



HQIP

Healthcare Quality
Improvement Partnership

Report and Accounts

For the period from 11 February 2008
to 31 March 2009

BUZZACOTT

Company Limited by Guarantee
Registration Number
6498947 (England and Wales)
Charity Registration Number
1127049

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Legal and administrative information

Trustees	Ms T Donnelly Mr T Golbourn Dr P Lelliott Dr K Manley Professor A Newland Mr A Pandya Mr D Pink Mr M A Platt Dr J Potter
Chief Executive	Mr R Burgess
Registered office	70 Wimpole Street London W1G 8AX
Telephone	020 7464 4310
Website	www.hqip.org.uk
E-mail	communications@hqip.org.uk
Company registration number	6498947 (England and Wales)
Charity registration number	1127049
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	Lloyds TSB Plc 39 Threadneedle Street London EC2R 8AU
Solicitors	Camerons Solicitors LLP 70 Wimpole Street London W1G 8AX

Trustees' report Period to 31 March 2009

The trustees, who are also the directors for the purposes of the Companies Act, present their statutory report together with the financial statements of Healthcare Quality Improvement Partnership (HQIP) for the period ended 31 March 2009.

The report has been prepared in accordance with Part VI of the Charities Act 1993 and is also a directors' report for the purposes of the Companies Act 1985 and other company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 20 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on 'Accounting and Reporting by Charities' (SORP 2005).

Structure, governance and management

Governance

HQIP is a company limited by guarantee, Company Registration No. 6498947 incorporated on 11 February 2008. It was subsequently registered for charitable purposes with the Charity Commission for England and Wales on 4 December 2008 and placed on the Central Register of charities under number 1127049. Its members comprise a consortium of three organisations who are individually the members of HQIP; the Academy of Medical Royal Colleges, the Royal College of Nursing, and National Voices. Their roles are set out in our Memorandum of Understanding and Articles of Association.

Liability of the members

In the event of the charitable company being wound up during the period of membership, or within the year following, company members are required to contribute an amount not exceeding £10.

Structure and management reporting

Each organisation appoints representatives, acting as directors, who form the trustees of the organisation and the board of directors. If any person appointed by those organisations leaves their role, they also leave the board of HQIP and the member organisation must nominate a replacement who takes their place as a trustee. There are three representatives from each of the consortia members.

Normally a director is appointed for three years, but is eligible for re-appointment for a further three years.

In addition there are two further persons who do not have trustee status but sit as observers, from the Health Foundation and the Royal Pharmaceutical Society. There is provision for up to two further observers.

The board meets four times a year and additionally for special occasions. From their members they elect a Chair and a Treasurer. The secretariat role is provided by the partnership Chief Executive who is delegated to manage the charity and handle operational matters of policy. The trustees handle matters of strategic policy, including sign-off of the charity's strategic plan.

Trustees' report Period to 31 March 2009

The following trustees were in office at 31 March 2009, and served throughout the period, except where shown:

Trustee	Appointed / Resigned
Ms T Donnelly	Appointed 30 October 2008
Mr T Golbourn (Treasurer)	Appointed 11 February 2008
Dr P Lelliott (Chair)	Appointed 20 June 2008
Dr K Manley	Appointed 20 June 2008
Professor A Newland	Appointed 11 February 2008
Mr A Pandya	Appointed 30 June 2008
Mr D Pink	Appointed 11 February 2008
Mr M A Platt	Appointed 20 June 2008
Dr J Potter	Appointed 20 June 2008
Mr R Jones	Appointed 20 June 2008/Resigned 29 October 2008

Risk management

A system for management of risk is in place and has been ratified by the trustees. Risks are minimised by internal quality control procedures and rigorous financial controls. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Employees

The charity is an equal opportunities employer and will apply objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation.

Trustees' responsibilities

The charity's trustees are responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees (who are the directors of the company for the purpose of the Companies Act) to prepare accounts which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its surplus or deficit for the financial year.

In preparing accounts giving a true and fair view, the trustees are required to:

- ◇ select suitable accounting policies and then apply them consistently;
- ◇ make judgements and estimates that are reasonable and prudent;
- ◇ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◇ prepare the accounts on the going concern basis unless it is inappropriate to presume the charity will continue in business.

Trustees' report Period to 31 March 2009

Trustees' responsibilities (continued)

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company which enables them to ensure that the accounts comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The trustees confirm that so far as they are aware, there is no relevant audit information of which the charity's auditors are unaware. They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Objectives and activities

HQIP's primary purpose is protection and preservation of public health through charitable means of quality improvement. HQIP's primary role within this purpose is to re-invigorate clinical audit and to undertake other quality improvement activity. From April 2008 HQIP has been working under contract to the Department of Health in relation to the first of these aims to:

- ◇ promote engagement in clinical audit by healthcare professionals of all disciplines and specialties
- ◇ create national and local partnerships between clinicians and patients/service users to optimise the impact of clinical audit
- ◇ support local audit staff and create seamless links between national and local audit
- ◇ foster active dissemination and implementation of audit results
- ◇ ensure that evidence about participation in audit, and the results of audit, are used for secondary purposes, including for the revalidation of healthcare professionals
- ◇ encourage audit in areas of low activity and links with audits outside of the NCAPOP framework
- ◇ engage all relevant stakeholders

HQIP will also engage in other quality improvement activity subject to opportunity and funding, throughout the UK in subsequent years.

