

Report to those charged with Governance

Southern Health and Social Care Trust
2022-23

Date of Issue

06/10/2023

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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.

1. Key Messages

This report summarises the key matters from our audit of the 2022-23 Southern Health and Social Care Trust financial statements which we must report to the Audit Committee, as those charged with governance. We would like to thank the Director of Finance, Procurement and Estates and her staff for their assistance during the audit process.

Audit Opinion

The Comptroller and Auditor General (C&AG) certified the 2022-23 financial statements with an unqualified audit opinion, without modification.

The Audit Certificates are included at [Appendix Two](#).

Misstatements and Irregular Expenditure

Financial Statement Adjustments

The net effect of adjustments on the statement of comprehensive net expenditure and statement of financial position was £1,241k. This relates to the adjustment required to reflect the settlement of a case settled pre year end however the Trust were not made aware of this until post year end and this was not fed into the DLS reports at year end. This adjustment was identified by the Trust. We note that as non-cash is adjusted for in the statement of comprehensive net expenditure, this has no impact on the Trust's reported position.

Uncorrected misstatements

Uncorrected classification misstatements of £2.1m were identified; in our view £2.1m of payroll accruals should have been classified as provisions.

Irregular expenditure

Irregular expenditure was not identified from our audit procedures.

C&AG's Report

No report on the account was required. The C&AG will take cognisance of

the audit findings and may report on some of these at a later time.

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 have not identified any priority one recommendations in relation to regularity¹ and the internal control environment.

Full details of findings are included at [Findings from the Audit](#).

Status of the Audit

The audit is now complete.

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

Independence

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

Management of information and personal data

The Southern Health and Social Care Trust is required to comply with the General Data Protection Regulations (GDPR) in the handling and storage of personal data. 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

¹ 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.

disclosed in the Governance Statement. We are unaware of any data handling incidents during the year other than those disclosed in the Annual Report, and confirmation to this effect has been sought within the letter of representation included at [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 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.

2. Audit Scope

We have completed our audit of the 2022-23 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in March 2023.

3. Significant Risks

The significant risk identified in our Audit Strategy has been addressed as follows:

Significant Risk 1

Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

As required by ISA (UK) 240, we:

- tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
 - Considered significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
-

Outcome

No issues in relation to management override of controls were identified during the audit.

No additional significant risks were identified during our audit fieldwork.

4. Findings from the Audit

Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

Southern Health and Social Care Trust 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.

Accounting Policies

Accounting policies adopted by Southern Health and Social Care Trust have not changed or altered since the prior-year financial statements with the exception of the implementation of IFRS 16 - Leases. Our substantive testing has provided us with sufficient assurance over the accuracy of the accounting policies adopted.

Accounting Estimates

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. With regard to clinical negligence and employer and public liability, we have placed reliance on the expertise of the Directorate of Legal Services (DLS). With regard to valuations and indexation of land and property, we have placed reliance on the expertise of the Land and Property Services (LPS).

Financial Statement Disclosures

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Government Financial Reporting Manual (FReM) and other relevant guidance for the public funds' financial statements and the Charities SORP for the Charitable Trust Funds' financial statements.

Going Concern

No events or conditions were identified from our audit work that cast significant doubt about Southern Health and Social Care Trust's ability to continue to adopt the going concern basis of accounting.

Annual Report

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.

Accountability Report

The parts of the Accountability Report to be audited were considered to be properly prepared in accordance with Department of Health directions made under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

Governance Statement

The Governance Statement was considered to reflect compliance with the Department of Finance's guidance.

Regularity, Propriety and Losses

We found no issues in relation to irregularity, impropriety or losses during our audit.

Internal Control

No material weaknesses in the design and implementation of Southern Health and Social Care Trust's internal control systems have come to our attention during the audit. However, certain internal control weaknesses were identified during audit testing and have been detailed below, including a specific finding in relation to the overall internal control environment.

Audit Recommendations

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.
-

Finding 1

Internal control environment

We note that the Trust's Head of Internal Audit identified a number of areas within the Trust's internal control environment where there was limited or unacceptable level of assurance. In addition, Internal Audit undertook a number of consulting assignments which also identified significant areas for improvement.

Details of these reports are included within the Governance Statement.

Our review of Internal Audit findings and our own audit work indicates a deterioration in the 'first line of defence' elements of some aspects of the Internal Control environment. Whilst the Head of Internal Audit has provided overall satisfactory assurance in her Annual Opinion, and whilst we have not identified any significant weaknesses in the financial control environment, we believe that there has been a reduction in the extent to which some standard controls are being consistently applied across the organisation since the pandemic.

