Health and Social Care Board

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HEALTH AND SOCIAL CARE BOARD

ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

Health and Social Care Board

Annual Accounts

For the year ended 31 March 2012

Laid before the Northern Ireland Assembly under Schedule 1, para 17(5) of the Reform Act for the Regional Agency, by the Department of Health, Social Services and Public Safety.

On 29 June 2012

Any enquiries regarding this document should be sent to us at:
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ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

FOREWORD

These accounts for the year ended 31 March 2012 have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting manual (FReM) and in accordance with the requirements of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

HEALTH & SOCIAL CARE BOARD

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under the Health and Social Care (Reform) Act (Northern Ireland) 2009, the Department of Health, Social Services and Public Safety has directed the Health and Social Care Board (HSCB) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of the affairs of the HSCB, of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FReM) and in particular 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 FReM have been followed, and disclose and explain any material departures in the financial statements;

- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the HSCB will continue in operation;

- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the HSCB;

- pursue and demonstrate value for money in the services the HSCB provides and in its use of public assets and the resources it controls.

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 John Compton of the HSCB as the Accounting Officer for the HSCB. 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 HSCB's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

HEALTH & SOCIAL CARE BOARD

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

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 31 to 74) which I am required to prepare on behalf of the Health and Social Care Board (HSCB) have been compiled from and are in accordance with the accounts and financial records maintained by the HSCB and with the accounting standards and policies for HSC Bodies approved by the Department of Health, Social Services and Public Safety.

Paul Cummings **Director of Finance**

Paul Cummings 11th June 2012

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 31 to 74) are prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Ian Clements **Chairman**

I J Clements 11 - 6 - 12.

Date

John Compton **Chief Executive**

John Compton 11. 6. 12

Date

HEALTH AND SOCIAL CARE BOARD

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

I certify that I have audited the financial statements of the Health and Social Care Board for the year ended 31 March 2012 under the Health and Social Care (Reform) Act (Northern Ireland) 2009. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer Responsibilities, the Health and Social Care Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Health and Social Care (Reform) Act (Northern Ireland) 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Health and Social Care Board's affairs as at 31 March 2012 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care(Reform) Act (Northern Ireland) 2009 and Department of Health, Social Services and Public Safety directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Health, Social Services and Public Safety directions made under the Health and Social Care(Reform) Act (Northern Ireland); and
- the information given in the Annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

KJ Donnelly

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

25 *June 2012*

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

Processes in place by which the HSCB works with partner organisations

- **Public Health Agency (PHA)**

Under Section 8 of the Reform Act, the HSCB is required to produce an annual Commissioning Plan in full consultation and agreement with the PHA. In practice the employees of the HSCB and PHA work in fully integrated/multi-disciplinary teams to support the commissioning process at both local and regional levels.

- **Business Services Organisation (BSO)**

The BSO provides a broad range of support functions for the HSCB under a service level agreement (SLA) between the two organisations. Functions include: financial services; human resource management; training; equality and human rights; information technology; procurement of goods and services; legal services; internal audit and fraud prevention.

- **HSC Trusts**

Trusts provide services in response to the Commissioning Plan, and must meet the standards and targets set by the Minister. In order that these obligations are met, service level agreements (SLAs) between the Trusts and the HSCB are established setting out the range, quantity and quality of services to be provided, linking volumes and outcomes to cost.

Working in close collaboration with the PHA, the HSCB has in place a robust performance management framework. The framework provides the mechanism for managing and monitoring the achievement by Trusts of agreed objectives and targets and also provides a process whereby the HSCB and PHA can work closely in supporting Trusts to improve performance and achieve desired outcomes.

- **Inter-relationship of DHSSPS and HSCB.**

The HSCB engage in a collaborative relationship with the DHSSPS to ensure that progress towards the achievement of all objectives is fully communicated.

The HSCB provide the DHSSPS with prescriptive monthly financial monitoring returns highlighting financial performance and reporting progress towards the achievement of the statutory duty to break-even.

The HSCB provide DHSSPS with quarterly (or as required) assessments of the progress being made in the delivery of DHSSPS strategic objectives and relevant targets in the current Programme for Government, PSAs (Public Service Agreements) and Commissioning Directions, demonstrating how resources are being used to achieve these objectives.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

Senior HSCB officers attend bi-annual accountability reviews with senior departmental officials to discuss the HSCB's operational and financial performance; policy developments and corporate control issues.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of organisational policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in HSCB for the year ended 31 March 2012, and up to the date of the approval of the annual report and accounts and accords with DHSSPS guidance.

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

- A **schedule of matters** reserved for Board decisions, some of which may have been delegated to Committees;
- A **scheme of delegation**, which devolved decision making authority within set parameters to the Chief Executive and other officers;
- **Standing Orders** and **Standing Financial Instructions**, which set out the Board's governance regulations;
- The operation of a **Governance Committee** and an **Audit Committee** (comprised of Non-Executive Directors) to assure adherence to those regulations (as above).

Financial Control Framework and Assurance

The system of internal financial control was based on the systematic regular monitoring of financial information, comprehensive administrative procedures including appropriate segregation of duties and a formal framework of structured delegation and associated accountability.
In particular it included:

- Comprehensive budgeting systems with an Annual Financial Plan, which was reviewed and agreed by the Board;
- Regular reviews by the Board of periodic financial reports, which indicated financial performance against the forecast on the main areas of Board activity;
- Setting targets to measure financial and other performances;
- Clearly defined capital investment control guidelines to safeguard assets;
- As appropriate, formal delegated budget management processes; and
- Systematic scrutiny by an independent internal audit.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

The HSCB secured an independent Internal Audit function which operated to the Government Internal Audit Standards (GIAS) 2011, and whose annual work plan was informed by an analysis of risk to which the HSCB was exposed. During the year to 31 March 2012 Internal Audit reviewed a number of systems and processes which are detailed within the Review of Effectiveness section of this report. The Internal Auditor concluded that the HSCB's system of internal control was satisfactory.

Controls in Respect of the Wider Environment

With regard to the wider control environment the HSCB has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business, in accordance with the law and departmental direction. Therefore, as the HSCB is responsible for commissioning of services, resource allocation and performance management it is important appropriate and effective action is also taken in relation to Trust internal control issues that may impact on the quality, safety or accessibility of services delivered.

During 2011/12 the HSCB has continued to work closely with Trusts in relation to a number of Internal Control issues. These issues are included in the final section of this statement under 'significant control issues'.

Capacity to handle risk

The HSCB has a duty to protect users, carers, staff and others in the planning and delivery of services. Reducing risk is not just about financial or management probity; it is about improving the quality of services and user experience of those services. This means that equal priority needs to be given to the obligations of governance across all aspects of the organisation. There is a need to cover financial, organisational and clinical and social care and a need for these to be truly integrated within the organisation's culture. To this end, during 2011/12 the Board separated its Governance and Audit Committee into two Committees (one for Audit and one for Governance) to ensure equal weight is given to all areas of Governance. Good governance hinges on having clear objectives, sound practices, a clear understanding of the risks run by the organisation and effective monitoring arrangements.

Any organisation seeking to 'continuously improve the quality of services and safeguarding high standards of care' must put in place an accountability framework which permeates all levels of responsibility within the organisation.

During 2011/12 the HSCB has further developed its governance arrangements by establishing a Governance Framework and an Assurance Framework.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

- **Governance Framework**

The Governance Framework is principally concerned with ensuring the HSCB has the basic building blocks in place for good governance through development and implementation of a sound system of internal control. It consists of a suite of documents that provide the Board of the HSCB with the necessary assurances that the organisation is discharging its functions in a way which ensures that risks are managed as effectively and efficiently as possible and to acceptable standards of quality. The specific objective, to protect the organisation against loss, the threat of loss and the consequences of loss, whilst at the same time having a framework in place that highlights the roles, responsibilities, reporting and monitoring mechanisms that are necessary to ensure commissioning and delivery of high quality health and social care. The Governance Framework was approved by the Governance Committee on 1 December 2011.

- **Assurance Framework**

The Assurance Framework provides a clear, concise structure for reporting key information to the Board of the HSCB, its various committees, Senior Management Team (SMT) and other groups/forums.

It will identify which of the organisation's objectives are at risk because of the inadequacies in the operation of controls, or where the HSCB has insufficient assurance about them. In conjunction with the HSCB's Corporate Risk Register, Corporate and Commissioning Plans it will also provide structured assurance about how risks are managed effectively to deliver agreed objectives. This will supply a basis for the spread of good practice throughout the organisation and allow the Board to determine where to make the most efficient and effective use of resources. The Assurance Framework was approved by the Governance Committee on 1 December 2011.

- **Other Governance Related Policies and Procedures**

During the period a number of other governance related policies and procedures were implemented. These included:

- Whistleblowing Policy;
- Adverse Incident and Near Miss Reporting Policy;
- Directorate of Social Care and Children's Governance Framework;
- Information Governance Strategy;
- Records Management Strategy;
- Code of Conduct for staff;
- Gifts and Hospitality.

In addition to the above an action plan was developed, in conjunction with the PHA, to take account of the Bribery Act 2010 and included a review of policy documents for any necessary implementation changes.

STATEMENT ON INTERNAL CONTROL

- **Risk Related Training**

During 2011/12 the HSCB continued to deliver a programme of mandatory training sessions to familiarise staff with organisational protocols on corporate issues such as governance, risk management, health and safety, financial governance, fraud awareness, information governance and complaints. The programme was aimed at maintaining staff awareness and highlighting any changes or developments during the period. This included:

- Identifying and managing corporate risk issues;
- Protecting information held by the organisation and maximising its security;
- Understanding current organisational protocols and how these should be applied;
- Ensuring that all staff remain 'risk aware' as they go about their work each day.

A number of other mandatory training programmes were carried out during the period, including:

- Fraud Awareness (including the implementation of the Bribery Act 2010);
- Financial Governance Training;
- Health and Safety Awareness Training;
- Fire Safety Awareness and Nominated Officer Training;
- Equality and Human Rights Training;
- Information Risk Training.

The risk and control framework

- **Managing Risk**

The HSCB has in place a fully functioning risk register operating across all areas of the HSCB's activity. This includes an overarching Corporate Risk Register together with six Directorate Risk Registers.

The aim of the Risk Register is to maintain a recognised process whereby the Board of the HSCB is kept informed, and has access to the principal risks which face the organisation and the actions being taken to resolve or reduce these risks. The Corporate Risk Register has clear links to the HSCB's Corporate Plan and Assurance Framework. As part of the overarching Governance Framework, the HSCB has in place a robust process for the management of Board wide risks which includes a step by step process from the initial identification of a risk, risk grading, how the risk should be managed and escalation/de-escalation of grading to and from directorate to corporate registers.

During 2011/12 both corporate and directorate registers were reviewed at the end of each financial quarter. The corporate register underwent a thorough review in September 2011 involving meetings with Directors and their senior staff, co-ordinated by senior Governance staff. This has resulted in substantive changes to the corporate register and has provided an assurance mechanism to the Board of Directors that risks to meeting corporate objectives are being effectively managed.

The corporate risk register is approved by the Governance Committee on a quarterly basis and the Board annually (January 2012).

STATEMENT ON INTERNAL CONTROL

- **Management of Information Risk**

During 2011/12 the Board further developed its Information Governance structures and established a reporting framework through which progress can be reported and Information Risks can be escalated where necessary. Structures include the creation of the Senior Information Risk Owner and Information Asset Owner roles and the establishment of an Information Governance Steering Group and Records Management Working Group. These structures and reporting framework have been underpinned by the development of both Information Governance and Records Management strategies and associated action plans.

Work has commenced and is expected to be completed during 2012/13 on the development of an Information Asset Register. A Data Flow Mapping exercise will be conducted which will identify where information is used by third parties and other government departments. Once identified Assets and Data Flows will be risk assessed and where necessary action can be taken to reduce/eliminate those risks.

