

The Annual Report and Accounts of the Charitable Trust Funds held  
by the South Eastern HSC Trust  
for the year ended 31 March 2017

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.

On

28th June 2017

## **Annual Report of the Trustees of the Charitable Trust Funds held by the South Eastern HSC Trust for the year ended 31 March 2017**

### **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 1<sup>st</sup> 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 (DoH) 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 2015/16 this constituted the following:

#### **Non-executive members**

Colm McKenna (Chairman)  
Noel Brady  
Dr Maura Briscoe  
Francesca Graham – retired December 2016  
Nigel Mansley – retired December 2016  
Maynard Mawhinney  
John Trethowan – retired December 2016  
Joan O'Hagan – started 1 January 2017  
Helen Minford – started 1 January 2017

Laura O'Neill – started 1 January 2017  
Jonathan Patton – started 1 January 2017

### **Executive members**

Mr H McCaughey	Chief Executive
Mr S McGoran	Director of Hospital Services
Mrs B Mongan	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
Mrs M Weir	Director of Human Resources
Mrs R Coulter	Director of Planning, Information & Performance Management
Mr B Whittle	Director of Children's Services/Social Work

### **Auditors**

Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

### **Bankers**

**South Eastern HSC Trust A/C**  
Bank of Ireland  
82, Main Street  
Bangor  
Co Down  
BT20 4AG

**Northern Ireland HSS Charities Common Investment A/C**  
Bank of Ireland  
Belfast City Branch  
Donegal Place  
Belfast  
BT1 5BX

### **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 2016/17 was as follows:

Mr N Guckian	Director of Finance and Estates
Ms N Patterson	Director of Primary Care, Elderly and Nursing
Mrs H Minford	Non-executive Director (Chair) – Appointed January 2017
Mrs L O'Neill	Non-executive Director – Appointed January 2017
Mr M Schubert	Assistant Director of Finance
Dr C Martyn	Medical Director
Mr N Mansley	Non-executive Director (Chair) - Retired December 2016

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 (DoH) 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 3 times in 2016/17 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	0
Purchase of new equipment	336
Building & refurbishment	13
Staff education and welfare	42
Patient education and welfare	87
Other	10
<b>Total</b>	<b>488</b>

### **Achievements and Performance**

During the year the Charitable Funds continued to engage in activities commensurate with its objectives. Over £480k 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 £336k of new and specialist equipment and £87k on patients' education and welfare and £42k 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 increased in the year by £649k.

### **Financial Review**

#### **Introduction**

This is the annual report for the Trust Funds of the South Eastern Health and Social Care Trust for the year from 1 April 2016 to 31 March 2017.

Under Article 91 of the Health and Personal Social Services (NI) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the South Eastern Health and Social Care Trust is required to prepare annual accounts in respect of endowments and other property held on trust by it in a form determined by the Department of Health (DoH). This format is in accordance with the requirements of the Charities Statement of Recommended Practice (SORP) (FRS 102) and relevant guidance issued by Department of Health (DoH).

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 £380k was received, a decrease of £97k from 2015/2016. £250k was received in donations compared to £333k in 2015/16. Investment income is down by £14k from 2015/16, due to market performance.

### **Expenditure**

Total direct charitable expenditure for the year amounted to £488k, an increase of £4k from 2015/16. This expenditure was primarily on purchase of equipment and patient education and welfare at £423k. The remainder of expenditure was on staff education and other at £65k.

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

### **Financial position at year end**

Total fund balances were £5,984k, consisting of £5,152k of restricted funds and £771k 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 Charities Commission NI in January 2015; however the Charities Commission NI withdrew all applications for registration by HSCNI Trusts in December 2016 to facilitate discussions with the Department of Health and HSCNI Trusts on the way forward. These discussions will be progressed in 2017/18.

## **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, 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. 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 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 (FRS102) 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 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.



**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 29 to 42) 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.



Director of Finance

2 June 2017

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 29 to 42) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chairman

2 JUNE 2017

Date



Chief Executive

2 JUNE 2017

Date

## **GOVERNANCE STATEMENT**

### **Introduction / Scope of Responsibility**

The Board of the South Eastern Health and Social Care Trust (the 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 (DoH).

