

The Annual Report and Accounts of the Charitable Trust Funds held
by the South Eastern HSC Trust
for the year ended 31 March 2015

Laid before the Northern Ireland assembly under Article 91(5) of the
Health and Personal Social Services (NI) Order 1972 by the
Department of Health, Social Services and Public Safety.

On

7th July 2015

Annual Report of the Trustees of the Charitable Trust Funds held by the South Eastern HSC Trust for the year ended 31 March 2015

Background

Prior to 1 April 1995 the charitable funds of various organisations within the Eastern Health and Social Services Board ('EHSSB') were managed by the EHSSB, as Trustee, under Article 79 of the Health and Personal Social Services Order (Northern Ireland) 1972. On 1 April 1995 these charitable funds were transferred from the Eastern Health and Social Services Board to the individual Trusts and Agency, including those of the Ulster Community and Hospitals Trust and the Down and Lisburn Trust. On 1st April 2007 both of the Trusts ceased to exist and became part of the South Eastern HSC Trust.

In order to maximise the total return from investment of the Charitable Trust funds, the Northern Ireland Health and Social Services Charities Common Investment Fund was established by an Order dated 30 March 1995, made by the Department of Health and Social Services under Section 25 of the Charities Act (Northern Ireland) 1964. The charitable funds of the South Eastern HSC Trust are invested within this Common Investment Fund. A committee is in place to manage the operations of the Common Investment Fund.

Address of Principal office

Trust Headquarters
Ulster Hospital
Upper Newtownards Road
Dundonald
Belfast
BT23 4AD

Names of Trustees

Under the Health and Personal Social Services (NI) Order 1972, as amended by Article 16 of the Health and Personal Social Services (NI) Order 1991, the Board of the South Eastern HSC Trust are the Trustees of the Charitable Funds. During 2014/15 this constituted the following:

Non-executive members

C McKenna
P Davison
D Flanagan (temporarily stood down wef September 2011)
F Graham
D Mann-Kler
N Mansley
D O'Hara
J Trethowan

Executive members

Mr H McCaughey	Chief Executive
Mr S McGoran	Director of Hospital Services
Mr B Whittle	Director of Adult Services & Prisons Healthcare
Mr N Guckian	Director of Finance and Estates
Dr C Martyn	Medical Director
Ms N Patterson	Director of Primary Care, Elderly and Nursing (wef 12/08/2013)
Mr E Molloy	Director of Human Resources
Mrs R Coulter	Director of Planning, Information & Performance Management
Mr I Sutherland	Director of Children's Services/Social Work (resigned 31 st March 2015 to take up a new post)

Auditors

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Bankers

South Eastern HSC Trust A/C

Bank of Ireland
12, Conway Square
Newtownards
Co Down
BT23 4DJ

Northern Ireland HSS Charities Common Investment A/C

Bank of Ireland
Belfast City Branch
4-8 High Street
Belfast
BT1 2BA

Principal Advisors

(Advisors in relation to the Common Investment Fund)
Brewin Dolphin Limited
8 Laganbank Road
Belfast
BT1 3LR

Structure, governance and management

The Trust Board have established a Charitable Funds Committee, which is authorised by the Board to undertake any activity within its terms of reference. It is authorised to seek advice from whatever source it deems to be appropriate in order to fulfil its function. Membership of the Charitable Funds Committee during 2014/15 was as follows:

Mr N Guckian	Director of Finance and Estates
Ms N Patterson	Director of Primary Care, Elderly and Nursing
Mr N Mansley	Non-executive Director (Chair)
Mr P Morgan	Assistant Director of Finance
Dr C Martyn	Medical Director
D Mann-Kler	Non-executive Director

The roles and responsibilities of the Charitable Funds Committee in relation to the management and governance of the Charitable Trust Fund are as follows:

- Management of the Charitable Trust Funds in line with guidance in the Trust's Standing Financial Instructions, Departmental guidance and legislation.
- Ratifying the creation of new funds by the Director of Finance where funds and/or other assets are received from donors in circumstances where the wishes of the donor cannot be accommodated within the scope of an existing fund.
- Make recommendations on the potential for rationalisation of funds within statutory guidelines.
- Ensure that assets in ownership of, or used by, the Charitable Trust Fund will be maintained with the Trust's general estate and inventory of assets.
- Ensure that expenditure from Charitable Trust funds is subject to appropriate value for money considerations including proper procurement procedures where applicable.
- Ensure that Annual Accounts, including a Governance Statement, are prepared in accordance with Department of Health and Social Services and Public Safety (DHSSPS) guidelines and submitted to the Trust Board within agreed timescales.
- Systems and procedures are established to manage risks identified by the Trustees.

Objectives and Activities

The objectives of the South Eastern HSC Trust's Charitable Funds Committee are to ensure that charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is consistent with the purposes

for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

The current objectives for the year are in line with the defined and specified purpose for which the individual funds were formed. An annual expenditure budget has been set for each individual fund which is based upon the receipts of the previous year. The Charitable Funds Committee met on a regular basis to manage the expenditure and investigate any departures from the agreed budget and purpose.

Charitable funds expenditure for the year has been summarised below:

	£000
Medical Research	10
Purchase of new equipment	211
Building & refurbishment	0
Staff education and welfare	343
Patient education and welfare	858
Other	0
Total	1,422

Achievements and Performance

During the year the Charitable Funds continued to engage in activities commensurate with its objectives. Over £1.4m was expended on charitable activities, in accordance with the Trust's policies and procedures in relation to expenditure from Charitable Funds. Charitable fund expenditure was used to purchase £211k of new and specialist equipment and £858k on patients' education and welfare and £343k on staff education and welfare. All expenditure during the year was consistent with the purpose of the funds and used to enhance the care and treatment of clients.

The net market value of funds decreased in the year by £703k.

Financial Review

Introduction

The financial statements have been prepared in accordance with relevant guidance issued by DHSSPS, and with 'Accounting and Reporting by Charities' The Statement of Recommended Practice issued in March 2005.

Where there is a legal restriction on the purposes to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and the capital cannot be spent are accounted for as endowment funds. Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Trustees have chosen to earmark for set purposes are classified as designated funds.

Review of the year

Income

During the year income totalling £422k was received, an increase of £24k from 2013/2014. £265k was received in donations compared to £209k in 2013/14. Investment income is down by £32k from 2013/14, due to a withdrawal of capital from the common investment fund during the year.

Expenditure

Total direct charitable expenditure for the year amounted to £1,422k, an increase of £202k from 2013/14. Charitable expenditure in 2014/15 on Purchase of equipment was £211k comparable to previous year of £234k. Expenditure on patient education and welfare was £858k, an increase of £489k. Expenditure on other types of expenditure was £353k, a decrease of £264k on the previous year.

Governance costs for the financial administration of the fund amounted to £74k.

Financial position at year end

Total fund balances were £5,682k, consisting of £4,916k of restricted funds and £705k of unrestricted funds. Endowment funds totalled £61k.

Financial Controls

The Trustees are aware of their financial responsibilities for the money that is held on trust. Appropriate policies and procedures are in place to ensure these responsibilities are adequately discharged, and these are reviewed on a regular basis.

Statement of risk

The management of risk in relation to the Charitable Trust Funds is closely aligned with the South East HSC Trust's risk management procedures. These are outlined in detail in the Governance Statement contained within the Charitable Trust Fund's annual financial statements.

Reserves policy

The Charitable Trust Funds does not currently enter into future commitments and so have not created any reserves for this.

Investment Policy

For investment purposes the balances on the Charitable Trust Funds of all Trusts in the Legacy EHSSB area are pooled and invested in the Common Investment Fund (CIF) whose investment policy is disclosed in the separate accounts of CIF.

Plans for future periods

The Charitable Funds Committee has established budgets for all funds managed by the South Eastern HSC Trust, with a balance of £10k or greater. These budgets are monitored on an ongoing basis. The Trust plans to continue to use the Common Investment Fund for the investment of surplus funds and, as part of that common arrangement, will continue to seek professional advice in relation to the investment of funds in the current uncertain economic climate.

Introduction of the Charities Act (NI 2008)

The Charities Act (NI) 2008 provides the broad legislative framework for charities in Northern Ireland. It established the requirement for a compulsory register of all charities operating in Northern Ireland, it provided a charity test to define what is and what is not a charity, it put in place new requirements for all public collections and it established a Charity Commission. While the legislation provides this broad framework, amendments are required to the legislation which have not yet been approved by the Assembly. There is currently a register in place.