Other developments during the year include the adoption of the DHSSPS guidance document Good Management, Good Records as the HSCB's Retention and Disposal Schedule. Information Governance E-Learning Training Programmes have been developed and security of records and information has been reviewed across all HSCB offices. The HSCB continues to fully participate in the DHSSPS led Information Governance Advisory Group.

Assurance has been sought from Internal Audit in respect of both Information Governance and Records Management during 2011/12. The Information Governance audit has provided an overall satisfactory level of assurance whilst the assessment of the Records Management Controls Assurance Standard has verified that a substantive level of compliance has been attained.

- **Business Continuity**

Building upon the interim fully operational Business Continuity Plan that was developed last year, the HSCB's arrangements have now been reviewed and updated to meet the BS25999 Standard, required of HSC organisations. Business Continuity is embedded within the ethos of the organisation. Those functions that must continue to be provided through an interruption have been identified through a business impact analysis and strategies have been developed to support the continued provision of these 'critical services'. These strategies are robust and will enhance the resilience of the HSCB in the event of a business interruption. The plan has been validated through a test exercise, which also involved the PHA and BSO. The Plan will be reviewed on an annual basis and the HSCB will ensure that staff fully understand their role within these arrangements.

- **Emergency Preparedness**

A Joint PHA/HSCB/BSO Emergency Response Plan has been developed under the leadership of the PHA. This has been reviewed and updated during 2011/12, and has been activated as a result of the pseudomonas outbreak, the response to which was led by the PHA with support from the HSCB and BSO where required.

Taking forward the lessons learnt from winter 2010, and in preparation for potential adverse conditions in winter 2011, the HSCB, with PHA, organised a 'Severe Weather' workshop which was attended by HSC Trusts Directors of Acute Services, Directors of Community Services, Estates

and Emergency Planning/Business Continuity Managers, Emergency Planning leads at DHSSPS and the BSO. As a result, a revised template for Situation Reports and information flows was developed.

During the year, the senior management teams of the three organisations had further joint training on the Emergency Response Plan.

- **Stakeholder Involvement**

Personal and Public Involvement (PPI) is about involving those who use services, or care for those who use services, with those who plan and deliver services. This involvement can sometimes relate to individuals (personal) or groups or the wider community (public). PPI also supports and facilitates service users, carers and the wider public in articulating their comments, feedback, concerns and issues which they want to be addressed.

These principles are reflected at a number of levels throughout the PHA and HSCB. These range from one to one inter-actions with service users and carers, through to engagements aimed at assessing need, to service design and redesign, to service evaluation, to making investment decisions, to influencing commissioning priorities to policy development. These manifest themselves in a variety of formats with the aim of ensuring that PPI values and principles are embedded and mainstreamed into the work of the PHA and HSCB.

The Wanless Reports and the subsequent Appleby Report highlighted the need to secure a "fully engaged" public in improving health and social well being. This approach is endorsed in DHSSPS Guidance in 2007 and confirmed in the Health and Social Care Reform Act for Northern Ireland in 2009. As a result, the involvement of users and carers is now a statutory duty for all those employed in statutory HSC agencies in Northern Ireland.

The PHA and HSCB are committed to embedding PPI into our culture and practice. PPI approaches will be embraced and operationalised to encourage more open, accountable and collaborative commissioning, service planning and delivery, with service users, carers and communities supported to actively take part in that process.

A Strategy document was presented to the Health and Social Care Board in February 2012, which aims to show that both the PHA and the HSCB are committed to, in their development of PPI.

The Strategy will provide guidance to those who commission, manage, deliver and evaluate HSC services, on how to do so in a way which embraces PPI approaches for the benefit of our service users and carers. Six priority areas have been identified for inclusion in the Strategy. These strategic recommendations will be operationalised with the preparation of an Action Plan.

The PHA and HSCB Joint PPI Implementation Group will be the vehicle through which agreement on the best approach for performance review of the Joint PHA and HSCB PPI Action Plan will be determined. The Action Plan will have a mechanism to accommodate feedback and to demonstrate how feedback will be accounted for and considered, in keeping it up to date and appropriate to the evolving needs of service users, carers, advocates, the wider public and HSC organisations and staff.

STATEMENT ON INTERNAL CONTROL

- **Complaints Handling**

On 1 April 2009 'Complaints in HSC' was introduced for HSC organisations. Within these arrangements, the emphasis is on a strengthened, more robust local resolution of complaints at an early stage and places responsibility on the HSCB for the monitoring and performance management of complaints across the HSC. In addition the HSCB has a role in providing support and advice to Family Practitioner Services (FPS) in respect of complaints handling and processes, and complaints staff may provide the 'honest broker' role in which they act as intermediary between the complainant and the practice complained about, in situations where the complainant does not wish to deal directly with the Practice.

In order to undertake the monitoring role, the HSCB receives an agreed level of information on complaints from HSC Trusts on a monthly basis. In addition, each letter of complaint and response issued is provided to the HSCB from FPS Practices.

The role of the Regional Complaints Group has been reviewed and revised this year, with greater emphasis being placed on addressing specific issues of concern, identifying trends and agreeing any regional action required. A protocol has been developed to ensure that the rich knowledge from complaints is fed into the service and commissioning groups of the HSCB and complements the work ongoing in respect of patient and client experience.

At the request of DHSSPS, the HSCB carried out a process evaluation of 'Complaints in HSC' in order to establish if the procedure has been fully implemented, and identify any strengths and weakness of the new arrangements. The Evaluation established that while 'Complaints in HSC' has not yet been fully implemented in all HSC organisations, there is evidence that significant steps have been taken to implement the principles of the Guidance and to demonstrate good practice. Feedback also indicated that continued effort is required to efficiently achieve more robust local resolution arrangements. While organisations do learn from complaints, there is a need to ensure that both staff and service users are aware of any changes that have been effected to policy and procedures. Fourteen recommendations have been made which will contribute towards the further improvement of implementation of the Guidance. The HSCB will develop an Action Plan and work with DHSSPS and other key stakeholders, including service users, in taking forward the implementation of the recommendations.

- **Medical Negligence**

The HSCB is responsible for the management of ongoing legacy medical negligence cases which had originated or refer to treatment/care pre-Trust establishment.

These cases usually involve complex medical and legal issues and require significant clinical and other specialist advice. The HSCB has a service level agreement with the BSO for legal input which is reviewed annually. The HSCB does not avail of any service from independent legal providers.

The HSCB has a policy in relation to the management of clinical negligence cases, which outlines the delegated authority levels for settlement of these cases and associated payments. Settlement of medical negligence cases is funded by the DHSSPS through the allocation of 'non-cash' revenue resource limit, with the HSCB requiring DHSSPS approval for settlement of cases above £250,000.

STATEMENT ON INTERNAL CONTROL

At the time of establishment of the HSCB, there remained 371 on-going legacy cases regionally. This number has reduced to approximately 130. This reduction represents cases that have been settled, withdrawn and those that have been closed as a result of annual review by the BSO.

A Preliminary Advisory Group meets on a monthly basis to discuss ongoing cases, in particular those requiring decisions to engage expert opinion, those progressing towards hearing and to update figures in respect of financial reserves being held.

Reports are made to the Governance Committee in relation to litigation management and to the Audit Committee in respect of Losses and Compensation annually.

- **Serious Adverse Incidents (SAIs)**

In April 2010, following consultation with key stakeholders, the HSCB issued the procedure for the 'Reporting and Follow up of Serious Adverse Incidents' for full implementation on 1 May 2010.

The aim of the procedure is to provide a system whereby the wider HSC not only report SAIs but there is also a process by which learning from these incidents can be shared both locally and regionally. This provides the mechanism to improve the care and treatment of patients and clients, to improve safety and ensure respectful management of the incident.

The Regional SAI Review Group meets on a bi-monthly basis to consider a range of reports and analysis of SAIs. Membership of the group is made up of professionals and senior managers from across the HSCB and PHA. A section of the meeting is designated to the detailed consideration of significant SAI's where the lead Designated Review Officers (DRO) will be in attendance to discuss the findings, investigations and learning identified.

In October 2011 the first SAI Learning Report was issued to provide SMT, the Governance Committee and the Board of the HSCB with details of identified key regional learning, action taken and proposed, from SAIs reported during the period 1 April 2011 – 30 September 2011. The report will be issued to the Board on a bi-annual basis i.e. second and fourth quarters respectively.

In November 2011 a workshop was held to review the current arrangements for how DROs from both the HSCB and PHA undertake their role, and to identify any opportunities to provide further support and guidance to DROs and as a result improve the management of SAIs.

The HSCB has been working in close collaboration with the PHA to implement the Regional Adverse Incident Learning (RAIL) system. The overall aim of the project is to implement agreed proposals for an integrated system that will support a culture of learning from adverse incidents and the effective implementation of that learning across the HSC and Primary Care services.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

- **Controls Assurance Standards**

The HSCB self-assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2012/13.

The HSCB achieved the following scores for 2011/12 all of which meet the required level of substantive compliance.

Standard	**DHSSPS Expected Level of Compliance**	**HSCB Level of Compliance**	**Audited by Internal Audit**
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	79%	-
Decontamination of medical devices	75% - 99% (Substantive)	Not Applicable	-
Emergency Planning	75% - 99% (Substantive)	83%	-
Environmental Cleanliness	75% - 99% (Substantive)	Not Applicable	-
Environment Management	75% - 99% (Substantive)	75%	-
Financial Management ***(Core Standard)***	75% - 99% (Substantive)	88%	BSO IA
Fire safety	75% - 99% (Substantive)	92%	BSO IA
Fleet and Transport Management	75% - 99% (Substantive)	Not Applicable	-
Food Hygiene	75% - 99% (Substantive)	Not Applicable	-
Governance ***(Core Standard)***	75% - 99% (Substantive)	89%	BSO IA
Health & Safety	75% - 99% (Substantive)	78%	-
Human Resources	75% - 99% (Substantive)	82%	-
Infection Control	75% - 99% (Substantive)	Not Applicable	-
Information Communication Technology	75% - 99% (Substantive)	79%	-
Management of Purchasing and Supply	75% - 99% (Substantive)	81%	-
Medical Devices and Equipment Management	75% - 99% (Substantive)	Not Applicable	-
Medicines Management	75% - 99% (Substantive)	Not Applicable	-
Records Management	75% - 99% (Substantive)	78%	BSO IA
Research Governance	75% - 99% (Substantive)	Not Applicable	-
Risk Management ***(Core Standard)***	75% - 99% (Substantive)	86%	BSO IA
Security Management	75% - 99% (Substantive)	83%	BSO IA
Waste Management	75% - 99% (Substantive)	78%	-

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

Review of Effectiveness

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the HSCB 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 both the Governance Committee and Audit Committee, and a plan to address weaknesses and ensure continuous improvement to the system is in place.

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

- A **schedule of matters** reserved for Board decisions, some of which may have been delegated to Committees;
- A **scheme of delegation**, which devolved decision making authority within set parameters to the Chief Executive and other officers;
- **Standing Orders** and **Standing Financial Instructions**, which set out the Board's governance regulations;
- The operation of a **Governance Committee** and an **Audit Committee** (comprised of Non-Executive Directors) to assure adherence to those regulations (as above).

Role of the Audit and Governance Committees

During 2011/12, the Board approved that the functions undertaken by the Governance and Audit Committee should be divided appropriately between separate Governance and Audit Committees of the Board. The reason for this decision was to ensure that equal weight is afforded to all of the governance domains whether financial, organisational and clinical and social care, allowing the Board to ensure a balanced and proportionate consideration of the full range of its corporate governance responsibilities, particularly with reference to those concerning safety and quality.

Further detailed information on the role of both committees is held within the 2011/12 Annual Report which can be accessed on the HSCB's website www.hscboard.hscni.net.