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 DoH, 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 DoH, and monthly meetings with HSCB.

### **Compliance with Corporate Governance Best Practice**

The 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 2017, the Trust completed its fifth formal baseline assessment of the Department of Health's (the Department) document entitled 'Board Governance Self-Assessment Tool (BGSAT)'. 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

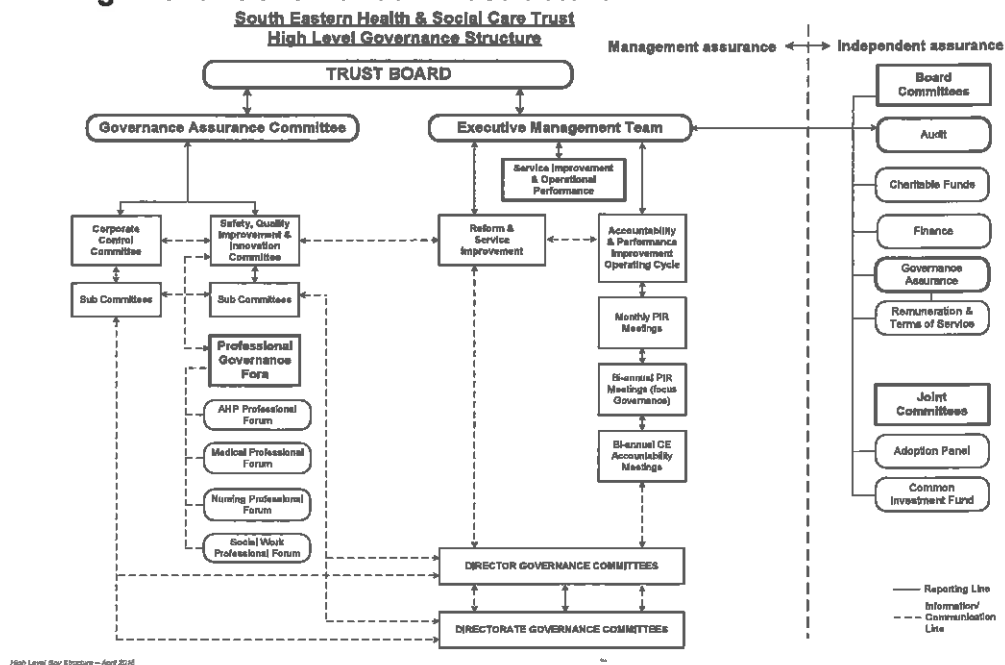
One Board Impact Case Study was also completed. This covered the area of organisational change and the Board's role in bringing about change in respect of Learning Disability Day Services.

Each section was broken down into individual criteria and a Red, Amber and Green (RAG) rating was applied. There were a total of 17 criteria – 16 were rated as Green with 1 rated as Amber/Green and 0 as Amber/Red. Amber/Green rating 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. A plan was developed detailing the actions 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 29 March 2017. - In addition, Internal Audit completed a Board Effectiveness audit in December 2016 and a satisfactory level of assurance was noted.

### Governance Framework

The 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 for 2016/17 (see table 1 below) is further supported by the Trust’s own Assurance Framework, Risk Management and Governance Strategies. The Governance infrastructure was reviewed by the Corporate Control Committee at its meeting on the 20 January 2016. A number of improvements were made to the infrastructure and these became operational with effective from 1 April 2016. Table 1 below depicts the high level governance infrastructure.

**Table 1 – High Level Governance Infrastructure**



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**

<b>Board/Committee</b>	<b>Number of meetings</b>	<b>% Attendance</b>
Trust Board	9	91
Audit Committee	4	94
Charitable Trust Funds Committee	3	81
Finance Committee	4	77
Governance Assurance Committee	4	68
Remuneration & Terms of Service Committee	2	94

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 work of the Committee to the Board during the year.

The Charitable Funds Committee, chaired by a Non-Executive Director, meets not less than 3 times per year in line with its Terms of Reference and Programme of Work. Its main role is to oversee the administration, including banking arrangements, of Charitable Funds, their investment and disbursement. Following each meeting, the minutes of the Committee are submitted to the Trust Board, for information/noting

with the Chairman of the Committee highlighting any specific issues for the attention of the Trust Board. The Committee, on 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 submitted to the Trust Board.

