

Department of Health, Social Services and Public Safety

Northern Ireland Health and Social Services Boards Accounts

For the year ended 31 March 2005

*Laid before the Houses of Parliament
by the Department of Health, Social Services and Public Safety in accordance
with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Article
2(10) of the Northern Ireland Act 2000 (Prescribed Documents) Order 2004*

5th February 2007

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

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Contents	Page
Part I:	
Northern HSS Board Annual Accounts 2004/05	
Foreword	3
Statement of Board's and Chief Executive's Responsibilities	4
Certificates of Director of Finance, Chairman and Chief Executive	5
Statement of Internal Control	6
Certificate and Report of the Comptroller and Auditor General	12
Revenue Income and Expenditure Account	14
Capital Income and Expenditure Account	15
Balance Sheet	16
Cash Flow Statement	17
Statement of Recognised Gains and Losses	18
Notes to the Accounts	19
General Practitioner Loans Scheme	47
Certificate and Report of the Comptroller and Auditor General	48
Part II:	
Southern HSS Board Annual Accounts 2004/05	
Foreword	52
Statement of Board's and Chief Executive's Responsibilities	53
Certificates of Director of Finance, Chairman and Chief Executive	54
Statement of Internal Control	55
Certificate and Report of the Comptroller and Auditor General	62
Revenue Income and Expenditure Account	64
Capital Income and Expenditure Account	65
Balance Sheet	66
Cash Flow Statement	67
Statement of Recognised Gains and Losses	68
Notes to the Accounts	69
General Practitioner Loans Scheme	97
Certificate and Report of the Comptroller and Auditor General	98
Part III:	
Eastern HSS Board Annual Accounts 2004/05	
Foreword	102
Statement of Board's and Chief Executive's Responsibilities	103
Certificates of Director of Finance, Chairman and Chief Executive	104
Statement of Internal Control	108
Certificate and Report of the Comptroller and Auditor General	105
Revenue Income and Expenditure Account	112
Capital Income and Expenditure Account	113
Balance Sheet	114

Cash Flow Statement	115
Statement of Recognised Gains and Losses	116
Notes to the Accounts	117
General Practitioner Loans Scheme	145
Certificate and Report of the Comptroller and Auditor General	146
Statement of Comptroller and Auditor General	148

Part IV:

Western HSS Board Annual Accounts 2004/05

Foreword	151
Statement of Board's and Chief Executive's Responsibilities	152
Certificates of Director of Finance, Chairman and Chief Executive	153
Statement of Internal Control	154
Certificate and Report of the Comptroller and Auditor General	158
Revenue Income and Expenditure Account	160
Capital Income and Expenditure Account	161
Balance Sheet	162
Cash Flow Statement	163
Statement of Recognised Gains and Losses	164
Notes to the Accounts	165
General Practitioner Loans Scheme	194
Certificate and Report of the Comptroller and Auditor General	195

**NORTHERN HEALTH AND SOCIAL SERVICES BOARD
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005**

Foreword

These accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

Statement of Northern Board's and Chief Executive's Responsibilities

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003) the Board is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on the accruals basis and must provide a true and fair view of the state of affairs of the Northern Board, of its income and expenditure and cash flows for the financial year

In preparing the financial statements the Board is required to:

- Observe the accounts direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards 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 Board will continue in operation;
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- Pursue and demonstrate value for money in the service the Board 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 S MacDonnell of Northern Health and Social Services Board as the Accountable Officer for the Board. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Statement on Internal Control

Scope of Responsibility

The Board of Northern Health and Social Services Board is accountable for internal control. As Accountable Officer and Chief Executive of the Board of Northern Health and Social Services Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

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, and to 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 The Northern Health & Social Services Board for the year ended 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

The Board 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;
- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions, the establishment of an audit committee.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the board;
- regular reviews by the board of periodic annual financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.

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

Northern Area Internal Audit carried out a series of audits throughout 2004/5 in accordance with the 2004/5 annual plan agreed by the Board's Audit Committee. Areas reviewed by Internal Audit during the year:-

Financial Systems

Salaries and Wages;
Creditor Payments;
Cash and Banking;
General Ledger/Financial Reporting;
Debtors' Invoicing;
Budgetary Control;
Travel Expenses.
Primary Care

General Medical Services (new contract);
Family Practitioner Probity;
Local Health and Social Care Groups.

Other Areas

Wider Governance;
Partnerships;
Registration and Inspection – specialist support in respect of care of patients'/residents' monies in Homes in the independent sector;
Value for money study into use of Board owned mobile 'phones.

In all cases an independent audit opinion has been given, based on the work undertaken and resultant findings. Recommendations made to address the issues raised that have been accepted by the Board will be monitored in due course to confirm their implementation. Our findings are classed into high; medium and low. In all cases an adequate/satisfactory assurance was given in respect of the operation of internal controls with one exception. The finding in respect of the East Antrim Local Health and Social Care Group was that there was insufficient evidence of monitoring and evaluation of funded projects.

During the course of 2004/5 the Chief Internal Auditor has been extensively involved in the development of appropriate protocols to be adopted in respect of the payment of grants and the management of partnerships/interagency working. These are based on an assessed risk approach and comply with the current thinking within the Department of Health, Social Services and Public Safety. An internal audit of this evolving area in February 2005 found that revised processes and procedures are being followed satisfactorily.

Northern Area Internal Audit has also undertaken an independent review of the ongoing embedding of the wider governance agenda (risk management/controls assurance/clinical and social care governance) and, based on the work undertaken, can confirm that the Board complies with DHSS&PS requirements.

With regard to the wider control environment the Northern Health and Social Services Board 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. Every effort is made to ensure that the objectives of the Northern Health

and Social Services Board are pursued in accordance with the recognised and accepted standards of public administration.

For example: the Northern Health and Social Services Board recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation.

Capacity to handle risk

As Accountable Officer, the Chief Executive has overall responsibility for risk management within the Board. The Director of Information, Risk and Performance Management has been delegated lead responsibility for risk management to provide a locus within the boardroom.

The Board's Risk Management Co-ordinator, who is accountable to the lead Director for risk management, has the responsibility for advising and supporting all staff, on the development of risk management methodologies and co-ordinating activities, in line with the Board's risk management strategy and action plan.

A Risk Management and Clinical and Social Care Governance Committee has been established, which meets regularly, and is responsible for reviewing the effectiveness and reporting on the organisation-wide systems and procedures, in place, for the co-ordination and prioritisation of risk management issues.