The test to define what constitutes a charity under the legislation requires 2 criteria to be met; namely to be established for charitable purposes and to provide a public benefit. An examination of the Act and the draft guidance from the Charity Commission indicates that the Trust's Endowment & Gifts Funds meet these criteria and therefore is required to register as a charity. Registration application was submitted to the NI Charities Commission in January 2015 and is currently being processed.

Statement of Accounting Officer Responsibilities

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Department of Health, Social Services and Public Safety has directed the South Eastern HSC Trust to prepare for each financial year a statement of accounts in respect of endowments and other property held on trust by it in a form determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the activities of the Funds.

In preparing the financial statements the Accounting Officer is required to;

- follow the guidance within the HSC Manual of Accounts issued by the Department of Health, Social Services and Public Safety including 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 Charities SORP 2005 have been followed, and disclose and explain any material departures in financial statements.
- keep proper accounting records.
- ensure an effective system of internal control and establishing arrangements for the prevention and detection of fraud and corruption.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Mr Hugh McCaughey of South Eastern Health and Social Care Trust as the Accounting Officer for the South Eastern Health and Social Care Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the South Eastern Health and Social Care Trust's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

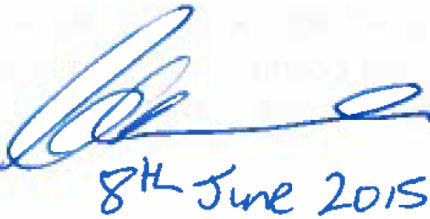
I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 30 to 44) which I am required to prepare on behalf of the South Eastern Health and Social Care Trust have been compiled from and are in accordance with the accounts and financial records maintained by the South Eastern Health and Social Care Trust and in accordance with the accounting policies for HSC Charitable Trust Funds as approved by the Department of Health, Social Services and Public Safety.



Director of Finance

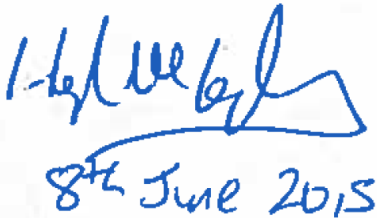
Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 30 to 44) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chairman

Date



Chief Executive

Date

GOVERNANCE STATEMENT

Introduction / Scope of Responsibility

The Board of the South Eastern Health and Social Care Trust is accountable for internal control. As Accounting Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety (DHSSPS).

The Trust has a number of processes in place to ensure effective working with key stakeholders. These include:

- Service and Budget Agreements with the main Commissioning body, the Health and Social Care Board (HSCB), which establish clear specifications for the delivery of health and social care. Performance against these is monitored through a regular schedule of meetings and reporting.
- Ensuring compliance with statutory and other requirements set by the Department of Health, Social Services & Public Safety, Northern Ireland and the Minister, to whom the Trust is ultimately accountable.
- Patient and Client Forums for a wide range of our services to maximise involvement of patients and clients in determining the manner of delivery of their own treatment and care.
- Public board meetings and public consultations on all major service changes, to ensure active engagement with the community we serve.
- Twice annual accountability meetings with DHSSPS, and monthly meetings with HSCB.

Compliance with Corporate Governance Best Practice

The South Eastern Health and Social Care Trust applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements by undertaking continuous assessment of its compliance with Corporate Governance best practice. In March 2015, the Trust completed its third formal baseline assessment of the Department of Health, Social Services & Public Safety's (the Department) document entitled 'Board Governance Self-Assessment Tool (BGSAT)' which was issued in November 2014 with a submission date of 31 March 2015. The assessment covered the following 4 areas:-

1. Board composition and commitment;
2. Board evaluation, development and learning;
3. Board insight and foresight; and
4. Board engagement and involvement

One Board Impact Case Study was also completed. This covered the area of organisational change and the Board's role in bringing about change.

Each section was broken down into individual criteria and a Red, Amber, Green (RAG) rating was applied. There were a total of 17 criteria – 15 were rated as Green with 2 rated as Amber/Green and 0 as Amber/Red. Amber/Green ratings related to section 2.1 – Board evaluation, learning and development in terms of engagement with staff and other stakeholders as to whether they believe the Board to be effective; section 2.3 – Board induction, succession and contingency planning – due to the ongoing recruitment process by the Department. A plan was developed detailing the action plans to achieve any areas of non-compliance with good practice and/or red flag areas on completion of the assessment. The assessment tool was formally approved by the Trust Board at its meeting on 25 March 2015 and submitted to the Department by the due date of 31 March 2015.

In addition, the Department required each Arms Length Bodies (ALB) in 2014/15 to complete an independent evaluation of its BGSAT in the format of a report back to the Board and subsequently to the Department. The report included the Independent Verifier's view on the appropriateness of the Board's ratings and where necessary, provided recommendations for improvement. The report on the Independent Evaluation of the BGSAT was carried out by an Associate Consultant, HSC Leadership Centre (Independent Verifier). The approach taken was based on a range of activities aimed at verifying the comments and ratings within the BGSAT. These included an initial review of the breadth and scope of the completed Self-Assessment Tool to identify particular lines of inquiry and options for gathering the required information for verification. This was followed by a sampling of information, interviews with key stakeholders and a formal Board Observation. The Board Observation enabled the Verifier to see the Board in action, providing a real time perspective on many of the areas covered in the BGSAT.

Based on the documentation provided, interviews with a number of key stakeholders and observation of the Board in action, the ratings submitted in the BGSAT were supported by an Independent Verifier. The BGSAT provides a useful assurance to the Board that it is conducting its business in line with best practice. Whilst a number of recommendations (7 in total) were made, these were aimed at further development of the Board. Some of the recommendations are about reflection. There were no material concerns identified through the Verification process.

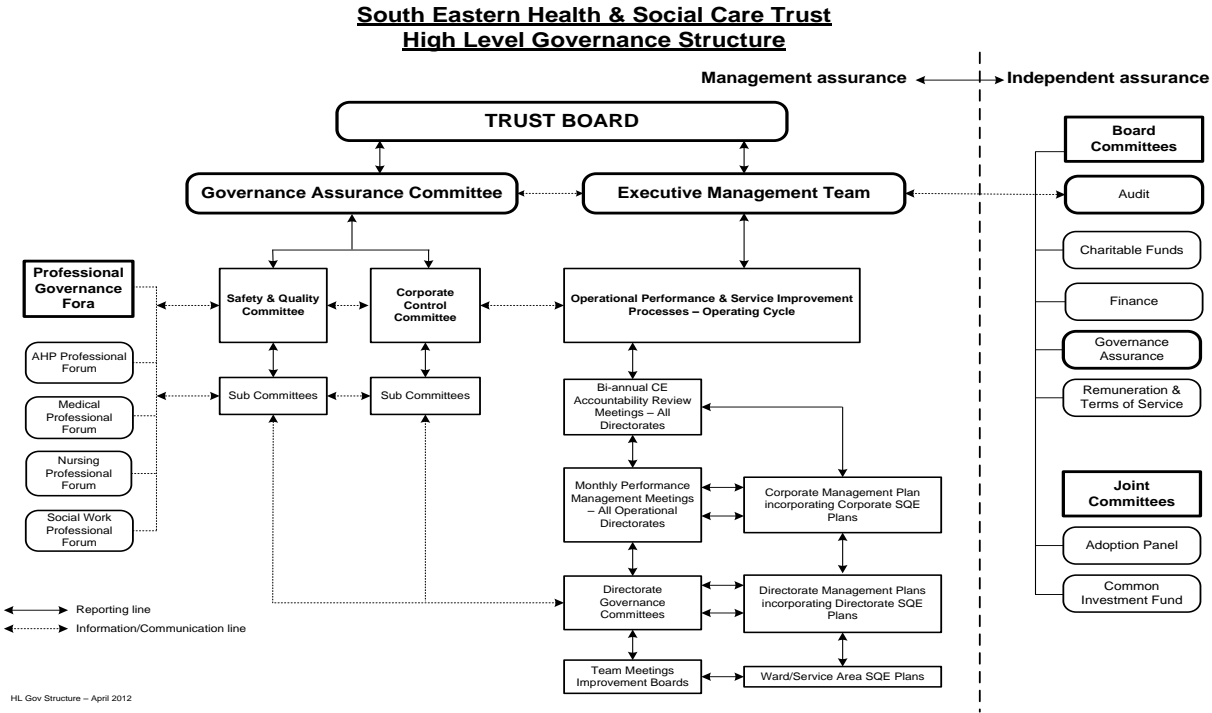
Subsequent to this work, and in pursuance of its compliance with best practice for Corporate Governance, the Trust reviewed the National Audit Office compliance checklist in respect of the Corporate Governance Code for Central Government Departments: Code of Good Practice 2011 (published by HM Treasury and the Cabinet Office in July 2011) - in December 2014 to determine its applicability for use by the Trust. It concluded that whilst the content of the document was useful it was not appropriate for a HSC Trust.

