

The Annual Report and Accounts of the Charitable Trust Funds held
by the South Eastern HSC Trust
for the year ended 31 March 2016

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

On

5 August 2016

Annual Report of the Trustees of the Charitable Trust Funds held by the South Eastern HSC Trust for the year ended 31 March 2016

Background

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

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

Address of Principal office

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

Names of Trustees

Under the Health and Personal Social Services (NI) Order 1972, as amended by Article 16 of the Health and Personal Social Services (NI) Order 1991, the Board of the South Eastern HSC Trust are the Trustees of the Charitable Funds. During 2015/16 this constituted the following:

Non-executive members

C McKenna (Chairman)
Noel Brady - Appointed February 2016
Dr M Briscoe - Appointed February 2016
Maynard Mawhinney – Appointed February 2016
P Davison – Resigned December 2016

F Graham
D Mann-Kler – Resigned December 2015
N Mansley
D O’Hara – Resigned December 2016
J Trethowan

Executive members

| | |
|----------------|---|
| Mr H McCaughey | Chief Executive |
| Mr S McGoran | Director of Hospital Services |
| Mrs B Mongan | Director of Adult Services & Prisons Healthcare |
| Mr N Guckian | Director of Finance and Estates |
| Dr C Martyn | Medical Director |
| Ms N Patterson | Director of Primary Care, Elderly and Nursing (wef 12/08/2013) |
| Mrs M Weir | Director of Human Resources (appointed 14 th March 2016) |
| Mrs R Coulter | Director of Planning, Information & Performance Management |
| Mr B Whittle | Director of Children’s Services/Social Work (took up post 1 st April 2015) |

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
Donegal Place
Belfast
BT1 5BX

Principal Advisors

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

Structure, governance and management

The Trust Board have established a Charitable Funds Committee, which is authorised by the Board to undertake any activity within its terms of reference. It is authorised to seek advice from whatever source it deems to be appropriate in order to fulfil its function. Membership of the Charitable Funds Committee during 2015/16 was as follows:

| | |
|----------------|---|
| Mr N Guckian | Director of Finance and Estates |
| Ms N Patterson | Director of Primary Care, Elderly and Nursing |
| Mr N Mansley | Non-executive Director (Chair) |
| Mr P Morgan | Assistant Director of Finance |
| Dr C Martyn | Medical Director |
| D Mann-Kler | Non-executive Director - Resigned December 2015 |

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

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

Objectives and Activities

The objectives of the South Eastern HSC Trust's Charitable Funds Committee are to ensure that charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

The current objectives for the year are in line with the defined and specified purpose for which the individual funds were formed. An annual expenditure budget has been set for each individual fund which is based upon the receipts of the previous year. The Charitable Funds Committee met 3 times in 2015/16 to manage the expenditure and investigate any departures from the agreed budget and purpose.

Charitable funds expenditure for the year has been summarised below:

| | £000 |
|-------------------------------|------------|
| Medical Research | 0 |
| Purchase of new equipment | 198 |
| Building & refurbishment | 100 |
| Staff education and welfare | 41 |
| Patient education and welfare | 132 |
| Other | 13 |
| Total | 484 |

Achievements and Performance

During the year the Charitable Funds continued to engage in activities commensurate with its objectives. Over £480k was expended on charitable activities, in accordance with the Trust's policies and procedures in relation to expenditure from Charitable Funds. Charitable fund expenditure was used to purchase £198k of new and specialist equipment and £132k on patients' education and welfare and £41k on staff education and welfare. All expenditure during the year was consistent with the purpose of the funds and used to enhance the care and treatment of clients.

The net market value of funds decreased in the year by £347k.

Financial Review

Introduction

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

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

Funds which are not legally restricted but which the Trustees have chosen to earmark for set purposes are classified as designated funds.

Review of the year

Income

During the year income totalling £477k was received, an increase of £55k from 2014/2015. £333k was received in donations compared to £265k in 2014/15. Investment income is down by £13k from 2014/15, due to market performance.

Expenditure

Total direct charitable expenditure for the year amounted to £484k, an decrease of £938k from 2014/15. Charitable expenditure in 2015/16 on Purchase of equipment was £198k comparable to previous year of £211k. Expenditure on patient education and welfare was £132k, a decrease of £726k. Expenditure on other types of charitable activities was 154k, a decrease of £199k on the previous year.

Governance costs for the financial administration of the fund amounted to £70k.

Financial position at year end

Total fund balances were £5,335k, consisting of £4,636k of restricted funds and £638k of unrestricted funds. Endowment funds totalled £61k.

Financial Controls

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

Statement of risk

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

Reserves policy

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

Investment Policy

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

Plans for future periods

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

Introduction of the Charities Act (NI 2008)

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

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

Statement of Accounting Officer Responsibilities

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

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

- follow the guidance within the HSC Manual of Accounts issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards as set out in Charities SORP 2005 have been followed, and disclose and explain any material departures in financial statements.
- keep proper accounting records.
- ensure an effective system of internal control and establishing arrangements for the prevention and detection of fraud and corruption.

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

CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 29 to 43) which I am required to prepare on behalf of the South Eastern Health and Social Care Trust have been compiled from and are in accordance with the accounts and financial records maintained by the South Eastern Health and Social Care Trust and in accordance with the accounting policies for HSC Charitable Trust Funds as approved by the Department of Health, Social Services and Public Safety.



