

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

THE 2004/05 AUDIT OF WESTERN ISLES HEALTH BOARD

1. I submit the audited accounts of Western Isles 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 for Western Isles Health Board is qualified because of a breach of relevant regulations. During the year the Board purchased goods and services totalling £651,000 from a supplier, of which £400,000 related to a project for a GP Information Technology Upgrade. This work was not subject to competition as required by the Scottish Public Finance Manual and Regulations implementing European Procurement Directives.
3. The auditor's report also highlights a failure to meet a financial target although the auditor's opinion is not qualified in this respect. An NHS board's net resource outturn should not exceed its Revenue Resource Limit (RRL). In 2004/05, Western Isles Health Board recorded a net resource outturn of £54.779 million against an RRL of £54.041 million, resulting in an excess against the RRL of £0.738 million which includes £0.294 million brought forward from 2003/04. The cumulative excess represents 1.4% of the total RRL. The Board is setting a budget in 2005/06 to recover this position. A recovery plan is being developed to address the cumulative excess, which aims to achieve financial balance and recover the accumulated deficit by 2007/08. The Scottish Executive Health Department has provided assurances to the Board that it will have access to cash throughout the period 2005 to 2008, which will allow the Board to meet its liabilities as and when they fall due.
4. I am submitting this report because of the qualification in respect of the regularity assertion and the failure to meet a financial target. I will also prepare an overview report on the NHS. This report will comment on significant issues arising from the 2004/05 audits of NHS bodies including qualifications by auditors and financial performance.



ROBERT W BLACK
Auditor General for Scotland
23 September 2005