Our vision

The quality of the relationship between patient and clinician and the clinical team is at the heart of good care. At the national level, we believe that partnership between professional bodies and organisations that represent patients and service users is the key to revitalising clinical audit. As exemplified by the work of the NICE National Collaborating Centres, standards of clinical care are best set by the professional bodies working with patients and service users. Their successful implementation requires the same approach. Only in this way will clinical audit be the engine which drives improvement in practice. Also, only if healthcare professionals are at the centre will clinical audit generate meaningful and complete information about outcomes and care processes for secondary purposes, including revalidation.

Trustees' report Period to 31 March 2009

Our main business areas to achieve these aims in relation to clinical audit in line with this vision in 2009-11

(For more detail, our full strategic plan for these three years is available at www.hqip.org.uk)

◆ ***Development of national clinical audit***

This includes the procurement and contract management of a group of national audits (the NCAPOP or National Clinical Audit and Patient Outcomes Programme), and influencing and liaising with other national audits commissioned elsewhere:

- ◇ Improving the effectiveness of the national audits funded by HQIP
- ◇ supporting best practice in national audit teams not funded by HQIP
- ◇ developing audits that support national policy, especially in new areas of activity, and help develop audits from registries and databases

◆ ***Improving audit practice***

- ◇ development of resources to improve skills and facilitate good audit practice
- ◇ building links between audit specialists, including regional networks and the National Clinical Audit Forum (NCAF)
- ◇ promoting involvement in national audits
- ◇ giving advice to audit teams about audit set up
- ◇ supporting best practice in national audit teams not funded by HQIP

◆ ***Developing audit as a profession***

This area involves professionalisation of audit practice. It includes producing a strategy for developing training for audit for clinicians and financial auditors, including the development of training that meets defined standards and prepares individuals for their role in audit

◆ ***The promotion of the value of audit as part of individual professional re-certification and validation***

This role involves helping make audit part of the process adopted for certification, recertification, validation and revalidation of professionals working in the NHS and in the future, in social care

◆ ***The promotion of clinical audit within service accreditation, commissioning, regulation and performance management, both internally by organisations and of organisations***

This role involves helping ensure clinical audit is taken into consideration in the regulation, commissioning and performance management of services

◆ ***Helping support policy development***

HQIP supports NCAAG and other policy organisations to advise to the Department of Health in formulating policy related to clinical audit and to develop their strategy.

These business areas set the agenda for our main areas of practice, and our operational activity has been delivered under these headings. In 2008-9 this included:

- ◇ Setting up and recruiting a team to undertake the work programme and produce the strategic vision. Given that this is the first period of our existence, much of our work to implement the vision has been in the form of development and set-up activity. This has included the creation of a detailed website to promote the charity's work

◆ **Helping support policy development**(continued)

- ◇ The production of the three year strategic plan and its adoption and approval by the advisory committee, the National Clinical Audit Advisory Group (NCAAG) and the Department of Health has enabled HQIP to set out a coherent and rigorous conceptual model of the processes needed to drive the improvement of audit and increase its impact on clinical care
- ◇ Taking over the administration of the national clinical audit programme, including management of contracts to conduct national audits; and working to commission new audits and to review the management arrangements for the existing group, for England and Wales. Criteria for selection of audits are found on our website. This is devised with the advisory group to the Department of Health, who help direct our work, the National Clinical Audit Advisory Group (NCAAG)
- ◇ Promoting clinical audit as a methodology for quality improvement at local level amongst healthcare providers in England, through education, advice, encouragement and promotion of best practice
- ◇ Defining quality in audit practice, through wide consultation with external partners and colleagues, including those working in audit at the national and local level.
- ◇ Commissioning an education and training strategy for work on audit
- ◇ Commissioning a national networking system for people engaged in audit, the National Clinical Audit Forum (NCAF)
- ◇ Commissioning resources for use of those working in audit at a local level
- ◇ Developing a guide to involvement of patients in audit, working with individual and group patient representatives to determine how they feel patients should be involved. A detailed resource guide will follow in 2009-10
- ◇ Organising local and national events for audit practitioners, including seminars on expectations of regulators as to local participation in audit, a national conference for people working in national audits, and a conference for local audit specialists
- ◇ Clinical audit was promoted at a wide range of other events and conferences through speeches and presentations
- ◇ HQIP secured additional funding for a local dissemination project from the Health Foundation
- ◇ Working closely with a variety of other agencies and organisations, including regulatory bodies such as the Healthcare Commission and Monitor and with the National Institute for Health and Clinical Excellence (NICE) to develop shared and complementary work programmes

Public Benefit

In that all these activities have been designed to improve and enhance clinical practice within the NHS and other publically accessible care and treatment settings, HQIP's activities are all in the public interest and for the benefit of the public in line with Charity Commission guidance.

