Care Quality Commission

Report and accounts

for the period
1 October 2008 to 31 March 2009

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Contents

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Foreword

The Care Quality Commission (CQC) became a legal entity on 1 October 2008 and England's independent regulator of health and social care on 1 April 2009. Our overriding aim is to make sure that people get better care, whether they're using services provided by the NHS, local authorities, or private or voluntary organisations.

By successfully delivering the challenging work that we report on in this document, we were ready to meet our regulatory responsibilities from day one, and to start achieving our vision of high quality care for everyone.

Our newly-recruited Board members guided this crucial preparatory stage. They bring a wealth of expertise coupled with strong non-executive board experience, including direct experience of using services. On 1 October 2008, the Board signed off CQC's Manifesto, which set out our vision, mission and values. These are complemented by six 'dimensions' of quality that will underpin our work assessing services:

- Safe care.
- Improving outcomes for people.
- Access to services.
- A good experience of care for people.
- A focus on healthy, independent living and quality of life.
- Value for money.

Together, they embody our commitment to putting people who use services, and their families and carers, first.

We recruited an executive team designed to reflect CQC's integrated structure as the first regulator of health and adult social care, and our focus on making sure that the two sectors work together effectively to meet people's individual needs.

The transition team and shadow executive team led the successful merger of the previous regulators, including delivering the systems needed for 'business as usual' from 1 April 2009. We wanted to create a regional structure that enabled us to work as effectively as possible with Government offices for the regions and strategic health authorities, so we migrated 21 regional offices into nine. CQC's regional structure is supported by a new national centre for processing information from our regular monitoring and inspections of services. This will enable us to create, for the first time, a complete, up-to-date picture of the quality of health and social care in England.

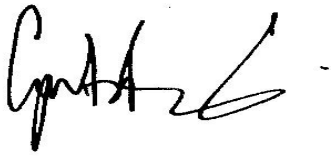
We developed our strategy for taking over the work of the previous commissions while, at the same time, introducing a new approach to regulation. We consulted

widely on our early work, including with the Department of Health and Government bodies, public and independent providers of health and social care, people who use services, and national and local organisations that represent them. We sought people's views on topics including: our plans for reviewing the performance of organisations that provide or commission health or social care in 2009/10; how we would involve people who use services in our work; and our policy for enforcing improvement.

While drawing on the best work of our predecessors, CQC brings a distinctive new approach to ensuring common essential standards across health and social care. From April 2010, all providers of health and social care must be registered by us to show that they meet these common quality standards. In preparation for this, by April 2009 we had registered NHS trusts on their infection control practices, worked with the Department of Health to develop the forthcoming single system of registration, and began developing guidance on what providers must do to meet its requirements.

We would like to thank all of the staff who helped us to deliver these important activities. Mergers are often difficult, but everyone worked with great professionalism, determination and energy throughout. Together, we remained focused at all times on improving the quality of care, and on creating an organisation that has at its heart the needs and perspective of people who use services.

Barbara Young
Chairman



Cynthia Bower
Chief Executive

Annual report for the period 1 October 2008 to 31 March 2009

Director's report

Statutory background

The Care Quality Commission (CQC) is a non-departmental public body (NDPB) established under the Health and Social Care Act 2008. It was formally established on 1 October 2008 and, from 1 April 2009, it will be responsible for the registration, review and inspection of health and adult social care services and to monitor the operation of the Mental Health Act in England. In carrying out this role, it will contribute to the delivery of safe, quality health and social care that supports people to live healthy and independent lives, empowers individuals, families and carers in making informed decisions about their care, and is responsive to individual needs.

As a NDPB, the Commission is accountable to the Secretary of State for discharging its functions, duties and powers effectively, efficiently and economically.

The new body will bring together the regulation of the quality of health and adult social care and the monitoring of people subject to The Mental Health Act. The process of bringing together the Commission for Social Care Inspection, the Healthcare Commission and the Mental Health Act Commission to create a completely new organisation was complex. From 1 October 2008 to 31 March 2009, the Commission has led the transition from the existing three Commissions to the new CQC.

Transition objectives

From 1 October 2008 to 31 March 2009, the Commission was tasked with:

- Leading the transition from the existing three Commissions to the new CQC.
- Determining how the Commission should operate and be organised, within the legislative framework and the strategic framework set by Ministers by leading work to develop a strategy for the work of the Commission that will set out how the duties of the existing Commissions will be incorporated, involving a range of stakeholders, and building on this, develop an initial three-year corporate plan and business plan, within available resources.
- Leading work to develop the Commission's business systems and processes necessary to ensure that the Commission can operate effectively. This included developing a budget, and putting in place internal financial management and accounting systems, and HR procedures.

- Working with the Department to develop a range of documentation including the framework document and supporting protocols, objectives for the period from 1 April 2009, and a balanced scorecard that will be used to monitor the performance of the new Commission.
- Developing a communications strategy and building relationships with the regulated sector, other regulators, users, and key stakeholder organisations.
- Producing a statement of user involvement.

