



Business Services
Organisation

Providing Support to Health and Social Care

**Business Services Organisation
Annual Report and Accounts
For the year ended 31 March 2015**

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For the year ended 31 March 2015

Laid before the Northern Ireland Assembly under the Health and Social Care (Reform) Act (Northern Ireland) 2009, schedule 3, paragraph 10(5) by the Department of Health, Social Services and Public Safety

on

29 June 2015

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BUSINESS SERVICES ORGANISATION

**ANNUAL REPORT FOR THE
YEAR ENDED 31 MARCH 2015**

Foreword from the Chair and Chief Executive

Welcome to the Annual Report and Accounts 2014-15 of the HSC Business Services Organisation.

Like the rest of the Health and Social Care family, we look back on what has been another busy and challenging, but productive year. Once again, our staff members have been recognised for their outstanding contributions to health and social care with a variety of regional and national awards. Our Board members have continued to visit the different BSO locations, meet our teams and talk to our people and have been struck by the high levels of professionalism and enthusiasm evident across the organisation. This was again highlighted in our Staff Recognition Awards in September 2014.

During the year, new systems and ways of working, including our Shared Services Centres (SSCs), have continued to stabilise and become embedded within the HSC. Some of the main achievements were as follows:

- Successful transition of all Trust payments functions to the Accounts Payable SSC in Greenmount House, Ballymena;
- Successful transition of all Trust income functions to the Accounts Receivable SSC in Tyrone and Fermanagh Hospital, Omagh;
- Successful transition of all Trust payroll, travel and subsistence functions to the Payroll SSC in Lesley House, Belfast;
- Reduction in invoicing average time to scan from six days to one day;
- Successful pilot of e-Recruitment system with BSO and Regional Organisations;
- Implementation and rollout of e-Recruitment system to all Southern Trust directorates.

On 28 November 2014, Minister Wells announced a review of administrative structures within the HSC. The terms of reference and scope of the review was formally issued by the Permanent Secretary, Mr Richard Pengelly, on 8 January 2015. The review encompasses the DHSSPS and all HSC organisations and focuses on the roles and relationships between regional bodies and “*the scope of any expansion of shared services within the Business Services Organisation in order to improve efficiency and effectiveness.*” We have provided input to the review and, at the time of writing, its outcome is awaited.

With our staff from within BSO and our partners from across the HSC, it is our aim to make an impact on customer and public experience and on financial stability over the next few years. We will do this through delivering and continuously improving our value-for-money and high quality business services. The Senior Management Team and the Board have spent a significant amount of time during 2014-15 developing a clear strategic direction. This is reflected in our new Corporate Strategy for 2015-18 and Annual Business Plan, which are both available on the BSO’s website and have been shared and discussed across the organisation.

The BSO Mission remains “*to deliver value for money and high quality business services to Health and Social Care, so contributing to the health and well-being of the population of Northern Ireland*”.

Our Strategic Objectives and Values for 2012-15 have served us well. However, in order to in order to help us fulfil our re-stated Mission in an increasingly challenging environment, we have reviewed our Strategic Objectives and Values, these are outlined in the Director’s report.

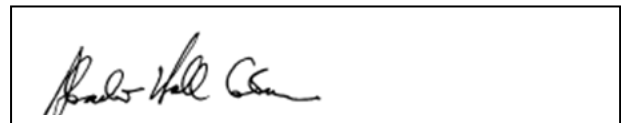
Like the rest of the HSC, we will continue to face many challenges, particularly in the current economic environment, where the DHSSPS is subject to financial constraints in line with other NI Departments. It is very important that we maintain our focus on our vision for the future. We must do so while maintaining our high standards of delivery for all our existing services and also delivering significant transformational projects such as the new HSC Pension Scheme which needs to be fully operational in 2015.

We will continue to work closely with all our customers to ensure we support them as much as possible in delivering their requirements and also defining needs for new services and consolidating new business. Our range of customers and services has increased during the past year and we are pleased to be working closely with new clients such as the NI Fire and Rescue Service. In addition, the past year has seen the introduction of new services within the BSO portfolio, including the Regional Translation and Interpreting Service, the provision of the Small Businesses Enterprise Research Initiative and the Honest Broker Service.

Finally, we would like to acknowledge the personal contributions of the many people working for, and alongside, the BSO across our wide range of services. We would like to thank them personally and on behalf of the BSO Board for all their hard work and ask for continued support in the future.



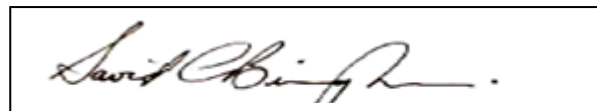
Alexander Coleman
Chair



Date: 12th June 2015



David Bingham
Chief Executive



Date: 12th June 2015

Directors' Report

Our Mission

“To deliver value for money and high quality business services to Health and Social Care, so contributing to the health and wellbeing of the population of Northern Ireland”.

Strategic Objectives and Values 2015-18

In order to help us fulfil our Mission in an increasingly challenging environment, we have reviewed our Strategic Objectives and Values. Our Strategic Objectives or Outcomes for the next three years will be the focus of everything we do:

- **To Deliver Value for Money Services to our Customers**
- **To Grow Our Services and Customer Base**
- **To Pursue and Deliver Excellence through Continuous Improvement**
- **To Enhance the Contribution and Development of Our People.**

Our Values have also been reviewed to ensure that we deliver to our Mission and are as follows:

- **Respect for Staff and Customers**
- **Accountability in how we use our Resources**
- **Transparency, Openness and Trust**
- **Partnership and Collaboration with Our Stakeholders and Customers**
- **Professionalism and Expertise.**

Location and Services Provided

The Business Services Organisation (BSO) was formed on 1 April 2009 under the Health & Social Care (Reform) Act (NI) 2009 as part of the second phase of the Review of Public Administration (RPA). The BSO was created to deliver a range of business support and specialist professional services to the HSC.

These services include procurement, technology support, legal services and internal audit. Services are delivered from a number of locations throughout Northern Ireland, while the headquarters of the BSO is based at 2 Franklin Street, in Belfast.

Equality

The BSO is committed to promoting equality of opportunity for all. Details of good practice and training initiatives, including those relating to disability issues are outlined in the Equality and Human Rights section of this report. The BSO has in place an Equal Opportunity Policy that covers all aspects of equality within employment, including the obligations of the organisation under disability discrimination legislation and protecting the rights and interests of Section 75 groups.

Staff Communication

The BSO communicates with staff using a range of channels. Team briefings are intended to facilitate a clear communication of the connection between an individual's contribution and corporate success. The newssheet '*BSO Business Matters*' has continued to be developed as a means of disseminating corporate information.

Staff Profile

The average number of Whole Time Equivalent persons employed by the BSO can be found in note 3 of the Annual Accounts within this combined document. The cumulative sickness and absenteeism rate for the organisation for 2014-15 was 4.64% and there were 10.9 days lost per employee. The BSO corporate target was 3.41%. Absence levels continued to be actively monitored throughout the year by the Senior Management Team and within each Directorate on a case-by-case basis.

Public Sector Payment Policy – Measure of Compliance
BSO Board

Details of compliance with better payments practice are given in note 15 to the Annual Accounts.

Chairman

Mr Alexander Coleman

Chief Executive

Mr David Bingham

Non-Executive Directors

Mrs Geraldine Fahy

Mr Alan Hanna

Mr Greg Irwin

Mr Sean Mahon

Mrs Hilary McCartan

Mr Robin McClelland

Mr Brian McMurray

Mr Gerald Strong

Executive Directors

Mr Patrick Anderson, Director of Finance

Mr Hugh McPoland, Director of Human Resources & Corporate Services

Mr Sam Waide, Director of Operations (from 2 June 2014)

(Ms Paula Sheils and Mr Peter Wilson acted as Director of Operations on a rotational basis between 1 November 2013 and 31 May 2014)

Directors

Mrs Karen Bailey, Director of Customer Care & Performance

Mr Alphy Maginness, Chief Legal Advisor

Register of Interests

The BSO holds a Register of Directors' Interests which contains the declared interests of both Executive and Non-Executive Directors, including company directorships. This is available to view at:

Chair and Chief Executive's Office
Business Services Organisation
2 Franklin Street
BELFAST
BT2 8DQ

Telephone: 028 9536 3863

Committees of the Board

The Board has established three Committees to assist in carrying out its duties, namely the Remuneration and Terms of Service Committee, the Governance and Audit Committee, and the Business Committee.

Remuneration and Terms of Service Committee

The Code of Conduct and Code of Accountability set out in Circular HPSS PDD 8/94 requires that a Remuneration and Terms of Service Committee be established. The roles and responsibilities of the Committee can be categorised as follows:

1. To make decisions on behalf of the Board on the total remuneration and terms of service package for Executive Directors;
2. To oversee the proper functioning of performance and appraisal systems;
3. To oversee appropriate contractual arrangements for all staff;
4. To agree and monitor a remuneration strategy that reflects national arrangements and Departmental policy;
5. To monitor the application of the remuneration strategy to ensure adherence to all equality legislation.

The members of the Committee during the year 2014-15 were:

Mr Alexander Coleman	Chair
Mr Gerald Strong	Non-Executive Director
Mr Greg Irwin	Non-Executive Director
Mr Alan Hanna	Non-Executive Director
Mr Sean Mahon	Non-Executive Director

The Chief Executive, Director of Human Resources and the Director of Finance provide advice and support to the Committee. The Chief Executive and other Senior Executives may not be present for discussions about their own remuneration and terms of service. However, they can be invited to attend

meetings of the Committee to discuss the terms of other staff as required.

The Committee met twice during the year and minutes are submitted to the Board.

Governance and Audit Committee

A Governance and Audit Committee was established in April 2009 by the Board. The Committee's oversight roles and responsibilities can be categorised as follows:

1. Governance and Internal Control;
2. Internal Audit;
3. External Audit;
4. Financial Reporting;
5. Other General Responsibilities.

The members of the Committee during the year 2014-15 were:

Mr Brian McMurray	Chair
Mrs Hilary McCartan	Non-Executive Director
Mrs Geraldine Fahy	Non-Executive Director
Mr Robin McClelland	Non-Executive Director

The Committee met four times during the year, and produces a separate annual report on its work which is submitted to the Board.

Business Committee

At the meeting of the BSO Board in December 2014, members approved the establishment of a new Board Committee. The decision to establish a new Committee followed discussion by the Board about the level of scrutiny that is required to ensure good governance in BSO. The appointment of the Committee was designed to increase the capacity of the Board to oversee the running of BSO and

provide assurance to members that sufficient time is being spent scrutinising organisational performance.

The roles and responsibilities of the Committee can be categorised as follows:

1. To scrutinise the BSO’s handling of complaints, FOIs and other administrative matters;
2. To seek assurance and advise the Board on the management of serious adverse incidents;
3. To review reports on Human Resources and Corporate Services matters and highlight the key areas to the Board;
4. To keep under review the organisation’s performance in relation to delivery on Service Level Agreements;
5. To monitor the implementation of major change projects in BSO, as delegated by and on behalf of the Board;
6. To provide assurance to and advise the Board on the organisational process for Information Management;
7. To scrutinise the policies and procedures for all work related to Information Management on behalf of the Board

The members of the Committee agreed by the Board in January 2015 were:

Mr Greg Irwin	Non-Executive Director and Committee Chair
Mr Alan Hanna	Non-Executive Director
Mr Gerard Strong	Non-Executive Director
Mr Sean Mahon	Non-Executive Director

Only the Director of Human Resources and Corporate Services and members of the Committee attend meetings as a matter of course. Other Executive and Non-Executive Board members and officers may be invited to attend as required. The Chief Executive should attend at least one Business Committee meeting per year. The Committee has

the right to request the attendance of any member of BSO staff should a relevant issue arise.

The Committee held its inaugural meeting in February 2015 and minutes are submitted to the Board. Meetings shall be held bi-monthly and further meetings may be arranged at the discretion of the Committee Chair as necessary.

Audit and Assurance

The responsibility for Audit of the BSO rests with the Northern Ireland Audit Office and was delivered by KPMG. The Accounts include a non-cash charge of £179,000 for the statutory audit of the 2014-15 Annual Accounts. No other audit or non-audit services were provided to the BSO in 2014-15.

All Directors have confirmed that, to the best of their knowledge:

- There is no relevant audit information of which the BSO’s auditors are unaware;
- They have taken steps as Directors in order to make themselves aware of any relevant audit information and to ensure that auditors are aware of that information;
- The Chief Executive and relevant committees have confirmed that the BSO’s auditors have been made aware of any relevant audit information.

A Governance Statement is included as part of the full Accounts which can be found within this combined document. These are also available on request from the Director of Finance and on the BSO website (www.hscbusiness.hscni.net).

Sustainability Report

The Statutory Duty for Sustainable Development applicable to public authorities is set out at section 25 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and applies to all Northern Ireland Departments and District Councils.

The six priority areas are:

1. Building a dynamic, innovative economy that delivers the prosperity required to tackle disadvantage and to lift communities out of poverty;
2. Strengthening society so that it is more tolerant, inclusive and stable and permits positive progress in quality of life for everyone;
3. Driving sustainable, long-term investment in key infrastructure to support economic and social development;
4. Striking an appropriate balance between the responsible use and protection of natural resources in support of a better quality of life and a better quality environment;
5. Ensuring reliable, affordable and sustainable energy provision and reducing our carbon footprint;
6. Ensuring the existence of a policy environment which supports the overall advancement of sustainable development in and beyond Government.

We are committed to making a contribution to those areas which we can influence as we recognise that the current requirements on the planet's natural resources are not sustainable. As such, we realise that our organisation has its role in the protection of these resources and have implemented various methods in the achievement of our goals, as set out below.

The BSO introduced an Environmental and Waste Management Policy in 2013, setting out the Organisation's commitment to environmental issues

and the responsible management and disposal of waste.

Sustainable Infrastructure

One of the local initiatives to assist in our sustainability drive was the installation of LED lighting in BSO Headquarters. This has been fitted with passive infra-red to ensure that lights are not in use unnecessarily. It is calculated that the installation of these lights will reduce our carbon foot print by 7%, with over £1500 being saved per month to date. We have been able to reduce the number of fittings in the building by one third. A similar project installed the same technology in our PaLS facility and this is calculated to save £19K per annum.

A bid was made under the Carbon Emission Reduction Initiative (CERI) with the funds used to install energy efficient hand dryers in three sites, as £10K was being spent on unrecyclable towels per year. Each hand drying session is equivalent to the use of 27 paper towels. This was completed in March 2015. We further intend to improve our gas usage by introducing a condensing multi pump boiler which should increase performance by 30%. We are also installing point-of-use boilers for local supply in all of our bathrooms, and removing kettles by installing boilers.

Achievements in 2014-15

In March 2015, BSO was honoured in the prestigious 2015 Action Renewables Awards Ceremony as one of the Top Ten Northern Ireland Green Businesses and Organisations.

Ten local businesses and organisations, including BSO, received awards, sponsored by Tughans Solicitors and electricity supplier Vayu. The awards recognised work in furthering the renewables industry and outstanding renewables practice in Northern Ireland. Winners were chosen by an independent judging panel made up of industry

experts and leaders in the field of renewables from across Northern Ireland.

A diverse range of entries from across Northern Ireland were received for this year's awards. Renewables are increasingly being widely embraced by businesses and organisations who are looking to reduce their environmental impact and are also encouraged by the significant cost savings associated with '*going green*'.

Controls Assurance Standards

Annually, the Department of Health, Social Services and Public Safety (DHSSPS) requires Health and Social Care organisations to achieve a target level of compliance with, and report on, a total of 22 Controls Assurance Standards, 15 of which apply to the BSO.

HSC organisations are required to undertake a self-assessment for each applicable Standard.

Each year the core standards of Governance, Risk Management and Financial Management are independently assessed by Internal Audit. In 2014-15, compliance with the following BSO applicable standard is also subject to Internal Audit verification: Building, Land, Plant and Non-Medical equipment.

During 2014-15, the Department expects all HSC organisations to achieve a substantive level of


compliance (75-99%) in all the applicable Controls Assurance Standards.

The Standards are about identifying and applying best practice and offering assurance that we are doing our reasonable best to control the risks to the achievement of our objectives.

The BSO assessed its compliance against the 15 applicable Controls Assurance Standards and the outcome of the assessment is outlined in the table below.

Action Plans have been developed for all gaps in compliance identified in the 2014-15 assessment and progress will be monitored and reported to SMT, Governance and Audit Committee and Board throughout the forthcoming year.

Standard	DHSSPS Expected Level of Compliance	Level of Compliance Achieved	Reviewed by
Buildings, Land etc.	Substantive	Substantive	Internal Audit
Emergency Planning	Substantive	Substantive	Self-Assessed
Environmental Management	Substantive	Substantive	Self-Assessed
Fleet and Transport Management	Substantive	Substantive	Self-Assessed
Financial Management	Substantive	Substantive	Internal Audit
Fire Safety	Substantive	Substantive	Self-Assessed
Governance	Substantive	Substantive	Internal Audit
Health & Safety	Substantive	Substantive	Self-Assessed
Human Resources	Substantive	Substantive	Self-Assessed
ICT	Substantive	Substantive	Self-Assessed
Purchasing and Supply	Substantive	Substantive	Self-Assessed
Information Management	Substantive	Substantive	Self-Assessed
Risk Management	Substantive	Substantive	Internal Audit
Security Management	Substantive	Substantive	Self-Assessed
Waste Management	Substantive	Substantive	Self-Assessed



Chief Executive

12th June 2015

Strategic Report and Management Commentary: How Did We Perform in 2014-15?

The BSO Corporate Strategy for 2012-15 included our Strategic Objectives, Mission and Values. Throughout the three-year period, it has been supported by an annual Business Plan setting out the key priorities and targets to be delivered during that year.

Our four Strategic Objectives for 2012-15 were:

- *Improving Customer Experience*
- *Growing and Developing*
- *Recognising and Embedding Excellence and Innovation*
- *Ensuring Good Governance.*

The BSO had a wide range of challenging standards and targets to meet in 2014-15. In November 2013 the Permanent Secretary and HSC Chief Executive confirmed details of the organisational and service requirements to be delivered by the BSO during 2014-15. These requirements were aligned with our Strategic Objectives and incorporated into our Business Plan, with appropriate targets and key actions set against them. The following gives a flavour of our achievements throughout the year, including performance against those targets.

1. *Improving Customer Experience.*

KEY ACHIEVEMENTS:

- One of the key recommendations of the Gartner Report to improve, develop and enhance the provision of BSO IT services was to have improved “Disaster Recovery”. By August 2014, we had ***defined and published the Recovery Time Objective (RTO) for each of the services provided by BSO IT Services;***
- The ***BSO Annual Customer Satisfaction Survey*** was scheduled

this year during Autumn 2014 in order to ensure that account was taken of customer feedback in planning our services for next year;

- In October 2014 the core ITS Electronic Care Record Implementation Team in BSO won the e-health INSIDER (EHI) 2014 Award for the best ***use of IT to support integrated healthcare services.*** The team forms part of a wider HSC project (that includes clinicians, E-Health HSCB, PHA and HSC Trusts) that has successfully introduced the Electronic Care Record in Northern Ireland. This has enabled the sharing of information safely, legally and ethically across boundaries within healthcare organisations and between agencies providing patient care.

2. *Growing and Developing.*

KEY ACHIEVEMENTS:

- In addition to the key challenges faced in the establishment and stabilisation of new **Shared Service Centres**, by March 2015, the following had been achieved:
 - Successful transition of all Trust payments functions to the Accounts Payable SSC in Greenmount House, Ballymena;
 - Successful transition of all Trust income functions to the Accounts Receivable SSC in T&F Hospital, Omagh;
 - Successful transition of all Trust payroll, travel and subsistence functions to the Payroll SSC in Lesley House, Belfast;
 - Reduction in invoicing average time to scan from six days to one day;
 - Successful pilot of e-Recruitment system with BSO and Regional Organisation;

➤ Implementation and rollout of e-Recruitment system to all Southern Trust directorates.

- By August 2014, the first Pharmaceutical payment from the new Family Practitioner Payment System (FPPS) had been made.
- By September 2014, a plan had been produced, in conjunction with stakeholders, *to increase the level of pro-active Counter Fraud work*. This involved Counter Fraud and Probity Services seeking to identify opportunities to improve the prevention, deterrence, detection, reporting, investigation and correction of fraud across the HSC, including exploring new data analysis methods.

3. *Recognising and Embedding Excellence and Innovation.*

KEY ACHIEVEMENTS:

- By April 2014, the Clinical Education Centre (CEC) had successfully bid for the development of improved skills stations in each of the four CEC sites. This development is designed to enhance the capability of CEC to support the *HSC to provide the range of clinical competencies demanded by Transforming Your Care (TYC) in a variety of settings*;
- By April 2014, the HSC Leadership Centre had launched the Knowledge Exchange *to share best practice, find latest thinking on health and social care subjects and provide the basis for an online community in the HSC*. A number of *leadership development programmes* to support the aims of TYC and other health-related initiatives took place throughout the year;

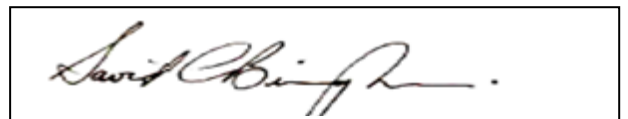
- By September 2014, our business case for additional resources *to prepare for Pension Reform* had been approved by DHSSPS and DFP and a robust training plan for staff had been put in place;

- By March 2015, we had *issued the BSO 2015-16 Service Offering to our customers* in conjunction with Service Level Agreements for 2015-16;

4. *Ensuring Good Governance.*

KEY ACHIEVEMENTS:

- By September 2014, we had developed the first comprehensive bi-annual *Procurement and Logistics Assurance Report* for BSO Board approval;
- By September 2014, we had *promoted the use of Social Clauses in Procurement Contracts for Supplies and Services* through the use of website/buyer-supplier forums;
- By February 2015, a new Business Committee of the Board had been established.
- By March 2015, we had had a positive assessment from over 77% of clients with regard to the *equality screening report production and publication* process;
- By March 2015, *an external verification of the Board Governance Self-Assessment had been undertaken* and submitted to DHSSPS.



Chief Executive

12th June 2015

Management Commentary: Social & Community Involvement



BSO was honoured in the prestigious 2015 Action Renewables Awards Ceremony as one of the Top Ten Northern Ireland Green Businesses and Organisations. Bill Harvey (left) accepts the Award on behalf of the BSO.



The first ever BSO Charity Dinner Dance, in aid of the NI Children's Hospice, was held on Thursday 2nd October 2014 and raised £2,840.



BSO Charity fundraising, Sam Lindsay (PaLs). These fundraising activities include a Pancake morning on Pancake/Shrove Tuesday, an Easter Raffle and manicures organised by the BSO Social Committee. The amount of money raised totalled £2,408.38.



On 12th December 2014 the staff at BSO Shared Services Accounts Payable in Greenmount House, Broughshane, held a Christmas Jumper Day in aid of Save the Children. The team also had a raffle and raised the magnificent sum of £301.00.

Operational Directorate



Mr Sam Waide
Director of Operations (from 2 June 2014)



Ms Paula Sheils/Mr Peter Wilson
Acting Director of Operations (on a rotational basis from 1 November 2013 to 31 May 2014)

The Operations Directorate manages many of the large ‘customer-facing’ services delivered by the BSO Board, Trusts, Agencies, other stakeholders and individuals. The Directorate also includes the Business Services Transformation Programme which has now moved to Benefits Realisation stage. In this context, much of the pressure on BSO to modernise, reduce costs and deliver efficiencies falls to the Operations Directorate. The efforts to contain and reduce cost, in an environment of increasing demand from our customers, are described in the following sections.

Procurement and Logistics Service

Key Achievements and Developments in 2014-15

BSO Procurement and Logistics Service (PaLS) successfully met a number of key challenges in 2014-15. In meeting those key challenges Procurement and Logistics Service had a number of significant achievements in year:

- Recognition of the work of the PaLS Sustainability Team for the Home Oxygen Therapy contract, awarded on behalf of HSCB, in November 2014;
- Training of all procurement staff in the requirements of the new Public Contracts Regulations 2015;
- A new service offering for procurement of Service and Maintenance Contracts;
- A review of procurement arrangements for NI Fire and Rescue Service (NIFRS) which included a range of options for future service delivery through PaLS;
- Introduction of more space-efficient warehouse racking in Lissue warehouse.

