

Report on the results of auditors' work 2014/15: NHS bodies

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.

The company is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims.

Before 1 April 2015, these responsibilities were discharged by the Audit Commission.

Contents

Summary	4
Introduction	5
Background	5
Responsibilities of NHS bodies and auditors	5
NHS trusts	10
Background	10
Audit of the accounts	10
Clinical commissioning groups	17
Background	17
Audit of the accounts	17
Appendix 1: Summary of NHS bodies named in this report	22
NHS trusts	22
CCGs	26

Summary

Overall, the timeliness and quality of financial reporting for 2014/15 remained broadly consistent with the previous year for both NHS trusts and Clinical Commissioning Groups (CCGs).

However, auditors continued to report an increasing level of concern about the financial resilience of NHS trusts, with the number of non-standard conclusions on value for money arrangements and referrals to the Secretary of State for Health both increasing significantly for the second consecutive year. Just over half of NHS trusts received a qualified conclusion on their value for money arrangements and over a quarter were referred to the Secretary of State.

Table 1 summarises the key results for NHS trusts and CCGs for 2014/15 and compares them with the results for 2013/14.

Table 1: **Key results for 2014/15 and 2013/14**

	NHS trusts 2014/15	NHS trusts 2013/14	CCGs 2014/15	CCGs 2013/14
Accounts submission				
Audited accounts submitted by the deadline	98%	100%	98%	100%
Opinions on the accounts				
Qualified true and fair opinion	0%	0%	0%	0%
Emphasis of matter paragraph	9%	7%	0%	0%
Other matter paragraph	0%	0%	3%	18%
Qualified regularity opinion	N/A	N/A	10%	10%
Conclusions on VFM arrangements				
Qualified conclusion	58%	38%	15%	N/A
Statutory reporting powers				
Public interest report	0%	0%	0%	0%
Referral to the Secretary of State	29%	19%	11%	11%

Source: PSAA

Introduction

Background

- 1 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 Audit Commission at local NHS bodies.
- 2 Following the closure of the Audit Commission on 31 March 2015, Public Sector Audit Appointments Limited (PSAA) became responsible for appointing auditors to local NHS bodies and for overseeing the delivery of consistent, high-quality and effective external audit services. This is the first report published by PSAA, which summarises the results of auditors' work at 99 NHS trusts and 211 CCGs for 2014/15.
- 3 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.
- 4 NHS bodies have a statutory duty to publish an annual report and audited accounts¹, 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.
- 5 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.

Responsibilities of NHS bodies and auditors

Accounts

- 6 NHS trusts and CCGs were required to prepare their 2014/15 accounts in accordance with:
 - the *Department of Health Group Manual for Accounts 2014/15* issued by DH; and
 - relevant financial reporting standards.
- 7 Final audited accounts, along with other documentation², had to be submitted by CCGs to NHS England by 12.00 noon on 29 May 2015, and by auditors of NHS trusts to DH by 09.00 on 5 June 2015.

1 The term 'accounts' is used in this report to refer to the annual accounts that NHS bodies are required to prepare in accordance with the *Department of Health Group Manual for Accounts 2014/15* issued by DH.

2 Other documentation includes the summarisation schedules and a statement confirming that this summary is consistent with the audited accounts on which the audit opinion has been given.

8 Auditors give an opinion as to whether the accounts give a 'true and fair' view of financial transactions and the financial position, i.e. in the auditor's view the accounts are free from material misstatement. A material misstatement is one that would cause a reader of the accounts to have an incorrect overall understanding of the body's financial transactions and financial position.

9 Auditors may issue five possible types of 'true and fair audit opinion' on the accounts (Table 2). An opinion other than unqualified is known as a 'non-standard opinion'.

Table 2: **Types of audit opinion**

Type of opinion	Description
Unqualified opinion	The financial statements give a true and fair view, in all material respects, in accordance with the identified financial reporting framework.
Non-standard opinions	
Qualified 'except for' opinion – limitation of scope	The financial statements give a true and fair view, except for the effect of a matter where the auditor was unable to obtain sufficient evidence. For example, the auditor considers the accounting records for a material transaction or balance in the accounts to be inadequate.
Qualified 'except for' opinion – disagreement	The financial statements give a true and fair view, except for the effect of a matter where there was a material disagreement between the auditor and audited body about how the matter was treated in the financial statements.
Adverse opinion	There was a disagreement between the auditor and audited body that was so material, or pervasive, the financial statements as a whole were misleading or incomplete.
Disclaimer of opinion	The auditor was not able to express an opinion, because they could not obtain sufficient appropriate audit evidence to such an extent that the financial statements as a whole could be misleading or incomplete.