HQIP does not use volunteers.

Trustees' report Period to 31 March 2009

Achievement and performance

HQIP was not fully operational until January 2009 and its strategic plan not agreed until March 2009 by its main funder. Hence during this financial period its performance against objectives that are contained in its strategic plan cannot be measured easily, as for most of the period these were not set.

However the contract with the Department of Health which forms the main part of our work set out various objectives that did need to be met, mainly in terms of process related to the set up of the charity.

Performance against these is given here:

X denotes when this milestone was achieved (some occur more than once):

1.1 Organisational development and positioning

2008/09 Milestones: Developing our plans

Draft business plan to DH sponsors	X
Draft considered by the first meeting of the NCAAG	X
HQIP Board meeting considers draft three-year Strategic Plan	X
Consultation on Plans - drafts posted on HQIP website and wide stakeholder comments invited	X
Strategic Plan and Business Plan issued	X

The business plan and strategic plan were both completed to first consultation draft stage on time.

1.2 Re-invigoration, locally and nationally

Support and enable a culture of quality improvement

Milestones

	By when:	Apr-Jun 2008 Q1	Jul-Sep Q2	Oct-Dec Q3	Jan-Mar 2009 Q4
Agree secretariat needs and resourcing for NCAAG		X			
Agree the reinvigoration programme			X		
Agree remit of the NCAF			X		
Establish the NCAF					X
Build a stakeholders database and forge links with existing clinical audit organisations			X		
Establish links with those charged with developing revalidation and recertification approaches			X		
Begin discussions with NHS Litigation Authority		X			
Agree future work related to revalidation					X
Host events for local and national audit staff				X	X
Work with NICE to develop an audit tools e-library			X		
Agree plans to produce guidance/training materials			X		

Trustees' report Period to 31 March 2009

Achievement and performance (continued)

1.3 NCAPOP – the national audit programme

(for a list of the programmes funded in 2008-9, see annex 1)

Manage a successful and balanced national audit programme

Milestones

	By when:	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
		2008 Q1	Q2	Q3	2009 Q4
Consultation survey to identify clinical issues that are a local priority		X			
Paper for NCAAG 28 May meeting to help identify priorities for new audits and which to renew		X			
Map wider national audit activity outside NCAPOP				X	
Advertise new scoping studies			X		
New scoping studies completed					X
Advertise new audits (from existing scopes)			X		
Begin new audits					X
Decision: re-tender or extend NJR contract			X		
Re-tender or invite contract renewal proposals for existing audits identified as affordable priorities			X		
Re-tendered/renewal contracts signed					X
Review and agree QA system			X		
Individual audit contract reviews		X	X	X	X
Develop memoranda of understanding with other UK countries government representatives				X	

1.4 Operational protocols

08/09 Milestones: Protocols for operation

	2008			2009
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
	Q1	Q2	Q3	Q4
Move into premises and establish IT	X			
Review inherited NCAPOP management procedures and propose changes		X		
Establish procurement process for new tenders		X		
Corporate governance arrangements documented		X		
Agree necessary policies (HR, information governance, etc)		X		

Trustees' report Period to 31 March 2009

Achievement and performance (continued)

1.5 Communications

08/09 Milestones: Communications

	2008			2009
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
	Q1	Q2	Q3	Q4
Draft communications strategy			X	
Collate existing stakeholder lists	X			
Agree stakeholder involvement mechanisms		X		
Begin to implement agreed mechanisms			X	
Bring website online	X			
Post essential website information	X			
Draft website sitemap		X		

1.6 Human resources

08/09 Milestones: Human resources

	2008			2009
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
	Q1	Q2	Q3	Q4
Agree remuneration policy for Board	X			
Finalise TUPE transfer			X	
Appoint chief executive, business manager, communications manager	X			

Plans for future periods

In 2009-10 HQIP will be assessed against a detailed set of indicators devised for the strategic plan. Our 2009-10 business plan is under consultation with our primary funder. This sets out detail of the implementation and operational activity to address the six business areas above.

Drawn from that plan, these are likely to be our key activities in 2009-10:

National Audit Programme

- ◆ Open and manage the new contracts with suitable organisations for the delivery of new audits awarded at the end of the 2008-9 year.
- ◆ Contract manage those existing audits not requiring renewal during 2009-10.
- ◆ Place the group of existing audits identified in 2008-9 as requiring EU competitive tendering out to tender during 2009-10.
- ◆ Conduct a renewal of audit process for the group of existing audits whose contracts are due to expire on April 1st 2010.
- ◆ During 2009, invite proposals for new audits to start in 2010-11.