In November 2014 the PaLS Sustainability Team won the Health Care Supplies Association Sustainability Award. This award was for the Home Oxygen Therapy contract awarded on behalf of HSCB. The BSO PaLS submission competed with those of other NHS procurement organisations for this prestigious award. This work was further recognised for its success as it was shortlisted as a finalist in the Chartered Institute of Purchasing and Supply Awards, competing with entries from both the private and public sectors. It was also Highly Commended at the National Sustainability Awards.

Public Contracts Regulations 2015

Significantly in 2014/15, the Public Contracts Regulations 2015 became law reflecting the EU

Procurement Directive agreed by the European Commission in 2014. This required PaLS to re-train all procurement staff to conduct procurements in accordance with the new regulations. Four senior PaLS officers were identified to receive detailed training and then develop and deliver a programme of training to all relevant staff in PaLS. Staff from NIFRS were also included as part of our work with that organisation.

Service and Maintenance Contracts

In seeking to grow our service and offer a wider range of procurement services to HSC organisations, PaLS developed a proposal for delivery of a new regional service. This covers contracts for the service and maintenance of plant and equipment. This service proposal has been accepted by all Trusts and is expected to commence in April 2015. It will see the creation of a dedicated category team to manage these procurements and to work closely with Trust Estates Managers in ensuring appropriate contracts are in place. It is expected that this service will reduce costs and reliance on single tender actions for contract coverage.

NI Fire and Rescue Service (NIFRS)

During 2014/15, in line with other BSO business units PaLS developed a closer relationship with NIFRS and offered an interim Service Level Agreement. Part of this agreement was the completion of a review of procurement arrangements for NIFRS which included a range of options for future service delivery through PaLS. It is hoped that 2015/16 will see agreement from NIFRS to a new service from PaLS. This will encompass management of their procurement arrangements in accordance with NI Public Procurement Policy.

Introduction of Space-Efficient Warehouse Racking

As part of our ongoing work to increase the capacity and efficiency of the PaLS warehouse operations,

we reviewed the storage facilities at Lissie and Portman warehouses. We determined that by introducing more space efficient racking to the Lissie facility we could close the Portman warehouse and transfer stock to Lissie. A business case was submitted to DHSSPS who provided specific capital funding and the move was completed in January 2015. It is anticipated that the consolidation to Lissie Warehouse will result in a saving of £85k on the lease of the Portman warehouse.

Performance Metrics

The table below shows the key measures of BSO PaLS performance within the BSO Corporate Scorecard:

Indicator	Corporate Target	SLA Target	Actual PaLS Performance
% of Products supplied on First Request	97.5%	95%	98.4%
Average Processing Time per Non-Stock Requisition	3 days	5 days	3.7 days
Stock Turnover Ratio	1:9 and over	N/A	1:11

Sustainability and Corporate Social Responsibility

PaLS has continued to build on its past performance in this area and to improve on the number of contracts in which we are able to include social clauses. This has been achieved through a targeted and managed approach by the PaLS lead on sustainability, working in conjunction with Senior Procurement Managers and their procurement teams.

As mentioned above, we have also been successful in having our contract for Home Oxygen Services recognised nationally through an award by the Health Care Supplies Association and being selected as finalists in a number of other award competitions.

During the year PaLS has worked closely with HSCB and PHA to develop a guide to social clauses to use particularly in the social care procurement sector but also relevant to a wide range of contracts. This guide is to be published jointly by the HSCB and BSO.

Looking Ahead to 2015-16

In considering what lies ahead we cannot ignore the constrained financial climate in which we will be expected to operate. This environment will see pressure on procurement teams to deliver successful contracts which offer savings to HSC customers whilst operating with reduced resources ourselves. The new procurement regulations will undoubtedly be tested through legal challenges and we will have to adapt to any issues that emerge. At the same time, we will be implementing the replacement of the current e-tendering system in line with a rollout programme agreed across all CoPEs. In parallel with these challenges will be the introduction of new service offerings for Service and Maintenance Contracts, Community Equipment Services to Western Trust and the possible provision of a procurement service to NIFRS. These will bring their own challenges.

Finally, PaLS will continue to work with the Benefits Realisation Programme to ensure that the efficiencies offered by the new systems are being maximised.

Family Practitioner Services

Key Achievements and Developments in 2014-15

Family Practitioner Services have delivered a number of achievements in 2014-15.

Family Practitioner Payment System (FPPS)

Significant effort has been concentrated on the development, user acceptance testing and implementation of a new payment system, the Family Practitioner Payment System (FPPS). The new system, when fully-implemented, will replace three “legacy” systems and calculate payments for three groups of independent contractors, Community Pharmacists, General Dental Practitioners and General Medical Practitioners.

The new system was developed jointly with BSO’s Information Technology Services (ITS) and a third party software provider. FPS staff played a crucial part in this development work, with subsequent user acceptance testing and validation of payments after go-live. The first payment made from the new system was the Pharmaceutical payment in August 2014, followed by the General Dental Practitioners payment in January 2015. It is anticipated that the first payment to GP practices by means of FPPS will be made in May 2015.

The Project has reduced the risks associated with a number of secondary databases which were deployed to accommodate changes to independent contractors’ payments in recent years. Some of the financial benefits of the FPPS Project are already being realised. Contracts with some third-party system suppliers were terminated in the final quarter of the financial year. Further benefits will be realised during the next financial year.

Ophthalmic Practitioners Web-Based Portal

During 2014-15, significant effort was also put into encouraging Community Ophthalmic Practitioners to make use of a web-based portal to look up Health and Care numbers and make claims for payment. By the end of the financial year, 44% of practices were using the look-up service and 45% were making claims via the portal.

New Medical Card

July 2014 saw the introduction of the new-look Medical Card with a credit card-shaped plastic card. This replaced the traditional paper card that had been introduced with the introduction of the National Health Service in 1948. FPS encouraged independent contractors to ask their patients to order a new Medical Card via the BSO website. The new card is easy to carry and can be used to demonstrate entitlement to services.

Looking ahead to 2015-16

FPPS, when fully implemented, will enable the introduction of new ways of working and processes within the FPS team. A benefits realisation and FPS workforce plan will articulate how financial savings will be delivered in 2015-16, enabled by the new system. Contractors will be able to make use of a web-based portal to access payment reports, receive HSC communications, view activity analysis, look up their patients’ Health and Care Numbers and, in some cases, make claims for payment. FPS will work in conjunction with HSCB, primary care contractors and their representative bodies to facilitate this. We will continue to identify improvements that can be made to the new system.

We are also looking forward to working with BSO ITS colleagues on the proposed replacement of the patient registration system (NHAI).

Counter Fraud and Probity Services

Counter Fraud and Probity Services (CFPS) provide a range of specialist services to HSC bodies and on behalf of DHSSPS. These services include:

- probity/verification activities, (delivering assurances to the HSC Board in relation to c£800 million of Primary Care expenditure);
- counter fraud criminal investigations on behalf of all HSC bodies and DHSSPS;
- verification of patient exemptions claimed from statutory dental and ophthalmic charges, fraud prevention (including HSC lead on raising fraud awareness);
- fraud detection, including the newly established forensic data analytics service;
- administration of the day care foods component of the National Healthy Start Scheme; and
- a new Access to Healthcare team which provides advice and guidance to HSC staff on health service legislation and policy in respect of entitlement to accessing free healthcare.

On 1 September 2014, CFS streamlined its management structure and realigned its Belfast Office into three distinct areas of work; fraud prevention, investigations and detection.

Key Achievements and Developments in 2014-15

Fraud Detection

A new Forensic Data Analytics service was launched in February 2015. This service identifies anomalies and red flags that are potential indicators of fraud and other types of misconduct by using the latest technology and innovative techniques.

Access to Health and Social Care

- Centre of Expertise - provides advice and guidance in relation to patients' entitlement, developing an electronic tool kit which provides a step by step guide to assessing entitlement,

provides specialist training and a key Liaison point with the Home Office;

- Increase Awareness - produces posters and information leaflets for distribution throughout HSC, training sessions to HSC staff and awareness sessions to HSC bodies;
- Proactive work - over 300 patients were referred for removal from the Health and Care Index. This will result in an annual saving to the HSC of £632k. Projected savings over a five year period are over £3million.

Fraud Prevention

A number of new initiatives were undertaken during 2014-15. These included the launch of social media profiles on Twitter and Facebook in May 2014.

CFPS continues to coordinate the HSC NI participation in the 2014-15 National Fraud Initiative. From April 2014 to January 2015 there have been; 80 fraud awareness presentations (internal and external), six roadshows, seven information kiosks, 14 fraud alerts, 27 external meetings providing advice, guidance and undertaking policy work and 80 news articles/social media updates. The presentations and awareness events were delivered to over 2,000 HSC staff.

The bespoke CFPS internet and extranet site received 3,000 web hits during the period April 2014 to Jan 2015. CFPS also hosted a very successful open house event in November 2014. A newsletter was issued across the HSC and an online survey assessing attitudes to fraud was completed by almost 400 HSC staff. The survey illustrated that over 70% of respondents were familiar with the work of CPFS.

CFPS hosted the 'Three Countries' meeting in June 2014 sharing information with counterparts from Scotland and Wales. A Fraud Liaison Officer workshop was also held in May 2014 discussing

latest cases and convening focus groups to identify top fraud risks.

Fraud Investigations

Investigation casework undertaken is highly varied in nature, ranging from the straightforward to the highly complex. The number of investigations conducted in the period 2012 to date indicates annual growth in case loads. The number of investigations referred to the Investigation Team stands at 162. This is 52.38% increase on the figures for 2012-13, when CFPS received 84 new cases.

In the 10 month period from April 2014 the team secured 17 prosecutions and financial recoveries. They also investigated, confirmed as non-resident and removed 23 patients from the GP registration system.

During 2014-15, CFPS established a working group to improve the case management system. This will include portal access for HSC clients, enabling them to obtain real-time case updates.

Probity

The probity team have strict Service Level Agreement targets and Key Performance Indicators with the HSCB which are consistently met year on year. This year the team carried out approximately 400 post payment verification checks in relation to c£800 million of primary care expenditure. These included visits to GPs and Ophthalmic practitioners, checking clinics in respect of pharmacies and desktop reviews of dentists. The team has recovered over £120k from primary care contractors. Our staff have taken a collaborative approach to this work with regular meetings with HSCB colleagues across the four Family Practitioner Services.

Patient Exemptions

By the end of the financial year the team will have checked almost 21,000 dental and ophthalmic treatments where exemption from health service charges was claimed. They will also have carried out follow up checks on over 6,000 patients who claimed entitlement to receive free/financial help with treatment. The team has recovered the sum of c£50k and, by year end, will have successfully pursued over 100 people through the courts.

Healthy Start

The team processed over £500k in reimbursements to registered nurseries and child-minders in relation to the supply of free milk to the under 5s. They also issued vitamins to over 800 qualifying families. The vitamins scheme saw a sharp increase in the uptake due to a promotional campaign in February 2015. We continue to verify and process the invoices for the NI share of the scheme costs, c£3million each year.

Looking Ahead to 2015-16

In 2015-16, CFPS will seek to increase the financial recoveries in the patient exemptions work. New processes are to be implemented which should see a more streamlined and effective service. The number of fraud investigations is expected to again increase due to the extension of the CFPS remit into investigating financial abuse in the residential care sector. Fraud Prevention training and events will be targeted at 3,000 HSC staff. The new Forensic Data Analytics Service will proactively seek to detect fraud, waste and loss across the HSC.

HSC Pensions Service

The HSC Pension Scheme provides retirement benefits to Health and Social Care employees, GPs, Dentists and employees of other approved organisations in Northern Ireland.

Key Achievements and Developments in 2014-15

During 2014-15, the HSC Pensions Service staff have:

- processed 389,567 accurate and timely payroll payments to HSC Pensioners, which equated to 12,986 per WTE (Whole Time Equivalent) member of staff;
- provided 3,432 pension estimates, and also processed 604 refunds and 390 transfers of benefits;
- managed 266 referrals to Occupational Health Service for application for ill health retirement;
- successfully processed 2,166 GP certificates, of which 361 were due to a historical backlog;
- managed an automated call distribution system, handling approximately 33,433 calls per annum to assist members and pensioners so that queries are dealt with more efficiently;
- managed the processing and payment of 1,802 new pensioners to the pension scheme this year.

New GP Payment System (FPPS)

During the year the GP section has been heavily involved with the development, and subsequent testing, of the new GP Payment system (FPPS) that is due to go live within the next few months.

Communication

We have developed a GP Practice Staff Newsletter to inform and update practice managers about changes to the HSC Pension scheme and also provide assistance in completion of forms. We have also implemented a series of

workshops dedicated to GP Practice Managers.

We have been proactively managing our Employers' Forum, with representatives from Payroll and Human Resources departments to discuss and assess HSC Pension issues and implications.

We participate in Inter-Judiciary Fora between England, Wales, Scotland and Isle of Man. The HSC Pension Service is also a member of the Northern Ireland Public Service Pension Group.

Pension Reform

We have been proactively working with the Department of Health, Social Services and Public Safety (DHSSPS) to implement the reformed "*Health and Social Care Pension Scheme 2015*" on 1 April 2015.

To assist our members and their employers in their understanding of the new scheme arrangements, we have rolled out a series of half day workshops. These are in conjunction with the HSC Leadership Centre and entitled "**Your Future in our CARE**". We have also provided several information sessions to various groups across the HSC workforce.

We are in the process of finalising an eLearning package to help educate all members about the new CARE scheme. A "Member Self-Serve" (MSS) package will allow members to access their pension record to determine salary and accrued service to assist when using the pension calculators on our website. HSC employers already have online access to our pension administration system.

The HSC Pension website now has a dedicated microsite. This includes details of a dedicated Pension Reform Communication Strategy to keep all HSC Employees and Employers aware of the many changes.

The HSC Pensions Service has optimised the use of Video Conferencing facilities. This enables staff to partake in meetings, seminars and induction programmes, across NI and beyond, without the need for travel.

Looking Ahead to 2015-16

Following on from the introduction of the new CARE scheme there are other activities to be completed. These are:

- Protection Opt-out - identifying and issuing communication to relevant members;
- *Choice 2* – identifying and issuing communication to relevant members;
- Introduction of Annual Benefit Statements;
- Pension App to be developed which will signpost important areas on our website and also provide tools to carry out estimates.

Business Services Transformation Programme

The aim of the Business Services Transformation Programme is to transform and significantly improve the effectiveness of administration in Health and Social Care through the implementation of new Information Technology (IT) systems.

The new IT systems play a key role in contributing to improved information quality and more informed decision-making, bringing benefit to patient care and service planning.

Reduced operational costs in Human Resources, Finance, Procurement and Logistics functions will translate to savings for reinvestment in frontline services.

Key Achievements and Developments in 2014-15

Finance, Procurement and Logistics (FPL)

The new Finance, Procurement and Logistics (FPL) system was rolled out to all HSC organisations during 2013-14. The final stage of the implementation was the introduction of the Collaborative Planning module. This was achieved in August 2014. The Contract Performance Point (CPP) was signed by the Senior Responsible Officer (SRO) on 21 August 2014.

Human Resources, Payroll, Travel and Subsistence (HRPTS)

The new Human Resources, Payroll, Travel and Subsistence (HRPTS) was rolled out to all HSC Organisations during 2013-14. Over the past 12 months the HRPTS team have supported HSC Organisations to embed new processes within HR and Payroll and the transition to the Shared Services Centre.

The Contract Performance Point (CPP) was signed by the SRO on 30 June 2014, subject to the implementation of the eRecruitment module. This is planned to be completed by 18 May 2015.

Benefits Realisation Project.

With the signing of the CPP statements, the programme moved from the implementation stage to the realisation of benefits. The SRO and the Programme Board agreed to restructure programme personnel into one team to focus on realising the benefits identified in the Outline Business Case. The team, Benefits Realisation Project (BRP), was established in September 2014 and will remain in place until 31 March 2016.

Looking Ahead to 2015-16

With the establishment of the BRP the focus of the Programme has moved to:

- assisting HSC identify and implement initiatives to release benefits;
- monitoring the benefits of the new systems and processes against the OBC; and
- transitioning project activities to “Business as Usual.”

It is a significant achievement to have reached this stage in the programme, and thanks goes to all stakeholders involved, including Trust functional expertise, supplier partners and programme delivery staff, for their dedication and contributions to date. BSO looks forward to working with key stakeholders in 2015-16 to deliver further success.

Shared Services

BSO Shared Services provides defined corporate services to all HSC organisations for:

- Accounts Payable;
- Accounts Receivable;
- Payroll, Travel and Subsistence;
- Recruitment and Selection.

Shared Services also provides common system and data administration operations for the Finance Procurement and Logistics (FPL) and the HR Payroll Travel and Subsistence (HRPTS) systems.

This year has proved to be an exceptionally challenging year for Shared Services staff.



At the 2014 BSO Recognition Awards, Greg McCloskey, Head of Shared Services receives the Outstanding Leadership award from Alex Coleman (Chairman).

Accounts Payable

The Accounts Payable Shared Services Centre (SSC) is based in Greenmount House, Ballymena and from December 2014 has full responsibility for managing the payments function for all of HSC.

The Accounts Payable SSC processes all supplier invoices and payments arising from HSC Organisations' procurement activities, as well as the

processing of supplier invoices and payments raised without Purchase Orders.

Accounts Receivable

The Accounts Receivable Shared Services Centre is based in Tyrone and Fermanagh Hospital, Omagh. It manages the operational aspects of the accounts receivable services for the HSC.

Accounts Receivable Shared Services processes all Customer, Product and Invoice requests or amendments which are correctly submitted and authorised by HSC Organisation. The SSC is responsible for the production and despatch of all invoices, including supporting documentation.

Full debtors' collection and follow up procedures are also the responsibility of the SSC.

Payroll, Travel and Subsistence

The Payroll Shared Services Centre is temporarily based in Lesley House, Wellington Place, managing the operational aspects of the Payroll, Travel and Subsistence services for the HSC.

The Payroll Shared Service Centre (PSSC) is responsible for the end to end processing of standing employee and pay data to produce the employee's pay and ensure that the appropriate financial information has been updated within the organisation's accounts.

The Payroll Shared Service Centre processes monthly, fortnightly and weekly payrolls, depending upon the organisational needs. In addition to standard processing, the PSSC will also complete a full year end process to produce tax documents, such as the P60 and the P11d, and support annual account activity as required by HSC Employers.

In addition to standard periodic processing, the PSSC also produces off cycle payments to enable payment to employees outside of the normal

processing timeframes. The processes for these off cycle payments have not yet been finalised. Once employees have access via self-service to their own employee record, it is envisaged that they will be able to update on-line any changes to their personal details i.e. name, address, bank details etc.

Shared Services also manage all travel and subsistence claims from submission of claim to payment via payroll.

Recruitment & Selection

The Recruitment & Selection Shared Services Centre is based in Rosewood Villa, St Luke's Hospital, Armagh. It manages the recruitment process from approval/authorisation of a post to the issue of the employee contract and creation of the new employee record on the HR system. The Recruitment & Selection Shared Service leads and support recruitment and selection activities for BSO, Regional Organisations and the Southern Health and Social Care Trust.

Proposals for the dates for the remaining Organisations' transition to Recruitment & Selection Shared Services have been agreed and will complete by September 2015.

Business Services Team

The common system and data administration operations provided by Business Services Team (BST) are closely aligned with the activities of other BSO support functions based in Belfast, including BSO Information Technology Services and BSO Customer Care directorate.

The Business Services Team (BST) also provides Supplier Master Data Management services, including supplier creation and amendments as well as a dedicated Supplier Enquiry Helpdesk.

Key Achievements and Developments in 2014-15

In addition to the key challenges faced by the establishment and stabilisation of the new Shared Service Centres, were the following significant activities:

- Successful transition of all Trust payments functions to the Accounts Payables SSC in Greenmount House, Ballymena;
- Successful transition of all Trust income functions to the Accounts Receivables SSC in Tyrone and Fermanagh Hospital, Omagh;
- Successful transition of all Trust payroll, travel and sustenance functions to the Payroll SSC in Lesley House, Belfast;
- Reduction in invoicing average time to scan from six days to one day;
- Successful pilot of e-Recruitment system with BSO and Regional Organisation;
- Implementation and rollout of e-Recruitment system to all Southern Health and Social Care Trust directorates.

In her annual report, the Internal Auditor reported several significant weaknesses in control in a small number of audits in relation to Shared Services. Improvement plans are in place to implement the recommendations and are being managed through the BSO audit control process. Further detail can be found in paragraphs 9.4 to 9.6 of the Governance Statement.

Performance Metrics

Since the launch of the various centres there has been a significant growth in volumes of activity as summarised below:

Shared Service Centres	Activity	Total (1 April 2014 to 31 March 2015)
Accounts Payable	No of payments	1,205,163
	Total Amount of invoices paid (£)	£2,527,588,993
Accounts Receivable	Number of Invoices Raised	57,890
	Total Value Invoices Raised (£)	£279,785,793
	Total number of credit notes raised	3,227
	Total Value of credit notes raised (£)	£22,731,989
Payroll	Total pays issued	812,207
	Average pays per month (since full establishment in Feb 2014)	118,147
Recruitment	No. of posts processed	1,449
	No. of applicants processed	15,944
Business Services¹	Number of Supplier Creations	20,657
	Number of Supplier Amendments	21,798
	Number of INFRAs Received	3,000

HSC Regional Interpreting Service

From 1 October 2014, the HSC Regional Interpreting Service transferred from Belfast HSC Trust to BSO. This service is based around the delivery of interpreting sessions, funded by the Health and Social Care Board, for people requiring access to Health and Social Care and whose first language is not English.

From 1 October 2014, BSO provided the translation services through the engagement of interpreters as independent practitioners during normal office hours, with the Belfast Trust continuing to provide the service out of hours. The demand for this service has been increasing annually and BSO has developed a series of new management protocols and procedures. For example, a new automated booking system will be installed to make the process more efficient.

¹ NB: Monitoring of supplier creation and amendment commenced in August 2014

Customer Care and Performance Directorate



Mrs Karen Bailey
Director of Customer Care and Performance

The Customer Care and Performance Directorate has both a corporate function to drive improved performance and add value to our customers, as well as an operational delivery function. The corporate function is carried out by the Customer Care and Performance team. The operational teams include Information Technology, the Office of Research Ethics Committees NI, Equality and Human Rights Service, and the newly established Honest Broker Service.

Honest Broker Service

Following a consultation process with key stakeholders, the BSO Board in June 2014 gave approval for a redistribution of responsibilities

between BSO Directors. From 1 July 2014, responsibility for Internal Audit services transferred from Director of Customer Care and Performance to the Director of Finance. The Director of Customer Care and Performance correspondingly assumed responsibility for the new Honest Broker Service (HBS). The HBS was established to provide a better and more secure process for the sharing of unidentifiable health and social care data within the Health and Social Care family. This means that patient data can be shared in a more efficient way, whilst keeping individual identity anonymous. The sharing of this data through the HBS maximises the uses and health service benefits which can be gained from it, including planning, commission of services and public health monitoring.

Customer Care & Performance

The Customer Care and Performance team comprises an Assistant Director, a Performance Improvement Manager and a Governance and Risk Officer. During the year the team continued to receive temporary support from a Planning and Performance Officer and a Graduate Intern.

This small team manages the following on behalf of the organisation:

- Customer Relations through the management of Service Level Agreements, client liaison, establishment and facilitation of customer partnership forums, customer surveys, monitoring arrangements and issue resolution;
- Corporate Performance Management Reporting through the Corporate Balanced Scorecard;
- Facilitation of Service Improvement and Quality initiatives, including benchmarking and creation of the Annual Quality Report;
- Strategic and business planning processes for the organisation;
- Aspects of governance and accountability, including co-ordination of Controls Assurance and risk management arrangements and reporting through the Corporate Risk Register and facilitation of Board Governance Assessment processes;
- Supporting the Accountability Review process and liaison with our Departmental Sponsor Branch;
- Aspects of corporate communications, including production of the monthly staff newsletter, *BSO Business Matters* and the BSO Annual Report.

Key Achievements and Developments in 2014-15

The team shared in the facilitation of a number of workshops at Board level in relation to governance issues. The second annual Board Workshop was held in January 2015 to allow Board Members to scrutinise the Corporate Risk Register in detail.

Again, an annual Board Workshop on the Corporate Balanced Scorecard was held in February 2015. There was continued input to the Corporate Induction process in relation to risk awareness training.