Source: PSAA

10 Auditors may add an 'emphasis of matter' paragraph after their opinion. This draws the attention of users of the accounts to a matter, or matters, presented or disclosed in the accounts, which are of such importance that they are fundamental to users' understanding of the accounts. This does not affect the auditor's opinion on the accounts.

11 CCG auditors are additionally required to give a 'regularity opinion' on whether money has been spent in accordance with the purposes intended by Parliament. Auditors qualify the regularity opinion if this is not the case.

12 NHS auditors are also required to report on two 'other matters' contained within the NHS accounts:

- that the annual report is consistent with the financial statements; and
- that the part of the remuneration report subject to audit has been prepared in accordance with the guidance.

13 Where the auditor cannot confirm these 'other matters', they must state this by including an 'other matter' paragraph in their audit report.

14 This report names NHS bodies³ where:

- audited accounts were not submitted to DH or NHS England by the deadline;
- the auditor issued a non-standard opinion on the accounts;
- the auditor included an 'emphasis of matter' paragraph after their opinion;
- the auditor qualified the regularity opinion (CCGs only); and
- the auditor included an 'other matter' paragraph in their audit report.

Value for money arrangements

15 For 2014/15, auditors had a duty under section 5(1)(e) of the *Audit Commission Act 1998* (the Act) to satisfy themselves that the audited body made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In discharging this duty, auditors were required to carry out their work in accordance with the Code. The Code required auditors to issue a VFM arrangements conclusion alongside the opinion on the financial statements.

16 It is the audited body's responsibility to:

- put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance;
- review the adequacy and effectiveness of these arrangements regularly; and
- report on aspects of these arrangements as part of its annual governance statement.

17 For 2014/15, auditors gave their VFM arrangements conclusion based on the following two criteria specified by the Commission:

- the organisation had proper arrangements in place for securing financial resilience; and

³ Appendix 1 lists all the NHS bodies named in this report.

■ the organisation had proper arrangements for challenging how it secures economy, efficiency and effectiveness.

18 Auditors may issue three types of VFM arrangements conclusion (Table 3). A conclusion other than an unqualified one is known as a 'non-standard conclusion'.

Table 3: **Types of VFM arrangements conclusion**

Type of conclusion	Description
Unqualified	The auditor is satisfied that, in all significant respects, the body made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.
Non-standard VFM arrangements conclusions	
Qualified 'except for'	The auditor is satisfied that the body made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015, in all significant respects, except for one or more specific weaknesses.
Adverse	The auditor is not satisfied that the body made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015, as significant weaknesses were identified.

Source: PSAA

19 This report names NHS bodies where the auditor issued a non-standard VFM arrangements conclusion.

Auditor reporting

20 Section 8 of the Audit Commission Act 1998 required auditors to consider whether they should report, in the public interest, on any matter that comes to their attention during the audit. Auditors may issue a public interest report where they consider a matter is sufficiently important to be highlighted to the audited body or the public, either as a matter of urgency, or at the conclusion of the audit.

21 Auditors also had a duty under Section 19 of the Audit Commission Act 1998⁴ to refer matters to the Secretary of State for Health if they had a reason to believe that an organisation:

- a) was about to make, or had made, a decision that involved, or would involve the incurring of expenditure which is unlawful; or
- b) was about to take, or had taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

22 A qualified regularity opinion constitutes a referral to the Secretary of State.

23 This report names NHS bodies where the auditor:

- issued a public interest report; and
- made a referral to the Secretary of State for Health.

⁴ Auditors also made referrals under the equivalent section (Section 30) of the Local Audit and Accountability Act 2014.

NHS trusts

Background

24 This section of the report summarises the results of auditors' work on the 2014/15 accounts of 99 NHS trusts, comprising:

- 60⁵ acute NHS trusts;
- 5 ambulance NHS trusts;
- 19 community NHS trusts; and
- 15 mental health NHS trusts.

25 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. As the accounts for these nine NHS trusts only covered part of the financial year, auditors were not required to issue a VFM arrangements conclusion.

26 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.

27 Auditors' work at NHS trusts included the audit of the accounts; a review of arrangements to secure VFM; and the exercise of the auditor's statutory reporting powers.