Corporate Governance - Committees and Structures

In addition to the overarching Governance and Audit Committees, the HSCB has a range of other organisational structures in place to support corporate governance arrangements. Key components of this structure include:

- The operation of a **Governance Officer Group**. This is a multi-disciplinary team who are accountable to the HSCB Senior Management Team for the operational implementation of governance activities across the HSCB. One of the functions of this group is to consider and agree any issues that require to be brought to the attention of the Governance Committee.

- The operation of **five Local Commissioning Groups** to exercise the Board's function under Section 9 of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

- The operation of a **Reference Committee** to exercise the HSCB's function under the Disciplinary Procedures Regulations (NI) 1996 with respect to the referral of disciplinary matters relating to Family Practitioner Services.

- The operation of a **Pharmacy Practices Committee** to exercise the functions of the Board under Regulation 6 (9) the Pharmaceutical Services Regulations (NI) 1997, on behalf of the Board and in accordance with Schedule 4 of the same Regulations.

- The operation of a **Remuneration and Terms of Service Committee** (also comprised of Non-Executive Directors) to advise the Board about appropriate remuneration and terms of service for the Chief Executive and other Senior Executives and Consultants within Departmental policy.

- The operation of a **Review Panel**, to hear representations from a doctor where the Board is proposing conditional inclusion in the Performers' List, contingent removal, suspension and also removal under Regulation 10 (4) from the Primary Medical Performers List to hear the case put forward by the Board's Investigating Officer and make a determination.

Internal Audit

The HSCB secured an independent Internal Audit function which operated to the Government Internal Audit Standards (GIAS) 2011, and whose annual work plan was informed by an analysis of risk to which the HSCB was exposed. During the year to 31 March 2012 Internal Audit reviewed a number of systems and processes namely:

- Financial Review;
- Budgetary Control;
- Commissioning – Independent Sector;
- Management of Contracts with Voluntary and Community Organisations ;
- Visits to Voluntary Organisations;
- Commissioning – Governance Arrangements;
- Management of the Co-operation and Working Together (CAWT) contract;
- Performance Management – Trusts;
- Statutory Functions;
- Family Practitioner Services- Payments & Budgetary Control;
- Information Governance;
- Risk Management;
- Information Communication Technology.

The assurances given by the Internal Auditor are categorised into substantial, satisfactory, limited and unacceptable. In each report the Internal Auditor gave an opinion on the areas audited above and has concluded that the HSCB's system of internal control was satisfactory. One priority 1 recommendation was made within the Information Governance report relating to data flows in respect of personal information and the development of an Information Asset Register. Both of these pieces of work had been previously identified and are being progressed towards full implementation in 2012/13.

STATEMENT ON INTERNAL CONTROL

A number of priority 2 recommendations have been identified which management are actively progressing towards full implementation. This process will be monitored by the Internal Auditor and reported to the Audit and Governance Committees in the mid and end of year assurance statements.

In addition a verification exercise on six Controls Assurance Standards has been completed by the Internal Auditor and details of these can be found on page 16 of this document.

In 2010/11 the Internal Auditor gave limited assurances in the areas of:

- Information Governance;
- Use of Agency Staff ;
- Service and Maintenance Contracts;
- Asset Management (BSO Managed Service).

Actions have been taken by management to implement a number of recommendations made in the Information Governance audit and the remaining actions have been commenced and will be completed during 2012/13 in accordance with the Information Governance and Records Management Strategies. In addition the 2011/12 audit report gave a satisfactory assurance.

The recommendations made in respect of the Use of Agency staff have also been implemented by setting out clear processes and controls for staff which have been re-iterated during mandatory financial governance training.

Management have made significant progress in addressing the priority 2 recommendations within the Service and Maintenance Contracts audit report, with only 1 of 9 remaining, which is in relation to a tenancy agreement with another government body.

The BSO Director of Finance has advised the HSCB, in the February monthly assurance letter, that the BSO has received the Asset Management report for 2011/12 and that there are no priority 1 findings. Of the eight which were raised in 2010/11, five are fully implemented and the remaining three are partially implemented.

External Audit

In the Report to Those Charged with Governance (RTTCWG) dated 31 March 2011, the Comptroller and Auditor General gave an unqualified audit opinion on the financial statements and the regularity opinion of the HSCB's accounts, with 2 priority 1 issues being raised namely:

- Reliance on Third Party Organisations (Business Services Organisation);
- Contract Issues in respect of Agency Staffing.

The related recommendations have been implemented during 2011/12 but will be subject to on-going monitoring by the HSCB.

All other recommendations raised in the RTTCWG have been proactively progressed by management, reported by the Director of Finance and reviewed by the Audit Committee at each meeting throughout 2011/12.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

Explicit Review/Assurances 2011/12

- **RQIA Report: Review of Readiness for Revalidation - Primary Care in Northern Ireland**

Since November 2009 the General Medical Council (GMC) has required every practising doctor to have a licence, and in future all doctors will be required to undergo a process of revalidation in order to retain that licence to practise. It is currently anticipated that revalidation of doctors will commence late in the 2012/13 year. The Medical Profession (Responsible Officers) Regulations (Northern Ireland) 2010 require the HSCB to appoint a Responsible Officer (RO) to ensure that effective clinical governance procedures are in place and to make recommendations on the revalidation of doctors with whom their RO has a prescribed connection. The Assistant Director of Integrated Care, Head of General Medical Services (GMS) is currently the HSCB RO with responsibility for making revalidation recommendations for GP's on the NI Primary Medical Performers List (NI PMPL).

During May 2011 RQIA undertook a review of readiness for revalidation in primary care in Northern Ireland. This involved the provision of evidence by HSCB in relation to the governance arrangements in general practice, the management of the NI PMPL, the management of performance concerns, and the GP appraisal system which is operated by NI Medical & Dental Training Agency (NIMDTA) under the SLA with the HSCB.

The RQIA report is very positive in terms of the existing arrangements in place in the HSCB and states in its conclusion:

"The review team consider that primary care in Northern Ireland is in a good position to begin revalidation. HSCB and NIMDTA have strong leadership in place with staff committed to ensuring that revalidation is successfully introduced".

The report made a number of recommendations for actions to be taken by the HSCB, NIMDTA and DHSSPS, some of which required to be taken forward jointly across these organisations. A number have already been implemented and the remainder are in progress and will be monitored during 2012/13 to ensure completion.

It should be noted, however, that the full details of GMC requirements for revalidation of doctors are not yet known and plans will require to be adapted in light of the finalised GMC guidance.

Significant Internal control issues

Update on prior year control issues which have now been resolved and are no longer considered to be control issues.

- Western Performance Review

Arrangements are in place to take forward all of the issues identified in the Western Trust Performance Review.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

Update on prior year control issues which continue to be considered control issues.

- **Radiology – Plain film reporting**

Following identification of a backlog in reporting of plain film x-rays in 2010, the HSCB received assurances from HSC Trusts that no patients were waiting longer than the agreed standards for reporting of plain film x-rays, and that effective monitoring arrangements were in place to ensure these standards continue to be maintained.

From April 2011, the HSCB put in place arrangements to monitor plain film reporting times along with other diagnostic tests. This allowed plain film reporting times to be monitored on an ongoing basis for sites that use the NIPACS radiological reporting system with any issues identified early and raised with Trusts through the established performance management arrangements. Two sites within Belfast Trust do not use the regional NIPACS system. Work was set in progress with the Trust to establish alternative reporting processes for these sites, together with developing appropriate system solutions for electronic reporting mechanisms.

In June 2012 the Board became aware through a Serious Adverse Incident reported by the Belfast Trust, that the Trust had identified that up to 2000 plain films dating back to January 2011 have not been reported on. The Trust has confirmed that all of these reports have now been reported on and that there have been no critical or unexpected significant findings within this group of patients. The Board understands that the Trust has established an investigation to quantify the unreported plain films prior to 2011.

The Trust has established a review team to look at the causes, impact and measures that need to be put in place to prevent any reoccurrence. The Board will be working with the Trust to ensure that it receives effective monitoring data in relation to plain film reporting.

- **School of Dentistry**

In February 2011 the then Health Minister announced that there would be an Independent Dental Inquiry into the oral medicine service at the School of Dentistry. A summary report with recommendations was produced in July of that year. An action planning group was established with representation from HSCB to determine how the recommendations should be progressed. There were three recommendations which were taken forward by HSCB working in collaboration with BHSCT:

- To ensure that the approximately 900 patients seen in the oral medicine service in 2010 who required a review were offered an appointment by a consultant in oral medicine. This action has been completed by obtaining extra clinical sessions from two locum oral medicine consultants;

- To ensure that the approximately 600 patients seen in the oral medicine service in 2010 who were discharged were offered an appointment for review. This action has been completed through a tender to the independent sector. HSCB worked with the Trust in the development of the tender;

- To develop oral medicine referral criteria for dissemination to primary care practitioners. Draft oral medicine referral criteria have been prepared and a workshop has been scheduled for April 2012 to agree among secondary and tertiary providers of medicine services how best to introduce the criteria to ensure optimally functioning oral medicine referral pathways.

In March 2011 the then Health Minister announced that there would be a review of consultant-led hospital dental services to include oral medicine. Two HSCB representatives participated on the project board for this review. A draft report has been produced and there are a number of actions which will fall to HSCB:

- Undertake a needs assessment and determine the size and skill mix of the workforce required to deliver a regional oral medicine service;

- Develop appropriate oral medicine referral criteria and pathways;

- Consider the use of a referral management system. HSCB is developing a pilot for a new oral surgery contract which will involve the use of a referral management centre;

- Develop an appropriate SLA. The Integrated Care and Commissioning Directorates have been working with the Belfast HSC Trust on the 2012/13 SLA for the dental hospital.

The SAI raised by the Belfast HSC Trust in connection with the recall of the 2009 oral medicine patients has now been closed. However, in August 2011 the Trust alerted HSCB to a further SAI related to their oral medicine service.

HSCB representatives continue to attend action planning meetings organised by the Belfast HSC Trust and will continue to support and monitor the Trust's response.

- **Breach of Social Care Statutory Functions**

New monitoring arrangements have been agreed with Trusts in respect of the breach of Social Care Statutory Functions. These arrangements are now operating, and will be reviewed by Internal Audit in July 2012. It is expected that this improved reporting will mitigate the possibility of further similar breaches.

- **Quality, Quantity and Financial Controls**

This issue reflects the continued difficulties faced by the HSCB in fully commissioning and supporting the level of services provided for in the service and budget agreements with providers.

In 2011/12 the financial constraints in the health and social care sector continued to be monitored by the HSCB and the Health and Social Care Financial Stability Programme Board. The financial controls which were implemented impacted on the commissioning and performance agendas within the HSC sector. These were the subject of close working with all affected organisations to address any difficulties which arose.

STATEMENT ON INTERNAL CONTROL

Looking forward, the model of health and social care which will drive the future shape of the service is now available through 'Transforming Your Care', however for 2012/13 there will be an unprecedented challenge for the HSC to deliver financial balance whilst at the same time maintain the integrity of services and drive forward the transition necessary to effect the long term reforms required.

- **Elective Care**

There was a considerable increase in waiting times for elective access during the first six months of 2011/12. This deterioration in Trusts' performance was directly related to the uncertainty around the financial position which resulted in limited additional activity during this period.

In order to minimise the increase in elective access waiting times and to reduce the number of patients waiting longer than the maximum waiting time standards at the end of March 2012, Trusts undertook additional activity, funded non-recurrently by the HSCB, in the second half of the year. The HSCB has held fortnightly meetings with each Trust to ensure delivery of core capacity, and of in-house and Independent Sector (IS) waiting list plans, and to review progress towards the achievement of agreed end of March position. As a result, significant progress has been made since September and there has been a considerable reduction in the numbers waiting longer than the maximum waiting time standards for elective access.

