MANAGEMENT STATEMENT

BETWEEN

DEPARTMENT OF HEALTH FOR NORTHERN IRELAND

&

SOUTHERN HEALTH & SOCIAL CARE TRUST

Department of Health
An Roinn Sláinte
Männystrie O Poustie
www.health-ni.gov.uk

HSC Southern Health and Social Care Trust
Quality Care - for you, with you

Management Statement

Southern Health & Social Care Trust

1. INTRODUCTION

1.1 This document

1.1.1 This *Management Statement* and *Financial Memorandum* (MS/FM) has been drawn up by the sponsor Department, the Department of Health, in consultation with the Southern Health & Social Care Trust (referred to in this document as SHSCT or the Trust), Southern Trust Headquarters, 68 Lurgan Road, Portadown, BT63 5QQ. The document is based on a model prepared by the Department of Finance (DoF).

1.1.2 The terms and conditions set out in the combined M*anagement Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the sponsor Department/Minister in respect of the exercise of any individual functions, powers and duties of the SHSCT.

1.1.3 A copy of the MS/FM for the SHSCT should be given to all newly appointed Trust Board Members, senior Trust executive staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Trust Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.

1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the Trust will operate, in particular:

- the Trust's overall aims, objectives and targets in support of the sponsor Department's wider strategic aims and the outcomes and targets contained in the Programme for Government (PfG) and in the Commissioning Plan Direction (CPD);
- the rules and guidelines relevant to the exercise of the Trust's functions, duties and powers;
- the conditions under which any public funds are paid to the Trust; and
- how the Trust is to be held to account for its performance.

1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the SHSCT shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.

1.1.6 The document shall be reviewed periodically by the sponsor Department in line with the reviews referred to in Section 7 below.

1.1.7 SHSCT, the sponsor Department, or the Minister, may propose amendments to this document at any time. Any such proposals by the Trust shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the Trust itself. The guiding principle shall be that the extent of flexibility and freedom given to the Trust shall reflect both the quality of its internal controls to achieve performance and its operational needs. The sponsor Department shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF Supply after consultation with the Trust, as appropriate. (The definition of "significant" will be determined by the sponsor Department in consultation with DoF).

1.1.8 The *MS/FM* is approved by DoF Supply, and signed and dated by the sponsor Department and SHSCT's Chief Executive.

1.1.9 Any question regarding the interpretation of the document shall be resolved by the sponsor Department after consultation with the SHSCT and, as necessary, with DoF Supply.

1.1.10 SHSCT should provide the documents detailed in Append 1 to the sponsor Department with the frequency described therein.

1.1.11 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on SHSCT's website).

1.2 Founding legislation: status

1.2.1 SHSCT is established by means of an Establishment Order made under Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991 (the 1991 Order). The Establishment Order is the Southern Health & Social Services Trust (Establishment) Order (Northern Ireland) 2006. SHSCT does not carry out its functions on behalf of the Crown.

1.3 The functions, duties and powers of SHSCT

1.3.1 SHSCT is established for the purposes specified in Article 10(1) of the 1991 Order. http://www.legislation.gov.uk/nisi/1991/194/article/10 . These include any functions of the Department with respect to administration of health and social care that the Department may direct. The Trust's general powers are listed in the Schedule to the 2006 Establishment Order -

http://www.legislation.gov.uk/nisr/2006/294/schedule/made

1.4 Classification

1.4.1 For policy/administrative purposes SHSCT is classified as a health and social care body (akin to an executive non-departmental public body).

1.4.2 For national accounts purposes SHSCT is classified to the public corporations sector.

1.4.3 References to SHSCT include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and SHSCT.

2. AIMS, OBJECTIVES AND TARGETS

2.1 Overall aim

2.1.1 The approved overall aim for SHSCT is to improve health and social well-being outcomes, through a reduction in preventable disease and ill-health, by providing effective, high quality, equitable and efficient health and social care.