A multi disciplinary operational group, comprising of representatives from each Directorate and LHSCG, chaired by the lead Director for risk management, has been established and meets regularly, to co-ordinate and support directorates with operational implementation of our risk management framework. The Group provides a focus on risk and brings together the relevant expertise and pools information and knowledge thus providing an organisation-wide approach.

There is a Board approved risk management strategy in place, which is the pivotal component of risk management delivery within the NHSSB. The strategy outlines the NHSSB's responsibilities, reporting structures and sets out the aims of the NHSSB in promoting effective risk management. The strategy incorporates the principles of the AS/NZS 4360:1999, the common model of risk management adopted by the Department and is available to all staff via the NHSSB intranet staff website.

A risk management action plan for 2004-5 which sets out the NHSSB's risk management programme of work, inclusive of the HPSS controls assurance programme was approved and taken forward during 2004-5. The Risk Management and Clinical and Social Care Governance Committee reviewed progress against this action plan on a regular basis.

During 2004-5, the Board continued to develop and provide specialised risk management training. The training is tailored to meet the levels of responsibility of staff and the degree of involvement with and responsibility for risk management. In addition to the general awareness training provided to staff, a corporate risk management programme was developed and in June 2004, the programme was delivered to Board members.

In June 2004, senior staff, including representative from our Local Health and Social Care Groups attended a board-wide risk management workshop, which focused on ensuring a consistent approach to the identification and scoring of risks across the organisation. The Board had defined and agreed a robust process for the identification and evaluation of corporate risks and the workshop provided an opportunity to apply the process in practice. This workshop and structured interviews with Directors and senior managers culminated in the Board's corporate risks being determined. In line with this process, the risks identified were considered and validated by the

Senior Management Team before being appended to the Board's corporate risk register. The corporate register has been the subject of close monitoring and review in year and now forms the basis of regular reports to the Senior Management Team and the Board.

The Board continues to be represented on the Regional Four Board Governance Group and the Regional Governance Network. These networks provide a forum where specialised knowledge within health and social care in Northern Ireland is promoted, developed and shared. The Board is a member of Sector Healthcare HRRI formerly Capita Consulting Healthcare and Risk Forum, and Alarm, the National Forum for Risk Management in the Public Sector. These networks also provide an opportunity to share solutions and approaches and to learn from experiences whilst promoting professionalism and best practice in risk management.

The risk and control framework

The Northern Health and Social Services Board has developed a risk management strategy which is the backbone of risk management delivery. An action plan, setting out the Board's risk management programme of work was approved and taken forward during 2004-5. The Risk Management and Clinical and Social Care Governance Committee reviewed progress against this action plan on a regular basis.

The Board has laid sound foundations for the management of risks and has robust systems in place for the identifying and evaluating risks. The Board built on these strengths during 2004-5 to ensure that decisions taken at every level are based on a thorough assessment of the risks to the achievement of our objectives and that they are transparent and actively managed.

A defined process for corporate risk identification has been established and approved and is consistently applied across the organisation. It is the responsibility of the Risk Management Co-ordinator to work in conjunction with nominated directorate risk leads to ensure that potential corporate risks identified are brought to the attention of the senior management team.

A corporate risk register is in place and is supported by a set of local registers, this allows for the capturing and appropriate management of risk information at all levels throughout the organisation by all individuals. Corporate risks identified are managed by:

- Establishing a Lead Director for each risk priority
- Setting out the controls in place to manage each risk priority
- Providing regular progress reports

The corporate register is the subject of close monitoring and review by the Senior Management Team and the Board, to ensure alignment with the annual business planning cycle. In addition to monitoring and review, the Senior Management Team have the responsibility for the validation and authorisation, of any new or emerging risks identified for inclusion on the corporate register. During 2004-5, arrangements were put in place to feedback regularly on developing trends or significant changes to the Board.

During 2004/05 the Board continued to progress work with respect to Controls Assurance, as required by the Department. The Board has systematically self assessed the level of compliance with the fourteen controls assurance standards, and met the required levels of compliance with those standards applicable to the Board. The Board is committed to carrying out self-assessments of compliance with standards, relevant to the work of the Board, and will continue to assess levels of compliance with both published standards and other controls assurance standards formally issued for 2005/06.

The Board has in place arrangements for the reporting of untoward events by Trusts, within the Northern Board area. In response to the Departmental circular HSS (PPM) 06/04 Reporting and follow up on serious adverse incidents: interim guidance, the Board considered these arrangements and decided that no major amendments or extension to its existing arrangements would be undertaken until the Health and Social Care Steering Group complete their work in this area during 2005. However, the Board did establish arrangements for the reporting of serious adverse incidents within independent family practitioner services.

The Board has taken action to ensure that acceptable decontamination policies and practice are in place in each sector, including seeking written assurances from each Registered Home and General Medical Practice. The outcome of this process has been reported to the Department.

Risk management is a dynamic and evolving process within the Board and an essential element of the Board's corporate governance arrangements. The NHSSB is committed to maintaining and further developing this area of work to ensure continued effectiveness. The schedule of planned work in the coming year will include:

- progressing the Controls Assurance agenda in line with DHSSPS requirements;
- performing Controls Assurance self-assessments and reporting on compliance;
- reviewing and updating NHSSB Risk Management Strategy;
- production of the NHSSB Risk Management Action Plan for the period April 2005 – Mar 2006;
- co-ordinating continued learning and development of risk management within NHSSB;
- further developing risk management policies and procedures;
- developing risk management information management systems across the Board;
- establishing interfaces with local Trusts to co-ordinate risk management arrangements;
- further developing and maintaining effective reporting, monitoring, investigation and analysis of incidents;
- engaging with the HPSS Clinical and Social Care Governance Support Team to progress developments in risk management; and
- participating in both Regional and National Risk Management Networks.

During 2004, the Board wrote to the Chief Internal Auditor requesting an independent assessment of the Board's governance arrangements including financial and non-financial internal controls. Accordingly Internal Audit undertook an independent review of the progress towards the embedding of wider governance within the Board. Based on the work undertaken the audit report provides assurance that the Board is complying with departmental requirements as at 31st March 2005.

