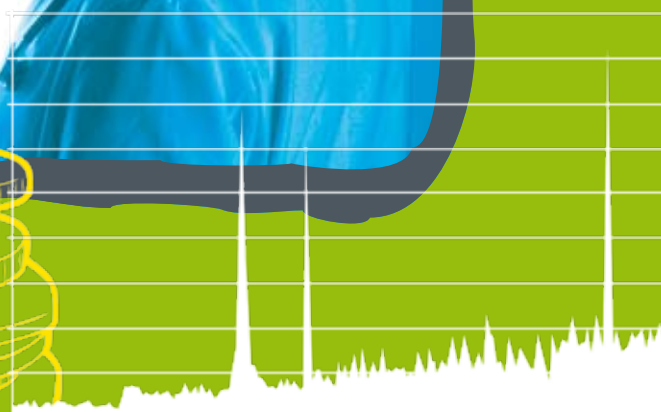


# Auditors' Local Evaluation 2007/08

Summary results for NHS  
trusts and primary care trusts



**Health**

Briefing

October 2008

 **audit**  
commission

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

**© Audit Commission 2008**

This document is available on our website at: [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

**If you require a copy of this document in large print, in Braille, on tape, or in a language other than English, please call: 0844 798 2116**

**If you require a printed copy of this document, please call: 0844 798 7070**

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Telephone: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

---

# Contents

<b>Summary</b>	<b>4</b>
<b>1 Introduction</b>	<b>8</b>
<b>2 Background to Auditors' Local Evaluation</b>	<b>9</b>
<b>3 ALE scores for 2007/08</b>	<b>12</b>
<b>4 Performance by theme</b>	<b>24</b>
<b>5 Financial reporting</b>	<b>25</b>
<b>6 Financial management</b>	<b>29</b>
<b>7 Financial standing</b>	<b>33</b>
<b>8 Internal control</b>	<b>37</b>
<b>9 Value for money</b>	<b>40</b>
<b>10 Conclusions and the way forward</b>	<b>44</b>
<b>Appendix 1</b>	<b>46</b>
<b>Appendix 2</b>	<b>48</b>
<b>Appendix 3</b>	<b>68</b>
<b>References</b>	<b>70</b>

---

# Summary

- 1** The Auditors' Local Evaluation (ALE) assesses how well primary care trusts (PCTs) and NHS trusts manage and obtain value for money from their financial resources. It stems from auditors' statutory duty to satisfy themselves that NHS bodies have proper arrangements for securing economy, efficiency and effectiveness (value for money) in their use of resources. Auditors evaluate NHS bodies' performance in five themes - financial reporting, financial management, financial standing, internal control and value for money. The overall Use of Resources (UoR) score, which is a combined score for the five themes, is used by the Healthcare Commission as part of its Annual Health Check.
- 2** ALE was introduced in 2005/06 and this is the third year of results. The overall picture is one of significant improvement over the three years assessed. Performance has improved strongly in 2007/08 and this success can be attributed primarily to the return to financial balance of all but a small minority of NHS bodies. The improvement is all the more impressive given the fact that the strongest performing NHS trusts have become NHS foundation trusts (FTs) and are not subject to ALE assessments. Furthermore, the PCTs and ambulance trusts reconfigured in 2006/07 have now established much improved arrangements for their use of financial resources.
- 3** There is a link between the effective use of resources and high quality services for patients. In 2006/07, 91 NHS trusts and PCTs were performing well or strongly in their use of resources under ALE. Fifty-eight of the 91 organisations (64 per cent) also scored good or excellent for their quality of services in the 2006/07 Healthcare Commission's Annual Health Check.
- 4** Key results from the 2007/08 NHS trust and PCT ALE assessments include:
  - Ninety-three per cent (282) of NHS bodies met or exceeded minimum standards for their overall use of resources.
  - Fifty per cent (151) of NHS bodies were assessed to be performing well or strongly in their use of resources.
  - Five per cent (14) of NHS bodies were assessed to be performing strongly – the highest level.
  - Only 7 per cent (20) of NHS bodies failed to meet the minimum standards.

---

The reasons for failure were a combination of inadequate financial standing and financial management arrangements.

- Two per cent (7) of NHS bodies improved their overall score by two levels from 2006/07. Fifty-six per cent (170) of NHS bodies improved their overall score by one level from 2006/07. Thirty-nine per cent (118) of NHS bodies achieved the same score as in 2006/07 and 2 per cent (6) dropped by one level.<sup>1</sup>
- Mental health and learning disability NHS trusts performed better than other sectors across all five themes. This has also been the case in the previous two years of ALE. The most common score for NHS trusts overall was level 3, performing well. PCTs' performance improved strongly in 2007/08, virtually eliminating the gap between PCTs and NHS trusts. However, during 2007/08 the strongest performing NHS trusts became FTs and were not assessed under ALE.
- The number of NHS bodies that met or exceeded minimum standards did not vary greatly across themes. Performance was strongest in the internal control theme and 98 per cent achieved minimum standards. For financial standing, the proportion was 95 per cent and performance for the other three themes was within this range. The range of scores within each theme was also broadly consistent across themes, with the notable exception of financial standing. In this theme, 33 per cent of NHS bodies were assessed as performing strongly, compared to an average of 4 per cent for the other themes.
- Performance varied across England. The NHS bodies in North West Strategic Health Authority (SHA) area achieved the highest average score overall. The average overall score of NHS bodies in Yorkshire and the Humber SHA area was the lowest. NHS London has the highest proportion of NHS bodies performing strongly but also has the highest proportion failing to achieve minimum standards.

<sup>1</sup> Three hundred and two NHS bodies were assessed under ALE in 2007/08; however, Imperial College Healthcare NHS Trust was established on 1 October 2007 by merging St Mary's NHS Trust and Hammersmith Hospitals NHS Trust so was not assessed in 2006/07 as a single body. It has, therefore, not been included in this comparison.

---

# Summary

---

**5** NHS bodies have improved their financial standing and raised standards in the other themes. In November the Audit Commission and National Audit Office will publish their joint report *Financial Management in the NHS 2007/08*. This report will set out in detail the financial environment in which NHS bodies were operating during 2007/08. The financial performance of the NHS has improved significantly overall and organisations are in a better position to reinvest surpluses in improved healthcare over the medium-term. However, the following 12 NHS bodies, which failed to meet minimum standards overall in each of the three years of ALE assessments to date, must take immediate action in the areas of weakness identified by their auditor:

- Barking, Havering and Redbridge Hospitals NHS Trust;
- Bromley Hospitals NHS Trust;
- Hinchingsbrooke Health Care NHS Trust;
- Hounslow Primary Care Trust;
- North West London Hospitals NHS Trust;
- Queen Elizabeth Hospital NHS Trust;
- Queen Mary's Sidcup NHS Trust;
- Royal National Orthopaedic Hospital NHS Trust;
- Scarborough and North East Yorkshire Healthcare NHS Trust;
- Trafford Healthcare NHS Trust;
- Whipps Cross University Hospital NHS Trust; and
- Worcestershire Mental Health Partnership NHS Trust.

- 
- 6 Independent surveys of NHS bodies<sup>1</sup> have demonstrated that ALE has been very helpful in driving improvement and that the dissemination of good practice that has been identified during the assessment would help further. Auditors have, therefore, identified a substantial body of notable practice case studies that other NHS bodies can learn from. These will be made available on the Audit Commission's website ([www.audit-commission.gov.uk/ale](http://www.audit-commission.gov.uk/ale)) and a selection is included in this briefing.
  - 7 This briefing also sets out how the ALE process will be changing next year to reflect the introduction of Comprehensive Area Assessment by the Audit Commission and other inspectorates. The UoR score will remain. However, for PCTs, the scoring framework will be based around three themes, rather than the current five. For NHS trusts, the current KLOE-based framework of five themes has been updated to incorporate an emphasis on the financial risk rating measurements used by Monitor to assess FTs. This will provide continuity for aspiring FTs.
  - 8 This briefing provides evidence that NHS bodies demonstrated significant improvements in their use of resources in 2007/08. Those NHS bodies not performing well or strongly should now take action to learn from the highest performing organisations.

<sup>1</sup> In a sample of 140 NHS trusts and PCTs, surveyed by Ipsos MORI as part of the Audit Commission's stakeholder survey, 87 per cent considered that ALE had had a fair or a great amount of impact in improving local public services and the management of local public services. The HFMA Finance Director Survey 2007 found that 77 per cent of finance directors in England believed ALE provided a useful assessment of financial performance and financial management. Seventy-nine per cent said it led to improvements in both these areas.

---

# 1 | Introduction

- 
- 9 ALE assesses how well NHS trusts and PCTs manage and secure value for money from their financial resources. It stems from auditors' statutory duty to satisfy themselves that NHS bodies have proper arrangements for securing economy, efficiency and effectiveness (value for money) in their use of resources. ALE scores draw on auditors' work throughout the year. Auditors follow an agreed process to reach scored judgements that:
- drive improvement by giving clear messages about adequate, good and excellent performance;
  - enable comparisons to be made between audited bodies; and
  - seek to identify and share good practice on a timely basis.
- 10 Good financial management goes hand-in-hand with good quality services for patients. In its discussion paper *World Class Financial Management* (Ref. 1) the Audit Commission said that, 'financial management matters... it is about managing performance and achieving an organisation's strategic objectives, as much as about managing money'.
- 11 This briefing summarises the results of auditors' work and includes UoR scores for each NHS body assessed. Further details of NHS financial performance will be available in the Audit Commission's forthcoming report *Financial Management in the NHS 2007/08*, to be published jointly with the National Audit Office in November 2008.

---

# 2 | Background to Auditors' Local Evaluation

---

- 12** This is the third year that audited bodies have been subject to an ALE assessment. The number of bodies assessed in 2007/08 has fallen slightly as a result of some NHS trusts becoming FTs but the number of PCTs assessed remains the same. The assessment was, therefore, carried out at 150 NHS trusts and 152 PCTs. ALE assessments are not undertaken at SHAs or at FTs.
- 13** The ALE process requires auditors to reach scored judgements for five themes:
- financial reporting;
  - financial management;
  - financial standing;
  - internal control; and
  - value for money.
- 14** The five themes are underpinned by 13 key lines of enquiry (KLOE), or high level questions, that are in turn supported by detailed audit criteria that describe adequate, good and excellent performance. The KLOE are set out in Appendix 1. The ALE framework has been widely consulted upon and developed in partnership with key stakeholders to ensure relevance, fairness and clarity in auditor assessments. The framework is subject to annual review to ensure that it fully reflects developments within the health sector. Amendments are, however, kept to a minimum to help promote improvement both through consistency of approach and through comparison of scores over time. Following consultation some minor amendments were made to the detailed criteria used to assess 2007/08 performance.
- 15** The scores arrived at for each of the themes are used by the Audit Commission to calculate an overall score which forms the UoR part of the Healthcare Commission's Annual Health Check for NHS trusts and PCTs. The UoR score sits alongside the quality of services assessment in the Annual Health Check. Monitor provides the Healthcare Commission with the UoR score for FTs.
- 16** Auditors' draft scores are subject to a rigorous quality assurance process to ensure consistency. Additionally, the review procedure introduced in 2006/07, which gives NHS bodies the opportunity to request a review of their overall score before it is passed to the Healthcare Commission for inclusion within the Annual Health Check, remains. In 2007/08, 16 requests for review were received; 3 of these requests would not have resulted in a change in the overall score and therefore did not meet the criteria for review. Of the 13 cases where a review was undertaken, two resulted in a score change.

# 2 | Background to Auditors' Local Evaluation

**17** ALE assessments result in one of four scores which range from level 1, inadequate performance, to level 4, which indicates that the body is performing strongly. The scores and their descriptors are shown in Table 1.

**Table 1**  
**ALE scoring scale**

Score/level	Description
1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

Source: Audit Commission

**18** The scores for each of the five themes are calculated based on the average of the scores for the KLOE within that theme. The overall ALE/UoR score is determined by the Audit Commission, as shown in Table 2.

**Table 2**  
**Rules for determining the overall score**

Overall score	Rules
1	If the score of any of financial management, financial standing or value for money is 1
2	Financial management, financial standing and value for money must each score at least 2
3	No score below 2. Financial management, financial standing and value for money must each score at least 3
4	No score below 3. At least two of the scores for financial management, financial standing and value for money must be 4

Source: Audit Commission

---

**19** Following the conclusion of auditors' assessments, each NHS trust and PCT is presented with a report that outlines their performance against each theme and KLOE. The report also identifies the areas of improvement needed for the body to reach the next level of assessment.

**20** The Audit Commission has also published a selection of case studies, developed by local auditors and based on the notable practices identified at those organisations judged to be performing well or strongly.

---

## Reducing the burden of regulation

**21** The Audit Commission is a signatory to the Healthcare Concordat, an agreement between bodies that audit, regulate and inspect NHS bodies. The Concordat aims to improve information sharing and to reduce the duplication of assessment. During 2007/08, the Audit Commission also worked with both the Healthcare Commission and the NHS Litigation Authority (NHSLA) to identify areas where there was overlap in assessment and to share information and reduce duplication. This resulted in information sharing in a number of areas covered by ALE, the Healthcare Commission's Core Standards assessment and the NHSLA's risk assessment. Both of these initiatives have had a positive impact in reducing duplication and the burden of regulation and information sharing was extended to cover additional core standards in 2007/08. There are plans to take the initiatives forward in 2008/09.