2.2 Objectives and key targets

2.2.1 The Department determines SHSCT's performance framework in light of the Department's wider strategic aims, current PfG objectives and targets and the CPD.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Minister

3.1.1 The Minister is accountable to the NI Assembly for the activities and performance of SHSCT.

His/her responsibilities include:

- keeping the Assembly informed about the Trust's performance, as part of the HSC system;
- carrying out responsibilities specified in the founding legislation including appointments to the Trust Board (including its Chairman) and laying of the annual report and accounts before the Assembly; and

- approving the remuneration scheme for Non-Executive Board members and setting the annual pay settlement each year under these arrangements.

3.2 The Accounting Officer of the sponsor Department

3.2.1 The Permanent Secretary, as the sponsor Department's principal Accounting Officer (the 'Departmental Accounting Officer'), is responsible for the overall organisation, management and staffing of the sponsor Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid (GIA) to the SHSCT. The Departmental Accounting Officer designates the Chief Executive of the SHSCT as its Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular, the Departmental Accounting Officer of the sponsor Department shall ensure that:

- SHSCT's strategic aim(s) and objectives support the sponsor Department's wider strategic aims, current PfG objectives and targets and the CPD;

- the financial and other management controls applied by the sponsor Department to SHSCT are appropriate and sufficient to safeguard public funds and for ensuring that the Trust's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the Trust by the Assembly but also any other funds falling within the stewardship of the Trust);

- the internal controls applied by SHSCT conform to the requirements of regularity, propriety and good financial management; and

- any GIA to SHSCT is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

3.2.3 The Departmental Accounting Officer is also responsible for ensuring that arrangements are in place to:

- continuously monitor SHSCT's activities to measure progress against approved targets, standards and actions, and to assess compliance with safety and quality, governance, risk management and other relevant requirements placed on the organisation;

- address significant problems in the Trust, making such interventions as he/she judges necessary to address such problems;

- periodically carry out an assessment of the risks both to the Department's and the Trust's objectives and activities;
- inform the Trust of relevant Government policy in a timely manner; and
- bring concerns about the activities of the Trust to the full SHSCT Board, requiring explanations and assurances that appropriate action has been taken.

3.2.4 The responsibilities of a Departmental Accounting Officer are set out in more detail in Chapter 3 of Managing Public Money Northern Ireland (MPMNI).

3.3 The DoH Executive Board Member, the sponsor team and Finance Directorate

3.3.1 Sponsorship of SHSCT is the responsibility of DoH as a whole. The Department has allocated an Executive Board Member (EBM) Sponsor to each Arms Length Body (ALB). The EBM Sponsor has primary responsibility for overseeing sponsorship of the ALB. In particular the EBM supports the Permanent Secretary in ensuring sponsorship is applied systematically; provides an assurance that a proportionate approach to assurance and accountability is in place; manages the ALB's business planning process; and ensures that significant governance, risk management or internal control issues are escalated within the Department. The EBM sponsor also undertakes end-year appraisals for ALB Chairs and participates in ground-clearing and accountability meetings as required.

3.3.2 HSC Sponsorship Branch is the sponsor team for the SHSCT. The sponsor team, in consultation as necessary with the Departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the SHSCT, and, subject to paragraph3.3 4, is the primary point of contact for the Trust in dealing with the sponsor Department. The sponsoring team carries out its duties under the management of the EBM.

3.3.3 The sponsor Department shall advise the Minister on an appropriate framework of objectives and targets for SHSCT in the light of the Department's wider strategic aims, current PfG objectives and targets and the CPD.

3.3.4 On financial matters, the primary point of Departmental contact for the Trust is the Department's Finance Directorate. The Directorate supports the Departmental Accounting Officer on his / her responsibilities towards the Trust regarding accounting arrangements, budgetary control and other financial matters, including procurement. In doing so, Finance Directorate shall liaise as appropriate with the sponsor team.

3.4 The SHSCT Board

3.4.1 Non Executive Board Members are appointed by the Minister following an open and transparent public appointment competition carried out in line with the Code of Practice issued by the Commissioner for Public Appointments NI. The Trust Board comprises a Non-Executive Chair and seven Non-Executive Members. The Non-Executive Members include 6 Lay Members and a Lay Member with Financial experience. Appointments are normally for a four year term and are restricted to 2 terms. Notwithstanding the length of individual appointment terms, the maximum period in post must not exceed 10 years. Appointments are made in line with appropriate legislation; Health and Social Services Trusts (Membership and Procedure) Regulations (NI) 1994.

