

The Annual Report and Accounts of the Trust Funds held by the  
South Eastern HSC Trust  
for the year ended 31 March 2009

## **Annual Report of the Trustees of the Trust Funds held by the South Eastern HSC Trust for the year ended 31 March 2009**

### **Background**

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

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

## **Address of Principal office**

Health and Care Centre  
Regent Street  
Newtownards  
Co Down  
BT23 4AD

## **Names of Trustees**

Under the Health and Personal Social Services (NI) Order 1972, as amended by Article 16 of the Health and Personal Social Services (NI) Order 1991, the Board of the South Eastern HSC Trust are the Trustees of the Trust Fund. During 2008/09 this constituted the following:

### Non-executive members

D Fitzsimons (resigned 31 July 2008)  
C McKenna (appointed 1 October 2008)  
P Davison  
D Flanagan  
F Graham  
D Mann-Kler  
N Mansley  
D O'Hara  
J Trethowan

### Executive members

Mr J Compton	Chief Executive
Mr P Cummings	Director of Finance
Dr C Martyn	Medical Director
Mr S McGoran	Director of Hospital Services
Mr NJ Simpson	Director of Planning, Information & Performance Management
Mr E Molloy	Director of Human Resources
Ms C McArdle	Director of Primary Care, Elderly and Nursing
Ms K Thompson	Director of Children's services/Social Work
Mr D Bannon	Director of Adult Services

## **Auditors**

Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

## **Bankers**

### **South Eastern HSC Trust A/c**

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

### **Northern Ireland HSS Charities Common Investment A/c**

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

## **Principal Advisors**

(Advisors in relation to the Common Investment Fund)

Cunningham Coates Stockbrokers  
19 Donegal Street  
Belfast  
BT1 5BX

## **Structure, governance and management**

The Trust Board have established a Trust Fund Committee, which is authorised by the Board to undertake any activity within its terms of reference. It is authorised to seek advice from whatever source it deems to be appropriate in order to fulfil its function. Membership of the Trust Fund Committee during 2008/09 was as follows:

Mr P Cummings	Director of Finance
Ms C McArdle	Director of Nursing
Mr D O'Hara	Non-executive Director
Ms W Thompson	Assistant Director of Finance
Dr C Martyn	Medical Director

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

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

## **Objectives and Activities**

The objectives of the South Eastern HSC Trust Funds are to ensure that charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is consistent with the purposes for which they were given

and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

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

Charitable funds expenditure for the year has been summarised below:

	£000
Purchase of new equipment	115
Building & refurbishment	12
Staff education and welfare	25
Patient education and welfare	74
Other	1
<b>Total</b>	<b>227</b>

## **Achievements and Performance**

During the year the Trust Fund continued to engage in activities commensurate with its objectives. Over £227k was expended on charitable activities, in accordance with the Trust's policies and procedures in relation to expenditure from Trust Funds. During the year all balances surplus to requirements were transferred to the Common Investment Fund, in order to maximise the return on investments. The net market value of funds invested in this way fell by £892k.

## **Financial Review**

### **Introduction**

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

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

### **Review of the year**

#### **Income**

During the year income totalling £738k was received, an increase of £115k. £531k was received in donations compared to £366k in 2007/08. Investment income is

down by £30k from 2007/08, due to lower market returns. £3k was raised from activities for generating funds, a fall of £7k from 2007/08.

### **Expenditure**

Total direct charitable expenditure for the year amounted to £227k, a decrease of £235k from 2007/08.

Governance costs for the financial administration of the fund amounted to £61k, representing just over 8% of total incoming resources.

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

Total fund balances were £5,754k, consisting of £4,051k of restricted funds and £1,641k of unrestricted funds. Endowment funds totalled £62k.

### **Financial Controls**

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

### **Statement of risk**

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

### **Reserves policy**

The Trust Fund does not currently enter into future commitments and so has not created any reserves for this.

### **Investment Policy**

For investment purposes the balances on the Trust funds of all Trusts in the EHSSB area are pooled and invested in the Common Investment Fund.