---

# 3 | ALE scores for 2007/08

---

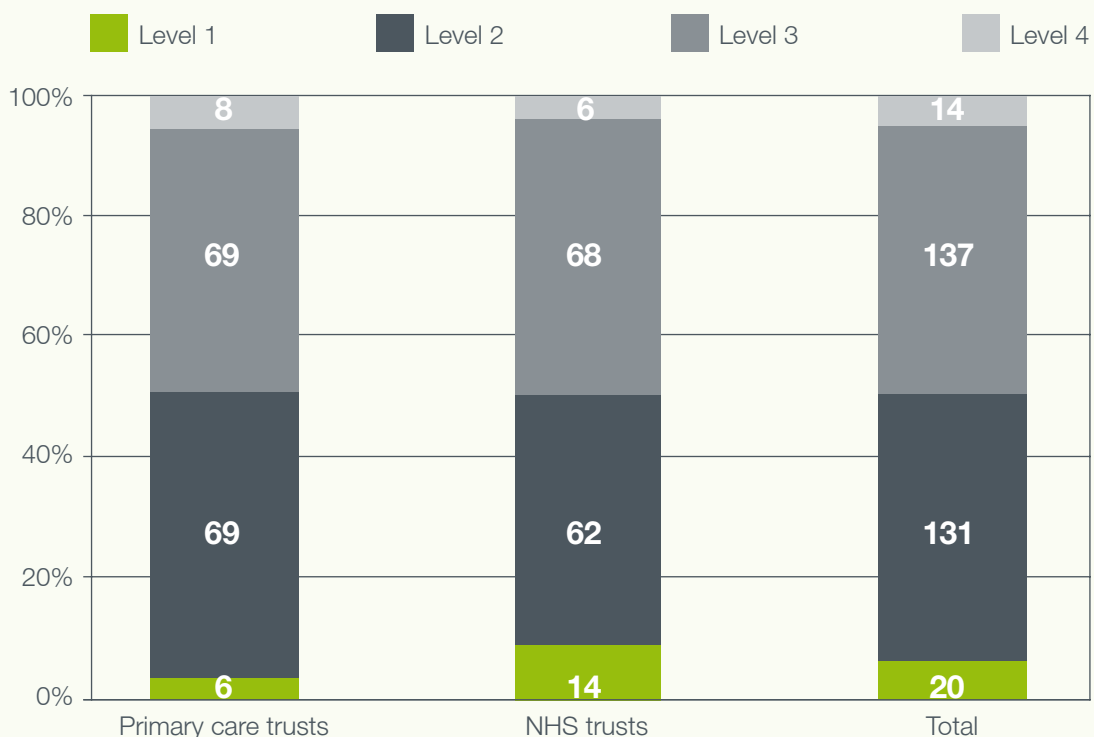
## Overview

**22** In 2007/08, 282 (93 per cent) of NHS bodies achieved scores of level 2 or above, indicating performance met or exceeded minimum standards. This was a clear improvement from 2006/07 when 69 per cent of NHS bodies were assessed as meeting minimum standards and represents consistent progress year on year since the first ALE assessments in 2005/06.

**23** Six NHS trusts and eight PCTs achieved a score of level 4, indicating they are performing strongly. There were 137 NHS bodies that achieved level 3, performing well, and 131 were assessed as achieving level 2, performing adequately. Only 20 NHS bodies were assessed as level 1, not meeting minimum standards. The weaknesses identified at these organisations are largely the same as in previous years. Overall and theme level scores for every NHS trust and PCT can be found at Appendix 2. Appendix 3 summarises the scores at KLOE level.

**24** The overall UoR scores for NHS trusts and PCTs are summarised in Figure 1, which shows that performance overall in the two sectors was broadly the same. In 2006/07 PCTs' overall performance was markedly poorer, with the reorganisation of PCTs having a large impact. The number of NHS trusts subject to ALE has also reduced by 33 in 2007/08. Some of these NHS trusts merged with others but 30 NHS trusts have achieved FT status, thereby coming under the regulation of Monitor. The majority of NHS trusts authorised as FTs had previously achieved scores of level 3 or level 4. Therefore, the improvement in the overall performance of NHS trusts is all the more impressive when taking into account that many of the highest performing NHS trusts assessed in 2006/07 were not assessed in 2007/08.

**Figure 1**  
**Overall UoR scores for PCTs and NHS trusts**



Source: Audit Commission

## Continual improvement

**25** Since the first ALE assessment in 2005/06 there has been a year-on-year improvement in overall scores and within themes, by both NHS trusts and PCTs. The average overall score has risen from 1.73 in 2005/06 to 1.96 in 2006/07 and 2.48 in 2007/08. The proportion of NHS bodies meeting or exceeding minimum standards has increased from 61 per cent in 2005/06 to 69 per cent in 2006/07 to 93 per cent in 2007/08. The most common score in 2007/08 for NHS bodies was level 3, compared to level 2 in the two previous years.

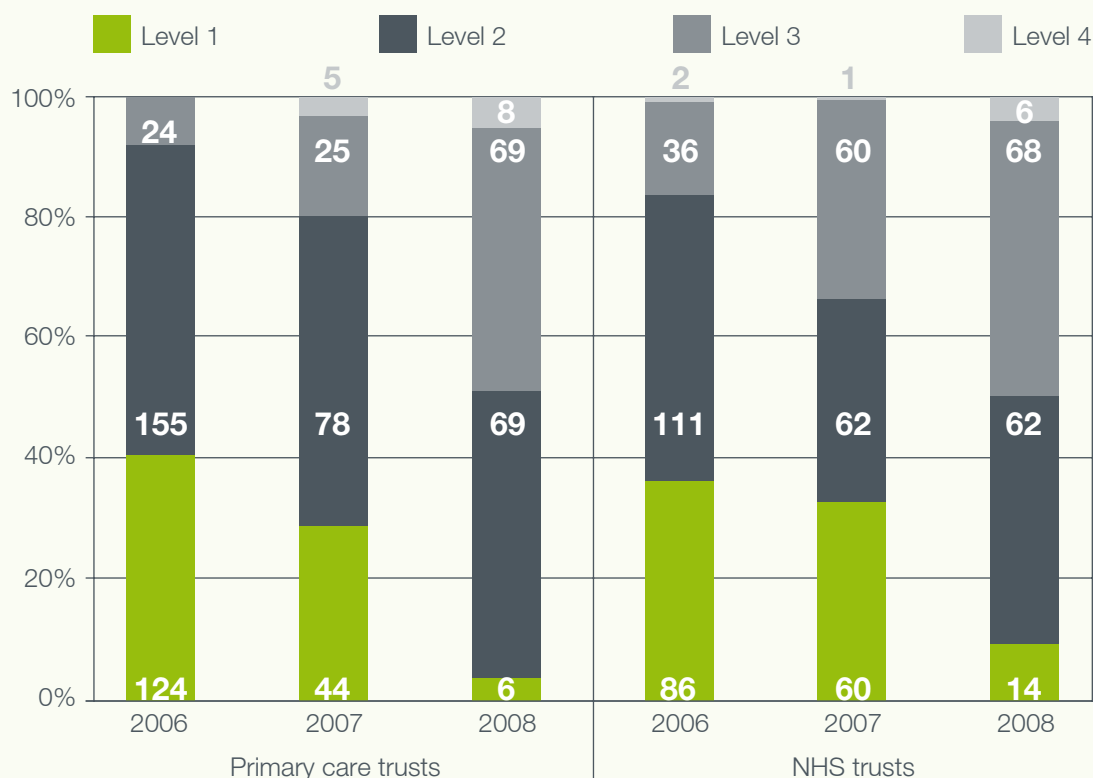
**26** An equal number of PCTs achieved level 3 and level 2 in 2007/08 but the proportion of PCTs improving from level 2 to level 3 is much higher than for NHS trusts. There has been an increase in the number of organisations scoring level 4 – in 2007/08 six NHS trusts and eight PCTs were performing strongly compared to one and five respectively in 2006/07 and two NHS trusts but no PCTs in 2005/06. All but one of the top performing organisations in 2006/07 retained this score in 2007/08.

# 3 | ALE scores for 2007/08

**27** There has been a corresponding reduction in the number of NHS bodies failing to meet minimum standards, from 39 per cent in 2005/06 to 31 per cent in 2006/07 to 7 per cent in 2007/08. The four organisations that failed to meet minimum standards across all five themes in both 2005/06 and 2006/07 have improved, with only one of the four not rising to level 2 in 2007/08, by virtue of a score of level 1 for the financial standing theme.

**28** In 2006/07 PCTs and ambulance trusts were reconfigured as part of *Commissioning a Patient-led NHS* (Ref. 2). The number of PCTs was reduced, through merging existing organisations, from 303 to 152 and the number of ambulance trusts from 29 to 12 (now 11 through a further merger in October 2007). Figure 2 shows that the performance of PCTs and NHS trusts has become more balanced, now that the reorganised PCTs have become more established.

**Figure 2**  
Overall UoR scores for PCTs and NHS trusts – 2006 to 2008



Source: Audit Commission

---

**29** Since ALE was introduced in 2006 there have been 213 organisations in existence and assessed in all of the three years of ALE to date. For these organisations, there is a clear trend of improvement – 116 NHS bodies have now achieved, or maintained, a score of level 3 or level 4. The Royal Free Hampstead NHS Trust has improved from level 1 in 2005/06 to level 4 in 2007/08. There are 80 NHS bodies that have now achieved, or maintained, minimum standards. The performance of the remaining 17 organisations either remained inadequate or deteriorated.

**30** In 2007/08, a total of 170 organisations improved their score by one level. Seven organisations moved up two levels in 2007/08, from level 1 to level 3, through a combination of improved financial standing and financial management. Few organisations rise by two levels in one year due to the need to demonstrate that improvements have been fully embedded throughout the year. There were 118 organisations that maintained the same level as last year. <sup>1</sup>

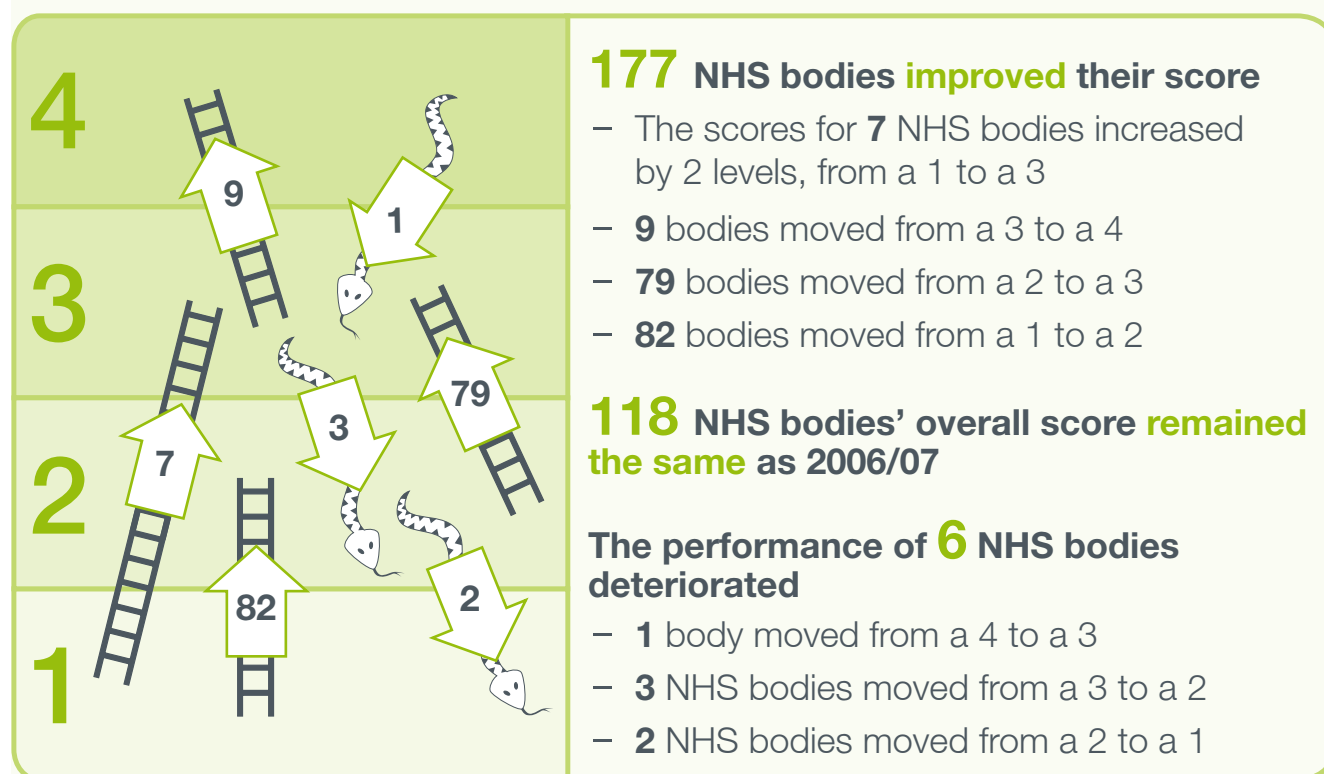
<sup>1</sup> Three hundred and two NHS bodies were assessed under ALE in 2007/08; however, Imperial College Healthcare NHS Trust was established on 1 October 2007 by merging St Mary's NHS Trust and Hammersmith Hospitals NHS Trust so was not assessed in 2006/07 as a single body. It has, therefore, not been included in this comparison.

# 3 | ALE scores for 2007/08

**31** The performance of six organisations has deteriorated since 2006/07. Two of the six have slipped to an overall score of level 1 from level 2 in 2006/07. No organisation

dropped two levels since 2006/07. Figure 3 summarises the changes in UoR score between 2006/07 and 2007/08.

**Figure 3**  
Changes in UoR score between 2006/07 and 2007/08



Source: Audit Commission

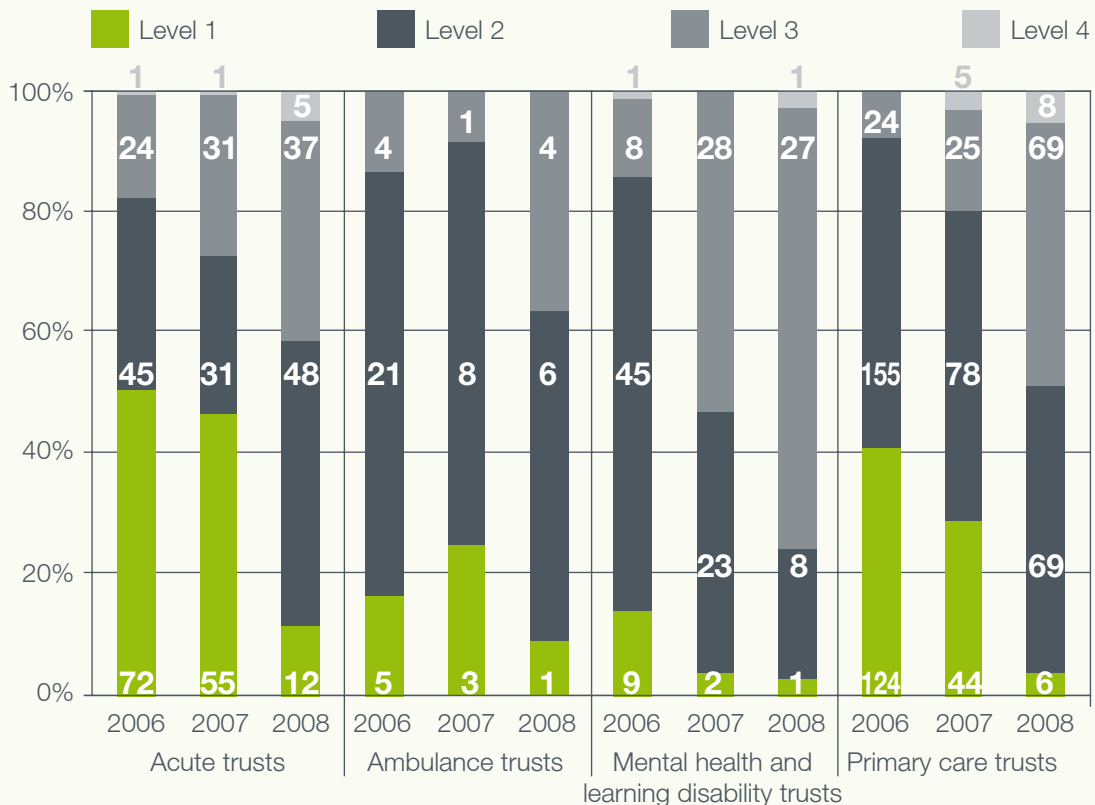
## Performance by sector

**32** Performance has improved across all NHS sectors, most notably PCTs, which can be attributed largely to the newer PCTs meeting the levels of performance of the established PCTs. Mental health and learning disability trusts continue to perform strongly, 76 per cent achieved a score of level 3 or above. The performance of ambulance trusts has improved strongly; as with the PCTs, the newly reconfigured trusts have more firmly established themselves, allowing improvements across all five

ALE themes. This settling down is in line with expectations and was predicted in the Audit Commission's commentary on the 2006/07 ALE scores (Ref. 3). The performance of acute trusts also improved significantly. Whereas in 2006/07 41 per cent of acute trusts did not meet minimum standards, this figure dropped to 12 per cent in 2007/08.