Review of Effectiveness

As Accountable 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 Northern Health and Social Services Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

Stuart MacDonnell

30 June 2005

Chief Executive

Date

Northern Health and Social Services Board

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 12 to 46 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 22.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 4, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 6 to 11 reflects the Board's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board Members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion on Presentation of Account and Qualified Opinion on Regularity of Income

The Board maintains procedures designed to monitor and limit irregular expenditure. These procedures have shown that there is an underlying level of irregular expenditure in respect of loss through inappropriate claiming of exemptions from charges by patients receiving prescriptions and treatments. As disclosed in Note 19 Part C the income and expenditure account excludes patient prescription and treatment charge income which has not been collected as a result of patients inappropriately claiming exemption from charges. This has been estimated to total between £8.2 million and £10.3 million for Northern Ireland. There is no definite basis for apportioning the estimated loss to individual Boards but if the loss were to be attributed to Boards according to their share of Family Practitioner Services expenditure, the loss to the Board would fall between £2.0 million and £2.5 million. I have therefore concluded that this income, due to the Northern Health and Social Services Board but not received, has not been applied to the purposes intended by Parliament and is not in conformity with the authorities that govern it.

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Northern Health and Social Services Board at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Service and Public Safety; and
- except for the patient prescriptions and treatment charge income that has not been received as a result of patients inappropriately claiming exemptions from charges referred to above, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Date: 16 August 2005

**NORTHERN HEALTH AND SOCIAL SERVICES BOARD
REVENUE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Income			
Allocations - Health and Personal Social Services	2.1	516,467	470,553
Allocations - Family Health Services	2.2	150,474	137,749
Allocations - Other Allocation Income	2.3	5,368	2,093
FHS Receipts and Recovery of Charges	2.5	8,336	8,393
Income from other sources	2.6	<u>1,179</u>	<u>2,013</u>
Total Revenue Income		681,824	620,801
Expenditure			
Health Care, personal social services and related services purchased	4.1	509,053	463,327
Board administration and commissioning expenses	4.2	9,478	8,248
Registration and Inspection Unit		522	588
Health and Social Services Councils		171	173
Other Services		<u>2,788</u>	<u>2,873</u>
Expenditure excluding Family Health Services		522,012	475,209
Family Health Services	3	159,516	146,143
Total Revenue Expenditure		681,528	621,352
Total Income Less Total Revenue Expenditure		296	(551)
Provision for Future Obligations	13	(489)	(603)
Retained Surplus/(Deficit) for the Financial Year		<u>785</u>	<u>52</u>

**NORTHERN HEALTH AND SOCIAL SERVICES BOARD
CAPITAL INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPS	2.7	616	1,128
Proceeds of Sale of Fixed Assets		0	0
Other Income		<u>4</u>	<u>0</u>
Total Capital Income		620	1,128
Expenditure			
Payments to acquire Tangible Assets:			
Land		0	0
Buildings, Installations and Fittings		0	0
Equipment		561	1,121
Assets under Construction		0	0
Payments to acquire Intangible Assets:		<u>53</u>	<u>0</u>
Total Capital Expenditure		614	1,121
Surplus/(Deficit) for the Financial Year		<u>6</u>	<u>7</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD
BALANCE SHEET AS AT 31 MARCH 2005

	Note	2005 £000	2004 £000
Fixed Assets			
Intangible Fixed Assets	7.1	77	27
Tangible Assets	7.2	<u>1,569</u>	<u>1,381</u>
Total		1,646	1,408
Current Assets			
Stocks and work in progress	8	5	4
Debtors	9	43,485	39,920
Cash at bank and in hand		<u>1,310</u>	<u>36</u>
Total Current Assets		44,800	39,960
Creditors: amounts falling due within one year	10	<u>33,423</u>	<u>27,277</u>
Net Current Assets/(Liabilities)		11,377	12,683
Creditors: amounts falling due after more than one year	11	0	0
Provisions for Liabilities and Charges	12	<u>9,023</u>	<u>11,120</u>
Total Net Assets		<u>4,000</u>	<u>2,971</u>
Financed By:			
Capital account	14.1	1,642	1,402
Revaluation reserve	14.2	4	6
Balance Due to/(From) DHSSPSNI	14.3	<u>2,354</u>	<u>1,563</u>
Total		<u>4,000</u>	<u>2,971</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005 £000	2004 £000
Net cash Inflow/(outflow) from Operating Activities	1,268	442
Capital Expenditure:		
Payments to acquire tangible and intangible fixed assets	(614)	(1,121)
Receipts from the sale of tangible fixed assets	<u>0</u>	<u>0</u>
Net cash (Outflow)/Inflow from Capital Expenditure	(614)	(1,121)
Financing:		
Capital Funding	<u>620</u>	<u>1,128</u>
Net cash Inflow from Financing	620	1,128
 Increase/(Decrease) in Cash	 <u>1,274</u>	 <u>449</u>

Notes to the Cashflow Statement

Net cash Inflow/(Outflow) from Operating Activities

	2005 £000	2004 £000
Operating Surplus/(Deficit)	296	(551)
Notional Income	447	150
Capital Charges	(422)	(163)
Other Notional Operating Costs	(25)	12
(Increase)/Decrease in Stocks	(1)	0
(Increase)/Decrease in Debtors	(3,565)	(2,983)
Increase/(Decrease) in Creditors	6,146	4,286
Movement in Provisions I & E	489	603
Movement in Provisions Balance Sheet	<u>(2,097)</u>	<u>(912)</u>
Net Cash Inflow/(Outflow)	<u>1,268</u>	<u>442</u>

Reconciliation of net cash flow to movement in net funds

	2005 £000	2004 £000
Increase/(Decrease) in cash in the period	1,274	449
 Net Funds at 1 April	 36	 (413)
Net Funds at 31 March	<u>1,310</u>	<u>36</u>
	<u>1,274</u>	<u>449</u>

Analysis of Changes in Cash as shown in Balance Sheet

	Change During Year £000	As at 01-Apr £000	As at 31-Mar £000
Cash at bank and in hand	1,274	36	1,310
Bank Overdraft	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>1,274</u>	<u>36</u>	<u>1,310</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Revenue Surplus/(Deficit) for the Financial Year		785	51
Unrealised surplus /(deficit) on the revaluation and indexation of fixed assets		<u>0</u>	<u>(10)</u>
Total gains/(losses) recognised		<u>785</u>	<u>41</u>

Notes to the Accounts

1. Statement of Accounting Policies

(a) Authority

The Accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14), as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

(b) Accounting Convention

The Accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

(c) Basis of Preparation of Accounts

The accounts have been prepared in accordance with the 2004/05 HPSS Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies adopted follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after the operating surplus/deficit. These expenditure items do not include the costs associated with provisions for liabilities and charges, which are normally included within the calculation of the operating surplus/deficit. However, as the Department measures the operating performance of HSS Boards by reference to the operating surplus/deficit excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/deficit before provisions for future obligations.