### **Plans for future periods**

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

H McCaughey.....Chief Executive

## **Statement of South Eastern HSC Trust Responsibilities and Chief Executive responsibilities in relation to Trust Funds Accounts**

Under Article 91 of the Health and Personal Social Services (NI) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the South Eastern HSC Trust is required to prepare annual accounts in respect of endowments and other property held on trust by it in a form determined by the Department of Health, Social Services and Public Safety.

Further, the South Eastern HSC Trust is responsible for keeping proper accounting records, establishing and monitoring a system of internal control and establishing arrangements for the prevention and detection of fraud and corruption.

In preparing the accounts, the South Eastern HSC Trust is required to apply accounting policies as laid down by the Department of Health, Social Services and Public Safety on a consistent basis, make judgements and estimates which are reasonable and prudent and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.



**Certificates of Director of Finance and Chief Executive**

The financial statements set out on pages 19 to 32 attached have been compiled from and are in accordance with the financial records maintained by the South Eastern HSC Trust and in accordance with the accounting policies for HSS Charitable Trust Funds as approved by the Department of Health, Social Services and Public Safety. The statements have been submitted to and approved by the South Eastern HSC Trust's Board of Directors and in accordance with the accounting policies for HSS Charitable Trust Funds as approved by the Department of Health Social Services and Public Safety.

S Christie .....Director of Finance (Acting)

16/09/09.....Date

H McCaughey.....Chief Executive

16/09/09.....Date

## **STATEMENT ON INTERNAL CONTROL**

### ***Scope of Responsibility***

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

### ***The purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of organisational policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the South Eastern HSC Trust for the year ended 31 March 2009, and up to the date of the approval of the Trustees Report and Accounts, and accords with Department of Finance and Personnel guidance.

The Board exercises strategic control over the operation of the organisation through a system of corporate governance which includes:-

- a schedule of matters reserved for Board decisions;
- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions, the establishment of an Audit Committee and Charitable Funds Committee.

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 reviews by the Board of periodic annual financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;

- as appropriate, formal budget management disciplines.
- six monthly reporting regarding statutory functions and corporate parenting to Trust Board and the Eastern Health and Social Services Board (now Regional Health and Social Care Board).

The South Eastern HSC Trust has an internal audit function which operates to defined standards (Government Internal Auditing Standards) and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2008-09 Internal Audit reviewed the following systems which were relevant to the Charitable Trust Funds.

- Charitable Funds
- Income, Bank and Cash
- Budgetary Control and General Ledger
- Non Pay Expenditure
- Payroll
- Risk Management and Governance
- Information Governance

In her Annual Report the Acting Head of Internal Audit reported that the system of internal control was satisfactory. With respect specifically to the controls surrounding charitable funds, Internal Audit provided management with satisfactory assurance with regard to the controls surrounding charitable funds. A number of Priority Two recommendations were made and Action plans to address these have been prepared.

With regard to the wider control environment the South Eastern HSC Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of the South Eastern HSC Trust are pursued in accordance with the recognised and accepted standards of public administration.

The South Eastern HSC Trust recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation. All South Eastern HSC Trust staff are required to be trained in recruitment and selection decisions prior to participating as panel members. The training covers not only interviewing and selection best practice, but also the implications of the legislation. Complaints regarding the process are investigated to identify procedural issues and implement revisions if required.

### ***Capacity to handle risk***

During 2008/2009, the Trust continued to develop and implement its Integrated Governance framework which links corporate governance and risk management (including organisational controls), safe and effective care (clinical and social care governance), and financial governance.

The Governance Committee, under the chairmanship of the Chief Executive met on a bi-monthly basis to ensure the continued development of this important and essential agenda. It was supported in this work by two sub committees, one of which is the Risk Management Committee which meets on a bi-monthly basis. These committees are further supported by a range of sub committees aligned to both areas. Each sub committee has agreed terms of reference and annual work plans approved by their respective parent committee.