BSO is required to achieve a substantive level of compliance in respect of Risk Management and Governance Controls Assurance Standards. Co-ordination and management of this area of work falls within the remit of the Customer Relations and Service Improvement team. This year substantive levels of compliance were again achieved.

As part of the corporate governance agenda, the Customer Care and Performance team has been significantly involved in supporting the Board in the completion of a third Board Governance Self-Assessment required by the Department. The team has also progressed the action plan to ensure compliance with good practice arising from the self-assessment carried out last year.

As part of its annual planning cycle, the BSO has held a series of Strategic and Business Planning Workshops in Autumn 2014 with Board members and senior staff which included input from key stakeholders and customers. The key speaker at the Strategic Planning Event held for the Board members in November 2014 was the new Permanent Secretary of DHSSPS. The results of the annual BSO Customer Satisfaction Survey were also scheduled in order to ensure that account was taken of customer feedback in planning services for 2015-16.

The main outcomes have been the creation of a new three year BSO Corporate Strategy to cover the period 2015-18. This includes the Mission and revised Strategic Objectives and Values to enable BSO to deliver to its Mission. The Corporate Strategy will be supported by an Annual Business Plan setting out the key priorities and objectives to be delivered during that year.

Equality and Human Rights Service

The Equality and Human Rights Service in the BSO is responsible for facilitating equality, good relations and human rights within the BSO and a number of partner organisations.

Key Achievements and Developments in 2014-15

In February 2015, the Equality Unit, along with its partner organisations, held an *equality, diversity and human rights conference*. The conference was designed as a sharing-learning event, primarily for staff working in the regional Health and Social Care organisations. It focused on the business benefits of Equality, Diversity and Human Rights based approaches to health and social care. It featured inputs from service users, staff working in health and social care, as well as external inputs from the legal and private sectors. Around 70 individuals attended the conference.

During the year, we featured two *disability awareness days* across different BSO locations: World Sight Day on 9 October 2014 and Depression Awareness Day on 26 January 2015. The work sought to raise staff awareness of specific disabilities, how they impact on people, what barriers people experience, and how staff can support colleagues with a specific disability. On the day, a coffee morning and workshops were held with inputs from voluntary sector groups and service

users in several BSO office locations. Information materials were circulated to staff.

A major achievement also during 2014-15 was the successful completion of a pilot of our *disability work placement scheme*. Together with the Health and Social Care Board, we offered a number of 26-week placements, facilitated by Supported Employment Solutions, a consortium of seven disability organisations in Northern Ireland. In total, five places were offered across a range of BSO service areas.

Looking Ahead to 2015-16

The coming year will see a number of key initiatives. Building on preparatory work undertaken during 2014-15, for instance, we will engage with staff to gauge interest in establishing a staff disability forum, jointly with our 10 partner organisations. In addition, we will undertake the Five-Year-Review of our Equality Scheme.

The Office for Research Ethics Committees (ORECNI)

ORECNI is the administrative hub for HSC Ethical review in Northern Ireland and is comprised of the Head of ORECNI, the HSC REC Managers, and the Ethics Assistant. The service is based on Research Ethics Committees, comprised of volunteer members from both expert and lay backgrounds, who provide ethical advice on the performance of research studies involving Health and Social Care and the wider NHS. The ORECNI and its Health and Social Care Research Ethics Committees (HSC RECs) are part of a UK wide network of NHS Research Ethics Committees and work closely with the National Research Ethics Service at the Health Research Authority in England and its counterparts in Scotland and Wales.

ORECNI Mission

“To maintain a Research Ethics Service to protect the rights, dignity and welfare of research participants within the HSC/NHS, and to protect the rights of researchers to perform ethical research and legitimate investigation”.

ORECNI Objectives

- To support the volunteer-based HSC RECs and link with the National Research Ethics Service;
- Ensure the HSC RECs comply with governance arrangements as set out in the Northern Ireland Research Governance Framework, The UK national policy Governance Arrangements for Research Ethics committees (GAfREC 2011) and the UK Clinical Trials Regulation (2004) and other relevant legislations which impact on research;
- Provide training and administrative support to the HSC RECs;
- Ensure all stakeholders understand arrangements;

- Develop and maintain effective working arrangements with our customers and major stakeholders.

Key Achievements and Developments in 2014-15

During the financial year 2014-15, the ORECNI service considered 172 new research applications involving human subjects, their tissue or data, and which took place within the HSC and NHS. The ranges of research reviewed included clinical trials of medicinal products or drugs, trials of medical devices or other interventions, as well as social care studies. Research categories involving vulnerable subjects such as patients/service users with learning difficulties, mental impairment, and ‘looked after’ children were reviewed. It also included ethical approval of research databases or datasets.

The range of research is diverse and includes sponsorship from the HSC, from charities, commercial companies, and universities. The service has met all legal timeframes required under the UK Clinical Trials Directive (2004) and National Standard Operating Procedures and compares well with other parts of the UK in this respect.

This year’s BSO customer survey for ORECNI produced very positive feedback on the service provided by the HSC RECs, and the ORECNI staff in particular.

This year has been an important year for the following reasons:

- The ORECNI and its committees underwent a significant service reconfiguration to accommodate review of new studies by full committee and by a UK wide new work stream, proportionate ethical review by proportionate review subcommittee;
- The committees acquired new Chairing teams;

- The review of the Proportionate Review Studies was managed remotely and not by physical meetings with paper;
- The structure of ethical review and minute taking style was changed and embedded including the level of detail communicated to researchers about the nature of the ethical decision;
- Ethics applications were submitted totally on line for the first time.

During this period of significant transition, the service has managed to achieve its fastest ever times for ethical review and is working to full capacity.

On 17 February 2015 an event was organised by the Office for Research Ethics Committees Northern Ireland (ORECNI) at the Clady Villa (Knockbracken Healthcare Park, Belfast). Its primary aim was to provide annual training to its Health and Social Care Research Ethics Committees Members (HSC REC Members).

Training sessions were presented on:

1. The ethical issues raised by use of the internet in research (Dr Catherine Hack and Dr Hugh Davies);
2. Equality and Diversity for REC members with Interactive Scenarios (Mr Matthew McDermott, Equality Unit BSO);
3. The ethical considerations around health related findings arising from research (Dr Anne Moorhead and Dr Hugh Davies);
4. Ethical Decision Types Exercise (Dr Siobhan McGrath, Head of the ORECNI);
5. New EU Regulations: Impact on Use of Data in Research: Horizon Scan (Dr Hugh Davies).

All in all, the day was fascinating and productive, was well attended and leaves the service well informed for the future.

Looking ahead for 2015-16

Our objectives for the next year are:

- Achieving at least provisional quality accreditation for the Ethics Committees;
- Maintaining the service despite increasing fiscal challenges;
- Looking to embed a paperless approach to ethics review in another workstream e.g. sub-committee work;
- Continuing to achieve a fast ethical turnaround without compromising the quality of the ethical review;
- Embedding new systems and processes, such as a new internet-based database for managing of all UK Research Ethics Committees, which will go live in May;
- Training new committees and staff so that the quality of the ethical review and customer service remains high;
- Planning for, and managing, an increased workload for ethical review due to the expansion of the BSO Honest Broker Service.

Information Technology Services (ITS)

As part of the Business Services Organisation (BSO), ITS has the responsibility for the delivery and support of a wide range of regional ICT Services to HSC organisations in Northern Ireland. In addition to supporting mature 'Business as Usual' (BAU) systems, ITS is commissioned through the HSCB E-Health annual commissioning plan to deliver major ICT projects to the HSC which includes complex business case production, large procurements, implementations and on-going support.

As ITS continues to grow its customer base, it is worth noting that the organisations supported by ITS are themselves continuing to grow.

Quality and performance are key considerations for the service. ITS has been an 'ISO 9001:2008 TickIT' quality-accredited organisation since its creation in 2009, undergoing biannual independent external audits.

A major effort during the 2014-15 year was aimed at moving ITS to the ISO 20000-1:2011 standard. The ISO 20000 standard is an externally accredited industry standard which is based on the Information Technology Infrastructure Library (ITIL) best practice guidelines for provision of IT Services. BSO ITS was successful in gaining this standard in February 2015.

ITS has a complement of 145 core-funded staff and 43 staff funded from the ICT Programme. The majority (over 95%) are highly trained IT professionals. In addition to the majority of technical staff having a relevant computing degree, many staff will also have ITIL, PRINCE 2 and other technical specialist accreditation.

As well as managing a 'running cost' budget of over £7m per annum, ITS has the responsibility for the management and control of

approximately £22m annual expenditure from the ICT Programme budget.

Key Achievements and Developments in 2014-15
ITS renegotiated contracts and delivered over £600K of annual recurrent savings to the commissioners. We continue to work with HSCB to ensure that our commissioning protocols are robust and well-developed.

ITS continues to play a pivotal role in the on-going development of the *Northern Ireland Electronic Care Record (NIECR)*. It is noteworthy that during 2014 the NIECR team were the recipients of two awards, one of which was the prestigious Health Service Journal award in the category of 'Enhancing Care by Sharing Data and Information'. The other national award was given by the industry organization E Health Insider (EHI).

Some facts about ECR:

- System used by HSC professionals to provide care to over 575,000 patients (31.5% of population);
- 74% of professionals stated that ECR improved the quality of patient care (see full survey results below);
- A Triage Management tool is being piloted in General Surgery in Causeway Hospital. Functionality developed by the ITS Integration team can register referrals directly on to PAS, thus removing the need for paper referrals.

The new *Family Practitioner Service Payment Systems (FPPS)* development delivered both the Dental and Pharmaceutical payments modules during 2014-15. Payments were successfully made from the new system in October 2014 (Pharmacy) and January 2015 (Dental) with the GP Payments module scheduled for delivery in May 2015.

A successful pilot research project was supported by the Data Warehouse **'Honest Broker' Service**. The 'Honest Broker' service has now been rolled out to the wider HSC.

The **Regional Stroke Information System** developed by ITS, and successfully piloted by the Southern Trust in 2012, was rolled out to all HSC Trusts during 2014.

In 2014-15, we continued to innovate and expand our services in a number of areas:

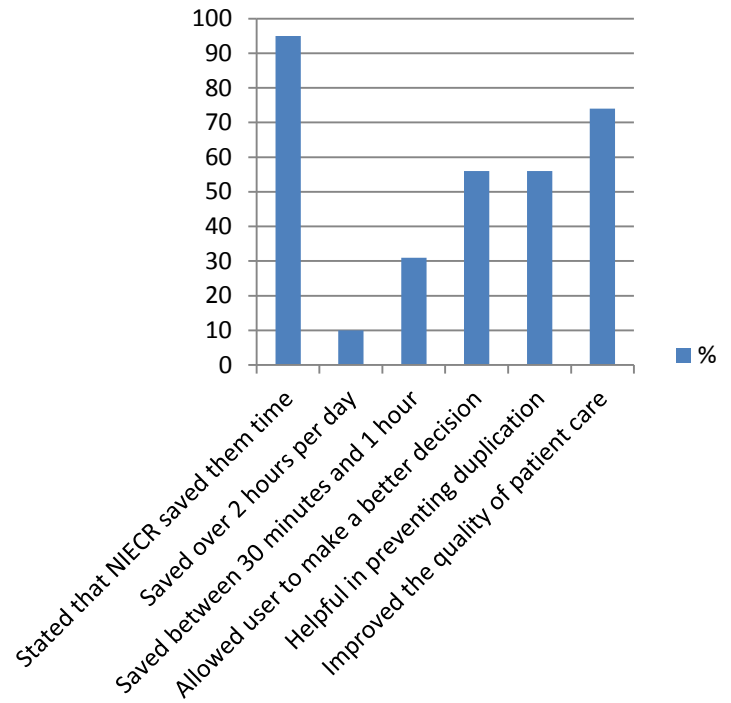
- **Wi-Fi capability** was enhanced with nearly 250 access points installed across the HSC;
- From a baseline of zero in 2012-13, nearly 2,000 **Voice Over Internet Protocol (VOIP)** desktop telephones are now supported;
- Enhancements to **Community Systems** have been developed and implemented removing unnecessary duplication and paperwork, saving staff time, speeding up referrals and enhancing patient safety;
- Annual savings of £300K achieved by negotiating a new support contract for the **H+CN service**.

The **ITS Service Desk** answered over 50,000 calls during 2014-15.

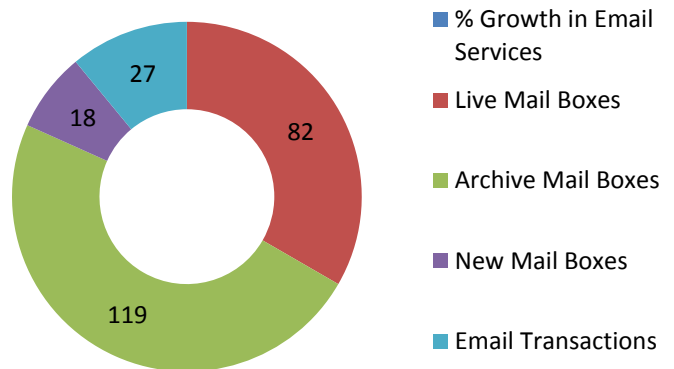
ITS continued to experience **infrastructural growth**, as seen in the following charts:

Electronic Care Record:

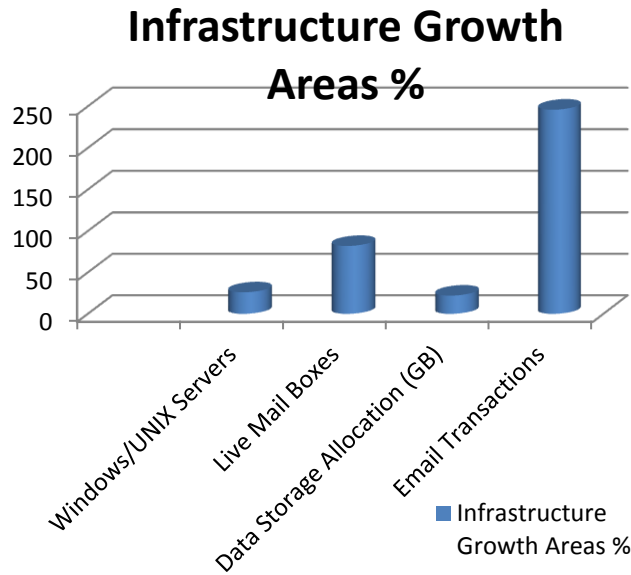
NIECR User Survey



Email Services:



Infrastructure Growth:



Support to HSC

Ensuring the smooth running of the HSC is key to the role of ITS. In 2014-15 we provided support to:

- 1,700 system-to-system interfaces;
- 843 Blackberrys;
- Legacy Human Resources and Finance systems in the transition to the new HRPTS and FPL systems;

The Integration team supports almost 200,000 daily Patient Administration System (PAS) messages to other systems.

Looking Ahead to 2015-16

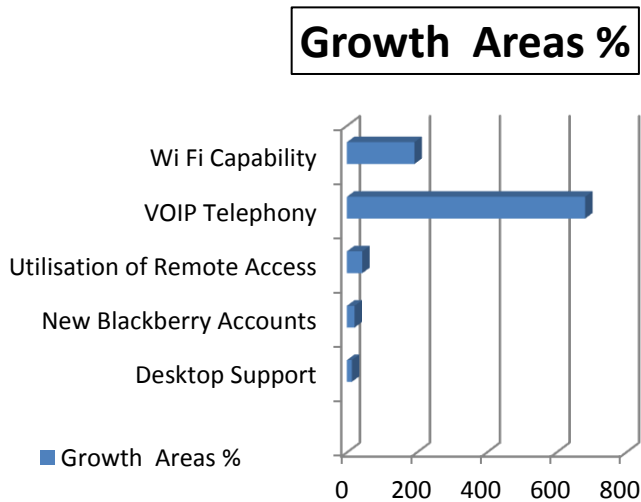
The *Shared Public Sector Data Centre project* is planned to deliver two new state-of-the-art data centres by the end of July 2016, with award of contract in August/September 2015. The build time for the project is estimated to be 9-12 months after contract award. The facilities should be made available to begin installing infrastructure in quarter two of 2016. The ongoing design of the infrastructure platform to replace the current equipment and software will continue in parallel with the procurement of the new data centres.

BSO ITS has been commissioned by the *Northern Ireland Fire and Rescue Service (NIFRS)* to manage a number of projects with a view to migrating to a managed service from ITS.

As demand for *24 hour support cover* increases, ITS will be exploring options on how best to develop this service.

Projects are underway with a view to enabling the *decommissioning of legacy Finance/HR systems* by providing the data within the ITS Data Warehouse.

Other Infrastructure Growth Areas



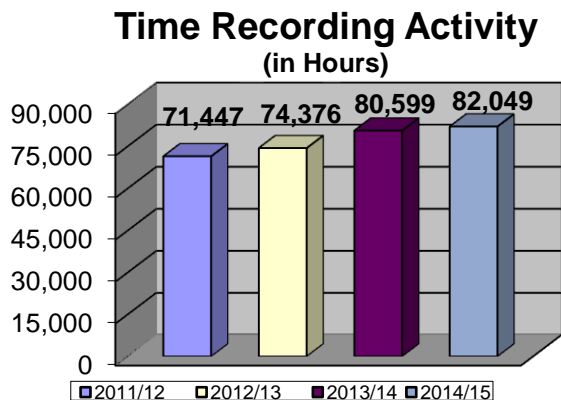
Directorate of Legal Services



Mr Alphy Maginness
Chief Legal Advisor

Throughout 2014-15, the Directorate of Legal Services (DLS) continued to provide high quality, cost-effective legal services exclusively to all Health and Social Care bodies, with this year being the sixth complete year in which DLS acted for all HSC organisations.

During 2014-15, overall activity levels showed an increase of 1.8% compared with 2013-14, with a total of 82,049 hours as shown in the graph below:



Key Achievements and Developments in 2014-15

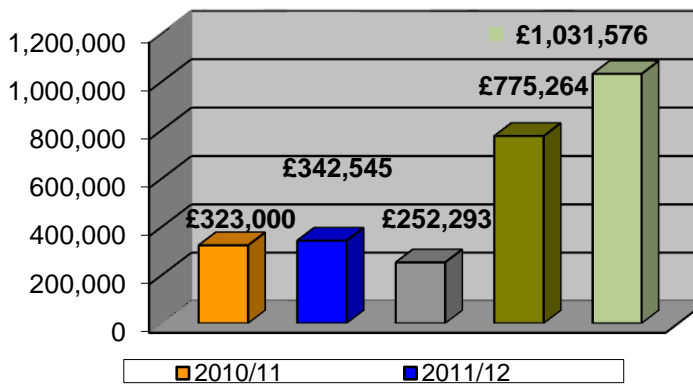
The following key events occurred in the course of the year:

- (i) DLS continued accreditation to the ISO and Lexcel Quality awards following external assessment by SGS on 30 and 31 October 2013. The continued accreditation was a significant achievement with the Audit Report noting “The Practice continues to demonstrate a high level of compliance...supported by the fact that no non-compliances were raised during the assessment”;
- (ii) A Quality of Service survey conducted among clients by the BSO revealed a high level of satisfaction with the service provided in all areas of law. For example:
 - 92% confirmed they were satisfied with the quality of advice received from DLS
 - 94% believed that the DLS portrayed a professional image;
 - 92% stated that DLS provided a high standard of service.
- (iii) DLS continued with a programme of internal auditing of financial activities to ensure that the financial controls in place are being adhered to, and comply with, Departmental Circulars. The Payments process was also audited by HSC Internal Audit with no Priority 1 issues being identified;
- (iv) DLS continued to provide advice and representation in all core areas of law: it also provided training on a wide range of legal issues, with over 40 training sessions taking place throughout the year;
- (v) The Directorate is also representing the HSC Board in the Historical Institutional Abuse Inquiry which commenced in January 2014;

(vi) Debt Recovery: A total of £1,031,576 was recovered on behalf of clients in 2014-15, amounting to over £2.7 Million in the last five years, as shown below:

(v) DLS continues to be an Investor in People, now being part of a BSO wide corporate accreditation which was achieved in December 2012.

Amount of Debt Recovered



Looking Ahead to 2015-16

The year 2014-15 was challenging and demanding, not least because of the continuing financial pressures, coupled with the high activity levels. The excellent ratings from the client survey are evidence of the high quality of service provided by DLS. The Directorate continues to identify efficiencies and to maintain the high standards of service to clients it has set over the years.

(vii) On 1 January 2015 DLS rolled out a new Counsel Panel. The new Panel arrangements continue to include a cap on Counsel Fees which have realised savings of £740,536 in 2014/15; this equates to over £4.5 Million having been saved since the Counsel Panel arrangements commenced;

In addition to the savings on Counsel Fees, DLS also challenged third party solicitor costs which achieved a saving of £1,735,050 in 2014-15. Together these two initiatives have saved the HSC sector over £ 2.5 Million this year;

Human Resources & Corporate Services Directorate



Mr Hugh McPoland
Director of Human Resources & Corporate Services

2014-15 saw a number of challenges for the Human Resources and Corporate Services Directorate. Our customers attempted to deal with the impact of the financial challenges and the continuing roll out of the Shared Services initiative across HSC centred around BSO. The department responded by continuing its drive for improved productivity and efficiency.

Key Achievements and Developments in 2014-15

Productivity

During 2014-15, the Pay and Conditions team processed 546 new starts, 314 leavers, 243 contractual changes, 12 employment breaks and 366 internal moves. This represents an 8% increase in processing compared with 2013-2014.

In 2014-15, a new performance indicator meant a change in how business is conducted. From November 2014, 97% of contracts of employment were issued within 10 days of receipt of new start papers.

We continue to provide services across a range of HSC organisations and others (i.e. Non-Executive Directors/Interns etc.) on HRPTS for each organisation as at 31 March 2015. The table below highlights headcount of employees and others on HRPTS for each organisation (i.e. Non- Executive Directors/Interns etc.) as at 31 March 2015:

Organisation	Headcount	WTE
BSO	1342	1273.59
HSCB	612	548.14
NIGALA	68	62.36
NIPEC	20	18.1
NISCC	64	59.77
PCC	33	31.8
PHA	339	309.94
RQIA	177	141.27

Following the embedding of the HRPTS system, the HR Department has led the way in realising information benefits. More detailed reports on absence reasons and trends are now prepared for managers which have led to specific initiatives in relation to Health and Wellbeing. In addition, we are now able to provide a quicker response to a range of customers in regard to their information needs.

The Workforce Information team issued 654 information reports with an average response time of 0.30 days. In terms of job evaluations, each month approximately 15 posts are evaluated.

In October 2014, the eRecruitment element of HRPTS was successfully introduced to our seven client organisations following a pilot within BSO.

This has provided a foundation for the rollout of the system across the HSC employer base.

We continued to evolve and develop our range of training offerings. In November 2014 a new full day induction programme for new starts was introduced in BSO. Between November 2014 and March 2015, 67 new members of staff have attended an induction session. This covers corporate training, including Information Governance and Risk Awareness, as well as information on pensions, policies/procedures, HRPTS Portal Awareness and recognised Trade Unions.

As part of the revised HR strategy, a target of 3.75 hours learning and development per employee per quarter was introduced in 2014-15. This target was exceeded in the last 3 quarters of 2014-15.

In line with the BSO's mission, the HR team continually strives to deliver value for money and also "high quality business services". Our Customer Satisfaction Survey demonstrates that our clients believe we provide a high quality service. Over 81% of respondents believed the advice given in response to queries was either very good or good and 79% felt that the attitude of HR staff was either 'very good' or 'good'.

Innovations

The Graduate Intern Scheme saw its fifth intake in 2014-15 and 67 interns commenced 50 week placements within ten HSC organisations. The HR Department is entirely responsible for the intern scheme, from recruitment, to induction, training and day to day support and guidance. A mid-year evaluation was completed and 100% of line managers said that having an intern has been beneficial for their department. One manager stated that the intern 'brings new ideas and suggestions for new ways of working and this has encouraged and motivated colleagues across the Department', whilst another stated that their "intern brings enthusiasm and has helped to improve team morale." Given the continued success of the Intern Scheme, a sixth intake is planned for September 2015.