Trustees' report Period to 31 March 2009

Plans for future periods (continued)

- ◆ During 2009 invite tenders against new topics specified by the Department.
- ◆ The Development of the programme
- ◇ HQIP will engage actively throughout the year with all key relevant bodies to support the development of thinking about audits in the future; helping groups develop their ideas for future national audits that might receive funding; and help national priority topics understand the criteria that will need to be met to obtain funding.
- ◇ HQIP will run a minimum of two seminars during 2009-10 for potential bidders for national audit.
- ◇ HQIP will offer targeted support, using funding from the Health Foundation, to national audit teams about how they can better disseminate their results to local clinicians.
- ◇ HQIP will run a conference for national audit leads (including of non-HQIP funded audits) in November 2009, and a seminar in summer 09, to address specific issues related to engaging GPs in audit, issues of 'gaming' and ownership of data.
- ◇ HQIP will produce written guidance on its website as to how national audits might better disseminate results and engage with local clinicians (by October 2009).
- ◇ HQIP will produce more detailed options and proposals for how funding of national audit might be diversified in future, for consideration by the NCAAG group in June 2009.
- ◇ HQIP will instigate a programme of work to develop GP participation in audit, starting in Summer 2009, working closely with the RCGP.

The National Joint Registry (NJR)

- ◇ HQIP will manage the NJR project as a whole, including carrying out all the tasks expected including:
 - supporting the Steering Group and any sub group by acting as secretariat to the group;
 - drawing up the business and developmental plans for the Steering Group to approve and being responsible for making them operational;
 - to manage the finances of the NJR;
 - to manage stakeholder interest in the NJR, including with DH policy leads; and
 - to develop and implement the strategic plan.

Secretariat to the National Clinical Audit Advisory Group (NCAAG)

- ◇ HQIP will provide high quality support for NCAAG and assist it in forming advice to the Department on policy and strategy.

Stakeholder engagement

- ◇ The primary stakeholders for the contract are the Department of Health and NCAAG, which provide the Department and HQIP with policy support and strategic direction.
- ◇ HQIP will communicate details of all planned and actual procurement under the key activities outlined above with relevant leads in DH.

Trustees' report Period to 31 March 2009

Plans for future periods (continued)

Stakeholder engagement (continued)

- ◇ HQIP will work proactively with organisations and networks (Royal Colleges and Professional Societies etc.) that show interest in national audit to help them develop proposals in line with the funding criteria.
- ◇ In areas of low audit uptake HQIP will proactively seek to develop interest in audit.
- ◇ We will roll-out a multi-site audit fund.
- ◇ We will work closely with all professional groups as partners in the promotion of audit amongst their members.
- ◇ We will work to improve clinician engagement in audit.
- ◇ We will engage and maintain close contacts with patient organisations about new audits and their ideas for them and support them in the development of their role in policy and governance concerning audit.
- ◇ We will launch, roll-out and promote National Clinical Audit Forum (NCAF).

Support activities for both national and local audit.

Events

- ◇ HQIP will run a national conference for local practitioners in audit.
- ◇ HQIP will run two regulation events in Autumn 2009 for local audit staff.

Resources

- ◇ HQIP will continue to develop and actively maintain a website with a diversity of free to access resources.
- ◇ HQIP will release and widely promote an extended programme of resources to support national and local audit, and skill in conducting audit throughout the year.
- ◇ HQIP will develop a downloadable generic software tool to support local audit for use in local, multi-site and even national audits.

Professional skills in audit, including training

- ◇ HQIP will launch its Education and Training Strategy in Autumn 2009.
- ◇ As part of the Education and Training strategy, HQIP will define competences for working in audit, ethical standards and standard job descriptions within recommended organisational structures.

Other

- ◇ HQIP will advance options for the possible development of a professional organisation for audit.
- ◇ HQIP will scope potential advantages and disadvantages for the accreditation of audit practice.
- ◇ HQIP will launch the new nationally agreed criteria for good quality local and national audit in Summer 2009.
- ◇ HQIP will continue to support local networks, including small scale funding for expenses etc, and work with SHA colleagues to develop new networks where none exist.
- ◇ HQIP will continue to work with the National Audit and Governance Group (NAGG) to enable them to support and represent local networks. HQIP will provide funding to NAGG to enable them to carry out this role.

Trustees' report Period to 31 March 2009

Plans for future periods (continued)

Helping audit to happen

- ◇ HQIP will work with each strategic health authority to develop a programme of events and support to promote audit in their region, which will run throughout the year.
- ◇ HQIP will offer seed-corn development funding to emergent multi-site audits, according to a bidding process, up to a maximum value of £30,000 over three years per audit topic.
- ◇ HQIP will operate the National Clinical Audit Forum (NCAF) and offer support to new networks that emerge from this facility.
- ◇ With separate Health Foundation funding, HQIP will offer targeted support to 8-10 primary care trust areas to develop their work on audit through consultancy. These will be in areas identified by their strategic health authority.

Finance report for the year

Results for the year

Income

During the period ended 31 March 2009, HQIP received income totalling £11,230,180 of which £9,602,195 was for restricted purposes, and £1,627,985 was for the general purposes of the charity including running costs of £802,443. Income included £253,500 to facilitate the transfer of the management of NCAPOP audits from the Healthcare Commission to HQIP, £5,402,000 to finance clinical audit contracts, and £34,384 for expenses incurred by the National Clinical Audit Advisory Group (NCAAG).