Regulatory objectives

The Commission was tasked with the following regulatory objectives for the period:

- Leading the implementation of registration and enforcement for NHS bodies in respect of healthcare associated infections (HCAI) so that the new arrangements can operate from April 2009.
- Preparing to take over registration of adult social care providers and private and voluntary healthcare providers under the Care Standards Act 2000 from April 2009.
- Preparing to take responsibility for monitoring the supervision of patients subject to the Mental Health Act.
- Begin work to develop the registration and enforcement system for services designated as regulated activities from April 2010.
- Preparing for the implementation of periodic reviews of providers and commissioners.
- Preparing for the implementation of a programme of special reviews.
- Providing an independent and informed view to Ministers and the Department of Health on the work of the Commission and on the health and adult social care sector.

Review of activities

The Board formally signed off the CQC manifesto. This set out our vision, mission and values. The Board also approved important governance documents, which set out how CQC will operate, namely the approach to the development of CQC's five-year strategy, the 2009/10 Business Plan and the draft budget for 2009/10.

CQC will bring together the regulation of health and social care at a national level. It is important to build upon the excellence of what the three Commissions did, while maximising the benefits of working together. To this end, it has been particularly important to combine the skilled resources from the three Commissions to build the new CQC. Staff nominated from the three commissions attended a series of

workshops commenting on the design of the proposed CQC staffing organisation, the roles, responsibilities and relationships necessary for success. The workshops have also given people a chance to discuss, openly and frankly, the new CQC organisation design. Recruitment to the new organisation structure began during 2008/09.

We completed the first tasks that CQC was set i.e. the work on healthcare-acquired infections and provider regulation, as well as putting together all the systems, structures and processes that any organisation needs.

We have worked with providers, people who use services, Board members and other regulators to design the guidance about compliance so that the system is credible to them.

We have been working with the Department of Health (DH) to introduce the new registration system over two to three years. The NHS will be first and on 1 April 2009, all trusts – including acute hospitals, mental health trusts, ambulance trusts and primary care trusts (PCTs) – will have to be registered and to comply with the requirement concerning hygiene and the control of infections. A year later, the same NHS providers will have to register against a full set of requirements to bring them fully into the new scheme. We are expecting that providers of independent sector healthcare and adult social care will re-register under the new scheme on 1 October 2010, and dentists and GP practices from April 2011 at the earliest.

The Commission has established its headquarters at Finsbury Tower, London, which now accommodates the senior management team and their staff and set up a single contact centre based in Newcastle called the National Processing Centre. This will start to take on the work of the business support staff in the regions from 1 April. Staff have been trained and the technology is in place.

A new CQC website has been designed. NHS trusts will submit their applications for healthcare-associated infections registration via this website.

Board and executive appointments

The Chairman is Baroness Young of Old Scone. Barbara Young, previously Chief Executive of the Environment Agency, is a Life Peer and currently sits on the cross benches. Other posts have included Chairman of English Nature; Vice Chairman of the BBC; board member of AWG plc; Chief Executive of The Royal Society for the Protection of Birds; and Chief Executive of Parkside Health Authority.

The CQC Board consists of the Chairman and six members. Those appointed during 2008/09 are as follows:

	Date of appointment	Term of office	Date of resignation
Baroness Barbara Young (Chairman)	1 October 2008	4 years	
Professor Deirdre Kelly	1 October 2008	2 years	
Dame Josephine Williams	1 October 2008	4 years	
Lord Patel of Bradford OBE (Kamlesh Patel)	1 October 2008	3 years	4 October 2008
Olu Olasode	1 November 2008	3 years	
Kay Sheldon	1 December 2008	2 years	
Professor Martin Marshall	1 January 2009	4 years	

There is currently one remaining board member post vacant.

Lord Patel of Bradford OBE (Kamlesh Patel) was appointed as a CQC Board Member on 1 October for a term of three years, but on 4 October he resigned as a result of having been appointed as a Whip in the House of Lords. As a member of the Government, he could not continue in a public appointed role in an independent body.

Board representation on the Audit and Risk and Remuneration Committees in 2008/09 was as follows:

Audit and Risk Committee

Professor Deirdre Kelly
Olu Olasode (Chairman)
Professor Martin Marshall
With the Chief Executive Cynthia Bower and the Interim Director of Finance, Anne-Marie Millar in attendance.

Remuneration Committee

Baroness Young
Dame Josephine Williams
Olu Olasode
Kay Sheldon
With the Chief Executive Cynthia Bower and the Interim Director of Human Resources, Sheree Axon in attendance.

Register of interests

The Commission maintains a register of interests for Board Members. Where any decisions were taken which could give rise to a possible or perceived conflict of interest, the member concerned would declare the same and would not vote on the item on the agenda. At the Chairman's discretion he or she would be asked to withdraw for the duration of any discussion of the item.

Baroness Young

- Trustee of the Institute of Public Policy Research.
- Non-affiliated Life Peer as Baroness Young of Old Scone.