3.4.2 The SHSCT Board has corporate responsibility for ensuring that SHSCT fulfils the aims and objectives set by the sponsor Department and approved by the Minister in the light of the Department's wider strategic aims, current PfG objectives and targets and the CPD, and for promoting the efficient, economic and effective use of staff and other resources by the Trust. To this end, and in pursuit of its wider corporate responsibilities, SHSCT Board shall:

- establish the overall strategic direction of the Trust within the policy and resources framework determined by the sponsor Minister and Department;

- constructively challenge the Trust's executive team in their planning, target setting and delivery of performance;

- ensure that the sponsor Department (through the Health & Social Care Board (HSCB)) is kept informed of any changes which are likely to impact on the strategic direction of the Trust or on the attainability of its targets, and determine the steps needed to deal with such changes;

- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Trust Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Trust Board takes into account all relevant guidance issued by DoF and the sponsor Department;

- ensure that the Trust Board receives and reviews regular financial information concerning the management of the Trust; is informed in a timely manner about any concerns about the activities of the Trust; and provides positive assurance to the sponsor Department that appropriate action has been taken on such concerns;

- demonstrate high standards of corporate governance at all times, including using the independent Audit Committee, (see paragraph 4.7) to help the Trust Board to address the key financial and other risks facing the Trust; and

- in accordance with the latest Departmental guidance, appoint a Chief Executive to the SHSCT and, in consultation with the sponsor Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

3.4.3 Individual Trust Board Members shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Conduct and Accountability (see paragraph 3.5.5) that is adopted by SHSCT and with the rules and guidance relating to the use of public funds and to conflicts of interest;

- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Trust Board any private interests that may be perceived to conflict with their public duties;

- comply with the Trust Board's rules on the acceptance of gifts and hospitality, and of business appointments; and

- act in good faith and in the best interests of the Trust.

3.4.4 The Trust Board shall provide the sponsor Department with access to all Trust Board meeting minutes. These should be provided to the sponsor team in draft form at the same time as they are circulated to Board Members. The Trust shall provide final agreed minutes to the sponsor team in a timely way

3.5 The Chairman of the SHSCT

3.5.1 The Chairman is appointed by the Minister following an open and transparent public appointment competition as outlined in paragraph 3.4.1. Appointments are made in line with appropriate legislation; Health and Social Services Trusts (Membership and Procedure) Regulations (NI) 1994 http://www.legislation.gov.uk/nisr/1994/63/pdfs/nisr_19940063_en.pdf

3.5.2 The Chairman is accountable to the Minister of the sponsor Department. The Chairman shall ensure that SHSCT's policies and actions support the wider strategic policies of the Minister; and that the Trust's affairs are conducted with probity. The Chairman shares with other Trust Board members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the Trust fulfils the aims and objectives set by the sponsor Department and approved by the Minister.

3.5.3 The Chairman has a particular leadership responsibility on the following matters:

- formulating the Trust Board's strategy for discharging its duties;
- ensuring that the Trust Board, in reaching decisions, takes proper account of guidance provided by the Minister, the sponsor Department, the HSCB or the PHA;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the Trust Board to the general public;
- ensuring that risk management is considered regularly and formally at Board meetings; and
- ensuring that the Trust Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board Members. Meetings must be open to the public, the public should be advised in advance of meetings through the press or other media such as the Trust's website and the minutes must be placed on the Trust's website after formal approval.

3.5.4 The Chairman shall also:

- ensure that all members of the Trust Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Department of the needs of SHSCT when Board vacancies arise, with a view to ensuring a proper balance of professional, financial or other expertise; and

- assess the performance of individual Trust Board Members. Trust Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed in consultation with Trust Committee Chairs as appropriate by the Chair of the Board at the end of each year and prior to any proposed re - appointment or extension of the term of appointment of individual members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental EBM.

