

SOUTHERN HEALTH AND SOCIAL CARE TRUST

**ANNUAL REPORT AND ACCOUNTS OF THE TRUST FUNDS
HELD BY THE SOUTHERN HEALTH AND SOCIAL CARE
TRUST**

YEAR ENDED 31 MARCH 2016

SOUTHERN HEALTH AND SOCIAL CARE TRUST
TRUST FUNDS

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

Laid before the Northern Ireland Assembly under Article 90(5) of the Department of Health and Personal Social Services (NI) Order 1972 (as amended by the Audit and Accountability Order 2003) by the Department of Health, Social Services and Public Safety

On

Xx June 2016

SOUTHERN HEALTH AND SOCIAL CARE TRUST

TRUST FUNDS

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Annual Report of the Trustees of the Trust Funds held by the Southern Health and Social Care Trust for the year ended 31 March 2016

INTRODUCTION

This is the annual report for the Trust Funds of the Southern Health and Social Care Trust for the year from 1 April 2015 to 31 March 2016.

Under Article 91 of the Health and Personal Social Services (NI) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Southern Health and Social Care Trust is required to prepare annual accounts in respect of endowments and other property held on trust by it in a form determined by the Department of Health, Social Services and Public Safety (DHSSPS). This format is in accordance with the requirements of the Statement of Recommended Practice (SORP) 2005 "Accounting and Reporting by Charities" and includes a requirement to produce an annual report.

CONTACT US

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COMMENTS

If you have any comments about this report or would like extra copies please telephone 028 3761 3954.

Names of Trustees

Under the Health and Personal Social Services (NI) Order 1972, as amended by Article 16 of the Health and Personal Social Services (NI) Order 1991, the Board members of the Southern Health and Social Care Trust were the trustees of the Trust Fund during 2015/16. This constituted the following:

Non-executive members

Mrs R Brownlee	Chair
Mrs E Mahood	Chair of Audit Committee
Dr R Mullan	Chair of Governance Committee
Mrs H Kelly	Chair of Endowments and Gifts Committee (to 31 December 2015)
Mrs D Blakely	(to 31 December 2015)

Mr E Graham	Chair of Patient and Client Experience Committee
Mrs S Rooney	Chair of Endowments and Gifts Committee (from June 2015)
Mrs H McCartan	(from 15 February 2016)
Ms E Mullan	(from 15 February 2016)
Mr J Wilkinson	(from 15 February 2016)

Executive members

Mrs P Clarke	Interim Chief Executive (to 31 March 2016)
Mr S McNally	Director of Finance & Procurement
Mr P Morgan	Director of Children & Young People's Services / Executive Director of Social Work
Dr R Wright	Medical Director (from 1 July 2015)
Dr J Simpson	Medical Director (to August 2015)
Mr F Rice	Executive Director of Nursing and AHPs (to April 2016)

Other Members

Mrs A Magwood	Acting Director of Performance & Reform (from March 2015)
Mr K Donaghy	Director of Human Resources & Organisational Development
Mrs A McVeigh	Director of Older People & Primary Care Services
Mrs E Gishkori	Director of Acute Services (from 17 August 2015)
Mrs D Burns	Acting Director of Acute Services (to August 2015)

The Southern Health and Social Care Trust Charitable Funds is on the deemed list of charities as it is registered with Her Majesty's Revenue and Customs for charitable tax purposes. The Charitable Trust Funds has applied to the Charity Commission for Northern Ireland to register as a charity but the outcome is not yet known. The charity number is currently outstanding.

The Trustees employed the following professional advisors during the year:

Auditors

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Bankers

Bank of Ireland
13 Market Street
Lurgan
BT66 6AR

Solicitors

Directorate of Legal Services
Business Services Organisation
2 Franklin Street
Belfast
BT2 8DQ

Structure, Governance and Management

The Endowments and Gifts Committee is the committee responsible for providing assurance to the Board on all aspects of the stewardship and management of funds donated or bequeathed to the Trust.

The membership of the Endowments and Gifts Committee comprises three Non-Executive Directors, the Director of Acute Services and the Director with responsibility for Estates Services. The Director of Finance is in attendance. Two members had full attendance at all meetings during the year, with the remaining members missing one or more meetings.

During 2015/16, the Committee held four meetings to oversee the administration of the Endowments and Gifts funds, their investment and disbursement. The Committee also revised the Procedures for the Management of Charitable Trust Funds.

