

# Southern Health and Social Care Trust

## 2018-19 Report to Those Charged with Governance



15 August 2019

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*We have prepared this report for Southern Health and Social Care Trust's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.*

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## 1. Key Messages

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This report summarises the key matters from our audit of the 2018-19 Southern Health and Social Care Trust (SHSCT) financial statements which we must report to the Audit Committee, as those charged with governance. We would like to thank Helen O’Neill and her staff for their assistance during the audit process.

We consider that we comply with the Financial Reporting Council (FRC) ethical standards and that, in our professional judgment, we are independent and our objectivity is not compromised.

### Audit Opinion

The Comptroller and Auditor General (C&AG) certified the 2018-19 financial statements with an unqualified audit opinion, without modification.

### Audit Adjustments

The net effect of adjustments made to the statement of comprehensive net expenditure and the statement of financial position was £Nil; adjustments are detailed on page 12.

There were no un-adjusted audit misstatements identified.

### C&AG’s Report

No report on the account was required.

### Audit Findings

During the audit we reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. We identified no priority one recommendations in relation to regularity<sup>1</sup> and the internal control environment.

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<sup>1</sup> Regularity - expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and that the transactions conform to the authorities which govern them.

## Status of the Audit

The audit is now complete and the total audit fee charged is in line with that set out in our Audit Strategy.

## Management of information and personal data

The SHSCT is required to comply with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 in the handling and storage of personal data and those charged with governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. We are unaware of any data handling incidents during the year. Confirmation of this was sought within the letter of representation (Appendix One).

During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of the General Data Protection Regulation (GDPR) and Data Protection Act 2018.

### Actions for the Audit Committee

The Audit Committee should:

- Review the findings set out in this report, including the letter of representation and audit certificates at Appendix one and two respectively.

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## 2. Audit Scope

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We have completed our audit of the 2018-19 financial statements in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council and with the Audit Strategy presented to the Audit Committee in February 2019.

We have also read the content of the annual report and the governance statement to confirm:

- their consistency with the financial statements and our understanding of the business;
- that the audited parts of the remuneration and accountability reports have been properly prepared; and
- that the governance statement has been prepared in accordance with Department of Finance guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the SHSCT's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accounting Officer; and
- the overall presentation of the financial statements.

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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### 3. Significant Risks

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In our Audit Strategy, our assessment of SHSCT's operations and control environment identified three significant risks; two presumed risks and one payroll risk. A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires specific audit consideration. The significant risk was addressed as follows:



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### 3. Significant Risks (continued)

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Under ISA 240, there is a presumed significant risk of material misstatement owing to fraud arising from management override of controls. We addressed this risk through our testing of journals, estimates and a through review of any significant or unusual transactions in the year. No issues were identified as part of the audit.

There is also a presumed risk of fraud in revenue recognition, albeit rebuttable. We assessed this risk to be significant for revenue and carried out the following procedures:

- We verified income received from the Department of Health to documentation from the Department and subsequent bank receipt to gain comfort over the completeness of income;
- We performed analytical review over other material income streams, investigating any large and/or unusual variances;
- We sampled income received into the Charitable Trust Fund to supporting documentation to gain comfort over the completeness of income;
- We sampled income received into the Patient's and Residents Monies to supporting documentation to gain comfort over the completeness of income;
- We performed walkthroughs encompassing all revenue streams to assess the operating effectiveness of the respective controls; and
- We evaluated the accounting policies for revenue recognition to ensure that current practice is in accordance with the stated policy.

No issues were identified as part of the audit

#### Other Risk Factors

Our Audit Strategy also included other risk factors, which we did not consider represented a significant risk of misstatement in the financial statements but were matters that we would be cognisant of and monitor throughout the audit. A number of the identified other risk factors have been reported on within our audit findings section. For those others identified and not included therein, no issues arose during the audit regarding these other risk factors.

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## 4. Audit Findings

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### Financial Reporting and Accounting Policies

In this section we draw to your attention our review of qualitative aspects of the accounting practices and financial reporting. This includes any significant changes or issues in respect of the accounting policies; estimates; judgments and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period.