Director of Finance

8th June 2016

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 29 to 43) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chairman

8/06/2016

Date



Chief Executive

8/06/2016

Date

GOVERNANCE STATEMENT

Introduction / Scope of Responsibility

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

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

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

Compliance with Corporate Governance Best Practice

The Trust applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements by undertaking continuous assessment of its compliance with Corporate Governance best practice. In March 2016, the Trust completed its fourth formal baseline assessment of the Department of Health, Social Services & Public Safety's (the Department) document entitled 'Board Governance Self-Assessment Tool (BGSAT)' which was issued in October 2015. The document is no longer required to be submitted on an annual basis to the Department as at 31 March year end. The assessment covered the following 4 areas:-

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

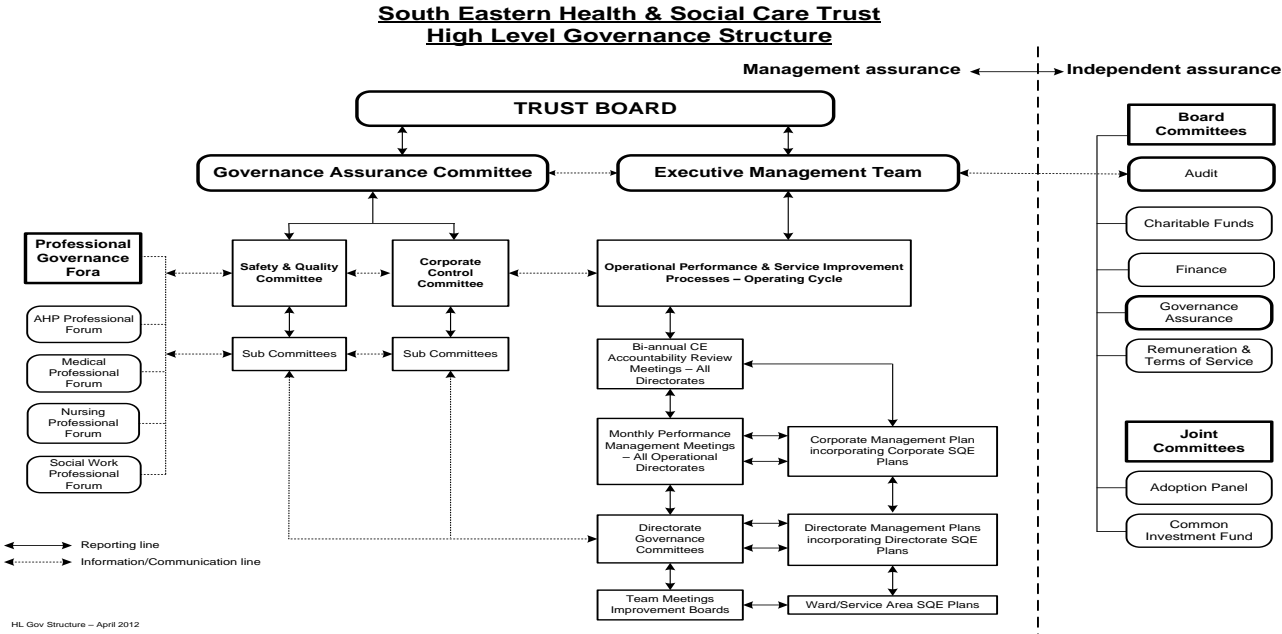
One Board Impact Case Study was also completed. This covered the area of organisational change and the Board's role in bringing about change.

Each section was broken down into individual criteria and a Red, Amber and Green (RAG) rating was applied. There were a total of 17 criteria – 15 were rated as Green with 2 rated as Amber/Green and 0 as Amber/Red. Amber/Green ratings related to section 2.1 – Board evaluation, learning and development in terms of engagement with staff and other stakeholders as to whether they believe the Board to be effective; section 2.3 – Board induction, succession and contingency planning – due to the ongoing recruitment process by the Department. A plan was developed detailing the action plans to achieve any areas of non-compliance with good practice and/or red flag areas on completion of the assessment. The assessment tool was formally approved by the Trust Board at its meeting on 23 March 2016. The document is no longer required to be submitted on an annual basis to the Department as at 31 March year end.

Governance Framework

The Trust has an integrated governance framework in place which links corporate governance (including risk management and organisational controls), safe and effective care (clinical and social care governance), and financial governance. This framework is closely aligned to the Department’s Assurance Framework (April 2009). It operates on the four domains contained in this document namely, Corporate Control, Safety & Quality, Finance and Operational Performance and Service Improvement. This framework for 2015/16 (see table 1 below) is further supported by the Trust’s own Assurance Framework, Risk Management and Governance Strategies.

Table 1 – High Level Governance Infrastructure



The high level Governance infrastructure was reviewed by the Corporate Control Committee at its meeting on the 20 January 2016. A number of improvements were made to the infrastructure and these will become operational with effective from 1 April 2016.

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

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

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

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

| Board/Committee | Number of meetings | % Attendance |
|---|---------------------------|---------------------|
| Trust Board | 9 | 89 |
| Audit Committee | 5 | 90 |
| Charitable Trust Funds Committee | 3 | 93 |
| Finance Committee | 6 | 96 |
| Governance Assurance Committee | 4 | 66 |
| Remuneration & Terms of Service Committee | 1 | 100 |

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

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

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

with the Chairman of the Committee highlighting any specific issues for the attention of the Trust Board. The Committee, on annual basis, undertakes a review of its effectiveness based on its Terms of Reference. This includes a section on attendance at committee meetings by members. The outcome of this work is submitted to the Trust Board.