During 2014 BSO, in conjunction with HSCB and PHA, introduced a pilot scheme for Work Placements for People with Disabilities. The scheme constituted a 26 week work placement opportunity targeted at people with a diverse range of disabilities wishing to gain meaningful work experience. Five individuals completed the scheme. The Disability Placement Scheme is a positive initiative which promotes equality and human rights and helps overcome the barriers that people with disabilities often find en route to employment. The overall consensus was that the scheme helped improve each individual's mental health. All participants were confident that the scheme would enhance their curriculum vitae and noted the importance of a referee's report. Two people gained paid employment after the scheme outside of HSC and both directly attributed their successful interviews to in the scheme.

In 2014-15, the HR team have been focusing on improving employee engagement. An Employee Engagement Workshop was held on 13 November 2014 in Belfast Central Mission, and 100 employees attended. The following three questions were used to encourage conversations about working in BSO:

- What does a great day at work look and feel like for you?
- What needs to happen to create more great days at work?
- What are your top five practical suggestions to create more great days at work?

Over 89% of the 100 attendees believed engagement is 'of critical importance' or is 'very important'. Over 61% of attendees agreed with the statement 'I know what is happening in my department' and over 75% of attendees agreed that their manager was approachable. As a result of the workshop, an action plan was developed. One of the actions was to 'Create confidential employee suggestion Scheme' and a Better Suggestion Scheme was trialled in BSO during February 2015. Uptake of the suggestion scheme was excellent and 93 ideas were submitted.

Other actions, including revising the appraisal process and raising the profile of BSO corporate values, are currently underway. The most common area for suggestions was the 'office environment' followed by ICT and 'terms and conditions'.

Health and Wellbeing

A new Health and Wellbeing Strategy for BSO was developed and introduced in 2014-15. This addresses what a healthy workforce looks like and why this is important. The strategy, which is aligned to WHO guidance, focuses on four key areas: Personal Health Resources (i.e., attitudes and beliefs); Psychosocial Work Environment (i.e., support and resources); Physical Work Environment (i.e., work-place health and safety procedures), and Community Involvement (e.g., charity fundraisers). A corresponding action plan has been developed and is currently being implemented. For example, corporate gym membership discounts across the region have been advertised to all staff. In addition, HR continues to organise and host regional health fairs with the support of the Occupational Health Service.

During 2014-2015, stress related illnesses accounted for 21.2% of absence in BSO. In response, HR has introduced three courses specifically designed to address mental health issues: *Individuals Managing Stress*; *Managers Managing Stress*, and *Mental Health First Aid*. The uptake has been good and 91 members of staff have attended one of these courses.

Looking Ahead to 2015-16

During 2015-16 the HR team will be completing a review of all HR policies and procedures and these will be issued to all staff. A new Attendance at Work policy will be agreed. Training will be offered to all managers in an attempt to reduce absenteeism throughout the BSO. This training will also help to ensure that managers are equipped with the skills and knowledge needed to effectively manage sickness absence.

Members of HR staff will also be delivering Performance Appraisal training sessions for managers. Improving the appraisal process was a key objective flowing from the engagement event and this training will help to support managers. The following target has been set: by 30 June 2015, 90% of staff to have had an annual appraisal of their performance in 2014/15 and an agreed personal development plan for 2015/16.

HR will continue to focus on improving employee engagement and will assess the viability of an on-going staff suggestion scheme following the pilot in February 2015.

A new Management Development course will be introduced in 2015/16 entitled '*Moving Forward*'. The primary aim is to develop well rounded and competent individuals who will role-model the values of their organisations in terms of customer experience, excellence, quality and good governance.

Corporate Services

BSO self-assessment of the Information Management Controls Assurance Standard indicated substantial compliance 2014-15. The self-assessment, along with a recent review by Internal Audit, highlighted a number of areas for improvement and an improvement plan was agreed by the BSO Board in December 2014. Progress is on-going with the plan.

During the year a total of 1,181 members of staff attended a multi-faceted training event in respect of Information Governance, Fire Safety and Health & Safety. Fifty members of BSO staff were also trained as Information Asset Officers.

In 2014-15, the BSO processed a total of 114 Freedom of Information requests (FOI), a decrease of 15% on the previous year. In accordance with the publication scheme, redacted versions of FOI requests are now published on the BSO website. It is envisaged that requesters can be directed to this site

as multiple requests for the same or similar information are received at certain times within the financial year, especially with regard to contracts.

During 2014-15, the BSO processed 126 Data Protection requests, an increase of 48% on the previous year. There has been a rise in the number of FOI and Data Protection requests in relation to recruitment and selection. It is anticipated that there will be a further substantial rise in requests as Shared Services take on recruitment for additional Trusts. In addition, a further 637 requests were processed under section 29 of the Data Protection Act which relates to criminal investigations for authorised agencies.

There was a noticeable trend in the increase of seriousness in information-related incidents during 2014-15. Five have been classified as serious adverse incidents and were self-reported to, and investigated by, the Information Commissioners Office (ICO). The ICO has deemed that it will take no further action in four of the cases. In the fifth, the final report from the ICO is awaited. A review of these cases identified human error as the common factor. A new policy has been specifically written surrounding the transport of documentation.

During 2014-15, BSO investigated 51 complaints. This has been a significant increase of almost 100% on the previous year and has been the result of the implementation of Payroll and Shared Services. It has been noted that as Payroll embedded itself the frequency of complaints began to decrease although the situation remains under constant review.

During 2014-15, the corporate management arrangements relating to the Business Continuity Plan were tested and reported to the Board. Testing comprised of a corporate desktop exercise which took place in March 2015 and service-specific desktop exercises to test the arrangements defined in the Plan.



Mr Patrick Anderson
Director of Finance *

Key achievements and Developments in 2014-15

Year End Accounts

The BSO achieved its statutory breakeven requirements in 2014-15, arriving at a £124k surplus for the Organisation at the financial year end. During the 2014-15 financial year, the Financial Management Division continued to monitor the financial position of the organisation and has continued the in-year forecasting regime, the Latest Best Estimate (LBE) process.

This process involved, at regular intervals during the financial year, engaging with operational directorates to produce formal projections for year-end outturn. These LBE exercises have strengthened the financial planning process, enabling a timely and more robust assessment of year-end outturn to be made and thereby facilitating actions to be taken where required to manage the 2014-15 year-end position.

BSO's financial statements for 2014-15 were prepared in accordance with Departmental guidelines. The statements were given an unqualified opinion by the Northern Ireland Audit Office. Having been approved by the

Board on 12 June 2015, the financial statements were laid before the Northern Ireland Assembly.

The financial statements for the year ended 31 March 2015 are included in this combined document. The financial statements have been prepared under the direction as outlined in note 1 of these statements.

The Directorate produced 2014-15 statutory accounts on behalf of NISCC, NIGALA, PCC and NIPEC. During 2014-15 the Directorate undertook an additional piece of work for PCC in producing accounts for the nine month period to 31 December 2013. This exercise was requested by PCC audit committee following the success of this exercise in the previous years.

The Directorate was also requested to take on the provision of a year-end accounts service for NIMDTA. This service was agreed in November 2014 and the Directorate produced 2014-15 statutory accounts on behalf of NIMDTA.

As part of Continuing Professional Development, staff from the Finance Directorate attended the HFMA NI Branch Annual Conference in October

2014 and the HFMA Final Accounts workshop in March 2015.

Financial Governance

The Directorate services and supports the Organisation's Governance and Audit Committee (GAC) which met four times during 2014-15. The GAC undertook a review of its own effectiveness during October 2014 and concluded that it operates at a high level of effectiveness and conducts its business in accordance with best practice standards. The GAC regularly assesses progress in respect of the implementation of recommendations made by the Heads of Internal and External Audit.

BSO is an active participant in the National Fraud Initiative (NFI) and provides regular updates to the NIAO on developments in this regard. The Directorate is also responsible for the wider issue of fraud prevention and detection within the BSO. We work closely with Counter Fraud and Probity Services to ensure all fraud matters are being dealt with appropriately by the BSO.

Controls Assurance Standards

The Finance Directorate is required to achieve a substantive level of compliance in respect of the Financial Management Standard. This year a substantive level of compliance was again achieved.

Looking Ahead to 2015-16

In 2015-16 the challenge will be to complete the final elements of the new Finance Directorate structure, whilst continuing to service the Organisation and its HSC clients with a high quality financial service delivering accurate, reliable and timely information to support the strategic decision-making process. The Financial Management team will progress the introduction of budget-holder access to the budgetary system which will allow online access to financial reports, along with a higher level of detail, in a more timely manner.

**Mr Patrick Anderson resigned from BSO from 31st May 2015. Mrs Andrea Henderson is acting Director of Finance until a formal appointment is made.*

Internal Audit

The BSO Internal Audit Service is configured in a two-sector model; South East Sector and North West Sector, and staff are based in Armagh, Ballymena, Belfast and Londonderry. During 2014-15, the Service delivered Internal Audit services to all Arms-Length bodies of DHSSPS, including BSO itself. BSO Internal Audit also provided services to two other small organisations during 2014-15.

The Internal Audit Service strives to add value and improve client organisations' operations. The Service does this by delivering a risk based audit plan for each client organisation and providing assurance on the adequacy and effectiveness of risk management, control and governance. During 2014-15, key audit areas for the Internal Audit Service across HSC clients included shared services and procurement and contract management.

The Internal Audit Partnership Forum met twice during the year. The purpose of the forum is to provide a mechanism for customers of Internal Audit to ensure the on-going development of the service in line with customer needs and to clearly agree the services required.

The Internal Audit Service is accredited to the ISO 9001:2008 quality standard and is an approved Association of Chartered Certified Accountants (ACCA) Gold status Employer Training and Professional Development Service.

Key Achievements and Developments in 2014-15

The key objective of the Service is to ensure the delivery of the Internal Audit Annual Plans to all client organisations. The Service completed and issued all 2014-15 audit reports by mid-April 2015.

During 2014-15, the Internal Audit Service conducted a number of regional audits across Trusts

and other organisations to maximise sharing of learning and best practice across audits.

IDEA software, a Computer-Aided Audit Technique, was deployed in non-pay audits during quarter four 2013-14. The setup of the system has been time-intensive both in terms of connectivity to the Finance, Procurement and Logistics (FPL) system and also developing test scripts. However, the technology has been used to strengthen assurance on areas such as duplicate payments and prompt payment. The technology will be rolled out to other audit areas in 2014-15.

During 2014-15, Internal Audit also developed an assurance provision model for the new Shared Services environment.

Looking Ahead to 2015-16

The areas of focus and development for Internal Audit in 2015-16 will include:

- The development of IT auditing skills within the Unit;
- The further development of the IDEA data interrogation software in audits.

Within BSO, the full operation of Shared Services brings with it a range of significant financial challenges around charging, benefits realisation and core financial management. We will support the Board in ensuring the Organisation continues to meet its corporate and statutory objectives.

HSC Clinical Education Centre

The HSC Clinical Education Centre (CEC) provides in-service education for Nurses, Midwives and Allied Health Professionals (AHPs) across all HSC Trusts in Northern Ireland. During 2014-15 the CEC delivered a wide range of education programmes to support professional development and enable service reform. The CEC also provided education and training on a consultancy basis to the voluntary and independent sector organisations.

Key Developments and Achievements in 2014-15

The CEC has achieved the targets set in both of its Service Level Agreements during the financial year. The Service Level Agreement for Nursing and Midwifery was reconfigured for all HSC Trusts at the beginning of 2013. This is now in the form of a three year glide path and will ensure an equitable distribution of resource following the integration of the former legacy in-service consortia.

During 2014-15 there was a continued focus on regionalisation to harmonise working practices and further standardisation of programmes and products to ensure consistency in quality and content. In addition, a number of new programmes were developed in response to local strategic developments. For example, a bespoke programme aimed at preparing the workforce for the implementation of the Mental Health Core Care Pathway for Adults was developed.

Additional capital funds secured in 2013-14 enabled the CEC to obtain contemporary clinical skills equipment for use within nursing and midwifery programmes. During 2014-15 additional funding enabled the purchasing of bespoke housing units and the establishment of Clinical Skills Laboratories for nursing and midwifery programmes in each of our sites. These laboratories are a welcome addition to CEC's resources and have proved valuable in supporting the consolidation and development of new clinical skills.

During 2014-15 the BSO also invested funding to secure a wide range of clinical skills equipment for use within the programmes provided by the AHP Unit of the CEC. This equipment, which is accessible at the CEC's AHP Unit in Clady Villa, Knockbracken Healthcare Park, is an important and helpful resource to support skills development across a range of AHP staff.

The Clinical Education Centre's website www.cec.hscni.net has been in place for approximately two years. During 2014-15 the CEC established its Website Governance Group to oversee, refine and develop the website so as to improve functionality and maximise its benefits to our clients and staff.

Through late summer to December 2014, the CEC worked closely and collaboratively with colleagues to facilitate the migration to the BSO ITS system. This major initiative has resulted in the introduction of a standardised e-mail format 'firstname.surname@cec.hscni.net' and supports the aim of regionalised working.

The contribution and achievements of a number of CEC staff was recognised throughout the year. A few examples are:

- The AHP Unit was a finalist in the Award for achievement in supporting and developing the AHP workforce at the inaugural NI Advancing Healthcare Awards;
- Anne Finn, Nurse Education Consultant, received the BSO Recognition Award for Customer Care in September 2014;
- Majella Doran, Senior Education Manager, was awarded the Institute of Nursing and Health Research Mona Grey Postgraduate Nursing Research Award for Excellence in Research 2014.

In a new departure this year, the CEC delivered two bespoke learning events. The first, was held in October 2014 and saw the CEC facilitating the first Northern Ireland E.C.T. Learning Event. This occasion brought together a capacity audience of clinicians, educationalists and policy representatives from the DHSSPS and RQIA. The express aim of this event was to explore current levels of person centred care and practice, while learning together within a multidisciplinary environment. We were delighted to have, as the keynote speaker, Professor Declan McLoughlin whose contribution to the field is renowned.

The second regional learning event was held in February 2015, and brought over 30 physiotherapists together and focussed on Chronic Low Back Pain and Cognitive Functional therapy. The programme was delivered by the internationally recognised Dr Kieran O’Sullivan, University of Limerick. Dr O’Sullivan has published over 40 peer-review publications and presented at over 50 scientific conferences such as the World Congress in Low Back and Pelvic Pain and the International Federation of Orthopaedic Manipulative Physical Therapists (IFOMPT) conference. The aim of the programme was to assist systematic recognition and approaches to target non-structural and biomechanical barriers to recovery among people with chronic low back pain. This prestigious event was extremely well received by all those who attended with the inclusion of a service user in the programme consolidating the learning.

In the last few weeks, in partnership with the RCN, the CEC supported and contributed to a Regional Conference/Learning Event for registered nurses on the subject of learning disabilities. A capacity audience in excess of 150 nurses heard of various developments in practice and education. This included the work of the Regional Collaborative,

which is charged with leading and driving the implementation of the NI Action Plan for Learning Disabilities Nursing.

During 2014, in line with two of the Chief Nursing Officer’s key priorities, the CEC worked collaboratively with NIPEC to:

- Support the nursing and midwifery response to the DHSSPS consultation on new Capacity legislation;
- Provided its facilities free of charge to NIPEC to raise awareness of the consultation on the NMC’s draft Code for Nurses and Midwives.

Stakeholder Engagement

The CEC held a second regional Stakeholder event during 2014. In response to feedback from clients, it was decided to target this event at independent sector organisations. This enabled the Centre to test priorities and needs within this sector and to demonstrate the resources available within the CEC to support the development of new skills.

Looking Ahead to 2015-16

In 2015-16 the CEC will continue to work closely with the DHSSPS, Trusts and independent and voluntary sector organisations to plan and deliver education to support nurses, midwives and allied health professions. We will respond to the changing demands associated with a dynamic modern health and social care system. The CEC also expects to have a key contribution to make in providing educational responses to meet the needs of NMC registrants in relation to revalidation. From an AHP perspective, the CEC will play a key role in the introduction of a regionally agreed model of supervision for AHPs through the provision of standardised training.

HSC Leadership Centre

The Leadership Centre is committed to providing products and support to deliver outstanding leadership in the HSC. The business focuses on three product areas:

- Consultancy – bespoke support and products to meet client needs;
- Brochure programmes – 15 new programmes in 2014-15;
- IT – a wide range of programmes from basic IT skills, Human Resources, Payroll, Travel and Subsistence (HRPTS) and Finance, Procurement and Logistics (FPL) systems support, through to the development of innovative IT solutions to support transformation change.

In the past year we have worked with all organisations across the HSC and we are pleased to add new clients in other organisations connected to our sector.

Key Developments and Achievements in 2014-15

The Leadership Centre has delivered a high quality service which has fully met the expectations of Service Level Agreements (SLAs) and clients. We have succeeded in attracting new clients for the growth of our business, establishing new SLAs with NIFRS and NIAMH. We have attracted significant business from the DHSSPS in the commissioning of new leadership development initiatives and a user experience programme for HSC. We have also recruited new staff to develop and broaden the skills within our consultant workforce.

Regional Programmes

During the year we delivered and evaluated the regional ICP Leadership Development Programme which was rated highly by participants, with clear indications of the initiative providing good value of money, knowledge transfer and business impact. We also launched two new regional AHP Leadership

Development Programmes commissioned by the DHSSPS. We launched the Putting People First initiative, which aims to improve people's experience and interactions across the system through an innovative method of developing regional ambassadors to spread this development and ensure consistent approach.

Knowledge Exchange

HSC Knowledge Exchange is now well established as a way of sharing good practice, innovation and learning across the HSC system in Northern Ireland. It features more than 150 local case studies to reduce duplication and acts as a portal to hundreds more examples of good practice locally and nationally. Events are hosted and recorded in the knowledge repository. The website has been visited more than 10,000 times by 6,000 individual visitors. The weekly update of emerging thinking and current news is sent to 800 registered users and Twitter followers.

Supporting Improvement and Reform

Our consultants continued to support core clients' improvement and reform initiatives during 2014-15. We were involved in over 60 significant projects generating over 330 SLA days. The support included facilitating service reviews, applying Lean and service improvement methodologies to reform initiatives, development of modernisation and workforce plans and project management. We have also developed and delivered new service offerings in project and programme management for clients. The Centre also supported clients in the development and implementation of key regional strategies including Quality 2020, TYC, eHealth and Care Strategy, AHP Strategy and Social Work, Social Care Strategy.

New Healthcare Leadership Model

The new Healthcare Leadership Model (HCLM) was introduced this year by the NHS Leadership Academy to replace the Leadership Framework.

Northern Ireland is one of the first areas in the UK to use the associated 360 questionnaire. We have facilitated 360 feedback sessions for participants in three core client organisations and advised on how the HCLM can be used in recruitment and development programmes.

Lessons from Leaders

During the year, the Leadership Centre continued to provide seminars where innovative and inspirational speakers shared their experience with the wider HSC and public sector audience. Whilst we continued to run two distinct series, one for Leadership and another for Patient Safety and Quality Improvement, we also introduced a new ICT theme in 2014-15 recognising the importance of the eHealth agenda.

IT Services

This year has seen the IT Services Department release a new Patient Colleague Feedback online system. This online system allows Doctors to receive feedback from patients and colleagues in a report format required for revalidation. The eLearning team for several years have been supporting and maintaining eLearning platforms for 16 organisations within the HSC. This year they have taken a systems approach and brought these 16 platforms into one, allowing for staff online learning profiles to be transferred between organisations and reducing the need for multiple usernames and passwords.

Upgrade of Facilities

2014-15 saw our capacity and capability improved through the enhancement of the Centre's facilities and equipment. We refurbished our training suites

and coffee lounge, including installation of the latest technologies, and improved the WiFi capability across the site. We also opened our new canteen facilities including sandwich station and coffee bar. The Beeches House also undertook main repairs and repainting.

Recognition Awards

The team responsible for the Knowledge Exchange at the Centre were winners of the Innovation Award in the BSO Chair's Annual Recognition Awards event. We were delighted to be recognised in this way and continue to assist in the sharing of best practice and development of critical networks across our system through this innovative website.

Looking Ahead to 2015-16

In the year ahead our team of experienced consultants will continue to support senior leaders in health, social care and public safety. We will continue to progress under the BSO's Corporate Plan and provide services in line with our strategic themes of Culture and Engagement, Service Reform and Efficiency and High Impact Leadership Development. We will continue to focus on improving the responsiveness of the Centre to client requests and expanding our business to new clients and areas of work. Our staff are important and we will continue to develop them, providing them with the tools to deliver innovative and high quality services to our clients. And we will also participate in research in order to ensure the delivery of safe, effective and innovative services to our patients and clients across the system.

Remuneration Report

Scope of the Report

Section 421 of the Companies Act 2006, as interpreted for the Public Sector, requires HSC bodies to prepare a Remuneration Report containing information about Directors' remuneration. The Remuneration Report summarises the Remuneration Policy of the Business Services Organisation (BSO) and particularly its application in connection with Senior Executives. The report also describes how the BSO applies the principles of corporate governance in relation to Senior Managers' Remuneration in accordance with HSS (SM) 3/2001 issued by the Department of Health, Social Services and Public Safety (DHSSPS).

Remuneration Committee

A subcommittee of non-executive Board members exists to advise the full Board on the remuneration and terms and conditions of service for Senior Executives employed by the BSO. The membership of the subcommittee is:

- Mr A Coleman, Chairman of the Board;
- Mr G Irwin, Non-Executive Board member;
- Mr G Strong, Non-Executive Board member;
- Mr S Mahon, Non-Executive Board member;
- Mr A Hanna, Non-Executive Board member.

Whilst the salary structure and the terms and conditions of service for senior executives is determined by the Department of Health, Social Services and Public Safety (DHSSPS), the Remuneration Committee has a key role in assessing the performance of Senior Executives and, where permitted by DHSSPS, agreeing the discretionary level of performance related pay.

The salary, pension entitlement and the value of any taxable benefits in kinds paid to both Executive and Non-Executive Directors is set out on the following page.

There is a requirement for the Remuneration Report to include a Single Total Figure of Remuneration. The figure includes salary, bonus/performance pay, benefits in kind as well as pension benefits. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. This is also included on the following page.

Retirement Benefit Costs

The Organisation participates in the HSC Superannuation Scheme and past and present employees are covered by the provisions of this scheme. Under this multi-employer defined benefit scheme both the Organisation and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Organisation is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the Organisation and charged to the Statement of Comprehensive Net Expenditure at the time the Organisation commits itself to the retirement.

Senior Employees' Remuneration (Audited)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Business Services Organisation were as follows:

Name	2014-15					2013-14				
	Salary £000s	Bonus / Performance Pay £000	Benefits in kind (rounded to nearest £100)	Pension Benefits £'000	Total £'000	Salary £000s	Bonus / Performance Pay £000	Benefits in kind (rounded to nearest £100)	Pension Benefits £'000	Total £'000
Non-Executive Members										
Alexander Coleman	20-25	–	–	–	20-25	20-25	–	–	–	20-25
Robin McClelland	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Greg Irwin	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Hilary McCartan	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Geraldine Fahy *	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Sean Mahon	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Brian McMurray	5-10	–	200	–	5-10	5-10	–	–	–	5-10
Gerald Strong	5-10	–	300	–	5-10	5-10	–	–	–	5-10
Alan Hanna	5-10	–	–	–	5-10	5-10	–	–	–	5-10
Executive Members										
David Bingham	105-110	–	500	23	125-130	100-105	–	400	21	125-130
Hugh McPoland	75-80	–	2000	16	95-100	75-80	–	1000	6	80-85
Sam Waide**	80-85	–	1,100	(8)	75-80	-	-	-	-	-
Peter Wilson ***	80-85	–	-	3	80-85	80-85	–	800	3	80-85
Paula Sheils ***	65-70	–	500	(138)	(65-70)	75-80	–	–	(1)	70-75
Patrick Anderson	80-85	–	200	18	100-105	80-85	–	300	17	100-105
Alphy Maginness	80-85	–	300	16	100-105	80-85	–	200	8	90-95
Karen Bailey	75-80	–	–	14	90-95	70-75	–	–	26	100-105

*Geraldine Fahy's salary is paid directly to her employer.

** Sam Waide took up the post of Director of Operations on 2 June 2014.

*** Peter Wilson (Assistant Director PaLS) and Paula Sheils (Assistant Director FPS) acted up into the role of Director of Operations on a rotational basis from 3 November 2013 to 31 May 2014.