The roles and responsibilities of the Endowments and Gifts Committee in relation to the management and governance of the Trust Funds were as follows:

- Satisfy itself that Endowments & Gifts funds are managed in line with guidance in the Trust's Standing Financial Instructions, Departmental guidance and legislation;
- Ratify the creation of a new fund by the Director of Finance where funds and/or other assets are received from donors in circumstances where the wishes of the donor cannot be accommodated within the scope of an existing fund;
- Make recommendations on the potential for rationalisation of funds within statutory guidelines;
- Seek assurance that assets in ownership of, or used by, the Endowments & Gifts fund will be maintained with the Trust's general estate and inventory of assets;
- Seek assurance that funds are not unduly or unnecessarily accumulated;
- Produce an annual Statement of Assurance on internal control over Endowments & Gifts Funds, being informed by reports from Management, the Internal Auditor, the External Auditor and the Governance Committee;
- Ensure that a Governance Statement is produced as part of the production of annual accounts for Endowments and Gifts;
- Seek assurance that expenditure from Endowments & Gifts Funds is subject to appropriate value for money considerations including proper procurement procedures where applicable;
- Ensure that Annual Accounts are prepared in accordance with DHSSPS guidelines and submitted to the Trust Board within agreed timescales;

- On behalf of the Trust Board, and on the advice of the Senior Management Team, the Committee will authorise appropriate policies and procedures in relation to Endowments & Gifts Funds;
- The trustees' delegated authority levels for the four unrestricted Directorate Funds are as follows:
 - Expenditure up to £10,000 must be approved by a Director for the relevant fund
 - Expenditure over £10,000 and less than £50,000 must be approved by a Panel consisting of the Director for the relevant fund, a Director who is a member of the E&G Committee, a staff side representative and a member of staff who has responsibility for patient / client focus
 - Expenditure over £50,000 must be approved by the Chief Executive or the Director of Finance, having been first recommended by the Panel.

The restricted Funds in existence prior to 1 April 2011 continue to exist and will continue to do so, until the balance is utilised or reduced to a level which is appropriate to be transferred to another fund.

Objectives and Activities

The objectives of the Endowments and Gifts Committee in 2015/16 were to ensure that charitable donations received by the Trust were appropriately managed, invested, expended and controlled, in a manner that was consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions and Departmental guidance and legislation. The Committee focused on the continued rationalisation of Trust Funds, the purpose of which is twofold – to ensure appropriate use of all funds, irrespective of the size of the donation and to reduce the administration associated with having a very large number of funds.

The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year. One issue arose relating to the importance of Director attendance, however, where a Director was unable to attend a meeting, a nominated deputy attended.

In addition, the Committee has continued to explore how E&G can be better promoted to raise the profile of how funds are being spent and to acknowledge the level of donations received.

Achievements and Performance

During the year the Trust Fund continued to be spent on activities commensurate with its objectives. £404k was expended on charitable activities, in accordance with the Trust's policies and procedures.

Examples of improvements the Trust has been able to make during 2015/16 as a result of donations and legacies received include:

- The purchase of two portable machines for cardiac investigations;
- The purchase of a Stress System treadmill;
- ECG carts and cardiac monitors;
- CCTVs for visually impaired clients;
- Reflexology for patients;
- Christmas gifts for patients; and
- Flights, accommodation and course fees for staff for education over and above that which would normally be provided.

The Northern Ireland Central Investment Fund for Charities (NICIFC) continues to hold funds invested on behalf of the SHSCT Trust Funds. During 2015/16, the Endowments and Gifts Committee continued to review the performance of funds invested through NICIFC. The net market value of funds invested with the NICIFC at 31 March 2016 was £2,671k. This is 94% of the total value of Trust Funds.

The balance of funds held with the NICIFC has incurred a loss of £174k when compared to prior year. This is due to a reduction in valuation of this investment at the year end. The nature of this investment is such that it will fluctuate in line with prevailing economic circumstances. While the value at 31 March 2016 is less than that recorded at 31 March 2015, the market value of the shares remains above historic cost.

Progress has been made on rationalising the number of individual Trust funds. Since April 2013, fifty nine funds have been fully depleted and there are now two hundred and sixty one individual funds in existence (18% reduction). Sixty three of these funds have a balance of less than £400.

Financial Review

Introduction

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

Where there is a legal restriction on the purposes to which a fund may be applied, the fund is classified in the accounts as a restricted fund. Where funds are donated for wider use by a Trust Directorate they are classified as unrestricted funds. When a donor wishes to make a specific donation, this is noted and the donation is recorded in the relevant Directorate Fund. Although everything possible will be done to ensure the wishes of the donor are fulfilled there may be occasional circumstances to prevent this from happening. Funds where the capital is held to generate income for charitable purposes and cannot itself be spent, are accounted for as an endowment fund. The Trust has seven endowment funds.

Review of the year 2015/16

Income

During the year income totalling £423k was received, an increase of £73k compared to the prior year. £297k was received in donations compared to £240k in 2014/15. Investment income increased by £16k compared to 2014/15.

Gifts in kind received in 2015/16 amounted to £6k and included items such as the provision of courses and conferences, including travel and accommodation and gift cards. They are included at a reasonable estimate of their value to the charity.

Expenditure

Total resources expended on charitable activities for the year amounted to £438k, an increase of £171k from 2014/15. Governance costs for the financial administration of the funds amounted to £29k. This comprised £16k, representing a levy of approximately 4% of incoming resources for administration as agreed by the Endowments and Gifts Committee, and a charge of £13k by the Investment Management Company based on the value of the portfolio held by NICIFC.