Professor Deirdre Kelly

- Professor of Paediatric Hepatology, Birmingham Children's Hospital
- Chair of the National Advisory Committee for enquiries into Child Health until 31 March 2009
- Member of Topic Selection Committee (NICE)
- Member of the Advisory Committee on the Safety of Blood, Tissues and Organs.
- Member of national patient organisations

Dame Josephine Williams

- Co-Chair of the Learning Disability Coalition
- Chief Executive of Royal Mencap Society until Nov 2008

Olu Olasode

- Board Member of Capacitybuilders.
- Chief Executive of TL First Consulting.

Kay Sheldon

- Trustee of Mind, the national mental health charity.

Professor Martin Marshall

- Director of Clinical Quality at the Health Foundation.

Executive team

The **Chief Executive** is Cynthia Bower. Cynthia was previously Chief Executive of NHS West Midlands. Prior to this, she held posts as Chief Executive of Birmingham Specialist Community Health NHS Trust and at South Birmingham Primary Care Trust. In addition, she has had practical and managerial experience in children's services, policy development between health and social care in mental health, intermediate care for older adults and family support for children.

Senior Executives appointed during 2008/09 are:

Executive team		Date appointed
Chief Executive	Cynthia Bower	1 August 2008
Director of Engagement	Jill Finney	24 February 2009
Director of Regulation and Strategy (seconded from the Department of Health)	Jamie Rentoul	1 March 2009
Director of Intelligence	Richard Hamblin	1 March 2009
Director of Methods	Gary Needle	1 March 2009

An Interim Finance Director (Anne-Marie Millar) and an Interim HR Director (Sheree Axon) seconded from DH, were appointed to work on the transition, for the period of these accounts.

Availability of information for audit

As far as the Accounting Officer is aware, there was no relevant information of which CQC's auditors (National Audit Office) were unaware. The Accounting Officer has taken all reasonable steps that she ought to have taken to make herself aware of any relevant audit information, and did establish that the CQC's auditors were aware of that information.

Form of account

The Financial Statements have been prepared in the form directed by the Secretary of State for Health, in accordance with the Health and Social Care Act 2008; the Financial Reporting Manual (FReM) 2008/09 and Managing Public Money.

Post balance sheet events

From 1 April 2009, the Care Quality Commission (CQC) will be responsible for the registration, review and inspection of health and adult social care services and to monitor the operation of the Mental Health Act in England. Assets and liabilities from the three former commissions (Commission for Social Care Inspection, Healthcare Commission and Mental Health Act Commission) will be transferred to CQC.

Political and charitable donations

No political or charitable donations were made during the year.

Research and development

No research and development activities were carried out in 2008/09.

Auditors

The Comptroller and Auditor General (C&AG) is appointed by statute to audit CQC and report to Parliament on the truth and fairness of the annual financial statements and regularity of income and expenditure. The total amount due to the National Audit Office (NAO), the organisation that undertakes the services on behalf of the C&AG is £30,000.

There was no remuneration paid for non-audit work during the year.

Management commentary

Introduction

This is the first annual report and accounts for the Care Quality Commission (CQC), which came into being on 1 October 2008. The CQC was created as a non-departmental public body (NDPB) of the Department of Health. The organisation is funded through Grant-in-Aid from the Department of Health and in 2008/09, £1.25m was received for the period 1 October 2008 to 31 March 2009 in actual cash, with £7.456m granted in notional funding. In future, fee income will also be generated.

Duties and functions

CQC's principal duties and functions are set out in the Health and Social Care Act 2008:

Section 2 of that Act sets out that its functions include:

- Registration functions under Chapter 2 of the Act.
- Review and Investigation Functions under Chapter 3 of the Act.
- Functions under the Mental Health Act 1983.

Section 3 of the Act states that "the main objective of the Commission in performing its functions is to protect and promote the health, safety and welfare of people who use health and social care services".

The period from October 2008 to March 2009 saw the development of the processes and IT systems that would support the functions outlined above. It also saw the appointment of the Chairman of the Board of CQC, the Board Members and the Chief Executive. A financial memorandum with the Department of Health was agreed, covering our budget, which is provided as Grant-in-Aid.

Financial performance and position

The Commission's net expenditure of £2.563m was within our resource allocation of £2.749m. Capital costs totalled £6.574m compared to our budget allocation of £6.420m. The overspend resulted from the late receipt of invoices which should have been accrued by DH and then recharged to CQC.

Operating expenditure of £1.044m and £6.420m of the capital costs were recharged to the Commission from the Department of Health at the end of 2008/09. The Department was responsible for the establishment of the Commission, but these transferred costs relate to CQC functions such as the production of our business

plan, the production of guidance for registration applications and the cost of assets transferred to CQC.

Further non recurring costs are expected in 2009/10 as the Care Quality Commission continues to restructure and redevelop the staff and assets of the previous Commissions. An operational budget of £166.8m has been agreed for next year with the Department of Health (although final government approval is still required for £2.4m of this spending). In addition, transition costs of £38.3m and capital investment funding of £22.4m has been agreed.

From 1 April 2009, CQC will also take on a substantial part of the assets and liabilities of the former Commissions including IT systems and buildings.

Managing risks

An Audit and Risk Committee has been established and during 2008/09 it agreed internal audit arrangements and considered reports on budgets and risk. The Executive Risk Register highlighted major issues both to the delivery of a fully operational Commission on 1 April and to continuing operations in 2009/10. It also included details of the actions being taken to mitigate those risks.