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

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

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

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

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

In addition, the Safety & Quality Committee supports the work of the Governance Assurance Committee under the joint chairmanship of the Director of Primary Care, Older People and Executive Director of Nursing, the Medical Director and the Director of Children's Services & Executive Director of Social Work. Its role is to be the main sub-committee of the Governance Assurance Committee responsible for leading the safe and effective care agenda across the Trust.

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

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

Charitable Funds Committee structure, governance and management

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

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

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

Non-executive Director (Chairman)

Non-executive Director

Director of Finance & Estates

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

Assistant Director, Financial Services
Medical Director

Business Planning and Risk Management

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

The Trust's business planning process is carried out in accordance with DHSSPS guidance and results in the production of an annual Trust Delivery Plan (TDP). The plan is developed in response to the priorities set out in the Joint Commissioning Plan. Each Trust Director is accountable for delivering against the elements of the TDP that fall within his/her sphere of responsibility. A Corporate Plan (2011-2015) was approved in August 2011 (with a subsequent addendum in August 2015 extending the plan for a further one year period). This is delivered on an annual basis by Directorates who compile their annual Directorate Management Plans which then form the basis of the annual Corporate Management Plan; all plans are closely aligned to the objectives set out in the four year Corporate Management Plan. Monitoring of compliance with the Trust Delivery Plan is via the Operating Cycle which includes monthly Performance Monitoring and Improvement meetings for all Operational Directorates and Bi-annual Chief Executive Accountability Review meetings. This also includes compliance with the governance, risk management and safety, quality and experience agendas. Following discussions on a regional basis and to align with the Department's planning process an addendum to the extant Corporate Plan was approved for a further one year period to the 31st March 2017 by the Trust Board on 27 August 2015.

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

During 2015/16, the Trust continued to implement its Integrated Governance framework which links corporate governance and risk management (including organisational controls), safe and effective care (clinical and social care governance), and financial governance. A new three year Board Assurance Framework (2014-2017); Risk Management Strategy (2014-2017) and updated Integrated Governance Strategy (2013-2015) were developed and approved by the Trust Board on 25th June 2014. These documents continue to be embedded ensuring a cohesive and integrated approach to the key building blocks of governance and risk management. The continued focus of these documents was to strengthen and improve the existing systems of internal control.

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

This document is available for all staff via the intranet and details the clear chain of accountability for managing risk from the Accounting Officer downwards. The responsibilities of the Executive Management Team, Trust Board, Audit Committee, Governance Assurance Committee and other relevant committees and sub committees are clearly defined. The document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register/s.

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

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

Reports on Directorate Risk Registers are submitted and discussed on a quarterly basis by the Corporate Control Committee. A similar process is in place for the Corporate Risk Register with the Governance Assurance Committee. Regular reports on the Board Assurance Framework and Corporate Risk Register were submitted to the Trust Board during the year. In February 2015, the Executive Management Team reviewed the previous year's Corporate Risk Register and determined those items that would be closed off and those which would be carried forward into 2015/16 Corporate Risk Register. A total of 19 risks were on the register for the year as at March 2016. Details as listed below:-

- 17 of the existing 17 Corporate Risk Register (2014/2015) topics were carried forward into the 2015/2016 Corporate Risk Register as at 1 April 2016 with new action plans developed, as appropriate;
- 8 items were reworded:-
 - ID1558 (now ID1735 in 2015/16 register) in respect of the Historical Institutional Abuse Inquiry [HIAI]) was remitted to the Children's Services Directorate Risk Register but replaced with a new HIAI CRR focusing on the current issues in the inquiry;

- ID1503 (now ID1608 in 2015/16 register) – reference to mental health services removed;
 - ID1558 (now ID1735 in 2015/16 register) – reworded as per previous bullet point;
 - ID1525 (now ID1731 in 2015/16 register) – reworded and includes a specific action point reference CSSD issues;
 - ID1567 (now ID1788 in 2015/16 register) – item shut down from a Finance perspective but remains open from an HR perspective – transferred to Director of Human Resources & Corporate Affairs from Directorate of Finance & Estates).
 - ID1569 (now ID1727 in 2015/16 register) – includes reference to EDs in the risk description;
 - ID1389 (now ID1733 in 2015/16 register) – wording amended reference Governance Statement.
 - ID1502 (now ID1729 in 2015/16 register) – narrative description amended.
- All forms were reviewed for accuracy and updated for scoring, control measures and new action plans inserted, as appropriate;
 - Two further new items were added – Laundry ID1873 (September 2015) and Location of Mental Health In-patient Unit ID1879 (January 2016).

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

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

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

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

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

The Trust's Incident Policies and Procedures were reviewed and updated in 2015/16.

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

An annual internal audit of the Trust's risk management and governance systems is undertaken each year (February 2016) - satisfactory assurance was confirmed. There were no Priority 1 findings, - 2 Priority 2 findings and 0 Priority 3 findings.