Financial Reporting Standard 8 "Related Party Transactions" requires disclosure of all material related party transactions between entities under common control. However, disclosure is not required if the transactions are between entities whose results are consolidated in a set of financial statements which are publicly available. The Department is regarded as the controlling party of all Health and Social Services (HSS) bodies in Northern Ireland. Whilst the Boards' results are consolidated within the Departmental Resource Accounts, the results of Trusts and Special Agencies with which the Boards transact are not consolidated.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the Income and Expenditure Account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the Income and Expenditure Account in its entirety. In the context of their capital accounting HSS bodies charge impairments which arise from the consumption of economic benefit to the Income and Expenditure Account having first utilised any remaining revaluation surplus relating to the assets concerned. Losses or downward revaluations arising from a general fall in prices are charged to the revaluation reserve and may lead to a temporary negative revaluation reserve in respect of certain assets.

(d) Funding

Most of the expenditure of the Health and Social Services Boards is met from funds advanced by the Department of Health, Social Services and Public Safety.

(e) Fixed Assets

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the capital charges scheme. (See i. below)

i. Capitalisation

All assets falling into the following categories are capitalised in accordance with the capital accounting guidance issued by the Department of Health, Social Services and Public Safety:-

intangible assets which are can be valued, are capable of being used in a Board's activities for more than one year and have a value in excess of £5,000;

tangible assets which are capable of being used for a period which could exceed one year and they have a cost in excess of £5,000;

or they satisfy the criteria of a grouped asset ie:

functionally interdependent having a total cost of acquisition in excess of £5,000;

acquired and expected to be disposed of in the same financial year;

under single management control;

have individual values of at least £1000.

ii Valuation

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets are valued at the lower of replacement cost and recoverable amount.

Recoverable amount is defined as the higher of net realisable value and value in use. Replacement cost for operational land and buildings is existing use value.

Properties surplus to requirements are valued at open market value.

Assets in the course of construction are valued at current cost.

All tangible assets except assets in the course of construction are subject to annual indexation using a national price index for each category of fixed asset.

Land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years. The valuations were carried out by the District Valuers of the Valuations and Land Agency and are in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuations Practice insofar as these are consistent with the specific needs of the HPSS. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

iii. Depreciation and amortisation

Depreciation is charged on a straight line basis on each main class of tangible asset as follows:

land and assets in the course of construction are not depreciated;

buildings, installations and fittings are depreciated on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Depending on the type of installation or fitting it is expected that the maximum useful lives will be in the range of 15-80 years;

equipment eg vehicles and furniture, is depreciated over the estimated life of the asset; and
intangible assets are amortised over the estimated lives of the assets.

iv Profit/(Loss) on Sale of Fixed Assets

These are treated in accordance with FRS 3. The difference between the net book value and income received from the sale of equipment will lead to an adjustment on disposal to be made to the capital charges depreciation figure.

The disposal of land and buildings will result in a corresponding reduction in the capital account. No profit or loss on the sale of those assets is recorded in the Income and Expenditure Account.

(f) Stocks

Stocks are valued exclusive of VAT. In calculating the cost, Boards have generally used the average cost or latest purchase price.

(g) Losses and Special Payments

Note 19 is a summary of losses and special payments. Included in the summary are certain losses which would have been made good through insurance cover had the Department not been bearing its own risks. Generally it is Government policy not to take out commercial insurance cover. This note is prepared on a memorandum basis as most of the amounts are included in operating expenses.

(h) Valued Added Tax

The figures in the Accounts are shown exclusive of VAT, except that the net VAT recoverable is included in debtors.

(i) Capital Charges

The Capital Charges scheme involves the Department charging Boards for the use of fixed assets. The charge comprises depreciation and notional interest. The charges paid in turn fund increased allocation to Boards. The cost of capital employed by the Board is calculated at the rate of 3.5%.

(j) Pensions

The Board participates in the HPSS 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 reasonable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

Pension contributions are disclosed in Note 5.1. The costs of early retirements are met by the Board and are charged to the Income and Expenditure Account at the time the Board commits itself to the payments.

(k) Clinical Negligence Costs

A Clinical Negligence Central Fund was established in 1998 under the administration of the Central Services Agency to finance the payment of post Trust clinical negligence claims. From 1999/2000 the role of the Central Fund was expanded to finance the payment of all clinical negligence settlements. Under the revised arrangements HSS Boards manage the payment of claim settlements and apply to the Central Fund for reimbursement.

The payment of claim settlements is included in Note 4.1.

The reimbursements from the Central Fund are accounted for as income. Reimbursements receivable in respect of clinical negligence liabilities and provisions are included in debtors.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

2.1 Revenue Allocation	Note	2005 £000	2004 £000
Total Allocation		563,036	497,989
Capital Allocation		(616)	(1,128)
FHS Allocation		(40,768)	(9,381)
FRS11 (prior period)		(426)	0
GPFH Drugs Debtor		0	(10,586)
LHSCG administration		(846)	(573)
LHSCG programme funds		(1,209)	(587)
Capital Charge from Agencies		0	0
Board transfer to FHS	2.2	<u>(2,704)</u>	<u>(5,181)</u>
Total Revenue Allocation		<u>516,467</u>	<u>470,553</u>

2.2 FHS Allocation	Note	2005 £000	2004 £000
Total Allocation per final draw		40,768	9,381
Allocation from Central Services Agency		107,002	123,047
Board transfer from Revenue Allocation	2.1	2,704	5,181
LHSCG transfer from Other Department Funding	2.3	<u>0</u>	<u>140</u>
Total Allocation		<u>150,474</u>	<u>137,749</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