- ensure the completion of the Board Governance Self Assessment Tool on an annual basis. Assurance will be provided through the mid-year assurance statement that the tool is being completed, actions are being addressed and that any exception issues will be raised with the Department.

3.5.5 The Chairman shall also ensure that Trust Board Members are made aware of the Code of Conduct for Board Members of HSC Bodies (2012) which reflects the Cabinet Office's *Code of Practice for Board Members of Public Bodies*, (FD (DFP) 03/06), including the Nolan "seven principles of public life", and also including a requirement for a comprehensive and publicly available register of Trust Board Members' interests.

3.5.6 Communications between the Board, the Minister and the Department shall normally be through the Chairman. The Chairman shall ensure that the other Trust Board Members are kept informed of such communications on a timely basis.

3.6 The Chief Executive's role as Accounting Officer

3.6.1 The Chief Executive of SHSCT is designated as the Trust's Accounting Officer by the Departmental Accounting Officer of the sponsor Department.

3.6.2 The Accounting Officer of SHSCT is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Trust. The Chief Executive should aim to attend the training course 'An Introduction for Accounting Officers' within 3 months of appointment.

3.6.3 As Accounting Officer, the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, with approval of the sponsor Department, as appropriate, the SHSCT's corporate and business plans in support of the Department's wider strategic aims and current PfG objectives and targets;

- inform the HSCB and the sponsor Department as appropriate of the Trust's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;

- ensure that timely forecasts and monitoring information on performance and finance are provided to the HSCB and the sponsor Department as appropriate, including prompt notification if overspends or underspends are likely and that corrective action is taken;

- that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the HSCB or the sponsor Department as appropriate in a timely fashion;

on advising the Board -

- advise the Trust Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time by DoF or the sponsor Department;

- advise the Trust Board on SHSCT's performance compared with its aims and objectives;

- ensure that financial considerations are taken fully into account by the Trust Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;

- take action in line with Section 3.8 of MPMNI if the Trust Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

on managing risk and resources –

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

- ensure that an effective system of programme and project management and contract management is maintained;

- ensure compliance with the Northern Ireland Public Procurement Policy;

- ensure that all public funds made available to SHSCT, including any income or other receipts, are used for the purpose intended by the Assembly, and that such monies, together with the Trust's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by SHSCT, including effective measures against fraud and theft;

- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;

- ensure that effective personnel management policies are maintained;

on accounting for SHSCT's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, the sponsor Department, or DoF;

- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;

- sign a Governance Statement regarding SHSCT's system of internal control, for inclusion in the annual report and accounts, which details significant internal control divergences;

- sign a mid-year assurance statement on the condition of the Trust's system of internal control which details significant internal control divergences;

- ensure that effective procedures for handling complaints about SHSCT are established and made widely known within the Trust;

- act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by the sponsor Department and DoF - in particular, Chapter 3 of MPMNI and the Treasury document *Regularity and Propriety and Value for Money* (a copy of which the Chief Executive shall receive on appointment). Section IX of the *Financial Memorandum* refers to other key guidance;

- give evidence, normally with the Accounting Officer of the sponsor Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by SHSCT;

- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and The Executive Office;

- ensure that Lifetime Opportunities is taken into account;

- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with;

- report on compliance with controls assurance and quality standards to the sponsor Department;
- ensure that a business continuity plan is developed and maintained;
- ensure that copies of adverse inspection reports are shared with the relevant policy lead in the Department;
- ensure full compliance with the requirements of relevant statutes, court rulings and departmental directions; and
- ensure that a policy on acceptance and provision of Gifts and Hospitality is in place, which sets out the principles and requirements under which gifts and hospitality can be received and in turn when such offers can be made.

3.7 The Chief Executive's role as Consolidation Officer

3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of SHSCT is normally appointed by DoF as the Trust's Consolidation Officer.