Information Risk

In terms of risks to information, the Trust has a well-established Information Governance Sub Committee (IGSC) which reports to the Corporate Control Committee and is supported in its work by seven sub committees. The role of the Information Governance Sub-Committee is to lead, co-ordinate and direct the strategic agenda with regard to Information Governance issues within the Trust. It also supports the Trust's corporate and Directorate objectives and ensures that risks in this area are regularly identified and addressed. Information risks are identified at all levels in the organisation and, where appropriate, are included on the Directorate and/or Corporate Risk Registers. The Trust is a public sector information holder and is subject to the terms of the Freedom of Information Act, 2000. The Trust's Senior Information Risk Owner (SIRO) has provided formal assurance to the Department, through completion of the mandatory annual SIRO assurance statement in February 2016.

The Director of Human Resources & Corporate Affairs and the Personal Data Guardians (i.e. the Medical Director and Director of Children's Services & Executive Director of Social Work) are the Trust leads for ensuring compliance with the Data Protection Act 1998 and the Code of Practice on Protecting the Confidentiality of Service User Information. The Director of Human Resources & Corporate Affairs is the nominated Senior Information Risk Owner (SIRO) and the Director of Planning,

Performance & Informatics is the appointed deputy Senior Information Risk Owner. All Assistant Directors have been nominated to the roles of Information Asset Owner (IAO). The appointment of the SIRO and IAO were made under the direction of the DHSSPS as a result of its Data Protection Reviews 2007/08. The newly appointed Director of Human Resources & Corporate Affairs (14/3/16) will attend SIRO Training on 16 May 2016. The Assistant Director, Risk Management & Governance and Head of Information Governance will also attend as part of their refresher training.

The Information Governance Sub Committee continued, in conjunction with its seven supporting working groups, to roll-out a challenging programme of work during 2015/16. The Information Management Controls Assurance standard which includes 27 criteria spanning for example, the corporate agenda, data quality, data security, coding, pseudonymisation and, anonymisation of data, training, audit and the handling of subject access and Freedom of information requests was subject to internal audit in February 2016. Attainment of the required level of substantive compliance was a significant challenge during the year. Action plans were developed and implemented to address any areas of non-compliance. The Information, Communication and Technology (ICT) Controls Assurance Standard was also progressed throughout the year and both the Information Governance (IG) (substantive compliance) & ICT Controls Assurance Standard achieved the required substantive compliance level as per Departmental guidance.

Each Directorate has developed an information asset register and in accordance with the IGSC's programme of work, each Directorate ensures that information risks are considered in conjunction with the Trust's Risk Management Strategy. A key finding from the Information Asset returns was the requirement for Information Governance training, in particular, data protection training for staff.

The Trust has continued to roll-out learning in line with the annual IG training programme. During 2015/16 there has also been moderate uptake in the Information Governance e-learning programme which includes training modules on Data Protection, Freedom of Information, Records Management and Information Security.

The Trust continues to monitor the off-site storage contract (awarded on 1 March 2012 and extended as a single tender action from 29 February 2016 for a period of 18 months). It also continues to actively appraise archived records in accordance with Good Management, Good Records, 2011. Regrettably, due to ongoing Trust contingencies, finance has not been made available to destroy records which are eligible for destruction; however this will be reassessed in the 2016/17 financial year.

The Head of Information Governance continues to participate in the DHSSPS Information Governance Advisory Group (IGAG) to ensure that the Information Governance agenda is focused to meet the needs of the DHSSPS strategic agenda. One continuing key focus of the IGAG is to ensure that appropriate governance arrangements are in place for the sharing of data for secondary purposes. As a result, the Trust is participating in a Departmental lead initiative to review Health & Social Care (HSC) engagement in National Audit programmes.

Staff are trained and encouraged to report all incidents including (Information Governance) incidents to ensure the Trust can investigate the reasons for an incident

happening again. The Information Governance Steering Group receives quarterly reports on all information governance incidents. In addition, all reported incidents of data loss or confidentiality breach in 2015/2016 have been assessed. While there were several small scale incidents, the impact was limited and procedures were put in place to address future risk in these areas. Three incidents were reported to the Information Commissioner's Office (ICO). The first related to the discovery of Trust documentation in a private property, the second, related to the theft of a vehicle operated by a 3rd party contracted company which contained Trust documentation and the third related to the issue of a group email to personal email accounts. The (ICO) concluded that in relation to the second and third incidents, it did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy and therefore no action was taken.

The first incident was combined with an ongoing case which had been reported by the trust, to the ICO in November 2014, where a report had been emailed, in error, to an incorrect email address; as a result of these combined incidents the Trust has agreed an Undertaking with the ICO. The Undertaking has been published on the ICO website.

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

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

Public Stakeholder Involvement

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

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

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

Assurance

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

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

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

A key source of assurance is the reports from Internal Audit. The annual Audit Plan is based on key risks and systems within the organisation. As part of its annual audit programme for 2015/16, Internal Audit reviewed the Trust's Risk Management and Governance arrangements and in March 2016 reported satisfactory assurance on the system of internal control for Risk Management and Governance.

Controls Assurance Standards

The South Eastern Health and Social Care Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2015/16.