In particular, as external auditors we are concerned that a failure to address control issues around staff in post reports, non-standard payments to staff, the use and approval of agency staff, the completion of mandatory training and IT system vulnerabilities could give rise to issues which may in future have a material impact on the Trust's financial statements and our opinion thereon.

Priority Rating

2

Recommendation

We recommend that the Trust works to promptly address the issues identified from the 2022-23 Internal Audit reports, particularly where these relate to ensuring that the existing controls are robustly applied throughout the Trust.

Management Response (including target date)

ACCEPTED

The Director of Finance, Procurement and Estates is reviewing the Terms of Reference of the Trust's Internal Audit Forum and will continue to remind Trust management of the need to ensure all audit recommendations are promptly implemented. Work with Internal Audit on monitoring timely implementation of audit recommendations will continue

throughout the year with regularly reporting to the Trust's Senior Leadership Team and Audit Committee.

Person responsible: Director of Finance, Procurement and Estates

Target date: Ongoing throughout 2023-24

Finding 2

Classification of payroll liabilities

The Trust has included a number of accruals in the financial statements relating to payroll. 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, we believe that payroll accruals of £2.1m, in respect of agenda for change and senior executive pay award, would be more appropriately classified as provisions given uncertainties surrounding the amount or timing of payments.

The classification between an accrual and a provision is very important in that an accrual secures funds for future payment whereas a provision does not. The provision is matched by non-cash RRL rather than cash RRL for an accrual. Hence, only once the provision moves to an accrual classification can funds be requested and that would be from a future HSC budget allocation.

Priority Rating

2

Recommendation

We recommend that the Trust continues to monitor its payroll liabilities to ensure they are properly classified in accordance with accounting standards and departmental guidance.

Management Response (including target date)

ACCEPTED

The Trust will continue payroll accruals under review. We believe they are appropriately classified as accruals given that payments were made in 2023-24 and we are assured will continue. We will however keep these accruals under review in 2023/24 and will ensure appropriate and consistent treatment for future years.

TARGET DATE March 2024

Person Responsible: Assistant Director of Financial Management

Finding 3

Revenue Contracts

During our testing of revenue from contracts, it was noted that in two instances from our sample, the contract in place had expired. In one instance the contract had expired on 31 March 2019 and in the other instance the contract had expired on 31 March 2022. We note that since the identification of these issues at the interim audit stage, one contract has been renewed and the other is in draft awaiting finalisation from another HSC Trust. There is a risk that where contracts for revenue are not renewed on a timely basis, value for money may not be achieved as the income received is based on outdated information. There is also a risk that the income is not recognised correctly due to a lack of up to date performance obligations.

We note that in both instances, the customers are within the HSC sector, which reduces the exposure to the Trust.

Priority Rating

3

Recommendation

We recommend that going forward, regular reviews are carried out in respect of revenue from contracts to ensure that appropriate, up to date contracts are in place.

Management Response (including target date)

ACCEPTED

Contracts from which income is derived will be reviewed bi-annually at 30 June and 31 December – where it is found the remaining term is for a period of 12 months or less then a process of engagement will immediately be commenced with the other party to determine the way forward.

Person responsible: Assistant Director of Financial Management to advise contract managers of this requirement

Target date: 31 August 2023

Finding 4

Remuneration Report disclosures

FD (DoF) 04/23 'Guidance on the Format of the Remuneration Report 2022-23' includes a sample Remuneration Report which states that "This report is based on accrued payments made by [the organisation] and thus recorded in these accounts".

The Trust's remuneration report disclosures reflect actual amounts paid to senior executives during 2022-23 and therefore does not include accrued pay awards.

Whilst we understand the Trust's approach is consistent with the regional approach to this disclosure, this is not in strict compliance with the guidance.

Priority Rating

3

Recommendation

We recommend that the Trust seeks clarity on Remuneration Report disclosure requirements from Department of Finance and / or Department of Health and complies with those requirements.

Management Response (including target date)

ACCEPTED

The Trust will liaise with the Department of Health to determine and agree the appropriate disclosure for 2023-24 reporting period.

Person responsible: Assistant Director of Finance for Financial Services

Target date: 31 December 2023

Finding 5

Client Contributions

During our testing of client contributions income, it was noted that in one instance from a sample of thirty, the Agreement to Pay (ATP) form was not countersigned by a Trust representative. We note that in this instance, the ATP form was completed separately by the client and sent to the Trust. We note however that the form should still be checked and countersigned by a Trust representative before processing.

Priority Rating

3

Recommendation

We recommend that all ATP forms are countersigned by a Trust representative while the form is being completed, or in instances similar to the above, checked and signed when the form is received.