The National Joint Registry (NJR) is financed by a levy on implants supplied to the NHS by commercial manufacturers. Collection of this was previously managed by DH and prior year levy income of £1,217,607 was transferred to HQIP. During 2008-9 HQIP collected levies totalling £2,683,204. Levy income is held in a separate bank account to be used solely to fund the work of the NJR.

Income for the period was as budgeted with the exception of that to NJR which was higher than expected owing to the transfer of additional levy income collected by DH.

Expenditure

During the period to 31st March 2009, HQIP financed 24 ongoing clinical audit contracts at a total cost of £4,629,438 (see Annex 1) and spent £1,672,484 on the management and development of the National Joint Registry. The charity designated funds for the purposes of reinvigoration of clinical audit and local events, and at 31st March 2009 retained £171,487 for these purposes. Other direct charitable expenditure, including support costs, totalled £1,124,259 and governance costs were £31,365.

At 31st March 2009, the charity retained free reserves of £320,473. Although set up costs were higher than anticipated, delays in recruitment meant that expenditure on staff costs and consumables was lower than budgeted for the period.

Financial position

The balance sheet shows total funds of £3,772,634 at 31 March 2009. Restricted funds total £3,265,889 and unrestricted funds comprise general funds of £320,473, tangible fixed asset funds of £14,785 and designated funds of £171,487.

Trustees' report Period to 31 March 2009

Finance report for the year (continues)

Reserves policy

The trustees have examined the requirement for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The current policy is that the level of free reserves should be equivalent to three to six month's staffing and lease commitments (£292,000 to £584,000).

Annex 1: List of National Audits funded in 2008-9

Bowel Cancer
Lung Cancer
Head and Neck Cancer
Oesophageal Gastric Cancer
Mastectomy and Breast reconstruction
Adult Cardiac services
Cardiac Ambulance Services
Cardiac Interventions
Heart Failure
Heart Rhythm management
Myocardial Infarction (MINAP)
Congenital Heart Disease (Paediatric)
Renal Audit (Vascular Access)
Renal Audit (Patient Transport)
Diabetes
Continence
Neonatal Intensive Care
Carotid Endarterectomy
Psychological Therapies
Dementia
People who have fallen
PICANET
Sentinel Stroke

Approved by the trustees and signed on their behalf by:

Trustee

Approved by the trustees on:

24/9/09

Independent auditors' report 31 March 2009

Report of the independent auditors to the members of Healthcare Quality Improvement Partnership

We have audited the financial statements on pages 16 to 30 which have been prepared under the historical cost convention and the accounting policies set out on pages 19 to 20.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on pages 3 and 4 the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the trustees' report is consistent with the financial statements. In addition, we report to you if the charitable company has not kept proper accounting records, if we have not received all information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report 31 March 2009

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the trustees' report is consistent with the financial statements.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
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2 October 2009

Statement of financial activities Period to 31 March 2009

	Notes	Unrestricted Funds	Restricted Funds	Period from 11 February 2008 to 31 March 2009
		£	£	£
Income and expenditure				
Incoming resources				
Incoming resources from generated funds				
. Voluntary income	1	500	15,000	15,500
. Interest receivable	2	28,542	-	28,542
Incoming resources from charitable activities				
. Management, development and promotion of clinical audit	3	1,598,943	9,587,195	11,186,138
Total incoming resources		1,627,985	9,602,195	11,230,180
Resources expended				
Charitable activities				
. Management, development and promotion of clinical audit	4	1,089,875	6,336,306	7,426,181
Governance costs	6	31,365	-	31,365
Total resources expended		1,121,240	6,336,306	7,457,546
Net income for period/movement in funds	7	506,745	3,265,889	3,772,634
Balances carried forward at 31 March 2009		506,745	3,265,889	3,772,634

All gains and losses arising in the period have been included in the statement of financial activities and relate to continuing operations.

Balance sheet 31 March 2009

	Notes	2009 £	2009 £
Fixed assets			
Tangible assets	11		14,785
Current assets			
Debtors	12	830,837	
Cash at bank and in hand		6,800,826	
		<u>7,631,663</u>	
Creditors: amounts falling due within one year	13	<u>3,873,814</u>	
Net current assets			3,757,849
Total net assets			<u>3,772,634</u>
Represented by:			
Funds and reserves			
Income funds:			
Restricted funds	14		3,265,889
Unrestricted funds			
. General fund		320,473	
. Tangible fixed assets fund	15	14,785	
. Designated funds	16	<u>171,487</u>	
			<u>506,745</u>
	17		<u>3,772,634</u>

Approved by the trustees
and signed on their behalf by:



Trustee

Approved on:

24/9/09

Cash flow statement Period to 31 March 2009

	Notes	2009 £
Cash inflow from operating activities	A	6,790,108
Returns on investments and servicing of finance	B	27,186
Capital expenditure and financing investments	B	(16,468)
Increase in cash	C	6,800,826