The future

From 1 April 2009 the Care Quality Commission took over most of the functions of three former Commissions (the Commission for Social Care Inspection, the Healthcare Commission and the Mental Health Act Commission), but not all e.g. NHS complaints went to the Parliamentary and Health Service Ombudsman (PHSO). Included was the regulation of health and adult social care services, whether provided by the NHS, local authorities, private companies or voluntary organisations. We also protect the rights of people subject to the Mental Health Act.

From April 2010, a new registration system will mean that health and adult social care providers must be registered with us to show they meet a wide range of essential quality standards.

During 2009/10, we will continue to develop the formal structure and procedural documentation for the Commission, including our corporate plan and will report on them in the next Annual Report.

In this Annual Report we have set out the governance structure of the Commission, the declaration of Directors' interests and the Remuneration Report. It is followed by Statements of Account for the part year 2008/09.

Sickness absence

During 2008/09, no days were lost due to sickness.

Better Payment Practice Code

CQC was committed to the Better Payment Practice Code, and aimed to pay 90% of undisputed invoices within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. In 2008/09, CQC paid 95.14% based on volume within 30 days, and 88.32% of invoices based on value within 30 days. Following guidance from the Department of Health in October 2008, CQC attempted to pay all our suppliers within 10 days.

Personal data related incidents

In accordance with the Cabinet Office Data Handling Requirements, implemented in 2008, CQC was required to report a summary of incidents involving the security of personal data during 2008/09.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's office in 2008/09

Statement on information risk				
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
-	-	-	-	-
Further action on information risk				

Table 2: Summary of other protected personal data related incidents in 2008/09		
Incidents reported centrally to the Department of Health, but deemed by the Department of Health not to fall within the criteria to report to the Information Commissioner's Office. Small, localised incidents are not reported and recorded centrally, and are not cited in these figures.		
Category	**Nature of incident**	**Total**
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises.	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	0
V	Other.	0
Summary of reported incidents		

Remuneration report

For the year 1 October 2008 to 31 March 2009

The following sections provide details of the remuneration (including any non-cash remuneration) and pension interests of Board Members, Independent Members, Chief Executive, and the Executive Team, as well as those amounts payable to third parties for services as a Senior Executive. These sections are subject to audit.

Chairman and Board Members' emoluments

	Date of appointment	Salary	Bonus	2008/09 total	Annual full year salary
		£'000	£'000	£'000	£'000
Baroness Barbara Young (Chairman)	1 October 2008	50-55	0	50-55	105-110
Professor Deirdre Kelly	1 October 2008	0-5	0	0-5	5-10
Dame Josephine Williams	1 October 2008	0-5	0	0-5	5-10
Olu Olasode	1 November 2008	5-10	0	5-10	10-15
Kay Sheldon	1 December 2008	0-5	0	0-5	5-10
Professor Martin Marshall	1 January 2009	0-5	0	0-5	5-10
Kamlesh Patel OBE	1 October 2008 (resigned 4 October 2008)	0-5	0	0-5	5-10

Board members work two days a month for the Commission. The exceptions are Olu Olasode who is contracted for four days a month for his role as Chairman to the CQC's Audit and Risk Committee, and Baroness Young who is contracted for four days a week until 1 July 2009, when she will reduce to three days a week.

CQC reimburses its Chairman and Board members for the cost of travelling to and from the Commission including for Board meetings. For 2008/09 this amounted to £1k. CQC meets the resulting tax liability under a settlement agreement with HM Revenue and Customs.

Emoluments of Chief Executive and Executive team

The Chief Executive's remuneration is agreed between the Board, via the remuneration committee with reference to the Department of Health's guidance on pay for its Arms Length Bodies. This includes an element of performance-related pay of up to 10%.

All other members of the Executive team are employed under permanent employment contracts or are on secondment to the CQC. Salary and conditions of employment follow CQC's interim terms and conditions until these are agreed during 2009/10. The interim terms and conditions are based in the main on those in the former Commission for Social Care Inspection (CSCI).

For the Chief Executive and Executive team early termination, other than for misconduct, will be under the terms of the NHS Pension Scheme.

Executive team	Date of appointment	Salary	Bonus	Benefits in kind	2008/09 total	Full year salary
		£'000	£'000	£'000	£'000	£'000
Cynthia Bower*	1 August 2008	95-100	0	15-20	115-120	195-200
Jill Finney	24 February 2009	10-15	0	0	10-15	140-145
Gary Needle	1 March 2009	10-15	0	0	10-15	140-145
Richard Hamblin	1 March 2009	5-10	0	0	5-10	110-115

* Prior to 1 October, the Department of Health paid for Cynthia Bower's salary. The figures quoted above are the salary costs to CQC.

No bonus payments were paid in 2008/09, however, there may be bonus payments in 2009/10 in respect of 2008/09 dependant upon decisions yet to be made by the Remuneration Committee.

Benefits in kind

The Chief Executive received a transitional second home allowance. A taxable benefit of £18k was payable in respect of 2008/09 for CQC. An additional £4k was paid for the period prior to 1 October.