Governance Framework

The South Eastern Health and Social Care Trust has an integrated governance framework in place which links corporate governance (including risk management and organisational controls), safe and effective care (clinical and social care governance), and financial governance. This framework is closely aligned to the Department's Assurance Framework (April 2009). It operates on the four domains

contained in this document namely, Corporate Control, Safety & Quality, Finance and Operational Performance and Service Improvement. This framework (see table 1 below) is further supported by the Trust's own Assurance Framework, Risk Management and Governance Strategies.

Table 1 – High Level Governance Infrastructure



The high level Governance infrastructure was reviewed by the Corporate Control Committee at its meeting on the 21 January 2015. It concluded that the infrastructure was fit for purpose and amended the Operational Performance & Service Improvement section to include recent work on the Quality Improvement and Innovation model which will take effect from 1 April 2015.

The role of the Trust Board is to establish the organisation's strategic direction and aims in conjunction with the Executive Management Team; ensure accountability to the public for the organisation's performance and assure that the organisation is managed with probity and integrity. It has five sub committees:-

- Audit;
- Governance Assurance;
- Charitable Funds;
- Finance; and
- Remuneration.

Attendance records are maintained for all sub committees and these are detailed in the Table 2 below Each sub-committee has an approved Terms of Reference and an agreed programme of work which are reviewed on an annual basis to ensure that the committee is discharging its role and performance responsibilities.

Table 2 – Attendance records for Trust Board and Sub Committee meetings

Trust Board Meetings

Name	No. of actual meetings per year	No. of meetings attended	% attendance
Colm McKenna	9	9	100%
Deepa Mann-Kler	9	8	89%
Dermot O’Hara	9	6	67%
Francesca Graham	9	9	100%
John Trethowan	9	8	89%
Nigel Mansley	9	8	89%
Peter Davison	9	7	78%
Hugh McCaughey	9	8	89%
Brendan Whittle	9	8	89%
Charlie Martyn	9	7	78%
Eamonn Molloy	9	8	89%
Ian Sutherland*	9	8	89%
Nicki Patterson	9	9	100%
Neil Guckian	9	9	100%
Roisin Coulter	9	9	100%
Seamus McGoran	9	8	89%

**Note – Ian Sutherland left Trust at end of March 2015*

Trust Board Workshops

Name	No. of actual meetings per year	No. of meetings attended	% attendance
Colm McKenna	5	5	100%
Deepa Mann-Kler	5	4	80%
Dermot O’Hara	5	0	0%
Francesca Graham	5	5	100%
John Trethowan	5	2	40%
Nigel Mansley	5	4	80%
Peter Davison	5	4	80%
Hugh McCaughey	5	4	80%
Brendan Whittle	5	5	100%
Charlie Martyn	5	3	60%
Eamonn Molloy	5	5	100%
Ian Sutherland*	5	3	60%
Nicki Patterson	5	5	100%
Neil Guckian	5	5	100%
Roisin Coulter	5	5	100%
Seamus McGoran	5	4	80%

Audit Committee

Name	No. of actual meetings per year	No. of meetings attended	% attendance
John Trethowan	5	4	80%
Francesca Graham	5	5	100%
Nigel Mansley	5	5	100%
Neil Guckian	5	5	100%

Charitable Trust Funds

Name	No. of actual meetings per year	No. of meetings attended per year	% attendance
Nigel Mansley	3	3	100%
Deepa Mann-Kler	3	3	100%
Charlie Martyn	3	3	100%
Neil Guckian	3	3	100%
Nicki Patterson	3	3	100%
Paul Morgan	3	3	100%

Finance Committee

Name	No. of actual meetings per year	No. of meetings attended per year	% attendance
Dermot O'Hara	6	5	83%
Francesca Graham	6	6	100%
Peter Davison	6	5	83%
Neil Guckian	6	6	100%

Governance Assurance Committee

Name	No. of actual meetings per year	No. of meetings attended per year	% attendance
Francesca Graham	4	4	100%
Colm McKenna	4	2	50%
Dermot O'Hara	4	2	50%
John Trethowan	4	2	50%
Peter Davison	4	3	75%
Hugh McCaughey	4	3	75%
Brendan Whittle	4	1	25%
Charlie Martyn	4	3	75%
Eamonn Molloy	4	2	50%
Ian Sutherland	4	3	75%
Nicki Patterson	4	3	75%
Neil Guckian	4	2	50%
Roisin Coulter	4	4	100%
Seamus McGoran	4	3	75%

Remuneration & Terms of Service Committee

Name	No. of actual meetings per year	No. of meetings attended per year	% attendance
Colm McKenna	1	1	100%
Deepa Mann-Kler	1	1	100%
Peter Davison	1	1	100%
Dermot O'Hara	1	1	100%
Hugh McCaughey	1	1	100%
Eamonn Molloy	1	1	100%

The Audit Committee, under the chairmanship of a Non-Executive Director, meets not less than - 4 times per year in line with its Terms of Reference and Programme of Work. Its main role focuses on the system of internal control and includes a range of functions about Governance and Internal Control, Internal and External Audit, Assurance Functions, Financial Reporting and Value for Money activities. It approves the Internal Audit programme of work which is risk based. It also receives the Head of Internal Audit's Opinion and recommends approval of the draft Governance Statement of the Board. In addition, it reviews progress on implementing internal and external audit recommendations. Following each meeting, the minutes of the Committee are submitted to the Trust Board for information/noting with the Chairman highlighting any specific governance issues for the attention of the Trust Board.

The Audit Committee, on an annual basis, undertakes a review of its effectiveness based on its Terms of Reference. This includes a section on attendance at committee meetings by members. The outcome of this work is reported to the Trust Board. It also provides an Annual Report on the effectiveness of the Committee to the Board.

The Governance Assurance Committee is the lead Board committee for Governance and is supported in this work by two sub committees – the Corporate Control Committee and the Safety & Quality Committee (both meet on a quarterly basis). These committees are further supported by a range of sub committees aligned to both areas. Each subcommittee has agreed terms of reference and annual work plans approved by its parent committee.

The Governance Assurance Committee, under the chairmanship of a Non-Executive Director meets on a quarterly basis to ensure the continued development of this important and essential agenda. The focus of this Committee is to be the overarching strategic committee responsible to the Trust Board on all matters pertaining to Governance issues. Following each meeting, the minutes of the Committee are submitted to the Trust Board for information/noting with the Chairman highlighting any specific governance issues for the attention of the Trust Board

The Corporate Control Committee supports the work of the Governance Assurance Committee. Its role is to be the overarching strategic committee responsible to the Governance Assurance Committee on all matters pertaining to integrated Corporate Governance issues i.e. Financial, Risk Management and other organisational controls. The Chief Executive chairs this committee, which meets on a quarterly basis, and oversees the work of all specialist risk management groups (which may include both clinical and non-clinical groups), the chairpersons of which report directly to the committee. A standing agenda item on the committee's agenda is the management of Risk Registers both Corporate and Directorate. The minutes of the meeting of the Corporate Control Committee are submitted to the Governance Assurance Committee.

In addition, the Safety & Quality Committee supports the work of the Governance Assurance Committee under the joint chairmanship of the Director of Primary Care, Older People and Executive Director of Nursing, the Medical Director and the Director of Children's Services. Its role is to be the main sub-committee of the

Governance Assurance Committee responsible for leading the safe and effective care agenda across the Trust.

The Governance Assurance Committee, on an annual basis, also undertakes a review of its effectiveness based on its Terms of Reference. This includes a section on attendance at committee meetings by members. The outcome of this work is reported to the Trust Board. It also provides an Annual Report on the effectiveness of the Committee to the Board.