3.7.2 As the Trust's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the SHSCT; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the SHSCT Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- ensure that the Trust has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and

- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

3.8 Delegation of duties

3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in SHSCT. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.9 The Chief Executive's role as Principal Officer for Ombudsman cases

3.9.1 The Chief Executive of SHSCT is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of the sponsor Department of any complaints about the Trust accepted by the Ombudsman for investigation, and about the Trust's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting customers

3.10.1 SHSCT will work in partnership with its stakeholders and customers, patients, other service users and carers to deliver the services/programmes for which it has responsibility, to agreed standards. It will consult regularly, within the parameters of the Trust's Consultation Scheme, to develop a clear understanding of citizens' needs and expectations of its services, and to seek feedback from both stakeholders and customers, patients, other service users and carers and will work to deliver a modern, accessible service.

3.10.2 SHSCT shall comply with the duties and requirements relating to the duty to co-operate with the Patient and Client Council, public involvement and consultation schemes in Sections 18, 19 and 20 of the Health and Social Care (Reform) Act (Northern-Ireland) 2009 - http://www.legislation.gov.uk/nia/2009/1/pdfs/nia_20090001_en.pdf .

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

4.1.1 The term corporate plan refers to the Trust's four year plan which sets out the strategic issues the Trust will deal with in that period. Consistent with the timetable for the NI Executive's Budget process reviews, SHSCT shall submit to the sponsor team a draft of its corporate plan normally covering the four years ahead. The Trust shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation. A draft of the corporate plan should be provided to the sponsor team by 31st January in the year preceding the first year of the plan.

4.1.2 DoF reserves the right to see and agree SHSCT's corporate plan.

4.1.3 The plan shall reflect the Trust's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the Trust contributes to the achievement of the Department's strategic aims, PfG objectives and targets and the CPD. The plan may also refer to the financial environment within which the Trust is operating.

4.1.4 The corporate plan shall set out:

- SHSCT's key objectives and associated key performance targets for the forward years, its strategy for achieving those objectives and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by the sponsor Department at the beginning of the planning round. These forecasts should represent the Trust's best estimate of all its available income, not just any grant or GIA; and
- other matters as agreed between the sponsor Department and the Trust – for example - statement of purpose of organisation as per legislation, strategic aims, performance in preceding

corporate plan period, governance and accountability arrangements, links with PfG, wider ministerial/departmental priorities and the CPD.

4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between the sponsor Department and SHSCT in the light of the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

4.1.6 In line with paragraph 4.1.1 the corporate plan should be submitted to the sponsor Department for approval.

4.2 The Trust Delivery Plan

4.2.1 The first year of the corporate plan, amplified as necessary, shall provide the basis of the Trust Delivery Plan (TDP) for the relevant forthcoming year. The Trust and the HSCB should agree on a timeframe for submission and agreement of the TDP, which shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information, so that resources allocated to achieve specific objectives can readily be identified by the sponsor Department.

4.2.2 The TDP should include reference to Specific, Measurable, Attainable, Realistic and Time-bound objectives that:

- support the delivery of PfG Commitments;
- support the delivery of Departmental policy and strategy;
- deliver on the functions etc. specified in SHSCT's founding legislation setting out the purposes for which the Trust was created and the functions/services it is to deliver;
- address known areas of underperformance, the findings of inquiries etc.; and
- respond to particular events, serious adverse incidents and near misses; and support the training and development of staff.

4.2.3 DoF reserves the right to ask to see and agree SHSCT's TDP.

4.2.4 The TDP is for formal approval by the HSCB.

4.3 Publication of plans

4.3.1 The corporate plan and the TDP shall be published by the Trust and made available on its website. A summary version shall be made available to staff.

4.4 Reporting performance to the sponsor Department

4.4.1 SHSCT shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate plan and TDP.

4.4.2 The Trust shall take the initiative in informing the HSCB and the sponsor Department of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate plan or TDP.

4.4.3 The Trust's performance against the CPD's objectives and targets shall be reported to the Department on a monthly basis, through formal reporting arrangements with the HSCB and the PHA. Performance will be reviewed formally twice yearly through the formal accountability review process by officials of the sponsor Department. The Minister may meet the Trust Board as appropriate to discuss the Trust's performance, its current and future activities, and any policy developments relevant to those activities.