Audit of the accounts

Submission of audited accounts

28 The audited accounts for 97 NHS trusts (98 per cent) were submitted to DH by the deadline of 09.00 on 5 June 2015.

29 The two NHS trusts where the audited accounts were not submitted by the deadline are:

- Bridgewater Community Healthcare NHS Trust – audited accounts submitted to DH on 15 June 2015; and
- Brighton and Sussex University Hospitals NHS Trust - audited accounts submitted to DH on 15 June 2015.

30 The audited accounts for all NHS trusts were submitted by the deadline for 2013/14.

True and fair audit opinions on the accounts

31 All NHS trusts received an unqualified true and fair opinion on the accounts as was the case for 2013/14.

5 Isle of Wight NHS Trust has been counted as an acute NHS trust, although it is also responsible for ambulance, community and mental health services on the island.

Emphasis of matter

32 Auditors of nine NHS trusts (9 per cent) added an ‘emphasis of matter’ paragraph after their opinion. Table 4 lists the NHS trusts and shows the reason for the issue of the ‘emphasis of matter’ paragraph.

Table 4: **Emphasis of matter paragraphs issued to NHS trusts**

NHS trust	Reason
Barking, Havering and Redbridge University Hospitals NHS Trust	Financial position.
Bedford Hospital NHS Trust	Financial position.
Ipswich Hospital NHS Trust	Financial position.
Lincolnshire Community Health Services NHS Trust	Contingent liability regarding PAYE and NI potentially owing to HMRC.
Liverpool Community Health NHS Trust	Going concern as the future organisational form of the NHS trust is uncertain.
North Cumbria University Hospitals NHS Trust	Uncertainty about the ability of the NHS trust to continue as a going concern due to the timing of the acquisition by a FT not having been finalised.
Torbay and Southern Devon Health and Care NHS Trust	Inadequate disclosure regarding the ability of the NHS trust to continue as a going concern pending final approval of acquisition by a FT.
University Hospitals of Leicester NHS Trust	Financial position.
West Middlesex University Hospital NHS Trust	Financial position.

Source: PSAA

33 These ‘emphasis of matter’ paragraphs are intended to highlight to the user of the accounts particular issues which are important. For 2013/14, there were seven ‘emphasis of matter’ paragraphs. Three related to financial position, three related to NHS trusts that were in the process of being taken over by FTs and one related to the dissolution of a trust.

Value for money arrangements conclusions

34 The 90 NHS trusts in existence at 31 March 2015 were subject to a VFM arrangements conclusion for 2014/15. Auditors issued a non-standard VFM arrangements conclusion to 52 of these NHS trusts (58 per cent), compared to 37 (38 per cent) for 2013/14. Eighteen of the 52 non-standard VFM arrangements conclusions were adverse (ten for 2013/14).

35 Table 5 shows the 52 NHS trusts that received a non-standard VFM arrangements conclusion for 2014/15, and also shows the conclusion they received for 2013/14.

Table 5: **List of NHS trusts that received adverse and qualified ‘except for’ VFM arrangements conclusions for 2014/15, and the conclusion they received for 2013/14**

NHS trust	VFM arrangements conclusion 2013/14
Adverse conclusions 2014/15	
Barking, Havering and Redbridge University Hospitals NHS Trust	Adverse
Barts Health NHS Trust	Qualified ‘except for’
Brighton and Sussex University Hospitals NHS Trust	Unqualified
Croydon Health Services NHS Trust	Adverse
East Sussex Healthcare NHS Trust	Adverse
Hinchingbrooke Health Care NHS Trust	Unqualified
London North West Healthcare NHS Trust	N/A (new NHS trust during 2014)
Mid Essex Hospital Services NHS Trust	Qualified ‘except for’
North Cumbria University Hospitals NHS Trust	Adverse
Portsmouth Hospitals NHS Trust	Unqualified
Solent NHS Trust	Unqualified
The Princess Alexandra Hospital NHS Trust	Qualified ‘except for’
University Hospitals of Leicester NHS Trust	Adverse
United Lincolnshire Hospitals NHS Trust	Adverse
Walsall Healthcare NHS Trust	Unqualified
West Hertfordshire Hospitals NHS Trust	Adverse
Worcestershire Acute Hospitals NHS Trust	Qualified ‘except for’
Wye Valley NHS Trust	Adverse