The Organisation achieved the following levels of compliance for 2015/16

| Standard | DHSS&PS Expected Level of Compliance | Trust Level of Compliance | Audited by Internal Audit |
|---|--------------------------------------|---------------------------|---------------------------|
| Financial Management <i>(Core Standard)</i> | 75% - 99% (Substantive) | 89% (Substantive) | Yes |
| Governance <i>(Core Standard)</i> | 75% - 99% (Substantive) | 97% (Substantive) | Yes |
| Management of Purchasing and Supply | 75% - 99% (Substantive) | 80% (Substantive) | No |
| Medical Devices and Equipment Management | 75% - 99% (Substantive) | 75% (Substantive) | No |

| | | | |
|---------------------------------|-------------------------|-------------------|-----|
| Risk Management (Core Standard) | 75% - 99% (Substantive) | 93% (Substantive) | Yes |
|---------------------------------|-------------------------|-------------------|-----|

Sources of Independent Assurance

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

Internal Audit

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

In 2015-16 Internal Audit reviewed the following systems:

| Audit Area | Level of Assurance |
|---|---|
| HR/Payroll and Travel Processes within Trusts | Limited |
| Non Pay Expenditure (Trust Controls) | Satisfactory |
| Bank and Cash | Satisfactory |
| Budgetary Control | Satisfactory |
| Financial Assessments including Direct Payments | Satisfactory - Financial Assessments Limited – Direct Payments |
| Asset Management | Satisfactory |
| Cash Management in Social Services Facilities | Satisfactory |
| Management of Client Monies in Independent Sector Homes (including Adult Supported Living Services) | Satisfactory – majority of homes visited Limited in respect of two homes |
| Year End Stocktake Review | Satisfactory |
| Laboratory Procurement and Management of Contracts | Limited |
| Management of Waiting Lists | Satisfactory |
| Management of Medical Locum Staff | Limited |
| GP Out of Hours | Limited |
| Risk Management | Satisfactory |
| Whistleblowing and Fraud Processes | Limited - Whistleblowing Processes Satisfactory - Fraud Processes |

Follow-up on previous Recommendations

A review of the implementation of previous priority one and priority two Internal Audit recommendations was carried out at mid-year and again at year-end. At year-end, 309 (84%) recommendations out of the 369 examined have been fully implemented and 60 (16%) recommendations have been partially implemented at the time of review.

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

“My overall opinion for the year ended 31 March 2016 is that there is a **satisfactory** system of internal control designed to meet the organisation’s objectives.

Although I am content that overall there is a satisfactory system of internal control within the Trust, it is important to note that Limited assurance has been provided in a number of areas.”

HR/Payroll and Travel Processes within Trusts

Limited assurance was issued in respect of a number of priority one findings in respect of access, control and monitoring in the HRPTS system. The Net Pay Control account had not been fully reconciled on a monthly basis and HR processing in respect of issuing of contracts and ensuring that all relevant documentation is held in personnel files and available for review.

Financial Assessments including Direct Payments

Whilst this report was issued with a satisfactory assurance for Financial Assessments, it was Limited in respect of control and monitoring processes around Direct Payments.

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

Whilst satisfactory assurance was issued for the majority of homes visited, limited assurance was given for two of the homes visited in respect of controls around the management of client’s monies.

Laboratory Procurement and Management of Contracts

Limited assurance was issued in respect of the absence of having a Service Level Agreement (SLA) with the Belfast Trust for access to Laboratory Services and also the procurement and contract management processes in respect of goods/services procured from suppliers.

Management of Medical Locum Staff

Limited Assurance was issued in respect of number of priority one findings. These relate to the use of non contracted agency staff, controls in respect of the recruitment of locum doctors and controls in respect pre-employment checks.

GP Out of Hours

Limited Assurance was issued in respect of number of priority one findings. These related to performance against regional Key Performance Indicators, lack of segregation of duties in respect of approval of timesheets, a required review of the management structure and governance arrangements of the service and control in respect pre-employment checks.

Whistleblowing and Fraud Processes

Whilst this satisfactory assurance was issued in respect of fraud processes it was limited in respect of the governance and investigation into whistleblowing cases.

Shared Services Audits

A number of audits (summarised below) have been conducted in BSO Shared Services, as part of the BSO Internal Audit Plan. The recommendations in these Shared Service audit reports are the responsibility of BSO Management to take forward and the reports have been presented to BSO Governance & Audit Committee.

| Shared Services Audit | Level of Assurance |
|--|---------------------------|
| Payroll Shared Service (as at September 2015) | Limited |
| Payroll Shared Service (as at March 2016) | Limited |
| Payments Shared Service (as at September 2015) | Satisfactory |
| Payments Shared Service (as at March 2016) | Satisfactory |
| Income Shared Service | Satisfactory |
| Business Services Team | Satisfactory |
| Benefits Realisation | Satisfactory |

Limited assurance has repeatedly been provided in respect of the Payroll Shared Service Centre. A significant number of priority one findings and recommendations have been reported. Improvement is required particularly in the following areas: management of overpayments; authorisation and processing of manual payments; accuracy of maternity payments; variance monitoring; payroll information relating to pension calculations; and system access controls

At 2015/16 year end, Internal Audit followed up on the implementation of priority one and priority two BSO shared service recommendations, where the implementation date had passed. 294 2015/16 shared service recommendations were included in the BSO year-end follow up. 78% of these 2015/16 recommendations were fully implemented at the time of review, 20% were partially implemented and 2% were not yet implemented.

Other Sources of Independent Assurance

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

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

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

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

Review of Effectiveness of the System of Internal Governance

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

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

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

The Audit Committee met on 5 occasions during 2015/16 and regularly considered the effectiveness of internal controls. It approves and endorses the Internal Audit programme of work which is risk based. Regular progress and follow up reports are provided to the Audit Committee. The Audit Committee provides an Annual Report on the effectiveness of the Committee to the Board. It also receives the draft Head of Internal Audit Opinion and recommends approval of the draft Statement of Internal Control to the Board. In addition, it reviews progress on implementing internal and external audit recommendations.

