

News release

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Auditors report continuing financial stress at NHS trusts

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The timeliness and quality of financial reporting by NHS trusts and Clinical Commissioning Groups (CCGs) remained broadly consistent with the previous year, according to Public Sector Audit Appointments Limited's *Report on the results of auditors' work 2014/15: NHS bodies*. However, the financial resilience of NHS trusts remains a significant concern with the number of non-standard conclusions on value for money arrangements and referrals to the Secretary of State for Health both increasing for the second consecutive year.

Following the closure of the Audit Commission on 31 March 2015, PSAA became responsible for appointing auditors to local NHS bodies and for overseeing the delivery of consistent, high-quality and effective external audit services.

The Audit Commission previously published Auditing the Accounts reports for NHS bodies covering the 2012/13 and 2013/14 financial years. The reports summarised the results of the work of auditors appointed by the Commission at local NHS bodies. This is the first such report published by PSAA, and it summarises the results of auditors' work at 99 NHS trusts (excluding foundation trusts) and 211 CCGs for 2014/15.

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors utilised their statutory reporting powers.

Just over half of NHS trusts received a qualified conclusion on their value for money arrangements, compared to a third for 2013/14, all of which were related to issues with financial resilience. There was also an increase in the number of NHS trusts being referred to the Secretary of State for Health when compared with the previous year. Twenty-nine NHS trusts were referred to the Secretary of State due to financial issues compared with nineteen NHS trusts for 2013/14.

For CCGs, the number of reports related to financial issues remained similar to the previous year. Auditors qualified the regularity opinion at 10 per cent of CCGs; issued a qualified conclusion on value for money arrangements to 15 per cent of CCGs; and referred 11 per cent of CCGs to the Secretary of State.

Notes for editors

1. Auditors' work on the 2014/15 accounts for local NHS bodies was carried out under the Audit Commission Act 1998 and the Code of Audit Practice 2010 (the Code) issued by the Audit Commission. Under the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for preparing and issuing a new Code of Audit Practice that will first apply to audits of the 2015/16 accounts.
2. NHS bodies have a statutory duty to publish an annual report and audited accounts, and this is one of the main ways they discharge their accountability to taxpayers and service users for their stewardship of public money. Timely final accounts, with an unqualified audit opinion, reflect well on a body's overall financial management arrangements and are a fundamental feature of good governance.
3. The accounts submission and audit process provides assurance to the Department of Health (DH) and NHS England about whether the funds distributed to NHS bodies have been safeguarded and accounted for properly.
4. The report summarises the results of auditors' work on the 2014/15 accounts of 99 NHS trusts (60 acute trusts, 5 ambulance trusts, 19 community trusts, and 15 mental health trusts). During 2014/15, two acute NHS trusts, three community NHS trusts and one mental health NHS trust converted to foundation trust (FT) status. One acute NHS trust merged with an existing FT, and two acute NHS trusts were merged to create a new acute NHS trust.
5. The report does not cover the results of auditors' work at NHS FTs, as PSAA does not appoint auditors to these bodies. FTs appoint their own auditors, and are regulated by Monitor.

For more information please contact:

Rachel Johnson / Senior Compliance Manager
Public Sector Audit Appointments Limited
M: 07920 581213
E: Rachel.Johnson@psaa.co.uk
W: <http://www.psaa.co.uk>