Overall, the number of outpatients waiting longer than nine weeks has reduced by 31,089 (52%) since end of September 2011, to 28,394 at end of March 2012 and the number waiting longer than 21 weeks has reduced by 16,541 (73%) to 6,018. In relation to patients waiting for inpatient or daycase treatment, the number waiting longer than 13 weeks has reduced by 8,673 (32%) since September 2011 to 18,088 at end of March 2012 and the number waiting longer than 36 weeks has reduced by 3,618 (82%) to 769.

In relation to investment of recurrent funding, The HSCB carried out a detailed acute capacity planning exercise across all Trusts to establish an agreed position in relation to patient demand and the level of current capacity in each elective specialty, taking into account agreed levels of productivity and efficiency. The findings from this exercise have informed decisions in relation to investment of non-recurrent funding in-year and will form the basis of decisions on recurrent funding. To this end, the HSCB is working with Trusts to finalise plans for specialties where there is an agreed recurrent capacity gap. It is the HSCB's intention to make selective, targeted recurrent investments in Trusts (and primary care) where it is confident that the additional activity can be delivered within agreed timescales. Pending the outcome of this exercise, and in order to ensure that the elective position does not deteriorate from April as in previous years, delivery plans have been agreed with Trusts to continue to undertake additional in-house and, where appropriate, IS activity in quarters one and two to maintain, or reduce, the end of March 2012 waiting times. It is the expectation that this will deliver a significantly improved position in most specialties by September 2012.

STATEMENT ON INTERNAL CONTROL

- **Unscheduled Care (4-hour and 12-hour standards)**

Overall, performance against the Accident and Emergency (A&E) standards has been below required levels, both in relation to the 12 hour and 4 hour standards. Regionally during 2011/12 there were 10,213 breaches of the 12 hour standard and cumulatively 80% of patients were treated and discharged, or admitted within 4 hours of their arrival in A&E.

A&E performance remains an area of serious concern and working with Trusts to address this is a top priority.

The HSCB is in daily contact with any Trusts where there are breaches of the 12 hour standard to ensure that appropriate escalation measures are being put in place. Where there are a significant number of breaches, daily director-led teleconferences are held to agree appropriate actions for the resolution of these.

The HSCB's Unscheduled Care Service Improvement Team has undertaken an audit of the appropriateness of admissions, bed utilisation and discharge patterns. The HSCB has also undertaken a wider analysis of the key actions required at each hospital site to improve patient flow and capacity. These together are being used to agree actions with each Trust to improve performance.

Emergency Department (ED) performance is addressed in the monthly performance meetings with each Trust where progress against agreed action is monitored.

The temporary closure of Belfast City Hospital ED in November 2011 increased the risk to the ability to access ED services in a timely manner. The HSCB invested in additional services in Belfast and South Eastern Trusts to enhance their capacity to manage the expected additional demand. It also set up a daily teleconference with Trusts affected by the change, linked to a detailed monitoring of overall capacity and patient flow at their hospitals in order quickly agree remedial actions where required..

In order to help address ED pressures, the HSCB has allocated additional funding of over £5m this year to support Trusts to undertake additional activity and to reduce waiting times for all patients.

Following a further deterioration in A&E performance during the latter part of **2011/12**, the HSCB working with the PHA, has established an Improvement Action Group to ensure that long waiting times are addressed and that the patient experience is improved.

The Improvement Action Group has established a Plan which is a three month programme, with the objective of ensuring that 12-hour waits are eliminated from the system or will only occur on a very exceptional basis; and that performance against the four-hour standard and other measures, including patient experience, improve significantly. Beyond this initial three month period, the focus will broaden to include a wider range of ED quality and safety measures.

The Action Plan has been shared with both the DHSSPS and the Trust Chief Executives. Progress will be reported at all Board meetings commencing April 2012.

STATEMENT ON INTERNAL CONTROL

- **Children's Services (Unallocated Cases)**

Although, apart from the target for family support interventions for vulnerable families and the inclusion of CAMHS within the mental Health standard, there are no formal standards in relation to children's services contained within the Commissioning Plan Direction, the HSCB places a high priority on ensuring effective performance. The number of unallocated cases continued to be an area of concern during the year. The number of unallocated cases in Trusts rose steadily (from 665 in September 2010 to 882 in September 2011).

The HSCB worked with Trusts through the Children's Service Improvement Programme (involving the five Trust Directors of Social Care and Children, and the HSCB's Directors of Social Care and Children, Performance Management and Service Improvement and Finance) to address this issue.

The HSCB acknowledged a demand/capacity gap in this area and in September 2011 allocated additional investment of £2.8m to Trusts to address capacity issues within Trusts. This investment is being used in the first instance to substantially reduce, if not eliminate, unallocated cases and thereafter to have a significant impact on the family support pathway performance.

The HSCB met with all Trusts and, working through the Children's Services Improvement Programme Board, agreed profiled reduction plans for unallocated cases with all Trusts which will see unallocated cases eliminated or substantially reduced during the first two quarters of 2012/13. Performance against this plan is monitored on a monthly basis. The figures at the end of March 2012 indicate that all Trusts are on target to achieve the agreed outcomes. The HSCB will continue to monitor to ensure that this progress is maintained in 2012/13. The Children's Service Improvement Programme also reviewed and issued updated reporting definitions and templates of unallocated cases to ensure standardised reporting across all Trusts.

New significant control issues

- **Northern HSC Trust Performance**

The HSCB met with the Northern HSC Trust in September 2011 to review the Trust's financial and operational performance in the first six months of 2011/12. The HSCB specified its expectations in terms of levels of performance for the remainder of the year, in a number of key areas; Healthcare Acquired Infections, A&E, Elective Care, Children's Services (including child protection case conferences and CAMHS) and Finance.

The HSCB met with the Trust in January 2012 to review progress towards the expected level of performance, at which stage good progress was evident in most areas since September 2011.

This was not the case in relation to A&E performance, and the HSCB highlighted the need for renewed and urgent attention to this key issue. To this end, the HSCB, supported by the PHA, arranged for the PHA Director of Nursing to provide a period of intensive support to the Trust from January to March 2012. The purpose of the work was to assist the Trust to identify opportunities to improve the unscheduled care patient pathway to reduce waiting times in A&E, and improve patient experience. By the end of this period, the Trust demonstrated an improvement in 12 hour performance.

In addition, the HSCB arranged for an external primary care advisor to work with the Trust and local GPs to identify improvements that could be made to the primary/secondary care interface. Reports including a series of recommendations have been submitted to the Trust for consideration and implementation. The HSCB will monitor implementation of the identified recommendations by the Trust, and continue to support the Trust through the work of the Improvement Action Team established to assist Trusts to improve A&E performance more widely.

- **Pseudomonas**

The HSCB supported PHA in the regional response to the outbreak of Pseudomonas Aeruginosa in some neonatal units in NI. In January 2012 the HSCB supported PHA colleagues who worked with Trusts to ensure continuity of neonatal services. The HSCB has also participated in the RQIA-led Independent Review and will act upon any recommendations as directed by Minister/DHSSPS.

- **Child and Adolescent Mental Health Services (CAMHS)**

The Commissioning Plan Direction 2011 requires the HSCB to ensure that Trusts maintain the standard that no patient waits longer than 13 weeks for assessment and commencement of treatment for mental health issues, including for CAMHS. The HSCB has continued to monitor this standard at the higher stand of no patient waiting more than nine weeks.

Trusts have experienced challenges in maintaining the nine week access standard. This has in part been due to significant loss in staff capacity (vacant posts) and in raising referrals for specialist CAMH Services. In response the HSCB has initiated a number of service improvement actions:-

- Development and implementation of Did Not Attend (DNA) service improvement/action plans across all Trusts. (Commenced December 2011);
- Development and implementation of common standardised threshold criteria across specialist CAMH services, due for implementation from May 2012;
- Review of service models including an analysis of demand, capacity and throughput, due for completion by June 2012;
- Establishment of a monthly CAMHS Manager Service improvement Forum to develop and monitor improvement progress.

These actions complement the CAMHS improvement actions developed in response to the RQIA review of CAMHS February 2012 which are being progressed through the CAMHS Bamford implementation sub group.

- **Cancer services**

The Commissioning Plan Direction 2011 requires the HSCB to ensure that Trusts maintain the standard that 95% of patients urgently referred with a suspected cancer begin their first definitive treatment within 62 days.

Cumulatively, at the end of March 81.5% received their first definitive treatment within 62 days.

In order to improve performance and to ensure that patients are receiving treatment within an appropriate timeframe the HSCB is meeting with Trusts on a weekly basis to review the actions being taken with regard to individual patients waiting longer than 62 days and agree where additional actions are required.

The availability of urology services impacts upon performance. The recommendations of the Regional Review of Urology Services are being implemented. The HSCB has agreed the volumes of activity and additional funding associated with the introduction of the three Urology Teams. The three urology teams have now been established and each team is currently working to equalise their waiting times.

- **Endoscopy**

Reducing endoscopy waiting times is a priority for the HSCB and is an important factor in the continuing roll-out of the Bowel Cancer Screening Programme. The HSCB has worked with Trusts to agree demand and capacity levels for agreed endoscopy services and plans have been developed to address the backlog of patients waiting longer than 13 weeks in-year through additional in-house and IS activity. Progress towards achievement of the agreed end of March outcomes is monitored at the fortnightly elective care monitoring meetings.

Overall, the agreed in-house and IS activity has been delivered and the number of patients waiting longer than 13 weeks has reduced significantly since the peak at the end of July 2011. The number of patients waiting longer than 13 weeks was 7 at the end of March 2012.

Consideration is being given to actions to further reduce the waiting time for endoscopy during 2012/13.

- **Paediatric Congenital Cardiac Services**

Paediatric congenital cardiac surgery is a highly complex specialist service which carries a significant risk. Currently the service is substantially provided in Belfast, although more complex cases are treated in other units outside Northern Ireland.

The HSCB recognise that this highly complex specialist service in Belfast is inherently vulnerable mainly because of the low activity levels. As a result there are significant challenges in attaining and sustaining quality against rising standards. Standards for this service are increasing across the UK with a move towards surgeons working in larger teams delivering higher volumes of activity. Available evidence and professional consensus is that larger teams deliver better outcomes.

Against the above background the HSCB has commissioned an external review to consider the current service provision, activity, outcomes and sustainability of the paediatric congenital cardiac service and will provide assurance on the quality of services for patients in Northern Ireland.

STATEMENT ON INTERNAL CONTROL

- **Southern Cross Care Homes**

A multi agency planning group was established, chaired by HSCB, to manage the transfer of homes from Southern Cross to alternative providers due to a solvent wind down of their operations. This ensured effective inter – agency communication, alignment of each agency's processes to meet the necessary deadlines, effective contingency planning, and communication and support to residents and families. The homes were successfully transferred within the required timescale and there were no detrimental effects to the residents or staff.

A de-briefing meeting has been held to ensure that lessons learned from this experience are incorporated into any similar situation. The group will act as an emergency planning group in these circumstances and can be recalled at any time.

- **Community Pharmacy**

During 2011/12 Community Pharmacy Northern Ireland (CPNI) applied to the High Court of Justice in Northern Ireland for Judicial Review against the DHSSPS and the HSCB. The Court found in favour of the Applicant and its order dated 7 February 2012 declared that:

i) The Respondents failed to carry out sufficient consultation and investigation to enable them to compile and publish a Drug Tariff which complies with the statutory objectives, including the objective of ensuring fair and reasonable remuneration for pharmacists, in particular, by failing to carry out any costs survey or any margins survey, and by failing to use available alternative powers to establish key information about the costs and profits of pharmacy businesses in NI;

ii) The Respondents failed to carry out sufficient consultation and investigation to enable them to identify the need for (and arrange for the implantation of) necessary adjustments to the English tariff model in light of conditions in NI, with the objective of ensuring fair and reasonable remuneration for pharmacists in NI;

iii) In the breach of the Applicant's legitimate expectation that a Regulatory Impact Assessment (RIA) would be conducted, the Department has erred in failing to carry out a RIA, and in disregarding paragraphs 1.6 and 1.7 of the RIA Guidance.