The Governance Assurance Committee met on 4 occasions during 2015/16 and considers the effectiveness of the Trust's governance arrangements. The Chairman of this Committee is a member of the Audit Committee. Likewise, the Audit Committee Chairman sits on the Governance Assurance Committee. This committee reports to the Trust Board on a quarterly basis and provides assurances on all aspects of Governance (except financial controls). The Governance Assurance Committee provides an Annual Report on the effectiveness of this Committee to the Board.

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

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

The Trust completed its self-assessment of the Board Governance Self Assessment Tool (issued in November 2015). An action plan has been developed to address any areas on non-compliance.

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

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook 5 Controls Assurance audits – the results are detailed in the table above. The Audit Committee agreed the internal audit plan for period April 2014 to March 2015 at its meeting on 8 May 2015.

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

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

Internal Governance Divergences

Update on Prior Year Control Issues which have been Resolved

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

New Internal Control Divergences 2015/16

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

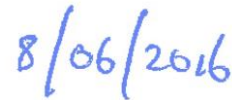
Conclusion

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

Further to considering the accountability framework within the Body and in conjunction with assurances given to me by the Head of Internal audit, I am content that the Trust has operated a sound system of internal governance during the period 2015 -16.



Hugh McCaughey
Accounting Officer



Date

SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST - CHARITABLE TRUST FUNDS

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

I certify that I have audited the financial statements of the South Eastern Health and Social Care Trust Charitable Trust Funds for the year ended 31 March 2016 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of South Eastern Health and Social Care Trust's Charitable Trust Fund's affairs as at 31 March 2016 and of its incoming and outgoing resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health (formerly Department of Health, Social Services and Public Safety) directions issued thereunder.

SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST - CHARITABLE TRUST FUNDS

Opinion on other matters

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

KJ Donnelly
KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

15th June 2016

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

Statement of Financial Activities for the year ended 31 March 2016

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | Endowment Funds £000 | Total Funds £000 | 2015 Total Funds £000 |
|---|------|-------------------------------|-----------------------------|----------------------------|------------------------|--------------------------------|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generating funds | | | | | | |
| Voluntary Income | 2 | 12 | 321 | 0 | 333 | 265 |
| Activities for generating funds | | | | | | |
| Investment income | 3 | 21 | 123 | 0 | 144 | 157 |
| Incoming resources from charitable activities | 4 | 0 | 0 | 0 | 0 | 0 |
| Other incoming resources | | 0 | 0 | 0 | 0 | 0 |
| Total Incoming Resources | | 33 | 444 | 0 | 477 | 422 |
| RESOURCES EXPENDED | | | | | | |
| Costs of Generating funds | | | | | | |
| Costs of generating voluntary income | | 0 | 0 | 0 | 0 | 0 |
| Fundraising trading: Costs of goods sold and other costs | | 0 | 0 | 0 | 0 | 0 |
| Investment management costs | | 0 | 0 | 0 | 0 | 0 |
| Charitable Activities | 6 | (47) | (437) | 0 | (484) | (1,422) |
| Governance Costs | 5 | (14) | (56) | 0 | (70) | (74) |
| Other Resources Expended | | 0 | 0 | 0 | 0 | 0 |
| Total resources expended | | (61) | (493) | 0 | (554) | (1,496) |
| Net incoming/(outgoing) resources before transfers | | (28) | (49) | 0 | (77) | (1,074) |
| TRANSFERS | | | | | | |
| Gross transfers between funds | 8 | 0 | 0 | 0 | 0 | 0 |
| Net Incoming/(Outgoing) Resources before other recognised gains and losses | | (28) | (49) | 0 | (77) | (1,074) |
| OTHER RECOGNISED GAINS/LOSSES | | | | | | |
| Gains/(losses) on revaluation of fixed assets for charity's own use | | 0 | 0 | 0 | 0 | 0 |
| Gains/(losses) on investment assets | 12 | (44) | (231) | 0 | (275) | 365 |
| Net Movement in Funds | | (72) | (280) | (0) | (352) | (709) |
| Adjustment to add back: Notional Audit Fee | | 5 | 0 | 0 | 5 | 6 |
| Net Movement in Funds excluding Notional Audit Fees | | (67) | (280) | (0) | (347) | (703) |
| RECONCILIATION OF FUNDS | | | | | | |
| Fund balances brought forward at 1 April 2015 | | 705 | 4,916 | 61 | 5,682 | 6,385 |
| Fund balances carried forward at 31 March 2016 | | 638 | 4,636 | 61 | 5,335 | 5,682 |