**Qualified 'except for' conclusions
2014/15**

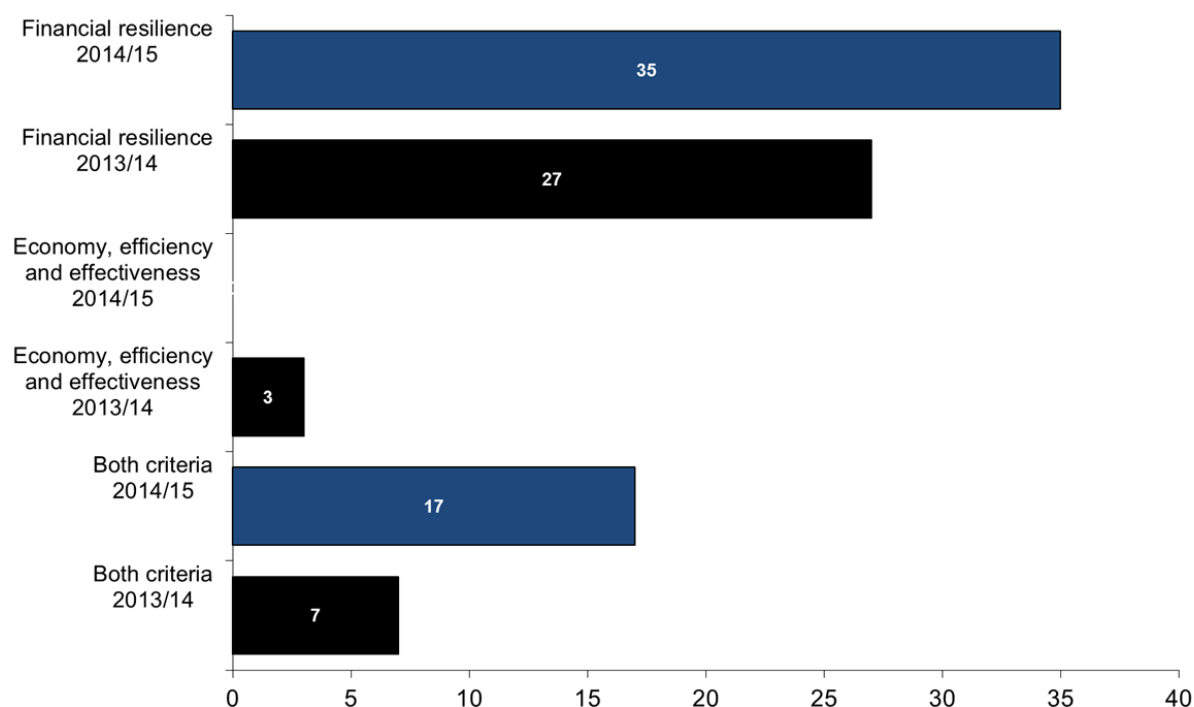
Barnet, Enfield and Haringey Mental Health NHS Trust	Qualified 'except for'
Bedford Hospital NHS Trust	Qualified 'except for'
Buckinghamshire Healthcare NHS Trust	Qualified 'except for'
East and North Hertfordshire NHS Trust	Unqualified
East Cheshire NHS Trust	Qualified 'except for'
East Lancashire Hospitals NHS Trust	Qualified 'except for'
East of England Ambulance Service NHS Trust	Qualified 'except for'
George Eliot Hospital NHS Trust	Adverse
Hull and East Yorkshire Hospitals NHS Trust	Unqualified
Imperial College Healthcare NHS Trust	Unqualified
Ipswich Hospital NHS Trust	Qualified 'except for'
Isle of Wight NHS Trust	Unqualified
Leeds Teaching Hospitals NHS Trust	Qualified 'except for'
Lewisham and Greenwich Healthcare NHS Trust	Unqualified
Liverpool Community Health NHS Trust	Qualified 'except for'
Maidstone and Tunbridge Wells NHS Trust	Qualified 'except for'
Manchester Mental Health and Social Care Trust	Unqualified
Mid Yorkshire Hospitals NHS Trust	Qualified 'except for'
North Bristol NHS Trust	Qualified 'except for'
Northampton General Hospital NHS Trust	Qualified 'except for'
Nottingham University Hospitals NHS Trust	Unqualified
Pennine Acute Hospitals NHS Trust	Unqualified
Plymouth Hospitals NHS Trust	Qualified 'except for'