Previously the Endowments and Gifts Committee approved the annual transfer of 5% of general Trust Fund income for research and development purposes, subject to receiving an agreed proposal for the use of these monies. In 2015/16 the E&G Committee approved one such proposal and agreed the transfer of £32k from the Trust Funds for research and development.

Financial Position at Year End

Total fund balances were £2,855k at 31 March 2016, consisting of £801k of restricted funds, £2,020k of unrestricted funds and £34k of endowment funds. This is a total decrease of £184k from the previous year. This shows that 71% of Trust Funds are now unrestricted providing greater flexibility for their use.

Financial Controls

The Trustees are aware of their financial responsibilities for the money that is held on trust. The Chair of the Endowments and Gifts Committee reports to the Trust Board on a regular basis and fund managers are circulated with details of their fund balances throughout the year.

The Charitable Trust Fund procedures were revised in February 2016 and will be the subject of Internal Audit testing in 2016/17.

Statement of Risk

The management of risk in relation to the Trust Funds is closely aligned with the Southern Health and Social Care Trust's risk management strategy and procedures. These are outlined in detail in the Governance Statement contained within the Trust Fund's annual financial statements.

Reserves Policy

The Trust Fund does not currently enter into future commitments and so has not created any reserves for this. Activities are only authorised when funding is available.

Investment Policy

SHSCT has Trust Funds invested in NICIFC, which was established under the Charities Act (NI) 1964, and is managed by the Department for Social Development (DSD). A review of NICIFC is on-going and the Fund continues to be managed by DSD. However, new additions to the fund have been temporarily suspended. There has been no change to the process of making withdrawals from the fund.

Northern Ireland Charity Commission

The Charities Act (NI) 2008 established the Charity Commission for Northern Ireland (CCNI) which is the independent regulator of charities in NI. The Southern Health and Social Care Trust Charitable Funds is on the deemed list of charities as it is registered with Her Majesty's Revenue and Customs for charitable tax purposes. The Charities (2008 Act) (Commencement No. 4) Order (Northern Ireland) 2013 came into effect on 24 June 2013. The Commencement Order will allow the Charity Commission to begin compulsory registration of all charities operating in Northern Ireland. The SHSCT Charitable Funds completed an application for CCNI registration in March 2014, the outcome of which is still not yet known. In addition, the Trust submitted to CCNI an "Application for a Scheme" to rationalise its funds, the outcome of this also remains outstanding. The Trust continues to keep in regular contact with CCNI regarding both of these applications.

Plans for Future Periods

The key focus for the Endowments and Gifts Committee in 2016/17 and beyond will be the continued promotion of general unrestricted Directorate wide funds and the depletion or amalgamation of all other funds. In addition, the Committee will review the Trust Funds investment policy as NICIFC is temporarily closed to new additions to the Fund.

Signed on behalf of the Trustees:

(Interim Chief Executive)

Xx June 2016

(Date)

**The Accounts of the Trust Funds held by
Southern Health and Social Care Trust**

For the year ended 31 March 2016

SOUTHERN HSC TRUST

TRUST FUNDS ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

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

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

- Observe the Accounts Direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in Charities SORP 2005 have been followed, and disclose and explain any material departures in the financial statements;
- Keep proper accounting records; and
- Ensure an effective governance framework and establish arrangements for the prevention and detection of fraud and corruption.

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

SOUTHERN HSC TRUST

TRUST FUNDS ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 25 to 35) which I am required to prepare on behalf of the Southern Health and Social Care Trust have been compiled from and are in accordance with the accounts and financial records maintained by the Southern HSC Trust and in accordance with the accounting policies for HSC Charitable Trust Funds as approved by the Department of Health, Social Services and Public Safety.

_____	Director of Finance (Southern HSC Trust)
xx June 2016	Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 25 to 35) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

_____	Chairperson (Southern HSC Trust)
xx June 2016	Date

_____	Interim Chief Executive (Southern HSC Trust)
xx June 2016	Date

Southern Health and Social Care Trust

TRUST FUNDS ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

Governance Statement

1. Scope of Responsibility

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

In delivering these responsibilities, I am accountable for the Trust's performance to the Health and Social Care Board (HSCB) and DHSSPS and report through agreed performance management arrangements and Service and Budget Agreements.

This has entailed regular performance management meetings at a senior level with the HSCB and both scheduled and ad hoc meetings between Trust officers and the Performance Management Service Improvement Directorate within the HSCB.