The Finance Committee, chaired by a Non-Executive Director, meets on a bi-monthly basis, or more frequently, if required. In line with its Terms of Reference and Programme of Work. The committee is the delegated committee of the Trust Board with overall responsibility to ensure that the Trust Board delivers its statutory responsibility to breakeven. Following each meeting, the minutes of the Committee are submitted to the Trust Board, for information/noting with the Chairman of the Committee highlighting any specific issues for the attention of the Trust Board.

The Remuneration and Terms of Service Committee, is chaired by the Chairman of the Board. It meets as required by the Chairman of the Board and at least once per year. Its main function is to advise the Board on performance, development, succession planning and appropriate remuneration and terms of service for the Chief Executive and all Senior executives, guided by Departmental policy. The Committee reports, on an annual basis, to the Trust Board (in a confidential meeting) the basis for its decisions and recommendations and seeks the necessary approval to its recommendations (circa June).

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 Improvement & Innovation Committee (both meet on a quarterly basis). These committees are further supported by a range of sub committees aligned to both areas. Each sub-committee 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 Improvement & Innovation Committee supports the work of the Governance Assurance Committee under the chairmanship of the Chief Executive. 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 Improvement & Innovation 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 DoH 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 DoH 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 2011. Following discussions on a regional basis and to align with the Department of Health's planning process an addendum to the Corporate Plan 2011-2015 was approved for a further one year period to the 31 March 2016 by the Trust Board on 27 August 2015, and a further one year addendum was approved in May 2016. 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 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 with all Directorates. This also includes compliance with the governance, risk management and safety, quality and experience agendas.

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

During 2016/17, 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 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 on 25 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. All documents were reviewed and updated in December 2016, the outcome of which was reported to the Governance Assurance Committee at its meeting on 15 December 2016.

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). It is updated on an annual basis (circa December each year).

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 2016, 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 2016/17 Corporate Risk Register. A total of 17 risks were on the register at the beginning of 2016/17 and this was reduced to 16 at the end of September 2016. The details as listed below:-

- 17 of the existing 19 Corporate Risk Register (2015/2016) were carried forward into the 2016/2017 Corporate Risk Register with new action plans developed, as appropriate;
- 2 items were closed and remitted to management at Directorate Risk Register level:-
  - ID1726 – Child Sex Exploitation



- ID1785 – Business Continuity Arrangements
- All forms were reviewed for accuracy and updated for scoring, control measures and new action plans inserted, as appropriate;
- No new items were added to the register; and

A total of 17 items were on the Corporate Risk Register for 2016/2017. One item - ID 1735 (Allegations of abuse – Rathgael Training Centre) was closed on the register as at 30/9/16. There were a total of 69 action point items (across all 17 CRR pro formas) and all items have been closed off as at 31 March 2017.

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 and Control of Substances Hazardous to Health (COSHH). In addition, a range of other training was delivered for e.g. Induction, Practical Manager, Incident Reporting, Emergency Preparedness, and Information Governance courses. In addition, Two major training programmes were delivered during 2016/17:-

- Effective Written Responses to Complaints Training (Sept 2016) which focussed on providing staff investigating complaints, with effective response writing skills;
- Significant Event Audit training (Sept/October 2016) which helped equip Directorate staff in undertaking Level 1 Serious Adverse Incident reports (Significant Event Audits) including engagement with service users.

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's Incident Policies and Procedures are reviewed and updated on a regular basis.

There is regular consultation with key stakeholders and partners on risk for e.g., the Department of Health, 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 (December 2016) - satisfactory assurance was confirmed. There was 1 Priority 1 finding, - 1 Priority 2 finding 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. The IGSC reviewed its supporting sub-committee structure during 2016/2017 and has reduced its supporting sub-committees to four namely Acute, and Adult Services, Off-Site Storage and Data Quality. The Primary Care and Children's Sub-committees have been consumed into their respective Directorate Governance Committees which include Information Governance as a standing agenda item. The IGSC agenda format was also reviewed to ensure inclusion of presentations on Information Governance (IG) initiatives or projects that required IG input on a 6 monthly basis.

