

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF
THE PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000

THE 2003/04 AUDIT OF ARGYLL AND CLYDE HEALTH BOARD

1. I submit the audited accounts of Argyll and Clyde Health Board and the auditor's report in terms of section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act.
2. The auditor's report, which is incorporated at pages 16 – 17 of the accounts, highlights a failure to meet a financial target - the board's net resource outturn should not exceed its Revenue Resource Limit (RRL). In 2003/04, Argyll and Clyde Health Board recorded a net resource outturn of £506.652 million against a RRL of £471.282 million, resulting in an excess against the RRL of £35.37million. This is 7.5% of the total RRL of the Board. I am submitting this report because of the failure to meet this financial target, and more importantly the auditor's concern that the Board is not forecasting in-year financial balance until 2007/2008, with a planned cumulative excess of over £70 million at that time. Further revision of financial plans by board management has now projected that this deficit will approach £100 million by 2007/08. This financial position raises serious concerns about the ability of Argyll and Clyde Health Board to sustain services and retrieve the deficit.
3. The auditor's opinion is not qualified because the Accountable Officer has provided the auditor with assurance that the Scottish Executive Health Department will ensure that the Board has access to cash throughout the period 2004 to 2008, which will enable the Board to meet its liabilities as and when they fall due.
4. I will be preparing an overview report on significant issues arising from the 2003/04 audits of NHS trusts and health boards. Financial performance, including the underlying reasons for failure to achieve targets, will feature as part of that report.



ROBERT W BLACK
Auditor General for Scotland
16 September 2004