2.3 Other Departmental Funding	Note	2005 £000	2004 £000
Clinical Negligence Central Fund		1,641	497
FRS11 Debtor (current year)		1,225	426
LHSCG administration		846	573
LHSCG programme funds		1,209	587
LHSCG transfer to FHS	2.2	0	(140)
Notional Income	2.4	447	150
Other:-			
a		0	0
b		0	0
c		0	0
d		0	0
Total Other Departmental Funding		5,368	2,093
2.4 Notional Income (Memorandum note)	Note	2005 £000	2004 £000
Capital Charges		422	129
Audit Fees		25	21
Other:-			
a		0	0
b		0	0
Total Notional Income		447	150
2.5 FHS Receipts and Recovery of Charges	Note	2005 £000	2004 £000
General Medical Services			
Receipts		11	0
Recovery of Charges		0	0
General Dental Services			
Receipts		4,726	4,864
Recovery of Charges		0	0
Pharmaceutical Services			
Receipts		3,599	3,529
Recovery of Charges		0	0
General Ophthalmic Services			
Receipts		0	0
Recovery of Charges		0	0
Total FHS Receipts and Recovery of Charges		8,336	8,393

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

2.6 Other Income	Note	2005 £000	2004 £000
DHSSPS			
Audit Funding		25	5
b		0	0
c		0	0
Other Boards			
Eastern Health & Social Services Board		131	263
Health & Social Services Board		0	0
Health & Social Services Board		0	0
Miscellaneous			
Contribution from PIS		0	158
Registration and Inspection unit		137	230
New Opportunities		574	1,025
CCETSW Grants		71	60
Health Promotion Activities		11	3
Courses & Conferences		32	12
MacMillan Cancer Relief		2	36
Miscellaneous		196	221
Board Administration Income			
Regional Services		0	0
b		0	0
c		0	0
d		0	0
e		0	0
Total Other Income		<u>1,179</u>	<u>2,013</u>
2.7 Capital Allocation	Note	2005 £000	2004 £000
Amount per final draw		<u>616</u>	<u>1,128</u>
Total Capital Allocation		<u>616</u>	<u>1,128</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

3 Family Health Services Income and Expenditure	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPSNI	2.2	150,474	137,749
Notional Income - Capital Charges		267	0
FHS Receipts & Recovery of Charges	2.5	<u>8,336</u>	<u>8,393</u>
Total Income		159,077	146,142
Expenditure			
General Medical Services		43,409	36,731
General Dental Services		18,807	18,695
General Pharmaceutical Services		93,817	87,542
General Ophthalmic Services		3,216	3,175
Other Primary Care Provider Functions		0	0
Capital Charges			
Depreciation		230	0
Interest		<u>37</u>	<u>0</u>
Total Expenditure		159,516	146,143
Total Income Less Expenditure		<u>(439)</u>	<u>(1)</u>

The Board uses the Central Services Agency (CSA), through the mechanism of an annual Service Agreement, to make payments in respect of some of the above expenditure and to ensure adequate monitoring and control arrangements are in place. It has received assurance from the CSA that those arrangements have operated satisfactorily during the year.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

4.1 Purchase of HealthCare and Personal Social Services	Note	2005 £000	2004 £000
Own area HSS Trusts		382,082	347,746
Other NI Trusts		111,730	100,787
Special Agencies		2,390	2,261
NHS Trusts		1,819	984
Other Agencies		0	0
Regional Services		0	
Other providers of healthcare and personal social services		6,440	8,588
Utilisation of Clinical Negligence Provision		1,641	497
Utilisation of Other Provisions		1,010	1,223
Initiatives:		0	
- New Opportunities Fund		591	1,049
- MacMillan Cancer Fund		37	37
- Other		1,257	0
Miscellaneous		56	155
Total		<u>509,053</u>	<u>463,327</u>
4.2 Expenditure on Board Administration & Commissioning Functions:	Note	2005 £000	2004 £000
Commissioning Functions		4,275	4,057
Administration Costs of Local Health and Social Care Groups		873	588
Management of Family Health Services		3,388	2,743
Other Statutory Duties		942	860
Total		<u>9,478</u>	<u>8,248</u>
4.3 Commissioning Costs	Note	2005 £000	2004 £000
Board Administration Costs	4.2	9,478	8,248
Gross expenditure on Registration and Inspection unit		522	588
Adjustment B		0	0
Adjustment C		0	0
less Board Administration Income		0	0
Board Commissioning Costs		<u>10,000</u>	<u>8,836</u>
Relevant Income		649,701	593,004
% of relevant Income		1.54%	1.49%

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

4.4 GP Fundholder Unspent Savings	Note	2005 £000	2004 £000
Balance of Savings		355	3,227
Committed Savings		0	0
Distribution of Final Balance		0	(1,808)
Movement on Provisions		0	0
to Fundholder		0	0
by Board		0	0
Expenditure on Approved Projects		<u>(263)</u>	<u>(1,064)</u>
Balance of Savings		<u>92</u>	<u>355</u>

The GP Fundholding Scheme ended with effect from 1 April 2002. Former GP Fundholders were entitled to spend their final balance of savings up to 31 March 2004

4.5 Notional Costs (Memorandum Note)

The following amounts have been included in the Accounts including Family Health Services, Note 3.

	Note	2005 £000	2004 £000
Capital Charges:			
Depreciation		366	116
Interest		50	13
Audit Fee		25	21
Other		<u>6</u>	<u>0</u>
Total		<u>447</u>	<u>150</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

5.1 Staff Costs	Directly Employed	Other	2005	2004
	£000	£000	£000	£000
Salaries and Wages	6,512	116	6,628	5,830
Social security costs	504	0	504	448
Pension costs for early retirements reflecting the single lump sum to buy over the full liability	0	0	0	0
Other Pension costs	423	0	423	387
Early departure costs	0	0	0	0
Total	7,439	116	7,555	6,665

Of the total, £x has been charged to capital

5.2 Average Number of Persons Employed	Directly Employed	Other	2005	2004
	No.	No.	No.	No.
Purchase of health and personal social care	224	5	229	219
Provision of health and personal social care				
- patient and client care and investigation	0	0	0	0
- support services	8	1	9	10
Total	232	6	238	229

Figures refer to wholetime equivalents (WTE's) rather than individuals.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

5.3 Board Members Remuneration	Remuneration as Member	Other	2005	2004
	£000	£000	£000	£000
Non-executive members' remuneration	46	0	46	44
Chief Executive's remuneration				
Basic Salaries	93	0	93	91
Performance Related Pay	2	0	2	2
Executive members' remuneration				
Basic Salaries	298	0	298	280
Performance Related Pay	20	0	20	20
Benefits in kind	0	0	0	0
Associate members' remuneration	292	0	292	350
Compensation for loss of office	0	0	0	0
Pensions to former members	0	0	0	0
Social security costs	79	0	79	80
Employers pension contributions	49	0	49	52
Total	879	0	879	919