The Corporate Control and Safety & Quality Committees both undertake an annual review of their effectiveness in line with their terms of reference which are presented to the Governance Assurance Committee. A formal presentation on the work of both committees is presented to the Governance Assurance Committee at the year-end about performance during the year and work plans for the incoming year.

Charitable Funds Committee structure, governance and management

The Trust Board has established and authorised the Charitable Funds (CF) Committee to undertake any work within its terms of reference and to seek advice from whatever source it deems appropriate to fulfil its function. The role of the Committee is to oversee the administration, including banking arrangements, of Charitable Funds their investment and disbursement. Under its terms of reference the committee will:

- manage charitable funds in line with guidance in the Trust's Standing Financial Instructions, Departmental guidance and legislation
- ratify the creation of new funds and make recommendations for rationalisation of funds
- ensure that assets in ownership of, or used by, the charitable funds will be maintained with the Trust's general estate and inventory of assets
- ensure that funds are not unduly or unnecessarily accumulated
- ensure expenditure from Charitable Funds is subject to appropriate value for money considerations including proper procurement procedures where applicable
- ensure the Annual Accounts (including Governance Statement) are prepared in accordance with DHSSPS guidelines and timescales and submitted to Trust Board
- authorise appropriate policies and procedures in relation to Charitable Funds

The committee plans a programme of work for each year which is progressed by it meeting no fewer than 3 times per year and in conjunction with the work carried on outside of committee meetings. Membership of the committee is as follows:

Non-executive Director (Chairman)

Non-executive Director

Director of Finance & Estates

Director of Primary Care, Older People & Executive Director of Nursing

Assistant Director, Financial Services

Medical Director

Business Planning and Risk Management

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation.

The Trust's business planning process is carried out in accordance with DHSSPS guidance and results in the production of an annual Trust Delivery Plan (TDP). The plan is developed in response to the priorities set out in the Joint Commissioning Plan. Each Trust Director is accountable for delivering against the elements of the TDP that fall within his/her sphere of responsibility. A Corporate Plan (2011-2015) was approved in August 2011. This is delivered on an annual basis by Directorates who compile their annual Directorate Management Plans which then form the basis of the annual Corporate Management Plan; all plans are closely aligned to the objectives set out in the four year Corporate Management Plan. Monitoring of compliance with the Trust Delivery Plan is via the Operating Cycle which includes monthly Performance Monitoring and Improvement meetings for all Operational Directorates and Bi- annual Chief Executive Accountability Review meetings. This also includes compliance with the governance, risk management and safety, quality and experience agendas. A new four year Corporate Plan (2015-2019) is currently under development pending further guidance from the DHSSPS.

South Eastern Health and Social Care Trust's capacity to handle risk and its risk and control framework

During 2014/2015, the Trust continued to implement its Integrated Governance framework which links corporate governance and risk management (including organisational controls), safe and effective care (clinical and social care governance), and financial governance. A new three year Board Assurance Framework (2014-2017); Risk Management Strategy (2014-2017) and updated Integrated Governance Strategy (2013-2015) were developed and approved by the Trust Board in June 2014. These documents continue to be embedded ensuring a cohesive and integrated approach to the key building blocks of governance and risk management. The continued focus of these documents was to strengthen and improve the existing systems of internal control.

The Trust's extant Risk Management Strategy, is based on the principles of the AS/NZS 4360: 2004 (and subsequent amendments)., It is regularly reviewed on an annual basis by the Corporate Control Committee (taking account of problems and/or significant external developments that arise during the course of the year) and was last approved by the Trust Board at its meeting on 25 June 2014.

This document is available for all staff via the intranet and details the clear chain of accountability for managing risk from the Accounting Officer downwards. The responsibilities of the Executive Management Team, Trust Board, Audit Committee, Governance Assurance Committee and other relevant committees and sub committees are clearly defined. The document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and

a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register/s.

There is a clear method of risk identification using the risk assessment and risk register tools/methodologies and upward identification and reporting of risks. Risk appetite/tolerance levels are included within the risk strategy and risk matrix which clearly demonstrates how to escalate risks from department, Directorate and Corporate levels. All significant risks are assessed and ranked and action plans developed to mitigate the risk. A risk owner (manager) is assigned to each risk and has the authority to allocate actions to specific staff.

The strategy is delivered and embedded in the organisation through the work of the Corporate Control Committee and its supporting sub committees. In addition, Directorates in their individual Directorate Management Plans include a range of governance and risk management initiatives based on the Trust's high-level Governance priorities outlined in the Corporate Management Plan. There is regular risk management reporting at various levels within the organisation and these are managed primarily through the Planning, Performance and Accountability Framework. These plans are monitored via the performance management and accountability framework. Governance and Risk Management is a key standing agenda item monitored as part of this performance management process.

Reports on Directorate Risk Registers are submitted and discussed on a quarterly basis by the Corporate Control Committee. A similar process is in place for the Corporate Risk Register with the Governance Assurance Committee. Regular reports on the Board Assurance Framework and Corporate Risk Register were submitted to the Trust Board during the year. In February 2014, the Executive Management Team reviewed the previous year's Corporate Risk Register and determined those items that would be closed off and those which would be carried forward into 2014/15 Corporate Risk Register. A total of 17 risks were on the register for the year. Details as listed below:-

- 16 of the existing 20 Corporate Risk Register (2013/2014) topics were carried forward into the 2014/2015 Corporate Risk Register with new action plans developed, as appropriate;
- 4 items (ID1168 – Insufficient Joint Commissioning, ID1165 - Inability of Trust to comply with CA standard for Fleet & Transport, ID1166 – failure to comply with Food Hygiene and ID1151- Inability to meet existing and new standards of clinical & social care guidelines] were closed and removed from the register. Risk issues to be managed at Directorate Risk Register level, as appropriate;
- 2 items were reworded in terms of short and long descriptions:-
 - ID1159 – expanded to include fire risk issues;
 - ID1160 - reworded to reflect current issues with the BSTP Project;

- All forms were reviewed for accuracy and updated for scoring, control measures and new action plans inserted, as appropriate;
- 1 new item (ID1501 – GMS Out of Hours Funding) was added to the register.

Employees are made aware of their own responsibilities for managing risk via a range of methods – corporate induction, departmental induction, specific risk management awareness and training courses specific to their job roles. Risk management organisational structures and reporting procedures are in place for verifying that key risk areas are regularly reviewed and reported on and that risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. The Trust has a wide range of communication and consultation mechanisms in existence with relevant stakeholders, both internal and external.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. Risk management support and guidance is made available to staff both in paper format and via the intranet. Managerial staff are clearly accountable for ensuring that appropriate guidance, support and training is available for all their staff. There is on-going training provided by both the Risk Management Directorate and other specialist advisers to embed risk management concepts and tools into everyday business.

During the year the main focus on risk management training was on General Risk Assessment, Corporate and Directorate Risk Registers. In addition, a range of other training was delivered for e.g. Induction, Practical Manager, Serious Event Audit and Root Cause Analysis, Incident Reporting, Consent, Emergency Preparedness, Information Governance and NVQ courses. A range of other health and safety training was provided on an on-going basis by specialist advisers for e.g. fire, manual handling, display screen equipment and waste management, etc.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed openly. Incident reporting (including near misses) is the cornerstone of the risk management system. Trust staff are encouraged to undertake individual reporting of near misses, errors or mistakes, and to look critically at their own actions and those of their teams to ensure we can provide good quality services for our patients/clients, staff and visitors. Incident reporting is a key mechanism for quality improvement and is a key component of the governance programme. During the year the extant incident policies and procedures were updated.

Reports of all Root Cause Analysis Reports and other relevant incidents are widely disseminated within the Trust (and outside, as appropriate) to ensure that all areas learn from other's mistakes. During the year the work of the Lessons Learnt Sub Committee, chaired by the Chief Executive, was further embedded in the organisation and provides assurance that lessons arising from incidents, complaints, litigation and other reports/review are truly embedded within all levels of the organisation.

The Trust, as part of a Departmental directive, undertook a major review of all its Serious Adverse Incidents from 2009 to 2013 from April to September 2014, with an emphasis on family engagement, which was validated in November 2014 by the Regulation and Quality Improvement Authority. This work also informed the visit by Sir Liam Donaldson and his Review Team, in November 2014, and the subsequent publication of his report in January 2015 'The Right Time, The Right Place' which examined the governance arrangements for ensuring the quality of health and social care provision in Northern Ireland. Subsequent to this review, changes to policies and procedures for managing SAIs will be undertaken in 2015/16.