4.4.4 The Sponsor Department may, at its discretion, request evidence of progress against key objectives at any time.

4.4.5 Senior Departmental officials will hold biannual Ground Clearing meetings with SHSCT. The purpose of these meetings is to discuss the Trust's overall performance, its current and future activities, any policy developments relevant to those activities, safety and quality, financial performance, corporate control/risk management performance, and other issues as determined by the Department. Issues identified at the Ground Clearing meeting which cannot be resolved at the meeting or through other avenues will be escalated for discussion to the Accounting Officer Accountability meeting with the Chair and Chief Executive of the SHSCT.

4.4.6 The SHSCT's performance against key targets shall be reported in its annual report and accounts [see Section 5.1 below].

4.5 Budgeting procedures

4.5.1 SHSCT's budgeting procedures are set out in the *Financial Memorandum* at Appendix 2 to this Management Statement.

4.6 Internal audit

4.6.1 SHSCT shall establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

4.6.2 The sponsor Department shall:-

- have input to SHSCT planned internal audit coverage;
- agree arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
- agree arrangements for the completion of Internal and External Assessments of the Trust's internal audit function against PSIAS including advising that the sponsor Department reserves a right of access to carry out its own independent reviews of internal audit in SHSCT; and
- have the right of access to all documents prepared by the Trust's internal auditor, including where the service is contracted out. Where the SHSCT's audit service is contracted out the Trust should stipulate this requirement when tendering for the services.

4.6.3 SHSCT shall consult the Business Services Organisation (BSO) to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment are in accordance with Public Sector Internal Audit Standards (PSIAS) and relevant DoF guidance.

4.6.4 The sponsor Department will review the Trust's terms of reference for internal audit service provision. The Trust shall notify the sponsor Department of any subsequent changes to internal audit's terms of reference.

4.6.5 The sponsor team will have an annual meeting with SHSCT's internal audit to discuss the Trust's audit plan and strategy.

4.7 Audit Committee

4.7.1 SHSCT shall set up an independent Audit Committee as a committee of its Board, in accordance with current Cabinet Office Guidance and in line with the Audit and Risk Assurance Committee Handbook

4.7.2 The audit committee's meeting agendas and minutes shall be forwarded as soon as possible to the sponsorship team. Audit Committee papers should be provided to the sponsor team for the purposes of paragraph 4.7.5.

4.7.3 The Audit Committee should complete the National Audit Office Checklist on an annual basis. Assurance on completion of the checklist will be provided through the mid-year assurance statement. Any exception issues should be reported to the Department.

4.7.4 The sponsor team will review SHSCT's Audit Committee terms of reference. The Trust shall notify the sponsor Department of any subsequent changes to the Audit Committee's terms of reference.

4.7.5 The sponsor team will attend at least one Trust Audit Committee meeting per year as an observer and will not participate in any Audit Committee discussion.

4.8 Fraud

4.8.1 SHSCT shall report immediately to the Counter Fraud and Probity Services (CFPS) within the BSO all frauds (proven or suspected), including attempted fraud. CFPS shall then report the frauds immediately to the Sponsor Department, DoF and the Comptroller & Auditor General. In addition the Trust shall forward to CFPS the annual fraud return, commissioned by DoF, on fraud and theft suffered by the Trust.

4.8.2 SHSCT must have an Anti Fraud Policy and Fraud Response Plan in place. These should be reviewed at least every 5 years and sent to CFPS for review. The Trust shall notify the sponsor Department of any subsequent changes to the policy or response plan.

4.9 Additional departmental access to SHSCT

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, the sponsor Department shall have a right of access to all SHSCT's records and personnel for purposes such as sponsorship audits and operational investigations (See also paragraphs 3.4.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year SHSCT shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the Trust. A draft of the report shall be submitted to the sponsor Department in line with the timescale set by the Department before the proposed publication date although it is expected that the Department and the Trust will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department.

5.1.2 The report and accounts shall comply with the most recent version of the Government Financial Reporting Manual (FReM) issued by DoF. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the sponsor Department.

5.1.3 The report and accounts shall outline SHSCT's main activities and performance during the previous financial year and set out in summary form its forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.