NHS trust	VFM arrangements conclusion 2013/14
Royal Cornwall Hospitals NHS Trust	Unqualified
Royal National Orthopaedic Hospital NHS Trust	Unqualified
Shrewsbury and Telford Hospital NHS Trust	Qualified 'except for'
St Helens and Knowsley Hospitals NHS Trust	Unqualified
Staffordshire and Stoke on Trent Partnership NHS Trust	Unqualified
Surrey and Sussex Healthcare NHS Trust	Qualified 'except for'
The Whittington Hospital NHS Trust	Unqualified
University Hospitals Coventry and Warwickshire NHS Trust	Unqualified
University Hospital of North Midlands NHS Trust	Unqualified
West Middlesex University Hospital NHS Trust	Qualified 'except for'
Weston Area Health NHS Trust	Qualified 'except for'

Source: PSAA

36 Figure 1 on page 15 shows the criteria against which the non-standard VFM arrangements conclusions were issued for both 2014/15 and 2013/14.

Figure 1: Breakdown of non-standard VFM arrangements conclusions for NHS trusts



Source: PSAA

37 Figure 1 shows that all of the 52 non-standard VFM arrangements conclusions related to financial resilience, an increase from 34 in 2013/14.

38 The main reasons for the financial resilience qualifications include:

- NHS trusts failing to meet their statutory breakeven duty for 2014/15;
- NHS trusts setting deficit budgets for 2015/16;
- NHS trusts failing to achieve Cost Improvement Programme targets; and
- reliance by NHS trusts on cash support from the DH to fund planned levels of operational activity.

Auditor reporting

Public interest reports

39 No public interest reports have been issued to NHS trusts in the period since the last report was published.

Referrals to the Secretary of State for Health

40 Referrals are often made for NHS trusts that fail to break even, when taking one financial year with another (the statutory break-even duty). The duty has been met if expenditure is covered by income over a rolling three year period. Exceptionally, this may be extended to five years.

41 There have been referrals for 29 NHS trusts since July 2014 (19 referrals for the previous year). The referrals relate to the failure or likely failure of an NHS trust to meet its statutory break-even duty or, in three cases, to a decision that resulted in incurring expenditure that was unlawful:

- Barking, Havering and Redbridge University Hospitals NHS Trust
- Barnet, Enfield & Haringey Mental Health NHS Trust
- Barts Health NHS Trust
- Croydon Health Services NHS Trust
- East Sussex Healthcare NHS Trust
- George Eliot Hospital NHS Trust
- Hinchingsbrooke Health Care NHS Trust
- Hull and East Yorkshire Hospitals NHS Trust
- Ipswich Hospital NHS Trust
- Leeds Teaching Hospitals NHS Trust (break-even duty and unlawful expenditure)
- Manchester Mental Health and Social Care Trust
- Mid Essex Hospital Services NHS Trust
- Mid Yorkshire Hospitals NHS Trust
- Pennine Acute Hospitals NHS Trust
- Plymouth Hospitals NHS Trust
- Portsmouth Hospitals NHS Trust
- Royal Cornwall Hospitals NHS Trust
- Royal Liverpool and Broadgreen University Hospitals NHS Trust (unlawful expenditure)
- Shrewsbury and Telford Hospital NHS Trust
- Solent NHS Trust
- Staffordshire and Stoke on Trent Partnership NHS Trust
- The Princess Alexandra Hospital NHS Trust
- The Royal Wolverhampton NHS Trust (unlawful expenditure)
- University Hospitals Coventry and Warwickshire NHS Trust
- University Hospital of North Midlands NHS Trust
- Walsall Healthcare NHS Trust
- West Middlesex University Hospital NHS Trust
- Weston Area Health NHS Trust
- Worcestershire Acute Hospitals NHS Trust

Clinical commissioning groups

Background

42 This section of the report summarises the results of auditors' work for 2014/15 at 211 CCGs.

43 CCGs in England commission healthcare services on behalf of the public. CCGs are made up of multiple general practitioner (GP) practices with the GPs, as the members of the CCG, being responsible for setting its strategic direction and governance framework. CCGs are responsible to NHS England which allocates their funding, as well as providing guidance on a range of issues, including governance.

44 Auditors' work at CCGs included the audit of the accounts; a review of arrangements to secure VFM; and the exercise of the auditor's statutory reporting powers.

Audit of the accounts

Submission of audited accounts

45 The audited accounts for 206 CCGs (98 per cent) were submitted to NHS England by the deadline of 12.00 noon on 29 May 2015.