Performance Related Pay

Executive Members are subject to the NHS Individual Performance Review system. Within the system, each participant agrees objectives with his/her Senior Manager. At the end of each year performance is assessed and a performance pay award is given on the basis of that performance. This award is approved by the Chairman of the Board and endorsed by the Board's Remuneration Committee.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

5.4 SENIOR EMPLOYEES' REMUNERATION

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

Name	Salary incl. Performance Pay £000	Real increase in Pension and related lump sum at age 60 £000	Total Accrued Pension at age 60 and related lump sum £000	Cash Equivalent Transfer Value (CETV) at 31 March 2004 £000	Cash Equivalent Transfer Value (CETV) at 31 March 2005 £000	Real Increase in CETV after adjustment for inflation and changes to market investment factors £000	Employer Contribution to partnership Pension Account incl. Risk benefit cover - nearest £100 £	Benefits in kind - nearest £100 £
Non Executive Members								
N.J.Mulholland *	5	0	0	0	0	0	0	0
M.Smyth *	5	0	0	0	0	0	0	0
P.Donaldson *	5	0	0	0	0	0	0	0
M.Taylor *	5	0	0	0	0	0	0	0
R.Peters-Gallagher *	5	0	0	0	0	0	0	0
A.Williamson *	4	0	0	0	0	0	0	0
M.A.Wood *	16	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
* Non Superannuable	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
Executive Members								
J.S.MacDonnell *	0	0	0	0	0	0	0	0
E.McNair *	0	0	0	0	0	0	0	0
M.B.Wilmont *	0	0	0	0	0	0	0	0
J.D.Watson *	0	0	0	0	0	0	0	0
W.Matthews *	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
* Consent to disclosure of details withheld	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0

Northern Health and Social Services Board

5.4 (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 the 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 from 2004-05 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 and framework 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.

5.5 Staff Benefits

5.6 Related Party Transactions

The Northern Health and Social Services Board is a Health and Personal Social Services body funded by the Department of Health, Social Services and Public Safety.

The Department of Health, Social Services and Public Safety is regarded as a related party. During this financial year, the Northern Health and Social Services Board has had various material transactions with the Department and with other entities for which the Department is regarded as the parent Department as listed below:

Eastern Health and Social Services Board

Western Health and Social Services Board

Southern Health and Social Services Board

Central Services Agency

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 Northern Health and Social Services Board.

5.7 Retirements due to ill-health

During 2004/05 there was 1 early retirement from the Board agreed on the grounds of ill health. The estimated additional pension liabilities of this ill-health retirement will be £62906

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

6.1 PUBLIC SECTOR PAYMENT POLICY - MEASURE OF COMPLIANCE

	2004		2005	
	£000	Number	£000	Number
Total bills paid	9,116	6,232	12,103	7,459
Total bills paid within 30 day target	8,700	5,664	11,502	6,688
Percentage of bills paid within target	95.44%	90.89%	95.03%	89.66%

6.2 The Late Payment of Commercial Debts Regulations 2002

The amounts included within expenditure arising from claims made by businesses under this legislation are as follows

	2004 £000	2005 £000
	0	0
	0	0
	<hr/>	<hr/>
Total	<u><u>0</u></u>	<u><u>0</u></u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

7.1 Intangible Fixed Assets	Note	Purchased Software Licences £000	Other Computer Software £000	Total £000
Cost or Valuation				
At 1 April		34	0	34
Indexation		0	0	0
Additions		53	0	53
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
		0	0	0
At 31 March		87	0	87
Amortisation				
At 1 April		7	0	7
Indexation		0	0	0
Provided in Year		3	0	3
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
		0	0	0
At 31 March		10	0	10
Net book value				
At 1 April		27	0	27
At 31 March		77	0	77
Reversal of impairment.		0	0	0

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

7.2 Tangible Fixed Assets	Note	Land	Buildings Installations and Fittings	Computer Equipment	Other Equipment	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April		0	0	1,848	0	0	1,848
Indexation		0	0	0	0	0	0
Additions		0	0	560	0	0	560
Transfers		0	0	0	0	0	0
Impairments		0	0	0	0	0	0
Disposals		0	0	(44)	0	0	(44)
Other Revaluations		0	0	0	0	0	0
National Revaluation		0	0	0	0	0	0
At 31 March		0	0	2,364	0	0	2,364
Depreciation							
At 1 April		0	0	467	0	0	467
Indexation		0	0	0	0	0	0
Provided in year:		0	0	363	0	0	363
Transfers		0	0	0	0	0	0
Impairments		0	0	0	0	0	0
Disposals		0	0	(35)	0	0	(35)
Other Revaluations		0	0	0	0	0	0
National Revaluation		0	0	0	0	0	0
At 31 March		0	0	795	0	0	795
Net book value							
At 1 April		0	0	1,381	0	0	1,381
At 31 March		0	0	1,569	0	0	1,569

Reversal of impairment.

Of the total net book value at 31 March 2005 £0 related to land valued at open market value and £0 related to buildings, installations and fittings valued at open market value for alternative use.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

7.3 The net book value of land and buildings comprises	Note	2005 £000	2004 £000
Freehold		0	0
Long Leasehold		0	0
Short Leasehold		<u>0</u>	<u>0</u>
Total Land and Buildings		<u>0</u>	<u>0</u>

8 Stocks and work in progress	Note	2005 £000	2004 £000
Raw Materials and Consumables		5	4
Work in Progress		0	0
Finished Goods		<u>0</u>	<u>0</u>
Total		<u>5</u>	<u>4</u>

9 Debtors	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		36,595	30,342
Other NIHPSS debtors		178	1,451
Other Debtors		467	143
Prepayments and accrued income		54	51
Clinical Negligence Central Fund		<u>6,191</u>	<u>7,933</u>
Total		<u>43,485</u>	<u>39,920</u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

10 Creditors: amounts falling due within one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS creditors		18,363	20,307
Family Health Services		8,430	1,016
Income tax and National Insurance		171	165
Payments received on account		41	0
Rentals under operating leases		0	0
Other creditors		6,240	5,244
Clinical Negligence		178	545
Total		<u>33,423</u>	<u>27,277</u>

11 Creditors: amounts falling due after more than one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS creditors		0	0
Family Health Services		0	0
Income tax and National Insurance		0	0
Payments received on account		0	0
Rentals under operating leases		0	0
Other creditors		0	0
Clinical Negligence		0	0
Total		<u>0</u>	<u>0</u>