**33** Figure 4 shows the trend of improved performance in all sectors over the three years of ALE assessments.

**Figure 4**  
Overall UoR scores by sector – 2006 to 2008



Source: Audit Commission

---

# 3 | ALE scores for 2007/08

---

## Relationships between themes

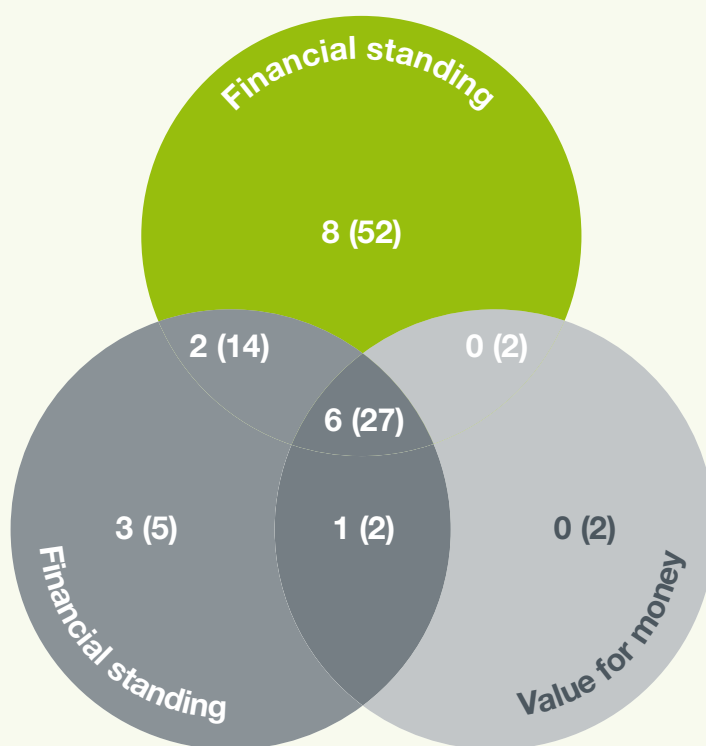
**34** Twenty NHS bodies received an overall score of level 1. Under the ALE scoring methodology the themes of financial management, financial standing and value for money are key themes because of the weighting they carry. NHS bodies score level 1 overall because of a score of level 1 in any of the key themes, regardless of other scores.

**35** The number of NHS bodies scoring level 1 in 2006/07 was 104 and in 2005/06 there were 210. Failure to meet minimum standards in the financial standing theme was the primary reason for an overall score of level 1 in both years. In 2007/08, however, only 16 NHS bodies failed the financial standing theme. Figure 5 shows that although financial standing continues to be the major cause for organisations failing to achieve minimum standards, the number failing on this theme has decreased significantly from 2006/07.

**36** There are six organisations still struggling to score more than level 1 for each of the three key themes. Five of these organisations also failed to do so in 2006/07 and four in 2005/06. This contrasts poorly with the organisations that failed across all five ALE themes in previous years, which all improved in 2007/08.

**37** Financial management remains an issue for some organisations but not to the extent of previous years. Figure 5 shows there are four organisations that scored a level 1 overall that failed the financial management theme but did not fail on financial standing.

**Figure 5**  
**Number of NHS organisations scoring level 1 in financial management, financial standing or value for money, or a combination of these and therefore scoring level 1 for UoR.**  
**(Note: figures in brackets represent scores for 2006/07)**



Source: Audit Commission

**38** Six NHS bodies slipped from level 2 to level 1 in one or more of the key themes. For four of these organisations the deterioration in performance was in financial management. These organisations must work to ensure these weaknesses are addressed to avoid adversely affecting their financial standing and the value for money of their services.

**39** Just one NHS body, Barking, Havering and Redbridge Hospitals NHS Trust, failed to meet minimum standards in any of the five themes, which was a deterioration in performance from the previous year. Overall, however, this represents an improvement on 2005/06 when six organisations failed on all five themes and on 2006/07 when there were four such organisations.

---

# 3 | ALE scores for 2007/08

---

**40** Bromley PCT achieved level 4, performing strongly, in all five themes. This is the first organisation to have done so in the three years of ALE assessments to date.

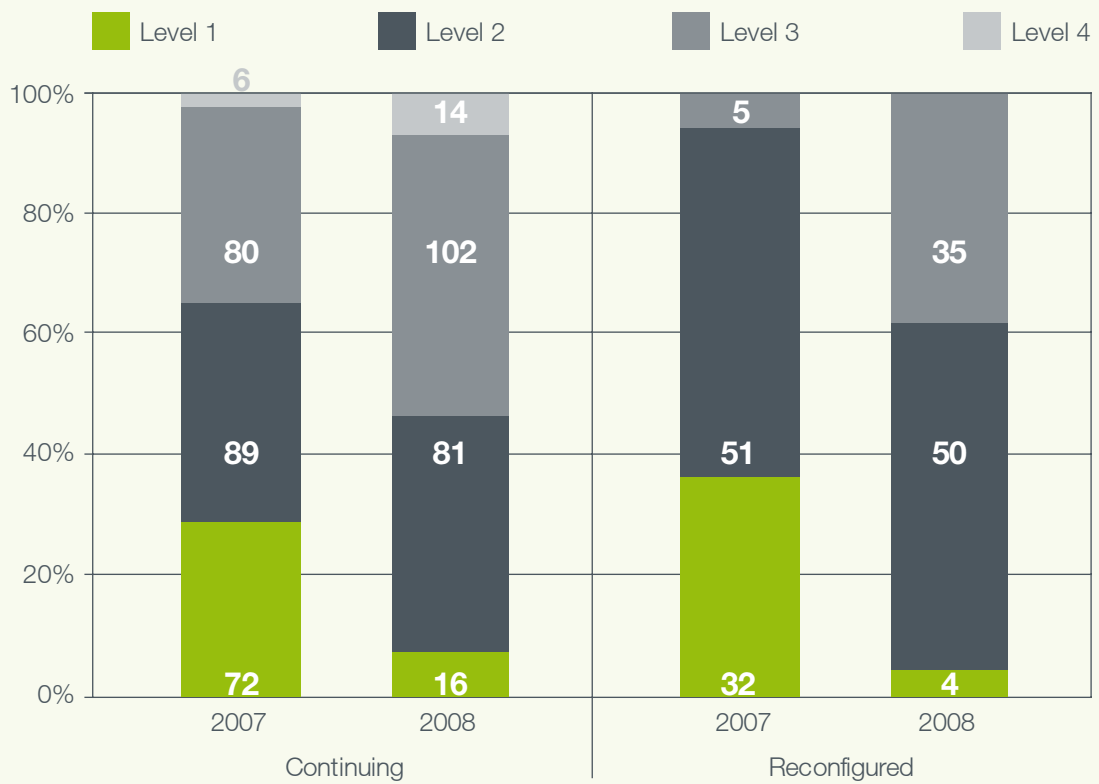
**41** There is a clear link between the financial standing of an organisation and its performance in the other two key themes, strongly reinforcing the link between good financial management and achievement of value for money with good financial standing. Of the 170 organisations that achieved either a level 3 or level 4 in both financial management and value for money, 151 (89 per cent) achieved level 3 or level 4 in financial standing.

**42** Those organisations performing well or strongly in the financial standing theme need to ensure that their performance in the financial management and value for

money themes does not deteriorate. The strong financial position that many NHS bodies are now in must be translated into a well-managed investment in healthcare that represents value for money for patients.

**43** In 2006/07 there was a marked difference in overall scores between the newly created organisations and those unaffected by reconfiguration. Figure 6 shows that, although a gap remains in the average performance of new and continuing bodies, the newer organisations are catching up fast. In addition, fewer of the newer organisations failed to meet minimum standards in 2007/08 than the continuing bodies. However, none of the organisations created in 2006/07 has so far been assessed as performing strongly. Figure 6 summarises the overall distribution of scores for continuing and reconfigured NHS bodies in 2006/07 and 2007/08.

**Figure 6**  
**Overall distribution of scores for continuing and reconfigured NHS bodies in 2006/07 and 2007/08**



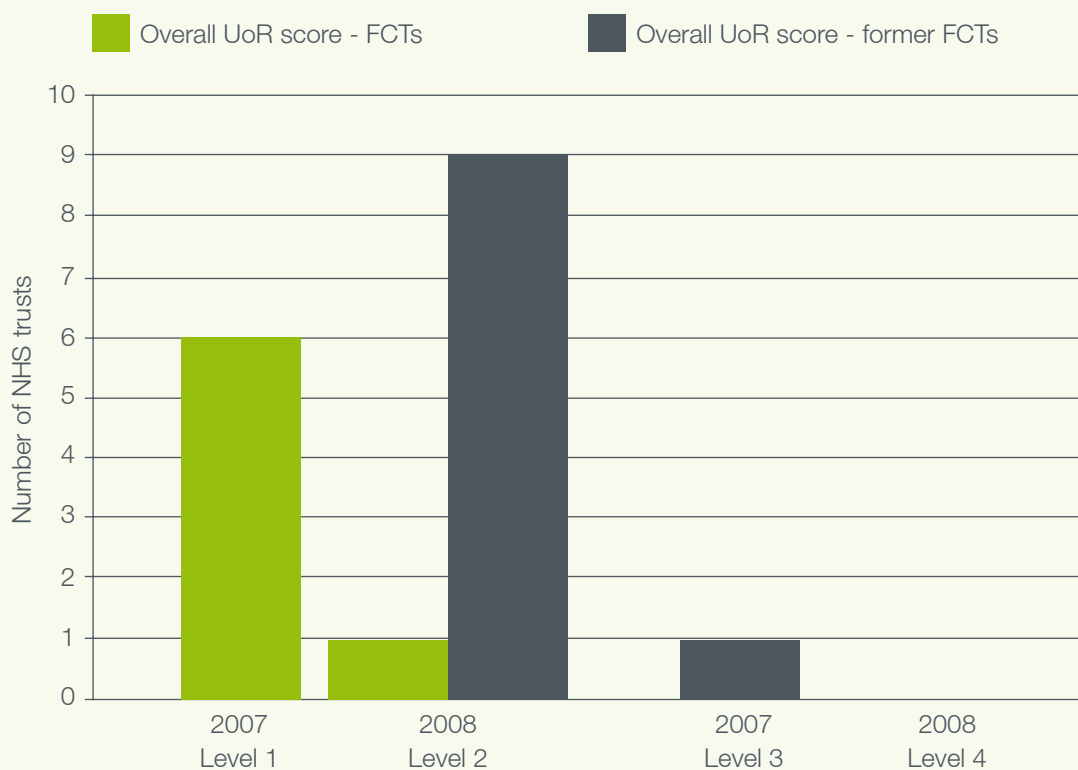
Source: Audit Commission

# 3 | ALE scores for 2007/08

**44** In 2006/07 the Department of Health (DH) identified 17 NHS trusts that it deemed to be financially challenged trusts (FCTs). Figure 7 shows the progress made by these organisations in 2007/08. Ten of the original 17 FCTs agreed terms for the repayment of debt with the DH and at the end of 2007/08 were no longer classified as financially challenged. This status is

reflected in the improved overall UoR score. The remaining FCTs account for 6 of the 14 NHS trusts that failed to achieve minimum standards in 2007/08 – The Lewisham Hospital NHS Trust, although classified as financially challenged, scored level 2 overall.