46 The five CCGs where the audited accounts were not submitted by the deadline are:

- NHS Bedfordshire CCG – audited accounts submitted to NHS England on 11 June 2015;
- NHS Coastal West Sussex CCG - audited accounts submitted to NHS England on 8 June 2015;
- NHS Coventry and Rugby CCG - audited accounts submitted to NHS England on 22 June 2015;
- NHS Luton CCG - audited accounts submitted to NHS England on 29 May 2015 (after 12.00 noon deadline); and
- NHS Warwickshire North CCG - audited accounts submitted to NHS England on 19 June 2015.

True and fair audit opinions on the accounts

47 All CCGs received an unqualified true and fair opinion on the accounts for 2014/15 as was the case for 2013/14.

Regularity opinions

48 For 2014/15, 21 CCGs (10 per cent) received a qualified regularity opinion. For 2013/14, 21 CCGs (10 per cent) received a qualified regularity opinion. NHS Coventry and Rugby CCG made a payment to NHS Warwickshire North CCG which the auditor considered an unlawful transaction by each body. The other 19 qualified regularity opinions related to a breach of the CCG's revenue resource limit:

- NHS Barnet CCG
- NHS Basildon and Brentwood CCG
- NHS Bedfordshire CCG
- NHS Cannock Chase CCG
- NHS Croydon CCG
- NHS East Staffordshire CCG
- NHS East Surrey CCG
- NHS Enfield CCG
- NHS Luton CCG
- NHS Mid Essex CCG
- NHS North Hampshire CCG
- NHS North Somerset CCG
- NHS North Tyneside CCG
- NHS Northern, Eastern and Western Devon CCG
- NHS South East Staffordshire and Seisdon Peninsular CCG
- NHS South Gloucestershire CCG
- NHS Southend CCG
- NHS Stafford and Surrounds CCG
- NHS Surrey Downs CCG

Other matters

49 CCGs are required in their remuneration reports to disclose pension-related benefits for GPs identified as senior managers. For 2013/14, auditors reported that 37 CCGs (18 per cent) experienced considerable difficulties in making these disclosures resulting in non-compliance with the annual report requirements set by NHS England and consequent highlighting of these 'other matters' by auditors.

50 The majority of CCGs made the required disclosures for 2014/15. Auditors of six CCGs (3 per cent) added an 'other matter' paragraph relating to difficulties making pension-related disclosures in the remuneration report:

- NHS Bradford City CCG
- NHS Bradford Districts CCG
- NHS Ealing CCG

- NHS East Staffordshire CCG
- NHS Shropshire CCG
- NHS Stafford and Surrounds CCG

Value for money arrangements conclusions

Background

51 For 2014/15, auditors issued a non-standard VFM arrangements conclusion to 31 CCGs (15 per cent). Eleven of the conclusions were adverse.

52 For 2013/14, auditors were not required to issue a VFM arrangements conclusion to CCGs as it was their first year of operation. Instead auditors were required to conclude whether or not there were any matters arising from their VFM work they needed to report. For 2013/14, auditors concluded there were matters to report at 38 CCGs (18 per cent).

53 The following 31 CCGs received a non-standard VFM arrangements conclusion for 2014/15:

Adverse conclusions

- NHS Basildon and Brentwood CCG
- NHS Bedfordshire CCG
- NHS Cambridgeshire and Peterborough CCG
- NHS East Surrey CCG
- NHS Enfield CCG
- NHS Herts Valleys CCG
- NHS Luton CCG
- NHS Mid Essex CCG
- NHS North Hampshire CCG
- NHS North Tyneside CCG
- NHS South East Staffordshire and Seisdon Peninsular CCG