In order to improve the quality, safety, effectiveness and efficiency of services, the Trust works in partnership with the HSCB, Public Health Authority (PHA), other public sector partners and the independent sector. A range of processes are in place to facilitate and enable this partnership working with examples including:

- meetings with Trust, HSCB, Local Commissioning Group (LCG) and PHA senior teams collectively and on issue specific basis;
- monthly meetings between Trust and HSCB Chief Executives;
- regional and local Transformation Programme Boards to work together to implement Transforming Your Care (TYC);
- engagement with local GPs through locality forums and senior Trust attendance at Local Medical Committee (LMC) services development committee;
- regular meetings with Independent Health and Care Providers (IHCP) and other independent sector providers about key interface issues;
- forums such as the regional children's service planning project board that include HSC partners, community/voluntary sector and other statutory agencies such as Education; and
- promoting health and wellbeing processes involving a range of partners focussed on ensuring effective collaboration to address the specific and individual needs of local communities.
-

With respect to the Trust's inter-relationship with the DHSSPS, the framework within which the Trust is required to operate is defined and agreed in the Management Statement (MS) and Financial Memorandum (FM). This model MS/FM for executive

NDPBs is intended to provide departments with a document that sets out a clear framework of strategic control for each of their executive NDPBs. The framework covers the operations, financing, accountability and control of the NDPB and the conditions under which any government funds are provided to the body. The specific requirements for the Trust as an Arm's Length Body ('ALB') are further defined and agreed annually in the Annual Business Plan.

2. Compliance with Corporate Governance Best Practice

The Trust applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The Trust does this by undertaking continuous assessment of its compliance with Corporate Governance best practice and the effectiveness of the Trust's governance arrangements are regularly considered by the Governance Committee on behalf of the Trust Board.

This incorporates, in line with best practice, the Board annual review of its effectiveness, which the Trust Board conducted during 2015/16, in addition to the completion of the DHSSPS Board Governance Self-Assessment Tool. During 2015/16, Internal Audit undertook a review of Board Effectiveness and this included independent assessment of the Trust's 2014/15 self-assessment. A satisfactory level of assurance was provided.

3. Governance Framework

In my role as Accounting Officer, I am supported by the Trust Board.

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

- Management Statement and Financial Memorandum;
- A schedule of matters reserved for Board decisions;
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing orders and standing financial instructions;
- An Audit Committee;
- A Governance Committee;
- An Endowments and Gifts Committee;
- A Remuneration Committee; and
- A Patient and Client Experience Committee.

The Trust adopts an integrated approach to governance and risk management and an Integrated Governance Strategy is in place which covers all domains of governance associated with the delivery of health and social care services. A review of this strategy is currently underway. Committee structures are in place to reflect this integrated approach and to support the Trust Board. The following describe in more detail the role of the Trust Board, its Committee structure and attendance during the reporting period.

The Trust Board

The composition and membership of the Trust Board is defined by the Membership, Procedure and Administration Arrangements Regulations and comprises a Chair, seven Non-Executive Directors, the Chief Executive and four Executive members. Four members of the Senior Management Team also attend Trust Board meetings. Non-Executive Directors are independent members and provide support, guidance and challenge to the Trust Board.

In the 2015/16 year, the Trust Board held eight formal Board meetings and, in accordance with Standing Orders, were quorate for each meeting. During the year, there was 100% attendance at two meetings; 94% at four meetings; 87% at one meeting and 81% at one meeting.

During the reporting period, the following changes occurred with regard to Board membership:-

- Two Non-Executive Directors completed their tenure on 31 December 2015; three new Non-Executive Directors were appointed with effect from 15 February 2016; three have had their terms of office extended for a further one year period to 31 March 2017 and one commenced their second term of office with effect from 29 August 2015. The Chair is currently in her second term of office.
- The resignation of the Interim Chief Executive on 31 March 2016.
- With effect from 1 February 2016, a Deputy Chief Executive was appointed on a temporary basis to 31 March 2016.
- The appointment of a Medical Director on 1 July 2015 and Director of Acute Services on 17 August 2015

Trust Board meetings were widely publicised through the press and the Trust website. Agendas, minutes and papers of all Trust Board meetings are publicly accessible on the Trust website.

The Trust Board has corporate responsibility for ensuring that the organisation fulfils the aims and objectives set by the Department/Minister and for promoting the efficient, economic and effective use of staff and other resources. It has a key role in overseeing sound financial management and corporate governance of the Trust. Each Trust Board agenda comprises strategic, operational, quality and performance items. The Trust Board received management reports at each meeting on the financial position, workforce information and performance against targets to assist it in discharging its role.

Two Board workshops were held during the year, at which members explored strategic issues and planned service developments. The Trust Board held a Development Day on 12 November 2015 which provided members with the opportunity to take 'time out' to consider lessons and best practice from elsewhere on leadership, teamwork and communication and explore the application of these to the

role of the Board. Board Effectiveness was a key focus of the agenda and an action plan developed with areas identified for development and/or improvement.

All Trust Board Committees are chaired by a Non-Executive Director and have clear terms of reference and lines of reporting and accountability agreed by the Trust Board. Minutes of the Sub Committees are presented at Trust Board public meetings in a timely manner with the Chair of each Committee highlighting any specific issues for the attention of the Board via completion of a Board Report Summary Sheet. In addition, the Committee Chairs meet with the Trust Chair and Chief Executive after each meeting to provide feedback on the work of their respective Committees and raise any issues of concern.