**Figure 7**  
**Overall UoR scores for the seven current FCTs and ten former FCTs**



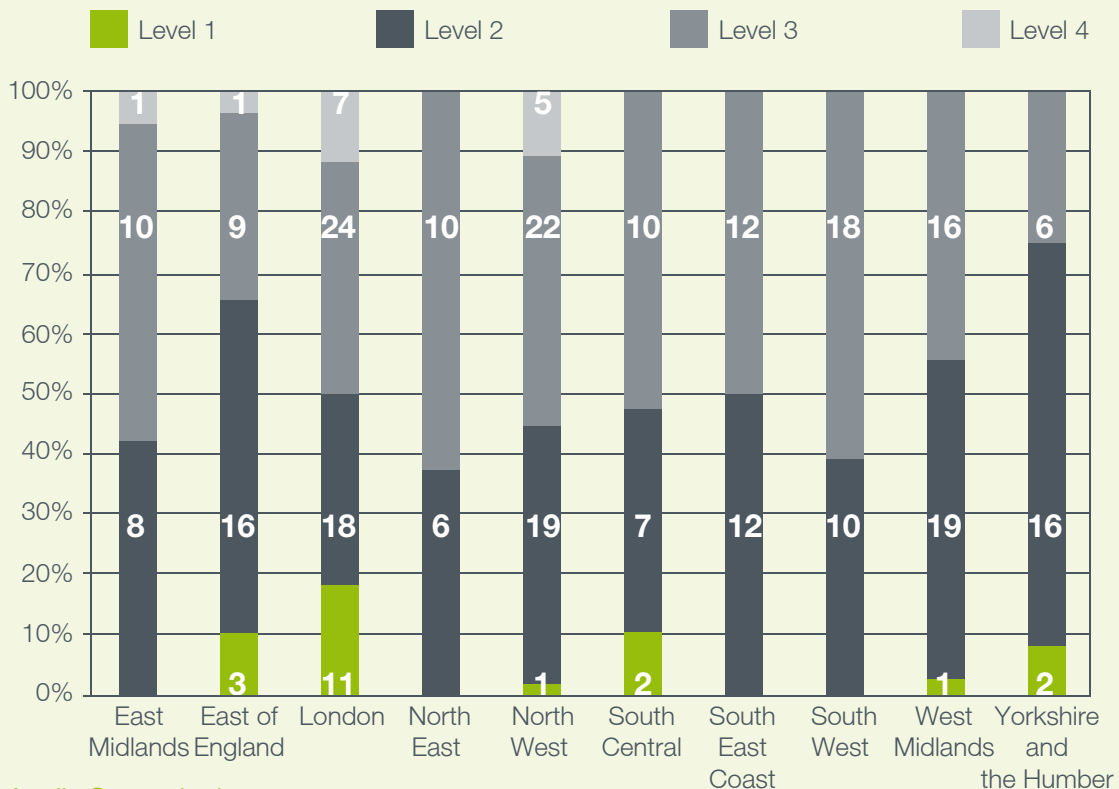
Source: Audit Commission

## Performance by region

**45** NHS bodies' performance when grouped by SHA has been variable, as illustrated by Figure 8. Yorkshire and the Humber SHA and East of England SHA have the lowest proportion of NHS bodies either performing well or performing strongly. North East SHA and South West SHA have the highest proportion of NHS bodies performing well, at over 60 per

cent in each SHA; however, neither SHA has any organisations that are performing strongly. The organisations in London SHA displayed the greatest range of scores. NHS London achieved both the highest proportion of NHS bodies failing to meet minimum standards and the highest proportion performing strongly of any SHA in the country.

**Figure 8**  
Distribution of overall UoR scores by SHA



Source: Audit Commission

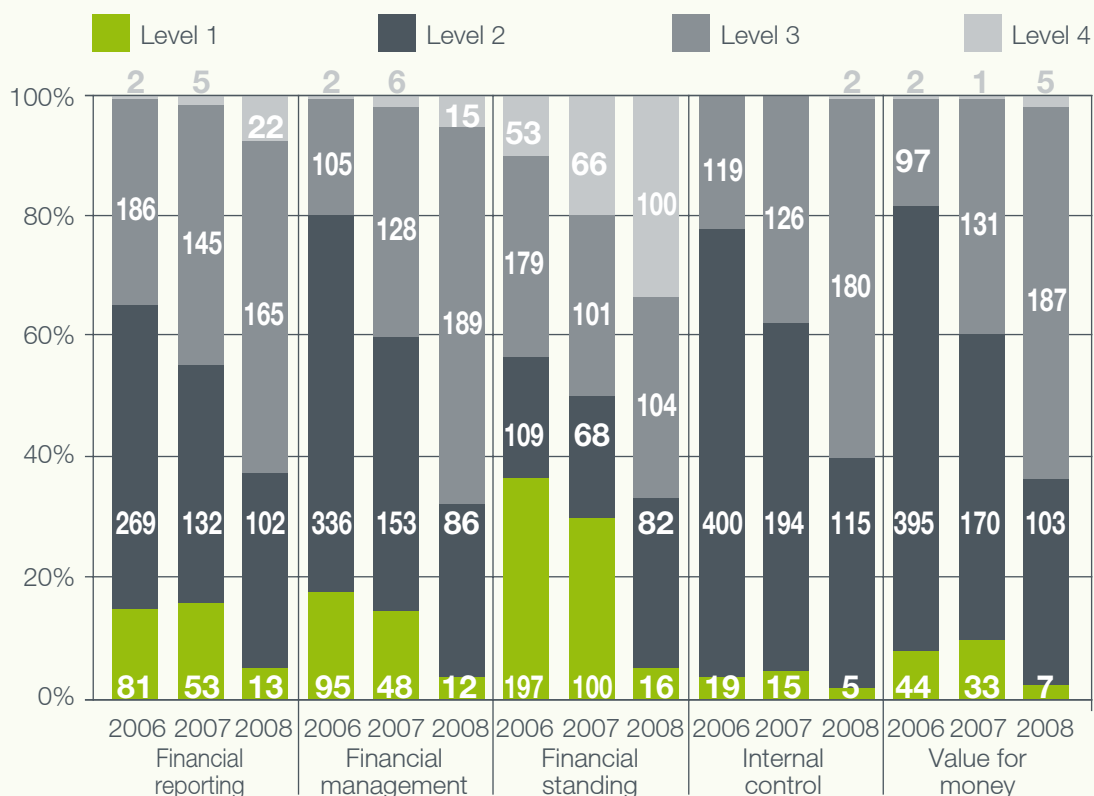
# 4 | Performance by theme

**46** The overall scores can be further analysed at theme level, revealing variations across the themes. Performance improved in 2007/08 in all themes and at all levels.

**47** Figure 9 shows that the biggest improvement overall is in the financial standing theme. The proportion of NHS bodies performing well or strongly in

the financial management and value for money themes has also increased. It is encouraging that performance in these key themes in particular has improved so strongly and suggests that NHS bodies are well-placed to meet future financial challenges.

**Figure 9**  
Performance by theme – 2006 to 2008



Source: Audit Commission

---

# 5 | Financial reporting

---

**48** Overall in the financial reporting theme:

- ninety-six per cent of NHS bodies met minimum standards, compared to 84 per cent in 2006/07; and
- seven per cent of NHS bodies are performing strongly, compared to 1 per cent in 2006/07.

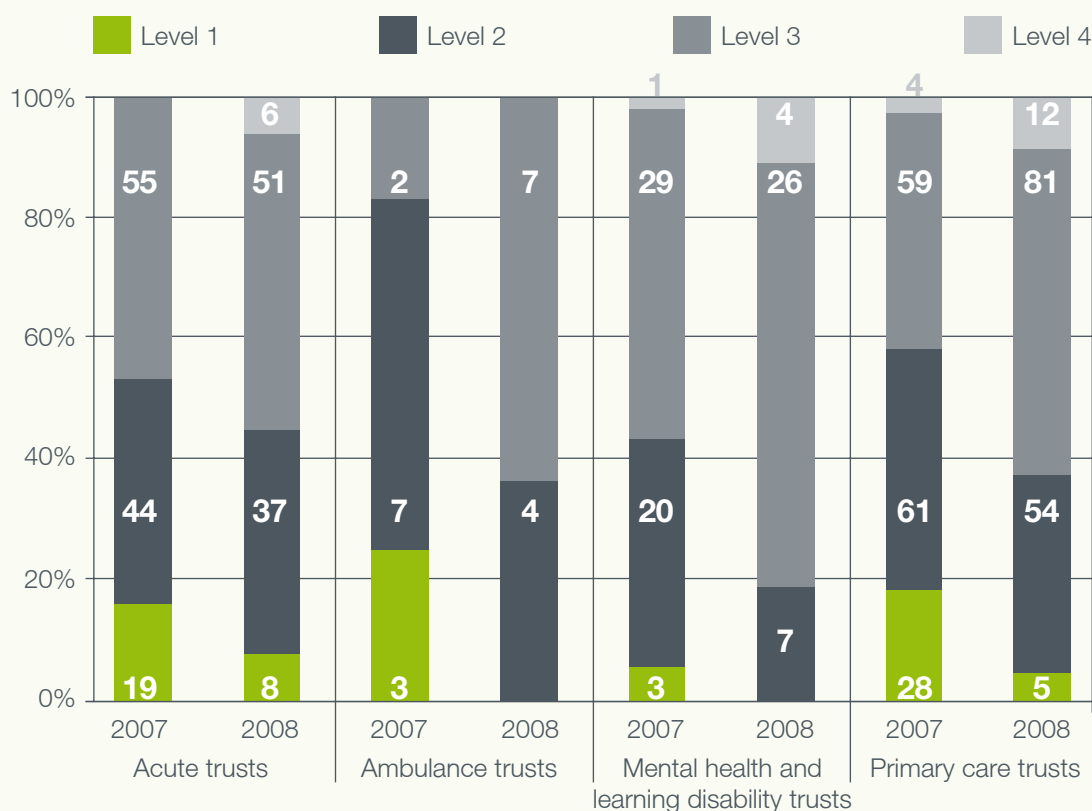
**49** The financial reporting assessment is a measure of how good the organisation's financial accounting and reporting arrangements are. NHS bodies have a statutory duty to submit audited annual accounts and to issue an annual report on their financial performance and a range of other indicators, as set out in the *NHS Manual for Accounts* (Ref. 4). There are, therefore, two main strands to the financial reporting theme: whether the organisation produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers; and how well the organisation promotes external accountability.

# 5 | Financial reporting

**50** There has been a clear improvement in the results for the financial reporting theme, for both NHS trusts and PCTs. This reflects NHS bodies' considerable efforts to improve financial reporting alongside a shorter timetable for the preparation of financial statements.

Figure 10 shows that performance has improved across all sectors but mental health and learning disability trusts continue to set the highest standards of financial reporting. Along with ambulance trusts, no organisation in either sector failed to meet minimum standards.

**Figure 10**  
**Financial reporting 2007 and 2008**



Source: Audit Commission

- 
- 51** The most commonly identified weaknesses at NHS bodies failing to achieve minimum standards were, in common with previous years, poor quality working papers supporting the accounts; a high level of material or non-trivial errors in the accounts and incomplete annual reports. The errors identified by auditors were either corrected, or immaterial, therefore all NHS bodies received an unqualified true and fair opinion on their financial statements.
- 52** Auditors also noted two instances where NHS bodies had failed to make key documents, such as the accounts, annual audit letter or board papers, publicly available on their websites.
- 53** The majority of NHS bodies successfully achieved level 3. Level 3 requires organisations to demonstrate evidence of a work plan for compliance with International Financial Reporting Standards (IFRS) and to produce draft accounts containing only a small number of non-trivial errors. NHS bodies not achieving level 3 or better will need to work closely with their auditors to address these two areas of weakness.
- 54** As well as a score for each KLOE, auditors recorded whether NHS bodies have a specific competence, or strength area, or an area for improvement in each of the main sub-sections of each KLOE. Auditors noted that 29 per cent of NHS bodies had a particular strength area in the timely production of accounts. Auditors of 14 per cent of NHS bodies judged this to be an area for improvement. In 2008/09 the final accounts closedown timetable will be brought forward by another week, requiring the production of draft accounts more quickly than ever before. NHS bodies will need to ensure they have the arrangements in place to meet this challenging deadline and that the quality of working papers submitted to auditors does not suffer because of the reduced closedown period. Case study 1 illustrates how one PCT has reviewed its approach to financial reporting. NHS bodies must also prepare for the introduction of IFRS in 2009/10. Those organisations with an area for improvement should seek to learn from those performing strongly and to review examples of notable practice.
- 55** Some organisations also failed to achieve level 3 in 2007/08 because of a lack of consultation on stakeholders' requirements in respect of the publication of the annual report. In addition, these organisations still have work to do to ensure that the financial content of the annual report can be more readily understood by members of the public.

# 5 | Financial reporting

## Case study 1

### Somerset Primary Care Trust

#### Timeliness of accounts production

Somerset Primary Care Trust wanted to improve its monthly and annual financial reporting by completely re-engineering the approach it used. The PCT produced a high quality set of annual accounts and related disclosures by 28 April 2008, in advance of the accounts submission timetable date of 1 May 2008. In addition, a full set of good quality electronic working papers were provided with hyperlinks to the Audit Commission's working papers requirements document for completeness and easy reference. The accounts presented for audit contained only 'clearly trivial' errors, which did not require adjustment or reporting to those charged with governance.

The PCT achieved this by developing a database tool, using financial data from the main accounting system only, to produce all of the PCT's financial returns. The tool can produce budget reports, the monthly board report, FIMS returns and the final accounts. The tool works by downloading the general ledger and linking this to a series of mapping tables to output the information in any format required. A key element of the process ensures that an audit trail is clearly evidenced with in-built error checking.

The tool was developed using existing resources and did not require additional financial investment to support it on an ongoing basis. The PCT believes that it has significantly improved the efficiency of the production of the annual accounts and the success has had a positive effect on the morale of staff within the Finance Directorate. This in turn, the PCT thinks, has had an impact on the quality of other work produced by the finance team and created a positive attitude to continuing improvement in other areas.

Source: Audit Commission

---

# 6 | Financial management

---

**56** Overall in the financial management theme:

- ninety-six per cent of NHS bodies met minimum standards, compared to 85 per cent in 2006/07; and
- five per cent of NHS bodies are performing strongly, compared to 2 per cent in 2006/07.

**57** The financial management theme assesses how well the organisation plans and manages its finances. Three KLOE support this theme, focusing on:

- whether the organisation's medium-term financial strategy/plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities;
- how the organisation manages performance against budgets; and
- how the organisation manages its asset base.

**58** The final KLOE is not assessed at organisations where the asset base is not significant, in either its value or use. In 2007/08 this was the case at 95 bodies, most of which were PCTs.