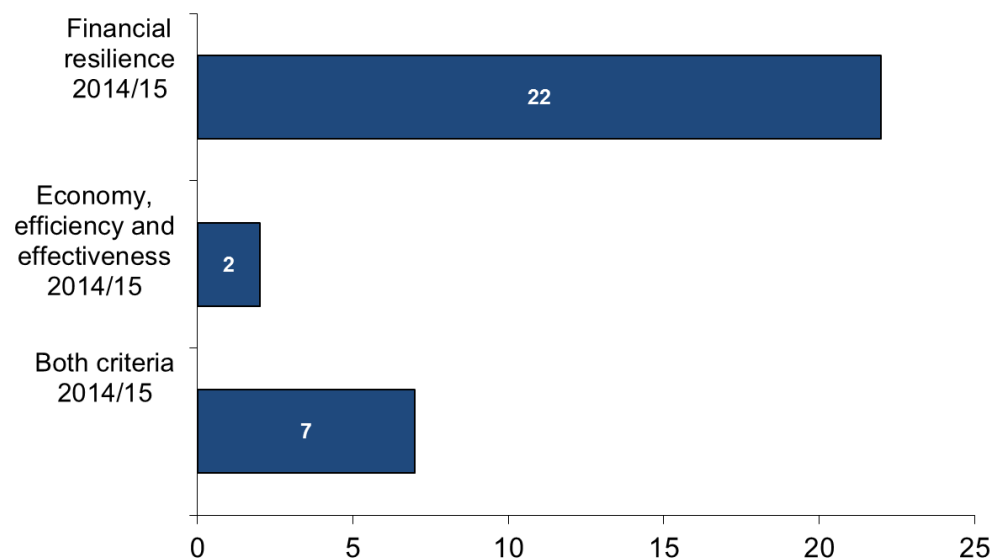
Qualified 'except for' conclusions

- NHS Barnet CCG
- NHS Cannock Chase CCG
- NHS Castle Point, Rayleigh and Rochford CCG
- NHS Croydon CCG
- NHS East Staffordshire CCG

- NHS Great Yarmouth and Waveney CCG
- NHS Harrow CCG
- NHS Hillingdon CCG
- NHS Ipswich and East Suffolk CCG
- NHS North Norfolk CCG
- NHS North Somerset CCG
- NHS North Staffordshire CCG
- NHS Northern, Eastern and Western Devon CCG
- NHS South Gloucestershire CCG
- NHS South Norfolk CCG
- NHS Southend CCG
- NHS Stafford and Surrounds CCG
- NHS Surrey Downs CCG
- NHS West Suffolk CCG
- NHS Wirral CCG

54 Figure 2 shows the criteria against which the non-standard VFM arrangements conclusions were issued for 2014/15.

Figure 2: **Breakdown of non-standard VFM arrangements conclusions for CCGs**



Source: PSAA

55 Figure 2 shows that of the 31 non-standard VFM arrangements conclusions, 29 related to financial resilience.

56 The main reasons for the financial resilience qualifications include:

- CCGs breaching their revenue resource limit by incurring a deficit for 2014/15;
- CCGs setting deficit budgets for 2015/16; and
- weaknesses in strategic financial planning.

Auditor reporting

Public interest reports

57 There have been no public interest reports issued to CCGs in the period since the last report was published.

Referrals to the Secretary of State for Health

58 There have been 24 CCGs (11 per cent) referred by auditors to the Secretary of State, compared with 24 (11 per cent) for 2013/14. The qualified regularity opinion received by the 19 CCGs listed in paragraph 48 for a breach of the revenue resource limit set for the body by NHS England also constituted a referral to the Secretary of State.

59 NHS Oxfordshire CCG was referred by the auditor for an anticipated breach of the revenue resource limit for 2014/15 which subsequently did not occur. NHS Harrow CCG and NHS North Staffordshire CCG were referred by the auditor for setting a deficit budget for 2015/16.

60 NHS Coventry and Rugby CCG and NHS Warwickshire North CCG were referred by the auditor in relation to an unlawful financial transaction.

Appendix 1: Summary of NHS bodies named in this report

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
NHS trusts						
Barking, Havering and Redbridge University Hospitals NHS Trust		✓			✓	✓
Barnet, Enfield and Haringey Mental Health NHS Trust					✓	✓
Barts Health NHS Trust					✓	✓
Bedford Hospital NHS Trust		✓			✓	
Bridgewater Community Healthcare NHS Trust	✓					
Brighton and Sussex University Hospitals NHS Trust	✓				✓	
Buckinghamshire Healthcare NHS Trust					✓	
Croydon Health Services NHS Trust					✓	✓
East and North Hertfordshire NHS Trust					✓	
East Cheshire NHS Trust					✓	
East Lancashire Hospitals NHS Trust					✓	
East of England Ambulance Service NHS Trust					✓	

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
East Sussex Healthcare NHS Trust					✓	✓
George Eliot Hospital NHS Trust					✓	✓
Hinchingbrooke Health Care NHS Trust					✓	✓
Hull and East Yorkshire Hospitals NHS Trust					✓	✓
Imperial College Healthcare NHS Trust					✓	
Ipswich Hospital NHS Trust		✓			✓	✓
Isle of Wight NHS Trust					✓	
Leeds Teaching Hospitals NHS Trust					✓	✓
Lewisham and Greenwich Healthcare NHS Trust					✓	
Lincolnshire Community Health Services NHS Trust		✓				
Liverpool Community Health NHS Trust		✓			✓	
London North West Healthcare NHS Trust					✓	
Maidstone and Tunbridge Wells NHS Trust					✓	
Manchester Mental Health and Social Care Trust					✓	✓
Mid Essex Hospital Services NHS Trust					✓	✓
Mid Yorkshire Hospitals NHS Trust					✓	✓