Pensions of Senior Management (Audited)

Name	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/14 £000s	CETV at 31/03/15 £000s	Real increase in CETV £000s
David Bingham	0-2.5	10-15	131	163	28
Hugh McPoland	0-2.5 plus lump sum of 2.5- 5.0	35-40 plus lump sum 110-115	789	842	26
Sam Waide	–	–	–	–	–
Peter Wilson	0-2.5 plus lump sum of 0-2.5	30-35 plus lump sum 95-100	621	655	12
Paula Sheils	(5-10) plus lump sum of (15-20)	30-35 plus lump sum 90-95	770	672	(125)
Patrick Anderson	0-2.5	5-10	52	67	13
Alphy Maginness	0-2.5 plus lump sum of 2.5- 5.0	25-30 plus lump sum 80-85	557	602	26
Karen Bailey	0-2.5 plus lump sum of 2.5- 5.0	20-25 plus lump sum 70-75	428	462	20

Please note that Senior Executive pay scales applicable from 1 April 2014 have not been communicated by the DHSSPS.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. Cash equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued as a member accrued benefits in any contingent spouse's pension payable from the scheme.

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

The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSS Pension Scheme. They also include any additional pension

benefits accrued to the member as a result of them purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines of framework prescribed by the Institute and Faculty of Actuaries.

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

Fair Pay Statement

The Hutton Fair Pay Review recommended that, from 2011-12, all public service organisations publish their top to median pay multiples each year. The DHSSPS issued Circular HSC (F) 23/2012 and subsequently issued Circular HSC (F) 23/2013, setting out a requirement to disclose the relationship between the remuneration of the most highly paid director in the organisation and the median remuneration of the organisation's workforce. Following application of the guidance contained in Circular (F) 23/2013, the following can be reported:


Band of Highest Paid Director's Total
Remuneration: £105-110K
Median Total Remuneration: £19,268
Ratio: 5.5

Early Retirement and Other Compensation Schemes

During the 2014-15 financial year agreements were reached with three members of staff to accept early retirement. Further details are provided in note 3.4 of the Accounts.

Off Payroll Staff Resources

	Number of staff
Off Payroll staff as at 1 April 2014	0
New engagements during the year	0
Number of engagements transferred to department's payroll	0
Number of engagements that have come to an end during the year	0
Off Payroll staff as at 31 March 2015	0



David Bingham
Chief Executive

Date:



Business Services
Organisation

Providing Support to Health and Social Care

BUSINESS SERVICES ORGANISATION

**ANNUAL ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2015**

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BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

FOREWORD

The accounts for the year ended 31 March 2015 have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting manual (FReM) and in accordance with the requirements of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES.

Under Health and Social Care (Reform) Act (Northern Ireland) 2009; the Department of Health, Social Services and Public Safety has directed the Business Services Organisation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Business Services Organisation of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FREM) and in particular to:

- observe the Accounts Direction 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 FREM have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Business Services Organisation will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Business Services Organisation.
- pursue and demonstrate value for money in the services the Business Services Organisation provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Principle Accounting Officer for Health and Personal Social Services Resources in Northern Ireland has designated David Bingham of the Business Services Organisation as the Accounting Officer for the Business Services Organisation. 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 Business Services Organisation's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

CERTIFICATE OF THE 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 83 to 127) which I am required to prepare on behalf of the Business Services Organisation have been compiled from and are in accordance with the accounts and financial records maintained by the Business Services Organisation and with the accounting standards and policies for HSC bodies approved by the DHSSPS.



Director of Finance (Acting)

Date: 12th June 2015

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 83 to 127) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chairman

Date: 12th June 2015



Chief Executive

Date: 12th June 2015

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

GOVERNANCE STATEMENT

1. Introduction

I am pleased to introduce the Governance Statement for 2014/15, which explains the Business Services Organisation (BSO) approach to corporate governance and how it operates in practice. The Statement also provides an account of the BSO Board and Committees, including reference to the Board's performance and effectiveness.

In addition, it represents a medium for the Accounting Officer to highlight significant control issues which have been identified during the year and those previously reported which have been addressed or are continuing within the BSO.

The Governance Statement forms an integral component of the Annual Report and Accounts.

2. Scope of Responsibility

The Board of BSO 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 ("the Department").

2.1 There are a range of processes and structures in place to facilitate appropriate accountability. These include:

- ***Management Statement and Financial Memorandum***

The BSO relationship with the DHSSPS is set out in this document. There are formal accountability meetings in place between the DHSSPS and the BSO in addition to on-going informal liaison.

- ***Service Level Agreements with Client Organisations***

During the year ended 31 March 2015, Service Level Agreements (SLAs) were issued to manage the working relationships with, or within, the Health and Social Care Board (HSCB), Public Health Agency (PHA), HSC Trusts and other Health and Social Care Organisations. A small number of HSC Trusts, however, delayed signing their SLA until the costs for providing Shared Services were agreed. Shared services costs have now been agreed and as at 31 March 2015 one signed SLA from SHSCT remains outstanding.

- ***Partnership Forums and Shared Services Regional Customer Forums***

Partnership Forums have been established in each of the Directorates with client organisations, each have an agreed Terms of Reference by which business is conducted. Meetings of each forum take place at least twice a year. In addition to individual partnership forums a Shared Services Regional Forum was established in January 2015.

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

absolute assurance adequacy and effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives; and evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 In addition to the main BSO function, the following Regional Programmes and Administered Services fall within the BSO's accounting boundary:

2.4 ***Business Services Transformation Programme (BSTP)/Benefits Realisation Programme***

In May 2010 oversight for BSTP transferred to the BSO. The role of the BSO within the overall programme and management structure is to coordinate, direct, resource and oversee the implementation of the BSTP and related projects in order to deliver the expected outcomes and benefits within the agreed financial resources and timescales. As Accounting Officer for the BSO, I have the responsibility for expenditure of the delegated budget. Appropriate governance arrangements for BSTP are in place which clearly outline the roles and responsibilities of all parties concerned, i.e. DHSSPS, Senior Responsible Officer, BSO and other HSC Organisations.

2.5 ***Regional ICT Programme***

Individual ICT projects are commissioned from BSO Information Technology Services (ITS) by HSCB within the context of the Regional HSC e-Health Strategy. Each project is assigned a Senior Responsible Owner (SRO) who is typically outside of BSO unless the project relates directly to BSO business or regional infrastructure. BSO ITS provides a project management service and manages project expenditure, but the on-going performance of these projects will continue to be the responsibility of the SRO and will be monitored through project management arrangements agreed with the SRO and HSCB. The BSO resources used to project manage and enable delivery of the projects are managed by a commissioning agreement with HSCB and will follow BSO ITS project management guidelines. HSCB is responsible for commissioning the projects and allocating the required project budgets to the BSO on an annual basis. Robust monitoring arrangements for project oversight exist within the BSO. BSO and HSCB have agreed a number of measures to strengthen the commissioning arrangements in line with the recommendations of the Gartner Review. These include earlier development and agreement of the commissioning plan and the identification of project and operational tasks to a suitable level of granularity. Appropriate oversight arrangements at a corporate level within BSO and HSCB are operational, with formal progress and exception reporting on a quarterly basis. BSO is responsible for ensuring that programme funding is spent in line with the annual spend projections agreed between BSO and HSCB for each project (or any adjustments agreed to these in year), and that any exceptions are reported in a timely way to HSCB, and that BSO ITS project management resources are delivered in line with the HSCB commissioning agreements.

2.6 ***Administered Services***

The BSO, on instruction from the DHSSPS, undertakes payment arrangements for a range of services, namely, Bursaries for Nurse Training, Healthy Start Initiative, Supplement for Undergraduate Medical and Dental Education (SUMDE) and Regional Training Schemes for which total funding of approximately £20m is received via the Revenue Resource Limit (RRL).

3. **Compliance with Corporate Governance Best Practice**

The BSO applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The BSO does this by undertaking continuous assessment of its compliance with Corporate Governance best practice by assessing the BSO Governance

arrangements against the Departmental ALB Assessment tool. This process puts in place a process for regular evaluation of BSO Board effectiveness.

- 3.1 The BSO undertook its annual Board Governance self-assessment with discussion and approval of its 2014-15 submission to DHSSPS at the February and March 2015 meetings of the Board. The Board Governance self-assessment focuses on four key areas: Board Composition and Commitment, Board Evaluation Development and Learning, Board Insight and Foresight and Board Engagement and Involvement. A Board Impact Case Study also forms part of this submission. Following completion of this self-assessment the BSO Board concluded that it is compliant with the Corporate Governance Code. This assessment identified areas for improvement to maintain compliance with good practice and an action plan is in place to achieve further progress in 2015/16.

4. Governance Framework

In my role as Accounting Officer, I operate with the support of the Board. This includes highlighting to the Board specific business implications or risks and, where appropriate, the measures that could be employed to cost effectively manage these risks or implications. I am also accountable to the Minister for Health, Social Services and Public Safety, and ultimately to Parliament and the Public Accounts Committee, for the services the Organisation provides, and for the effective and economical use of taxpayers' money.

4.1 *Attendance and Membership of the Board and its Sub Committees*

The BSO Board met on twelve occasions, the Governance and Audit Committee (GAC) four, the Remuneration and Terms of Service Committee (REM) twice and the Business Committee (BUS) once.

Non-Executive Directors	BOARD	SUB COMMITTEES OF BOARD		
		GAC	REM	BUS
Mr Alexander Coleman	9	-	2	-
Mr Alan Hanna	11	-	2	1
Mr Greg Irwin	11	-	2	1
Mr Sean Mahon	7	-	2	1
Mr Gerry Strong	11	-	2	1
Mr Brian McMurray	11	3	-	-
Mrs Geraldine Fahy	8	4	-	-
Mrs Hilary McCartan	12	3	-	-
Mr Robin McClelland	11	4	-	-
Executive Directors				
Mr David Bingham (Chief Executive)	12	1	-	-
Mr Patrick Anderson (Director of Finance)	12	4	-	-
Mr Hugh McPoland (Director of HR&CS)	10	-	2	1
Mr Sam Waide ¹ (Director of Operations)	10	-	-	-
Ms Paula Sheils ² (Acting Director of Operation)	1	-	-	-
Mr Peter Wilson ³ (Acting Director of Operation)	1	-	-	-

Please note that where a dash has been inserted this Director does not sit on this Committee.
From June 2014 ¹ During May 2014 ², During April 2014 ³

4.2 ***Role of the Board***

The Board has a key role in overseeing the sound financial management and corporate governance within the Organisation and closely monitors progress in the achievement of key objectives and priorities as set out in the Corporate Strategy including Service Delivery Plan. The Board of the BSO exercises strategic control over the operation of the organisation through a system of corporate governance which includes:-

- a Corporate Plan supported by an Annual Business Plan;
- a schedule of matters reserved for Board decisions;
- a scheme of delegation, which gives decision making authority, within set parameters, to the Chief Executive and other officers;
- standing orders and standing financial instructions;
- the operation of a Governance and Audit Committee;
- the operation of a Remuneration Committee and Terms of Service;
- the operation of the Business Committee;
- the Management of Information Systems.

4.3 The system of internal financial control is based on a framework of regular financial information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board;
- regular, formal in-year forecasts (or latest best estimates – LBEs) which are submitted to the Board for noting;
- monthly reviews by the Board of financial reports which indicate financial performance against forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- formal budget management disciplines, e.g. monthly reports and variance analysis.

4.4 ***Register of Interests***

The BSO maintains a register of Non-Executive Directors' interests to ensure that their duties elsewhere do not conflict with their work in the BSO. Non-Executive Directors are required to declare any conflicts promptly. The Board were asked to update the Register in May 2015 which confirmed that there were no new interests that created a potential conflict.

4.5 ***Role of the Governance and Audit Committee (GAC)***

The GAC is a Sub Committee of the Board and supported the Board during 2014/15 by:

Scrutinising:

- BSO Financial Statements
- Internal and External Audit Findings

Reviewing:

- Governance Statement
- Mid-Year Assurance Statement
- Annual Internal Audit Strategy incorporating Internal Audit Plan
- External Audit Strategy

- BSO Standing Orders and other relevant Policies
- BSO Direct Award Contracts/Single Tender Actions Register

Monitoring:

- Progress of Audit recommendations
- Fraud/Whistle Blowing Reports
- National Fraud Initiative
- Internal Audit Report on Controls Assurances Standards

The BSO Board includes risk management within its remit, with the GAC overseeing risk assurance processes. The Committee conducts annual self-assessments of its effectiveness against this remit.

4.6 ***Role of the Remuneration and Terms of Service***

The Remuneration and Terms of Service Committee is a Sub Committee of the Board and its role is to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Senior Executives. The main functions of the Committee are to:

- Make decisions on behalf of the BSO Board on the total remuneration and terms of service package for Executive Directors, Senior Executives and Senior Managers which reflect DHSSPS Circulars and determinations
- Oversee:
 - The proper functioning of performance and appraisal systems including knowledge and skills
 - The appropriate contractual arrangements for all staff
- Monitor:
 - A remuneration strategy that reflects national agreement and department policy
 - The application of the remuneration strategy to ensure adherence to all equality legislation

4.7 ***Role of the Business Committee***

During the 2014/15 year the BSO Board established a new sub Committee of the Board known as the Business Committee. The appointment of this Committee increases the capacity of the BSO Board to oversee the running of the Organisation and provide assurance to members that sufficient time is being spent scrutinising organisational performance. The Business Committee supports the Board by:

Scrutinising:

- BSO's handling of complaints, FOIs and other administrative matters
- Policies and procedures for all work related to Information Management

Reviewing/Monitoring:

- Reports on Human Resources and Corporate Services matters
- Performance in relation to delivery on SLAs
- Implementation of major change projects in BSO as delegated by and on behalf of the Board

Seeking/providing assurances on:

- Management of serious adverse incidents
- Organisational process for Information Management

4.9 ***Senior Management Team***

As Accounting Officer, I am supported by my Senior Management Team (SMT) which comprises of BSO Directors. It provides a weekly forum for the consideration and endorsement of corporate

business, handling of emerging issues and provides a quality assurance process for Board papers; with papers being reviewed at the preceding SMT meeting. The Head of Shared Services attends SMT weekly and the Heads of HSC Leadership Centre and Clinical Education Centre attend monthly.

SMT also provides a fundamental management assurance framework, to assist the Accounting Officer, to identify potential areas of concern and focus resources to remedy these. This framework requires each Director to report on internal control within their Directorates both at SMT and at individual regular accountability meetings with the Accounting Officer.

5. Business Planning and Risk Management

5.1 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 BSO is an Arm's Length Body and is required to take its lead from the wider strategic vision and goals of the Department of Health, Social Services and Public Safety (DHSSPS). Along with the wider HSC, BSO is conscious of the strategic context within which it operates and aims to support the over-arching Programme for Government and wider Public Health agendas. BSO aims to do this through a framework of good governance and which takes account of its social and environmental responsibilities.

5.2 As part of its annual planning cycle, the BSO has held a series of Strategic and Business Planning Workshops in Autumn 2014 with Board members and senior staff which included input from key stakeholders and customers. The key speaker at the Strategic Planning Event held for the Board members in November 2014 was the new Permanent Secretary of DHSSPS. The results of the annual BSO Customer Satisfaction Survey were also scheduled in order to ensure that account was taken of customer feedback in planning services for 2015/16.

The main outcomes have been the creation of a new three year BSO Corporate Strategy to cover the period 2015-18 which includes Mission and revised Strategic Objectives and Values to enable BSO to deliver to its Mission. The Corporate Strategy will be supported by an Annual Business Plan setting out the key priorities and objectives to be delivered during that year. The BSO's mission, "*to deliver value for money and high quality business services to Health and Social Care, so contributing to the health and well-being of the population in Northern Ireland*" remains particularly relevant in the increasingly challenging economic environment.

The BSO Strategic Objectives proposed to provide a focus for the period 2015-18 are:

- To Deliver Value for Money Services to our Customers;
- To Grow our Services and Customer Base;
- To Pursue and Deliver Excellence through Continuous Improvement;
- To Enhance the Contribution and Development of Our People.

The Values proposed to take the organisation forward during the same period are:

- Respect for Staff and Customers;
- Accountability in how we Deliver our Services;
- Transparency, Openness and Trust;
- Partnership and Collaboration with our Stakeholders and Customers;
- Professionalism and Expertise.

- 5.3 In autumn/winter of recent years, the DHSSPS has engaged in the setting of business plan objectives for all Arms' Length Bodies (ALBs) for the forthcoming financial year. This year, with the appointment of a new Permanent Secretary, has seen a different approach. The DHSSPS advised, in November 2014, that it wished to take a more strategic approach to business planning, with the focus on the statutory basis for each ALB, i.e. what is the fundamental purpose of each organisation and what are the business objectives to support that. Further formal guidance on business planning dated 9 February 2015 stated that for 2015-16, the DHSSPS would not be setting a wide range of specific Departmental objectives for inclusion in business planning documents. However, each Organisation would be required to produce an Annual Business Plan which would contain strategic objectives focusing on the organisation's core purpose. The plan should include appropriate objectives and targets relating to corporate governance, quality, resources and service delivery/improvement. BSO has continued to engage with Sponsor Branch in relation to the content of the draft Corporate Strategy and annual Business Plan. Both have also been updated on an on-going basis in light of DHSSPS communication on the Review of Health and Social Care Administrative Structures.
- 5.4 To date, it has been the practice for the DHSSPS to utilise the BSO Business Plans as a basis for accountability reviews and checks progress periodically throughout the year. The BSO also uses the Plan internally to guide action and update performance management metrics and risk registers. These Plans are also useful to customers to show the strategic direction of BSO. Strategic and business plans are driven beyond the BSO corporate planning process into the operational layers of the organisation. Each business area within the BSO has its own local business plan which reflects the Strategic Objectives and feeds into the corporate Business Plan. These local business plans form the basis of work for Directors, Assistant Directors, Managers and Staff across the organisation and of individual and team performance appraisals.
- 5.5 Risk Management is an organisation-wide responsibility. In the BSO, there are two key levels at which the risk management process is formally documented:
- 5.6 **Corporate Risk Register** which quantifies strategic risks and outlines controls / assurances and action plans approved by the BSO Board to ensure the focused and effective management of these risks. It is comprised of risks that have been identified to the achievement of the BSO Strategic Objectives and other significant risks that have / may arise in year. The Corporate Risk Register is operationally managed by SMT who (review the risks on a monthly basis). A Corporate Risk & Assurance Report is presented quarterly to the Board. In January 2015, the second annual Board Corporate Risk Workshop was held to allow Board members to reflect on the BSO approach to risk management, review the risks on the Corporate Risk Register and identify any gaps.
- 5.7 **Directorate/Service Area Risk Register** which quantifies all risks, sets out controls in place and determines the residual risk that remains. It is comprised of all the identified risks for each service within a Directorate and it is the direct responsibility of the various Directors to manage the risks in their respective areas. Directorate / Service Area risk Registers are operationally managed at local level and Assistant Directors /Senior Managers report quarterly to their Director. Action Plans are developed for all risks classified as Extreme, High or Medium and progress on actions is monitored quarterly by SMT and the GAC. SMT regularly scrutinise selected service risk registers as an additional assurance measure.
- 5.8 Risks to the management of information / data security are regularly reviewed by the Information Governance Management Group, representatives of which are drawn from the Senior Managers cadre

across the BSO.

- 5.9 The BSO's aim is to ensure good risk management is evident and sustained throughout the organisation by the involvement of all staff in the identification and management of risk in their service area. Staff are involved in assessing risks for their service area.
- 5.10 A Risk Management Strategy and associated policies & procedures are in place which describe the arrangements for embedding risk management in the activities of the BSO, through processes for identifying, assessing and responding to risks and incidents. These were reviewed in 2013, and approved by SMT and the Governance & Audit Committee. The strategy and policies are scheduled again for review in 2015. The Senior Management Team has been responsible for the development, management and implementation of the BSO's Risk Management Strategy. The monitoring arrangements in place within the Strategy require progress reports on risk actions to the appropriate level - Board, GAC, Senior Management Team and Directors.
- 5.11 ***Leadership / Training / Lessons Learnt in Risk Management***
Overall responsibility for risk management rests with the BSO Board, with responsibility for the implementation assigned to the Chief Executive. The Director of Finance is the Board's Accountable Officer for Risk Management, which is delivered through the Directorate of Customer Care and Performance.

Leadership is given to the risk management process by BSO Directors who are operationally responsible for the management of risks within their respective Directorates in accordance with BSO Risk Management Policies and Procedures. Risk Management is a core component of the job description of all senior managers within the organisation. Training on identification of risk was provided by CIPFA to senior managers and those responsible for management of risk registers in September 2013. In addition Risk Awareness training has been included in the formal BSO Corporate Induction programme with effect from January 2014. Future training will be reviewed on a regular basis.

6. Information Risk

- 6.1 Central to the safeguarding of information held by BSO is the effective management of information risks. Risks to the management of information / data security are identified and managed by the Information Governance Management Group, representatives of which are drawn from across the BSO. This Group reports to the BSO Board/Business Committee and the BSO Senior Management Team via the Director of Human Resources and Corporate Services.
- 6.2 The arrangements in place to manage information risk include:
- The Human Resources and Corporate Services Director is the Data Guardian and Senior Information Risk Officer of the Organisation and he regularly reviews information to ensure that it is appropriately protected
 - Information Asset Owners (IAO) are in place to reduce the risk to personal information within each Directorate
 - Directorate Information Assets Registers are reviewed regularly and updated
 - IAOs are aware of their responsibilities to ensure that information is securely stored; access controlled and disposed of appropriately
 - Regular mandatory training is delivered to all BSO staff, providing them with an up to date

- understanding of information governance issues and risks
- BSO ICT Security Policy and associated policies such as use of equipment e-mail and internet
- A detailed action plan for 2015/16 to assist in ensuring compliance with the Controls Assurance Standard for Information Management

6.3 The BSO also has a Records Management Policy Statement underpinning its records management arrangements. Appropriate guidance, central controls and a disposal schedule process based on good management good records guidance govern the retention and disposal of BSO records.

6.4 Operationally there are controls in place at Directorate level to manage access to personal data. All of the regional systems and those which support the FPS payments are governed by data subject access requirements. All key systems are password protected and subject to automatic protocols which require regular change.

7. **Public Stakeholder Involvement**

The BSO is not required by statute to establish appropriate governance arrangements to involve and consult with service users. However, the BSO recognise that effective involvement is a key component in the delivery of a high quality service and have established Customer Forums and perform customer and staff surveys to ensure that appropriate and proportionate measures are in place to ensure that service delivery arrangements are informed by the views of our stakeholders. The BSO Board holds several of its meetings outside Belfast each year to enhance public access to its meetings.

8. **Assurance**

The BSO receives assurances through the following internal control frameworks, the detail of which is set out below:

- Financial Control
- Management Assurance
- Controls Assurance Process and Action Plans
- Mid-Year and Annual Assurance Governance Statements
- Corporate Risk and Assurance Report
- Audit Control Process
- Adverse Incident and Complaints
- Fraud, Bribery and Whistle Blowing
- HSS (F) 67/2006 - Payments in respect of Litigation and Legal Services in the HPSS – Implementation of Controls

A review of the BSO Assurance Framework was approved by the Board in October 2013.

8.1 The BSO Board has considered the quality of information/data being presented to the Board and how this could be maintained / improved. The agreed process for ensuring the quality of data presented to the BSO Board assigns responsibility to each BSO Director for the quality of data within their own remit or area of expertise.

8.2 ***Controls Assurance Standards***

The BSO assessed its compliance with the applicable Controls Assurance Standards which were defined by the DHSSPS and against which a degree of progress is expected during 2014/15.

The Internal Auditor reported on the BSO's compliance with HSC Controls Assurance Standards. She confirmed that she had verified [substantive] compliance in respect of the core standards: Risk Management, Financial Management and Governance and also Building, land, plant and non-medical equipment.

The Organisation achieved the following levels of compliance for 2014/15:

Standard	DHSSPS Expected Level of Compliance	Level of Compliance attained	Audited by
Buildings, land, plant and non-medical equipment	Substantive	Substantive	Internal Audit
Emergency Planning	Substantive	Substantive	Self-Assessed
Environmental Management	Substantive	Substantive	Self-Assessed
Financial Management (Core Standard)	Substantive	Substantive	Internal Audit
Fire safety	Substantive	Substantive	Self-Assessed
Fleet and Transport Management	Substantive	Substantive	Self-Assessed
Governance (Core Standard)	Substantive	Substantive	Internal Audit
Health & Safety	Substantive	Substantive	Self-Assessed
Human Resources	Substantive	Substantive	Self-Assessed
Information Communication Technology	Substantive	Substantive	Self-Assessed
Information Management	Substantive	Substantive	Self-Assessed
Management of Purchasing and Supply	Substantive	Substantive	Self-Assessed
Risk Management (Core Standard)	Substantive	Substantive	Internal Audit
Security Management	Substantive	Substantive	Self-Assessed
Waste Management	Substantive	Substantive	Self-Assessed

The Controls Assurance assessments have identified areas for improvement in the systems and processes to maintain compliance. Action plans are in place to achieve progress in 2015/16.