There is regular consultation with key stakeholders and partners on risk for e.g., the Department, Health and Social Care Board, Regulation Quality and Improvement Authority and the Northern Ireland Prison Service.

An annual internal audit of the Trust's risk management and governance systems is undertaken each year (circa January) - satisfactory assurance was confirmed. There were no Priority 1 findings, -2 Priority 2 findings and 0 Priority 3 findings.

Information Risk

In terms of risks to information, the Trust has a well-established Information Governance Sub Committee (IGSC) which reports to the Corporate Control Committee and is supported in its work by seven sub committees. The role of the Information Governance Sub-Committee is to lead, co-ordinate and direct the strategic agenda with regard to Information Governance issues within the Trust. It also supports the Trust's corporate and Directorate objectives and ensures that risks in this area are regularly identified and addressed. Information risks are identified at all levels in the organisation and, where appropriate, are included on the Directorate and/or Corporate Risk Registers. The Trust is a public sector information holder and is subject to the terms of the Freedom of Information Act, 2000.

The Director of Human Resources & Corporate Affairs and the Personal Data Guardians (i.e. the Medical Director and Director of Children's Services & Executive Director of Social Work) are the Trust leads for ensuring compliance with the Data Protection Act 1998 and the Code of Practice on Protecting the Confidentiality of Service User Information. The Director of Human Resources & Corporate Affairs is the nominated Senior Information Risk Owner (SIRO) and the Director of Planning, Performance & Informatics is the appointed deputy Senior Information Risk Owner. All Assistant Directors have been nominated to the roles of Information Asset Owner (IAO). The appointment of the SIRO and IAO were made under the direction of the DHSSPS as a result of its Data Protection Reviews 2007/08. The Deputy SIRO and nominated staff from the Planning, Performance & Informatics Directorate completed annual refresher SIRO training in February and March 2015 respectively.

The Information Governance Sub Committee continued, in conjunction with its seven supporting working groups, to roll-out a challenging programme of work during 2014/2015. The Information Management Controls Assurance standard which includes 27 criteria spanning for example, the corporate agenda, data quality, data security, coding, pseudonymisation and, anonymisation of data, training, audit and the handling of subject access and freedom of information requests was

implemented during the year. Attainment of the required level of substantive compliance was a significant challenge during the year. Action plans were developed and implemented to address any areas of non-compliance. The Information, Communication and Technology (ICT) Controls Assurance Standard was also progressed throughout the year and both the Information Governance (IG) (substantive compliance) & ICT Controls Assurance Standard achieved the required substantive compliance level as per Departmental guidance.

Each Directorate has developed an information asset register and in accordance with the IGSC's programme of work, each Directorate ensures that information risks are considered in conjunction with the Trust's Risk Management Strategy.

The Trust introduced a new Information Governance Strategy including a framework and in line with the Trust policy review process reviewed a number of existing extant IG policies.

The Trust has continued to roll-out learning in line with the annual IG training programme. During 2014/2015, there was an increased demand across Directorates for delivery of data protection training as a result of joint working between the Information Governance Department and each Directorate. There has also been significant uptake in the Information Governance e-learning programme which includes training modules on Data Protection, Freedom of Information, Records Management and Information Security.

The Trust continues to monitor the off-site storage contract (awarded on 1 March 2012). It also continues to actively appraise archived records in accordance with Good Management, Good Records, 2011. Regrettably, due to ongoing Trust contingencies, finance has not been made available to destroy records which are eligible for destruction; however this will be reassessed in the 2015/2016 financial year.

The Information Governance Manager continues to participate in the DHSSPS Information Governance Advisory Group to ensure that the Information Governance agenda is focused to meet the needs of the DHSSPS strategic agenda. One continuing key focus is the continued implementation of the Information Management Controls Assurance Standard to ensure alignment with the NHS Information Governance toolkit.

The Trust actively participated in a number of Information Commissioner's consultation documents for example, the DHSSPS proposed introduction of Legislation in respect of Secondary Uses of Information and the Information Commissioner's Freedom of Information Definitions Document. All consultations were co-ordinated via the Strategic and Capital Development Department.

Staff are trained and encouraged to report all incidents including (Information Governance) incidents to ensure the Trust can investigate the reasons for an incident happening again. The Information Governance Steering Group receives quarterly reports on all information governance incidents. In addition, all reported incidents of data loss or confidentiality breach in 2014/2015 have been assessed. While there were several small scale incidents, the impact was limited and procedures were put

in place to address future risk in these areas. Two incidents were reported to the Information Commissioner's Office (ICO). The first related to a mobile phone incident (May 2014) – the ICO concluded its investigation and no action was taken in this regard. The second incident (November 2014) related to a report being emailed in error to an incorrect email address. The outcome of the ICO's investigation is currently awaited.

Any issues specifically identified by the IGSC are managed via the Risk Management & Governance Directorate Risk Register or are escalated to the Corporate Risk Register, if appropriate. Regular reports are made to the IGSC, as appropriate.

The Trust is also committed to ensuring the security of information held in electronic form is in accordance with its ICT security Policy.

Public Stakeholder Involvement

The Trust regularly interfaces with public stakeholders, where appropriate, with regard to risks which impact on them, for example:-

- Via the Corporate and Directorate Risk Registers – these registers identify risks to the achievement of the overall objectives, including the provision of services, and the range of persons affected by specific risk issues. Summary information about both registers is presented on a bi-annual basis to the Trust Board.
- There are a number of sub committees aligned to the Trust's governance structures whereby both patients and clients attend and actively input to discussions about Trust specific issues i.e. the Personal & Public Involvement Sub Committee. The purpose of this engagement is to work with service users to design, deliver and improve services, which would include any associated risk issues. In addition, there is also a Trust-wide User Forum and specific Service User Forums in operation across the Trust which also provides active platforms through which service users engage in decision making, feedback processes and associated risk issues.

Our Annual Report outlines other elements of our stakeholder involvement, and the above narrative should be read in conjunction with this.

Assurance

The Trust has an Assurance Framework (June 2014) updated on an annual basis which is based on the Department's Assurance Framework (April 2009). This framework provides a strong basis for effective challenge and better informed decision-making at Trust Board level. The framework helps the Trust to improve its systems of internal control. It does this by showing how the evidence for adequate control can be marshalled, tested and strengthened within the Assurance Framework. It forms part of a series of strategies and systems for improving and

strengthening practices and governance arrangements so that safe and high quality health and social care are provided to all that need them.

The framework work sits alongside the Corporate Risk Register system and the Controls Assurance process, which underpins all aspects of the business of Health & Social Care (HSC) clinical and social care, financial and organisational and which supports the Trust’s governance arrangements.

The commissioning and provision of health and social care services by the Trust requires quality assurance and risk management. They also require organisational governance, such as management of personnel, financial efficiency and systems efficiency, as much as clinical and social care governance; all the various elements of governance need to be managed and this is done via the Assurance Framework, Risk Management and Governance Strategies. These strategies are subject to annual review.

A key source of assurance is the reports from Internal Audit. The annual Audit Plan is based on key risks and systems within the organisation. As part of its annual audit programme for 2014/15, Internal Audit reviewed the Trust’s Risk Management and Governance arrangements and in January 2015 reported satisfactory assurance on the system of internal control for Risk Management and Governance.

Controls Assurance Standards

The South Eastern Health and Social Care Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2014/15.

The Organisation achieved the following levels of compliance for 2014/15, for those standards relevant to Charitable Funds:-.

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance	Audited by Internal Audit
Financial Management (<i>Core Standard</i>)	75% - 99% (Substantive)	86% (Substantive)	Yes
Governance (<i>Core Standard</i>)	75% - 99% (Substantive)	97% (Substantive)	Yes
Information Management	75% - 99% (Substantive)	79% (Substantive)	No
Management of Purchasing and Supply	75% - 99% (Substantive)	80% (Substantive)	No
Medical Devices and Equipment Management	75% - 99% (Substantive)	78% Substantive	No
Risk Management (<i>Core Standard</i>)	75% - 99% (Substantive)	93% (Substantive)	Yes

Sources of Independent Assurance

The South Eastern Health and Social Care Trust obtains Independent Assurance from the following sources:

Internal Audit

The South Eastern Health and Social Care Trust utilises an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis.