No other benefits in kind were granted in 2008/09.

Amounts payable to third party for services as a senior executive

Jamie Rentoul provided services as a Director of Regulation and Strategy, while employed by the Department of Health. Salary costs of £12,864 for the month of March (including pension and employers' costs) were recharged to the Commission by the Department of Health.

CQC accounts include costs for an Interim Finance Director (Anne-Marie Millar) and an Interim HR Director (Sheree Axon). Both were employed and paid directly by the Department of Health, however as they were primarily involved with setting up the new Commission, pay costs of £61k were transferred to CQC.

Pension benefits

	Accrued benefits				Cash equivalent transfer values (CETV)		
	Real increase in year		Benefits as at 31 March 2009				
	Lump sum	Pension	Lump sum	Pension	CETV at 31 March 2008	CETV at 31 March 2009	Real increase in CETV
Executive team	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Cynthia Bower	5-7.5	0-2.5	130-135	40-45	643	871	140
Gary Needle	0-2.5	0-2.5	125-130	40-45	522	827	24
Richard Hamblin	0-2.5	0-2.5	45-50	15-20	88	196	9
Jill Finney	N/A	N/A	N/A	N/A	200	N/A	N/A

Jill Finney was previously a member of the Principal Civil Service Pension Scheme (PCSPS) but transferred to the NHS pension scheme on her appointment to CQC in March. At the time of publication, no pension information in respect of Jill Finney had been received from the Department of Work and Pensions.

The other members of the Executive team are members of the NHS Pension scheme.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent

spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003/04, the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NHS pension. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

NHS pension scheme

The principal pension scheme for staff recruited directly by CQC is the NHS pension scheme.

Details of the benefits payable under the scheme provisions can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk.

The Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five-year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees' contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

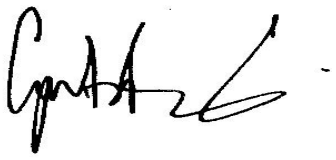
Scheme provisions as at 1 April 2008

The Scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

For early retirements other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Commission commits itself to the retirement, regardless of the method of payment. The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made. From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

In 2008/09 CQC part years employer's contributions for staff were £19k, at a rate of 14% of pensionable pay.

Signed: 

Name: Cynthia Bower

Position: Chief Executive

Dated: 24 June 2009

Statement of Accounting Officer's responsibilities

Under the Health and Social Care Act 2008, the Secretary of State for Health has directed CQC to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must show a true and fair view of the state of affairs of CQC and of its income and expenditure, recognised gains and losses and cash flow for the financial period.

In preparing the accounts, CQC is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis.

The Secretary of State for Health has designated the Chief Executive as the Accounting Officer for CQC. The responsibilities of an Accounting Officer include responsibility for ensuring propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CQC's assets, are set out in *Managing Public Money* issued by HM Treasury.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Care Quality Commission's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I am responsible to the Department of Health's Principal Accounting Office and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources.

The Care Quality Commission came into existence on 1 October 2008. However, the functions and operations of the former Commissions (the Commission for Social Care Inspection, the Healthcare Commission and the Mental Health Act Commission) did not become the responsibility of the Care Quality Commission until 1 April 2009. The key focus over the first six months was to ensure a smooth transition from the former Commissions and the establishment of new systems and processes to operate from April 2009.

The Care Quality Commission's Board is responsible for:

- Setting the Commission's strategies and budget to comply with the provisions of the Health and Social Care Act 2008 and other relevant legislation.
- Ensuring that policies and actions support the Department's wider strategic policies.
- Identifying the central activities required to support delivery of the five-year corporate plan and approving the annual budget.
- Delivering high standards of regularity and probity.

An Audit and Risk Committee has been established to support the Chief Executive by monitoring the effectiveness of:

- Corporate governance arrangements.
- Processes for managing risks.
- Internal audit and related activity.
- Management responses to the recommendations made by internal audit.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Care Quality Commission's polices, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Care Quality Commission for the period ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Commission's capacity to handle risk is developing as the organisation grows. During the period covered by these accounts an executive risk register was established for transition issues and presented to the Audit and Risk Committee by the Transition Director. The register detailed risks to delivery for 1 April 2009 and risks to the Care Quality Commission after 1 April 2009. It also detailed actions to be taken to mitigate those risks. In March the Commission considered a draft 2009/10 Business Plan and resolved that a consolidated risk register should be presented to the May Board meeting.

During the period to 31 March 2009, the transition team were aware of and took their responsibilities on data protection seriously, especially in relation to personal and confidential information about individuals. The Commissions information security risk management and data handling mechanisms were appropriate for the information that it held. During the period an information sharing protocol was in place between the Care Quality Commission and the former Commissions and we followed that protocol in an appropriate and proportionate manner. A Senior Information Risk Owner was in place during the period up to 31 March 2009 and from 1 April 2009. There were no protected personal data related incidents formally reported to the Information Commissioners Office or the Department of Health during the period to 31 March 2009

4. The risk and control framework

CQC has established a risk management framework which will be further developed during 2009/10. Key elements of the risk management strategy are:

- The Board meets regularly to consider its plans, performance and strategic direction.
- The Audit and Risk Committee received reports on risk management, the corporate risk register and aspects of internal control. The Committee has approved the Risk Policy. The Committee formally reports to the Commission after each of its meetings. In future years an annual report will be produced.
- Risk management will be embedded throughout the organisation during 2009/10 through the development of the corporate risk register, directorate risk registers, risk assessment of programmes and projects and review processes.
- Key risks are identified in the Commission's consolidated risk register.