Two operational lead Assistant Directors support the Governance infrastructure. The key focus for them during 2008/2009 was to continue the process of establishing the various sub-committees within the Trust's governance structure and to ensure that key priorities were being addressed. In addition, and in order to assist Directorates in developing and implementing effective governance arrangements at operational level, governance workshops were delivered to all Operational Directorates. This enabled Directorates to consider how accountability arrangements could best be delivered both from an operational management and professional perspective. The outcome of each workshop was the development of a directorate specific governance plan (including risk management priorities), which identified key priorities which require to be addressed during 2008/09 and beyond. As part of it's terms of reference the Charitable Fund committee is charged with ensuring that systems and procedures are established and maintained to manage risks identified.

A Risk Management Committee is in place and has responsibility for the strategic management and direction of risk management within the organisation. The Clinical Risk Director and the Director of Human Resources and Corporate Affairs jointly chair this committee, which meets on a bi-monthly basis, and oversees the work of all specialist risk management groups, the chairpersons of which report directly to the Committee. A standing agenda item on the Committee's agenda is the management of Directorate Risk Registers. The Corporate Risk Register is managed by the Governance Committee.

The Risk Management committee is a sub-committee of the Governance Committee and comprises representation from the Executive Management Team (including the Chief Executive and the nominated Director with responsibility for Risk Management), a Non-Executive Director, Assistant Directors, Clinical Directors, senior managers and appropriate clinical/social care representation. The Chair of the Committee prepares a bi-monthly report for consideration by the Governance Committee. The chairman of the Governance Committee prepares a bi-monthly report to the Trust Board, which includes key risk management issues.

The Trust also continued to implement an integrated organisational-wide system of risk management (based on the former legacy organisations' arrangements) that focused on a single approach to the management of clinical and non-clinical risks. The system is based on the AS/NZS 4360: 2004 standard as directed by the Department of Health, Social Services and Public Safety in July 2002. In addition, the Board Assurance Framework and a Risk Management Strategy were reviewed and endorsed by the Board at its meeting on 18 March 2009. The focus of these documents is to strengthen and improve the existing systems of internal control. A quarterly report on the Corporate Risk Register is submitted to the Trust Board.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. During the year the main focus on risk management training was on the continued introduction of the methodology for Corporate and Directorate Risk Registers. In addition, a range of other training was delivered for example, Induction, Root Cause Analysis, General Risk Assessment, Incident Reporting, Consent, Emergency Preparedness and NVQ courses. A range of other health and safety training was provided on an on-going basis by specialist advisers for example, fire, manual handling, display screen equipment and waste management etc.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed openly. Incident reporting (including near misses) is the cornerstone of the risk management system. Trust staff are encouraged to undertake individual reporting of near misses, errors or mistakes, and to look critically at their own actions and those of their teams to ensure we can provide good quality services for our patients/clients, staff and visitors. Incident reporting is a key mechanism for quality improvement and is a key component of the governance programme. The legacy Trusts' suite of policies on Incident Reporting and Management remained operational during the year. Reports of all Serious Incidents Reviews and Root Cause Analysis Reports and other relevant incidents are widely disseminated within the Trust (and outside, as appropriate) to ensure that all areas learn from other's mistakes.

In compliance with the Trust's duty of quality, it will continue to support the development of risk management and safe and effective care systems in order to provide an environment in which users, staff and other stakeholders are protected and where safe, effective, efficient and high quality health and social care is provided.

Key Governance and Risk Management initiatives completed during 2008/2009 are listed below: -

#### Governance

- Continued implementation of the Governance Strategy and Governance Plan;
- A series of one-day Directorate Governance Workshops to facilitate the production of Directorate specific governance plans in line with the overall Trust Governance Strategy;
- The Charitable Fund Committee met to discuss the remit and function of the Committee

#### Risk Management

- Baseline assessments of the 22 extant Controls Assurance Standards undertaken, three (the core standards) which were applicable to the Charitable Funds;
- Implementation of the new HSC Complaints Procedure;
- Independent verification audits by internal audit of the relevant controls standards;
- Review and update of the Board Assurance Framework and Risk Management Strategy;

- Maintenance of the Corporate and Departmental Risk Registers including a full review of the Corporate Risk Register on 24 March 2009 by the Executive Management Team;

### **The risk and control framework**

The Trust has developed a Risk Management Strategy based on the principles of the AS/NZS 4360:2004 and which has built on the strategies of the former legacy Trusts. This strategy is updated on an annual basis and was last endorsed by the Trust Board on 18 March 2009. This document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register(s).