SHSCT has robust processes in place for the production of the accounts and continue to produce good quality supporting working papers. Officers dealt efficiently with audit queries, effectively prioritising them, and the audit process has been completed within the planned timescales.

|  |  |
|--|--|
| <b>Annual Report</b>                               | The Annual Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.   |
| <b>Accounting policies and financial reporting</b> | We examined the appropriateness of accounting estimates and judgements and are content with the consistency of assumptions and the degree of prudence reflected in the recorded amounts.<br>With regard to clinical negligence and employer and public liability, we have placed reliance on the expertise of the Directorate of Legal Services (DLS).<br>With regard to pension benefits, we have placed reliance on the expertise of the Government's Actuary Department (GAD).<br>With regard to valuations of land and property, we have placed reliance on the expertise of the Land and Property Services (LPS). |
| <b>Regularity, propriety and losses</b>            | We found no issues of irregularity or impropriety during our audit.  |
| <b>Internal Control</b>                            | Having reviewed the Governance Statement, we find that it is a fair reflection of our understanding of internal control systems within the entity during the year.<br>Internal control weaknesses were identified during audit testing and have been detailed on pages 9 to 11.  |
| <b>Remuneration Report</b>                         | The Remuneration Report has been properly prepared in accordance with DoH directions.  |
| <b>Financial Statement Disclosures</b>             | We made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the FReM and other relevant guidance.  |

This section outline the findings arising from our audit, as well as management’s response and target date for implementation. Our findings are defined as:

- Priority 1 – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
- Priority 2 – important issues to be addressed by management in their areas of responsibility.
- Priority 3 – issues of a more minor nature which represent best practice.

Other issues of a more minor nature have been sent to the Director of Finance.

| Finding   | Priority Rating | Recommendation  | Management Response (including target date)   |
|---|-----------------|---|---|
| <p><b><i>Classification of accruals v. provisions</i></b></p> <p>The Trust has included a number of accruals in the financial statements relating to payroll. Normally, to meet the definition of an accrual set out in IAS 37, the liability should be agreed with reasonable certainty of both the amount to be paid and the timing of the payment. Whilst we accept this is a matter of judgement, in a number of instances, we believe that these may be more appropriately classified as a provision given uncertainties surrounding the amount or timing of payment. For the Trust these included:</p> <ul style="list-style-type: none"> <li>• An accrual for entitlement to statutory bank holidays whilst on maternity £1.58m</li> <li>• An accrual in respect of the underpayment of sickness and annual leave allowances £1.08m</li> </ul> | 2               | We recommend that the Trust continually monitors its accruals in light of all pertinent facts to ensure that proper classifications are recorded. | <p>These payroll accruals have been listed for a number of years by HSC Trusts.</p> <p>The Trust will continue to keep these accruals under review during 2019-20 and fully participate in regional work on-going during 2019-20.</p> <p>Target date: 31 March 2020</p> |
| <p><b><i>Statement of Financial Position classifications</i></b></p> <p><b><i>Intangible v tangible fixed assets</i></b></p> <p>Upon performance of our audit verification procedures over intangible and tangible fixed asset additions, we noted that several IT</p>  | 2               | We recommend that the Trust issues guidance detailing the primary differentials between an asset qualifying to be treated as an intangible        | This error related to the classification of IT Assets. The Corporate Financial Accountant will develop and issue guidance for the use of Finance staff  |

|   |   |   |   |
|---|---|---|---|
| <p>assets were incorrectly classified - £644k.</p> <p><b>Classification of payables</b><br/>Upon performance of our audit work over payables, we noted that a number of accruals were incorrectly classified as payables - £1,204k.</p>   |   | <p>asset versus an asset qualifying to be treated as a tangible fixed asset to ensure that additions are correctly classified.</p> <p>We recommend that the Trust ensures adequate review controls are in place to identify and rectify such mis-postings prior to accounts finalisation.</p> | <p>involved in maintaining the fixed asset register.</p> <p>Target Date: 31 July 2019</p> <p>The distinction between accruals and trade revenue payables will be re-iterated to all Finance staff who prepare and approve journals. Review procedures within the Corporate Financial Accounting Team to ensure the correct use of control accounts will also be strengthened over 2019-20.</p> <p>Target date: 31 July 2019</p> |
| <p><b>Capital procurement</b></p> <p>Upon performance of our audit work over the capital procurement process, we noted one instance (from a total sample of 25) where work had commenced prior to the contract being signed under deed; total contract value £243k. We note however that due approval was received.</p>   | 2 | <p>We recommend that the Trust ensures full compliance with the procedures as set out within the capital procurement policies.</p>  | <p>There are extremely limited occasions when due to the urgent nature of a programme a seal cannot be applied to a contract prior to its commencement. The Trust will review its procedures in 2019-20 to assess how best to address these exceptions.</p> <p>Target date: 30 September 2019</p>   |
| <p><b>Non-compliance with prompt payment policy</b></p> <p>The Trust's payment policy is outlined within the Better Payment Practice code and Government Accounting Rules, as required by the Department of Health. As such, their measure of compliance is payment within 30 days of invoice receipt. In our review of the Trust's compliance with Departmental targets, we noted that the Trust did not meet its target to pay 95% of its bills (by number and value)</p> | 3 | <p>We recommend that the Trust reviews its current operations to determine where improvements could be made in tandem to continuing to work with the Payment SSC department to develop efficiencies.</p>  | <p>The Trust has been working throughout 2018-19 with those departments where invoices are missing the prompt payment target, the key areas consistently being medical and nursing agency invoices and Estates.</p> <p>The volume of agency invoices has increased significantly in 2018-19 as the Trust has deployed more agency staff, but administrative resources to</p>  |