Management Response (including target date)

ACCEPTED

Financial assessment staff will be reminded of the requirement for the ATP form to be countersigned by a Trust member of staff.

Person responsible: Head of Financial Services

Target date: 31 July 2023

Finding 6

Charitable Trust Funds

During our testing of the Charitable Trust Funds income, we noted the following issues:

- In one instance from a sample of twenty, the receipt of donation form was not signed off by Trust staff;
- In four instances, the income was not lodged within 5 working days of receipt of donation. Whilst we note that these relate to postal receipts, the 'Procedures for the Management of Charitable Trust Funds' were not complied with in respect of timely lodgement of donations.

Priority Rating

3

Recommendation

The Trust should ensure that all receipt of donation forms are countersigned by the recipient and cashier.

The Trust should also consider either reinforcing the need to lodge donations within 5 working days, or updating the current procedures to include separate guidance for postal donations to allow appropriate time for the donations to be lodged.

Management Response (including target date)

ACCEPTED

Trust staff will be reminded that all receipt of donation forms are to be countersigned by the recipient and cashier. The requirement for the lodgement of Charitable Trust Funds within 5 working days will also be reinforced.

Person responsible: Head of Financial Services

Target date 31 July 2023

A review of management's implementation of priority one recommendations made in our prior year Report to those charged with Governance is set out at [Appendix Three](#).

5. Misstatements and Irregular Expenditure

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £300k. These misstatements have been adjusted and the net effect on the statement of comprehensive net expenditure and statement of financial position was £1,241k. We note that as non-cash is adjusted for in the statement of comprehensive net expenditure, this has no impact on the Trust's reported position. These misstatements were identified by the Trust

ISSUE	AREA	SoCNE DEBIT / (CREDIT) £'000	SoFP DEBIT / (CREDIT) £'000
Adjustment to reflect provision settlement identified post year end	Provisions	-	5,301
	Provision Expense	(1,241)	-
	Clinical Negligence Payables	-	(4,060)
TOTAL FOR ALL ISSUES	TOTAL FOR ALL AREAS	(1,241)	1,241

Uncorrected misstatements

ISSUE	AREA	SoFP DEBIT / (CREDIT) £'000
Adjustment to reclassify 2 payroll accruals to provisions	Provisions	(2,100)
	Accrual	2,100
TOTAL FOR ALL ISSUES	TOTAL FOR ALL AREAS	-

Irregular Expenditure

No instances of irregular expenditure were identified during the course of our audit.

Appendix One – Letter of Representation



Quality Care - for you, with you

Chair
Eileen Mullan

Chief Executive
Dr Maria O’Kane

22 June 2023

The Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

LETTER OF REPRESENTATION: SOUTHERN HEALTH AND SOCIAL CARE TRUST ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Incorporating: Public Funds
Charitable Trust Funds
Patients’ and Residents’ Monies (PRM/PPP)

As Accounting Officer of the Southern Health and Social Care Trust (the Trust) I have fulfilled my responsibility for preparing accounts that give a true and fair view of the state of affairs, net expenditure, cash flows, Changes in Taxpayers’ Equity; and the related notes of the Trust for the year ended 31 March 2023.

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;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and

- make an assessment that the Trust 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 2023:

- 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 Trust'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 Trust 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 Trust have been properly recorded and reflected 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;
- 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 have fulfilled my responsibility as Accounting Officer 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 have fulfilled my responsibility as Accounting Officer 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 Trust 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 were in existence at the reporting period date and owned by the Trust and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Statement of Financial Position includes all tangible assets owned by Trust.

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 Trust's operations.

Other Current Assets

On realisation in the ordinary course of the Trust's operations the other current assets in the Statement of Financial Position are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to Trust 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.

All litigation and claims have been disclosed to you and correctly accounted for.

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) and
- Holiday Pay relating to overtime

Contingent Liabilities

Other than matters disclosed in the contingent liability note to the accounts, I am not aware of any pending litigation which may result in significant loss to the Trust, and I am not aware of any action which is or may be brought against the Trust 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 Trust, or circumstances of an exceptional or non-recurring nature.

Uncorrected Misstatements

The following uncorrected misstatements have been brought to my attention:

- Payroll payables adjustment relating to the classification of the Agenda for Change accrual and Senior Executives pay award accrual totalling £2.1m to provisions, due to uncertainty of timing of payout

I consider the effect of these uncorrected misstatements to be immaterial, both individually and in aggregate, to the financial statements taken as a whole.

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.

Accounting Estimates

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

Management of Personal Data

Except as disclosed in the Directors' Report, there have been no personal data related incidents in 2022-23 which are required to be reported.