Total Creditors		<u>33,423</u>	<u>27,277</u>
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NORTHERN HEALTH AND SOCIAL SERVICES BOARD

12 Provisions for Liabilities and Charges

	Clinical Negligence £000	Pensions relating to other staff £000	Occupier/ Employers Liability £000	Injury Benefit £000	Other £000	Total £000	2004 £000
Balance at 1 April	7,153	1,607	60	1,016	1,284	11,120	12,032
Arising during the year	2,025	193	0	25	802	3,045	1,976
Utilised during the year	(1,641)	(944)	0	(67)	(513)	(3,165)	(2,242)
Reversed Unused	(2,108)	(16)	(5)	(11)	(9)	(2,149)	(756)
Unwinding of discount	116	23	0	33	0	172	110
Balance at 31 March	5,545	863	55	996	1,564	9,023	11,120

Expected timing of Cash Flow

Within 1 year	1,875	99	14	66	1,564	3,618
1 -5 years	3,670	398	41	266	0	4,375
Over 5 years	0	366	0	664	0	1,030

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are:

£

Clinical Negligence Central Fund 6,190,587

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in note 15.

The movement in provisions for the year 2005 as calculated above is analysed in Note 13.

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

13 Provision for Future Obligations	Note	2005 £000	2004 £000
The movement in provisions for future obligations is analysed as follows:	12		
- Clinical Negligence		2,025	837
- Pensions		193	149
- Occupier / Employers Liability		0	47
- Injury Benefit		25	158
- GMS		0	710
- Other		802	75
- c		0	0
Total Provided		3,045	1,976
Reversed Unused:			
- Clinical Negligence		(2,108)	(680)
- Pensions		(16)	(57)
- Occupier / Employers Liability		(5)	(11)
- Injury Benefit		(11)	0
- Other		0	0
- GMS		(9)	(8)
- c		0	0
Total Reversed Unused		(2,149)	(756)
Unwinding of discounts on Provisions:			
- Clinical Negligence		116	31
- Pensions		23	49
- Occupier / Employers Liability		0	1
- Injury Benefit		33	29
- a		0	0
- b		0	0
- c		0	0
Total Discount Unwound		172	110
Utilised in year:			
- Clinical Negligence		(1,641)	(497)
- Pensions		(944)	(1,223)
- Occupier / Employers Liability		0	(20)
- Injury Benefit		(67)	(76)
- GMS		(438)	(170)
- Other		(75)	(256)
- c		0	0
Total Utilised in year		(3,165)	(2,242)
Sub Total (Movement in Provisions Note 12)		(2,097)	(912)
Reimbursements receivable		(1,608)	(309)
Total Movement		(489)	(603)

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

14.1 Capital Account	£000
At 1 April	1,402
Additions	614
Transfers	0
Disposals and write-off	(8)
Impairments	0
Depreciation	
- capital charges	(366)
- other	0
	<u>0</u>
At 31 March	<u><u>1,642</u></u>

14.2 Revaluation Reserve	£000
At 1 April	6
Revaluation	0
Indexation	0
Disposals and write-off	(2)
	<u>(2)</u>
At 31 March	<u><u>4</u></u>

14.3 Balance due to/(from) Department	2005	2004
	£000	£000
At 1 April	1,563	1,504
Revenue Income and Expenditure Account		
Surplus/(Deficit)	785	52
Capital Income and Expenditure Account		
Surplus/(Deficit)	<u>6</u>	<u>7</u>
At 31 March	<u><u>2,354</u></u>	<u><u>1,563</u></u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

15 Contingent Liabilities

Note

Clinical Negligence

The Board has contingent liabilities for pre Trust clinical negligence incidents. The Board's financial liability, if any cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs is:

	2005	2004
	£000	£000
Total estimate of contingent clinical negligence liabilities	0	0
Amount expected to be recoverable from Clinical Negligence Central Fund	<u>0</u>	<u>0</u>
Net Contingent Liability	<u>0</u>	<u>0</u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 12. 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 yet.

Contingencies not relating to clinical negligence are as follows:

	2005	2004
	£000	£000
Public Liability	0	0
Employers' Liability	0	0
Injury Benefits	0	0
a	0	0
b	0	0
c	0	0
d	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

16 Post Balance Sheet Events

Note

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

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

17 Capital Commitments	Note	2005	2004
The Board has the following capital commitments:		£000	£000
Contracted		0	0
Authorised but not contracted		<u>0</u>	<u>0</u>
Total		<u><u>0</u></u>	<u><u>0</u></u>

Note any commitments incurred by another body on behalf of the Board

18 Analysis of Changes in Financing During the Year	Note	Revaluation Reserve	Capital Account
		£000	£000
Balance at 1 April		6	1,402
Cash Inflow/(Outflow) from financing		0	620
Non-cash based transactions		<u>(2)</u>	<u>(380)</u>
Balance at 31 March		<u><u>4</u></u>	<u><u>1,642</u></u>

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

19 Analysis of Losses and Special Payments

PART A

Type of Loss	Number of cases	Value £000
1. Cash Losses - Theft, fraud etc.	1	1
2. Cash Losses - Overpayments of salaries, wages and allowances.	0	0
3. Cash Losses - Other causes (including unvouched and incompletely vouched payments).	0	0
4. Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5. Other nugatory and fruitless payments.	0	0
6. Bad debts and claims abandoned.	0	0
7. Stores and Inventory Losses - Theft, fraud, arson, etc. (whether proved or suspected) etc		
1. Bedding and Linen	0	0
2. Other equipment and property	3	2
8. Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc).	0	0
9. Stores and Inventory Losses - Deterioration in store.	0	0
10. Stores and Inventory Losses - Stocktaking discrepancies.	0	0
11. Stores and Inventory Losses - Other causes.		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
12. Compensation payments (legal obligation).		
1. Clinical Negligence	17	2,009
2. Other	1	20
13. Ex-gratia payments - Extra contractual payments to contractors.	0	0
14. Ex-gratia payments - Compensation payments. (including payments to patients and staff)	0	0
15. Ex-gratia payments - Other payments.	0	0
16. Extra statutory payments.	0	0
17. a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
b. Damage to Board vehicles.	0	0
18. Clawback of Grants	0	0
TOTAL	22	2,032

Northern Health and Social Services Board

Part C

The Central Services Agency, on behalf of the Board, handles payments to contractors providing Family Practitioner Services. The Counter Fraud Unit is responsible for taking follow-up action where a patient's claim to exemption from statutory charges has been confirmed.