Notes to the cash flow statement for the period to 31 March 2009

A Adjustment of net incoming resources to net cash inflow from operating activities

	2009 £
Net incoming resources	3,772,634
Depreciation charge	1,683
Interest receivable	(28,542)
Interest payable	1,356
(Increase) in debtors	(830,837)
Increase in creditors	3,873,814
Net cash inflow from operating activities	6,790,108

B Gross cash flows

	2009 £
Returns on investments and servicing of finance	
Interest received	28,542
Interest paid	(1,356)
	27,186
Capital expenditure	
Payments to acquire tangible fixed assets	(16,468)

C Analysis of changes in net funds

	Cash flows £	At 31 March 2009 £
Analysis of changes in net funds		
Cash at bank and in hand	6,800,826	6,800,826

Principal accounting policies 31 March 2009

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985. The principles set out in applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and those contained within the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Incoming resources

Incoming resources are recognised net of VAT in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Funding from government and other agencies have been included as income from charitable activities where these amount to either a contract for services or the charity has acted as agents. However where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding, then this has been treated as a donation.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and excludes attributable VAT where it can be recovered.

Resources expended comprise the following:

- a. The costs of activities in furtherance of the charity's objects comprise expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:
 - ◆ National Clinical Audit and Patient Outcome Programme: amounts expended on the commissioning of national clinical audits.
 - ◆ NCAAG: expenditure relating to the National Clinical Audit Advisory Group (NCAAG) which devises the criteria to select, appraise, approve and monitor the clinical audit contracts.
 - ◆ National Joint Registry: expenditure relating to the management of the contract for the registry.
 - ◆ Reinvigoration of audit and events:
 - Reinvigoration: expenditure relating to the promotion and advancement of clinical audits as a means of improving the provision of healthcare.
 - Events: the hosting of local and national events for the audit practitioners, including seminars and conferences for local audit specialists.
- b. Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Such costs are allocated across the activities of the charity based on an estimate of staff time.
- c. Governance costs are the costs of governance arrangements which relate to the general running of the charity and include audit fees, any legal advice for trustees and costs associated with constitutional and statutory requirements e.g. the cost of trustees meetings and preparing statutory financial statements.

Principal accounting policies 31 March 2009

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write each asset off over its estimated useful life:

- ◆ Computer and similar equipment 33% per annum based on cost
- ◆ Furniture and general office equipment 20% per annum based on cost

Fund accounting

Restricted funds comprise monies whose use is restricted to, a specific purpose, or is subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

General unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Pension costs

a) NHS scheme:

It is not possible for HQIP to identify its share of the underlying scheme liabilities in relation to the NHS money purchase pension scheme, consequently the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. Those employers contributing under Direction status have their pension cost contributions charged to operating expenses as and when they become due.

b) Defined contribution scheme:

The cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

Notes to the accounts 31 March 2009

1 Voluntary income

	Unrestricted funds £	Restricted funds £	2009 Total funds £
The Health Foundation Grant	—	15,000	15,000
Miscellaneous income	500	—	500
Total	500	15,000	15,500

2 Interest receivable

	Unrestricted funds £	Restricted funds £	2009 Total funds £
Interest receivable			
. Bank interest	28,542	—	28,542

3 Incoming resources from Charitable Activities

	Unrestricted funds £	Restricted funds £	2009 Total funds £
Management, development and promotion of clinical audit			
National Clinical Audit and Patient Outcomes Programme (NCAPOP)			
. Department of Health:			
.. NCAPOP Audits	—	5,402,000	5,402,000
.. Audit management	802,443	—	802,443
.. Transition costs	253,500	—	253,500
	1,055,943	5,402,000	6,457,943
NCAAG	—	34,384	34,384
National Joint Registry (NJR)			
. 2008/09 levy	—	2,683,204	2,683,204
. Levy from prior periods	—	1,217,607	1,217,607
. Registry management	—	250,000	250,000
	—	4,150,811	4,150,811
Reinvigoration of audits			
. Reinvigoration	400,000	—	400,000
. Events	143,000	—	143,000
	543,000	—	543,000
Total	1,598,943	9,587,195	11,186,138

Notes to the accounts 31 March 2009

4 Charitable activities

	Unrestricted £	Restricted £	2009 Total funds £
Management, development and promotion of clinical audit			
National Clinical Audit and Patient Outcomes Programme (NCAPOP)			
. NCAPOP Audits	—	4,629,438	4,629,438
. Staff costs	196,208	—	196,208
. Transition costs	252,839	—	252,839
. Support costs	269,315	—	269,315
	<u>718,362</u>	<u>4,629,438</u>	<u>5,347,800</u>
National Clinical Audit Advisory Group			
. Meeting and other expenses	—	34,384	34,384
National Joint Registry (NJR)			
. Outsourced management of the Registry	—	1,460,329	1,460,329
. Staff costs	—	78,326	78,326
. Consultancy fees	—	66,500	66,500
. Support costs	—	67,329	67,329
	<u>—</u>	<u>1,672,484</u>	<u>1,672,484</u>
Reinvigoration of audit			
. Reinvigoration			
.. Development support of local audit	80,194	—	80,194
.. Staff costs	93,525	—	93,525
.. Support costs	89,772	—	89,772
. Events			
.. Event costs	55,579	—	55,579
.. Staff costs	30,000	—	30,000
.. Support costs	22,443	—	22,443
	<u>371,513</u>	<u>—</u>	<u>371,513</u>
	<u>1,089,875</u>	<u>6,336,306</u>	<u>7,426,181</u>