The strategy is delivered through the work of the Risk Management Committee and its supporting sub committees. These sub committees have documented terms of reference and their work plans for 2008/2009 were submitted and endorsed by the Risk Management Committee. Draft plans for 2009/2010 are currently being developed. In addition, Operational Directorates in their individual Governance Plans, included a range of governance and risk management initiatives based on the Trust's high-level Governance Plan. These plans were monitored via the overall performance management and accountability framework and an audit of the risk management system (including governance) was undertaken by Internal Audit in March 2009. During 2009/2010, this will facilitate Directors in assessing the extent to which governance and risk management arrangements and priorities are being delivered and implemented at operational Directorate level.

Reports on Directorate Risk Registers are submitted and discussed on a regular basis by the Risk Management Committee. A similar process is in place for the Corporate Risk Register with the Governance Committee. A quarterly report on both registers is received by the Trust Board.

Risk management organisational structures and reporting procedures are in place for verifying that key risk areas are regularly reviewed and reported on and that risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. The Trust has a wide range of communication and consultation mechanisms in existence with relevant stakeholders, both internal and external.

The Trust continues to implement the extant controls assurance standards as directed by the DHSSPS. Fourteen standards were validated in 2008/2009 by Internal Audit (six of which were mandated by the DHSSPS). Those relevant to Charitable Funds are discussed in further detail below.

In terms of risks to information, the Trust established an overarching Information Governance Sub Committee (IGSC) in December 2008 which reports to the Risk Management Committee and is supported in its work by an Informatics Programme Board. The role of the Information Governance Sub-Committee is to lead, coordinate and direct the strategic agenda with regard to Information Governance issues within the Trust. In addition, an internal audit of Information Governance was undertaken in October/November 2008. Four priority one and nine priority two findings were found. Priority one findings related to:

- Performance of Information Governance Risk Assessments both at Directorate and Corporate level.
- Completion of the Data Protection Act Action plan and monitoring by IGSC.
- Review of off-site storage on a Trust-wide basis.
- Development of an Information Governance Transfer Policy.

Action plans have been put in place to address the priority one and priority two findings and implementation of the recommendations will be monitored on a regular basis by the IGSC. In addition the Trust plans to undertake a baseline assessment of its information governance arrangements using the DHSSPS guidance document – Managing Information Risk A Guide for Accounting Officers, Board members and Senior Information Owners. The outcome of this work will be reported to the IGSC and the resultant action plan will be monitored by this committee.

The Trust is also committed to ensuring the security of information held in electronic form. During the year an exercise to identify and encrypt all portable electronic devices holding sensitive or personal data, was carried out. This encryption exercise will be extended in 2009/10 to cover all portable electronic devices.

The South Eastern HSC Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress was expected in 2008/09. The results in relation to the core standards which affect in particular the controls surrounding the operation of the charitable funds systems are as follows:

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance	Audited by Internal Audit
Financial Management (Core Standard)	70% - 99% (Substantive)	85% (Substantive)	Yes
Governance (Core Standard)	70% - 99% (Substantive)	88% (Substantive)	Yes
Risk Management (Core Standard)	70% - 99% (Substantive)	81% (Substantive)	Yes

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers

within the South Eastern HSC Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the relevant internal mechanisms, Audit Committee, Governance Committee, Charitable Fund Committee, Governance Committee and a Risk Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

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

During the year the Trust Funds Committee met to review the expenditure of the funds for the year, and to set budgets for the larger funds.