|  |  |  |  |
|--|--|--|--|
| <p>within the 30 day target. The percentage of compliance was 90.9% by number and 88.3% by value. The compliance percentages fell when compared to prior year which were 92.2% and 89.1% respectively.</p> |  |  | <p>process these have not increased in line.</p> <p>The Trust will be maintaining a focus on this in 2019-20, continuing to work with the relevant departments on improving compliance with the target in their areas of responsibility.</p> <p>Target date: 31 March 2020</p> |
|--|--|--|--|

A review of management’s implementation of recommendations made in our prior year Report to those charged with Governance is set out in Appendix Three – Implementation of Prior Year Recommendations.

## Audit Adjustments

### Adjusted misstatements

The table below lists adjusted misstatements which exceed our clearly trivial threshold of £250,000. As the adjustments are financial position reclassifications only, the net effect of adjustments on the statement of comprehensive net expenditure and statement of financial position was £nil.

| Area                       | Issue  | SoCNE |        | SoFP  |        |
|----------------------------|--|-------|--------|-------|--------|
|                            |  | Debit | Credit | Debit | Credit |
|                            |  | £'000 | £'000  | £'000 | £'000  |
| Trade revenue payables     | <i>Being the reclassification of accruals incorrectly included within trade revenue payables</i>           |       |        | 1,204 |        |
| Accruals                   |  |       |        |       | 1,204  |
| Fixed asset additions      | <i>Being the reclassification of a fixed asset additions incorrectly classified as intangible addition</i> |       |        | 644   |        |
| Intangible asset additions |  |       |        |       | 644    |

### Unadjusted misstatements

During the audit process, we identified no misstatements which exceeded our clearly trivial threshold of £250,000.

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## *5. Appendices*

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## Appendix One – Letter of Representation

### [Client Letterhead]

The Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT 7 1EU

### **LETTER OF REPRESENTATION: Southern Health and Social Care Trust 31 March 2019**

**Incorporating: Public Funds  
Charitable Trust Funds (CTF)  
Patients' and Residents' Monies (PRM)**

I acknowledge as Accounting Officer of the Southern Health and Social Care Trust (SHSCT) my responsibility for preparing accounts that give a true and fair view of the consolidated statements of comprehensive net expenditure, financial position, changes in taxpayers' equity, cash flows and related notes of the SHSCT for the year ended 31 March 2019.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department of Health (DoH), including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the SHSCT is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2019:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money Northern Ireland;
- having considered and enquired as to the SHSCT's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect

on the ability of the SHSCT to conduct its business or on the results and financial position disclosed in the accounts;

- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the SHSCT have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate..

All material accounting policies as adopted are detailed in note 1 to the accounts.

## **INTERNAL CONTROL**

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with DoF guidance on the Governance Statement.

## **FRAUD**

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the SHSCT and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

## ASSETS

### General

All assets included in the Statement of Financial Position (CTF Balance Sheet) were in existence at the reporting period date and owned by the SHSCT and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Statement of Financial Position (CTF Balance Sheet) includes all non-current assets owned by the SHSCT.

### Patients' and Residents' Monies

All assets included in the Financial Statements were in existence at the reporting period date and held by the SHSCT. The Financial Statements includes all assets held by the SHSCT.

### Non Current Assets

All assets over £5,000 are capitalised. They are revalued annually using indices. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the SHSCT's operations.