In accordance with good practice, the Trust Chair meets with the Committee Chairs on an annual basis to reflect on the work of the Committees and to share any learning.

Endowments and Gifts Committee

The Endowments and Gifts Committee is the committee responsible for providing assurance to the Board on all aspects of the stewardship and management of funds donated or bequeathed to the Trust.

The membership of the Endowments and Gifts Committee comprises three Non-Executive Directors, the Director of Acute Services and the Director with responsibility for Estates Services. The Director of Finance is in attendance. Two members had full attendance at all meetings during the year, with the remaining members missing one or more meetings.

During 2015/16, the Committee held four meetings to oversee the administration of the Endowments and Gifts funds, their investment and disbursement. The Committee also revised the Procedures for the Management of Charitable Trust Funds.

The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year. One issue arose relating to the importance of Director attendance, however, where a Director was unable to attend a meeting, a nominated deputy attended.

4. Business Planning and Risk Management

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

Membership of the Endowments and Gifts Committee includes the Director of Acute Services and the Director with responsibility for Estate Services. This ensures that donated funds are taken into account in the strategic direction and overall expenditure plans of the Trust. Quarterly Finance reports enable the Endowments and Gifts Committee to review expenditure patterns and are provided to Directors to ensure usage of funds is maximised.

Risk Management

Risk management is an organisation-wide responsibility.

The key components of the Trust's risk management strategy (2014) are underpinned by the HPSS Controls Assurance Standard for Risk Management. The purpose of this Strategy is to ensure that the Trust manages risks in all areas using a systematic and consistent approach. It provides the framework for a robust risk management process. All supporting procedures for the identification and management of risk also reflect this standard.

The Trust's Risk Assessment Tool ensures that a consistent approach is taken to the evaluation and monitoring of risk in terms of the assessment of likelihood and impact. Risks are monitored through a formal reporting process where the assessed level of risk and its strategic significance determines where it will be reviewed and monitored.

In the Trust, there are two key levels at which the risk management process is formally documented:

- The Trust's Corporate Risk Register, which focuses on the principal risks to the Trust's delivery of its statutory responsibilities and corporate objectives; and
- Directorate risk registers which focus primarily on the risks to the achievement of Directorate objectives.

The Corporate Risk Register is reviewed by the Governance Committee at each of its meetings. The Corporate Risk Register is complementary to and works in conjunction with the Board Assurance Framework which is presented to the Trust Board on a six-monthly basis. Examples of indicators which may identify risks within the organisation include reports from external bodies e.g. RQIA, Accreditation bodies, independent reviews; various occurrences such as complaints, incidents, litigation, staff turnover; and internal assessments/reporting such as self-assessments, monitoring reports etc.

Directors are responsible for ensuring that Directorates under their control have fully functioning Directorate Risk Registers.

Each operational Directorate is supported by a Governance Team who facilitates the Director, Assistant Directors and Associate Medical Directors to identify, assess and manage and report on risk within their area of responsibility. Risks identified and control measures in place are discussed monthly by the operational teams through the Directorate Governance Forums where they are reviewed, monitored and escalated as appropriate. The Senior Management Team reviews the Corporate Risk Register monthly.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, analysis and the investigation of serious incidents. The Trust has reviewed the arrangements in place for communicating and involving patients and their families in incident investigations also.

The content of the Trust's risk management training and awareness is presently under review; it was identified through an internal audit of risk management in 2015 that the Trust should improve on the numbers of staff trained in this area across all Directorates. This work stream remains on-going.

The system of internal governance is designed to help manage risk rather than to eliminate it and controls must at all times be commensurate with the nature of the risk. Internal Audit reviewed the Trust's Risk Management system in 2015/16 and provided a satisfactory level of assurance.

5. Information Risk

Safeguarding the Trust's information is a critical aspect of supporting the Trust in the delivery of its objectives and effective management of information risk is a key aspect of this. Arrangements in place to manage this risk include:

- A Trust Information Governance Framework which includes strategy, policy and a suite of procedures and guidance.
- An Information Governance Forum which is led by the Personal Data Guardian (Medical Director) and Senior Information Risk Owner (SIRO) (Acting Director of Performance and Reform). It reports to the Trust's Governance Committee.
- Information Asset Owners (IAOs) are in place to reduce the risk to personal information within the Trust and are aware of their responsibilities;
- An information sharing register is in place which records the details of all episodes of sharing of Trust data with other bodies;
- Monitoring of Freedom of Information and Data Protection requests

Information Governance incidents are reported in accordance with the HSC Risk Management strategy. Three incidents have been reported to the Information Commissioners Office (ICO) during 2015/16. None of these resulted in data loss. These have been fully investigated and action plans have been implemented. Internally, information governance incidents are monitored and reviewed at the Information Governance Forum; ensuring lessons learned are disseminated throughout the Trust.

Data protection and records management training is mandatory for all Trust staff, providing them with up to date awareness of information governance issues and risks.