The notes at pages 31 to 43 form part of this account.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS
Balance Sheet as at 31 March 2016

| | Notes | 31 March 2016 £000 £ | 31 March 2015 £000 £ |
|--|-------|----------------------------|----------------------------|
| Fixed Assets | | | |
| Intangible assets | | 0 | 0 |
| Tangible assets | 11 | 100 | 100 |
| Heritage assets | | 0 | 0 |
| Investments: | 12 | 0 | 0 |
| Investments | | 5,093 | 5,724 |
| Programme related investments | | | |
| Total Fixed Assets | | <u>5,193</u> | <u>5,824</u> |
| Current Assets | | | |
| Stock | | 0 | 0 |
| Debtors | 13 | 29 | 55 |
| Short term investments and deposits | | 0 | 0 |
| Cash at bank and in hand. | | 133 | 263 |
| Total Current Assets | | <u>162</u> | <u>318</u> |
| Creditors: Amounts falling due within one year | 14.1 | (20) | (460) |
| Net Current Assets/ (Liabilities) | | <u>142</u> | <u>(142)</u> |
| Total Assetsless CurrentLiabilities | | 5,335 | 5,682 |
| Creditors: Amounts falling due after more than one year | 14.2 | 0 | 0 |
| Provision for liabilities and charges | | 0 | 0 |
| Net Assets | | <u>5,335</u> | <u>5,682</u> |
| Funds of the Charity | | | |
| Restricted income funds | 15 | 4,636 | 4,916 |
| Endowment funds | 15 | 61 | 61 |
| Unrestricted income funds | 15 | | |
| Unrestricted income funds | | 543 | 610 |
| Revaluation reserve | | 95 | 95 |
| Total unrestricted funds | | <u>638</u> | <u>705</u> |
| Total charity funds | | <u>5,335</u> | <u>5,682</u> |

The notes at pages 31 to 43 form part of this account.

Signed:

Hugh McCaughey
Accounting Officer

Date:

8/06/2016

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

Notes to the accounts

1. Accounting policies

1 (a) Basis of preparation

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

1 (b) Incoming resources

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

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

1 (c) Incoming resources from legacies

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

1 (d) Gifts in kind

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

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

1 (e) Intangible income

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

1 (f) Resources expended and irrecoverable VAT

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

1 (g) Allocation of support costs and overheads

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

1 (h) Costs of generating funds

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

1 (i) Charitable activities

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

1 (j) Governance costs

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

1 (k) Fixed assets

Capitalisation

All assets falling into the following categories are capitalised:

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

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

Valuation

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

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

Depreciation

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

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

Impairments

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

1 (l) Donated assets

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

1 (m) Investment fixed assets

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

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

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

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

1 (n) Realised and Unrealised gains and losses

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

1 (o) Funds structure

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

1 (p) Pensions

The Charitable Trust Funds have no employees.

1 (q) Charitable Trust Account Consolidation

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

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

2. Analysis of voluntary income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2016 Funds £000 | Total 2015 Funds £000 |
|----------------------------|--|--------------------------------------|--|--|
| Donations from individuals | 12 | 274 | 286 | 196 |
| Corporate donations | 0 | 0 | 0 | 0 |
| Legacies | 0 | 47 | 47 | 69 |
| Grants | 0 | 0 | 0 | 0 |
| other | 0 | 0 | 0 | 0 |
| Total | 12 | 321 | 333 | 265 |

3. Gross investment income

| | 2016 Total Funds £000 | 2015 Total Funds £000 |
|--|--|--|
| Gross income earned from: | | |
| Fixed asset equity and similar investments | 144 | 157 |
| Fixed asset cash on deposit | 0 | 0 |
| Current asset investments | 0 | 0 |
| Other | 0 | 0 |
| Total | 144 | 157 |

4. Incoming resources from charitable activities

There are no incoming resources from charitable activities.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

5. Allocation of support costs and overheads

| | 2016 Total Funds | Allocated to Governance | Charitable activities | Basis of apportionment |
|-----------------------------------|---------------------------------|------------------------------------|----------------------------------|-----------------------------------|
| | £000 | £000 | £000 | |
| Financial Administration | 65 | 65 | 0 | Fully allocated to Governance |
| Salaries and related costs | 0 | 0 | 0 | |
| Staff training | 0 | 0 | 0 | |
| Staff recruitment | 0 | 0 | 0 | |
| Office rent | 0 | 0 | 0 | |
| Internal Audit | 0 | 0 | 0 | |
| External Audit | 5 | 5 | 0 | Fully allocated to Governance |
| Telephone/ Postage/ Stationery | 0 | 0 | 0 | |
| Bank Charges | 0 | 0 | 0 | |
| Other professional expenses | 0 | 0 | 0 | |
| Insurance | 0 | 0 | 0 | |
| Other | 0 | 0 | 0 | |
| Total | <u>70</u> | <u>70</u> | <u>0</u> | |

6. Analysis of charitable expenditure

| | Grant funded activity | Support Costs | Total 2016 |
|-------------------------------|--------------------------------------|--------------------------|-----------------------|
| | £000 | £000 | £000 |
| Medical research | 0 | 0 | 0 |
| Purchase of new equipment | 198 | 0 | 198 |
| Building and refurbishment | 100 | 0 | 100 |
| Staff education and welfare | 41 | 0 | 41 |
| Patient education and welfare | 132 | 0 | 132 |
| Other | 13 | 0 | 13 |
| Total | <u>484</u> | <u>0</u> | <u>484</u> |

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

7. Analysis of grants

In 2015/2016 grants payable of £76k (£0k 2014/2015) related to expenditure made from charitable trust funds for the purchase of medical equipment. This equipment has been donated to and is for the use by the South Eastern HSC Trust. The unconditional legal title of these assets has been passed to the South Eastern HSC Trust. The expenditure in respect of these items is included in Note 6 under the “purchase of new equipment”.

8. Transfers between funds

There were no transfers between Unrestricted and Restricted Funds during the year.

9. Analysis of staff costs:

No staff costs were incurred during the year.