5.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant Finance Director (FD) letter issued by DoF.

5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts requires the prior written approval of Finance Directorate in the sponsor Department.

5.2 External audit

5.2.1 The C&AG audits SHSCT's annual accounts and passes the accounts to Finance Directorate in the sponsor Department who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.

5.2.2 The C&AG will liaise with SHSCT on the arrangements for completing the audit of its accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.

5.2.3 The C&AG has agreed to share with the sponsor Department relevant information identified during the audit process, including the report to those charged with governance, at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within SHSCT. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which SHSCT has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. Where making payment of a grant, or drawing up a contract, SHSCT should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

6. STAFF MANAGEMENT

6.1 General

6.1.1 The decision to create or fill a Director or Assistant Director position within SHSCT is subject to approval by the Permanent Secretary of the Department of Health. This position will be kept under review by the Department. Similarly, no change to the remuneration of Senior Executives can be made without prior approval by the Permanent Secretary of the Department. Any request for approval in connection with this paragraph should be addressed to the Departmental Director of Workforce Policy.

6.1.2 Within the arrangements approved by the Minister and DoF, SHSCT shall have responsibility for the recruitment, retention and motivation of its staff. To this end the Trust shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;

- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;

- the performance of its staff at all levels is satisfactorily appraised and the Trust's performance measurement systems are reviewed from time to time;

- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Trust's objectives;

- proper consultation with staff takes place on key issues affecting them;

- adequate grievance and disciplinary procedures are in place;

- whistle blowing procedures consistent with the Public Interest (Northern Ireland) Order 2003 are in place; and

- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).

7. REVIEWING THE ROLE OF SHSCT

7.1 The role of SHSCT may be reviewed at the discretion of the sponsor Department, particularly to align with the outcomes of the strategic transformation agenda. Chapter 9 of the Public Bodies: a Guide for Northern Ireland Departments refers.

SIGNED ON BEHALF OF THE DEPARTMENT OF HEALTH

PERMANENT SECRETARY

DATE: 10/10/17

SIGNED ON BEHALF OF SHSCT

Francis Rice

CHIEF EXECUTIVE

DATE: 26/9/17

Appendix 1

1. Documentary requirements

Documentation to be sent to the Sponsor Branch (except where elsewhere is specified, in which case cc to Sponsor Branch)

Monthly (or as the occasion arises)

- Board meeting agenda and draft minutes for each meeting as and when issued to Board members, and when requested, specific papers prepared for Board meetings
- Audit Committee agenda and papers (including draft minutes for each meeting as and when issued to Committee members
- Monthly financial monitoring returns, to Finance Directorate in the Department

Bi-annual

- Corporate Risk Register every six months
- DAC returns, to Finance Directorate in the Department

Annually

- Annual Governance Statement
- Mid-year Assurance Statement (by end-October)
- Annual report on Compliance with Controls Assurance Standards, to Governance Unit in the Department
- Annual Internal Audit work-plan
- Internal Audit Progress Report
- Annual Fraud return, to Finance Directorate in the Department

- The Head of Internal Audit's Annual Mid Year Assurance statements
- Register of Board members' interests
- Reports to Those Charged with Governance provided by NIAO to the Department's Permanent Secretary
- The annual report, with the draft submitted to the Department two weeks before the publication date (*separate timetable for the annual accounts, Governance Statement etc, set by Finance Directorate*)
- The Assurance Framework

Once and then when revised

- Code of Conduct for Board members, to Workforce Policy Directorate in the Department
- Audit Committee Terms of Reference
- Complaints procedure
- Anti-Fraud Policy
- Fraud Response Plan
- Whistle-blowing procedures
- Grievance and Disciplinary procedures
- Gifts & Hospitality Policy
- Equality scheme
- Publication scheme
- Consultation Scheme
- Business Continuity Plan

As specified

- Corporate Plan for approval

Once

- Adverse inspection reports by external bodies (e.g. RQIA, MHRA) to relevant policy leads in the Department.
- Internal Audit reports with less than satisfactory assurance.