An information governance internal audit was conducted in November 2014 which identified a number of priority one weaknesses and provided only a limited assurance. However, significant progress was made following the audit which enabled BSO to self-assess as substantive in the Information Management controls assurance standard. An action plan to ensure implementation of all priority one recommendations was created and progressed to ensure compliance and is reviewed fortnightly by BSO's Information Governance Management Group.

8.3 ***Corporate Risk and Assurance Report***

The BSO receives much of its assurance through its Corporate Risk and Assurance Report which contains the risks to the achievement of BSO Objectives, outlines the existing controls and assurances and identifies gaps in controls or assurances and outlines any necessary actions required to close these gaps. Progress on risk actions, changes to the risk profile were monitored monthly by SMT and quarterly by the BSO Board throughout 2014-15.

The Corporate Risk and Assurance Report provides a structure for the Accounting Officer, the GAC and the BSO Board for acquiring and examining the evidence to support the Governance Statement.

8.4 ***Mid-Year and Annual Governance Statements***

The Board evaluates its effectiveness of its risk and assurance arrangements each year through the submission of a mid-year and annual assurance statement to the DHSSPS. The mid-year statement

supplements the year end Governance Statement by providing in-year assurance on the continuing robustness of the BSO system of internal governance including the identification of governance matters that have arisen.

8.5 ***Audit Control Process***

All internal and external audit reports are presented to the GAC and management responses to recommendations scrutinised. An audit control process is also in place to ensure timely completion of recommendations. This involves:

- regular updates from managers outlining progress on recommendations including, if relevant, an explanation for any delay in implementation;
- scrutiny of managers updates by the Director of Finance and, if necessary, a request for remedial action;
- regular presentation of progress reports on recommendations to the GAC and SMT.

The Internal Auditor conducts a follow up audit on a bi-annual basis and reports to the GAC on progress in implementing recommendations.

8.6 ***Adverse Incidents***

The BSO recognises that both adverse incidents and complaints can be indicators of inadequate processes and unsafe practices. An examination of the causes of both can present the opportunity to improve services, limit risks and contribute to the achievement of the BSO's objectives. During 2014/15, eighteen adverse incidents were reported seven of which were serious and reported to the Information Commissioner's Office (ICO) and BSO Board. To date, the ICO has considered six of the serious adverse incidents and advised that no further action is required other than a request for evidence of an improvement plan and this has now been submitted. BSO is currently awaiting a response from ICO in respect of the seventh incident.

8.7 ***Complaints and Freedom on Information requests***

During 2014/5, a total number of 114 Freedom of Information requests were received with 86% responded to within 20 days. Thirty four complaints were formally received by Non Executive Directors and SMT, two remain ongoing and seventeen were upheld. Appropriate remedial action has been taken to reduce the likelihood of recurrence.

8.8 ***Business Continuity Plan***

The Business Continuity Plan for the Business Services Organisation was tested on Wednesday, 4 March 2015. The purpose of the exercise was to demonstrate the ability of BSO business processes to continue to function following an interruption. The exercise was attended by all members of the senior management team and officiated by a Non-Executive Director. This exercise did not highlight any significant issues and the outcome was reported to the Board in April 2015.

8.9 ***Fraud, Bribery and Whistle Blowing***

The BSO is a participant in the National Fraud Initiative (NFI). The BSO complied with the Data Protection Act 1988 by issuing Fair Processing Notices to advise individuals that their data was being processed. Regular reports on data matches and investigations undertaken together with monies recovered as a result of NFI are presented to the GAC.

The BSO is committed to the prevention of fraud and the promotion of an anti-fraud culture to

ensure the proper use of the public funds with which it has been entrusted and has in place both Fraud and Whistleblowing Policies to make it clear how cases will be dealt with and how staff can report suspicions or concerns. A fraud register is maintained within the BSO which details all, actual or potential, frauds notified. The Fraud Register is presented regularly to the GAC.

8.10 **Compliance with Circular HSS (F) 67/2006**

In 2006 the DHSSPS issued a circular on the arrangements for dealing with payments to legal representatives for claims and the controls expected. As the sole provider of legal services to the HSC, the BSO Directorate of Legal Services is required to comply with this circular.

The Chief Legal Adviser has confirmed that the BSO is compliant with the requirements outlined in the Departmental Circular HSS (F) 67/2006.

9. **Sources of Independent Assurance**

The BSO obtains Independent Assurance from the following sources:

- Internal Audit
- External Audit
- Attainment / Accreditation
- Findings of Other Review Bodies

9.1 **Internal Audit**

The BSO has 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. The annual audit plan is approved by the GAC. Regular reports are provided by the Head of Internal Audit to the GAC. The remit and membership of this Committee is set out in the Board Sub-Committee section.

9.2 In 2014-15 Internal Audit reviewed the following systems:

Assignment	Overall Level of Assurance
PaLS Procurement	Satisfactory
Governance – Management of Assurances	Satisfactory
Financial Review	Satisfactory
Income Shared Services	Satisfactory
Information Management	Limited
Regional Interpreting Service	Limited *
Nursing Bursaries	Satisfactory
Business Services Team Shared Services	Satisfactory
Governance Shared Services	Satisfactory
Payroll Shared Services (conducted September 2014)	Limited
Payment Shared Services (conducted September 2014)	Limited
Risk Management	Satisfactory
DLS Claims Management	Satisfactory
ICT Management of Contracts	Satisfactory
Payments Shared Services (conducted February 15)	Satisfactory/Limited (duplicate payments controls)
Payroll Shared Services (conducted February 15)	Limited
Recruitment Shared Services	Satisfactory
FPS Pharmaceutical	Satisfactory
FPS Dental	Satisfactory
Clinical Education Centre	Satisfactory
Year End Stock Take	Satisfactory

Issued prior to transition of RIS to BSO *

- 9.3 In her annual report, the Head of Internal Audit reported that the BSO system of internal control was **satisfactory** to meet the organisation's objectives. However, significant weaknesses in control were identified in a small number of audits in relation to Payments Shared Services, HRPTS Shared Services, Regional Interpreting Service and Information Management. Details of which are set out below:
- 9.4 ***Payments Shared Services***
A satisfactory assurance was provided on the system of internal control in Payments Shared Service. However, limited assurance was provided in relation to controls surrounding management of duplicate Payments. The process for review of duplicate payments on a regular basis has not been normalised and at the time of audit there was still a lack of clarity over the volume of potential and actual duplicate payments and the value of these. There were two priority ones within this report relating to duplicate payments and incorrect VAT being applied on four occasions.
- 9.5 ***Payroll Shared Services***
Limited assurance was provided due to the ongoing development of the Shared Services Payroll team into a HSC wide payroll function as they move from a period of transition into stabilisation. As of February 2015, all HSC organisations have transferred to Payroll Shared Services therefore at the time of audit fieldwork, redeployed staff were still learning their roles and functions. Audit did note progress since the last audit, particularly in the areas of client reporting and customer care forums, however, the lack of standardised work flows and high levels of manual processing continues to impact on the operation of a number of key controls such as variance monitoring. There were five priority ones in the report relating to variance monitoring, recovery of overpayments, delays in roll out of ESS/MSS across HSC, monitoring of access to HRPTS and segregation of duties.
- 9.6 ***Regional Interpreting Service (RIS)***
This audit was conducted prior to RIS transitioning to BSO in October 2014.
Internal Audit provided limited assurance in relation to the RIS. The demand for this service has increased considerably in recent years and RIS focus has been on the provision of interpreting services to patients and practitioners whilst governance arrangements have not kept pace with the increased service demand/size. Limited assurance was provided around the current controls and processes. Audit also highlighted that, at the time of audit, it was difficult to relate this assurance to a particular organisation in 2014/15, given the context of the service (involving Belfast HSC Trust, HSCB and DHSSPS) and RIS pending move from BHSC to BSO in October 2014. There were eight priority ones within this report and related to the establishment a RIS Strategy, retention of documents, manual finance processes, development of a training strategy, checking of invoices, capital funding, personal data held.
- 9.7 ***Information Management***
Internal Audit provided limited assurance on the system of internal control over information management due to procedures, processes and the method of taking forward the information management agenda which required strengthening.
- 9.8 Recommendations to address the control weaknesses identified above have been or are being implemented.
- 9.9 A number of outstanding prior year priority one audit recommendations in respect of payroll and

payment shared services continue to be progressed through the BSO audit control process (see paragraph 8.5).

9.10 ***External Audit***

The Financial Statements of the BSO are audited by the Northern Ireland Audit Office and the results of their audit are set out in their Annual Report to those Charged with Governance. A representative from the Northern Ireland Audit office attends the BSO GAC meetings. The remit of this committee is set out under the Board Sub-Committee Section.

9.11 ***Attainment /Reaccreditation***

The BSO continues to promote the value of external assurance gained through benchmarking services, attainment / reaccreditation of recognised awards such as Centre of Procurement Expertise (COPE), Investors In People (IIP), Lexcel, Mark of Excellence Award and International Standards Organisation (ISO). They form part of the assurance process which assist the BSO in providing assurance to others that risks are effectively managed and the organisation is on track to achieve its strategic vision, aims and objectives.

10. **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 BSO 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 Board, the Governance and Audit Committee and the Business Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Committee and reporting structures of the BSO provide the framework and process that maintains, monitors and reviews the effectiveness of the system of internal controls and risk management.

10.1 ***The Board reviews:***

- Corporate Risk & Assurance Report quarterly to identify gaps in controls and assurances and to agree and review actions also provides evidence that the effectiveness of controls that manage the risks to the BSO achieving its objectives have been reviewed.
- Regular reports giving internal assurances, at monthly and quarterly intervals including finance, performance, human resources and corporate services and reports on service delivery.
- Annual Reports such as Annual Accounts and Annual Report
- External Assurances: Report to those Charged with Governance
- GAC Annual Report to the Board
- Business Committee Reports

10.2 ***The GAC reviews:***

- Internal and External audit reports
- Audit Control Process which monitors adherence to audit recommendations
- Service Risk Reports: risk management process and progress on risk actions
- Report on Adherence to Controls Assurance Standards

- Annual risk report
- Direct Award Contracts (approved by AD PaLS)
- Fraud reports

10.3 ***The Business Committee Reviews:***

- Performance on Service Delivery
- Implementation of Major Change Projects
- Management of Serious Adverse Incidents, Complaints and FOIs
- Organisational process and policy on Information Management
- Reports on Human Resources and Corporate Services matters

10.4 ***Remuneration and Terms of Service - Role and Performance Reviews:***

- Remuneration and Terms of Service for Executive Directors, Senior Executives and Senior Managers and contractual arrangement for all staff
- Performance and appraisal systems
- A remuneration strategy that reflects national agreement and department policy
- The application of the remuneration strategy to ensure adherence to all equality legislation

10.5 The Senior Management Team (SMT) manages the BSO governance processes that enable Directors to report to the Board. At SMT, Directors who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

10.6 The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Annual Head of Internal Audit report. My review is also informed by reports received from external auditors including the Report to those Charged to those with Governance.

In respect of the findings of the internal audit reports, as described in paragraph 9.2 and the internal governance divergences described in paragraph 11, I am satisfied that there are plans in place to address any weaknesses identified and ensure continuous improvement to the system of internal control in 2015/16.

During 2014/15, 79% of internal audit recommendations received by the BSO were fully implemented, a further 17% were partially implemented and 4% were not implemented. The Audit Control process, reporting progress on recommendations regularly to the GAC and to the SMT, will continue during 2015/16. The Internal Audit Plan for 2015/16 will continue to focus on addressing those areas deemed to pose the highest risk to the attainment of the Organisation's objectives.

11. Internal Governance Divergences

11.1 **Update on prior year control issues which have now been resolved and are no longer considered to be control issues**

11.1.1 ***Payroll Systems Issues – Specific Payment Problems***

The roll out of shared services, particularly payroll proved very challenging. Two issues, as at 30 September 2014, had emerged which caused large scale problems for payroll staff. These were HMRC Tax Codes and National Insurance Contributions. Both were outside the control of BSO. Although these issues have stabilised they left a legacy of public and staff doubt about the

dependability of the systems. No further issues have emerged from 30 September 2014 in respect of these specific payment problems. However, ongoing issues in payroll continue and these are documented at paragraph 11.2.5.

11.1.2 ***HSC Leadership Centre – SLA with Southern Health and Social Care Trust***

The HSC Leadership Centre (HSCLC) was formally notified on 17 September 2014 that the Southern Health and Social Care Trust (SHSCT) had taken a decision to withdraw £70k from its annual SLA contract with HSCLC, due to the need to find cash releasing savings. Following discussions with the SHSCT an agreement was reached that a non recurrent deduction would be made for a lesser amount and therefore this matter is no longer considered to be an internal governance divergence.

11.1.3 ***HSC Clinical Education Centre – Funding***

The HSC Clinical Education Centre, as the regional in-service education provider for Nursing, Midwifery and Allied Health Professional is funded by DHSSPS to deliver on this requirement. As at 30 September 2014, the Clinical Education Centre continued to deliver in-service education for nurses midwives and allied health professionals in line with SLA requirements however the associated allocations had not been received. As funding has now been confirmed this matter is no longer considered to be an internal governance divergence.

11.1.4 ***Managed Services***

Managed services are the practice of outsourcing day-to-day management responsibilities and functions for a defined service area to achieve in-house efficiencies. During the year, BSO had a number of managed service contracts which had been problematic. The managed services affected include:

- the corporate Multi-functional (MFD) printing managed service delivered by Xerox;
- the regional GP network managed service delivered by Steria & British Telecom; and
- the Finance and Procurement managed system with Advanced Business Solutions (ABS).

As performance levels in respect of the aforementioned services are now satisfactory managed services are no longer considered to be an internal governance divergence.

11.1.5 ***Information Governance Control Assurance Standard***

The Information Governance Standard required detailed work throughout the year to ensure substantive compliance however, as this has now been achieved this matter is no longer considered an internal governance divergence.

11.2 **Update on prior year control issues which continue to be considered control issues**

11.2.1 ***Family Practitioner Services – Secondary Database Systems***

Family Practitioner Services (FPS) continues to operate with a significant number of secondary database type systems which supplement and support primary systems in calculating payments to family practitioners (c£750m pa). These secondary databases have been developed to accommodate changes in the type of payments made under new practitioner contracts. The BSO recognises the risks associated with these secondary systems and is engaged in a Project to replace the Pharmaceutical, General Practitioner and Dental FPS payment systems, funded under the auspices of the regional ICT Programme.

During 2014/15, FPS has reduced its reliance on secondary databases as a result of implementing a replacement system for the calculation of Pharmaceutical, Dental and General Medical Practice payments. The implementation of the system for Chemist Contractors' payments in July 2014 for the payment made in August 2014 eliminated the need for eight secondary databases and the full implementation of the system for paying Dental Contractors, which went live for the main payments in December 2014 has eliminated one secondary database and will eliminate one further secondary database used to make a bi-annual payment. The GP element of the new system went live in May 2015 for the payment made in May and has eliminated the need to use multiple spreadsheets and databases.

11.2.2 ***Significant Challenges for HSC to deliver services based on NI Executive Budget 2015-16***

HSC faces a very significant challenge in 2015/16 and beyond to deliver on the overall objectives for Health and Social Services and Public Safety and maintain services within a financial envelope significantly smaller than the assessed level of need. Allied to the significant underlying deficits identified by Trusts and the need to achieve additional savings through cost reduction programmes to offset these deficits, there is a risk that the overall levels of savings required across HSC are so great that the services which BSO provides to its customers are adversely affected or the Organisation itself fails to breakeven as a direct result.

BSO has received notification from DHSSPS that its RRL funding line will be subjected to a 15% cut in 2015/16. BSO has written to DHSSPS outlining the ramifications upon service delivery of implementing this cut and is now taking a range of actions to address this significant challenge. BSO has and will continue to proactively engage with all affected stakeholders throughout this process.

Furthermore, in terms of the generation of Management Fees from its HSC clients, BSO has again developed its annual Service Offering which will provide continued focus on providing HSC clients with a value for money, high quality service which is underpinned by an improvement in overall efficiency of 4.2% in 2015/16.

The BSO has identified the potential for generating additional income by offering our services beyond HSC. It is however at present constrained by the legislation governing the functions of the Organisation.

11.2.3 ***HSC Data Centres***

The Regional ITS data centres are hosted in the Royal Victoria Hospital (RVH) and Belfast City Hospital (BCH) in an environment provided by the Belfast Trust Estates Department. There were a number of serious interruptions to service between 2011 and 2013 primarily caused by instability in the facilities provided to the data centre such as power and cooling. The main cause of these interruptions was extreme weather impacting the power supply.

A number of actions have been taken in response to these events. However, hardware failure caused some interruption in July 2014 which was replaced and reviewed in an incident investigation led by HSCB. Work is also continuing on enhancing the management and automation of the facilities (power and cooling) within the legacy data centres in order to improve the resilience of the data centre during the period of transition.

BSO has also completed a third copy of the data outside the two data centres. This replicates the overnight backup process off site from the data centres to storage in Centre House and provides an “insurance copy” for disaster situations. This work completes the work of the Gartner sub group of the Board.

BSO is part of the shared public Data Centres project along with DFP and Translink. BSO has developed and had approved an Outline Business Case for transition to these new data centres. HSCB has agreed to provide funding for the transition. The project has been provided with a programme manager from Strategic Investment Board. The procurement is now underway and the new shared facilities are planned to be made available in line with project timescales (June 2016). Migration of over 120 services will take 18 months to 2+years. Locations of the new data centres will not be known until the procurement process has completed.

11.2.4 ***Business Service Transformation Programme (BSTP)/ Benefits Realisation Programme***

The BSO has responsibility for overseeing and co-ordinating the work of BSTP. This work included the introduction of two new systems into HSC to replace outdated systems namely, Finance, Procurement and Logistics (FPL) and the Human Resources, Payroll and Travel System (HRPTS). The FPL system was signed off on 21 August 2014 and the HRPTS on 30 June 2014 on the condition that the remaining strand of the programme, eRecruitment, would be rolled out. The implementation of these systems in HSC Organisations and in a shared services environment is expected to generate savings of almost £120 million over a 10 year period across all HSC bodies. These savings, however, can only be realised following the delivery and adoption by HSC of the following initiatives, which have been designed to assist the achievement of savings, some of which are already underway:

HRPTS

- Ongoing deployment of employee self-service (ESS) and manager self-service (MSS) to all appropriate users
- Introduction of single pay frequency
- Completion of eRecruitment by 30 September 2015

FPL

- Auto ordering;
- Self billing;
- Cloud Invoicing; and
- Increased use of FPM

A focused approach to Benefits Realisation was highlighted in the BSTP Gateway Review as essential to Project success and a BSO proposal to develop a Benefits Realisation Project (BRP) was approved by the BSTP SRO and BSTP Programme Board. The BRP is underway and it is expected that the BRP will operate for a period of two years managing benefits realisation and realising system benefits.

11.2.5 ***Shared Services***

The BSO Shared Services provides defined corporate services to all HSC organisations for:

- Accounts Payable
- Accounts Receivable
- Human Resources, Payroll, Travel and Subsistence (HRPTS)

- Recruitment and Selection

In addition to the above specialist shared services centres, BSO Shared Services also provides common system and data administration operations for the Finance Procurement and Logistics (FPL) and the HR Payroll Travel and Subsistence (HRPTS) systems.

As part of the delivery and adoption of BRP initiatives BSO has targeted a significant reduction in headcount within Shared Services by March 2016. This is entirely based upon a range of actions (as stated at paragraph 11.2.4 above) which both BSO and HSC Trusts are required to deliver. There is a risk that if these actions are not delivered by all parties that the anticipated savings will not be achieved.

It must be recognised that the development of the control environment in shared services payroll is an evolutionary process. Responsibility for improving this environment lies with BSO payroll in the first instance but is also dependent on HSC clients moving to single payroll frequency and the implementation of Employer Self Service (ESS) and Manager Self Service (MSS).

During 2014/15, internal audit undertook audits in respect of Human Resources, Payroll, Travel and Subsistence and Accounts Payable (HRPTS). Internal audit could only provide a limited assurance in respect of HRPTS. An overall satisfactory assurance was provided in respect of Accounts Payable however, a section of the report relating to duplicate payments received a limited assurance. Further details on the findings of these audits are set out at paragraphs 9.4 and 9.5.

NIAO reported that PwC (appointed NIAO Auditors) were able to provide satisfactory assurance over the BSO's IT general and application controls operating during 2014/15. However, KPMG (appointed NIAO Auditors) were unable to provide an assurance on the non-pay expenditure and payroll expenditure as control environments continued to be developed and established throughout the financial year and were not fully stabilised. However, in relation to Income Shared Services, KPMG were satisfied that the agreed upon procedures carried out to test certain non IT/manual business controls over the income, VAT and bank reconciliation processing activities performed by BSO Income Shared Service Centre appear to be designed and implemented effectively and have been operating effectively throughout the period from 1 April 2014 to 31 March 2015.

11.2.6 *Interface from Payroll Systems to Pensions Systems*

In order to process individual pension records and comply with Government Actuary Department (GAD) requirements in terms of member statistics, the BSO HSC Pensions Service (HSCPS) Altair system receive an electronic interface from HRMS (payroll) updating member records on a monthly basis. With the roll out of HRPTS it was therefore fundamental that the same data is interfaced from HRPTS to Altair to continue accurate processing. At the onset of procuring a new payroll solution this interface requirement was identified and included as part of the new system requirements. In May 2012 an initial specification was submitted to HCL Axon detailing Altair data interface requirements based on the current interface with HRMS. Despite protracted testing and discussion with the supplier the interface was still not operational during 2014/15 however good progress has been made and it is anticipated that the interface will be functional by 30 June 2015.

To mitigate against the delay in functionality, HSCPS will provide manual updates to GAD to ensure that the Scheme Accounts will receive an unqualified audit report.

11.2.7 ***Regional Interpreting Service (RIS)***

BSO assumed responsibility for the Regional Interpreting Service in 1 October 2014. This service was previously provided by the Belfast Trust and had seen significant growth since its inception in 2004. BSO acknowledged the requirement for renewed governance processes to manage the higher risks involved in dealing with potentially vulnerable adults and children availing of this service.

As a core element of its due diligence work on assuming responsibility for this Service, BSO commissioned a review of the Service by Internal Audit. The Internal Audit report generated, prior to the RIS transition to BSO, provided management with only a limited assurance regarding the controls in place surrounding RIS. There was an inadequate and / or ineffective system of governance, risk management and control in place and therefore there was a significant risk that the system would have failed to meet its objectives. Good progress has been made in implementing the recommendations within this report however full implementation requires the roll out of a new YARRA computer system which will strengthen current processes. It is anticipated that the new YARRA system will be operational from 1 September 2015.

11.3 **Identification of new issues and challenges in the current year and anticipated future issues.**

11.3.1 **Stock Accounting**

The Finance Procurement & Logistics system (FPL) maintains the warehouse stock balances by way of two systems - the Red Prairie stock management system and the e-financials system. These two systems should be synchronised by an interface at regular intervals each day. The Red Prairie system maintains only quantities of stock while the e-financials system maintains the value of these stock quantities. The interface is designed to ensure that the same quantity of stock is recorded on both systems at all times and the e-financials system should ensure that this quantity, once interfaced, is then valued accurately.

As part of the year end process for 2014/15 a full stock take was performed between the 20th and 22nd March 2015 on all items carried within the BSO PaLS warehouses. On completion of the year end stock count, whilst there was only a small adjustment required to Red Prairie to reflect accurate physical quantities the re-alignment of stock quantities between the Red Prairie and E-financials systems resulted in quantity imbalances and a financial impact of circa £500k which required immediate investigation. This issue was escalated to the system supplier for investigation.

The investigations undertaken by the system supplier to resolve the year end issue have indicated that there were instances of failures in the interfacing between the Red Prairie and e-financials systems throughout the year. In addition there were on-going issues with imbalances between the two systems on a daily basis. As a result of these findings and our on-going monitoring we have requested a full root cause analysis from the supplier.