Yours sincerely



DR MARIA O'KANE

CHIEF EXECUTIVE AND ACCOUNTING OFFICER

22 JUNE 2023

Appendix Two – Audit Certificates

SOUTHERN HEALTH AND SOCIAL CARE TRUST – PUBLIC FUNDS

THE CERTIFICATE AND REPORT OF THE COMPTROLLER 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 for the year ended 31 March 2023 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.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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 of Southern Health and Social Care Trust's affairs as at 31 March 2023 and of the group's and the 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies 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 Southern Health and Social Care Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded Southern Health and Social Care Trust's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Southern Health and Social Care Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Southern Health and Social Care Trust is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Trust and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Trust and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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.

Matters on which I report by exception

In the light of the knowledge and understanding of the Southern Health and Social Care Trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remunerations and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Southern Health and Social Care Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Southern Health and Social Care Trust will not continue to be provided in the future.

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Southern Health and Social Care Trust through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on Southern Health and Social Care Trust's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Southern Health and Social Care Trust's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;

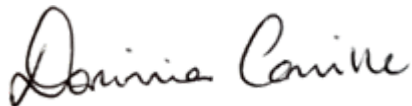
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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. 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
3 July 2023

SOUTHERN HEALTH AND SOCIAL CARE TRUST – CHARITABLE TRUST FUNDS

THE CERTIFICATE AND REPORT OF THE COMPTROLLER 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's Charitable Trust Funds for the year ended 31 March 2023 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, the Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of Southern Health and Social Care Trust's Charitable Trust Fund's affairs as at 31 March 2023 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Southern Health and Social Care Trust's Charitable Trust Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not disclosed in the financial statements any identified material uncertainties that relate to events or conditions that, individually or collectively, may cast

significant doubt about the Southern Health and Social Care Trust's Charitable Trust Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trust and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

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

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 based on the work undertaken in the course of the audit, the information given in the Trustee's 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

In the light of the knowledge and understanding of the Southern Health and Social Care Trust's Charitable Trust Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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.

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:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- such internal controls as the Trust Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Southern Health and Social Care Trust's Charitable Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trust and Accounting Officer anticipates that the services provided by Southern Health and Social Care Trust's Charitable Trust Fund will not continue to be provided in the future.

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Southern Health and Social Care Trust's Charitable Trust Fund through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on Southern Health and Social Care Trust's Charitable Trust Fund's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Southern Health and Social Care Trust's Charitable Trust Funds' financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I

identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;

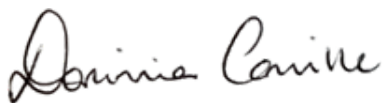
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

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. 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.

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
5 July 202

SOUTHERN HEALTH AND SOCIAL CARE TRUST – PATIENTS’ 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 2023 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 2023 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 ‘Audit of Financial Statements and Regularity of Public Sector Bodies 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 Southern Health and Social Care Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council’s Revised Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Southern Health and Social Care Trust’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Southern Health and Social Care Trust 's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

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; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they properly present the receipts and payments of the monies held on behalf of the patients and residents;
- such internal controls as the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Southern Health and Social Care Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trust anticipates that the services provided by Southern Health and Social Care Trust will not continue to be provided in the future.

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Southern Health and Social Care Trust through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Personal Social Services (Northern Ireland) Order 1972, as amended;

- making enquires of management and those charged with governance on Southern Health and Social Care Trust’s compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Southern Health and Social Care Trust’s financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud.
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

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. 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.

Report

I have no observations to make on this account.

Dorinnia Carville

*Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
3 July 2023*

Appendix Three – Implementation of Prior Year Priority One Recommendations

Recommendation 1

Classification of accruals v. provisions

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 the below instance, we believe that this may be more appropriately classified as a provision given uncertainties surrounding the amount and timing of payment:

- an accrual for Holiday Pay relating to overtime of £15.0 million

The classification between an accrual and a provision is very important in that an accrual secures funds for future payment whereas a provision does not. The provision is matched by non-cash RRL rather than cash RRL for an accrual. Hence only once the provision moves to an accrual classification can funds be requested and that would be from a future HSC budget allocation.

The above £15.0 million represents an increase of £4.6 million over the prior year figure (£10.4 million). If this matter remains unresolved and the quantum continues to increase at the current rate, there is a significant risk that this could lead to a qualification of the audit opinion. We have treated the accrual for Holiday Pay overtime as an unadjusted error.

We recommend that the Trust continually monitors its accruals in light of all pertinent facts to ensure that proper classifications are recorded.

Status Cleared

We note that the accrual for Holiday Pay relating to overtime has been classified as a provision in the 2022-23 financial statements in line with the 2021-22 recommendation.