The continued role of the IGSC 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 the Corporate Risk Register.

The Trust is a public sector information holder and is subject to the terms of the Freedom of Information Act, 2000. The Trust's Senior Information Risk Owner (SIRO) has provided formal assurance to the Department, through completion of the mandatory annual SIRO assurance statement dated 26 February 2016.

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. A Chief Clinical Information Officer (CCIO) has also been appointed. 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 Department of Health as a result of its Data Protection Reviews 2007/08. The Director of Human Resources & Corporate Affairs attended SIRO Training on 16 May 2016. In addition, a number of Assistant Directors/Senior Managers across the Human Resource & Corporate Affairs and Planning, Performance & Informatics Directorates attended SIRO/IAO training on 29 November 2016.

The IGSC continued, in conjunction with its supporting working groups, to roll-out a challenging programme of work during 2016/17. This included a major Data Protection Training campaign as a result of the Information Commissioner's Office (ICO) issuing the Trust with an Undertaking in March 2016 as a result of two incidents reported to the ICO in 2015 & 2016. The Information Governance Sub-Committee established a Task Force (April 2016) to implement the recommendations set out in the Undertaking which focussed on data protection training/awareness and management and monitoring of training level. As at 31 December 2016, 98% of staff had completed training. The ICO confirmed on 24 October 2016 that their follow-up assessment had been completed and that they had been assured that the agreed Undertaking requirements had been appropriately implemented. All actions listed on the IGSC action plan 2016/2017 have been completed.

Internal Audit undertook an ICT Security & User Behaviours Audit in October 2016. Internal audit confirmed satisfactory level of assurance. Actions have been identified and these are currently being addressed and will carry forward to IGSC Action Plan for 2017/2018.

Both the Information Governance & ICT Controls Assurance Standard attained substantive compliance.

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 provision of off-site storage services tender was advertised by the Procurement & Logistics Service on 16 March, 2017. It is anticipated that the contract adjudication will be completed by 28 April, 2017 and the new contract will be awarded with effect from 1 June 2017. The suspension on record destruction, as a result of the Historical Institutional Abuse Inquiry, remains in place.

The Head of Information Governance continues to participate in the DoH Information Governance Advisory Group (IGAG) to ensure that the Information Governance

agenda is focused to meet the needs of the DoH strategic agenda. One key focus of the IGAG is to ensure the necessary preparation across Health & Social Care for the implementation of the General Data Protection Regulation (GDPR) in May 2018. An IGAG sub-committee, in which the Trust participates, has been established to take this work forward. Update reports are provided to the IGSC. In addition, the Trust is participating in a number of regional co-production projects with local Councils and the Department of Infrastructure to ensure that appropriate governance arrangements are in place for the sharing of data for new initiatives.

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 IGSC receives quarterly reports on all information governance incidents. In addition, all reported incidents of data loss or confidentiality breach in 2016/2017 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. The Trust did not report any incidents to the ICO during 2016/2017. The Trust is working with the Public Health Agency (PHA) in respect of a single email incident that occurred in the PHA (15/11/2016) involving a number of patient laboratory results, 44 of which related to this Trust. The incident was contained, and the recipient of the email has confirmed that the email was not opened and was destroyed immediately. The matter was referred to the ICO by the PHA. The outcome of the PHA & ICO investigation is awaited.

Any issues specifically identified by the IGSC are managed via the Risk Management & Governance Risk Register or are escalated to the Corporate Risk Register, as appropriate. The ICO undertaking was added to the Risk Management & Governance Risk Register as a Trust-wide risk in June 2016. Following the receipt of the ICO follow up decision, this item was subsequently removed (December 2016) from the aforementioned Risk Register.

The Trust is also committed to ensuring the security of information held in electronic form 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 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 Public 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 committee is to ensure the Trust meets its statutory obligations regarding Personal and Public Involvement 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 2016/17, Internal Audit reviewed the Trust's Risk Management arrangements and December 2016 and reported satisfactory assurance on the system of internal control for Risk Management.