A notice of appeal was lodged and served on CPNI on 15 March 2012. A hearing in the court of appeal will be scheduled for 2012/13.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

- **Co-operation and Working Together**

Co-operation and Working Together (CAWT) is a virtual organisation first constituted by the signing of the "Ballyconnell Agreement" in 1992 by the relevant legacy HSC organisations in NI and ROI. In 2010 the Ballyconnell Agreement was revised in light of new HSC organisations and now includes: the HSCB, PHA, Southern HSC Trust, Western HSC Trust and the Health Service Executive from Republic of Ireland.

In July 2011, the HSCB Internal Auditor carried out an audit of the management of the CAWT contract, to ensure that appropriate governance structures existed between CAWT and HSCB and that appropriate financial procedures were operational and being adhered to. The Internal Auditor provided the HSCB with 'Satisfactory Assurance' in relation to the management of the CAWT contract, although recommendations were made to enhance the adequacy and/or effectiveness of risk management, control and governance arrangements.

At its Management Board meeting in October 2011, members agreed that CAWT should invite an external agency to undertake a review of the management structure and governance arrangements. The review is being undertaken by the Institute of Public Administration (IPA), Dublin. The review report was received 28 May 2012 and the HSCB will work with other members of the CAWT Management Board to ensure appropriate action is taken as necessary to further clarify and strengthen existing structures and governance arrangements.

- **Interruption of Information Communication Technology (ICT) Services**

Along with a number of other HSC organisations, the HSCB experienced a significant impact on business in January 2012 due to a prolonged interruption to ICT services. BSO reported the loss of data for a single database hosted in the HSC Data Centres as a Serious Adverse Incident (SAI).

The HSCB wrote to the BSO Chief Executive expressing concern that such a major fault occurred with no back-up resulting in the loss of a full working day, and requested assurance on the resilience of the Information Technology (IT) infrastructure along with plans to address weaknesses and ensure business continuity. In his response, the BSO Chief Executive outlined the steps being taken to address this issue, including the establishment of a Review Team to oversee an audit to:

- Provide assurance on the adequacy and robustness of the IT Data Centres Backup and Recovery processes;
- Identify all ITS supported systems and review backup and recovery arrangements to identify potential weaknesses in these processes;
- Review backup processes to ensure they are adequately managed, monitored and tested.

A member of HSCB staff was part of the Review Team that will consider the findings of the audit in conjunction with the SAI Investigation report during 2012/13.

HEALTH AND SOCIAL CARE BOARD

STATEMENT ON INTERNAL CONTROL

- **Information Security**

Following articles published in the media in October 2011 which indicated that there may have been unauthorised removal of documents containing confidential personal information about individuals and staff the HSCB notified the Information Commissioner's Office. Subsequently the HSCB engaged the Cabinet Office Leak Investigation Team to undertake an investigation into this matter. The HSCB considered it necessary to undertake this investigation to protect such sensitive personal information.

The terms of reference for the investigation were to:

- Establish have documents been removed without authority from the HSCB;
- If practical, identify the source/sources of this unauthorised removal;
- Recommend measures to be taken by the HSCB to strengthen information governance arrangements and minimise the potential for any recurrence.

The Chief Executive wrote to all staff in the HSCB and in the PHA on 5 December 2011 to advise them of this investigation, after having advised all staffside organisations. The Board was briefed on the necessity for the work at its meeting in November 2011, and has been updated on progress at each of its public meetings held in December 2011, January 2011 and February 2012.

The Investigating Team has submitted its report detailing its findings against the terms of reference, including measures to further strengthen information governance arrangements.

The HSCB will carefully consider the recommended measures, and take any necessary steps to enhance the security of information held.

Conclusion

As Accounting Officer and Chief Executive of the Board of the HSCB, the above statement provides a complete and balanced appraisal of my approach, and responsibility for; maintaining a sound system of internal control which responds to risks surrounding the delivery of DHSSPS policies, aims and objectives; and regularly reviewing the effectiveness of that system.

Mr John Compton
Accounting Officer and Chief Executive
Health and Social Care Board

Date

11.6.12

HEALTH AND SOCIAL CARE BOARD

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31st March 2012

	NOTE	2012 £000s	2011 £000s
Expenditure			
Staff costs	3.1	(21,411)	(23,316)
Depreciation	4.3	(2,738)	(2,672)
Other Expenditure	4.0	(944,782)	(935,415)
		(968,931)	(961,403)
Income			
Income from activities	5.1	45,076	42,747
Other Income	5.2	1,363	794
Deferred Income	5.3	0	0
		46,439	43,541
Net Expenditure		**(922,492)**	**(917,862)**
Revenue Resource Limit (RRL) Issued (to)			
Belfast HSC Trust		(1,041,743)	(1,015,202)
South Eastern HSC Trust		(466,913)	(445,459)
Southern HSC Trust		(464,946)	(456,651)
Northern HSC Trust		(536,190)	(527,894)
Western HSC Trust		(454,481)	(438,484)
NIAS HSC Trust		(57,445)	(49,038)
NIMDTA		(1,135)	(1,070)
NIGALA		0	(51)
RQIA		(22)	(122)
Total RRL issued		(3,022,875)	(2,933,971)
Total Commissioner resources utilised		(3,945,367)	(3,851,833)
Revenue Resource Limit (RRL) received from DHSSPS	25.1	3,945,475	3,851,968
Surplus / (Deficit) against RRL		**108**	**135**

OTHER COMPREHENSIVE EXPENDITURE

	NOTE	2012 £000s	2011 £000s
Net (loss) on revaluation of Property, Plant and Equipment	6.1/6.2/ 10	(3,637)	(1,398)
Net gain on revaluation of intangibles	7.1/7.2/ 10	0	130
Net gain/(loss) on revaluation of available for sales of financial assets		0	0
TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2012		**(926,129)**	**(919,130)**

The notes on pages 35 to 74 form part of these accounts.

HEALTH AND SOCIAL CARE BOARD

STATEMENT of FINANCIAL POSITION as at 31 March 2012

	NOTE	2012 £000s	2012 £000s	Restated 2011 £000s	Restated 2011 £000s	Restated 2010 £000s	Restated 2010 £000s
Non Current Assets							
Property, Plant and Equipment	6.1/6.2	17,409		21,425		25,288	
Intangible assets	7.1/7.2	1,369		1,560		1,531	
Financial Assets	8	0		0		0	
Trade and other Receivables	12	0		0		0	
Other Current Assets	12	0		0		0	
Total Non Current Assets			18,778		22,985		26,819
Current Assets							
Assets classified as held for sale	9	0		0		0	
Inventories	11	7		8		2	
Trade and other Receivables	12	5,519		3,902		6,750	
Other current assets	12	2,232		1,493		944	
Financial Assets	8	0		0		0	
Cash and cash equivalents	13	3,302		102		1,562	
Total Current Assets			11,060		5,505		9,258
Total Assets			29,838		28,490		36,077
Current Liabilities							
Trade and other Payables	14	(217,146)		(201,637)		(209,726)	
Other Liabilities	8	0		0		0	
Provisions	16	(20,294)		(28,791)		(24,986)	
Total Current Liabilities			(237,440)		(230,428)		(234,712)
Non current assets plus/less net current assets/liabilities			**(207,602)**		**(201,938)**		**(198,635)**
Non Current Liabilities							
Provisions	16	(27,369)		(17,169)		(25,584)	
Other Payables > 1 yr	14	0		0		0	
Financial Liabilities	8	0		0		0	
Total Non Current Liabilities			(27,369)		(17,169)		(25,584)
Assets Less Liabilities			**(234,971)**		**(219,107)**		**(224,219)**
Taxpayers' Equity							
Revaluation Reserve		7,839		11,476		12,744	
SoCNE Reserve		(242,810)		(230,583)		(236,963)	
			(234,971)		**(219,107)**		**(224,219)**

The notes on pages 35 to 74 form part of these accounts.

Signed Ian Clements (Chairman) Date 11 - 6 - 12

Signed John Compton (Chief Executive) Date 11. 6. 12

HEALTH AND SOCIAL CARE BOARD

STATEMENT OF CASH FLOWS for the year ended 31 March 2012

	Note	2012 £000s	2011 £000s
Cash flows from operating activities			
Net expenditure after cost of capital and interest		(922,492)	(917,862)
Adjustments for non-cash costs	4	12,537	10,403
(Increase)/decrease in trade & other receivables	12	(2,356)	2,299
Decrease/(Increase) in inventories	11	1	(6)
Increase/(Decrease) in trade payables	14	15,509	(8,089)
Movement in payables relating to property, plant and equipment	14	(1,245)	(2,279)
Use of provisions	16	(7,476)	(11,715)
Net cash outflow from operating activities		(905,522)	(927,249)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,162)	(1,265)
Purchase of Intangible Assets	7	(320)	(465)
Net Cash (Outflow) from investing activities		(1,482)	(1,730)
Cash flows from financing activities			
Grant in aid		910,204	927,519
Net financing		910,204	927,519
Net increase/(decrease) in cash and cash equivalents in the period		3,200	(1,460)
Cash and cash equivalents at the beginning of the period	13	102	1,562
Cash and cash equivalents at the end of the period	13	**3,302**	**102**

The notes on pages 35 to 74 form part of these accounts.

HEALTH AND SOCIAL CARE BOARD

STATEMENT OF CHANGES IN TAXPAYERS EQUITY for the year ended 31 March 2012

	Note	SoCNE Reserve £000s	Revaluation Reserve £000s	Total £000s
Balance at 31 March 2010		(236,963)	12,744	(224,219)
Changes in accounting policy – Cost of Capital		0	0	0
Change in accounting policy – clinical negligence		0	0	0
Restated balance at 1 April 2010		**(236,963)**	**12,744**	**(224,219)**
Changes in reserves 2010-11				
Grant from DHSSPS		927,519	0	927,519
Transfers between reserves		0	0	0
(Comprehensive expenditure for the year)		(917,862)	(1,268)	(919,130)
Transfer of Asset Ownership	6.2	(3,332)	0	(3,332)
Non-cash charges-auditors remuneration	4	55	0	55
Balance at 31 March 2011		**(230,583)**	**11,476**	**(219,107)**
Changes in taxpayers equity 2011/12				
Grant from DHSSPS		910,204	0	910,204
Transfers between reserves		0	0	0
(Comprehensive expenditure for the year)		(922,492)	(3,637)	(926,129)
Transfer of Asset Ownership	6.1	4	0	4
Non-cash charges-auditors remuneration	4	57	0	57
Balance at 31 March 2012		**(242,810)**	**7,839**	**(234,971)**

The notes on pages 35 to 74 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Authority

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety (DHSSPS) based on guidance from the Department of Finance and Personnel's (DFP) Financial Reporting manual (FReM) and in accordance with the requirements of the Health and Social Care (Reform) Act (Northern Ireland) 2009.

The accounting policies follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the Health and Social Care Bodies. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the HSCB for the purpose of giving a true and fair view has been selected. The HSCB's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.3 Currency and Rounding

These accounts are presented in UK Pounds sterling. The figures in the accounts are shown to the nearest £1,000.

1.4 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under construction.

Recognition

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the HSCB;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or

● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

● Items form part of the initial equipping and setting-up cost of a new unit, irrespective of their individual or collective cost. On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Valuation of Land and Buildings

The last valuation was carried out as at 31 March 2012 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance and Personnel. The valuers are qualified to meet the 'Member of Royal Institution of Chartered Surveyors' (MRICS) standard.

Land and buildings used for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

● Land and non-specialised buildings – open market value for existing use;

● Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non current assets.

Modern Equivalent Asset

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets Under Construction

The HSCB had no Assets Under Construction in 2011/12 or 2010/11.

Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.5 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of "non-current assets held for sale" are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held under finance leases are also depreciated over their estimated useful lives. The estimated useful life of an asset is the period over which the HSCB expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

Asset Type	**Asset Life**
Freehold Buildings	25-60 years
Leasehold Property	Remaining period of lease
IT Assets	3-10 years
Intangible assets	3-10 years
Other Equipment	3 – 15 years

1.6 Impairment loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure (SoCNE). If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the SoCNE and an amount up to the value of the impairment in the revaluation reserve is transferred to the SoCNE. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the SoCNE to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.7 Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

The overall useful life of the HSCB's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.8 Intangible assets

Intangible assets includes any of the following held - software, licences, trademarks, websites, development expenditure, Patents, Goodwill and Intangible Assets under Construction. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the HSCB's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the HSCB; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised, while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value. Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exits depreciated replacement cost has been used as fair value.

1.9 Donated Assets

The HSCB had no donated assets in either 2011/12 or 2010/11.

1.10 Non-current assets held for sale

The HSCB has no non-current assets held for sale in either 2011/12 or 2010/11.

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.12 Income

Operating Income relates directly to the operating activities of the HSCB and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Grant in aid

Funding received from other entities, including the Department is accounted for as grant in aid and reflected through the Statement of Comprehensive net Expenditure Reserve.

1.13 Investments

The HSCB did not have any investments in either 2011/12 or 2010/11.

1.14 Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The HSCB as Lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the HSCB's surplus or deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land may be either an operating lease or a finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The HSCB as lessor

The HSCB did not have any lessor agreements in either 2011/12 or 2010/11.

1.17 Private Finance Initiative (PFI) transactions

The HSCB had no PFI transactions in either 2011/12 or 2010/11.

1.18 Financial instruments

Financial assets

Financial assets are recognised on the Statement of Financial Position when the HSCB becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the HSCB becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. Financial liabilities are initially recognised at fair value.

Financial risk management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationship with the DHSSPS, and the manner in which they are funded, financial instruments play a more limited role within HSC bodies in creating risk than would apply to a non public sector body of a similar size, therefore the HSCB is not exposed to the degree of financial risk faced by business entities. The HSCB has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the HSCB in undertaking activities. Therefore the HSCB is exposed to limited credit, liquidity or market risk.

Currency

The HSCB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The HSCB has no overseas operations. The HSCB therefore has low exposure to currency rate fluctuations.

Interest rate risk

The HSCB has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

Credit and Liquidity risk

Since the HSCB receives the majority of its funding from the Department of Health Social Services and Public Safety, it has low exposure to credit risk and is not exposed to significant liquidity risks.

1.19 Provisions

In accordance with IAS 37, Provisions are recognised when the HSCB has a present legal or constructive obligation as a result of a past event, it is probable that the HSCB will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using Department of Finance and Personnel's discount rate of 2.2%, or 2.8% in the case of pensions provisions, in real terms.

The HSCB has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the HSCB has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the HSCB has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.20 Contingencies

Under IAS 37**,** the HSCB discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the HSCB, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the HSCB. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.21 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2008, and reviewed by way of a sample survey on an annual basis thereafter. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the HSCB and has not been included.

Retirement benefit costs

The HSCB participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the Board and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Board is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the HSCB and charged to the Statement of Comprehensive Net Expenditure at the time the HSCB commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the statement of financial position date and updates it to reflect current conditions. The 31 March 2008 valuation will be used in the 2011/12 accounts.

1.22 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments.

1.23 Value Added Tax (VAT)

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of Property Plant and Equipment.

1.24 Third Party Assets

The Board had no third party assets in 2011/12 or 2010/11.

1.25 Government Grants

The Board had no Government grants in either 2011/12 or 2010/11.

1.26 Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the HSCB not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.27 General Practitioner Loans Scheme

The HSCB previously accounted for the General Practitioner Loans Scheme as a separate statement within its Annual Accounts; however this had been fully repaid as at 31 March 2011.

1.28 Accounting Standards that have been issued but have not yet been adopted

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted.

Management has reviewed the new accounting policies that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of the initial application.

1.29 Changes in Accounting Policy/Prior Year Restatement

There were no changes in Accounting Policy during 2011/12.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 2. ANALYSIS of NET EXPENDITURE by SEGMENT

The HSCB has identified 3 segments: Commissioning, Family Health Services (FHS) and Administration. Net expenditure is reported by segment as detailed below:

Summary

	Note	2012	2011
Net Expenditure		**£'000s**	**£'000s**
Commissioning	2.1	3,058,203	2,961,947
FHS	2.2	818,723	821,578
Board Administration	2.3	68,441	68,309
Total Commissioner Resources utilised		**3,945,367**	**3,851,834**

2.1 Commissioning

Expenditure			
Belfast HSC Trust	SoCNE	1,041,743	1,015,202
South Eastern HSC Trust	SoCNE	466,913	445,459
Southern HSC Trust	SoCNE	464,946	456,651
Northern HSC Trust	SoCNE	536,190	527,894
Western HSC Trust	SoCNE	454,481	438,484
NIAS HSC Trust	SoCNE	57,445	49,038
NIMDTA	SoCNE	1,135	1,070
NIGALA	SoCNE	0	51
RQIA	SoCNE	22	122
Other providers	4.1	61,372	53,443
		3,084,247	**2,987,414**
Income			
Income from activities	5.1	26,044	25,467
		26,044	**25,467**
Commissioning Net Expenditure		**3,058,203**	**2,961,947**

2.2 FHS

Expenditure			
General Medical Services	4.1	221,502	219,958
General Dental Services	4.1	113,613	106,954
General Pharmaceutical Services	4.1	482,025	492,282
General Ophthalmic Services	4.1	20,615	19,664
		837,755	838,858
Income			
FHS Receipts & Recovery of Charges	5.1	19,032	17,280
FHS Net Expenditure		**818,723**	**821,578**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 2. ANALYSIS of NET EXPENDITURE by SEGMENT (cont'd)

2.3 Board administration

	Note	2012 £'000s	2011 £'000s
Expenditure			
Salaries and Wages	3.1	21,411	23,316
Operating Expenditure	4.2	35,856	35,383
Non Cash Costs	4.3	9,289	7,165
Depreciation	4.3	3,248	3,238
		69,804	69,102
Income			
Staff Secondment Recoveries	3.1	285	690
Operating Income	5.2	1,078	103
		1,363	793
Board Administration Net Expenditure		**68,441**	**68,309**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3. STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

Staff costs comprise:

	2012			2011
	Total £000s	Permanently employed staff £000s	Others £000s	Total £000s
Wages and salaries	17,871	15,851	2,020	19,658
Social security costs	1,412	1,412	0	1,418
Other pension costs	2,128	2,128	0	2,240
Sub-Total	21,411	19,391	2,020	23,316
Capitalised staff costs	0	0	0	0
Total staff costs reported in Statement of Comprehensive Expenditure	21,411	19,391	2,020	23,316
Less recoveries in respect of outward secondments	285			690
Total net costs	**21,126**			**22,626**

Staff Costs exclude £Nil charged to capital projects during the year (2011 £Nil)

The HSCB participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the HSCB and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The HSCB is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

3.2 Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows;

	2012			2011
	Total No.	Permanently employed staff No.	Others No.	Total No.
Commissioning of Health and Social Care	463	415	48	435
Less average staff number in respect of outward secondments	5	5	0	8
Total net average number of persons employed	**458**	**410**	**48**	**427**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3. STAFF NUMBERS AND RELATED COSTS

3.3a Senior Employees' Remuneration

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the HSCB were as follows:

	2011/12			2010/11			2011/12				
Name	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/11 £000s	CETV at 31/03/12 £000s	Real increase in CETV £000s
Non-Executive Members											
I Clements	30-35	0	200	30-35	0	500	0	0	0	0	0
S J Leach	5-10	0	100	5-10	0	100	0	0	0	0	0
M McCullough	5-10	0	100	5-10	0	200	0	0	0	0	0
R Gilmore	5-10	0	200	5-10	0	200	0	0	0	0	0
B McKeever	5-10	0	100	5-10	0	100	0	0	0	0	0
J Mone	5-10	0	300	5-10	0	200	0	0	0	0	0
E Kerr	5-10	0	100	5-10	0	0	0	0	0	0	0
W R Thompson	5-10	0	0	5-10	0	0	0	0	0	0	0
Executive Members											
J Compton*	140-145	0	1,800	140-145	0	300	0	65 - 70 pension 200 - 205 lump sum	0	0	0
P Cummings	105 - 110	0	1,600	105 - 110	0	200	0 - 2.5 pension 0 - 2.5 lump sum	35 - 40 pension 110 - 115 lump sum	558	656	98
F E McAndrew	80 - 85	0	300	80 - 85	0	200	0 - 2.5 pension 0 - 2.5 lump sum	15 - 20 pension 50 - 55 lump sum	321	357	36
S Harper	115 - 120	0	700	120 - 125	0	900	0 - 2.5 pension 5 - 7.5 lump sum	40 - 45 pension 120 - 125 lump sum	645	770	125
D Sullivan (Appointed 01/06/10)	100 - 105	0	800	85 - 90	0	500	0 - 2.5 pension	0 - 5 pension	13	34	21
L McMahon (Appointed 01/09/10)	105 - 110	0	300	60 - 65	0	500	0 - 2.5 pension	10 - 15 pension 20 - 25 lump sum	125	165	40
M Bloomfield** (Appointed 01/04/11)	75 - 80	0	300	30 - 35	0	500	0 - 2.5 pension 0 - 2.5 lump sum	20 - 25 pension 65 - 70 lump sum	293	355	62
Bernard Mitchell (Retired 26/03/11)	0	0	0	75-80	0	0	0	0	0	0	0
H Mullen (left 02/05/10)	0	0	0	15 - 20	0	0	0	0	0	0	0

*Mr Compton's contribution ceased in 2010/11 therefore there is no Real Increase in Pension or CETV after 31/03/11

**Mr Bloomfield held a temporary Executive Director Post from 01/04/10 - 31/08/10.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3. STAFF NUMBERS AND RELATED COSTS

3.3a Senior Employees Remuneration continued

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines prescribed by the institute and Faculty of Actuaries.

Real Increase in CETV - this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (Including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

3.3b Median Salary

	2012 **£**	**2011** **£**
Band of Highest paid Director Total Remuneration	142,500	142,500
Median Salary	31,787	30,580
Median Total Remuneration Ratio	**4.5**	**4.7**

There has been no significant change to the ratio mainly due to the continuing public sector pay freeze.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3. STAFF NUMBERS AND RELATED COSTS

3.4 Reporting of early retirement and other compensation scheme - exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2012	2011	2012	2011	2012	2011
<£10,000	0	0	0	0	0	0
£10,000 - £25,000	0	0	1	0	1	0
£25,000 - £50,000	0	0	6	0	6	0
£50,000 - £100,000	0	0	5	0	5	0
£100,000- £150,000	0	0	5	0	5	0
£150,000- £200,000	0	0	1	0	1	0
> £200,000	0	0	1	0	1	0
Total number of exit packages by type	**0**	**0**	**19**	**0**	**19**	**0**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	**0**	**0**	**1,648**	**0**	**1,648**	**0**

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses at note 4. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3. STAFF NUMBERS AND RELATED COSTS

3.5 Staff Benefits

The HSCB had no staff benefits in 2011/12 or 2010/11.

3.6 HSCB Management Costs

	2012	2011
HSCB Management Costs	28,635	30,628
Income:		
RRL	3,945,475	3,851,968
Less non cash RRL excluding element to cover clinical negligence provision	(12,537)	(10,405)
Income per Note 5	46,439	43,541
Less interest receivable	0	0
Total Income	3,979,377	3,885,104
% of total income	**0.72%**	**0.79%**

The Management Costs have been prepared on consistent basis from previous years and have been based on the appropriate HSCB elements contained in the circular HSS (THR) 2/99.