Once the financial impact of the stock re-alignment and review of the trading account was assessed this issue was immediately communicated to key stakeholders. All uninvoiced shipments were invoiced to customers, accounting entries processed to correct transactions within the stock and the resolved position reflected in the financial statements.

11.3.2 **Dental Payments system – prior approval authorisations**

The BSO administers payment claims from Dental Practices under the Northern Ireland Dental Services (GDS) contract on behalf of the Health & Social Care Board (HSCB). As part of this process, Dental Practices are required to submit applications for higher value courses of treatment (exceeding £280) which are reviewed for clinical appropriateness and authorisation by HSCB Dental Advisors before treatment can commence. This process is called prior approval.

As part of the wider FPS replacement systems project, the FPS Replacement Systems Project Board (Project Board), consisting of BSO and HSCB representatives, gave approval for the live implementation of the new BSO Dental payments system in December 2014, recognising that there may be some issues with the messaging service which communicates the prior approval application and subsequent authorisations between Dental Practices and the BSO.

Post system implementation, it became apparent that the messaging functionality was not operating effectively and a backlog of prior approval applications, in excess of the normal 8 week turnaround period for approval, occurred. BSO ITS have been working with the system development partner to remedy the technical issues and have briefed the Project Board accordingly. A number of system updates were applied in the period January to April 2015 which partially resolved the issues and a system update to address the remaining known system issues was applied on 5 June 2015.

The BSO have agreed an action plan with HSCB to address the backlog of applications. The action plan addresses both those applications awaiting approval (quantified as 373¹ applications) and those applications where a technical issue had prevented a number of approval messages (1,574¹) being transmitted back to dental practices.


The action plan will be reviewed and monitored by the Project Board on 12 June 2015 and it is anticipated that the backlog of approvals will be addressed by 31 July 2015.

¹ As at 10 June 2015

12. **Conclusion**

The BSO 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 (MPMNI).

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 BSO has operated a sound system of internal governance during the financial year 2014/15.



Chief Executive

Date: 12th June 2015

BUSINESS SERVICES ORGANISATION

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 Business Services Organisation for the year ended 31 March 2015 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of 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 Social Care (Reform) Act (Northern Ireland) 2009. 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 Business Services Organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Business Services Organisation; 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 expenditure and income 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 expenditure and income 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 Business Services Organisation's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Department of Health, Social Services and Public Safety directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Health, Social Services and Public Safety directions made under the Health and Social Care (Reform) Act (Northern Ireland) 2009; and
- 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 and the part of the Remuneration Report to be audited 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

Date 24th June 2015

BUSINESS SERVICES ORGANISATION

STATEMENT of COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2015

	NOTE	2015 £	2014 £
Expenditure			
Staff costs	3.1	(45,377,198)	(39,324,952)
Depreciation	4	(5,224,190)	(4,962,134)
Other Expenditure	4	(94,865,882)	(90,873,270)
		<u>(145,467,270)</u>	<u>(135,160,356)</u>
Income			
Income from activities	5.1	93,805,586	84,261,402
Other Income	5.2	18,037,110	16,618,369
Deferred income	5.3	-	-
		<u>111,842,696</u>	<u>100,879,771</u>
Net Expenditure		<u>(33,624,574)</u>	<u>(34,280,585)</u>
Revenue Resource Limit (RRL)	25.1	33,748,628	34,376,393
Surplus/deficit against RRL		<u>124,054</u>	<u>95,808</u>
OTHER COMPREHENSIVE EXPENDITURE			
		2015 £	2014 £
Net gain/(loss) on revaluation of Property, Plant & Equipment	6.1/10/6.2/10	1,216,168	124,848
Net gain/(loss) on revaluation of Intangibles	7.1/10/7.2/10	-	(2,822,058)
Net gain/(loss) on revaluation of available for sales financial assets		-	-
		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2015		<u>(32,408,406)</u>	<u>(36,977,795)</u>


The notes on pages 87 to 127 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT of FINANCIAL POSITION as at 31 March 2015

	NOTE	2015		2014	
		£	£	£	£
Non Current Assets					
Property, plant and equipment	6.1/6.2	33,128,481		28,069,957	
Intangible assets	7.1/7.2	50,500,915		51,472,718	
Financial assets	8	-		-	
Trade and other receivables	12	-		-	
Other current assets	12	-		-	
Total Non Current Assets			83,629,396		79,542,675
Current Assets					
Assets classified as held for sale	9	-		-	
Inventories	11	4,082,784		4,992,858	
Trade and other receivables	12	25,457,994		26,308,438	
Other current assets	12	1,435,479		1,528,544	
Financial assets	8	-		-	
Cash and cash equivalents	13	31,953		-	
Total Current Assets			31,008,210		32,829,840
Total Assets			114,637,606		112,372,515
Current Liabilities					
Trade and other payables	14	(34,846,925)		(35,524,245)	
Other liabilities	14	-		-	
Intangible current liabilities	14	-		-	
Provisions	16	(65,513)		(71,660)	
Total Current Liabilities			(34,912,438)		(35,595,905)
Non current assets plus/less net current assets/liabilities			79,725,168		76,776,610
Non Current Liabilities					
Provisions	16	(471,547)		(572,535)	
Other payables > 1 yr	14	-		-	
Financial liabilities	8	-		-	
Total Non Current Liabilities			(471,547)		(572,535)
Assets less Liabilities			79,253,621		76,204,075
Taxpayers' Equity					
Revaluation reserve		4,908,179		3,696,823	
SoCNE Reserve		74,345,442		72,507,252	
			79,253,621		76,204,075

The notes on pages 87 to 127 form part of these accounts.

Signed  (Chairman) Date: 12th June 2015

Signed  (Chief Executive) Date: 12th June 2015

BUSINESS SERVICES ORGANISATION

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 March 2015

	Note	2015 £	2014 £
Cashflows from operating activities			
Net expenditure after interest		(33,624,574)	(34,280,585)
Adjustments for non cash costs		11,798,316	11,346,271
(Increase)/decrease in trade & other receivables		943,509	5,342,090
<i>less movements in receivables relating to items not passing through the NEA</i>			
movements in receivables relating to sale of property, plant and equipment		-	-
movements in receivables relating to the sale of intangibles		-	-
movements in receivables relating to finance leases		-	-
movements in receivables relating to PFI and other service concession arrangements contracts		-	-
(Increase)/decrease in inventories		910,074	(1,556,439)
Increase/(decrease) in trade payables		1,165,177	(2,528,245)
<i>less movements in payables relating to items not passing through the NEA</i>			
movements in payables relating to the purchase of property, plant and equipment		(2,106,030)	(138,018)
movements in payables relating to the purchase of intangibles		2,205,892	(844,121)
movements in payables relating to finance leases		-	-
movements in payables relating to PFI and other service concession arrangement contracts		-	-
Use of provisions	16	(47,866)	(70,082)
Net cash outflow from operating activities		<u>(18,755,502)</u>	<u>(22,729,129)</u>
Cashflows from investing activities			
(Purchase of property, plant & equipment)	6	(6,305,676)	(9,522,940)
(Purchase of intangible assets)	7	(8,255,766)	(14,550,321)
Proceeds of disposal of property, plant & equipment		41,394	-
Proceeds on disposal of intangibles		-	-
Proceeds on disposal of assets held for resale		-	-
Net Cash inflow/(Outflow) from investing activities		<u>(14,520,048)</u>	<u>(24,073,261)</u>
Cash flows from financing activities			
Grant in aid		35,150,000	45,000,000
Cap element of payments iro finance leases & on balance sheet (SoFP) PFIs and other service concession arrangements		-	-
Net financing		<u>35,150,000</u>	<u>45,000,000</u>
Net increase (decrease) in cash & cash equivalents in the period	13	1,874,450	(1,802,390)
Cash & cash equivalents at the beginning of the period		(1,842,497)	(40,107)
Cash & cash equivalents at the end of the period		31,953	(1,842,497)

The notes on pages 87 to 127 form part of these accounts.

BUSINESS SERVICES ORGANISATION

STATEMENT OF CHANGES IN TAXPAYERS EQUITY for the year ended 31 March 2015

	Note	SoCNE Reserve £	Revaluation Reserve £	Total £
Balance at 31 March 2013		61,476,883	6,394,033	67,870,916
Changes in taxpayers equity 2013-14				
Grant from DHSSPS		45,000,000	-	45,000,000
Transfers between reserves (Comprehensive expenditure for the year)		(34,280,585)	(2,697,210)	(36,977,795)
Transfer of Asset Ownership		-	-	-
Non cash charges - auditors remuneration	4	179,000	-	179,000
Non cash charges – notional costs	4	131,954	-	131,954
Balance at 31 March 2014		72,507,252	3,696,823	76,204,075
Changes in taxpayers equity 2014-15				
Grant from DHSSPS		35,150,000	-	35,150,000
Transfers between reserves (Comprehensive expenditure for the year)		4,812	(4,812)	-
Transfer of asset ownership		(33,624,574)	1,216,168	(32,408,406)
Non cash charges - auditors remuneration	4	(5,892)	-	(5,892)
Non cash charges – notional costs	4	179,000	-	179,000
		134,844	-	134,844
Balance at 31 March 2015		74,345,442	4,908,179	79,253,621

BUSINESS SERVICES ORGANISATION

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES

1. Authority

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to the Business Services Organisation (the "Organisation"). Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Organisation for the purpose of giving a true and fair view has been selected. The Organisation's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts, unless otherwise stated.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.2 Currency

These accounts are presented in UK Pounds sterling.

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under construction.

Recognition

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the entity;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Professional Standards in so far as these are consistent with the specific needs of the HSC.

The last valuation was carried out on 31 January 2015 by Land and Property Services (LPS) which is part of the Department of Finance and Personnel. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard.

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

Land and buildings used for the Organisation’s services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use
- Specialised buildings – depreciated replacement cost
- Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non-current assets.

Modern Equivalent Asset

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets Under Construction (AUC)

Assets in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Assets are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.4 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of “non-current assets held for sale” are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held under finance leases are also depreciated over the lower of their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which the Organisation expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

Asset Type	Asset Life
Freehold Buildings	25 – 60 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 15 years
Other Equipment	3 – 15 years

1.5 Impairment loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.6 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

The overall useful life of the Organisation's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.7 Intangible assets

Intangible assets includes any of the following held - software, licences, trademarks, websites, development expenditure, Patents, Goodwill and intangible Assets under Construction. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Organisation's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Organisation; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses.

Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the Statement of Comprehensive net Expenditure reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.10 Income

Operating Income relates directly to the operating activities of the Organisation and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Grant in aid

Funding received from other entities, including the Department and the Health and Social Care Board are accounted for as grant in aid and are reflected through the Statement of Comprehensive Net Expenditure Reserve.

1.11 Investments

The Organisation does not have any investments.

1.12 Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The BSO as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Organisation's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land may be either an operating lease or a Finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The BSO as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Organisation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Organisation's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15 Private Finance Initiative (PFI) transactions

The Organisation has had no PFI transactions during the year.

1.16 Financial instruments

- Financial assets

Financial assets are recognised on the balance sheet when the Organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

- Financial liabilities

Financial liabilities are recognised on the balance sheet when the Organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

- Financial risk management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within the Organisation in creating risk than would apply to a non public sector body of a similar size, therefore the Organisation is not exposed to the degree of financial risk faced by business entities. The Organisation has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the Organisation in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

- Currency risk

The Organisation is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Organisation has no overseas operations. The Organisation therefore has low exposure to currency rate fluctuations.

- Interest rate risk

The Organisation has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

- Credit risk

Because the majority of the Organisation's income comes from contracts with other public sector bodies, the Organisation has low exposure to credit risk.

- Liquidity risk

Since the Organisation receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is therefore not exposed to significant liquidity risks.

1.17 Provisions

In accordance with IAS 37, provisions are recognised when the Organisation has a present legal or constructive obligation as a result of a past event, it is probable that the Organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation its carrying amount is the present value of those cash flows using DFP's discount rate of 2.2% in real terms (2.8% for employee early departure obligations).

The Organisation has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the affect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Organisation has a contract under which the unavoidable

costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.18 Contingencies

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. Under IAS 37, the Organisation discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Organisation should disclose for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

1.19 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been determined using average staff numbers and total salary costs applied to the average unused leave balance determined from a report of the unused annual leave balance as at 31 March 2015. It is not anticipated that the level of unused leave will vary significantly from year to year. Unused flexi leave is estimated to be immaterial to the Organisation and has not been included.

Retirement benefit costs

The Organisation participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the Organisation and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Organisation is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the BSO and charged to the Statement of Comprehensive Net Expenditure at the time the BSO commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. The 2012 valuation for the HSC Pension scheme will be used in the 2014/15 accounts

1.20 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments to assets other than donated assets.

1.21 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.22 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Organisation has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.23 Government Grants

Government assistance for capital projects whether from UK, or Europe, were treated as a Government grant even where there were no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (does not include grant-in-aid) were previously credited to a government grant reserve and were released to income over the useful life of the asset.

DFP issued new guidance effective from 1 April 2011. Government grant reserves are no longer permitted. Income is generally recognised when it is received. In exceptional cases where there are conditions attached to the use of the grant, which, if not met, would mean the grant is repayable, the income should be deferred and released when obligations are met. This is a change in accounting policy and the 2010-11 Statement of Comprehensive Net Expenditure and Statement of Financial Position were restated.

The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

1.24 Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HSC the Organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.25 Accounting Standards that have been issued but have not yet been adopted

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted.

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, and EU adoption is due from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics (ONS) control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on DHSSPS and its Arms length bodies is expected to focus around the disclosure requirements under IFRS 12 'Disclosure of Interests in other entities'.

The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing

Management consider that any other new accounting policies issued but not yet adopted are unlikely to have a significant impact on the accounts in the period of the initial application.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

The core business and strategic direction of the Business Services Organisation is the provision of both shared and support services to the HSC.

The BSO Board acts as the Chief Operating Decision Maker and receives financial information on the Organisation under the following headings:

- BSO core – this segment incorporates Finance, Legal Services, Human Resources, Family Practitioner Services, Counter Fraud and Probity, HSC Pensions, Customer Care and Performance, HSC Leadership Centre and Clinical Education Centre, the Business Services Transformation Project and Shared Services.
- Information Technology Services (ITS) – this segment incorporates the functions transferred to the BSO from the Department of Health formally known as the Directorate of Information Services (DIS)
- Procurement and Logistic Services (PaLS) – this segment represents the procurement and supply services provided to HSC Trusts and other HSC Bodies
- Managed Services – the BSO manages several regional services on behalf of the HSC, such as Nursing Bursaries and Healthy Start. The costs of these services are represented in this segment.

The analysis by segment for 2014-15 is provided in the table below. Comparative figures are provided in a subsequent table.

BUSINESS SERVICES ORGANISATION

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2015

	Note	BSO Core	ITS	PaLS	Managed Services	Total
Staff Costs		£	£	£	£	£
Wages & Salaries	3	26,871,707	7,220,317	9,039,439	2,245,735	45,377,198
		<u>26,871,707</u>	<u>7,220,317</u>	<u>9,039,439</u>	<u>2,245,735</u>	<u>45,377,198</u>
Other Expenditure						
IT Programme	4	-	10,091,549	-	-	10,091,549
SUMDE	4	-	-	-	1,066,094	1,066,094
Bursaries	4	-	-	-	11,867,457	11,867,457
Healthy Start	4	-	-	-	3,535,583	3,535,583
Regional Interpreting Services	4	-	-	-	2,929,777	2,929,777
Cost of Sales	4	-	-	45,006,682	-	45,006,682
Supplies and services - general	4	302,419	17,220	44,467	669	364,775
Establishment	4	7,335,417	539,487	418,966	98,666	8,392,536
Transport	4	379,222	57,784	860,223	78,627	1,375,856
Premises	4	1,449,538	445,915	1,074,941	-	2,970,394
Miscellaneous	4	114,026	52,035	9,072	515,920	691,053
Depreciation	4	5,224,190	-	-	-	5,224,190
Amortisation	4	6,299,443	-	-	-	6,299,443
Impairments	4	-	-	-	-	-
(Profit)/ loss on disposal of assets (excluding profit on land)	4	20,108	-	-	-	20,108
Cost of Capital charges	4	-	-	-	-	-
Provisions provided for in year	4	(59,269)	-	-	-	(59,269)
Auditors Remuneration	4	179,000	-	-	-	179,000
Notional costs	4	134,844	-	-	-	134,844
		<u>21,378,938</u>	<u>11,203,990</u>	<u>47,414,351</u>	<u>20,092,793</u>	<u>100,090,072</u>
Income						
GB/Republic of Ireland Health Authorities	5	-	-	-	-	-
HSC Trusts	5	29,195,950	21,144,412	10,861,411	3,629,816	64,831,589
Sales	5	-	-	44,878,262	-	44,878,262
Recoveries in respect of outward secondments	5	999,529	47,171	226,538	859,607	2,132,845
		<u>30,195,479</u>	<u>21,191,583</u>	<u>55,966,211</u>	<u>4,489,423</u>	<u>111,842,696</u>
Net Expenditure		<u>18,055,166</u>	<u>(2,767,276)</u>	<u>487,579</u>	<u>17,849,105</u>	<u>33,624,574</u>
Revenue Resource Limit (RRL)	25	<u>18,055,326</u>	<u>(2,740,636)</u>	<u>716,697</u>	<u>17,717,241</u>	<u>33,748,628</u>
Surplus/(deficit) against RRL as reported		<u>160</u>	<u>26,640</u>	<u>229,118</u>	<u>(131,864)</u>	<u>124,054</u>

BUSINESS SERVICES ORGANISATION

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

Statement of Operating Costs by Operating Segment for the Year Ended 31 March 2014

	Note	BSO Core	ITS	PaLS	Managed Services	Total
Staff Costs		£	£	£	£	£
Wages & Salaries	3	22,235,084	6,862,264	8,932,413	1,295,191	39,324,952
		<u>22,235,084</u>	<u>6,862,264</u>	<u>8,932,413</u>	<u>1,295,191</u>	<u>39,324,952</u>
Other Expenditure						
IT Programme	4	-	9,749,566	-	-	9,749,566
SUMDE	4	-	-	-	1,091,451	1,091,451
Bursaries	4	-	-	-	12,646,644	12,646,644
Healthy Start	4	-	-	-	3,830,053	3,830,053
Cost of Sales	4	-	-	43,913,699	-	43,913,699
Supplies and services - general	4	407,788	6,389	54,259	2,183	470,619
Establishment	4	6,928,229	312,072	593,077	75,013	7,908,391
Transport	4	354,163	60,396	965,984	80,948	1,461,491
Premises	4	1,126,866	159,089	1,030,515	-	2,316,470
Miscellaneous	4	429,718	14,906	21,088	635,037	1,100,749
Depreciation	4	4,962,134	-	-	-	4,962,134
Amortisation	4	6,035,957	-	-	-	6,035,957
Impairments	4	-	-	-	-	-
(Profit)/ loss on disposal of assets (excluding profit on land)	4	2,864	-	-	-	2,864
Cost of Capital charges	4	-	-	-	-	-
Provisions provided for in year	4	34,362	-	-	-	34,362
Auditors Remuneration	4	179,000	-	-	-	179,000
Notional costs	4	131,954	-	-	-	131,954
		<u>20,593,035</u>	<u>10,302,418</u>	<u>46,578,622</u>	<u>18,361,329</u>	<u>95,835,404</u>
Income						
GB/Republic of Ireland Health Authorities	5	-	-	-	-	-
HSC Trusts	5	22,486,460	20,584,359	11,012,081	717,484	54,800,384
Sales	5	-	-	43,860,740	-	43,860,740
Recoveries in respect of outward secondments	5	1,945,804	22,776	250,067	-	2,218,647
		<u>24,432,264</u>	<u>20,607,135</u>	<u>55,122,888</u>	<u>717,484</u>	<u>100,879,771</u>
Net Expenditure		<u>18,395,855</u>	<u>(3,442,453)</u>	<u>388,147</u>	<u>18,939,036</u>	<u>34,280,585</u>
Revenue Resource Limit (RRL)	25	<u>18,225,597</u>	<u>(3,093,733)</u>	<u>655,848</u>	<u>18,588,681</u>	<u>34,376,393</u>
Surplus/(deficit) against RRL as reported		<u>(170,258)</u>	<u>348,720</u>	<u>267,701</u>	<u>(350,355)</u>	<u>95,808</u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

Staff costs comprise	2015		2014	
	Permanently employed staff £	Others £	Total £	Total £
Wages & Salaries	37,025,735	2,375,743	39,401,478	34,388,793
Social security costs	2,537,326	-	2,537,326	2,341,465
Other pension costs	4,220,154	-	4,220,154	3,777,616
Sub-Total	43,783,215	2,375,743	46,158,958	40,507,874
Capitalised staff costs	(781,760)	-	(781,760)	(1,182,922)
Total staff costs reported in Statement of Comprehensive Expenditure	43,001,455	2,375,743	45,377,198	39,324,952
Less recoveries in respect of outward secondments			(2,132,845)	(2,218,647)
Total net costs			43,244,353	37,106,305

Staff Costs exclude £781,760 charged to capital projects during the year (2014: £1,182,922).

The BSO participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the HSC and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The BSO is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. A full valuation for Resource Accounts purposes as at 31 March 2012 was certified in February 2015 and is used in the 2014/15 accounts.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.2 Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows

	2015		2014	
	Permanently employed staff No.	Other No.	Total No.	Total No.
Medical and dental	-	-	-	-
Nursing and Midwifery	-	-	-	-
Professions Allied to medicine	-	-	-	-
Ancillaries	-	-	-	-
Administrative and clerical	1,326	163	1,489	1,295
Ambulance staff	-	-	-	-
Works	-	-	-	-
Other Professional and technical	-	-	-	-
Social Services	-	-	-	-
Other	-	-	-	-
Total average number of persons employed	1,326	163	1,489	1,295
Less average staff number relating to capitalised staff costs			17	37
Less average staff number in respect of outward secondments			97	100
Total net average number of persons employed			1,375	1,158

The staff numbers disclosed as Other in 2014/15 relates to temporary members of staff.

3.3 Senior Employees' Remuneration

Refer to Remuneration Report contained within the Annual Report section on pages 51 to 54.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.4 Reporting of early retirement and other compensation scheme – exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of packages by cost band	
	2015	2014	2015	2014	2015	2014
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	-	-	-
£25,000-£50,000	-	-	-	-	-	-
£50,000-£100,000	-	-	2	-	2	-
£100,000-£150,000	-	-	1	1	1	1
£150,000-£200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	3	1	3	1
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	-	-	252	130	252	130

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses at note 4. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

3.5 Staff Benefits

Refer to Remuneration Report contained within the Annual Report section on pages 51 to 54.