In 2014-15 Internal Audit reviewed the following systems, which have a relevance to Charitable Funds:

Audit Area	Level of Assurance
Human Resources, Payroll, Travel & Subsistence (HRPTS) – pre-transfer to BSO Shared Services	Limited
Non Pay Expenditure (FPL)	Limited
Bank and Cash (FPL)	Satisfactory
Adult Supported Living Client Monies(Trust and Independent Sector)	Satisfactory

In her annual report, the Head of Internal Audit provided the following opinion on the Trust’s system of internal control:-

“My overall opinion for the year ended 31 March 2015 is that there is a satisfactory system of internal control designed to meet the organisation’s objectives. However, the use of the new financial systems requires further embedding”.

Management accept all of the audit findings and there are action plans in place to address all findings.

Internal Audit provide limited assurance in respect of the following audits

HRPTS

Limited Assurance was issued in respect of a number of priority one findings in respect of new system and Shared Services development, overpayments, sickness payments, reconciliation of control accounts, recording of cumulative mileage and access rights and segregation of duties. This audit was completed prior to go live and Trust management have made good progress in addressing the priority one findings. At year end, of the 13 priority one findings identified, 10 had been fully implemented, two partially implemented and one finding in respect of access rights and segregation of duties was not implemented. An action plan is in place to address this.

Non Pay Expenditure

Limited assurance was issued due to a number of priority one findings in respect of the Trust’s management of BSO Shared Services, particularly in respect of agreeing Key Performance Indicators and signing the Service Level Agreement, super user

access, checks in respect of trader amendments and additions and the functionality of the FPL system to monitor expenditure against contract

The payments function was transferred to BSO Shared Services during 2014/15 and through the work carried out locally and between both parties, all of the priority one findings had been implemented at year end with the exception that the Trust is to obtain regular assurances from BSO that regular checks are to be carried out in respect of trader amendments.

Shared Services Audits

During the year a number of audits have been conducted in BSO Shared Services. As the Trust is a customer of BSO Shared Services, the audit reports have been shared with the Trust and summary of the reports has been provided to the Trust’s Audit Committee. The recommendations in these Shared Service audit reports are the responsibility of BSO Management to take forward and the reports have been presented to BSO Governance & Audit Committee.

Shared Services Audit	Level of Assurance
Payments Shared Service (as at September 2014)	Limited
Payments Shared Service (as at March 2015)	Satisfactory – Overall Limited – Management of Duplicate Payments
Payroll Shared Service (as at September 2014)	Limited
Payroll Shared Service (as at February 2015)	Limited
Income Shared Service	Satisfactory
Business Services Team	Satisfactory
Shared Service Governance	Satisfactory

Across these audit reports, the need to define roles and responsibilities of the Shared Service centres and customer organisations including clarity over controls exercised is a common theme.

Limited assurance has been provided in respect of the Payroll Shared Service Centre and a significant number of priority one findings and recommendations have been reported. Improvement is required particularly in the following areas: variance checking; management and reporting of overpayments; authorisation and processing of additional payments; management of and assurance over supplier access and responsibilities; and HRPTS access controls and privileges.

Limited assurance was initially provided in respect of the Payments Shared Service Centre however following improvements in processes and controls, satisfactory assurance was provided in late 2014/15. Further improvement is still required particularly in respect of management of duplicate payments, for which Limited assurance is still specifically provided.

At 2014/15 year end, Internal Audit followed up on the implementation of priority one and priority two BSO shared service recommendations, where the implementation date had passed. 46 2014/15 shared service recommendations were included in the BSO year-end follow up. 61% of these 2014/15 recommendations were fully implemented at the time of review, 33% were partially implemented and 6% were not yet implemented. These figures exclude recommendations that were previously reported in an earlier audit report or where the implementation date is not yet due. In total, 221 BSO shared service/business services transformation programme recommendations were followed up at year end, from reports dating from 2012/13 onwards. 78% of these recommendations have been fully implemented, 18% partially implemented and 4% were not yet implemented at the time of review.

Other Sources of Independent Assurance

The Trust also receives independent assurance from the following bodies:-

- Northern Ireland Audit Office – Provides an independent opinion on whether the Trust's Public Fund Accounts and Charitable Trust Funds Accounts present a true and fair view in respect of the Trust's financial activities.
- Regulation and Quality Improvement Authority – On the extent to which the services provided by the Trust, or those commissioned from third party providers, comply with applicable quality standards.
- Annual BSO Assurance Letter in respect of Shared Services functions.
- Social Services Inspectorate for older people and childrens' services.
- Medicines and Healthcare Products Regulatory Agency (MHRA) through regular inspections and reports.
- General Medical Council (GMC), General Dental Council (GDC), NI Medical and Dental Training Council (NIMDTA) and various Royal Colleges.

The Board assures itself on the quality of the information which comes to it through the following methods:-

- Feedback from Directors (via Assessment of skills, etc) on whether information meets their needs.
- Open debate, via Workshops, on level of detail, format, coverage and prioritisation of papers to Trust Board.
- Use of Patient Stories to confirm/assure on standard of services.
- Internal Audit assurance on Finance (and other) information.
- External Audit opinion on Annual Accounts.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal governance. My review of the effectiveness of the system of internal governance is informed by the work of the internal auditors and the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the relevant internal mechanisms, Audit Committee, Governance Assurance Committee, Corporate Control Committee and the Safety & Quality

Committee, and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Trust has a robust system of internal control in place within the organisation that supports the achievement of the policies, aims and objectives of the organisation. It is built on a comprehensive set of committees covering all aspects of governance including clinical and social care governance, risk management (including organisational controls) and financial controls.

The Trust Board regularly considers reports contained in the Assurance Framework/Corporate Risk Register faced by all areas within the Trust. This report contains information on levels of assurances, gaps in assurances and controls and actions plans to mitigate any shortfalls.

The Audit Committee met on 5 occasions during 2014/2015 and regularly considered the effectiveness of internal controls. It approves and endorses the Internal Audit programme of work which is risk based. Regular progress and follow up reports are provided to the Audit Committee. The Audit Committee provides an Annual Report on the effectiveness of the Committee to the Board. It also receives the draft Head of Internal Audit Opinion and recommends approval of the draft Statement of Internal Control to the Board. In addition, it reviews progress on implementing internal and external audit recommendations.

The Governance Assurance Committee met on 4 occasions during 2014/2015 and considers the effectiveness of the Trust's governance arrangements. The Chairman of this Committee is a member of the Audit Committee. Likewise, the Audit Committee Chairman sits on the Governance Assurance Committee. This committee reports to the Trust Board on a quarterly basis and provides assurances on all aspects of Governance (except financial controls). The Governance Assurance Committee provides an Annual Report on the effectiveness of this Committee to the Board.

The Audit Committee is responsible for the financial systems of internal control, and oversees the work and outputs of Internal Audit. It also reports directly to the Trust Board. The Corporate Control and Safety & Quality Committees and their associated committees form the main strands within the governance framework for the delivery of governance and risk agendas and report to the Governance Assurance Committee.

Non-Executive Directors sit on the Corporate Control and Safety & Quality Committees, Governance Assurance and the Audit Committees. The minutes of all sub committees are shared with the respective parent committee and the minutes of the Audit and Governance Committees are circulated to the Trust Board.

On 31 March 2015, the Trust submitted its self-assessment of the Board Governance Self Assessment Tool (issued in November 2014). An action plan has been developed to address any areas on non-compliance. The report of the Independent Verifier on the BGSAT supported the ratings in the Trust's self-assessment both of which were submitted to the Department on 31 March 2015.

The Trust has in place a process for reviewing receipt of external reports/inquiries to ensure that lessons are learnt and actions implemented, as necessary. During the year a number of key reports were received. Baseline assessments were completed and action plans prepared and tracked via the Safety & Quality Committee.

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook 6 Controls Assurance audits – the results are detailed in the table above. The Audit Committee agreed the internal audit plan for period April 2014 to March 2015 at its meeting on 12 May 2014.

The Board Secretary maintains a Register of Declaration of Interests and Register of Interests which is reviewed on annual basis (or sooner, if changes are notified by Board members) and is available on request for members of the public. In addition, Board members provide an annual statement confirming compliance with the Code of Conduct and Accountability.

In conclusion, as Accounting Officer, I am satisfied with the system of internal control within South Eastern Health and Social Care Trust.