6. Public Stakeholder Involvement

In line with the Regional Strategy (DHSSPS, 2004), Departmental Guidelines for Personal and Public Involvement (PPI) (DHSSPS, 2007 and 2012), sections 19 and 20 of the Health and Social Care (Reform) Act (Northern Ireland) 2009 and Quality Standards for Health and Social Care (DHSSPS, 2006) the Trust continues to prioritise PPI within all aspects of its business agenda and operates a range of governance, management and reporting mechanisms that reflect this.

Arrangements in place include:

- PPI is a standing agenda item on the Trust Patient and Client Experience Committee, a sub-committee of the Trust Board.
- Each Trust Board agenda includes a patient/client centred service which incorporates feedback and learning from PPI activity.
- PPI arrangements have been subject to verification by PHA in 2015/16 and the Trust has completed a self-assessment PPI Performance Management Report for PHA.
- Corporate PPI Annual Action plan to ensure continuous improvement
- Implementation of PPI Checklist - a tool to enable senior managers to determine compliance with the PPI Indicators across all programmes of care.
- Influence in the design and development of the PHA-funded PPI training programme, Engage and Involve.

Further information on the Trust's involvement mechanisms, processes and resources to support staff and service users and carers is available at

<http://www.southerntrust.hscni.net/about/1600.htm>

7. Assurance

A systematic approach is taken to ensure that the systems upon which the Trust relies are challenged and tested. The Board Assurance Framework is a statutory requirement for the Trust and is an integral part of the Trust's governance arrangements. The Framework has been compiled in conjunction with all Directorates and provides the systematic assurances required by the Board on the effectiveness of the system of internal control by highlighting the reporting and monitoring mechanisms that are necessary to ensure the achievement of corporate objectives and the delivery of high quality health and social care. In its Board Assurance Framework, the Trust Board has determined the level of assurance it requires to manage the principal risks facing the organisation and the Trust Board reviews this on a six-monthly basis. A standard template attached to the Board Assurance Framework ensures that Board members consider, based on sufficient evidence, whether the current controls and assurance systems are sufficient and are

working effectively. Trust Board minutes attest to the challenge and scrutiny applied to the Board Assurance Framework.

The Framework illustrates the wide range of assurance from internal and external sources. The sources of external assurance and system validation as identified in the Board Assurance Framework include, for example, the Regulation and Quality Improvement Authority, Internal and External Auditors, Royal Colleges and Professional Councils. These are supplemented from non-independent sources such as performance management, self-assessments and proposed work streams on national audits.

The Board Assurance Framework sits alongside the Corporate Risk Register, the Controls Assurance Standards process and performance reporting to provide structured assurance about how risks are effectively managed to deliver agreed objectives. Where risks are outside the Trust's ability to solely manage, these are escalated to the Trust Board and beyond.

Compliance with the controls assurance standards and the annual self-assessments against the standards provide an important assurance to the Trust Board.

Separately, the Audit and Governance Committees review compliance with Controls Assurance Standards to provide assurance to the Trust Board that action plans are in place for all 22 standards to maintain/further improve compliance against each standard going forward.

The Trust Board agenda is structured to ensure assurance is provided on key areas such as patient safety and quality and performance in terms of finance, human resources and operational performance.

The quality of information presented to the Trust Board is regularly reviewed by members. A standard template is attached to the front of all Board papers ensuring that the report is aligned to specific corporate objectives and key issues/risks and decisions required are drawn to Board members immediate attention. Board members regularly discuss and challenge the quality of the information presented to them and collectively reflect on information received. A Non-Executive Director is a member of the Trust Information Governance forum which addresses assurance processes for data quality. In addition, Trust Board receives reports from external organisations which provide assurance in relation to some areas of data quality. No significant issues have been raised.

Members continue to consider further how to develop the searching questions and processes to ensure effective challenge by the Board. The Executive professional roles (Medical, Nursing and Social Work) ensure executive challenge as these posts are designed to give independent professional assurance to the Trust Board.

8. Sources of Independent Assurance

The Trust obtains Independent Assurance from the following sources:

- ***Internal Audit***

Internal Audit

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

In 2015/16, the Head of Internal Audit did not conduct a review of the Charitable Trust Funds system but followed up on one partially implemented audit recommendation from 2013/14. This was confirmed as implemented in full during the year.

In her annual report, the Head of Internal Audit reported that the Trust has a satisfactory system of internal control designed to meet the organisation's objectives. However, it was also noted that Limited assurance has been provided in a number of areas and Unacceptable assurance has been provided in relation to controls within an Independent Domiciliary Care contracting organisation.

The recommendations of the Head of Internal Audit to address control weaknesses continue to be considered by the Audit Committee. They have been or are being taken forward by the management of the Trust and their implementation will continue to be monitored by the Audit Committee regularly during 2015/16.