10. Auditor’s remuneration

The auditor’s remuneration of £5k related solely to the audit with no other additional work undertaken (2015 £6k).

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

12. Analysis of fixed asset investments

12.1 Investments in a Common Investment Fund

| | 2016 £000 | 2015 £000 |
|--------------------------------------|----------------------|----------------------|
| Market value at 1 April 2015 | 5,724 | 6,703 |
| Net cash inflow/(outflow) | (500) | (1,500) |
| Share of income | 144 | 157 |
| Share of realised gains/(losses) | (41) | 66 |
| Share of unrealised gains/(losses) | (234) | 298 |
| Market value at 31 March 2016 | 5,093 | 5,724 |

12.2 Movement in fixed asset investment

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

12.3 Market value as at 31 March 2016

| | Held in UK £000 | Held outside UK £000 | 2016 Total £000 | 2015 Total £000 |
|---|--------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Investment properties | 0 | 0 | 0 | 0 |
| Investments listed on Stock Exchange | 0 | 0 | 0 | 0 |
| Investments in CIF | 5,093 | 0 | 5,093 | 5,724 |
| Investments in a Common Deposit Fund or Investment Fund | 0 | 0 | 0 | 0 |
| Unlisted securities | 0 | 0 | 0 | 0 |
| Cash held as part of the investment portfolio | 0 | 0 | 0 | 0 |
| Investments in connected bodies | 0 | 0 | 0 | 0 |
| Other investments | 0 | 0 | 0 | 0 |
| Total market value of fixed asset investments | 5,093 | 0 | 5,093 | 5,724 |

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

13. Analysis of debtors

| | 2016 | 2015 |
|---|-------------|-------------|
| | £000 | £000 |
| 13.1 Amounts falling due within one year | | |
| Trade debtors | 0 | 0 |
| Prepayments | 0 | 0 |
| Accrued income | 0 | 0 |
| Other debtors | 29 | 55 |
| Total | <u>29</u> | <u>55</u> |

13.2 Amounts due over one year:

No debtors were due over one year.

14. Analysis of creditors

14.1 Amounts falling due within one year

| | 2016 | 2015 |
|----------------------|-------------|--------------|
| | £000 | £000 |
| Loans and overdrafts | 0 | 0 |
| Trade creditors | 0 | 0 |
| Other creditors | 0 | 0 |
| Accruals | (20) | (460) |
| Deferred income | 0 | 0 |
| Total | <u>(20)</u> | <u>(460)</u> |

14.2 Amounts falling due after more than one year

No creditors were due over one year.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

15. Analysis of charitable funds

| | Balance at 1 April 2015 £000 | Incoming resources £000 | Resources expended £000 | Transfers £000 | Gains and losses £000 | Fund at 31 March 2016 £000 |
|--------------------------------------|---|--|--|---------------------------|--|---|
| Endowment funds | | | | | | |
| Down & Lisburn Endowment Fund | 61 | 0 | 0 | 0 | 0 | 61 |
| Other (individually less than 5%) | 0 | 0 | 0 | 0 | 0 | 0 |
| Endowment funds total | 61 | 0 | 0 | 0 | 0 | 61 |
| Restricted Funds | | | | | | |
| Robert Moorhead Bequest | 524 | 10 | (64) | 0 | (43) | 427 |
| McDermot Fund | 628 | 86 | (94) | 0 | (52) | 568 |
| UHD Ethel Agar | 1,078 | 17 | (1) | 0 | (90) | 1,004 |
| UHD Special Care Baby Unit | 302 | 29 | (34) | 0 | (25) | 272 |
| LVH Cardiac Fund | 242 | 4 | (10) | 0 | (20) | 216 |
| Other (individually less than 5%) | 2,142 | 298 | (290) | 0 | (1) | 2,149 |
| Grand Total | 4916 | 444 | (493) | 0 | (231) | 4,636 |

Endowment funds are used to generate income whilst maintaining the capital value of the funds. Income earned from these funds are apportioned against all other funds and used for charitable purposes. The endowment funds generated £1k of income from dividends in year.

| Analysis of unrestricted and material designated funds | Balance at 1 April 2015 £000 | Incoming resources £000 | Resources expended £000 | Transfers £000 | Gains and losses £000 | Fund at 31 March 2016 £000 |
|---|---|--|--|---------------------------|--|---|
| Bangor Hospital General | 128 | 1 | (1) | 0 | (4) | 124 |
| Ulster Hospital General | 333 | 2 | (1) | 0 | (10) | 324 |
| Ards Community Hospital | 48 | 3 | (2) | 0 | (16) | 33 |
| Bangor Community Hospital | 116 | 16 | (19) | 0 | (30) | 83 |
| Other (individually less than 5%) | 80 | 11 | (33) | 0 | 16 | 74 |
| Total | 705 | 33 | (56) | 0 | (44) | 638 |

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

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

16. Contingencies

There are no contingent losses or gains.

17. Commitments

There are no material commitments.

18. Financial Guarantees

There are no material guarantees given.

SOUTH EASTERN HSC TRUST – CHARITABLE TRUST FUNDS

19. Related party transactions

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

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

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

The administration of the Trust Funds of the South Eastern HSC Trust is carried out by employees of South Eastern H&SC Trust. The cost to the Trust Funds for the year amounted to £65k (£68k 2014/2015) and is included within Financial Administration in Note 5.