3.7 Retirements due to ill-health

During 2011/12 there were no early retirements from the HSCB, agreed on the grounds of ill-health.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 4. OPERATING EXPENSES

4.1 Commissioning	2012 £000s	2011 £000s
General Medical Services	221,502	219,958
General Dental Services	113,613	106,954
General Pharmaceutical Services	482,025	492,282
General Ophthalmic Services	20,615	19,664
NHS Trusts	20,097	17,618
Other providers of healthcare and personal social services	41,275	35,825
Total Commissioning	**899,127**	**892,301**

4.2 Operating Expenses are as follows:		
Supplies and services - General	651	369
Establishment	32,869	32,474
Transport	7	7
Premises	2,270	2,389
Bad debts	3	1
Rentals under operating leases	55	142
Interest charges	1	1
Total Operating Expenses	**35,856**	**35,383**

4.3 Non cash items		
Depreciation	2,738	2,672
Amortisation	510	566
Impairments	0	0
Loss on disposal of property, plant & equipment (including land)	53	5
Provisions provided for in year	8,170	6,035
Cost of borrowing of provisions (unwinding of discount on provisions)	1,009	1,070
Auditors remuneration	57	55
Total non cash items	**12,537**	**10,403**
Total	**947,520**	**938,087**

During the year the HSCB purchased no non audit services from its external auditor (NIAO).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 5. INCOME

5.1 Income from Activities

	2012 £000s	2011 £000s
Income from Department of Education	21,739	23,922
CAWT	3,862	520
Family Health Services Receipts	19,032	17,280
Other Income	443	1,025
Total	**45,076**	**42,747**

5.2 Other Operating Income

	2012 £000s	2011 £000s
Accommodation	788	0
Canteen	174	104
Seconded staff	285	690
Charitable and other contributions to expenditure	116	0
Total	**1,363**	**794**

5.3 Deferred income

Income released from conditional grants	0	0
Total	**0**	**0**

TOTAL INCOME	**46,439**	**43,541**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

NOTE 6.1 Property, plant & equipment - year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation							
At 1 April 2011	3,358	10,631	6	0	17,863	164	32,022
Indexation	0	388	0	0	0	0	388
Additions	0	305	0	0	2,102	0	2,407
Reclassifications	0	0	0	0	0	0	0
Transfers	0	0	0	0	8	0	8
Revaluation	171	0	0	0	0	0	171
(Impairments)	(503)	(3,685)	0	0	(7)	0	(4,195)
Reversal of impairments (indexation)	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(2,357)	0	(2,357)
At 31 March 2012	**3,026**	**7,639**	**6**	**0**	**17,609**	**164**	**28,444**
Depreciation							
At 1 April 2011	0	243	6	0	10,203	145	10,597
Indexation	0	8	0	0	0	0	8
Reclassifications	0	0	0	0	0	0	0
Transfers	0	0	0	0	4	0	4
Revaluation	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	(7)	0	(7)
Reversal of impairments (indexation)	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(2,304)	0	(2,304)
Provided during the year	0	260	0	0	2,464	13	2,737
At 31 March 2012	**0**	**511**	**6**	**0**	**10,360**	**158**	**11,035**
Carrying Amount							
At 31 March 2012	**3,026**	**7,128**	**0**	**0**	**7,249**	**6**	**17,409**
At 31 March 2011	**3,358**	**10,388**	**0**	**0**	**7,660**	**19**	**21,425**
Asset financing							
Owned	3,026	7,128	0	0	7,249	6	17,409
Carrying Amount							
At 31 March 2012	**3,026**	**7,128**	**0**	**0**	**7,249**	**6**	**17,409**

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £Nil (2011 £Nil).

The fair value of assets funded from Donations, Government Grants or Lottery was £Nil.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 6.2 Property, plant & equipment - year ended 31 March 2011

	Land £000s	Buildings (excluding dwellings) £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation							
At 1 April 2010	5,435	11,929	6	53	16,602	2,304	36,329
Indexation	0	452	0	0	7	0	459
Additions	0	346	0	0	3,200	0	3,546
Reclassifications	0	806	0	0	0	(2,140)	(1,334)
Transfers	(541)	(2,796)	0	(49)	(801)	0	(4,187)
Revaluation	(721)	(106)	0	(4)	(166)	0	(997)
(Impairments)	(815)	0	0	0	0	0	(815)
Reversal of impairments (indexation)	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(979)	0	(979)
At 31 March 2011	**3,358**	**10,631**	**6**	**0**	**17,863**	**164**	**32,022**
Depreciation							
At 1 April 2010	0	1,015	6	27	9,589	406	11,043
Indexation	0	38	0	0	7	0	45
Reclassifications	0	(1,053)	0		0	(281)	(1,334)
Transfers	0	(25)	0	(29)	(801)	0	(855)
Revaluation	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0
Reversal of impairments (indexation)	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(974)	0	(974)
Provided during the year	0	268	0	2	2,382	20	2,672
At 31 March 2011	**0**	**243**	**6**	**0**	**10,203**	**145**	**10,597**
Carrying Amount							
At 1 April 2010	**5,435**	**10,914**	**0**	**26**	**7,013**	**1,898**	**25,286**
At 31 March 2011	**3,358**	**10,388**	**0**	**0**	**7,660**	**19**	**21,425**
Asset financing							
Owned	3,358	10,388	0	0	7,660	19	21,425
Carrying Amount							
At 31 March 2011	**3,358**	**10,388**	**0**	**0**	**7,660**	**19**	**21,425**
Asset financing							
Owned	5,435	10,914	0	26	7,013	1,898	25,286
Carrying Amount							
At 1 April 2010	**5,435**	**10,914**	**0**	**26**	**7,013**	**1,898**	**25,286**

The fair value of assets funded from Donations, Government Grants or Lottery was £Nil.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 7. INTANGIBLE ASSETS

NOTE 7.1 Intangible assets - year ended 31 March 2012

Cost or Valuation	Software Licenses £000s	Information Technology £000s	Total £000s
At 1 April 2011	897	3,641	4,538
Indexation	0	0	0
Additions	304	16	320
Reclassifications		0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	0	(32)	(32)
At 31 March 2012	**1,201**	**3,625**	**4,826**
Amortisation			
At 1 April 2011	416	2,562	2,978
Indexation	0	0	0
Reclassifications	0	0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	0	(32)	(32)
Provided during the year	112	399	511
At 31 March 2012	**528**	**2,929**	**3,457**
Carrying Amount			
At 31 March 2012	**673**	**696**	**1,369**
At 31 March 2011	**481**	**1,079**	**1,560**
Asset financing			
Owned	673	696	1,369
Carrying Amount			
At 31 March 2012	**673**	**696**	**1,369**

The fair value of assets funded from Donations, Government Grants or Lottery was £Nil.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 7.2 Intangible assets - year ended 31 March 2011

Cost or Valuation	Software Licenses £000s	Information Technology £000s	Total £000s
At 1 April 2010	2,440	611	3,051
Indexation	0	0	0
Additions	465	0	465
Reclassifications	0	0	0
Transfers	(2,008)	2,900	892
Revaluation	0	130	130
(Impairments)	0	0	0
(Disposals)	0	0	0
At 31 March 2011	**897**	**3,641**	**4,538**
Amortisation			
At 1 April 2010	1,303	217	1,520
Indexation	0	0	0
Reclassifications	0	0	0
Transfers	(928)	1,820	892
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	0		0
Provided during the year	41	525	566
At 31 March 2011	**416**	**2,562**	**2,978**
Carrying Amount			
At 1 April 2010	**1,137**	**394**	**1,531**
At 31 March 2011	**481**	**1,079**	**1,560**
Asset financing			
Owned	481	1,079	1,560
Carrying Amount			
At 31 March 2011	**481**	**1,079**	**1,560**
Asset financing			
Owned	1,137	394	1,531
Carrying Amount			
At 1 April 2010	**1,137**	**394**	**1,531**

The fair value of assets funded from Donations, Government Grants or Lottery was £Nil.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 8. FINANCIAL INSTRUMENTS

Due to the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within the HSCB in creating risk than would apply to a non public sector body of a similar size, therefore the HSCB is not exposed to the degree of financial risk faced by business entities. The HSCB has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the HSCB in undertaking activities. Therefore the HSCB is exposed to little credit, liquidity or market risk.

NOTE 9. ASSETS CLASSIFIED AS HELD FOR SALE

Non current assets held for sale comprise of non current assets which are held for resale, rather than for continuing use within the business.

The HSCB did not hold any assets classified as held for sale in 2011/12 or 2010/11.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 10. IMPAIRMENTS

	2012		
	Property, plant & equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	4,188	0	4,188
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	4,188	0	4,188
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	**0**	**0**	**0**

	2011		
	Property, plant & equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	815	0	815
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	815	0	815
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	**0**	**0**	**0**

	2010		
	Property, plant & equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	345	0	345
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	0	0	0
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	**345**	**0**	**345**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 11. INVENTORIES

	2012 £000s	2011 £000s	2010 £000s
List by classification			
Stationery	0	0	2
Oil	7	8	0
Total	**7**	**8**	**2**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2012 £000s	Restated 2011 £000s	Restated 2010 £000s
Amounts falling due within one year			
Trade receivables	4,600	3,396	6,021
VAT receivable	919	506	729
Trade and other receivables	5,519	3,902	6,750
Prepayments and accrued income	2,232	1,493	944
Other current assets	2,232	1,493	944
Amounts falling due after more than one year			
Trade and other receivables	0	0	0
Other current assets falling due after more than one year	0	0	0
TOTAL TRADE AND OTHER RECEIVABLES	5,519	3,902	6,750
TOTAL OTHER CURRENT ASSETS	2,232	1,493	944
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	**7,751**	**5,395**	**7,694**

The balances are net of a provision for bad debts of £Nil (2011 £Nil) (2010 £Nil)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

12.1 Trade receivables and other current assets: Intra-Government balances

	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Restated Amounts falling due within 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s	Restated Amounts falling due after more than 1 year 2009/10 £000s
Balances with other central government bodies	3,091	3,781	0	0	0	0
Balances with local authorities	4	2	0	0	0	0
Balances with NHS /HSC Trusts	228	1,516	6,827	0	0	0
Balances with public corporations and trading funds	0	0	0	0	0	0
Intra-Government Balances	3,323	5,299	6,827	0	0	0
Balances with bodies external to government	4,428	96	867	0	0	0
Total Receivables and other Current Assets at 31 March	**7,751**	**5,395**	**7,694**	**0**	**0**	**0**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 13. CASH AND CASH EQUIVALENTS

	2012	2011	2010
	£000s	£000s	£000s
Balance at 1st April	102	1,562	1,377
Net change in cash and cash equivalents	3,200	(1,460)	185
Balance at 31st March	**3,302**	**102**	**1,562**

The following balances at 31 March were held at	2012	2011	2010
	£000s	£000s	£000s
Commercial banks and cash in hand	3,302	102	1,562
Balance at 31st March	**3,302**	**102**	**1,562**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2012 £000s	Restated 2011 £000s	Restated 2010 £000s
Amounts falling due within one year			
Other taxation and social security	667	172	1,269
VAT payable	0	0	0
Trade capital payables - property, plant and equipment	1,121	2,365	86
Trade capital payables - intangibles	0	0	0
Trade revenue payables	81,276	83,299	114,129
Payroll payables	3,254	2,672	1,551
Clinical negligence payables	220	14	15
RPA payables	0	0	3,167
BSO payables	3,967	6,793	17,194
Other payables	3,724	1,626	8,242
Accruals and deferred income	122,917	104,696	64,073
Trade and other payables	217,146	201,637	209,726
Other current liabilities	0	0	0
Total payables falling due within one year	217,146	201,637	209,726
Amounts falling due after more than one year			
Total non current other payables	0	0	0
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	**217,146**	**201,637**	**209,726**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14.1 Trade payables and other current liabilities - Intra-government balances