On 7th January 2009, the Audit Committee undertook a self assessment exercise using the NAO self assessment checklist for Audit Committees. An action plan has been developed to address any areas of shortfall and implementation of the recommendations will be monitored by the Audit Committee.

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook fourteen Controls Assurance audits – the results are detailed in the table above. The Audit Committee has agreed the internal audit plan for the three years to March 2011.

As Accounting Officer I can confirm that there are no significant internal control problems.

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

Hugh McCaughey  
**Chief Executive**



## **SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**

### **Charitable Trust Funds**

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

I certify that I have audited the financial statements of the South Eastern Health and Social Care Trust for the year ended 31 March 2009 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out within them.

#### **Respective responsibilities of the Trust, Accounting Officer and Auditor**

The Trust and Chief Executive as Accounting Officer are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended, and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Trust and Chief Executive in relation to Trust Fund Accounts.

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

I report to you my opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder. I report to you whether, in my opinion, certain information given in the Trustees' Annual Report, which comprises the Achievements and Performance and Financial Review, is consistent with the financial statements. I also report to you whether in all material respects the financial transactions conform to the authorities which govern them.

In addition I report to you if the Trust has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on Internal Control reflects the Trust's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises sections on the Background, Administration and Structure, governance and management. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

#### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trust and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that, in all material

respects, the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinions**

In my opinion

- the financial statements give a true and fair view, in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended, and directions made thereunder by the Department of Health, Social Services and Public Safety, of the state of affairs of the charitable trust funds of the South Eastern Health and Social Care Trust at 31 March 2009 and of the net incoming movement in resources, net movement in funds and total fund balances for the year then ended;
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended, and Department of Health, Social Services and Public Safety directions made thereunder; and
- information given within the Trustees' Annual Report, which comprises the Achievements and Performance and Financial Review, is consistent with the financial statements.

### **Opinion on Regularity**

In my opinion, in all material respects, the financial transactions conform to the authorities which govern them.

### **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**

**30 November 2009**

## SOUTH EASTERN HSC TRUST

### Statement of Financial Activities for the year ended 31 March 2009

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2009 Total Funds £000	2008 Total Funds £000
<b>INCOMING RESOURCES</b>						
Incoming resources from generating funds						
Voluntary Income	2	258	273	0	531	366
Activities for generating funds		0	3	0	3	10
Investment income	3	55	149	0	204	234
Incoming resources from charitable activities	4	0	0	0	0	1
Other incoming resources		0	0	0	0	12
<b>Total Incoming Resources</b>		<b>313</b>	<b>425</b>	<b>0</b>	<b>738</b>	<b>623</b>
<b>RESOURCES EXPENDED</b>						
Costs of Generating funds						
Costs of generating voluntary income						-
Fundraising trading: Costs of goods sold and other costs						-
Investment management costs						-
Charitable Activities	6	(7)	(220)	0	(227)	(462)
Governance Costs	5	(20)	(41)	0	(61)	(49)
Other Resources Expended						
<b>Total resources expended</b>		<b>(27)</b>	<b>(261)</b>	<b>0</b>	<b>(288)</b>	<b>(511)</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>286</b>	<b>164</b>	<b>0</b>	<b>450</b>	<b>112</b>
<b>TRANSFERS</b>						
Gross transfers between funds	8	0	0	0	0	0
<b>Net Incoming/(Outgoing) Resources before other recognised gains and losses</b>		<b>286</b>	<b>164</b>	<b>0</b>	<b>450</b>	<b>112</b>
<b>OTHER RECOGNISED GAINS/LOSSES</b>						
Gains/(losses) on revaluation of fixed assets for charity's own use		0	0	0	0	-
Gains/(losses) on investment assets	12	(302)	(799)	0	(1101)	(446)
<b>Net Movement in Funds</b>		<b>(16)</b>	<b>(635)</b>	<b>0</b>	<b>(651)</b>	<b>(334)</b>
Adjustment to add Back: Notional Audit Fee		7	0	0	7	8
<b>Net Movement in Funds excluding Notional Audit Fee</b>		<b>(9)</b>	<b>(635)</b>	<b>0</b>	<b>(644)</b>	<b>(326)</b>
<b>RECONCILIATION OF FUNDS</b>						
<b>Fund balances brought forward at 1 April 2008</b>		<b>1,650</b>	<b>4,686</b>	<b>62</b>	<b>6,398</b>	<b>6,724</b>
<b>Fund balances carried forward at 31 March 2009</b>		<b>1,641</b>	<b>4,051</b>	<b>62</b>	<b>5,754</b>	<b>6,398</b>

The notes at pages 21 to 32 form part of this account.