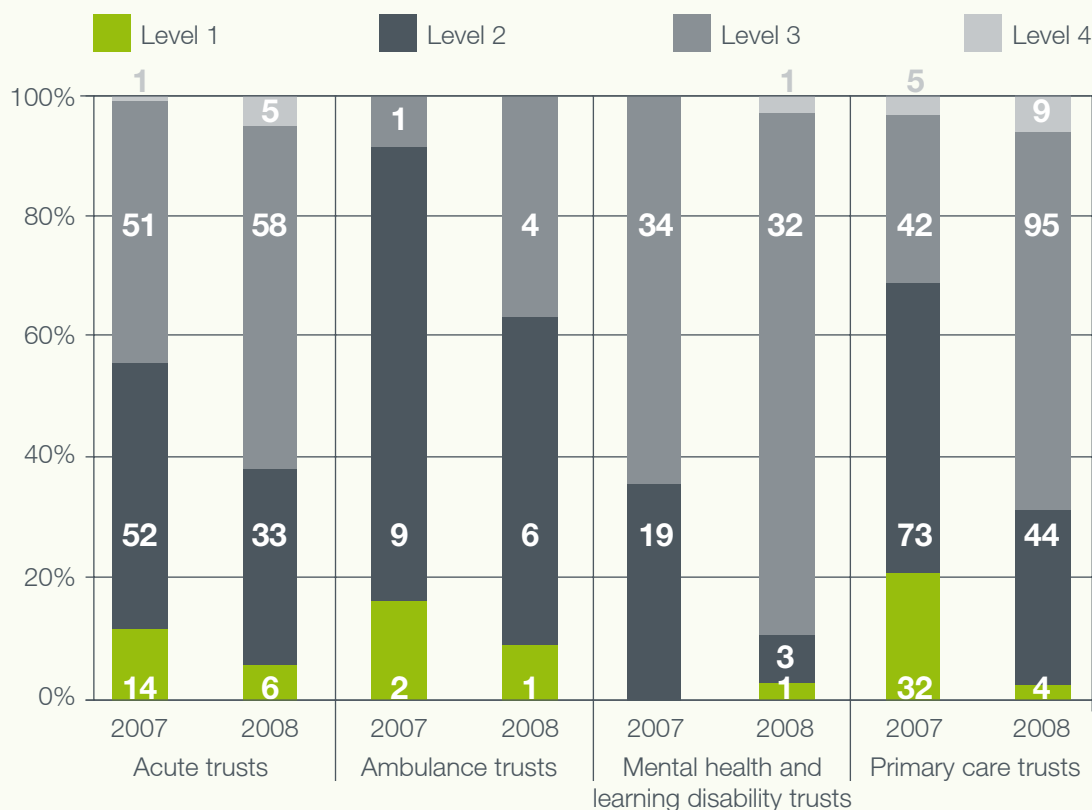
**59** Performance has improved for a second year, across all sectors, with just 3 per cent of PCTs and 5 per cent of NHS trusts failing to meet minimum standards. Nearly all the organisations newly established in 2006/07 have now also met or exceeded minimum standards. Sixty-three per cent of NHS bodies scored level 3 in 2008, compared with 33 per cent in 2007. Four organisations have dropped a level and now no longer meet the minimum requirements for this theme. These organisations failed to set realistic budgets and medium-term financial plans, or to effectively monitor performance against budget. For three of the four, performance in the other themes was adequate or more than adequate but might not be expected to remain so in future if the key financial management weaknesses are not addressed.

# 6 | Financial management

**60** NHS bodies' performance was strongest on KLOE 2.2, which assesses an organisation's ability to manage its performance against budgets.

Only 3 per cent failed to achieve the minimum standards for this KLOE. Figure 11 summarises the financial management scores for 2007 and 2008.

**Figure 11**  
**Financial management 2007 and 2008**



Source: Audit Commission

**61** Of those organisations not meeting minimum requirements, auditors identified that the most common weaknesses were, in common with previous years:

- an unrealistic, or absent, medium-term financial plan;
- a high level of anticipated savings for which the source had not been clearly identified;
- poor budget monitoring and ineffective action to address overspending;
- poor financial training for non-executive directors; and
- for those organisations with a significant asset base, a poorly maintained asset register and unrealistic estates strategy.

---

**62** These weaknesses have been identified consistently by auditors since 2005/06 as barriers to the achievement of minimum standards. It is important that organisations failing to achieve minimum standards prioritise these areas. Those that have achieved level 2 – meeting minimum requirements – could also improve in order to make the best use of funds over the next three years, including any surplus already generated. In March 2008 the Audit Commission published *Improving Medium-term Financial Planning: A Practical Guide for Primary Care Trusts* (Ref. 5). This has proved to be a useful guide for many PCTs seeking to raise the standard of their medium-term financial planning.

**63** Over two-thirds of NHS bodies are performing well or strongly. Those still working to achieve level 3 must be able to demonstrate that the systems they have implemented are embedded and have an impact on financial management. An example is developing a sophisticated medium-term financial plan, with sensitivity analysis, that clearly drives the annual budget process. Monthly reporting should be developed to ensure management information is available within, at most, ten days of month-end and board reporting includes balance sheet and non-finance information. Organisations with a significant asset base need to demonstrate that their asset management strategy has an impact on the estate. This can be achieved through better integration of the asset register with asset management information and the reporting of key performance indicators to the board. Case study 2 demonstrates the benefits of engaging clinicians in financial management.

# 6 | Financial management

## Case study 2

### Dudley Group of Hospitals NHS Trust

#### Clinicians are actively involved in financial management

In April 2006 Dudley Group of Hospitals NHS Trust developed and rolled out to key clinical managers a state-of-the-art executive information system to aid the development of bespoke online reports for each performance area. The devolved clinical management structure, in place for several years in Dudley, has driven the involvement of clinicians in all aspects of financial management.

The system promotes clarity of reporting and performance accountability, the important linkage of clinical and business performance indicators and ownership through bespoke design and presentation options. The Trust believes this has enabled it to benefit from much greater clinical participation in the management of resources than previously was the case. Lead clinicians are able to access performance reports relevant to them to improve decision making and performance.

The system is currently being extended to more clinical managers across the Trust, through the recent launch of a web-based intranet facility and remote access from multiple sites or from home. This has improved sharing of knowledge, in a more efficient and effective manner. The integration of clinical and financial data has allowed the Trust to involve clinicians to a much greater extent in local delivery plan discussions with PCTs and GPs. Another benefit identified by the Trust has been greater clinical input into reference costs as clinicians' understanding and appreciation of cost behaviour issues has been increased. This confidence, by both management and clinicians, in information sharing and joint working has enabled the Trust to embark on the development of service based costing and reporting and patient costing projects.

The devolvement of financial responsibility to clinicians is supported by the Trust's rolling programme of financial training for budget holders and managers, who are integral to the budget setting and performance management processes. This training is provided in several settings and formats: one-to-one training; presentations to clinical specialty teams; group discussions and presentations to lead nurses. The Trust has also introduced the HFMA e-learning package.

Source: Audit Commission

---

# 7 | Financial standing

---

**64** Overall in the financial standing theme:

- ninety-five per cent of NHS bodies met minimum standards, compared to 70 per cent in 2006/07; and
- thirty-three per cent of NHS bodies are performing strongly, compared to 20 per cent in 2006/07.

**65** This theme focuses on whether an organisation manages its spending within available resources. Assessments are largely based on the achievement of year-end breakeven and statutory financial targets. Failure to keep expenditure within the resources available results in a score of inadequate for financial standing and therefore inadequate for the overall UoR assessment. This is a key rule attached to the ALE framework and is consistent with the expectation set out in the *Operating Framework 2007/08* (Ref. 6) that NHS bodies should plan for a surplus. This assessment also looks at the track record of the body in prior years and its future projections.

**66** Performance in this theme has improved significantly compared to previous

years. The improvement stems mainly from the increase in the number of NHS bodies achieving their financial targets in 2007/08; consequently, there has been improvement at all levels because of the link to the track record of the body. There were 177 NHS bodies that improved their score by one level in 2007/08 and a further 11 improved by 2 levels. Six NHS bodies dropped by one level and the remaining 107 NHS bodies maintained their 2006/07 score. Further details of NHS financial performance will be available in the Audit Commission's forthcoming report *Financial Management in the NHS 2007/08*, to be published jointly with the National Audit Office in November 2008.

**67** If NHS bodies report a similar financial position in 2008/09 to that achieved in 2007/08 then performance in this theme can be expected to improve even further. NHS trusts must also, however, produce detailed and robust financial projections of future performance and confirm going concern status to ensure that level 3 is achieved.

# 7 | Financial standing

**68** Twelve NHS trusts and four PCTs failed to achieve minimum standards, the reasons are summarised in Table 3. Six of the 12

NHS trusts are classified by the DH as FCTs.

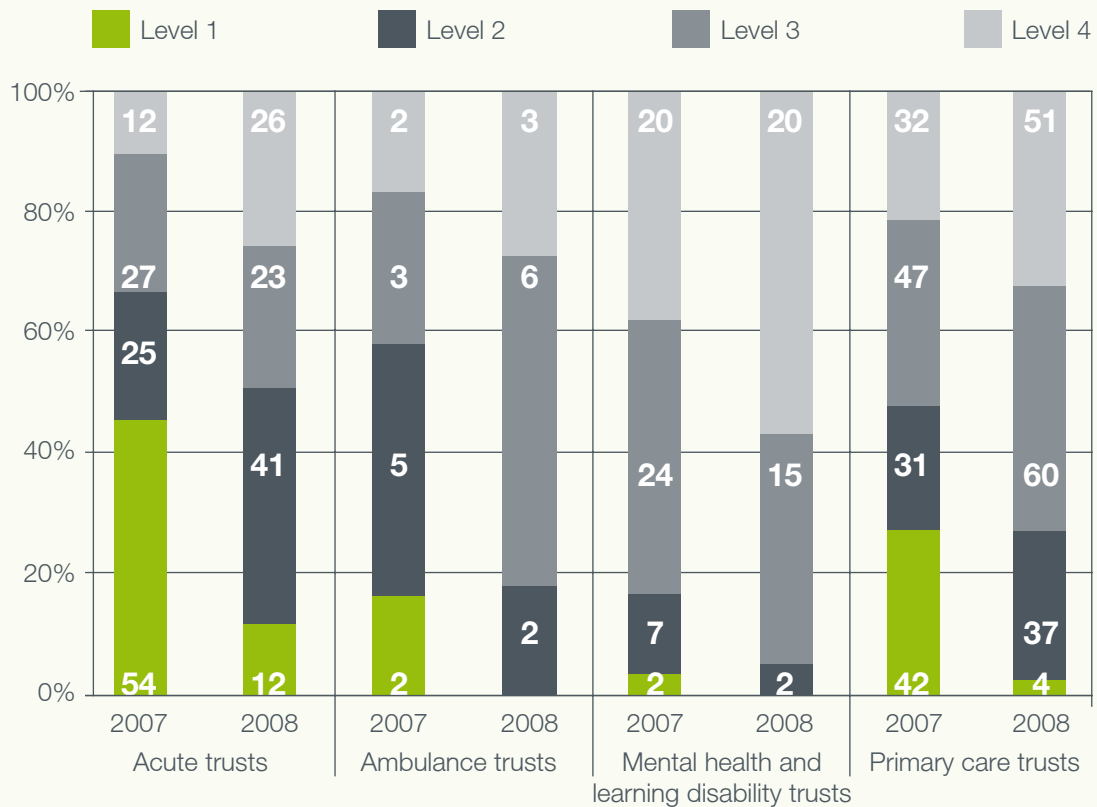
**Table 3**  
**Summary of reasons for failure to achieve minimum standards for financial standing**

	Breach of revenue resource limit	Breach of capital resource limit	Failed in-year break-even duty	Failed statutory break-even duty or failure to deliver recovery plan	Failed both in-year and statutory break-even duty/recovery plan	Total
NHS trusts	n/a	0	2	6	4	12
PCTs	4	0	n/a	n/a	n/a	4

Source: Audit Commission

69 The results for the financial standing theme are summarised in Figure 12.

**Figure 12**  
**Financial standing 2007 and 2008**



Source: Audit Commission

# 7 | Financial standing

**70** Case study 3 describes how The Whittington Hospital NHS Trust modelled its cash flows.

## Case study 3

### The Whittington Hospital NHS Trust

#### Financial projections are realistic

The Whittington Hospital NHS Trust set out to achieve sustainable financial balance and to conclude that the Trust was a going concern.

To achieve sustainable financial balance, the Trust put in place a robust cost improvement programme of £8.4 million for 2007/08, which was agreed with senior managers at the start of the year. Progress on achieving this was monitored throughout the year via the Trust's Finance and Performance Committee, with budgetholders being made responsible for delivery. This enabled the Trust to deliver an in-year surplus of £1.4 million, the fourth successive year it achieved breakeven. The Trust also met its capital resource limit in each of the past three years.

To demonstrate going concern, the Trust modelled anticipated cash in- and outflows over a period of the subsequent two years, taking into account the impact of 'business as usual' as well as anticipated repayments of Public Dividend Capital dividend and asset disposals. The abbreviated version of this cash flow forecast up to January 2009, together with actual performance against it, is reported to the Board on a monthly basis. The cash flow modelling was referred to in the Trust's consideration of the going concern assumption that was presented to and approved by the Audit Committee at the time it approved the accounts.

The cash flow modelling was reviewed by an independent assessor as part of the due diligence process for the Trust's FT application. They were satisfied that, even in the worst case scenario, the Trust would remain within its overdraft limit and therefore continue to be a going concern.

Source: Audit Commission

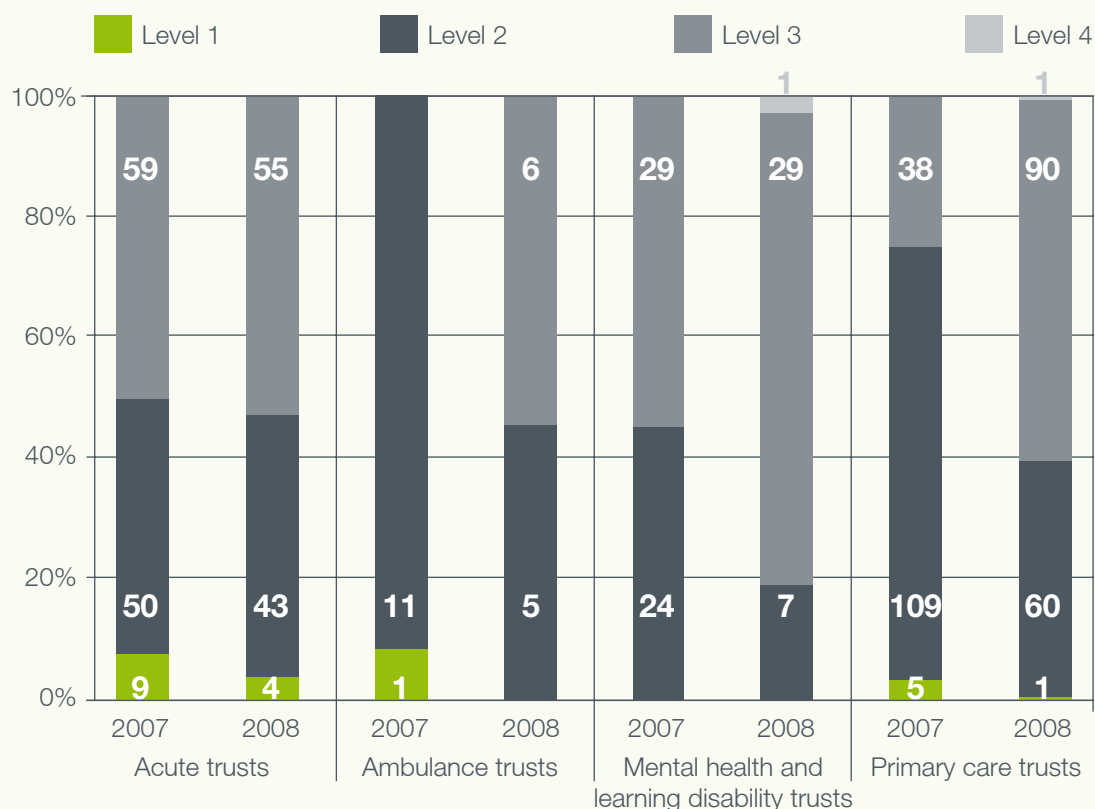
# 8 Internal control

## 71 Overall in the internal control theme:

- ninety-eight per cent of NHS bodies met minimum standards, compared to 96 per cent in 2006/07; and
- one per cent of NHS bodies are performing strongly; none were in 2006/07.