## **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 2016/17.

The Organisation achieved the following levels of compliance for 2016/17

<b>Standard</b>	<b>DHSS&amp;PS Expected Level of Compliance</b>	<b>Trust Level of Compliance</b>	<b>Audited by Internal Audit</b>
<b>Financial Management</b>	75% - 99%	90% (Substantive)	Yes

<b>(Core Standard)</b>	<b>(Substantive)</b>		
<b>Governance (Core Standard)</b>	75% - 99% (Substantive)	97% (Substantive)	Yes
Management of Purchasing and Supply	75% - 99% (Substantive)	85% (Substantive)	No
Medical Devices and Equipment Management*	75% - 99% (Substantive)	64% (Moderate)	No
<b>Risk Management (Core Standard)</b>	75% - 99% (Substantive)	94% (Substantive)	Yes

*\*The Trust is currently recruiting a Medical Devices Manager to address this area in 2017/18.*

### 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 2016/17 Internal Audit reviewed the following systems:

<b>Audit Area</b>	<b>Level of Assurance</b>
Patients Private Property (Mental Health & Learning Disability)	Satisfactory
Private Patient Income	Limited
Management of Client Monies in Independent Sector Homes (including Adult Supported Living Services)	Satisfactory – majority of homes visited Limited - in respect of one home
Procurement & Contract Management- Fleet & Transport	Satisfactory – Fleet & Transport Procurement and Management of Vehicle Maintenance, Repairs and Fuel Limited - Management of the Use of Taxis
Non Pay Expenditure	Satisfactory
Payments to Staff	Limited
Absence Management	Satisfactory
Primary Care Elderly and Nursing Directorate	Satisfactory
Management of Patient Flow	Satisfactory
Complaints Management	Satisfactory
ICT Security: User Behaviour	Satisfactory
Board Effectiveness	Satisfactory
Risk Management	Satisfactory

#### Follow-up on previous Recommendations

A review of the implementation of previous priority one and priority two Internal Audit recommendations was carried out at mid-year and again at year-end. At year-end, 326 (85%) recommendations out of the 385 examined have been fully implemented, 58 (14%) recommendations have been partially implemented and 1 (1%) was not yet implemented at the time of review.

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 2017 is that there is a **satisfactory** system of internal control designed to meet the organisation's objectives.

Although I am content that overall there is a satisfactory system of internal control within the Trust, it is important to note that Limited assurance has been provided in a number of areas, including Payments to Staff, Management of Acute Falls and Private Patient Income"

#### Private Patient Income

Limited assurance was issued in respect of a number of priority one findings in respect of inadequate management of consultant job plans and the weaknesses in current practices in place to identify private activity and provide assurance that this does not clash with or have a detrimental impact on NHS work.

#### Management of Clients Monies in Independent Sector Homes (including Adult Supported Living Services)

Whilst satisfactory assurance was issued for the majority of homes visited, limited assurance was given for one of the homes visited in respect of resident agreements and named care managers.

#### Procurement & Contract Management- Fleet & Transport

Whilst this report was issued with satisfactory assurance for Procurement and Contracts Management – Fleet and Transport Contracts, it was Limited in respect of Management of the Use of Taxis relating to percentage of overall transport expenditure and controls for payment.

#### Payments to Staff

Limited assurance was issued in respect of a number of priority one findings. Improvement is required in the following areas: reporting of overpayments; travel claims accuracy; pension applications; system controls; and documentation held for new starts and leavers.

#### Incident Management- Acute Falls

Limited assurance was issued in respect of a number of priority one findings. These relate to delays in capturing falls information and lack of robust systems in place to appropriately grade and review incidents.

