



Department
of Health

Finance & NHS Directorate
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14 April 2015

Dear Colleague

Month 9 Agreement of Balances Exercise

Thank you for your participation in the recent month 9 agreement of balances exercise. The purpose of this letter is to inform you of the outcome of the exercise and to thank you for the considerable effort made at the mismatch resolution stage which has left the Departmental Group in a strong position moving forward to year-end.

At the initial submission stage the maximum potential error (being the greatest possible misstatement in the Group account resulting from unresolved mismatches) on the Payables & Receivables exercise was £1.8bn; an increase of £100m on the previous year's submission. Whilst this appeared initially disappointing, there was a number of one off non-recurrent issues, which when adjusted for reduced this figure below last year's submission. On resubmission, the figure dropped to £1.4bn (£1.6bn in 2013-14 and £1.2bn in 2012-13).

The maximum potential error on Income & Expenditure at the initial submission stage was £5.4bn, a drop of £4.3bn, on last year's submission, but still significantly higher than 2012-13 (£2.5bn) which is more comparable given the impact of the Health and Social Care reforms in the prior year. At the resubmission stage this figure dropped by 65% to £1.9bn which is lower than at the same stage in 2012-13 (£2.2bn).

Clearly organisations have worked hard to resolve mismatches, as demonstrated by the encouraging results at the resubmission stage, and the Department would like to thank everyone involved in this exercise. The maximum potential error figures are both still material to the Department's accounts and as such need to reduce further, however we are hopeful that with your continued efforts and support the Departmental Group can achieve an immaterial maximum potential error position at an earlier stage than achieved last year-end.

Kind regards

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