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News release

For immediate release - 24 October 2014

Auditor General reports on issues raised in audits of NHS accounts

The Auditor General for Scotland, Caroline Gardner, has issued reports to the Scottish Parliament on matters raised in the audits of the 2013/14 accounts for NHS 24, NHS Highland and NHS Orkney.

The reports draw Parliament's attention to:

- Problems and delays with NHS 24 implementing a major new IT system as part of the Board's Future Programme, and the significant financial implications of the delays, including high risks to the board achieving its financial targets from 2014/15;
- Significant weaknesses in financial management in NHS Highland during 2013/14. These weaknesses were a major factor in the board requiring brokerage of £2.5 million from the Scottish Government to break even;
- Poor financial management in NHS Orkney during 2013/14. The board required brokerage of £1 million from the Scottish Government to break even, and there are concerns about the capacity of the finance team to cope with future pressures;

NHS 24 planned to implement the Future Programme in September 2013, but this has now been delayed until at least October 2015. The board has invested significantly in the programme over the past four years. The total cost to date is £38 million, considerably more than the expected cost of £29.6 million. NHS 24 expects to incur further additional costs of £14.6 million. The board has received £20.76 million brokerage from the Scottish Government since 2011/12 to help fund the Programme.

NHS Highland required brokerage from the Scottish Government mainly due to overspend and weaknesses in financial management at Raigmore Hospital. Other factors were increased spending on agency and locum staff, and meeting national waiting time targets. The main reason for NHS Orkney needing brokerage was hiring locum doctors to cover vacant medical posts. There was a reliance on non-recurring savings by both health boards, which is not sustainable in the long-term.

The Auditor General's reports are available to view at: www.audit-scotland.gov.uk

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Notes to editors

1. The auditors have given an unqualified opinion on the accounts of NHS 24, NHS Highland, and NHS Orkney for the year ended 31 March 2014. The Scottish Government laid these accounts with the Scottish Parliament on 24 October 2014. These will be made available to view on the Scottish Government website.

2. These reports have been made under section 22 of the Public Finance and Accountability (Scotland) Act 2000, which allows the Auditor General to draw the Scottish Parliament's attention to matters of concern arising from an audit of accounts. The Auditor General presents these reports to the Scottish Parliament's Public Audit Committee. The committee will then decide what further steps it may wish to take.

3. Audit Scotland will publish *NHS in Scotland 2013/14* on 30 October 2014, reporting on the performance of the NHS in 2013/14 and its future plans; the issues raised in the reports published today feature within *NHS in Scotland 2013/14* as case studies.

4. A follow-up report to Audit Scotland's August 2012 publication *Managing ICT Contracts* is planned for publication in Spring/Summer 2015, and will look at how public bodies have responded to the report, as well as key problems encountered in recent ICT projects.

5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.