of a seminar or other civic participation event with the wider community.

Mr Raffan: I am not opposed to the research proposal. However, I am concerned about the time scale. If we ask for research to be completed by the end of 2002, I am not sure how in-depth it will be. I am also concerned about the ambition to hold a seminar prior to dissolution, when many people's minds may be somewhat distracted and focused on other things. I like the idea of holding a seminar—more than a civic participation event—because it could be very useful for the committee. However, we might be trying to do too much too quickly.

The Convener: I take your point, but I am told that the Scottish Parliament information centre can complete the research. We have to lay down a reasonably strict timetable to ensure that we can do the work. There is no point in starting something that we cannot finish. SPICe assures me that the time scale is reasonable.

Mr Raffan: Can I make a suggestion? I would prefer to allow the research to be given a little longer and for the seminar to be held in the new Parliament. There will be a time when things are

rather thin in the early months of the new Parliament and it would be better to hold the seminar then, rather than rushing it now.

The Convener: I can understand the desire not to rush the research, but I think that it can be done within the time scale. The expertise is in the committee. I hope that we can put some of our ideas on record. We are passing on information to the new Parliament, to inform and help our successors.

Mr Davidson: Looking forward, I have concerns that the total remit of the committee should be re-examined. Perhaps that could be dealt with as part of the research. We must consider what limits were put on the scope of various committees in other Parliaments. We do not have the privilege of auditing every penny on which the Parliament votes. It is important that we set in context whether it is feasible to consider alternative arrangements for the Audit Committee and whether its powers should be extended. That should be part of the research into how other Parliaments do things—if they do things differently, we should know why. That will provide something for the new Parliament to discuss.

The Convener: I take your point. We insist on best value from those who appear before us and we must also insist on that best value from our own conduct. I seek a decision in principle that we consider the research in a more detailed paper, including a timetable, to be considered at our next meeting. Is that agreed?

Members indicated agreement.

Mr Raffan: That would delay the research further. It will be the end of the month before we get it going.

The Convener: Your point has been taken, Mr Raffan. *Festina lente*. We shall receive the more detailed paper at the next meeting.

Parliamentary Audit Committees (Visits)

The Convener: Item 6 is consideration of a draft submission to the conveners liaison group seeking approval for the members of the Audit Committee to undertake visits to their fellow committees in London, Belfast and Cardiff. I direct members' attention to the paper and invite them to make comments.

Mr Raffan: I am quite happy with the paper. Clearly, at this stage it has to be fairly general. We have the cost of flights and so on, but we are getting into the cheaper season now that the summer is over. I would quite like to visit both Belfast and Cardiff and if by cutting costs in other ways that could be arranged, will I be allowed to?

The Convener: You will notice from the paper that the cheapest flights have been chosen. In perspective, the total sum is not large and will be reduced. The point is for members of the Audit Committee who wish to visit their colleagues in the Assemblies and the UK Parliament to have the opportunity to do so. It is about contact, understanding, sharing of information and the on-going search for best practice. You can let the clerk know that you are interested in the visits.

Mr Raffan: I do not need accommodation in London. Indeed, a return rail fare to London, if booked a week in advance, is £39. Good for the Great North Eastern Railway. I am happy to do that.

The Convener: I am informed that the costs as they stand include the opportunity for you to visit both the UK Parliament and the Assembly.

Does the committee agree that I should submit the bid to the CLG at its next meeting?

Members *indicated agreement.*

National Assembly for Wales (Meeting)

The Convener: Item 7 is a report on a meeting of the convener with members of the National Assembly for Wales. I refer members to the written report for the details. However, I would like to thank publicly the chairman, Dafydd Wigley, the committee members and staff of the National Assembly for Wales. I also thank the staff of the National Audit Office for their warm welcome and the assistance that they gave to us so freely.

We witnessed both private and public committee sessions and gained insight into their decision-making and evidence-taking procedures. We discussed, for example, the National Assembly's aims of securing savings in public expenditure through its NAO inquiry reports. We also discussed some differences in procedures, such as the preparation of reports by the NAO, rather than the committee clerks, and the committee's practice of meeting monthly. It is clear that the Assembly's Audit Committee is closer to the Public Accounts Committee in Westminster in its *modus operandi*.

Our visit was enhanced by the contribution of the Auditor General for Scotland and his exchange of information and views with Sir John Bourn, the Comptroller and Auditor-General for England and Wales, will bear fruit in the future. We have built a very strong basis for future dialogue and, given the permission of the conveners liaison group, that will be further reinforced in our visit to Wales. We hope that Dafydd Wigley and his committee will visit us in Scotland.

Mr Raffan: I was going to ask about that. Dafydd Wigley is retiring next May so it would be good to have him to visit before he goes. I am sure that you will share that sentiment, convener.

The Convener: Indeed, I have known Dafydd for many years.

14:27

Meeting continued in private until 14:34.

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