- The review of risks relating to the transition process and transferring functions was informed by the involvement of the Department of Health and the former Commissions in the consideration of these issues and by the former Commissions sharing their risk registers with the Care Quality Commission.
- All of the capital and 42% of the revenue costs included in the Commission's accounts were incurred by the Department of Health and predecessor Commissions and charged to CQC on 31 March. We have ensured that we have the records to support these costs. The control mechanisms over these costs were the responsibility of the Department of Health and the former Commissions.
- A Records and Document Management Policy has been developed.
- In the period up to 31 March 2009, there have been no reported security incidents involving protected personal data that would fall within the Cabinet Office guidelines for inclusion in an annual report.

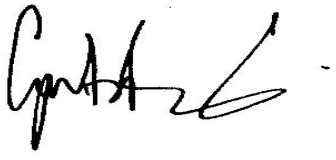
5. Review of effectiveness

As Accounting Officer, I had responsibility for reviewing the effectiveness of the system of internal control. I am content that adequate controls were in place during the period in line with the nature and value of the expenses incurred.

The financial systems used to collect and report costs were a subset of those used by the Commission for Social Care Inspection and are judged to be robust systems based on evidence from previously conducted audit review and scrutiny.

An Internal Audit service for 2008/09 was provided by KPMG following a competitive tendering process and is carried out as defined by the Government Internal Audit Standards. During 2008/09, finance and payroll systems and Corporate Government and Risk Management were reviewed by internal audit. My review has been informed by Internal Audit's report covering the period.

There are no significant control issues to report.

Signed: 

Name: Cynthia Bower

Position: Chief Executive

Dated: 24 June 2009

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Care Quality Commission for the six month period ended 31 March 2009 under the Health and Social Care Act 2008. These comprise the Operating Cost Statement, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

The Care Quality Commission's Chief Executive as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Health and Social Care Act 2008 and directions made by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Social Care Act 2008 and directions made by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Board and Executive Appointments and the Management Commentary is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Care Quality Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and the unaudited part of the Remuneration Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Care Quality Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Health and Social Care Act 2008 and directions made by the Secretary of State, of the state of Care Quality Commission's affairs as at 31 March 2009 and of its net expenditure and cashflows for the six month period then ended.
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Social Care Act 2008 and directions made by the Secretary of State.
- Information, which comprises the Board and Executive Appointments and the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Date: 7 July 2009

The maintenance and integrity of the Care Quality Commission's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Financial statements for the period 1 October 2008 to 31 March 2009

Operating cost statement for the period ended 31 March 2009

	Notes	2008/09
		£'000
Expenditure		
Staff costs	**3**	1,441
Other operating charges	**4**	1,123
Net operating expenditure		**2,564**
Interest receivable	**5**	(1)
Notional cost of capital	**1(g)**	107
Net expenditure for period on ordinary activities		**2,670**
Write back of notional cost of capital		(107)
Net expenditure for the financial year		**2,563**

Cash flow statement for the period ended 31 March 2009

	Notes	31 March 2009
		£'000
Operating activities:		
Net cash outflow from operating activities	**12**	(999)
Interest received	**5**	1
Payments to acquire fixed assets	**6**	0
Cash outflow from capital expenditure and financial investment		**(998)**
Financing		
Government grant received:		
Revenue	**2**	1,250
Increase in cash in period	**13**	**252**

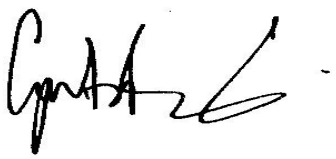
CQC had no gains and losses apart from its net operating costs. A Statement of Recognised Gains and Losses is therefore not required.

The notes on pages 31 to 40 form part of these accounts.

Balance sheet as at 31 March 2009

	Notes	31 March 2009
		£'000
Fixed assets		
Tangible fixed assets	**6**	6,574
		6,574
Current assets:		
Debtors/prepayments:		
Amounts falling due within one year	**7**	82
Cash at bank and in hand	**13**	252
		334
Current liabilities:		
Creditors/accruals:		
Amounts falling due within one year	**8**	(765)
Net current assets (liabilities)		**(431)**
Creditors: amounts falling due after more than one year		**-**
Provisions for liabilities and charges		**-**
Total assets less liabilities		**6,143**
Financed by:		
Income and expenditure reserve	**9**	**6,143**
Total reserves		**6,143**

CQC was established on 1 October 2008 therefore no comparative figures exist.
The accounting policies and notes on pages 31 to 40 form part of these accounts.

Signed: 

Name: Cynthia Bower

Position: Chief Executive

Dated: 24 June 2009

Notes to the accounts

1. Accounting policies

a) Statement of accounting policies

The financial accounts cover the period 1 October 2008 to 31 March 2009.