Northern Ireland Audit Office (External auditor)

The external auditor undertakes an examination of the Charitable Trust Funds Accounts in accordance with auditing standards issued by the Auditing Practices Board. Based on the findings of this audit, the Comptroller and Auditor General (C&AG) will report his opinion to the NI Assembly as to the truth and fairness of the annual accounts, that expenditure and income have been applied to the purposes intended by the Assembly and that the transactions conform to the authorities which govern them (regularity).

In addition, the external auditor will provide a Report to those charged with Governance which brings to the attention of the Accounting Officer findings during the course of the external audit. The external auditor reports all of these findings to the Audit Committee. In the course of the external audit for 2015/16, the external auditor has brought to the attention of management xx priority one issues relating to Charitable Trust Funds.

There were no Charitable Trust Funds external audit findings from 2014/15 which required follow up in 2015/16.

9. Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal governance. My review of the effectiveness of the Trust's system of internal governance is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Senior Management Team, Trust Board, Head of Internal Audit, Audit Committee and Governance Committee. I have referred to the Annual Report from the Head of Internal Audit which details the assurance levels provided from reports in 2015/16 and also the Trust's implementation of accepted internal audit recommendations. A plan to address weaknesses and ensure continuous improvement to the system is in place.

10. Internal Governance Divergences

No significant internal control divergences were identified in 2014/15 or have been identified in 2015/16 relating to Charitable Trust Funds.

Conclusion

The Trust has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI. The system operates on a principle of continuous improvement where the performance and effectiveness of governance arrangements are subject to regular review.

The internal audit review of various control systems has resulted in a number of limited assurances and one unacceptable assurance. A number of priority one issues have been raised with management and extensively examined by the Audit Committee. The findings of these reports and others such as those issued by RQIA will be incorporated into action plans aimed to address the weaknesses/gaps in control.

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

Accounting Officer xx June 2016 Date

Audit Certificate

Audit Certificate

SOUTHERN HEALTH AND SOCIAL CARE TRUST

Statement of Financial Activities for the year ended 31 March 2016

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2016 Total Funds £000	2015 Total Funds £000
INCOMING RESOURCES						
Incoming resources from generating funds						
Voluntary Income	2	297	-	-	297	240
Investment Income	3	125	-	-	125	109
Incoming resources from charitable activities	4	1	-	-	1	1
Total Incoming Resources		423	-	-	423	350
RESOURCES EXPENDED						
Charitable Activities	6	(271)	(133)	-	(404)	(238)
Governance Costs	5	(31)	(3)	-	(34)	(29)
Total resources expended		(302)	(136)	-	(438)	(267)
Net (outgoing)/incoming resources before transfers		121	(136)	-	(15)	83
Net (outgoing)/incoming resources before other recognised gains and losses		121	(136)	-	(15)	83
OTHER RECOGNISED GAINS/LOSSES						
(Loss)/Gain on investment assets	8	(173)	-	(1)	(174)	167
Net Movement in Funds		(52)	(136)	(1)	(189)	250
Adjustment to add back:						
Notional Audit Fee		2	3	-	5	6
Net Movement in Funds excluding Notional Audit Fees		(50)	(133)	(1)	(184)	256
RECONCILIATION OF FUNDS						
Fund balances brought forward at 1 April 2015	11	2,070	934	35	3,039	2,783
Fund balances carried forward at 31 March 2016	11	2,020	801	34	2,855	3,039

The notes at pages 27 to 35 form part of this account

SOUTHERN HEALTH AND SOCIAL CARE TRUST

Balance Sheet as at 31 March 2016

	Note	31 March 2016 £000	31 March 2015 £000
Fixed Assets			
Investments	8	2,671	2,845
Total Fixed Assets		<u>2,671</u>	<u>2,845</u>
Current Assets			
Debtors	9	68	91
Cash at bank and in hand		<u>232</u>	<u>175</u>
Total Current Assets		<u>300</u>	<u>266</u>
Creditors: Amounts falling due within one year	10	(116)	(72)
Net Current Assets		<u>184</u>	<u>194</u>
Total Assets less Current Liabilities		<u>2,855</u>	<u>3,039</u>
Net Assets		<u><u>2,855</u></u>	<u><u>3,039</u></u>
Funds of the Charity			
Restricted income funds	11	801	934
Unrestricted income funds	11	2,020	2,070
Endowment funds	11	34	35
Total Charity Funds		<u>2,855</u>	<u>3,039</u>

The notes at pages 27 to 35 form part of this account.

