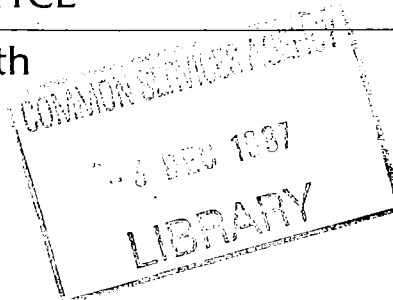




NHS Management Executive
St. Andrew's House
Edinburgh EH1 3DG

5th December 1997



Dear Colleague

GP FUNDHOLDING: REVISED STATUTORY AUDIT ARRANGEMENTS

Summary

1. Attached is a copy of The National Health Service (Fund-Holding Practices Audit) (Scotland) Regulations 1997 which came into force on 7 November 1997. In summary, their effect is to remove the requirement for GP fundholders' accounts to be audited annually by auditors appointed by the Accounts Commission, provided those accounts meet existing legislative requirements and are duly summarised into a Health Board's accounts.

Background

2. The Regulations give legislative effect to a Secretary of State the power at section 86(1C) of the NHS (Scotland) Act 1978 (as amended) to simplify the statutory audit requirements for GP fundholding practices. The change will apply to accounts produced for 1997-98, i.e. fundholders' accounts for this financial year may be "summarised" in Boards' 1997-98 accounts.

Implementation

3. Our current view is that the accounts format and content i.e. Note 18 for all income and expenditure and the Balance Sheet for savings, are sufficient to cover the term "summarised". We are however consulting the Accounts Commission and the Technical Accounting Group about this and will advise further if necessary.

4. The situation whereby fundholders cannot access the savings from a previous financial year until the accounts for that year have been audited is not altered. The only procedural difference will be that the date of audit certification will be that on which the Board's accounts are duly certified.

Addressees

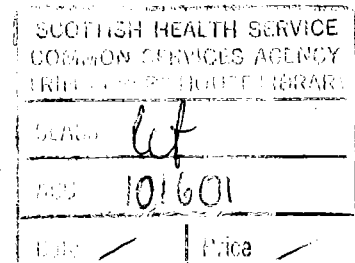
For action:
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Health Boards.

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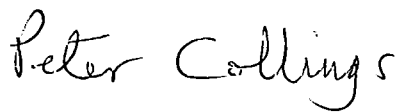
5. The change in audit requirements will further reduce the bureaucracy that has been associated with GP fundholding and is expected to reduce the associated audits costs overall. However, Boards should note that the change may also require them to increase their financial checks and controls on fundholder account submissions, in order to meet the Accounts Commission's standards or requirements.

Action

6. Health Boards should:

- review their financial control arrangements for monitoring and agreeing their GP fundholders' financial procedures and annual accounts submission;
- consult their appointed auditor to seek their approval to the adequacy of such arrangements;
- advise all their GP fundholders of the change in audit and financial arrangements.

Yours sincerely



DR P S COLLINGS
Director of Finance

1997 No. 2469 (S. 161)

NATIONAL HEALTH SERVICE, SCOTLAND

**The National Health Service (Fund-Holding Practices Audit)
(Scotland) Regulations 1997**

Made - - - - - *13th October 1997*

Laid before Parliament *17th October 1997*

Coming into force *7th November 1997*

The Secretary of State, in exercise of the powers conferred on him by sections 86(1C), 105(7) and 108(1) of the National Health Service (Scotland) Act 1978(a), and of all other powers enabling him in that behalf, hereby makes the following Regulations:

1. These Regulations may be cited as the National Health Service (Fund-Holding Practices Audit) (Scotland) Regulations 1997 and shall come into force on 7th November 1997.

2. Where the accounts relating to the allotted sum paid to members of a fund-holding practice in respect of a financial year have been prepared in accordance with section 86(1A) of the National Health Service (Scotland) Act 1978, and have subsequently been summarised in the annual accounts of the relevant Health Board for the same financial year, the requirements for audit in terms of section 86(1A)(a) will not apply.

St Andrew's House, Edinburgh
13th October 1997

Sam Galbraith
Minister for Health,
Scottish Office

(a) 1978 c.29; section 86 was amended by section 36(5) of and paragraph 14 of Schedule 7 to the National Health Service and Community Care Act 1990 (c.19); section 105(7), which was amended by the Health Services Act 1980 (c.53), Schedule 6, paragraph 5 and Schedule 7 and by the Health and Social Services and Social Security Adjudications Act 1983 (c.41), Schedule 9, paragraph 24, contains provision, and section 108(1) contains definitions of "prescribed" and "regulations", relevant to the exercise of the statutory powers under which these Regulations are made.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations remove the requirement to have the accounts of fund-holding practices audited by the Accounts Commission for Scotland provided that such accounts are submitted to the relevant Health Board and summarised in the Board's accounts.

65p

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