### Other Current Assets

On realisation in the ordinary course of the SHSCT's operations the other current assets in the Statement of Financial Position (CTF Balance Sheet) are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to SHSCT which are known, or may be expected, to be irrecoverable.

## LIABILITIES

### General

All liabilities have been recorded in the Statement of Financial Position. There were no significant losses in the year and no provisions for losses were required at the year end.

### Provisions

Provision is made in the financial statements for:

- Pensions relating to former Directors
- Pensions relating to other staff
- Clinical Negligence;
- Other (Employer's and Occupier's Liability, injury benefit and employment law)

## Contingent Liabilities

There are a number of legal claims or potential claims against the SHSCT the outcome of which cannot at present be estimated with certainty. Full provision is made in the financial statements for all liabilities which are expected to materialise.

I am not aware of any pending litigation which may result in significant loss to the SHSCT, and I am not aware of any action which is or may be brought against the SHSCT under the Insolvency (Northern Ireland) Order 1989 and the Insolvency (Northern Ireland) Order 2005.

## OTHER DISCLOSURES

### Results

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the SHSCT or circumstances of an exceptional or non-recurring nature.

### Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

### Management of Personal Data

Except as disclosed in the Directors' Report, there have been no personal data related incidents in 2018-19 which are required to be reported.

Shane Devlin

Chief Executive & Accounting Officer

12 June 2019

**SOUTHERN HEALTH AND SOCIAL CARE TRUST**

**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 Southern Health and Social Care Trust for the year ended 31 March 2019 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the group's and the Southern Health and Social Care Trust's affairs as at 31 March 2019 and of the group's and Southern Health and Social Care Trust's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder.

**Opinion on regularity**

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

**Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Southern Health and Social Care Trust in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

**Other Information**

The Trust and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration and Staff Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial

statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Health directions made under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities of the Trust and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Trust and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

**Report**

I have no observations to make on these financial statements.

*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street*

*Belfast*

*BT7 1EU*

*28 June 2019*

*Date*

## **SOUTHERN HEALTH AND SOCIAL CARE TRUST – PATIENT AND RESIDENTS MONIES**

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

#### **Opinion on account**

I certify that I have audited Southern Health and Social Care Trust's account of monies held on behalf of patients and residents for the year ended 31 March 2019 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

In my opinion the account:

- properly presents the receipts and payments of the monies held on behalf of the patients and residents of Southern Health and Social Care Trust for the year ended 31 March 2019 and balances held at that date; and
- the account has been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the account section of this certificate. My staff and I are independent of the Southern Health and Social Care Trust in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Responsibilities of the Trust for the account**

As explained more fully in the Statement of Trust's Responsibilities in relation to patients'/residents' monies, the Trust is responsible for the preparation of the account.

#### **Auditor's responsibilities for the audit of the account**

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.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions recorded in the account conform to the authorities which govern them.

**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 account is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or

**Report**

I have no observations to make on this account.

*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street*

*Belfast*

*BT7 1EU*

*28 June 2019*

## **SOUTHERN HEALTH AND SOCIAL CARE TRUST – CHARITABLE TRUST FUNDS**

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Southern Health and Social Care Trust – Charitable Trust Funds for the year ended 31 March 2019 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of the Southern Health and Social Care Trust Charitable Trust Fund's affairs as at 31 March 2019 and of its incoming and expenditure of resources for the year then ended; and
- have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Southern Health and Social Care Trust's Charitable Trust Fund in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Trust and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

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

### **Responsibilities of the Trust and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Trust and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

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.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial statements conform to the authorities which govern them.

### **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 the Department of Finance's guidance.

### **Report**

I have no observations to make on these financial statements.

*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street, Belfast, BT7 1EU.*

*3 July 2019*

## Appendix Three – Implementation of Prior Year Recommendations

| Recommendation   | Status  |
|--|---|
| <b><i>Classification of payroll accruals</i></b>                                 | Identified as a current year issue, refer to page 9.  |
| <b><i>Non-compliance with prompt payment policy</i></b>                          | Identified as a current year issue, refer to page 10.   |
| <b><i>Control weakness identified in respect of CTF bank reconciliations</i></b> | Issue has been rectified; no such control weakness noted during the current year audit.   |
| <b><i>Internal audit findings; domiciliary care</i></b>                          | It was noted in the prior year that this was a Corporate Trust priority and an action plan was under development to strengthen contract management and verification procedures. |