Signed: _____

(Interim Chief Executive)

Date:

xx June 2016

SOUTHERN HEALTH AND SOCIAL CARE TRUST

Notes to the Accounts

1. Accounting Policies

1 (a) Basis of preparation

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

1 (b) Incoming Resources

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

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

1 (c) Incoming Resources from Legacies

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

1 (d) Gifts in Kind

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

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

SOUTHERN HEALTH AND SOCIAL CARE TRUST

1 (e) Intangible Income

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

1 (f) Resources Expended and Irrecoverable VAT

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

1 (g) Allocation of Support Costs and Overheads

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

1 (h) Costs of Generating Funds

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

1 (i) Charitable Activities

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

1 (j) Governance Costs

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

1 (k) Investment Fixed Assets

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

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

SOUTHERN HEALTH AND SOCIAL CARE TRUST

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

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

1 (l) Realised Gains and Losses

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

1 (m) Funds Structure

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

1 (n) Pensions

The Charitable Trust Fund has no employees.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

2. Analysis of Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	2016 Total Funds £000	2015 Total Funds £000
Donations from individuals	135	-	135	165
Corporate donations	22	-	22	34
Legacies	98	-	98	5
Grants	-	-	-	-
Other	42	-	42	36
Total	297	-	297	240

3. Gross Investment Income

	2016 Total Funds £000	2015 Total Funds £000
Gross income earned from:		
Fixed asset equity and similar investments	125	109
Current asset investments	-	-
Total	125	109

4. Incoming resources from charitable activities

	Unrestricted Funds £000	Restricted Funds £000	2016 Total Funds £000	2015 Total Funds £000
Income from sale of goods or services	1	-	1	1
Total	1	-	1	1

SOUTHERN HEALTH AND SOCIAL CARE TRUST

5 Allocation of Support Costs and Overheads

	2016 Total Funds	Allocated to Governance	Charitable activities	Basis of apportionment
	£000	£000	£000	
Financial Administration	29	29	-	Fund Balances
External Audit	5	5	-	Fund Balances
Total	34	34	-	

6 Analysis of Charitable Expenditure

	Grant funded activity	Support Costs	2016 Total
	£000	£000	£000
Medical research	-	-	-
Purchase of new equipment	-	299	299
Building and refurbishment	-	-	-
Staff education and welfare	-	79	79
Patient education and welfare	-	24	24
Other	-	2	2
Total	-	404	404

7. Auditor's Remuneration

The Auditor's remuneration of £5,000 (2015: £5,750) related solely to the audit, with no other additional work undertaken.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

8. Analysis of Fixed Asset Investments

8.1 Movement in Fixed Asset Investment

	2016 £000	2015 £000
Market value at 1 April 2015	2,845	2,678
Add: Acquisition at cost	-	-
(Loss)/Gain on revaluation	(174)	167
Market value at 31 March 2016	2,671	2,845
Historic cost at 31 March 2016	1,923	1,923

8.2 Market Value as at 31 March 2016

	Held in UK £000	Held outside UK £000	2016 Total £000	2015 Total £000
Investments in a Common Deposit Fund or Investment Fund	2,671	-	2,671	2,845
Total market value of fixed asset investments	2,671	-	2,671	2,845

SOUTHERN HEALTH AND SOCIAL CARE TRUST

9. Analysis of Debtors

	2016 £000	2015 £000
Amounts falling due within one year		
Other debtors	<u>68</u>	<u>91</u>

10. Analysis of Creditors

	2016 £000	2015 £000
Amounts falling due within one year		
Other creditors	<u>116</u>	<u>72</u>

SOUTHERN HEALTH AND SOCIAL CARE TRUST

11. Analysis of Charitable Funds

	Fund at 1 April 2015 £000	Incoming resources £000	Resources expended £000	Transfers £000	Losses £000	Fund at 31 March 2016 £000
Endowment funds						
DHH legacy Mrs Hussey Deburgh 2	3	-	-	-	-	3
Banbridge Community Nursing Fund - CIP	24	-	-	-	(1)	23
Mary Adams Trust CIP	2	-	-	-	-	2
Armagh Community Hospital – Primate Robinson Charity	3	-	-	-	-	3
Other (individually less than 5%)	3	-	-	-	-	3
Endowment funds total	35	-	-	-	(1)	34
Restricted funds						
Other (individually less than 5%)	934	-	(133)	-	-	801
Total Restricted Funds	934	-	(133)	-	-	801
Unrestricted Funds						
Acute Directorate	1,531	298	(267)	-	(105)	1,457
Children & Young People Directorate	345	64	(8)	-	(38)	363
Older People & Primary Care Directorate	134	31	(15)	-	(22)	128
Mental Health & Disability Directorate	60	30	(10)	-	(8)	72
Total Unrestricted funds	2,070	423	(300)	-	(173)	2,020
Grand Total	3,039	423	(433)	-	(174)	2,855

Where necessary, the comparative balances of restricted and unrestricted funds have been reclassified to provide a basis consistent with the current year. These reclassifications have no effect on the Statement of Financial Activities.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

12. Financial Guarantees

The SHSCT Trust Funds do not have any financial guarantees. (2015: £Nil)

13. Related Party Transactions

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

During the year none of the Trustees or members of the key management staff or parties related to them has undertaken any material transactions with the Southern Health and Social Care Trust Trust Funds.

The Charitable Trust Fund has made revenue and capital payments to the Southern Health and Social Care Trust where the Trustees are also members of the Trust Board.

14. Financial Guarantees, Indemnities and Letters of Comfort

The Southern Health and Social Care Trust Charitable Trust Funds has no contingencies or commitments. (2015: £Nil)

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