**72** Under this theme auditors evaluate how well an organisation's internal control environment enables it to manage its significant business risks. The assessment covers an organisation's arrangements to maintain a sound system of internal control and to promote and ensure probity and propriety in the conduct of its business. Figure 13 summarises the internal control scores for 2007 and 2008.

**Figure 13**  
Internal control 2007 and 2008



Source: Audit Commission

---

# 8 | Internal control

---

**73** Performance on this theme has been strong once again. The average score has increased markedly, with a greater proportion of organisations performing well and five performing strongly. 2007/08 was the first year that the top score was awarded. The weakest KLOE was 4.2 (sound system of internal control) for which the most common score was still 2 (49 per cent) and, once again, the area most auditors identified as an area for improvement was the effectiveness of the audit committee. Case study 4 highlights the benefits that an effective audit committee can bring to an NHS organisation.

**74** There were several common weaknesses notable in the few organisations not meeting minimum requirements:

- an ineffective assurance framework and risk management arrangements;
- late implementation of audit recommendations;
- lack of procedure notes and full internal audit assurance for business critical systems;
- no local counter fraud service; and
- a failure to adopt the NHS code of conduct for board members.

**75** Organisations achieving level 2 had addressed these weaknesses but did not reach level 3 because auditors could not find enough evidence that the processes in place were fully embedded. Other specific barriers to the achievement of level 3 included a failure to identify risk in relation to partnerships and a lack of risk management training for board members and senior managers.

**76** The Audit Commission will publish a national report in late 2008 that will assess the rigour with which NHS trust and FT boards assure themselves on the strength of the internal controls to support the accounting officer's Statement on Internal Control and self-assessments required by regulators. It will include a review of how boards assure themselves about the quality of data produced by their organisation.

## Case study 4

### West London Mental Health NHS Trust

#### The Audit Committee undertakes an annual impact assessment

West London Mental Health NHS Trust Audit Committee undertook an annual impact self-assessment and demonstrated that it has made a positive difference to the Trust's governance arrangements. By having a rigorous and proactive Audit Committee the Trust was able to enforce stricter financial control and encourage executive accountability throughout the organisation.

The role and remit of the Audit Committee is set out in its terms of reference and performance was assessed against these. There was strong evidence in the self-assessment that the Audit Committee met its duties. The Trust's external auditors, KPMG, agreed that the Committee has had a positive impact, highlighting the high level of contribution from the non-executive members and their challenge of executive responses.

The Audit Committee and Board agreed a work plan. The Audit Committee reported promptly to the Board and ensured that matters arising were followed up until there was a timely resolution of the issue. This provided the Board with assurance that matters identified for action by the Audit Committee were pursued.

The Audit Committee's work contributed to the Trust's governance arrangements in a number of ways. These included:

- a review of the contract performance of both the internal auditors and the local counter fraud specialist, making recommendations to the Board to extend the internal audit contract and increase investment in counter fraud;
- being instrumental in the decision to undertake a benchmarking review of information management and technology, maintaining an interest in the review and endorsing the subsequent action plan;
- scrutiny of the Trust's aged debtors, resulting in an increased focus on this area by finance and an improved year-end position;
- training for members on the role of the Committee, learning from which was used to inform the review of the governance framework; and
- support for the development of integrated governance. The Audit Committee has achieved the wider involvement of executive and non-executive directors. For instance, the Clinical and Research Governance Committee chairman presented their annual report to the Audit Committee.

Source: Audit Commission

# 9 | Value for money

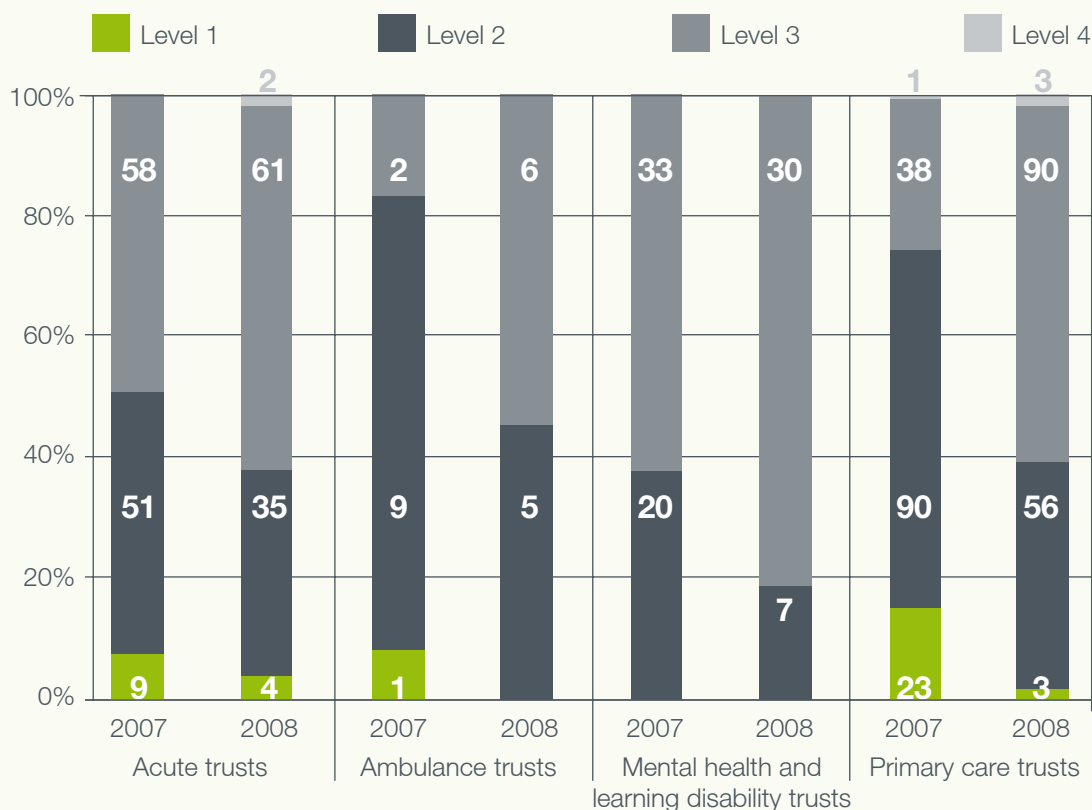
**77** Overall in the value for money theme:

- ninety-eight per cent of NHS bodies met minimum standards, compared to 90 per cent in 2006/07; and
- two per cent of NHS bodies are performing strongly, compared to 1 per cent in 2006/07.

**78** Under this theme the organisation's arrangements for managing and improving value for money were assessed. Auditors considered whether

the organisation had put in place proper arrangements for securing strategic and operational objectives to ensure that services met the needs of patients and taxpayers, and for engaging with the wider community. The assessment also considered arrangements for monitoring and reviewing performance, including arrangements to ensure data quality and for managing its financial and other resources, which demonstrate value for money is being managed and achieved. Figure 14 summarises the value for money scores for 2007 and 2008.

**Figure 14**  
**Value for money 2007 and 2008**



Source: Audit Commission

---

**79** Performance in this theme has improved on the previous year, with 98 per cent of PCTs and 97 per cent of NHS trusts meeting minimum standards. The most common score was level 3. There were still very few organisations assessed to be at the highest level. Just three PCTs and two NHS trusts were considered to be performing strongly:

- Barking and Dagenham PCT;
- Birmingham East and North PCT;
- Bromley PCT;
- Norfolk and Norwich University Hospital NHS Trust (now Norfolk and Norwich University Hospitals NHS Foundation Trust); and
- Royal Brompton and Harefield NHS Trust.

**80** In those organisations not assessed as performing well or strongly, weaknesses were identified by auditors in linking objectives to the priorities of other partners and the wider community and a failure to address capacity gaps in areas such as financial management

and workforce. Poor consultation and communication with the public and patients, caused by a lack of coherent strategies for public and patient involvement, also led to low assessments for value for money. Further weaknesses were noted around ineffective performance monitoring and review of activity, linked to a lack of information on the quality of data. Auditors noted that benchmarking tools to analyse performance on functions such as procurement, back office, prescribing and reference costs were not used by those organisations failing to achieve minimum standards.

**81** Organisations seeking to move from level 2 to level 3 need to ensure that the systems and processes that have been established clearly contribute to the achievement of strategic objectives and improve value for money. Although many organisations have the basic systems in place, auditors could not find sufficient evidence that these had led to clear improvement.

# 9 | Value for money

**82** Case study 5 describes how Ashton, Leigh and Wigan PCT put arrangements in place to meet the needs of its population.

## Case study 5

### Ashton, Leigh and Wigan PCT

#### Tackling health inequalities

In 2004 Ashton, Leigh and Wigan PCT found that coronary heart disease (CHD) accounted for one-third of all deaths in Wigan. It also compared unfavourably to the England average, having one third more deaths from CHD at any given age. This early death from CHD was a predominant factor in Wigan's residents having a lower overall life expectancy than the England average.

The PCT was aware that heart health was particularly poor in some parts of the Borough. Because smoking is a major contributory factor in developing CHD and is linked to deprivation, the PCT decided to work on reducing the number of smokers in disadvantaged groups, as one way of tackling health inequalities.

Previous smoking cessation work had been moderately successful but had suffered from a number of problems. These included long waiting lists because of an imbalance between demand and capacity and a small range of services not always located in the most accessible of locations.

From 2004/05 the PCT developed a comprehensive plan for a new approach, including an evaluation of the previous service. This included:

- an analysis of likely demand and the commitment of resources commensurate with the predicted level of demand;
- an evidence-based approach to the most successful treatments;
- targeting of particular geographic areas and client groups; and
- engaging local partners to help address some of the previous access barriers.

Central, accessible venues offered a rolling programme of courses. These included a range of times including weekday afternoons and evenings and Saturday mornings. One-to-one support was available for those unable to attend groups.

---

Services in target geographic areas used partners' facilities including non-profit organisations, local schools and GP practices. Localised publicity and direct mailing to smokers on practice registers promoted the service to potential users. Practices had support via liaison visits and practice based training. Services for smokers from black and ethnic minority groups offered a range of local community languages.

The PCT also used its existing commissioning processes to agree a programme of work with the local acute trust. It included establishing a systematic process for identifying and recording inpatient smoking status. Some acute hospital staff received training in motivational interviewing and could then sign-post patients to further support. Also available was direct access to smoking cessation advisors, support groups and one-to-one sessions. Other targeted services included:

- community pharmacists providing counselling and up to two weeks free nicotine replacement products;
- one-to-one services aimed at pregnant women delivered in partnership with Sure Start; and
- young smokers in prison and other parts of the criminal justice system.

The PCT's expenditure amounted to approximately £300,000 per annum for the three years 2004/05 to 2006/07.

In 2007 the PCT undertook a post-implementation review. The analysis showed that there were more smoking quitters in the most deprived areas of the Borough.

Source: Audit Commission

---

# 10 | Conclusions and the way forward

**83** The key message from 2007/08 is that the performance of NHS bodies assessed under the ALE framework has improved significantly across all five themes assessed. The most dramatic improvement was in the financial standing theme, which correlates with the increase in the number of NHS bodies achieving their financial targets. The number of NHS bodies failing to meet minimum standards overall has dropped but there has not been a corresponding increase in the numbers of NHS bodies moving from level 3 to level 4. The gap between the performance of newly reconfigured and continuing NHS bodies that was clear in 2006/07 no longer exists. The challenge facing NHS bodies now is to raise standards to those of the highest performing organisations. Mental health and learning disability trusts have consistently outperformed the other NHS sectors.

**84** A small core of 20 poorly performing NHS bodies was unable to achieve minimum standards in 2007/08. These organisations must take immediate action towards achieving minimum standards. Significant improvement can be achieved rapidly – in 2006/07 four organisations scored level 1 in all five themes; in 2007/08 performance has been turned around. One of the four failed to meet minimum standards for financial standing but all four organisations met, or exceeded, minimum standards in all of the other themes.

**85** Auditors assessing NHS bodies as performing well or strongly documented the notable practices at these organisations that set them apart from other organisations. The Audit Commission will be making all of these case studies available via its website ([www.audit-commission.gov.uk/ale](http://www.audit-commission.gov.uk/ale)) and through local auditors. These case studies are a valuable source of information that can help organisations to improve and to learn from the successes of others.