## SOUTH EASTERN HSC TRUST

### Balance Sheet as at 31 March 2009

	Notes	31 March 2009 £000 £	31 March 2008 £000 £
<b>Fixed Assets</b>			
Intangible assets			
Tangible assets	11	75	75
Heritage assets		-	-
Investments:	12	-	-
Investments		5,293	6,185
Programme related investments			
<b>Total Fixed Assets</b>		<u>5,368</u>	<u>6,260</u>
<b>Current Assets</b>			
Stock		-	-
Debtors	13	9	40
Short term investments and deposits		-	-
Cash at bank and in hand.		380	118
<b>Total Current Assets</b>		<u>389</u>	<u>158</u>
<b>Creditors: Amounts falling due within one year</b>	14.1	(3)	(20)
<b>Net Current Assets/ (Liabilities)</b>		<u>386</u>	<u>138</u>
<b>Total Assets less Current Liabilities</b>		5,754	6,398
<b>Creditors: Amounts falling due after more than one year</b>	14.2	-	-
<b>Provision for liabilities and charges</b>		-	-
<b>Net Assets</b>		<u>5,754</u>	<u>6,398</u>
<b>Funds of the Charity</b>			
Restricted income funds		4,051	4,686
Endowment funds		62	62
Unrestricted income funds	15		
Unrestricted income funds		1,571	1,580
Revaluation reserve		70	70
<b>Total unrestricted funds</b>		<u>1,641</u>	<u>1,650</u>
<b>Total charity funds</b>		<u>5,754</u>	<u>6,398</u>

The notes at pages 21 to 32 form part of this account.

Signed: H McCaughey

Date: 16/09/09

## **SOUTH EASTERN HSC TRUST**

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### **Notes to the accounts**

#### **1. Accounting policies**

##### **1(a) Basis of preparation**

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

##### **1(b) Incoming resources**

All incoming resources are included in full in the statement of financial activities as soon as the following three factors can be met:

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

##### **1(c) Incoming resources from legacies**

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

##### **1(d) Gifts in kind**

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

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

### **1(e) Intangible income**

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

### **1(f) Resources expended and irrecoverable VAT**

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

### **1 (g) Allocation of support costs and overheads**

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

### **1 (h) Costs of generating funds**

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

### **1 (i) Charitable activities**

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

### **1 (j) Governance costs**

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

## **1 (k) Fixed assets**

### **Capitalisation**

All assets falling into the following categories are capitalised:

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

Heritage assets are capitalised where reliable cost information/sufficiently reliable conventional valuation figures are available. In circumstances where this information is not available or significant costs are involved which may be onerous compared with the additional benefits derived by users of the accounts then these assets will be excluded from the balance sheet with a disclosure in the notes to the accounts (SORP paragraph 283).

### **Valuation**

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

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

### **Depreciation**

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

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

- equipment is depreciated evenly over the estimated life of the asset.

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

#### **1 (l) Donated assets**

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

#### **1 (m) Investment fixed assets**

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

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

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

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

#### **1 (n) Realised gains and losses**

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

#### **1 (o) Funds structure**

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

#### **1 (p) Pensions**

The Charitable Trust Fund has no employees.