3.6 Retirements due to ill health

During 2014/15 there were two early retirements from BSO agreed on the ground of ill-health. (2013/14: 3). The estimated additional pension liabilities of these ill-health retirements will be £433k (2013/14: £591k). These costs are borne by the HSC Pension Scheme.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

Operating Expenses

4.0 Operating Expenses are as follows:-

	2015	2014
	£	£
IT Programme	10,091,549	9,749,566
Supplement for Undergraduate Medical and Dental Education (SUMDE)	1,066,094	1,091,451
Bursaries	11,867,457	12,646,644
Healthy Start	3,535,583	3,830,053
Regional Interpreting Services	2,929,777	-
Cost of Sales	45,006,682	43,913,699
Supplies and services – general	364,775	470,619
Establishment	8,392,536	7,908,391
Transport	1,375,856	1,461,491
Premises	2,970,394	2,316,470
Miscellaneous	691,053	1,100,749
Non cash items		
Depreciation	5,224,190	4,962,134
Amortisation	6,299,443	6,035,957
Impairments	-	-
Loss on disposal of property, plant and equipment (including land)	20,108	2,864
Loss on disposal of intangibles	-	-
Provisions provided for in year	(59,269)	34,362
Cost of borrowing provisions (unwinding of discount on provisions)	-	-
Auditors remuneration	179,000	179,000
Notional property costs	134,844	131,954
Total	100,090,072	95,835,404

During the year the BSO purchased non audit services to the value of £7,158 from its auditor in relation to the National Fraud Initiative (2013/14: £nil).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 5 INCOME

5.1 Income from Activities

	2015	2014
	£	£
GB/Republic of Ireland Health Authorities	-	-
HSC Trusts	48,927,324	40,400,662
Non-HSC:- Private patients	-	-
Non HSC:- Other	44,878,262	43,860,740
Clients contributions	-	-
Total	93,805,586	84,261,402

5.2 Other Operating Income

	2015	2014
	£	£
Other income from non-patient services	15,904,265	14,399,722
Seconded staff	2,132,845	2,218,647
Charitable and other contributions to expenditure	-	-
Donations / Government Grant / Lottery Funding for non current assets	-	-
Profit on disposal of land	-	-
Interest receivable	-	-
Total	18,037,110	16,618,369

5.3 Deferred income

	2015	2014
	£	£
Income released from conditional grants	-	-
Total	-	-

TOTAL INCOME

111,842,696	100,879,771
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BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 6.1 Property, Plant & Equipment - year ended 31 March 2015

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Cost or Valuation									
At 1 April 2014	2,339,450	8,954,919	-	3,349,758	260,534	1,285,111	31,262,472	1,076,209	48,528,453
Indexation	-	87,051	-	-	4,446	-	-	-	91,497
Additions	-	61,043	-	3,223,914	-	474,807	3,908,575	743,367	8,411,706
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	830,924	-	-	-	-	830,924
Transfers	-	-	-	(108,690)	-	-	(11,437)	-	(120,127)
Revaluation	260,550	44,497	-	-	-	-	-	-	305,047
Impairments charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(63,125)	(343,524)	(133,800)	(20,467)	(560,916)
At 31 March 2015	2,600,000	9,147,510	-	7,295,906	201,855	1,416,394	35,025,810	1,799,109	57,486,584

Depreciation

At 1 April 2014	-	1,123,271	-	-	97,276	897,305	18,107,513	233,131	20,458,496
Indexation	-	39,356	-	-	2,106	-	-	-	41,462
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(5,545)	-	(5,545)
Revaluation	-	(861,086)	-	-	-	-	-	-	(861,086)
Impairments charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(30,959)	(333,377)	(125,057)	(10,021)	(499,414)
Provided during the year	-	253,451	-	-	34,476	112,352	4,733,465	90,446	5,224,190
At 31 March 2015	-	554,992	-	-	102,899	676,280	22,710,376	313,556	24,358,103

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 6.1 (continued) Property, Plant & Equipment- year ended 31 March 2015

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Carrying Amount									
At 31 March 2015	2,600,000	8,592,518	-	7,295,906	98,956	740,114	12,315,434	1,485,553	33,128,481
At 31 March 2014	2,339,450	7,831,648	-	3,349,758	163,258	387,806	13,154,959	843,078	28,069,957
Asset financing									
Owned	2,600,000	8,592,518	-	7,295,906	98,956	740,114	12,315,434	1,485,553	33,128,481
Finance Leased	-	-	-	-	-	-	-	-	-
On B/S (SoFP) PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2015	2,600,000	8,592,518	-	7,295,906	98,956	740,114	12,315,434	1,485,553	33,128,481

Any fall in value through negative indexation or revaluation is shown as impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £Nil (2014: £Nil)

The fair value of assets funded from the following sources during the year was

	2015 £	2014 £
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 6.2 Property, Plant & Equipment - year ended 31 March 2014

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Cost or Valuation									
At 1 April 2013	2,339,450	8,643,934	-	27,507,823	168,312	1,256,491	26,760,668	350,995	67,027,673
Indexation	-	219,770	-	-	4,045	-	(63,323)	5,434	165,926
Additions	-	91,215	-	3,973,369	88,177	221,432	4,566,985	719,780	9,660,958
Donations / Government grant / Lottery Funding	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	(28,131,434)	-	-	30,236	-	(28,101,198)
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairments charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(192,812)	(32,094)	-	(224,906)
At 31 March 2014	2,339,450	8,954,919	-	3,349,758	260,534	1,285,111	31,262,472	1,076,209	48,528,453

Depreciation

At 1 April 2013	-	828,955	-	-	78,181	1,002,178	13,572,068	195,944	15,677,326
Indexation	-	54,773	-	-	2,182	-	(19,327)	3,450	41,078
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Impairments charged to the SoCNE	-	-	-	-	-	-	-	-	-
Impairment charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments (indexn)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(192,689)	(29,353)	-	(222,042)
Provided during the year	-	239,543	-	-	16,913	87,816	4,584,125	33,737	4,962,134
At 31 March 2014	-	1,123,271	-	-	97,276	897,305	18,107,513	233,131	20,458,496

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 6.2 (continued) Property, Plant & Equipment- year ended 31 March 2014

	Land £	Buildings (excluding dwellings) £	Dwellings £	Assets under Construction £	Plant and Machinery (Equipment) £	Transport Equipment £	Information Technology (IT) £	Furniture and Fittings £	Total £
Carrying Amount									
At 31 March 2014	2,339,450	7,831,648	-	3,349,758	163,258	387,806	13,154,959	843,078	28,069,957
At 31 March 2013	2,339,450	7,814,979	-	27,507,823	90,131	254,313	13,188,600	155,051	51,350,347
Asset financing									
Owned	2,339,450	7,831,648	-	3,349,758	163,258	387,806	13,154,959	843,078	28,069,957
Finance Leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 31 March 2014	2,339,450	7,831,648	-	3,349,758	163,258	387,806	13,154,959	843,078	28,069,957
Asset financing									
Owned	2,339,450	7,814,979	-	27,507,823	90,131	254,313	12,188,600	155,051	51,350,347
Finance Leased	-	-	-	-	-	-	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Carrying Amount									
At 1 April 2013	2,339,450	7,814,979	-	27,507,823	90,131	254,313	12,188,600	155,051	51,350,347

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 7.1 INTANGIBLE ASSETS - Year ended 31 March 2015

	Software licenses £	Software £	Total £
Cost or Valuation			
At 1 April 2014	3,747,199	68,382,492	72,129,691
Indexation	-	-	-
Additions	1,538,918	4,510,956	6,049,874
Donations / Government grant / Lottery funding	-	-	-
Reclassifications	24,537	(855,461)	(830,924)
Transfers	-	108,690	108,690
Revaluation	-	-	-
(Impairments)	-	-	-
(Disposals)	-	-	-
At 31 March 2015	5,310,654	72,146,677	77,457,331
Amortisation			
At 1 April 2014	3,453,962	17,203,011	20,656,973
Indexation	-	-	-
Reclassifications	-	-	-
Transfers	-	-	-
Revaluation	-	-	-
(Impairments)	-	-	-
(Disposals)	-	-	-
Provided during the year	197,682	6,101,761	6,299,443
At 31 March 2015	3,651,644	23,304,772	26,956,416
Carrying Amount			
At 31 March 2015	1,659,010	48,841,905	50,500,915
At 31 March 2014	293,237	51,179,481	51,472,718
Asset financing			
Owned	1,659,010	48,841,905	50,500,915
Finance Leased	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-
Carrying Amount			
At 31 March 2015	1,659,010	48,841,905	50,500,915

Any fall in value through negative indexation or revaluation is shown as impairment.

The fair value of assets funded from the following sources during the year was

	2015 £	2014 £
Donations	-	-
Government Grant	-	-
Lottery funding	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 7.2 INTANGIBLE ASSETS - Year ended 31 March 2014

Cost or Valuation	Software licenses	Software	Total
	£	£	£
At 1 April 2013	3,922,125	28,108,192	32,030,317
Indexation	(189,327)	(3,206,939)	(3,396,266)
Additions	5,400	15,389,042	15,394,442
Donations / Government grant / Lottery funding	-	-	-
Reclassifications	-	-	-
Transfers	9,001	28,092,197	28,101,198
Revaluation	-	-	-
(Impairments)	-	-	-
(Disposals)	-	-	-
At 31 March 2014	3,747,199	68,382,492	72,129,691
Amortisation			
At 1 April 2013	3,338,824	11,856,400	15,195,224
Indexation	(168,128)	(406,080)	(574,208)
Reclassifications	-	-	-
Transfers	-	-	-
Revaluation	-	-	-
(Impairments)	-	-	-
(Disposals)	-	-	-
Provided during the year	283,266	5,752,691	6,035,957
At 31 March 2014	3,453,962	17,203,011	20,656,973
Carrying Amount			
At 31 March 2014	293,237	51,179,481	51,472,718
At 31 March 2013	583,301	16,251,792	16,835,093
Asset financing			
Owned	293,237	51,179,481	51,472,718
Finance Leased	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-
Carrying Amount			
At 31 March 2014	293,237	51,179,481	51,472,718
Asset financing			
Owned	583,301	16,251,792	16,835,093
Finance Leased	-	-	-
On SOFP PFI and other service concession arrangements contracts	-	-	-
Carrying Amount			
At 1 April 2013	583,301	16,251,792	16,835,093

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 8 FINANCIAL INSTRUMENTS

BSO have no financial instruments.

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

BSO did not hold any assets classified as held for sale in 2014/15 or 2013/14.

NOTE 10 IMPAIRMENTS

	2015		
	Property, Plant & Equipment £	Intangibles £	Total £
Total value of impairments for the period	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-

	2014		
	Property, Plant & Equipment £	Intangibles £	Total £
Total value of impairments for the period	-	-	-
Impairments which the revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	-	-	-
Impairments charged to Statement of Comprehensive Net Expenditure Account	-	-	-

NOTE 11 INVENTORIES

	2015 £	2014 £
Good for resale	4,082,784	4,992,858
Total	4,082,784	4,992,858

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

12.1 Trade receivables and other current assets

	2015	2014
	£	£
Amounts falling due within one year		
Trade Receivables	21,266,685	23,665,074
Deposits and advances	-	-
VAT receivable	4,191,309	2,643,364
Other receivables – not relating to fixed assets	-	-
Other receivables – relating to property, plant and equipment	-	-
Other receivables – relating to intangibles	-	-
Trade and other Receivables	<u>25,457,994</u>	<u>26,308,438</u>
Prepayments and accrued income	1,435,479	1,528,544
Current part of PFI and other service concession arrangements prepayment	-	-
Other current assets	<u>1,435,479</u>	<u>1,528,544</u>
Carbon reduction commitment	-	-
Intangible current assets	-	-
Amounts falling due after more than one year		
Trade Receivables	-	-
Deposits and advances	-	-
Other receivables	-	-
Trade and other Receivables	<u>-</u>	<u>-</u>
Prepayments and accrued income	-	-
Other current assets falling due after more than one year	<u>-</u>	<u>-</u>
TOTAL TRADE AND OTHER RECEIVABLES	<u>25,457,994</u>	<u>26,308,438</u>
TOTAL OTHER CURRENT ASSETS	<u>1,435,479</u>	<u>1,528,544</u>
TOTAL INTANGIBLE CURRENT ASSETS	-	-
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	<u>26,893,473</u>	<u>27,836,982</u>

The balances are net of a provision for bad debts of £80k (2014: £149k).

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

12.2 Trade Receivables and other current assets: Intra-Government balances

Name	Amounts falling due within 1 year 2014/15 £	Amounts falling due within 1 year 2013/14 £	Amounts falling due after more than 1 year 2014/15 £	Amounts falling due after more than 1 year 2013/14 £
Balances with other central government bodies	11,985,604	13,392,398	-	-
Balances with local authorities	-	6,356	-	-
Balances with NHS /HSC Trusts	12,976,579	11,741,858	-	-
Balances with public corporations and trading funds	-	-	-	-
Intra-Government Balances	24,962,183	25,140,612	-	-
Balances with bodies external to government	1,931,290	2,696,370	-	-
Total Receivables & other current assets at 31 March	26,893,473	27,836,982	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 13. CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Balance at 1 st April	(1,842,497)	(40,107)
Net change in cash and cash equivalents	1,874,450	(1,802,390)
Balance at 31st March	31,953	(1,842,497)

The following balances at 31 March were held at	2015	2014
	£	£
Commercial Banks and cash in hand	31,953	(1,842,497)
	31,953	(1,842,497)

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14. 1 Trade payables and other current liabilities

	2015	2014
	£	£
Amounts falling due within one year		
Other taxation and social security	48,770	376,645
Bank overdraft	-	1,842,497
VAT payable	-	-
Trade capital payables – property, plant and equipment	2,244,048	138,018
Trade capital payables – intangibles	5,359,697	7,565,589
Trade revenue payables	23,040,248	21,675,048
Payroll payables	-	-
Clinical Negligence payables	-	-
BSO payables	-	-
Other payables	4,154,162	3,926,448
Accruals and deferred income	-	-
Accruals and deferred income – relating to property, plant and equipment	-	-
Accruals and deferred income – relating to intangibles	-	-
Trade and other payables	<u>34,846,925</u>	<u>35,524,245</u>
Current part of finance leases	-	-
Current part of Long term loans	-	-
Current part of imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-
Other current liabilities	-	-
Carbon reduction commitment	-	-
Intangible current liabilities	-	-
Total payables falling due within one year	34,846,925	35,524,245
Amounts falling due after more than one year		
Other Payables, accruals and deferred income	-	-
Trade and other payables	-	-
Clinical Negligence payables	-	-
Finance leases	-	-
Imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	-	-
Long term loans	-	-
Total non current other payables	-	-
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	<u><u>34,846,925</u></u>	<u><u>35,524,245</u></u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14.2 Trade payables and other current liabilities - Intra-government balances

Name	Amounts falling due within 1 year 2014/15 £	Amounts falling due within 1 year 2013/14 £	Amounts falling due after more than 1 year 2014/15 £	Amounts falling due after more than 1 year 2013/14 £
Balances with other central government bodies	13,602,428	14,576,822	-	-
Balances with local authorities	285,626	2,551	-	-
Balances with NHS /HSC Trusts	1,824,561	779,219	-	-
Balances with public corporations and trading funds	243,479	-	-	-
Intra-Government Balances	15,956,094	15,358,592	-	-
Balances with bodies external to government	18,890,831	20,165,653	-	-
Total Payables and other liabilities at 31 March	34,846,925	35,524,245	-	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14.3. Loans

The BSO did not have any loans payable at either 31 March 2015 or 31 March 2014.

NOTE 15. PROMPT PAYMENT POLICY

15.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that BSO pay their non HSC trade creditors in accordance with applicable terms and appropriate Government Accounting guidance. The BSO's payment policy is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is:

	2015 Number	2015 Value £	2014 Number	2014 Value £
Total bills paid	59,859	105,110,176	28,536	105,747,219
Total bills paid within 30 day target	55,956	84,170,106	25,152	86,760,994
% of bills paid within 30 day target	93.5%	80.0%	88.1%	82.0%
Total bills paid within 10 day target	50,260	63,425,617	19,549	68,571,552
% of bills paid within 10 day target	84.0%	60.0%	68.5%	64.8%

15.2 The Late Payment of Commercial Debts Regulations 2002

	£
Amount of compensation paid for payment(s) being late	-
Amount of interest paid for payment(s) being late	-
Total	-

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES – 2015

Name	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2015 £
Balance at 1 April 2014	72,062	539,633	-	-	32,500	644,195
Provided in year	3,797	25,343	-	-	13,150	42,290
(Provisions not required written back)	-	(93,856)	-	-	(7,703)	(101,559)
(Provisions utilised in the year)	(4,751)	(33,317)	-	-	(9,798)	(47,866)
Cost of borrowing (unwinding of discount)	-	-	-	-	-	-
	71,108	437,803	-	-	28,149	537,060

At 31 March 2015

CSR utilised costs include the following:

Pension costs for early retirement reflecting the Single lump sum to buy over the full liability	-
Redundancy costs	-
	-

Comprehensive Net Expenditure Account Charges	2015 £	2014 £
Arising during the year	42,290	97,490
Reversed unused	(101,559)	(63,128)
Cost of borrowing (unwinding of discount)	-	-
Total charge within Operating costs	(59,269)	34,362

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES – 2015

Analysis of expected timing of discounted flows as at 31 March 2015

	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2015 £
Not later than one year	4,753	32,611	-	-	28,149	65,513
Later than one year and not later than five years	19,012	130,444	-	-	-	149,456
Later than five years	47,343	274,748	-	-	-	322,091
At 31 March 2015	71,108	437,803	-	-	28,149	537,060

Provisions have been made for 3 categories of potential liability: early retirement for directors and other staff and outstanding legal cases. The provision for early retirements relates to the future liabilities for the BSO based on information provided by the HSC Superannuation Branch. For other provisions the BSO has estimated an appropriate level of provision based on professional legal advice.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES – 2014

Name	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2014 £
Balance at 1 April 2013	66,459	547,889	-	-	65,567	679,915
Provided in year	10,229	78,980	-	-	8,281	97,490
(Provisions not required written back)	-	(49,835)	-	-	(13,293)	(63,128)
(Provisions utilised in the year)	(4,626)	(37,401)	-	-	(28,055)	(70,082)
Cost of borrowing (unwinding of discount)	-	-	-	-	-	-
At 31 March 2014	72,062	539,633	-	-	32,500	644,195

Analysis of expected timing of discounted flows as at 31 March 2014

	Pensions relating to former directors £	Pensions relating to other staff £	Clinical Negligence £	CSR Restructuring £	Other £	2014 £
Not later than one year	4,628	34,532	-	-	32,500	71,660
Later than one year and not later than five years	18,512	138,128	-	-	-	156,640
Later than five years	48,922	366,973	-	-	-	415,895
At 31 March 2014	72,062	539,633	-	-	32,500	644,195

Provisions have been made for 3 categories of potential liability: early retirement for directors and other staff and outstanding legal cases. The provision for early retirements relates to the future liabilities for the BSO based on information provided by the HSC Superannuation Branch. For other provisions the BSO has estimated an appropriate level of provision based on professional legal advice.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 17 CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements	2015	2014
	£	£
Property, plant and equipment	-	-
Intangible assets	3,451,827	137,590
	<u>3,451,827</u>	<u>137,590</u>

NOTE 18 COMMITMENTS UNDER LEASES

18.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases comprise	2015	2014
	£	£
Land		
Not later than 1 year	213,120	286,596
Later than 1 year and not later than 5 years	313,533	494,732
Later than 5 years	-	103,069
	<u>526,653</u>	<u>884,397</u>
Buildings		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
Other		
Not later than 1 year	30,576	36,691
Later than 1 year and not later than 5 years	-	30,576
Later than 5 years	-	-
	<u>30,576</u>	<u>67,267</u>

18.2 Finance Leases

BSO has no finance leases.

18.3 Operating Leases

BSO has not issued any operating leases.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 19 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

19.1 Off balance sheet PFI and other service concession arrangement schemes.

BSO had no commitments under PFI and other concession arrangement contracts at either 31 March 2015 or 31 March 2014.

19.2 On balance sheet (SoFP) PFI Schemes

The BSO has no on balance sheet (SoFP) PFI and other service concession arrangements schemes.

NOTE 20 OTHER FINANCIAL COMMITMENTS

The BSO did not have any other financial commitments at either 31 March 2015 or 31 March 2014.

NOTE 21 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

The BSO did not have any financial guarantees, indemnities and letters of comfort at either 31 March 2015 or 31 March 2014.

NOTE 22 CONTINGENT LIABILITIES

The BSO did not have any contingent liabilities at either 31 March 2015 or 31 March 2014.

NOTE 23 RELATED PARTY TRANSACTIONS

The BSO is an arms length body of the Department of Health, Social Services and Public Safety and as such the Department is a related party with which the BSO has had various material transactions during the year. In addition the BSO provides a range of shared services to all other HSC bodies.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the BSO with the exception noted below.

A non-executive director, Alan Hanna is also a non-executive director of the NIFRS. During 2014/15 NIFRS received services from BSO to the value of £259k.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 March 2015

NOTE 24 THIRD PARTY ASSETS

The BSO holds the following bank accounts, which are not included in these financial statements

Name of Account	Details
BSO No1 Account BSO No4 Account	These accounts are concerned with the payment of family practitioners (GPs, Opticians, Dentists and Community Pharmacists). The income and expenditure relating to these accounts are included in the Annual Accounts of the Health and Social Care Board and are covered by their audit process
BSO NIGALA	This account is used for the transfer of funds on behalf of the Northern Ireland Guardian ad Litem Agency (NIGALA), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NIGALA and are covered by its audit process.
BSO NISCC BSO NISCC Registration	This account is used for the transfer of funds on behalf of the Northern Ireland Social Care Council (NISCC), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NISCC and are covered by its audit process.
BSO NIPEC	This account is used for the transfer of funds on behalf of the Northern Ireland Practice and Education Council for Nursing and Midwifery (NIPEC), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of NIPEC and are covered by its audit process.
BSO RQIA	This account is used for the transfer of funds on behalf of the Regulation and Quality Improvement Authority (RQIA), for whom the BSO provides financial and other services. The income and expenditure relating to this account are included in the Annual Accounts of RQIA and are covered by its audit process.

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 25 Financial Performance Targets

25.1 Revenue Resource Limit

The BSO is given a Revenue Resource Limit which it is not permitted to overspend

The Revenue Resource Limit for BSO is calculated as follows:

	2015	2014
	Total	Total
	£	£
DHSSPS (excludes non cash)	25,188,396	26,280,680
Other Government Department	-	-
Non cash RRL (from DHSSPS)	11,798,316	11,346,271
Adjustment for IFRIC 12 Project	(3,238,084)	(3,250,558)
Revenue Resource Limit	<u>33,748,628</u>	<u>34,376,393</u>

25.2 Capital Resource Limit

The BSO is given a Capital Resource Limit which it is not permitted to overspend.

	2015	2014
	£	£
Gross Capital Expenditure	14,461,580	25,055,400
Less IFRIC 12 Spend/PFI and other service concession arrangements spend	(3,238,084)	(3,250,558)
(Receipts from sales of fixed assets)	(41,394)	-
Net capital expenditure	<u>11,182,102</u>	<u>21,804,842</u>
Capital Resource Limit	<u>11,268,998</u>	<u>21,817,853</u>
Overspend/(Underspend) against CRL	<u>(86,896)</u>	<u>(13,011)</u>

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

25.3 Financial Performance Targets

The BSO is required to ensure that it breaks even on an annual basis by containing its surplus to within 0.25% of RRL and Income

	2015	2014
	£	£
Net Expenditure	(33,624,574)	(34,280,585)
RRL	33,748,628	34,376,393
Surplus/(Deficit)	124,054	95,808
Break Even cumulative position (opening)	1,190,042	1,094,234
Break Even Cumulative position (closing)	<u>1,314,096</u>	<u>1,190,042</u>

RRL and Income

RRL	33,748,628	34,376,393
Income per note 5.1	93,805,586	84,261,402
Total for inclusion in materiality test	<u>127,554,214</u>	<u>118,637,795</u>

Materiality Test:

	2015	2014
	%	%
Break Even in year position as % of RRL and Income	0.09%	0.08%
Break Even cumulative position as % of RRL and Income	1.03%	1.00%

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 26 LOSSES & SPECIAL PAYMENTS

Type of loss and special payment	2014-15		2013-14
	Number of Cases	£	£
Cash losses			
Cash Losses - Theft, fraud etc	-	-	-
Cash Losses - Overpayments of salaries, wages and allowances	-	-	-
Cash Losses - Other causes	-	-	-
	-	-	-
Claims abandoned			
Waived or abandoned claims	-	-	-
	-	-	-
Administrative write-offs			
Bad debts	-	-	49,009
Other	-	-	-
	-	-	49,009
Fruitless payments			
Late Payment of Commercial Debt	-	-	118
Other fruitless payments and constructive losses	-	-	-
	-	-	118
Stores losses			
Losses of accountable stores through any deliberate act	-	-	-
Other stores losses	726	24,104	46,805
	726	24,104	46,805
Special Payments			
Compensation payments			
- Clinical Negligence	-	-	-
- Public Liability	-	-	-
- Employers Liability	-	-	-
- Other	-	-	-
	-	-	-
Ex-gratia payments	-	-	-
Extra contractual	-	-	-
Special severance payments	-	-	-
	-	-	-
TOTAL	726	24,104	95,932

BUSINESS SERVICES ORGANISATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 26 LOSSES & SPECIAL PAYMENTS

26.1 Special Payments

There were no other special payments or gifts made during the year.

26.2 Other Payments

There were no other payments made during the year.

26.3 Losses and Special Payments over £250,000

The BSO had no losses or made no special payments over £250,000.

NOTE 27 POST BALANCE SHEET EVENTS

There are no post balance sheet events having material effect on the accounts.

DATE OF AUTHORISED ISSUE

The Accounting Officer authorised these financial statements for issue on 12 June 2015.

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