The financial statements have been drawn up in accordance with the CQC's Financial Memorandum, which forms part of the Commission's Interim Framework Document, Accounts Direction issued by the Secretary of State, *Managing Public Money* and in accordance with applicable accounting standards and the accounting and disclosure requirements given in the *Financial Reporting Manual* (FReM) insofar as these are appropriate to CQC and are in force for the financial year for which these statements are prepared.

b) Accounting convention

The financial statements are prepared under the historic cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost.

c) Impact of new accounting standards

During the year, CQC adopted FRS 25 'Financial Instruments: Disclosure and Presentation', FRS 26 'Financial Instruments: Measurement', and FRS 29 'Financial Instruments: Disclosures'. The main impact is that FRS 26 requires financial instruments to be measured in a way that reflects the fair value of the asset or liability, usually by discounting.

The adoption of this standard did not have a significant impact on the financial statements.

d) Fixed assets – tangible and intangible assets

Fixed assets are capitalised in the Balance Sheet at their modified historic cost (MHC) less depreciation or amortisation. MHC is calculated using the relevant indices from the Retail Price Index. Upward revaluations are charged to the Revaluation Reserve while downward revaluations are charged to the Income and Expenditure Account (to the extent that there is no credit on the Revaluation Reserve to offset the loss).

Fixed assets expenditure is defined as expenditure of £5,000 or more on land, new construction, extensions or alterations to existing buildings and the purchase of any other fixed assets e.g. IT equipment and vehicles with an expected working life of more than one year.

Purchased computer software is capitalised as an intangible asset where expenditure of £5,000 or more is incurred.

e) Depreciation and amortisation

Depreciation and amortisation on fixed assets is provided on a straight-line basis, at rates calculated to write off the cost, less any residual value, over their estimated useful lives as follows:

Estimated useful lives:	
Computer software	5 years
IT infrastructure	5 years
Furniture and fittings:	
• Office refurbishment	10 years
• Furniture	10 years
Office equipment	5 years
Information technology:	
• Computer equipment and website	3 years
• IT capital projects	5 years

Depreciation and amortisation is charged on a monthly basis commencing from the month following the date on which an asset is brought into use.

f) Operating leases

Rental payable under operating leases is charged to the income and expenditure account on a straight-line basis over the lease term. There are no finance leases.

g) Notional costs

When calculating the surplus or deficit for the year, the Commission is required to include as expenditure a notional cost of capital, to the extent that there is no real charge for this. In accordance with HM Treasury requirements, a rate of 3.5% is calculated on the average of capital employed during the year.

h) Value added tax

CQC is registered for Value Added Tax as vat-rated income (primarily from recharging the costs of staff on secondment) exceeds the vat registration threshold. Income is reported exclusive of output VAT where applicable. VAT is not charged on any of the Commission's regulation based independent healthcare fees and charges. Expenditure reported in these statements is inclusive of VAT.

i) Income

Income from activities and proceeds in relation to the disposal of fixed assets are reflected in income. Government Grant-in-aid received for revenue and capital expenditure is treated as financing and is credited to the income and expenditure reserve.

j) Pension costs

CQC's employees in 2008/09 (100%) are members of the National Health Service (NHS) pension scheme. The NHS pension scheme is a defined benefit scheme and CQC's contributions are charged to operating costs as and when they are due so as to spread the cost of pensions over the employees' working lives within CQC.

This is likely to change in 2009/10 when staff transfer from the three Commissions to CQC from 1 April 2009. CQC will offer the NHS pension scheme to new members and also to those already in the Principal Civil Service Pension Scheme (PCSPS) but other transferred staff, who are members of the Local Government Pension Scheme (LGPS), will be allowed to keep their legacy arrangements.

k) Provisions

CQC provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2%).

l) Financial instruments

Because of the non-trading nature of CQC's activities and the way in which Government Departments are financed, the Commission was not exposed to the degree of financial risk faced by business entities.

CQC has no borrowings and relies on the grants from the Department of Health for its cash requirements. Though from 1 April 2009, it will be able to generate fee income. It is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk.

Trade debtors do not carry any interest and are stated at their nominal value less any provision for impairment.

Trade creditors are not interest bearing and are stated at their nominal value. Longer term debtors and creditors are discounted when the time value of money is considered material.

2. Government Grant-in-Aid

	Year to 31 March 2009
	£'000
Grant-in-Aid received from Department of Health	1,250
Notional Grant-in-Aid used for capital expenditure	6,412
Notional Grant-in-Aid used for revenue expenditure	1,044
Total Grant in Aid	**8,706**

CQC had a revenue grant in aid cash limit of £1.7m for 2008/09 from which it received £1.25m in cash. In addition to this, a resource revenue budget of £1,065k and a resource capital budget was £6,430k was confirmed for transition costs incurred by the Department of Health on CQC's behalf.