	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Restated Amounts falling due within 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s	Restated Amounts falling due after more than 1 year 2009/10 £000s
Balances with other central government bodies	1,788	2,450	1,244	0	0	0
Balances with local authorities	495	6	0	0	0	0
Balances with NHS /HSC Trusts	22,610	18,879	10,385	0	0	0
Balances with public corporations and trading funds	0	0	0	0	0	0
Intra-Government Balances	24,893	21,335	11,629	0	0	0
Balances with bodies external to government	192,253	180,302	198,097	0	0	0
Total Payables and other liabilities at 31 March	**217,146**	**201,637**	**209,726**	**0**	**0**	**0**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 15. PROMPT PAYMENT POLICY

15.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that the HSCB pay their non HSC trade creditors in accordance with the Better Payments Practice Code and Government Accounting Rules. The HSCB's payment policy is consistent with the Better Payments Practice Code and Government Accounting rules and its measure of compliance is:

	2012 Number	2012 Value £000s	2011 Number	2011 Value £000s
Total bills paid	16,896	42,065	17,975	69,430
Total bills paid within 30 day target or under agreed payment terms	15,486	37,411	16,956	61,568
% of bills paid within 30 day target or under agreed payment terms	**91.7%**	**88.9%**	**94.3%**	**88.7%**

15.2 The Late Payment of Commercial Debts Regulations 2002

	£
Amount of Compensation paid for payment(s) being late	782
Amount of Interest paid for payment(s) being late	0
Total	**782**

This is also reflected as a fruitless payment in note 26.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 16. PROVISIONS FOR LIABILITIES AND CHARGES - 2012

	Pensions relating to other staff £000s	Clinical negligence £000s	Other £000s	2012 £000s
Balance at 1 April 2011	11,064	28,916	5,980	45,960
Provided in year	5,352	7,720	1,314	14,386
(Provisions not required written back)	(229)	(5,896)	(91)	(6,216)
(Provisions utilised in the year)	(1,090)	(6,017)	(369)	(7,476)
Cost of borrowing (unwinding of discount)	243	636	130	1,009
At 31 March 2012	**15,340**	**25,359**	**6,964**	**47,663**

Comprehensive Net Expenditure Account charges	**2012**	**2011**
	£000s	**£'000**
Arising during the year	14,386	15,561
Reversed unused	(6,216)	(9,526)
Cost of borrowing (unwinding of discount)	1,009	1,070
Total charge within Operating expenses	**9,179**	**7,105**

Analysis of expected timing of discounted flows

	Pensions relating to other staff £000s	Clinical negligence £000s	Other £000s	Total 2012 £000s
Not later than one year	1,121	18,766	407	20,294
Later than one year and not later than five years	4,806	6,593	1,575	12,974
Later than five years	9,413	0	4,982	14,395
At 31 March 2012	**15,340**	**25,359**	**6,964**	**47,663**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 16. PROVISIONS FOR LIABILITIES AND CHARGES - 2011

	Pensions relating to other staff £000s	Clinical negligence £000s	Other £000s	2011 £000s
Balance at 1 April 2010	13,280	32,160	5,130	50,570
Transfer between provisions	(2,190)	0	2,190	0
Provided in year	1,423	13,605	533	15,561
(Provisions not required written back)	(611)	(7,406)	(1,509)	(9,526)
(Provisions utilised in the year)	(1,074)	(10,150)	(491)	(11,715)
Cost of borrowing (unwinding of discount)	236	707	127	1,070
At 31 March 2011	**11,064**	**28,916**	**5,980**	**45,960**

Analysis of expected timing of discounted flows

	Pensions relating to other staff £000s	Restated Clinical negligence £000s	Restated Other £000s	Restated 2011 £000s
Not later than one year	1,098	27,239	454	28,791
Later than one year and not later than five years	4,316	1,677	1,410	7,403
Later than five years	5,650	0	4,116	9,766
At 31 March 2011	**11,064**	**28,916**	**5,980**	**45,960**

Provisions have been made for 4 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement and Injury Benefit. The provision for Early Retirement and Injury Benefit relates to the future liabilities for the HSCB based on information provided by the HSC Superannuation Branch. For Clinical Negligence, Employer's and Occupier's claims and Employment Law the HSCB has estimated an appropriate level of provision based on professional legal advice.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 17. CAPITAL COMMITMENTS

The HSCB did not have any capital commitments at 31 March 2012 or 31 March 2011.

NOTE 18. COMMITMENTS UNDER LEASES

18.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases comprise	2012 £000s	2011 £000s	2010 £000s
Land			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	0	**0**	**0**
Buildings			
Not later than 1 year	55	142	159
Later than 1 year and not later than 5 years	28	50	192
Later than 5 years	0	0	0
	83	**192**	**351**
Other			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	0	**0**	**0**

18.2 Finance Leases

The HSCB had no finance leases in 2011/12 or 2010/11.

18.3 Operating Leases

The HSCB had no lessor obligations in either 2011/12 or 2010/11.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 19. COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

The HSCB had no commitments under PFI or other service concession arrangement contracts in 2011/12 or 2010/11.

NOTE 20. OTHER FINANCIAL COMMITMENTS

The HSCB did not have any other financial commitments at either 31 March 2012 or 31 March 2011.

NOTE 21. FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

Because of the relationships with HSC Commissioners, and the manner in which the HSCB is funded, financial instruments play a more limited role within the HSCB in creating risk than would apply to a non public sector body of a similar size, therefore the HSCB is not exposed to the degree of financial risk faced by business entities. The HSCB has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the HSCB in undertaking activities. Therefore the HSCB is exposed to little credit, liquidity or market risk.

The HSCB did not have any financial instruments at either 31 March 2012 or 31 March 2011.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 22. CONTINGENT LIABILITIES

Clinical negligence

The HSCB has contingent liabilities of £1.775m

	2012	2011	Restated 2010
	£000s	£000s	£000s
Total estimate of contingent clinical negligence liabilities	1,773	2,667	4,175
Amount recoverable through non cash RRL	(1,773)	(2,667)	(4,175)
Net Contingent Liability	**0**	**0**	**0**

In addition to the above contingent liability, provision for clinical negligence is given in Note 16. Other clinical litigation claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from such claims cannot be determined as yet.

Contingencies not relating to clinical negligence are as follows:

	2012	2011	Restated 2010
	£000s	£000s	£000s
Employers' liability	3	35	2
Total	**3**	**35**	**2**

NOTE 23. RELATED PARTY TRANSACTIONS

The HSCB is an arms length body of the Department of Health, Social Services and Public Safety and as such the Department is a related party with which the HSCB has had various material transactions during the year. In addition, the HSCB has had various material transactions with the Business Services Organisation for which the Department is regarded as the parent.

Ms Fionnuala McAndrew (Director of Social Care and Children, HSCB) is a member of the Board of Directors of the registered charity, Children in Northern Ireland (CiNI), which may be likely to do business with the HSC in the future.

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the HSCB.

NOTE 24. THIRD PARTY ASSETS

The HSCB held £Nil cash at bank and in hand at 31 March 2012, or 31 March 2011, relating to third parties.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 25. FINANCIAL PERFORMANCE TARGETS

25.1 Revenue Resource Limit

The HSCB is given a Revenue Resource Limit which it is not permitted to overspend.

	2012 Total £000s	2011 Total £000s
DHSSPS (excludes non cash)	3,932,938	3,841,564
Non cash RRL (from DHSSPS)	12,537	10,404
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	**3,945,475**	**3,851,968**

25.2 Capital Resource Limit

The HSCB is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

	2012 Total £000s	2011 Total £000s
Gross capital expenditure	2,727	4,011
Capital Resource Limit	2,727	4,038
Underspend against CRL	**0**	**(27)**

NOTE 25.3 Financial Performance Targets

The HSCB is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25% of RRL limits.

	2011/12 £000s	2010/11 £000s
Net Expenditure	(3,945,367)	(3,851,833)
RRL	3,945,475	3,851,968
Surplus against RRL	108	135
Break Even cumulative position(opening)	223	88
Break Even cumulative position (closing)	**331**	**223**

Materiality Test:	**2011/12**	**2010/11**
Break Even in year position as % of RRL	0.00%	0.00%
Break Even cumulative position as % of RRL	0.01%	0.01%

The HSCB has met its requirements to contain Net Resource Outturn to within + / - 0.25% of its agreed Revenue Resource Limit (RRL), as per DHSSPS Circular HSC (F) 21/2012.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 26. LOSSES & SPECIAL PAYMENTS

26.1 Part A: Losses

	TYPE OF LOSS	NO. OF CASES	VALUE £
1	Cash Losses - Theft, fraud etc	0	0
2	Cash Losses - Overpayments of salaries, wages and	0	0
3	Cash Losses - Other causes (including unvouched and incompletely vouched payments)	0	0
4	Nugatory and fruitless payments		
	i. Abandoned capital Schemes	0	0
	ii. Late Payment of Commercial Debt	32	782
	iii. Other	0	
5	Bad debts and claims abandoned	9	1,950
6	Stores and Inventory Losses - Theft, fraud, arson (whether		
	i. Bedding and linen	0	0
	ii. Other equipment and property	0	0
7	Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)	0	0
8	Stores and Inventory Losses - Deterioration in store	0	0
9	Stores and Inventory Losses - Stocktaking discrepancies	0	0
10	Stores and Inventory Losses - Other causes	0	0
	i. Bedding and linen	0	0
	ii. Other equipment and property	1	449
11	Compensation payments (legal obligation)		
	i. Clinical Negligence	12	4,198,556
	ii. Public Liability	0	0
	iii. Employers Liability	0	0
12	Ex-gratia payments - Compensation payments (including payments to patients and staff)	1	250
13	Ex-gratia payments - Other payments	0	0
14	Extra statutory payments	0	0
15	a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil	0	0
	b. Damage to vehicles	0	0
	TOTAL	**55**	**4,201,987**

There were two settlements relating to 2 individual cases exceeding £250,000

1) Clinical Negligence, Cerebral palsy £0.922m
2) Clinical Negligence, Cerebral palsy £2.540m

26.1 Part B: Departmental Approval Awaited

There are currently no losses or special payments recorded in Part A for which Departmental approval is necessary and awaited.

26.1 Part C: Estimate of Loss

Estimate of patient exemption fraud.

The calculation was carried out by the Business Services Organisation (BSO) Information and Registration Unit on the following basis:

1. The BSO on behalf of the HSCB, handles payments to contractors providing family practitioner services. The Counter Fraud and Probity Service within the BSO is responsible for checking patient exemption entitlement and for taking follow-up action where a patient's claim to exemption from statutory charges has not been confirmed.

2. Given the volume of Dental and Ophthalmic claims each year, sampling is used to establish an estimate of the total annual potential loss due to fraud. Patients aged 80 and over are excluded from the population from which the sample is drawn. The sample data is passed to the Department for Works and Pensions and the Business Services Authority to provide independent verification of entitlement across a number of exemption categories. Where entitlement to exemptions claimed is not confirmed for individual patients as part of this process, such instances are referred as cases to EPES case management system for further investigation.

3. To estimate the total annual loss in the population the BSO applies the estimate rate of loss for each exemption category in the sample to the volumetric and average liability for that category in the population.

The total loss for the NI region for 2011/12 has been estimated as £2.8m (£2.3m Dental, £0.5m Ophthalmic). Comparative figures for 2010/11 when uplifted to 2011/12 activity levels, are: Dental £2.0m and Ophthalmic £0.6m

26.1 Part D: Special Payments

The HSCB made no special payments in 2011/12 or 2010/11.

NOTE 27. POST BALANCE SHEET EVENTS

There are no post balance sheet events having a material effect on the accounts.

NOTE 28. DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 25 June 2012.

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