---

**86** Looking forward to 2008/09, there will be some changes to the way NHS bodies' use of resources is assessed. For NHS trusts the current ALE framework will remain. The KLOE have been finalised and there are some minor changes to the financial standing theme. The changes will better reflect the Monitor financial risk-rating framework, with which aspirant FTs will need to be familiar, and the *2008/09 NHS Operating Framework* (Ref. 7). For PCTs, ALE will be replaced by a use of

resources assessment that will form part of the area-based Comprehensive Area Assessment that will also apply to local authorities, police authorities and fire and rescue services. They will all be assessed under the three themes of: managing finances; governing the business; and managing resources. The Audit Commission consulted on these changes and the framework was published in May 2008. Further information can be found at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

# Appendix 1

## Key lines of enquiry summary

Further details on the KLOE and the assurances underpinning them can be found at [www.audit-commission.gov.uk/ale](http://www.audit-commission.gov.uk/ale)

Key theme	Key question	Ref.	KLOE
Financial reporting	How good are the organisation's financial accounting and reporting arrangements?	1.1	The organisation produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers
		1.2	The organisation promotes external accountability
Financial management	How well does the organisation plan and manage its finances?	2.1	The organisation's medium-term financial strategy/plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities
		2.2	The organisation manages performance against budgets
		2.3	The organisation manages its asset base
Financial standing	How well does the organisation safeguard its financial standing?	3.1	The organisation manages its spending within the available resources
Internal control	How well does the organisation's internal control environment enable it to manage its significant business risks?	4.1	The organisation manages its significant business risks
		4.2	The organisation has arrangements in place to maintain a sound system of internal control
		4.3	The organisation has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business

<b>Value for money</b>	How good are the organisation's arrangements for managing and improving value for money?	5.1	The organisation has put in place proper arrangements for securing strategic and operational objectives
		5.2	The organisation has put in place proper arrangements to ensure that services meet the needs of patients and taxpayers, and for engaging with the wider community
		5.3	The organisation has put in place proper arrangements for monitoring and reviewing performance, including arrangements to ensure data quality
		5.4	The organisation has established arrangements for managing its financial and other resources which demonstrate value for money is being managed and achieved

Source: Audit Commission

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
5 Boroughs Partnership NHS Trust	2	2	4	2	3	3	3
Airedale NHS Trust	3	2	3	3	3	3	3
Ashford and St Peter's Hospitals NHS Trust	2	1	3	2	2	3	3
Ashton, Leigh and Wigan PCT	4	4	3	4	4	3	3
Avon and Wiltshire Mental Health Partnership NHS Trust	2	1	3	3	2	3	3
Barking and Dagenham PCT	3	4	2	4	4	3	4
Barking, Havering and Redbridge Hospitals NHS Trust	1	1	1	1	1	1	1
Barnet and Chase Farm Hospitals NHS Trust	2	1	3	2	2	3	3
Barnet PCT	2	2	3	2	3	2	3
Barnet, Enfield and Haringey Mental Health NHS Trust	3	2	3	3	3	2	3
Barnsley PCT	3	3	4	3	4	3	3
Barts and The London NHS Trust	3	3	3	3	4	3	3
Bassetlaw PCT	2	2	3	2	3	2	3
Bath and North East Somerset PCT	3	3	3	3	4	3	3
Bedford Hospital NHS Trust	2	2	3	2	3	3	3

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust	3	2	2	3	4	3	3
Bedfordshire PCT	2	1	2	2	2	3	2
Berkshire East PCT	2	2	2	3	3	2	2
Berkshire West PCT	2	1	3	3	2	3	2
Bexley Care Trust	2	1	1	2	2	2	2
Birmingham and Solihull Mental Health NHS Trust (now Birmingham and Solihull Mental Health NHS Foundation Trust)	3	3	4	3	4	2	3
Birmingham East and North PCT	3	2	3	3	3	3	4
Blackburn with Darwen PCT	3	2	3	3	3	3	3
Blackpool PCT	3	2	3	3	3	3	3
Bolton Hospitals NHS Trust	3	3	3	3	4	2	3
Bolton PCT	3	2	3	3	3	3	3
Bournemouth and Poole Teaching PCT	3	2	3	3	4	3	3
Bradford and Airedale Teaching PCT	2	2	3	3	4	2	2
Bradford District Care Trust	2	2	3	3	4	3	2
Brent Teaching PCT	1	1	1	1	2	1	1
Brighton and Hove City PCT	3	2	2	3	3	2	3

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Brighton and Sussex University Hospitals NHS Trust	2	1	3	2	2	2	3
Bristol PCT	3	3	3	3	3	2	3
Bromley Hospitals NHS Trust	1	1	3	1	1	1	1
Bromley PCT	4	4	4	4	4	4	4
Buckinghamshire Hospitals NHS Trust	3	3	4	3	4	3	3
Buckinghamshire PCT	1	1	1	1	1	2	1
Burton Hospitals NHS Trust	3	2	3	3	3	3	3
Bury PCT	3	3	3	3	4	3	3
Calderdale PCT	3	2	3	3	4	3	3
Calderstones NHS Trust	3	3	2	3	3	3	3
Cambridgeshire and Peterborough NHS Trust (now Cambridgeshire and Peterborough NHS Foundation Trust)	3	2	3	3	3	3	3
Cambridgeshire PCT	2	1	2	2	2	2	2
Camden PCT	4	3	3	4	4	3	3
Central and Eastern Cheshire PCT	2	2	2	2	2	2	2
Central Lancashire PCT	2	2	3	3	3	3	2
Central Manchester and Manchester Children's University Hospitals NHS Trust	3	2	3	3	4	3	3

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
City and Hackney Teaching PCT	2	2	2	2	3	2	3
Cornwall and Isles of Scilly PCT	2	2	3	2	3	2	3
Cornwall Partnership NHS Trust	3	2	3	3	3	3	3
County Durham PCT	2	2	2	2	3	2	2
Coventry and Warwickshire Partnership NHS Trust	2	2	3	3	3	3	2
Coventry Teaching PCT	2	1	3	2	2	3	2
Croydon PCT	3	3	3	3	4	2	3
Cumbria Teaching PCT	2	1	2	2	2	2	2
Darlington PCT	2	1	3	2	2	2	3
Dartford and Gravesham NHS Trust	3	2	4	3	3	3	3
Derby City PCT	3	3	3	3	4	3	3
Derbyshire County PCT	3	2	2	3	3	2	3
Derbyshire Mental Health Services NHS Trust	3	3	2	3	3	3	3
Devon Partnership NHS Trust	3	2	2	3	3	3	3
Devon PCT	3	1	3	3	3	2	3
Doncaster PCT	2	2	2	3	4	3	2
Dorset PCT	3	2	3	3	4	3	3
Dudley Group of Hospitals NHS Trust	3	3	2	3	4	3	3
Dudley PCT	3	2	3	3	3	2	3

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Ealing Hospital NHS Trust	3	3	3	3	4	3	3
Ealing PCT	3	3	4	3	4	3	3
East and North Hertfordshire NHS Trust	2	1	3	3	2	3	3
East and North Hertfordshire PCT	2	1	3	2	2	3	2
East Cheshire NHS Trust	2	1	2	3	2	2	3
East Kent Hospitals University NHS Trust	2	1	3	3	2	3	3
East Lancashire Hospitals NHS Trust	3	2	3	3	3	3	3
East Lancashire Teaching PCT	2	2	3	2	3	2	3
East Midlands Ambulance Service NHS Trust	2	2	3	2	3	3	3
East Of England Ambulance Service NHS Trust	1	2	3	1	3	2	2
East Riding of Yorkshire PCT	2	1	3	2	2	3	3
East Sussex Downs and Weald PCT	2	1	2	2	2	3	2
East Sussex Hospitals NHS Trust	3	1	3	3	3	3	3
Eastern and Coastal Kent PCT	3	2	3	3	3	3	3
Enfield PCT	1	1	2	2	1	2	2

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Epsom and St Helier University Hospitals NHS Trust	2	1	1	2	2	2	2
Essex Rivers Healthcare NHS Trust (now Colchester Hospital University NHS Foundation Trust)	3	2	4	3	3	3	3
Gateshead PCT	3	2	2	3	4	2	3
George Eliot Hospital NHS Trust	2	1	2	3	2	2	2
Gloucestershire PCT	3	2	2	3	3	3	3
Great Ormond Street Hospital for Children NHS Trust	3	2	2	3	4	3	3
Great Western Ambulance Service NHS Trust	2	1	2	2	2	2	2
Great Yarmouth and Waveney PCT	1	1	2	1	2	2	2
Greenwich Teaching PCT	3	3	4	3	3	3	3
Halton and St Helens PCT	2	2	2	2	3	2	2
Hammersmith and Fulham PCT	3	2	3	3	4	3	3
Hampshire Partnership NHS Trust	3	3	3	3	3	3	3
Hampshire PCT	3	2	4	3	3	3	3
Haringey Teaching PCT	4	3	4	4	4	3	3
Harrow PCT	2	2	3	3	3	3	2
Hartlepool PCT	3	2	3	3	3	2	3

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Hastings and Rother PCT	3	2	2	3	3	3	3
Havering PCT	2	1	2	2	3	2	2
Heart of Birmingham Teaching PCT	3	2	4	3	4	3	3
Hereford Hospitals NHS Trust	2	2	2	2	4	2	2
Herefordshire PCT	3	2	3	3	3	3	3
Heywood, Middleton and Rochdale PCT	3	3	4	3	4	3	3
Hillingdon PCT	2	1	3	2	2	2	2
Hinchingbrooke Health Care NHS Trust	1	1	1	1	1	2	2
Hounslow PCT	1	1	2	1	1	2	1
Hull and East Yorkshire Hospitals NHS Trust	2	1	4	2	2	2	2
Hull Teaching PCT	2	2	2	2	4	3	2
Humber Mental Health Teaching NHS Trust	3	3	3	3	4	3	3
Imperial College Healthcare NHS Trust	3	N/A <sup>1</sup>	3	3	3	3	3
Ipswich Hospital NHS Trust	2	1	2	2	2	3	2
Isle of Wight NHS PCT	3	2	2	3	3	3	3
Islington PCT	2	2	2	2	3	3	3
Kensington and Chelsea PCT	3	2	2	3	3	3	3
Kent and Medway NHS and Social Care Partnership Trust	2	2	3	2	3	3	2

<sup>1</sup> Imperial College Healthcare NHS Trust was established on 1 October 2007 by merging St Mary's NHS Trust and Hammersmith Hospitals NHS Trust so was not assessed in 2006/07 as a single body.

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Kettering General Hospital NHS Trust	3	3	3	3	4	3	3
Kingston Hospital NHS Trust	4	3	3	4	4	3	3
Kingston PCT	2	1	1	2	2	2	2
Kirklees PCT	2	2	3	2	3	2	2
Knowsley PCT	3	3	3	3	4	3	3
Lambeth PCT	4	3	3	4	4	3	3
Leeds PCT	2	2	3	2	3	3	2
Leeds Teaching Hospitals NHS Trust	2	2	3	2	2	3	2
Leicester City PCT	3	2	2	3	3	3	3
Leicestershire County and Rutland PCT	2	1	3	3	2	3	3
Leicestershire Partnership NHS Trust	2	2	3	3	4	2	2
Lewisham PCT	2	2	3	3	3	3	2
Lincolnshire Teaching PCT	3	1	2	3	3	3	3
Liverpool Heart and Chest Hospital NHS Trust (formerly the Cardiothoracic Centre - Liverpool NHS Trust)	3	3	2	3	4	3	3
Liverpool PCT	3	2	3	3	4	3	3
London Ambulance Service NHS Trust	3	3	3	3	4	3	3
Luton PCT	2	1	2	2	2	2	2
Maidstone and Tunbridge Wells NHS Trust	2	1	3	2	2	1	2

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Manchester Mental Health and Social Care Trust	2	2	3	2	3	2	2
Manchester PCT	2	1	2	2	3	2	2
Mayday Healthcare NHS Trust	2	2	2	2	3	2	2
Medway NHS Trust (now Medway NHS Foundation Trust)	3	2	3	3	4	3	3
Medway PCT	2	2	3	3	3	3	2
Mersey Care NHS Trust	3	2	4	3	4	3	3
Mid Cheshire Hospitals NHS Trust (now Mid Cheshire Hospitals NHS Foundation Trust)	3	3	3	3	4	2	3
Mid Essex Hospital Services NHS Trust	2	1	2	2	2	2	2
Mid Essex PCT	2	1	3	3	2	2	3
Mid Yorkshire Hospitals NHS Trust	2	1	4	3	2	3	2
Middlesbrough PCT	3	2	2	3	4	3	3
Milton Keynes PCT	2	1	3	3	2	3	3
Newcastle PCT	2	2	2	3	4	2	2
Newham PCT	3	2	2	3	3	3	3
Newham University Hospital NHS Trust	1	1	2	2	1	2	2
Norfolk and Norwich University Hospitals NHS Trust (now Norfolk and Norwich University Hospitals NHS Foundation Trust)	4	4	3	4	4	3	4

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Norfolk PCT	2	1	2	2	2	2	2
North Bristol NHS Trust	2	1	2	3	2	3	3
North Cheshire Hospitals NHS Trust	2	1	2	2	2	2	2
North Cumbria Acute Hospitals NHS Trust	2	1	1	2	2	2	2
North East Ambulance Service NHS Trust	3	2	2	3	4	3	3
North East Essex PCT	3	2	3	3	3	3	3
North East Lincolnshire Care Trust Plus	2	3	2	2	4	3	3
North East London NHS Trust (now North East London NHS Foundation Trust)	3	2	3	3	4	3	3
North Lancashire Teaching PCT	2	2	3	2	3	2	2
North Lincolnshire PCT	2	1	3	3	2	3	2
North Middlesex University Hospital NHS Trust	2	1	2	2	2	3	3
North Somerset PCT	2	1	3	3	2	3	2
North Staffordshire Combined Healthcare NHS Trust	3	3	3	3	3	3	3
North Staffordshire PCT	2	1	2	2	2	2	2
North Tees Teaching PCT (now Stockton-on-Tees Teaching PCT)	3	2	3	3	4	3	3
North Tyneside PCT	2	2	2	3	4	3	2

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
North West Ambulance Service NHS Trust	2	2	3	2	3	2	2
North West London Hospitals NHS Trust	1	1	3	3	1	2	2
North Yorkshire and York PCT	1	1	3	2	1	2	2
Northampton General Hospital NHS Trust	3	2	3	3	3	3	3
Northamptonshire Healthcare NHS Trust	4	3	3	4	4	3	3
Northamptonshire Teaching PCT	2	1	3	2	2	2	2
Northern Devon Healthcare NHS Trust	2	1	2	3	2	2	3
Northumberland Care Trust	2	1	2	3	2	2	2
Northumberland, Tyne and Wear NHS Trust	3	2	3	3	4	3	3
Nottingham City PCT	3	3	3	3	3	2	3
Nottingham University Hospitals NHS Trust	2	1	1	2	2	2	2
Nottinghamshire County Teaching PCT	3	1	3	3	3	2	3
Nottinghamshire Healthcare NHS Trust	3	2	3	3	4	3	3
Nuffield Orthopaedic Centre NHS Trust	3	2	2	3	3	3	3
Oldham PCT	3	3	3	3	4	3	3
Oxford Radcliffe Hospitals NHS Trust	2	1	3	3	2	3	2