3. Staff numbers and related costs

	Year to 31 March 2009
	£'000
Salaries and wages	221
Employers' National Insurance	30
Employers' superannuation	19
External consultants and agency staff	1,107
Secondments	64
Total staff costs	**1,441**

Average number of whole-time employees

	Permanent contract	Inward secondment	Agency	Total
	2008/2009	2008/2009	2008/2009	2008/2009
Executive team	1.5	0.2	0	1.7
Senior managers	0	1.3	0.7	2.0
Other staff	0	0	8.7	8.7
Total	**1.5**	**1.5**	**9.4**	**12.4**

With the exception of the agency data, the average number of employees are whole time equivalents.

4. Other operating charges

	Year to 31 March 2009 £'000
Operating rents	122
Recruitment and staff search	209
Travel and subsistence	32
External audit fees – statutory work	30
Other costs	730
Total other operating costs	**1,123**

5. Interest receivable and other finance income

Bank interest of £1k was received.

6. Fixed assets

a) Intangible fixed assets

There were no intangible assets held during the accounting period.

b) Tangible fixed assets

	Assets under construction £'000	Totals £'000
Cost/Valuation:		
At 1 October 2008	-	-
Additions	6,574	6,574
Disposals	-	-
Indexation	-	-
At 31 March 2009	**6,574**	**6,574**
Depreciation:		
At 1 October 2008	-	-
Charge for the year	-	-
Disposals	-	-
Indexation	-	-
At 31 March 2009	**-**	**-**
NBV at 1 October 2008	-	-
NBV at 31 March 2009	**6,574**	**6,574**

The above costs were incurred by the Department of Health, on behalf of CQC, as part of the transition programme and consist largely of upgrades to IT systems i.e. Finance and HR systems (£554k), and the purchase of new computer equipment and refurbishment work (£6,020k). The expenditure was necessary to meet the specific needs of the extensive operations of CQC from 1 April 2009, when they were brought into use.

Modified Historical Cost Accounting has been applied to the tangible fixed assets resulting in nil revaluation adjustments.

£6,412k of the cost of the assets was transferred to CQC along with notional funding from the Department, see account note 2.

7. Debtors

Analysis by type	As at 31 March 2009 £'000
Trade debtors	10
Other debtors	3
Prepayments and accrued income	69
Taxation and social security	-
Total debtors	**82**

Debtors – intra-government balances	As at 31 March 2009 £'000
Balances with central Government bodies	79
Balances with local authorities	-
Balances with NHS trusts	-
Balances with bodies external to Government	3
Total	**82**

8. Creditors

Amounts falling due within one year	As at 31 March 2009 £'000
Trade creditors	11
Other creditors	375
Accruals	345
Taxation and social security	34
Total	**765**

Creditors – intra-government balances	As at 31 March 2009 £'000
Balances with central Government bodies	75
Balances with local authorities	-
Balances with NHS trusts	-
Balances with bodies external to Government	690
Total	**765**

9. Income and expenditure reserve

	Year to 31 March 2009 £'000
Opening balance	-
Net expenditure for the financial year	(2,563)
Grant in Aid – revenue (see note 2)	2,294
Grant in Aid – capital (see note 2)	6,412
Closing balance	**6,143**

10. Capital commitments

CQC had no capital commitments as at 31 March 2009.

11. Contingent liabilities, contingent assets and provisions

There were no reportable contingent liabilities, contingent assets or provisions as at 31 March 2009.

12. Reconciliation of operating deficit to net cash outflow from operating activities

	Year to 31 March 2009 £'000
Net operating expenditure	(2,563)
Add back revenue expenditure transferred to CQC but paid by the Department of Health	1,044
(Increase) in debtors	(82)
Capital creditor	(163)
Increase in creditors	765
Net cash outflow from operating activities	**(999)**

13. Reconciliation of net cash flow to movement in net funds

	Period to 31 March 2009 £'000
Increase in cash for the year	252
Opening net funds	-
Closing net funds	**252**

14. Operating leases

CQC was not contracted to any operating leases during the accounting period.

15. Financial instruments

FRS 25, 26 and 29 regarding financial instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. CQC was not exposed to the degree of risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 25, 26 and 29 mainly apply.

CQC had no borrowings and relied primarily on departmental grants for its cash requirements and was therefore not exposed to any risk of liquidity. It also had no material deposits, and all material assets and liabilities were denominated in sterling, so it was not exposed to interest rate or currency risk.

16. Post balance sheet events

From 1 April 2009, CQC took over the operations of the Commission for Social Care Inspection, the Healthcare Commission and the Mental Health Act Commission. Assets and liabilities, from the three former Commissions that were identified in the transfer arrangements were transferred to CQC.

The Commission's financial statements are laid before the Houses of Parliament by the Department of Health. FRS21 requires the Commission to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by the Commission's management to the Department of Health.

The authorised date for issue is 7 July 2009.

There were no reportable post balance sheet events to the date of the audit certificate.

17. Related party transactions

CQC is a non-departmental public body of the Department of Health. During the year CQC made a number of material transactions with the department, the Commission for Social Care Inspection and the Healthcare Commission, for which the Department of Health is regarded as the parent. In addition CQC has had a small number of transactions with other government bodies. Balances as at 31 March 2009 are shown in notes 7 and 8.

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Care Quality Commission

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