## Shared Services Audits

A number of audits (summarised below) have been conducted in BSO Shared Services, as part of the BSO Internal Audit Plan. 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
Payroll Shared Service (as at September 2016)	Limited
Payroll Shared Service (as at March 2017)	Unacceptable- Payroll System and Function stability Limited- Payroll Processing
Recruitment Shared Service (as at August 2016)	Limited
Recruitment Shared Service (as at February 2017)	Limited
Income Shared Service	Satisfactory
Business Services Team	Satisfactory
Payments Shared Service	Satisfactory
FPL Upgrade Testing	N/A, on-going into 2017/18

Limited assurance has repeatedly been provided in respect of the Payroll Shared Service Centre, with Unacceptable assurance being issued in March 2017 for Payroll System and Function Stability. A significant number of priority one findings and recommendations have been reported. Improvement is required particularly in the following areas: sustained system stability; superannuation contribution accuracy; Payroll Shared Services staffing and resourcing; management of overpayments; variance monitoring; management of customer queries; and maternity processing errors.

During 2016/17, 83% of internal audit recommendations received by the BSO were fully implemented, a further 15% were partially implemented and 2% were not yet implemented.

## Counter Fraud and Probity Services

In keeping with the position set out in the Trust Fraud Policy Statement, SEHSCT maintains a zero-tolerance approach to fraud and will not accept any level of fraud within the organisation. As such, where fraudulent activity has been proven, the Trust will rigorously pursue the recovery of public funds lost through such activity, and will seek to take action against the perpetrators of fraud where possible.

All identified suspected and actual frauds within the Trust are reported to the Audit Committee, BSO Counter Fraud and Probity Services and relevant Public Bodies.

## Other Sources of Independent Assurance

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

- External Audit Opinion on annual accounts – External Audit provide an independent opinion on the accounts to the Northern Ireland Assembly. Any



control weaknesses or added value issues that are identified, in the course of conducting the external audit, are communicated to the Audit Committee in the Report to Those Charged with Governance.

- 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 Improvement & Innovation 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 2016/17 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 2016/17 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 all Board Sub Committees (Audit, Charitable Funds, Finance, Governance Assurance and Remuneration) and the Corporate Control and Safety, Quality Improvement & Innovation y Committees, The minutes of all Board sub committees are shared with the Trust Board and the respective parent Committee.

The Trust completed its self-assessment of the Board Governance Self Assessment Tool which was approved by Trust Board on 29 March 2017 An action plan has been developed to address any areas on non-compliance.

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. Following a recent Internal Audit Report, it is intended to further strengthen these arrangements. 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 5 Controls Assurance audits – the results are detailed in the table above. The Audit Committee agreed the internal audit plan for period April 2016 to March 2017 at its meeting on 5 May 2016.

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 Accountable Officer, I am satisfied by the assurances provided by the Annual Reports of the Audit Committee and the Governance Assurance

Committee in respect of the reliability and integrity of the assurances provided by both Committees and of their comprehensiveness in meeting the needs of the Board and the Accounting Officer. Furthermore, I am of the opinion that the assurances available are sufficient to support the Board and the Accounting Officer in the decisions taken by them and in their accountability obligations and that a sound system of Internal Control is in place.

### **Procurement**

In order to minimise the risk of non-compliance with the Public Contract Regulations 2015, all DoH ALBs are extending CoPE cover for social and health care services in the Light Touch Regime. This is being taken forward by the ALBs via a formally constituted project, reporting to Regional Procurement Board.

### **Internal Governance Divergences**

#### **Update on Prior Year Control Issues which have been Resolved**

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

#### **New Internal Control Divergences 2016/17**

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 2016/17.



**Hugh McCaughey**  
**Accounting Officer**



**Date**

## **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- Charitable Trust Funds for the year ended 31 March 2017 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These financial statements 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 South Eastern Health and Social Care Trust, Accounting Officer and auditor**

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the South Eastern Health and Social Care Trust and Accounting Officer are 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 Practice 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 the South Eastern Health and Social Care Trust- Charitable Trust Funds' affairs as at 31 March 2017 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 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.