## **SOUTH EASTERN HSC TRUST**

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

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2009 Funds £000</b>	<b>Total 2008 Funds £000</b>
Donations from individuals	26	262	288	304
Corporate donations	-	-	-	-
Legacies	232	5	237	61
Grants other	-	6	6	1
	-	-	-	-
<b>Total</b>	<b>258</b>	<b>273</b>	<b>531</b>	<b>366</b>

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

	<b>2009 Total Funds £000</b>	<b>2008 Total Funds £000</b>
<b>Gross income earned from:</b>		
Fixed asset equity and similar investments	204	228
Fixed asset cash on deposit	-	-
Current asset investments	-	6
Other	-	-
<b>Total</b>	<b>204</b>	<b>234</b>

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

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2009 Funds £000</b>	<b>Total 2008 Funds £000</b>
Income from sale of goods or services	-	-	-	1
Letting of non-investment property	-	-	-	-
Contractual payments received	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

## **SOUTH EASTERN HSC TRUST**

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

	<b>2009 Total Funds</b>	<b>Allocated to Governance</b>	<b>Charitable activities</b>	<b>Basis of apportionment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Financial Administration	54	54	-	
Salaries and related costs	-	-	-	
Staff training	-	-	-	
Staff recruitment	-	-	-	
Office rent	-	-	-	
Internal Audit	-	-	-	
External Audit	7	7	-	
Telephone/Postage/Stationery	-	-	-	
Bank Charges	-	-	-	
Other professional expenses	-	-	-	
Insurance	-	-	-	
Other	-	-	-	
<b>Total</b>	<b>61</b>	<b>61</b>	<b>-</b>	

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

	<b>Grant funded activity</b>	<b>Support Costs</b>	<b>2009 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Medical research	-	-	-
Purchase of new equipment	115	-	115
Building and refurbishment	12	-	12
Staff education and welfare	25	-	25
Patient education and welfare	74	-	74
Other	1	-	1
<b>Total</b>	<b>227</b>	<b>-</b>	<b>227</b>

## SOUTH EASTERN HSC TRUST

### 7. Analysis of grants

Not applicable.

### 8. Transfers between funds

There were no transfers between funds during the year.

### 9 Analysis of staff costs:

	2009 £000	2008 £000
Salaries and wages	-	-
Social security costs	-	-
Other pension costs	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

The average number of employees on a full-time equivalent basis in the year was:

-	-
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### 10. Auditor's remuneration

The auditor's remuneration of £6,540 (2008 £7,556) related solely to the audit with no other additional work undertaken (2008 nil).

## SOUTH EASTERN HSC TRUST

### 11. Total tangible fixed assets

	Freehold Land & Buildings	Other interests in Land and Buildings	Computer Equipment	Plant and Machinery	Fixtures, Fittings and Equipment	Assets under Construction	2009 Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
Balance at 1 April 2008	75	-	-	-	-	-	75
Additions	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Cost/Valuation at 31 March 2009</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>
<b>Accumulated Depreciation:</b>							
Balance at 1 April 2008	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value at 31 March 2009</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>
<b>Net Book Value at 31 March 2008</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>
<b>Historic cost at 31 March 2009</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>

## SOUTH EASTERN HSC TRUST

### 12. Analysis of fixed asset investments

#### 12.1 Investments in a Common Investment Fund – EHSSB area only

	2009 £000	2008 £000
Market value at 1 April 2008	6,185	6,702
Net cash inflow/(outflow)	-	(300)
Share of income	209	228
Share of realised gains/(losses)	(36)	10
Share of unrealised gains/(losses)	(1,065)	(455)
<b>Market value at 31 March 2009</b>	<u>5,293</u>	<u>6,185</u>

#### 12.2 Movement in fixed asset investment

	2009 £000	2008 £000
Market value at 1 April 2008	-	-
Less: Disposals at carrying value	-	-
Add: Acquisition at cost	-	-
Net gain/loss on revaluation	-	-
<b>Market value at 31 March 2009</b>	<u>-</u>	<u>-</u>
<b>Historic cost at 31 March 2009</b>	<u>-</u>	<u>-</u>