Notes to the accounts 31 March 2009

5 Support costs

	NCAPOP	NJR	Reinvigoration	Events	Total 2009
	£	£	£	£	£
Staff costs	44,736	11,184	14,912	3,728	74,560
Staff training	424	106	141	35	706
Staff recruitment	14,359	3,590	4,786	1,197	23,932
Advertising	8,124	2,031	2,708	677	13,540
Financing and bank charges	1,413	353	471	118	2,355
Communications resources	2,653	663	884	221	4,421
Premises costs (rent)	115,554	28,888	38,518	9,629	192,589
Computer equipment	4,784	1,196	1,595	399	7,974
IT support	14,837	3,709	4,946	1,236	24,728
Printing and stationery	15,699	3,925	5,233	1,308	26,165
Postage	1,649	412	550	137	2,748
Telephone	826	206	275	69	1,376
Hire of meeting rooms	3,143	786	1,048	262	5,239
Travel, subsistence and accommodation	8,949	2,240	2,982	746	14,917
Catering	2,972	743	991	248	4,954
Subscriptions	806	201	269	67	1,343
Communications	22,764	5,691	7,588	1,897	37,940
Other meeting and premises costs	4,089	1,022	1,363	341	6,815
Insurance	524	131	175	44	874
Depreciation	1,010	252	337	84	1,683
	269,315	67,329	89,772	22,443	448,859

Support costs have been allocated on the basis of staff time expended in each area.

6 Governance costs

	Un-restricted funds	Restricted funds	2009 Total funds
	£	£	£
Audit fees	17,000	—	17,000
Legal and professional fees	13,372	—	13,372
Trustee expenses	993	—	993
	31,365	—	31,365

Notes to the accounts 31 March 2009

7 Net movement in funds

This is stated after charging (crediting):

	Un- restricted funds £	Restricted funds £	2009 Total funds £
Staff costs (note 8)	394,293	78,326	472,619
Auditors' remuneration			
· Statutory audit services	17,000	—	17,000
Depreciation	1,683	—	1,683
Operating lease rentals	7,974	—	7,974

Shortly after formation of the charitable company the auditors were commissioned to advise on a framework for the Finance and Human Resource functions and were involved in the early period in setting-up the charitable company including VAT and tax compliance. They were remunerated fees totalling £67,008 for these services.

8 Employees and staff costs

Staff costs during the period were as follows:

	2009 £
Wages and salaries	251,114
Social security costs	28,287
Other pension costs	16,005
	295,406
Pension admin charges and income protection insurance	2,905
Cost of secondments (see below)	137,209
Cost of agency staff	34,174
Self employed consultant	2,925
	472,619

Cost of staff seconded:

In the period between the transfer of activities from the Healthcare Commission and the formal employment arrangements being set up by HQIP, staff costs were recharged to HQIP. Included in these costs are secondment fees.

Staff costs have been allocated as follows:

	£
National Clinical Audit and Patient Outcomes Programme	196,208
National Joint Registry	78,326
Development of Audit – Reinvigoration	93,525
Promotion of Audit	30,000
Support Costs	74,560
Total	472,619

Notes to the accounts 31 March 2009

8 Employees and staff costs (continued)

The average number of employees/secondees during the period and the actual numbers at 31 March 2009, calculated on a full time equivalent basis, analysed by function, was as follows:

	2009 Average Number	Actual number at 31 March 2009
Charitable activities		
. NCAPOP	0.40	3
. NJR and National Development Programme	0.40	2
. Reinvigoration and events	0.77	2
. Support	0.80	3
. Management and administration	0.73	3
	3.10	13

There were no employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period.

9 Trustees' remuneration

None of the trustees received any remuneration in respect of their services during the period.

During the period one trustee was reimbursed for out of pocket travelling expenses amounting to £222.

The charity has purchased insurance to protect the charity from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the period totalled £7,350 and provides cover of up to a maximum of £10 million (any one claim or the aggregate during one period of insurance – being 12 months).