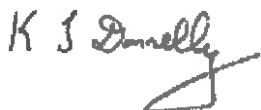
## **Matters on which I report by exception**

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'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*

*23 June 2017*

## **SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS**

### **Statement of Financial Activities for the year ended 31 March 2017**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Prior Year Funds £000
<b>Income and Endowments from:</b>						
Voluntary Income	2	25	225	0	250	333
Investment income	3	16	114	0	130	144
<b>Total Income</b>		41	339	0	380	477
<b>Expenditure on:</b>						
Charitable Activities	6	(2)	(486)	0	(488)	(484)
Governance Costs	5	(14)	(60)	0	(74)	(70)
<b>Total resources expended</b>		(16)	(546)	0	(562)	(554)
<b>Net Income/(Expenditure)</b>		25	(207)	0	(182)	(77)
<b>Transfers between funds</b>						
Gross transfers between funds	8	0	0	0	0	0
<b>Other Recognised gains/(losses)</b>						
Gains/(losses) on investment assets	12	103	723	0	826	(275)
<b>Net Movement in Funds</b>		128	516	0	644	(352)
<b>Adjustment to add back:</b>						
Notional Audit Fee		5	0	0	5	5
<b>Net Movement in Funds excluding Notional Audit Fees</b>		133	516	0	649	(347)
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 April 2016		638	4,636	61	5,335	5,682
<b>Fund balances carried forward at 31 March 2017</b>		771	5,152	61	5,984	5,335

The notes at pages 31 to 42 form part of this account.

## SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS


### Balance Sheet as at 31 March 2017

	Notes	Total Funds 31 March 2017 £000 £	Prior Year Funds 31 March 2016 £000 £
<b>Fixed Assets</b>			
Tangible assets	11	100	100
Investments:			
Common Investment Fund	12	5,549	5,093
<b>Total Fixed Assets</b>		5,649	5,193
<b>Current Assets</b>			
Debtors	13	20	29
Cash at bank and in hand		393	133
<b>Total Current Assets</b>		413	162
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	14.1	(78)	(20)
<b>Net Current Assets/ (Liabilities)</b>		335	142
<b>Total Assets less Current Liabilities</b>		5,984	5,335
Creditors: Amounts falling due after more than one year	14.2	0	0
<b>Total Net Assets</b>		5,984	5,335
<b>The Funds of the Charity</b>			
Restricted income funds	15	5,152	4,636
Endowment funds	15	61	61
Unrestricted income funds	15		
Unrestricted income funds		676	543
Revaluation reserve		95	95
<b>Total unrestricted funds</b>		771	638
<b>Total charity funds</b>		5,984	5,335

The notes at pages 31 to 42 form part of this account.

Signed:

Date: 2/06/17

  
 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 under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) (FRS 102) and with relevant guidance issued by the Department of Health. Where appropriate prior year comparatives have been restated. The financial statements have been prepared on a going concern basis. Update Bulletin 1 issued February 2016 amended the Charities SORP and a Statement of Cash Flows is now only required for larger charities. Larger charities include those charities with a gross income exceeding £500,000 in the reporting period. The Trust Funds of the South Eastern Health and Social Care Trust have a gross income of less than £500,000 and is therefore exempt from cash flow preparation.

##### **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 Funds have no employees.

### **1 (q) 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

#### **1 (r) Transition to FRS 102**

The Trust has presented its results under FRS102 (previously SoRP 2005). There are no changes in accounting policies and there are no numerical or disclosure changes in the previously reported results and total funds, therefore no reconciliation in results is required.

## **SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS**

### **2. Analysis of voluntary income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 Funds £000</b>	<b>Total 2016 Funds £000</b>
Donations from individuals	25	214	239	286
Legacies	0	11	11	47
<b>Total</b>	<u>25</u>	<u>225</u>	<u>250</u>	<u>333</u>

### **3. Gross investment income**

	<b>2017 Total Funds £000</b>	<b>2016 Total Funds £000</b>
<b>Gross income earned from:</b>		
Fixed asset equity and similar investments	130	144
<b>Total</b>	<u>130</u>	<u>144</u>

### **4. Incoming resources from charitable activities**

There are no incoming resources from charitable activities.