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Oxfordshire and Buckinghamshire Mental Health NHS Trust (now Oxfordshire and Buckinghamshire Mental Health NHS Foundation Trust)	3	3	3	3	4	3	3
Oxfordshire Learning Disability NHS Trust	3	3	2	3	4	3	3
Oxfordshire PCT	3	2	3	3	3	3	3
Pennine Acute Hospitals NHS Trust	2	1	3	3	2	3	3
Pennine Care NHS Trust (now Pennine Care NHS Foundation Trust)	3	3	3	3	4	3	3
Peterborough PCT	2	2	2	2	2	3	2
Plymouth Hospitals NHS Trust	3	2	3	3	3	2	3
Plymouth Teaching PCT	3	2	2	3	3	2	3
Portsmouth City Teaching PCT	2	2	3	3	4	3	2
Portsmouth Hospitals NHS Trust	3	3	3	3	4	3	3
Queen Elizabeth Hospital NHS Trust	1	1	2	1	1	3	3
Queen Mary's Sidcup NHS Trust	1	1	1	2	1	2	2
Redbridge PCT	4	3	4	4	4	3	3
Redcar and Cleveland PCT	3	2	2	3	4	3	3

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Richmond and Twickenham PCT	3	2	3	3	4	2	3
Robert Jones and Agnes Hunt Orthopaedic and District Hospital NHS Trust	2	1	2	2	2	2	2
Rotherham PCT	3	3	3	3	4	3	3
Royal Brompton and Harefield NHS Trust	3	3	2	3	4	3	4
Royal Cornwall Hospitals NHS Trust	2	1	3	2	2	2	2
Royal Free Hampstead NHS Trust	4	3	3	4	4	3	3
Royal Liverpool and Broadgreen University Hospitals NHS Trust	4	3	3	4	4	3	3
Royal Liverpool Children's NHS Trust (now Alder Hey Children's NHS Foundation Trust)	3	3	2	3	3	3	3
Royal National Orthopaedic Hospital NHS Trust	1	1	2	2	1	2	2
Royal Surrey County Hospital NHS Trust	3	2	3	3	4	3	3
Royal United Hospital Bath NHS Trust	2	1	2	3	2	3	3
Royal West Sussex NHS Trust	2	1	2	2	2	3	3
Salford PCT	4	4	3	4	4	3	3

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Sandwell and West Birmingham Hospitals NHS Trust	3	2	3	3	3	2	3
Sandwell Mental Health NHS and Social Care Trust	3	2	3	3	3	2	3
Sandwell PCT	2	2	2	3	2	2	2
Scarborough and North East Yorkshire Health Care NHS Trust	1	1	2	1	1	2	1
Sefton PCT	2	2	2	2	3	2	2
Sheffield Care Trust (now Sheffield Health and Social Care NHS Foundation Trust)	3	3	3	3	4	3	3
Sheffield PCT	2	1	3	3	3	3	2
Shrewsbury and Telford Hospital NHS Trust	2	1	3	3	2	3	3
Shropshire County PCT	3	2	3	3	3	3	3
Solihull Care Trust	2	2	2	3	3	2	2
Somerset Partnership NHS Trust (now Somerset Partnership NHS Foundation Trust)	3	2	2	3	4	2	3
Somerset PCT	3	2	4	3	4	3	3
South Birmingham PCT	3	2	3	3	4	3	3
South Central Ambulance Service NHS Trust	2	2	3	2	3	3	2

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
South Downs Health NHS Trust	3	2	3	3	4	3	3
South East Coast Ambulance Service NHS Trust	3	2	3	3	3	3	3
South East Essex PCT	3	2	3	3	4	3	3
South Gloucestershire PCT	3	2	2	3	3	3	3
South Staffordshire PCT	3	2	3	3	3	3	3
South Tees Hospitals NHS Trust	2	2	3	2	3	3	3
South Tyneside PCT	3	2	2	3	4	2	3
South Warwickshire General Hospitals NHS Trust	2	1	2	3	2	3	3
South West Essex PCT	3	2	2	3	3	3	3
South West London and St George's Mental Health NHS Trust	3	2	3	3	4	3	3
South West Yorkshire Mental Health NHS Trust	2	2	3	3	4	3	2
South Western Ambulance Service NHS Trust	3	2	3	3	4	3	3
Southampton City PCT	2	3	3	3	4	2	2
Southampton University Hospitals NHS Trust	3	2	3	3	3	3	3

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Southport and Ormskirk Hospital NHS Trust	2	1	3	3	2	3	3
Southwark PCT	3	3	3	3	4	3	3
St George's Healthcare NHS Trust	2	1	3	3	2	2	3
St Helens and Knowsley Hospitals NHS Trust	4	3	3	4	4	3	3
Stockport PCT	4	4	3	4	4	3	3
Stoke on Trent PCT	2	2	3	2	2	2	2
Suffolk Mental Health Partnership NHS Trust	3	2	3	3	3	3	3
Suffolk PCT	2	1	2	3	2	2	3
Sunderland Teaching PCT	3	2	2	3	4	2	3
Surrey and Borders Partnership NHS Trust (now Surrey and Borders Partnership NHS Foundation Trust)	3	2	3	3	3	3	3
Surrey and Sussex Healthcare NHS Trust	2	1	2	2	2	2	2
Surrey PCT	2	1	2	2	2	3	2
Sussex Partnership NHS Trust (now Sussex Partnership NHS Foundation Trust)	3	3	4	3	4	3	3
Sutton and Merton PCT	2	2	3	3	2	3	3

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Swindon and Marlborough NHS Trust	3	3	2	3	4	3	3
Swindon PCT	3	2	3	3	3	3	3
Tameside and Glossop PCT	3	3	4	3	4	3	3
Tees, Esk and Wear Valleys NHS Trust (now Tees, Esk and Wear Valleys NHS Foundation Trust)	3	3	3	3	4	3	3
Telford and Wrekin PCT	2	2	3	3	3	3	2
The Hillingdon Hospital NHS Trust	3	3	3	3	4	3	3
The Lewisham Hospital NHS Trust	2	1	2	2	2	2	2
The Princess Alexandra Hospital NHS Trust	3	2	3	3	3	2	3
The Queen Elizabeth Hospital King's Lynn NHS Trust	2	1	3	3	2	2	3
The Royal Wolverhampton Hospitals NHS Trust	2	1	2	2	2	2	2
The Whittington Hospital NHS Trust	3	3	3	3	4	3	3
Torbay Care Trust	3	3	4	3	4	3	3
Tower Hamlets PCT	3	3	2	3	4	3	3
Trafford Healthcare NHS Trust	1	1	3	1	1	1	1

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Trafford PCT	2	2	3	3	3	2	2
United Lincolnshire Hospitals NHS Trust	2	1	2	3	2	2	2
University Hospital Bristol NHS Trust (now University Hospitals of Bristol NHS Foundation Trust)	3	2	3	3	4	3	3
University Hospital of North Staffordshire NHS Trust	2	2	1	3	3	2	2
University Hospitals Coventry and Warwickshire NHS Trust	3	1	2	3	3	3	3
University Hospitals of Leicester NHS Trust	2	3	2	3	3	2	2
University Hospitals of Morecambe Bay NHS Trust	3	2	3	3	3	2	3
Wakefield District PCT	2	2	2	2	4	2	2
Walsall Hospitals NHS Trust	2	2	3	2	3	2	3
Walsall Teaching PCT	3	2	3	3	4	3	3
Waltham Forest PCT	2	1	2	3	2	2	3
Walton Centre for Neurology and Neurosurgery NHS Trust	3	3	3	3	3	3	3
Wandsworth PCT	3	2	2	3	3	3	3
Warrington PCT	2	1	3	2	2	2	2
Warwickshire PCT	2	1	2	2	2	2	2

# Appendix 2

## Auditors' Local Evaluation scores 2007/08

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
West Essex PCT	3	2	3	3	3	3	3
West Hertfordshire Hospitals NHS Trust	2	1	2	2	2	2	2
West Hertfordshire PCT	2	1	3	2	2	3	2
West Kent PCT	2	1	1	2	3	2	3
West London Mental Health NHS Trust	3	3	3	3	4	4	3
West Middlesex University Hospital NHS Trust	2	1	2	3	2	2	2
West Midlands Ambulance Service NHS Trust	2	1	2	2	3	2	3
West Suffolk Hospitals NHS Trust	2	1	3	3	2	2	2
West Sussex PCT	3	1	3	3	3	2	3
Western Cheshire PCT	2	2	2	2	2	2	2
Westminster PCT	3	3	3	3	4	3	3
Weston Area Health NHS Trust	2	1	2	2	2	2	2
Whipps Cross University Hospital NHS Trust	1	1	2	2	1	2	2
Wiltshire PCT	2	1	3	2	2	3	2
Winchester and Eastleigh Healthcare NHS Trust	1	2	1	2	1	2	2
Wirral PCT	3	2	3	3	4	3	3
Wolverhampton City PCT	3	3	3	3	3	3	3

NHS body	Overall score		Key theme performance				
	2008	2007	Financial reporting	Financial management	Financial standing	Internal control	Value for money
Worcestershire Acute Hospitals NHS Trust	2	1	2	2	2	2	2
Worcestershire Mental Health Partnership NHS Trust	1	1	2	1	2	2	2
Worcestershire PCT	2	1	3	3	3	3	2
Worthing and Southlands Hospitals NHS Trust	2	1	2	2	2	3	2
Wrightington, Wigan and Leigh NHS Trust	3	3	4	3	4	2	3
Yorkshire Ambulance Service NHS Trust	2	1	2	2	2	2	2

Source: Audit Commission

# Appendix 3

## Summary of ALE scores at individual key line of enquiry level

Name	Level 1						Level 2					
	Number and percentage						Number and percentage					
	PCT		Trust		Total		PCT		Trust		Total	
Use of resources	6	4%	14	9%	20	7%	69	45%	62	41%	131	43%
Financial reporting	5	3%	8	5%	13	4%	54	36%	48	32%	102	34%
KLOE 1.1	7	5%	16	11%	23	8%	53	35%	40	27%	93	31%
KLOE 1.2	3	2%	4	3%	7	2%	72	47%	65	43%	137	45%
Financial management	4	3%	8	5%	12	4%	44	29%	42	28%	86	28%
KLOE 2.1	6	4%	14	9%	20	7%	43	28%	44	29%	87	29%
KLOE 2.2	3	2%	5	3%	8	3%	46	30%	30	20%	76	25%
KLOE 2.3	9	6%	12	8%	21	7%	29	19%	74	49%	103	34%
Financial standing	4	3%	12	8%	16	5%	37	24%	45	30%	82	27%
KLOE 3.1	4	3%	12	8%	16	5%	37	24%	45	30%	82	27%
Internal control	1	1%	4	3%	5	2%	60	39%	55	37%	115	38%
KLOE 4.1	2	1%	5	3%	7	2%	46	30%	45	30%	91	30%
KLOE 4.2	6	4%	6	4%	12	4%	74	49%	75	50%	149	49%
KLOE 4.3	2	1%	2	1%	4	1%	69	45%	61	41%	130	43%
Value for money	3	2%	4	3%	7	2%	56	37%	47	31%	103	34%
KLOE 5.1	2	1%	7	5%	9	3%	43	28%	42	28%	85	28%
KLOE 5.2	4	3%	3	2%	7	2%	45	30%	49	33%	94	31%
KLOE 5.3	5	3%	3	2%	8	3%	62	41%	65	43%	127	42%
KLOE 5.4	6	4%	4	3%	10	3%	96	63%	65	43%	161	53%

# Appendix 3

## Summary of ALE scores at individual key line of enquiry level

Name	Level 3						Level 4					
	Number and percentage						Number and percentage					
	PCT		Trust		Total		PCT		Trust		Total	
Use of resources	69	45%	68	45%	137	45%	8	5%	6	4%	14	5%
Financial reporting	81	53%	84	56%	165	55%	12	8%	10	7%	22	7%
KLOE 1.1	80	53%	84	56%	164	54%	12	8%	10	7%	22	7%
KLOE 1.2	72	47%	75	50%	147	49%	5	3%	6	4%	11	4%
Financial management	95	63%	94	63%	189	63%	9	6%	6	4%	15	5%
KLOE 2.1	92	61%	85	57%	177	59%	11	7%	7	5%	18	6%
KLOE 2.2	90	59%	88	59%	178	59%	13	9%	27	18%	40	13%
KLOE 2.3	19	13%	60	40%	79	26%	2	1%	2	1%	4	1%
Financial standing	60	39%	44	29%	104	34%	51	34%	49	33%	100	33%
KLOE 3.1	60	39%	44	29%	104	34%	51	34%	49	33%	100	33%
Internal control	90	59%	90	60%	180	60%	1	1%	1	1%	2	1%
KLOE 4.1	99	65%	89	59%	188	62%	5	3%	11	7%	16	5%
KLOE 4.2	71	47%	67	45%	138	46%	1	1%	2	1%	3	1%
KLOE 4.3	80	53%	83	55%	163	54%	1	1%	4	3%	5	2%
Value for money	90	59%	97	65%	187	62%	3	2%	2	1%	5	2%
KLOE 5.1	100	66%	97	65%	197	65%	7	5%	4	3%	11	4%
KLOE 5.2	96	63%	85	57%	181	60%	7	5%	13	9%	20	7%
KLOE 5.3	81	53%	78	52%	159	53%	4	3%	4	3%	8	3%
KLOE 5.4	47	31%	77	51%	124	41%	3	2%	4	3%	7	2%

Note: Some rows may not add up to 100 per cent due to rounding.

Source: Audit Commission

---

# References

- 
- 1 Audit Commission, *World Class Financial Management*, November 2005.
  - 2 Department of Health, *Commissioning a Patient-led NHS*, July 2005.
  - 3 Audit Commission, *Review of the NHS Financial Year 2006/07*, October 2007.
  - 4 Department of Health, *Manual for accounts*, December 2007.
  - 5 Audit Commission, *Improving Medium-term Financial Planning: A Practical Guide for Primary Care Trusts*, March 2008.
  - 6 Department of Health, *Operating Framework for the NHS in England 2007/08*, December 2006.
  - 7 Department of Health, *Operating Framework for the NHS in England 2008/09*, December 2007.

Printed in the UK for the Audit Commission by **CW Print**

Design and production by the **Audit Commission Publishing Team**

**Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

**Tel: 0844 798 1212**

**Fax: 0844 798 2945**

**Textphone (minicom): 0844 798 2946**

**[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)**

Price £15  
Stock code: HNR3473  
ISBN 1-86240-555-7  
  
9 781862 405554 >

Job no: 08\_0050