10 Taxation

HQIP is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the accounts 31 March 2009

11 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
Additions	16,468
At 31 March 2009	<u>16,468</u>
Depreciation	
Charge for year	1,683
At 31 March 2009	<u>1,683</u>
Net book values	
At 31 March 2009	<u><u>14,785</u></u>

12 Debtors

	2009 £
NJR invoiced debtors	252,616
VAT recoverable	173,691
Prepayments and other debtors	128,067
Accrued income	276,463
	<u>830,837</u>

13 Creditors: amounts falling due within one year

	2009 £
Trade Creditors	1,463,462
Other creditors	93,325
Accruals	561,470
Deferred income	1,755,557
	<u>3,873,814</u>

Notes to the accounts 31 March 2009

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of grants held on trust to be applied for specific purposes:

	Incoming resources £	Ex- penditure, gains, losses and transfers £	At 31 March 2009 £
NCAPOP	5,402,000	4,629,438	772,562
NCAAG	34,384	34,384	—
NJR	4,150,811	1,672,484	2,478,327
Health Foundation grant	15,000	—	15,000
	<u>9,602,195</u>	<u>6,336,306</u>	<u>3,265,889</u>

The specific purposes for which the funds are to be applied are as follows:

- ◆ NCAPOP – National Clinical Audit and Patient Outcomes programme
Management of the National Clinical Audit and Patient Outcomes Programme (NCAPOP), servicing existing contracts and commissioning new audits according to priorities set by the National Clinical Audit Advisory Group (NCAAG). Quality assurance of audits and scoping studies within the Programme thereby facilitating the achievement of identifiable improvements for patients.
- ◆ NCAAG – National Clinical Audit Advisory Group
Fees and expenses incurred by members of the National Clinical Audit Advisory Group whose function is to make decisions about the strategic direction of clinical audit in England.
- ◆ NJR - National Joint Registry
To fund work to ensure that patients obtain the best clinical care during and following their joint replacement operation. To provide patients, clinicians, healthcare purchasers, commissioners, regulators and implant suppliers with evidence as to which are the best performing implants, ensuring that NHS and other healthcare resources are best used.
- ◆ Health Foundation grant
Start up costs for a project to facilitate the implementation of quality improvements arising from audit or other data mechanism, and dissemination of results to local clinicians.

15 Tangible fixed assets fund

	Additions £	Depreciation £	At 31 March 2009 £
Fixtures, fittings and equipment	16,468	1,683	14,785

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets.

Notes to the accounts 31 March 2009

16 Designated funds

The income fund of the charity includes the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	New designations £	Utilised/ released £	At 31 March 2009 £
Reinvigoration of audit	543,000	371,513	171,487

The above funds have been set aside for reinvigoration of audit training and product development and promotion of audit through local and national events.

17 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total 2009 £
Fund balances at 31 March 2009 are represented by:				
Tangible fixed assets	14,785	—	—	14,785
Current assets	455,854	215,022	6,960,787	7,631,663
Creditors: amounts falling due within one year	(135,381)	(43,535)	(3,694,898)	(3,873,814)
Total net assets	335,258	171,487	3,265,889	3,772,634

18 Contractual commitments

At 31 March 2009 the charity had commitments in respect of contract payments approved for national clinical audits and which have not been accrued due to necessary milestones not being achieved by the providers at the period end.

	2009 £
Payable within one year	138,357

Notes to the accounts 31 March 2009

19 Leasing commitments

Operating leases

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as follows:

	Other £
Operating leases which expire:	
Within one year	8,396
Within two to five years	7,679
	16,075

20 Pension commitments

HQIP operates a money purchase pension scheme for most employees however because of TUPE obligations for 2 staff HQIP has achieved Direction status and as such contributes to the NHS pension scheme for these employees.

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for HQIP to identify its share of the underlying scheme liabilities. The scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

Those employers contributing under Direction status have their pension cost contributions charged to operating expenses as and when they become due. Employer contribution rates are reviewed every four years (previously five years) following an actuarial investigation carried out by the Scheme Actuary. On advice from the actuary the contribution rate may be varied from time to time to reflect changes in the scheme's liabilities. At the last actuarial investigation on which contribution rates were based (31 March 2004) employer contribution rates were set at 14% of pensionable pay.

A copy of the actuarial investigation and latest resource accounts can be viewed on the NHS Business Services Authority website at

<http://www.nhsbsa.nhs.uk/Pensions/Valuation.aspx>

Total pension costs in the period were £16,005 and £5,739 was payable at 31 March 2009.

21 Related party transactions

HQIP has provided funding to the Royal College of Psychiatrists (the College) relating to national clinical audit projects, amounting to £426,013 with £106,503 payable at the period end. Dr P Lelliott, who is the Chairman of HQIP is also a member of the College, the Director of the College Research and Training Unit and a co-opted member of the Central Executive Committee. HQIP has a clear policy and procedure to manage conflicts of interest by its trustees/directors. Dr Lelliott took no part in the decision-making process through which the grants were awarded. HQIP also reimbursed the College with £26,840 as payment for the time that Dr Lelliott spent in working to establish HQIP. HQIP's Memorandum and Articles of Association, which have been accepted by the Charity Commission, permit such payments to be made.

21 Related party transactions (continued)

HQIP has provided funding to the Royal College of Physicians (the RCP) relating to national clinical audit projects amounting to £634,129 during the period. Dr J Potter, who is trustee/director of HQIP is also a member of the RCP's Clinical Effectiveness and Evaluation Unit and Chairman of the RCP Clinical Effectiveness forum. Dr Potter took no part in the decision making process through which the contracts were awarded.

22 Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £10.