### **5. Allocation of support costs and overheads**

	<b>2017 Total Funds £000</b>	<b>Allocated to Governance £000</b>	<b>Charitable activities £000</b>	<b>Basis of apportionment</b>
Financial Administration	69	69	0	Fully allocated to Governance
External Audit	5	5	0	Fully allocated to Governance
<b>Total</b>	<u>74</u>	<u>74</u>	<u>0</u>	

## **SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS**

### **6. Analysis of charitable expenditure**

	<b>Grant funded activity</b>	<b>Support Costs</b>	<b>Total 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Medical research	0	0	0
Purchase of new equipment	336	0	336
Building and refurbishment	13	0	13
Staff education and welfare	42	0	42
Patient education and welfare	87	0	87
Other	10	0	10
<b>Total</b>	<b>488</b>	<b>0</b>	<b>488</b>

### **7. Analysis of grants**

In 2016/2017 grants payable of £161k (£76k 2015/2016) 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 SEHSCT Consolidated Accounts (Note 5) under the “donations of new equipment”.

### **8. Transfers between funds**

There were no transfers between 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 £5k related solely to the audit with no other additional work undertaken (2016 £5k).

## SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

### 11. Total tangible fixed assets

	Freehold Land	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
<b>Cost or valuation</b>							
Balance at 1 April 2016	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
<b>Cost/Valuation at 31 March 2017</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Accumulated Depreciation:</b>							
Balance at 1 April 2016	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
<b>Balance at 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2017</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Net Book Value at 31 March 2016</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Historic cost at 31 March 2017</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

## **SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS**

### **12. Analysis of fixed asset investments**

#### **12.1 Investments in a Common Investment Fund**

	<b>2017 £000</b>	<b>2016 £000</b>
Market value at 1 April	5,093	5,724
Net cash inflow/(outflow)	(500)	(500)
Share of income	130	144
Share of realised gains/(losses)	33	(41)
Share of unrealised gains/(losses)	793	(234)
<b>Market value at 31 March</b>	<b>5,549</b>	<b>5,093</b>

#### **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 2017**

	<b>Held in UK £000</b>	<b>Held outside UK £000</b>	<b>2017 Total £000</b>	<b>2016 Total £000</b>
Investments in CIF	5,549	0	5,549	5,093
<b>Total market value of fixed asset investments</b>	<b>5,549</b>	<b>0</b>	<b>5,549</b>	<b>5,093</b>

### **13. Analysis of debtors**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>13.1 Amounts falling due within one year</b>		
Trade debtors	0	0
Prepayments	0	0
Accrued income	0	0
Other debtors	20	29
<b>Total</b>	<b>20</b>	<b>29</b>

#### **13.2 Amounts due over one year:**

No debtors were due over one year.



## **SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS**

### **14. Analysis of creditors**

#### **14.1 Amounts falling due within one year**

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Loans and overdrafts	0	0
Trade creditors	0	0
Other creditors	0	0
Accruals	(78)	(20)
Deferred income	0	0
<b>Total</b>	<u>(78)</u>	<u>(20)</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 2016 £000	Incoming resources £000	Resources expended £000	Transfers £000	Gains and losses £000	Fund at 31 March 2017 £000
<b>Endowment funds</b>						
Down & Lisburn Endowment Fund	61	0	0	0	0	61
Other (individually less than 5%)	0	0	0	0	0	0
<b>Endowment funds total</b>	61	0	0	0	0	61
<b>Restricted Funds</b>						
Robert Moorhead Bequest	427	13	(73)	0	66	433
McDermot Fund	568	75	(107)	0	98	634
UHD Ethel Agar	1,004	26	(83)	0	164	1,111
UHD Special Care Baby Unit	272	21	(10)	0	46	329
LVH Cardiac Fund	216	8	(36)	0	32	220
Other (individually less than 5%)	2,149	196	(237)	0	317	2,425
<b>Grand Total</b>	4,636	339	(546)	0	723	5,152

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.

<b>Analysis of unrestricted and material designated funds</b>	Balance at 1 April 2016 £000	Incoming resources £000	Resources expended £000	Transfers £000	Gains and losses £000	Fund at 31 March 2017 £000
Bangor Hospital General	124	1	(1)	0	7	131
Ulster Hospital General	324	3	(1)	0	(10)	316
Ards Community Hospital	33	2	18	0	(16)	37
Bangor Community Hospital	83	20	(19)	0	(30)	54
Other (individually less than 5%)	74	15	(8)	0	152	233
<b>Total</b>	638	41	(11)	0	103	771

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.

### **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 £69k (£65k 2015/2016) and is included within Financial Administration in Note 5.