

GRO-C22/5

Mr Waterhouse PS/PS  
Mr Taylor PS/C/Exec

From: Mrs J M Firth FA  
Date: 20 May 1991

Copy: Ms Masters Dir Fin/NHSME  
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Mr Heppell PG  
Mr Hale CMP  
Ms Stuart FB  
Mr Garland FA1 —  
Mr Kendall FA2  
Miss Wears FA1E

#### NAO REPORT ON AIDS: ACCOUNTING OFFICER RESPONSIBILITY

In John Bourns letter of 22 March about the future VFM programme he indicated, inter alia, that the AIDS report would fall to the Permanent Secretary. We now have a first draft of the NAO report. As usual it is liberally sprinkled with criticisms, some of which we expect to eliminate. But what is clear is that a substantial amount of the criticism remaining will focus on the planning, use and control by Health Authorities of HCHS (Vote 1) monies specially allocated for AIDS services. There are some areas in the Report for which the Permanent Secretary is Accounting Officer eg involvement of the voluntary sector, reporting and forecasting numbers of cases, but the bulk of the criticism will be on the 'misuse' of special AIDS allocations, inadequate health authority planning and inadequate financial monitoring. This raises the question of the involvement of the Chief Executive in a) agreeing the report and b) appearing before the PAC. What follows has been discussed with Mr Hale and Ms Stuart.

2. The policy on AIDS and detailed involvement with the NHS - including the basis for the allocation of top sliced HCHS money to HAS, monitoring the use of that money, receiving information on planning and on service provision - lies with the AIDS Unit within HSSG, reporting to the Permanent Secretary. The AIDS Unit is in the lead on co-ordinating comment on the NAO report, and will in due course lead on the preparation of briefing, response and follow up action. The AIDS unit operates outside the ME, and reports through Head of Policy Group to the Permanent Secretary. But only the Chief Executive can actually answer as Accounting Officer to the use of Vote 1 monies: FA (within the NHSME) is responsible for assisting the AIDS unit to observe financial proprieties in respect of Vote 1 money (ie financial control, VFM, evaluation); and the amount to be top sliced is a matter for joint ME/DH advice to Ministers.

3. It would seem sensible to alert the NAO at an early stage to the extent of the involvement of both Accounting Officers in agreeing the AIDS report. When it comes to PAC, it is of course up to the Committee to decide who they will summon. The PAC may feel that they want to take evidence from both Accounting Officers, particularly if they wished to press questions about the degree of co-operation and exact balance of responsibilities between them. They may feel that one Accounting Officer will do, supported by senior officials representing the other.

Suggested action

4. The lightest way to handle this is for Sir Christopher to include in his reply to John Bourn's letter a comment on the AIDS issue; in the light of the response Sir Christopher and Mr Nichol might consider how they view the issue of appearance at PAC and whether we should seek to influence NAO/PAC on that.

5. On that basis I suggest the letter might say "I appreciate your efforts to make a broadly even allocation of responsibilities for forthcoming NAO studies between the two Accounting Officers. However it is interesting to note that one of those studies - on AIDS - actually raises matters that fall within the ambit of both. Similar examples might arise in future, and I should be interested to know what thoughts you have on handling in such cases".

GRO-C

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