#### 12.3 Market value as at 31 March 2009

	Held in UK £000	Held outside UK £000	2009 Total £000	2008 Total £000
Investment properties	-	-	-	-
Investments listed on Stock Exchange	-	-	-	-
Investments in CIF – EHSSB area only	5,293	-	5,293	6,185
Investments in a Common Deposit Fund or Investment Fund	-	-	-	-
Unlisted securities	-	-	-	-
Cash held as part of the investment portfolio	-	-	-	-
Investments in connected bodies	-	-	-	-
Other investments	-	-	-	-
<b>Total market value of fixed asset investments</b>	<u>5,293</u>	<u>-</u>	<u>5,293</u>	<u>6,185</u>

## SOUTH EASTERN HSC TRUST

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### 13. Analysis of debtors

	2009 £000	2008 £000
<b>13.1 Amounts falling due within one year</b>		
Trade debtors	-	-
Prepayments	2	2
Accrued income	-	-
Other debtors	7	38
<b>Total</b>	<u>9</u>	<u>40</u>

### 13.2 Amounts due over one year:

Trade debtors	-	-
Prepayments	-	-
Accrued income	-	-
Other debtors	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

### 14. Analysis of creditors

#### 14.1 Amounts falling due within one year

	2009 £000	2008 £000
Loans and overdrafts	-	-
Trade creditors	-	-
Other creditors	-	(10)
Accruals	(3)	(10)
Deferred income	-	-
<b>Total</b>	<u>(3)</u>	<u>(20)</u>

#### 14.2 Amounts falling due after more than one year

	2009 £000	2008 £000
Loans and overdrafts	-	-
Trade creditors	-	-
Other creditors	-	-
Accruals	-	-
Deferred income	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**SOUTH EASTERN HSC TRUST**

**15 Analysis of charitable funds**

	<b>Balance at 1 April 2008 £000</b>	<b>Incoming resources £000</b>	<b>Resources expended £000</b>	<b>Transfers £000</b>	<b>Gains and losses £000</b>	<b>Fund at 31 March 2009 £000</b>
<b>Endowment funds</b>						
Down & Lisburn Endowment Fund	62	-	-	-	-	62
Ulster Endowment Fund	-	-	-	-	-	-
Other (individually less than 5%)	-	-	-	-	-	-
<b>Endowment funds total</b>	62	-	-	-	-	62
<b>Restricted Funds</b>						
Robert Moorehead Bequest	839	47	(67)	-	(144)	675
UHD Ethel Agar	846	26	(6)	-	(142)	724
UHD Diabetic Research	407	23	(7)	-	(69)	354
Other (individually less than 5%)	2,594	329	(181)	-	(444)	2,298
<b>Restricted Funds Total</b>	4,686	425	(261)	-	(799)	4,051

<b>Analysis of unrestricted and material designated funds</b>	<b>Balance at 1 April 2008 £000</b>	<b>Incoming resources £000</b>	<b>Resources expended £000</b>	<b>Transfers £000</b>	<b>Gains and losses £000</b>	<b>Fund at 31 March 2009 £000</b>
Downe Hospital General	43	96	(4)	-	(21)	114
Bangor Hospital General	282	9	(2)	-	(48)	241
Ulster Hospital General	1,173	201	(12)	-	(208)	1,154
Other (individually less than 5%)	152	8	(3)	-	(25)	132
<b>Total</b>	1,650	314	(21)	-	(302)	1,641

**16. Contingencies**

The following contingent (losses)/gain have not been included in the accounts

	<b>2009 £000</b>	<b>2008 £000</b>
Specify	-	-
<b>Total Contingent (Loss)/Gain</b>	-	-

## **SOUTH EASTERN HSC TRUST**

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### **17. Commitments**

The trusts funds have the following commitments:	<b>2009 £000</b>	<b>2008 £000</b>
Charitable projects	-	-
Capital	-	-
Other	-	-
<b>Total Commitments</b>	<b>-</b>	<b>-</b>

### **18. Related party transactions**

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

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

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

The administration of the Trust Funds of the South Eastern HSC Trust is carried out by employees of South Eastern HSC Trust. The cost charged to the Trust Funds for the year amounted to £54k (2008 – £40k) and is included within Financial Administration in Note 5.