Internal Governance Divergences

Progress on Prior Year Issues

There was no significant control divergences relevant to Charitable Funds identified in the prior year.

New Control Divergences

There are no new issues which are relevant to the Charitable Funds.

Conclusion

The South Eastern Health & Social Care Trust has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

Further to considering the accountability framework within the Body and in conjunction with assurances given to me by the Head of Internal audit, I am content that the Trust has operated a sound system of internal governance during the period 2014 -15.



Hugh McCaughey
Accounting Officer

8 June 2015

SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST - CHARITABLE TRUST FUNDS

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the South Eastern Health and Social Care Trust's Charitable Trust Funds for the year ended 31 March 2015 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the South Eastern Health and Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the incoming resources and application of outgoing resources recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of South Eastern Health and Social Care Trust's Charitable Trust Fund's affairs as at 31 March 2015 and of its incoming and outgoing resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services & Public Safety directions issued thereunder.

Opinion on other matters

In my opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
19th June 2015*

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

Statement of Financial Activities for the year ended 31 March 2015

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	2014 Total Funds £000
INCOMING RESOURCES						
Incoming resources from generating funds						
Voluntary Income	2	77	188	0	265	209
Activities for generating funds						
Investment income	3	27	130	0	157	189
Incoming resources from charitable activities	4	0	0	0	0	0
Other incoming resources		0	0	0	0	0
Total Incoming Resources		104	318	0	422	398
RESOURCES EXPENDED						
Costs of Generating funds						
Costs of generating voluntary income		0	0	0	0	0
Fundraising trading: Costs of goods sold and other costs		0	0	0	0	0
Investment management costs		0	0	0	0	0
Charitable Activities	6	(482)	(940)	0	(1,422)	(1,220)
Governance Costs	5	(13)	(61)	0	(74)	(72)
Other Resources Expended		0	0	0	0	0
Total resources expended		(495)	(1,001)	0	(1,496)	(1,292)
Net incoming/(outgoing) resources before transfers		(391)	(683)	0	(1,074)	(894)
TRANSFERS						
Gross transfers between funds	8	71	(71)	0	0	0
Net Incoming/(Outgoing) Resources before other recognised gains and losses		(320)	(754)	0	(1,074)	(894)
OTHER RECOGNISED GAINS/LOSSES						
Gains/(losses) on revaluation of fixed assets for charity's own use		0	0	0	0	0
Gains/(losses) on investment assets	12	85	280	0	365	263
Net Movement in Funds		(235)	(474)	(0)	(709)	(631)
Adjustment to add back: Notional Audit Fee		6	0	0	6	7
Net Movement in Funds excluding Notional Audit Fees		(229)	(474)	(0)	(703)	(624)
RECONCILIATION OF FUNDS						
Fund balances brought forward at 1 April 2014		934	5,390	61	6,385	7,009
Fund balances carried forward at 31 March 2015		705	4,916	61	5,682	6,385

The notes at pages 32 to 44 form part of this account.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS
Balance Sheet as at 31 March 2015

	Notes	31 March 2015 £000 £	31 March 2014 £000 £
Fixed Assets			
Intangible assets		0	0
Tangible assets	11	100	100
Heritage assets		0	0
Investments:	12	0	0
Investments		5,724	6,703
Programme related investments			
Total Fixed Assets		<u>5,824</u>	<u>6,803</u>
Current Assets			
Stock		0	0
Debtors	13	55	20
Short term investments and deposits		0	0
Cash at bank and in hand.		263	365
Total Current Assets		<u>318</u>	<u>385</u>
Creditors: Amounts falling due within one year	14.1	(460)	(803)
Net Current Assets/ (Liabilities)		<u>(142)</u>	<u>(418)</u>
Total Assetsless CurrentLiabilities		5,682	6,385
Creditors: Amounts falling due after more than one year	14.2	0	0
Provision for liabilities and charges		0	0
Net Assets		<u>5,682</u>	<u>6,385</u>
Funds of the Charity			
Restricted income funds	15	4,916	5,390
Endowment funds	15	61	61
Unrestricted income funds	15		
Unrestricted income funds		610	839
Revaluation reserve		95	95
Total unrestricted funds		<u>705</u>	<u>934</u>
Total charity funds		<u>5,682</u>	<u>6,385</u>

The notes at pages 32 to 44 form part of this account.

Signed:

Date:

8th June 2015

Hugh McCaughey
Accounting Officer

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

Notes to the accounts

1. Accounting policies

1(a) Basis of preparation

The financial statements have been prepared in accordance with 'Accounting and Reporting by Charities' The Statement of Recommended Practice issued in March 2005, and with relevant guidance issued by the DHSSPS.

1(b) Incoming resources

All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:

- i) entitlement – arises when a particular resource is receivable or the charity's right becomes legally enforceable;
- ii) certainty – where there is reasonable certainty that the incoming resource will be received;
- iii) measurement – when the monetary value of the incoming resources can be measured with sufficient reliability.

1(c) Incoming resources from legacies

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

1(d) Gifts in kind

- i) Assets given for distribution by the charity are included in the Statement of Financial Activities only when distributed.
- ii) Assets given for use by the charity (e.g. property for its own occupation) are included in the Statement of Financial Activities as incoming resources when receivable.
- iii) Gifts made in kind but on trust for conversion into cash and subsequent application by the charity are included in the accounting period in which the gift is sold.

In all cases the amount at which the gifts in kind are brought into account is either a reasonable estimate of their value to the charity or the amount actually realised. The basis of the valuation is disclosed in the annual report.

1(e) Intangible income

Intangible income (e.g. the provision of free accommodation) is included in the accounts with an equivalent amount in outgoing resources, if there is a financial cost borne by another party. The value placed on such income is the financial cost of the third party providing the resources.

1(f) Resources expended and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All expenditure is recognised once there is a legal or constructive obligation committing the charity to the expenditure. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1 (g) Allocation of support costs and overheads

Support costs and overheads have been allocated between Governance Costs and Charitable Activities. Costs which are not wholly attributable to an expenditure category have been apportioned. The analysis of support costs and the bases of apportionment applied are shown in note 5. Where costs are shared by two or more charitable activities, support costs have been apportioned between categories and this is analysed in note 6.

1 (h) Costs of generating funds

The costs of generating funds are the cost of investment management fees.

1 (i) Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs comprise direct costs and an apportionment of overhead and support costs as shown in note 5.

1 (j) Governance costs

Governance costs comprise all costs incurred in the governance of the charity. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.

1 (k) Fixed assets

Capitalisation

All assets falling into the following categories are capitalised:

- i) computer software licences are capitalised as intangible assets where they are capable of being used for more than one year and have a cost, individually or as a group, equal to or greater than £5,000;

- ii) tangible assets which are capable of being used for a period which could exceed one year, and have a cost in equal to or greater than £5,000;
- iii) groups of tangible fixed assets which are interdependent or would normally be provided or replaced as a group with a total value in excess of £5,000 and an individual value of £1,000 or more.

Valuation

Intangible fixed assets held for operational use are valued at historical cost. Surplus intangible assets are valued at net recoverable amount. Tangible fixed assets are valued as follows:

- i) land, buildings, installations, and fittings are stated at open market value for their existing use. Valuations are carried out professionally at five-yearly intervals. Between valuations an appropriate index is applied to revalue the assets.
- ii) equipment is valued at estimated net current replacement cost;
- iii) assets in the course of construction are valued at current cost.

Depreciation

Depreciation is charged on a straight line basis on each main class of tangible asset as follows:

- land and assets in the course of construction are not depreciated;
- buildings, installations, and fittings are depreciated on their current revalued amount over the assessed remaining life of the asset as advised by the professional valuers;
- equipment is depreciated evenly over the estimated life of the asset.

Impairments

Impairments, where incurred in the year are separately identified in Note 11 and charged to the funds of the charity where caused by price fluctuations and to the Statement of Financial Activities for the year when the impairment was recognised.

1 (l) Donated assets

Donated Assets are capitalised at their valuation on a full replacement cost basis on receipt and are revalued and depreciated as described above.

1 (m) Investment fixed assets

Investment Fixed Assets are shown at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Property assets are not depreciated but are shown at market valuation.

Quoted stocks and shares are included in the balance sheet at mid-market price ex-div.

Other investment fixed assets are included at trustees' best estimate of market value.

1 (n) Realised and Unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchased date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

1 (o) Funds structure

Where there is a legal restriction on the purposes to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment fund. Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Trustees have chosen to earmark for set purposes are classified as designated funds.