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
North Bristol NHS Trust					✓	
North Cumbria University Hospitals NHS Trust		✓			✓	
Northampton General Hospital NHS Trust					✓	
Nottingham University Hospitals NHS Trust					✓	
Pennine Acute Hospitals NHS Trust					✓	✓
Plymouth Hospitals NHS Trust					✓	✓
Portsmouth Hospitals NHS Trust					✓	✓
Royal Cornwall Hospitals NHS Trust					✓	✓
Royal Liverpool and Broadgreen University Hospitals NHS Trust						✓
Royal National Orthopaedic Hospital NHS Trust					✓	
Shrewsbury and Telford Hospital NHS Trust					✓	✓
Solent NHS Trust					✓	✓
St Helens and Knowsley Hospitals NHS Trust					✓	
Staffordshire and Stoke on Trent Partnership NHS Trust					✓	✓
Surrey and Sussex Healthcare NHS Trust					✓	

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
The Princess Alexandra Hospital NHS Trust					✓	✓
The Royal Wolverhampton NHS trust						✓
The Whittington Hospital NHS Trust					✓	
Torbay and Southern Devon Health and Care NHS Trust		✓				
University Hospitals Coventry and Warwickshire NHS Trust					✓	✓
University Hospitals of Leicester NHS Trust		✓			✓	
University Hospital of North Midlands NHS Trust					✓	✓
United Lincolnshire Hospitals NHS Trust					✓	
Walsall Healthcare NHS Trust					✓	✓
West Hertfordshire Hospitals NHS Trust					✓	
West Middlesex University Hospital NHS Trust		✓			✓	✓
Weston Area Health NHS Trust					✓	✓
Worcestershire Acute Hospitals NHS Trust					✓	✓
Wye Valley NHS Trust					✓	

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
CCGs						
NHS Barnet CCG			✓		✓	✓
NHS Basildon and Brentwood CCG			✓		✓	✓
NHS Bedfordshire CCG	✓		✓		✓	✓
NHS Bradford City CCG				✓		
NHS Bradford Districts CCG				✓		
NHS Cambridgeshire and Peterborough CCG					✓	
NHS Cannock Chase CCG			✓		✓	✓
NHS Castle Point, Rayleigh and Rochford CCG					✓	
NHS Coastal West Sussex CCG	✓					
NHS Coventry and Rugby CCG	✓		✓			✓
NHS Croydon CCG			✓		✓	✓
NHS Ealing CCG				✓		
NHS East Staffordshire CCG			✓	✓	✓	✓
NHS East Surrey CCG			✓		✓	✓
NHS Enfield CCG			✓		✓	✓

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
NHS Great Yarmouth and Waveney CCG					✓	
NHS Harrow CCG					✓	✓
NHS Herts Valleys CCG					✓	
NHS Hillingdon CCG					✓	
NHS Ipswich and East Suffolk CCG					✓	
NHS Luton CCG	✓				✓	✓
NHS Mid Essex CCG			✓		✓	✓
NHS North Hampshire CCG			✓		✓	✓
NHS North Norfolk CCG					✓	
NHS North Somerset CCG			✓		✓	✓
NHS North Staffordshire CCG					✓	✓
NHS North Tyneside CCG			✓		✓	✓
NHS Northern, Eastern and Western Devon CCG			✓		✓	✓
NHS Oxfordshire CCG						✓
NHS Shropshire CCG				✓		
NHS South East Staffordshire and Seisdon Peninsular CCG			✓		✓	

NHS body	Late opinion	Emphasis of matter paragraph	Qualified regularity opinion	Other matter paragraph	Non-standard conclusion on VFM arrangements	Referral to SoS for Health
NHS South Gloucestershire CCG			✓		✓	✓
NHS South Norfolk CCG					✓	
NHS Southend CCG			✓		✓	✓
NHS Stafford and Surrounds CCG			✓	✓	✓	✓
NHS Surrey Downs CCG			✓		✓	✓
NHS Warwickshire North CCG	✓		✓			✓
NHS West Suffolk CCG					✓	
NHS Wirral CCG					✓	

Source: PSAA