1 (p) Pensions

The Charitable Trust Fund has no employees.

1 (p) Charitable Trust Account Consolidation

From 2013-14 the FReM consolidation accounting policy requires the HSC Trusts and ALBs financial statements to consolidate the financial performance and accounts of controlled charitable organisations and funds held on trust. The HSC Trusts and ALBs has accounted for these transfers using merger accounting as required by the FReM. It is important to note however the distinction between public funding and the other monies donated by private individuals still exists. All funds have been used by South Eastern Health and Social Care Trust as intended by the benefactor. It is for the Gifts and Endowments/Charitable Trust Fund Committee within Trusts to manage the internal disbursements. The committee ensures that charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation. All such funds are allocated to the area specified by the benefactor and are not used for any other purpose than that intended by the benefactor. Charitable Trust Funds Accounts continue to be prepared and laid separately before the Assembly.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

2. Analysis of voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 Funds £000	Total 2014 Funds £000
Donations from individuals	8	188	196	203
Corporate donations	0	0	0	0
Legacies	69	0	69	6
Grants	0	0	0	0
other	0	0	0	0
Total	77	188	265	209

3. Gross investment income

	2015 Total Funds £000	2014 Total Funds £000
Gross income earned from:		
Fixed asset equity and similar investments	157	189
Fixed asset cash on deposit	0	0
Current asset investments	0	0
Other	0	0
Total	157	189

4. Incoming resources from charitable activities

There are no incoming resources from charitable funds.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

5. Allocation of support costs and overheads

	2015 Total Funds	Allocated to Governance	Charitable activities	Basis of apportionment
	£000	£000	£000	
Financial Administration	68	68	0	Fully allocated to Charitable Activities
Salaries and related costs	0	0	0	
Staff training	0	0	0	
Staff recruitment	0	0	0	
Office rent	0	0	0	
Internal Audit	0	0	0	
External Audit	6	6	0	Fully allocated to Governance
Telephone/ Postage/ Stationery	0	0	0	
Bank Charges	0	0	0	
Other professional expenses	0	0	0	
Insurance	0	0	0	
Other	0	0	0	
Total	74	74	0	

6. Analysis of charitable expenditure

	Grant funded activity	Support Costs	Total 2015
	£000	£000	£000
Medical research	10	0	10
Purchase of new equipment	211	0	211
Building and refurbishment	0	0	0
Staff education and welfare	343	0	343
Patient education and welfare	858	0	858
Other	0	0	0
Total	1,422	0	1,422

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

7. Analysis of grants

In 2014/2015 grants payable of £0k (£26k 2013/2014) related to expenditure made from charitable trust funds for the purchase of medical equipment. This equipment has been donated to and is for the use by the South Eastern HSC Trust. The unconditional legal title of these assets has been passed to the South Eastern HSC Trust. The expenditure in respect of these items is included in Note 6 under the “purchase of new equipment”.

8. Transfers between funds

There was transfer of £71k Unrestricted and Restricted Funds during the year.

9 Analysis of staff costs:

No staff costs were incurred during the year.

10. Auditor’s remuneration

The auditor’s remuneration of £6k related solely to the audit with no other additional work undertaken (2014 £7k).

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

11. Total tangible fixed assets

	Freehold Land & Buildings	Other interests in Land and Buildings	Computer Equipment	Plant and Machinery	Fixtures, Fittings and Equipment	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
Balance at 1 April 2014	100	0	0	0	0	0	100
Additions	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Cost/Valuation at 31 March 2015	100	0	0	0	0	0	100
Accumulated Depreciation:							
Balance at 1 April 2014	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Charge for the year	0	0	0	0	0	0	0
Balance at 31 March 2015	0	0	0	0	0	0	0
Net Book Value at 31 March 2014	100	0	0	0	0	0	100
Net Book Value at 31 March 2015	100	0	0	0	0	0	100
Historic cost at 31 March 2015	2	0	0	0	0	0	2

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

12. Analysis of fixed asset investments

12.1 Investments in a Common Investment Fund

	2015 £000	2014 £000
Market value at 1 April 2013	6,703	7,751
Net cash inflow/(outflow)	(1,500)	(1,500)
Share of income	157	189
Share of realised gains/(losses)	66	56
Share of unrealised gains/(losses)	298	207
Market value at 31 March 2014	5,724	6,703

12.2 Movement in fixed asset investment

There was no movement in fixed asset investment during the year.

12.3 Market value as at 31 March 2015

	Held in UK £000	Held outside UK £000	2015 Total £000	2014 Total £000
Investment properties	0	0	0	0
Investments listed on Stock Exchange	0	0	0	0
Investments in CIF	5,724		5,724	6,703
Investments in a Common Deposit Fund or Investment Fund	0	0	0	0
Unlisted securities	0	0	0	0
Cash held as part of the investment portfolio	0	0	0	0
Investments in connected bodies	0	0	0	0
Other investments	0	0	0	0
Total market value of fixed asset investments	5,724	0	5,724	6,703

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

13. Analysis of debtors

	2015 £000	2014 £000
13.1 Amounts falling due within one year		
Trade debtors	0	0
Prepayments	0	0
Accrued income	0	0
Other debtors	55	20
Total	<u>55</u>	<u>20</u>

13.2 Amounts due over one year:

No debtors were due over one year.

14. Analysis of creditors

14.1 Amounts falling due within one year

	2015 £000	2014 £000
Loans and overdrafts	0	0
Trade creditors	0	0
Other creditors	0	0
Accruals	(460)	(803)
Deferred income	0	0
Total	<u>(460)</u>	<u>(803)</u>

14.2 Amounts falling due after more than one year

No creditors were due over one year.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

15 Analysis of charitable funds

	Balance at 1 April 2014 £000	Incoming resources £000	Resources expended £000	Transfers £000	Gains and losses £000	Fund at 31 March 2015 £000
Endowment funds						
Down & Lisburn Endowment Fund	61	0	0	0	0	61
Other (individually less than 5%)	0	0	0	0	0	0
Endowment funds total	61	0	0	0	0	61
Restricted Funds						
Robert Moorhead Bequest	699	25	(237)	0	37	524
McDermot Fund	533	96	(36)	0	35	628
UHD Ethel Agar	1,041	26	(51)	0	62	1,078
UHD Special Care Baby Unit	283	13	(11)	0	17	302
LVH Cardiac Fund Fund b	349	8	(133)	0	18	242
Other (individually less than 5%)	2,485	150	(533)	(71)	111	2,142
Grand Total	5,390	318	(1,001)	(71)	280	4,916

Endowment funds are used to generate income whilst maintaining the capital value of the funds. Income earned from these funds are apportioned against all other funds and used for charitable purposes. The endowment funds generated £2k of income from dividends in year.

Analysis of unrestricted and material designated funds	Balance at 1 April 2014 £000	Incoming resources £000	Resources expended £000	Transfers £000	Gains and losses £000	Fund at 31 March 2015 £000
Bangor Hospital General	405	10	(309)	0	22	128
Ulster Hospital General	337	15	(73)	21	33	333
Ards Community Hospital	50	3	(8)	0	3	48
Bangor Community Hospital	56	2	(11)	50	19	116
Other (individually less than 5%)	86	74	(88)	0	8	80
Total	934	104	(489)	71	85	705

Some of the opening balances are not the same as the closing balances in the previous year's accounts. This is because the individual funds listed can change year to year dependent on meeting the 'more than 5% of total value' criteria.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

16. Contingencies

There are no contingent losses or gains.

17. Commitments

There are no material commitments.

18. Financial Guarantees

There are no material guarantees given.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

19 Related party transactions

During the year none of the Trustees or members of the key management staff or parties related to them has undertaken any material transactions with the South Eastern HSC Charitable Trust Funds.

Board Members (and other senior staff) take decisions both on Charity and Exchequer matters but endeavour to keep the interests of each discrete and do not seek to benefit personally from such decisions. Declarations of personal interest have been made in both capacities and are available to be inspected by the public.

The Charitable Trust has made revenue and capital payments to the South Eastern HSC Trust where the Trustees are also members of the Trust.

The administration of the Trust Funds of the South Eastern HSC Trust is carried out by employees of South Eastern H&SC Trust. The cost to the Trust Funds for the year amounted to £68k (£65k 2013/2014) and is included within Financial Administration in Note 5.