Given the volume of claims, the Central Services Agency uses robust statistical sampling exercises to estimate the total annual potential financial loss due to incorrect claims to exemption from charges.

For example, in the pharmaceutical area, a stratified random sample of all prescriptions paid by the CSA is employed. Stratification is based on the volume of claims made by each pharmacist. Independent verification of exemption is sought. Where entitlement is not proven, recovery of the unpaid charge is sought from the patient, together with a Fixed Penalty Charge, where applicable. Each case is pursued as far as feasible. This can include referral to the Small Claims Court and the Enforcement of Judgements Office.

The Agency uses the following information

- a) the proportion of items where entitlement cannot be verified;
- b) the volume of items paid within the month
- c) the cost of the charge for the individual item i.e. £6.40 for 2004/05

to calculate the level of loss. This is then summed across the year to create an annual loss figure.

A similar exercise is carried out for the Dental and Ophthalmic areas.

The total potential Northern Ireland loss for 2004/2005 has been estimated to fall within the range £8.2m to £10.3m (2003/2004 £7.5m to £9.5m [as amended for the increase in volume and charge]).

It is estimated that the proportion of claims, which are correctly claimed for exemption lies between 4.32% and 5.66%.

The total expenditure on Family Practitioner Services for 2004/2005 was £579m. There is no definitive basis for apportioning the estimated potential loss to individual Boards, but if the loss were to be attributed to Boards according to their share of expenditure in Family Practitioner Services, the loss for this Board would fall within the range of £2.0m to £2.5m (2003/2004 £1.8m to £2.2m [as amended for the increase in volume and charge]).

Northern Health and Social Services Board

20 Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationships with DHSSPSNI, and the manner they are funded, the Northern Health & Social Services Board is not exposed to the degree of financial risk faced by other business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies to which FRS13 mainly applies. The Northern Health & Social Services Board 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 Northern Health & Social Services Board in undertaking its activities.

21 Third party Assets

The Northern Health & Social Services Board has no third party assets.

22 Intra-government Balances

	Note	2005	2005	2004	2004
		£000	£000	£000	£000
		Within 1 Year	After 1 Year	Within 1 Year	After 1 Year
Debtors					
Department of Health, Social Services & Public Safety		36,595	0	30,342	0
Balances with Other Central Government Bodies		1	0		0
Balances with Local Authorities		0	0		0
Balances with HSS/NHS Trusts		6	0		0
Balances with public corporations and trading funds		0	0		0
Balances with bodies external to government		185	0		0
Total		36,787	0	30,342	0
Creditors					
Department of Health, Social Services & Public Safety		15,913	0		0
Balances with Other Central Government Bodies		45	0		0
Balances with Local Authorities		0	0		0
Balances with HSS/NHS Trusts		1,692	0		0
Balances with public corporations and trading funds		0	0		0
Balances with bodies external to government		171	0		0
Total		17,821	0	0	0

Intra-government balances are defined as balances between the reporting entity and other bodies within the boundary set for whole of government accounts.

Northern Health and Social Services Board

General Practitioner Loans Scheme

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the General Practitioner Loans Scheme Account on page 47 of the Board Statement of Annual Accounts under the Health and Personal Services (Northern Ireland) Order 1972.

Respective Responsibilities of the Board, the Director of Finance and Auditor

As described on page 47, the Board and Director of Finance are responsible for ensuring that the Account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by Central Services Agency as certified by the Director of Finance of the Central Services Agency. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the General Practitioner Loans Scheme Account properly presents the receipts and payments of the scheme for the year, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the General Practitioner Loans Scheme Account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient evidence to give reasonable assurance that the General Practitioner Loans Scheme Account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

Opinion

In my opinion:

- The General Practitioner Loans Scheme Account properly presents the receipts and payments of the Northern Health and Social Services Board General Practitioner Loans Scheme for the year ended 31 March 2005 and balances held at that date have been properly prepared in accordance with the Health and Personal Social Services (NI) Order 1972 and directions made there under by the Department of Health, Social Services and Public Safety;
- In all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on this Account.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT 7 1EU

Date: 16 August 2005

**SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005**

**Presented to the Houses of Parliament
By the Secretary of State for Northern Ireland
By Command of Her Majesty
August 2005**

Foreword

These accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

Statement of Southern Board's and Chief Executive's Responsibilities

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003) the Board is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on the accruals basis and must provide a true and fair view of the state of affairs of the Southern Board, of its income and expenditure and cash flows for the financial year

In preparing the financial statements the Board is required to:

- Observe the accounts direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards 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 Board will continue in operation;
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- Pursue and demonstrate value for money in the service the Board 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 Colm Donaghy, Chief Executive of Southern Health and Social Services Board as the Accountable Officer for the Board. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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 52 to 97) which I am required to prepare on behalf of the Southern Health and Social Services Board have been compiled from and are in accordance with the accounts and financial records maintained by the Board and with the accounting standards and policies for HSS Boards approved by the Department of Health, Social Services and Public Safety.

S McKeever
4th June 2005

Director of Finance
Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 52 to 97) as prepared in accordance with the above requirements have been submitted to and duly approved by the Southern Board.

F Cook
5th July 2005

Chairman
Date

C Donaghy
5th July 2005

Chief Executive
Date

Statement on Internal Control

Scope of Responsibility

The Board of the Southern Health & Social Services Board is accountable for internal control. As Accountable Officer and Chief Executive of the Board of the Southern Health & Social Services Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

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, and to 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 the Southern Health & Social Services Board for the year ended 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

The Board 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;
- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions, the establishment of an audit committee.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the board;
- regular reviews by the board of periodic annual financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.

The Southern Health & Social Services Board has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2004-05 Internal Audit reviewed the following systems: The Financial Ledger; Losses and Compensation Payments; New General Medical Practitioner Contract (Quality and Outcomes Framework, and Enhanced Services; The General Medical Out of Hours Service. In addition they verified the Board's self-assessments against the following Controls Assurance Standards:-

- Governance
- Risk Management
- Financial Management
- Fire Safety
- Human Resources
- Information and Communications Technology

In his annual report, the Internal Auditor stated that in his opinion, based on the audit work carried out, adequate and effective systems of internal control had been established by management over the Financial Ledger and over Losses and Compensation Payments, and partial assurance on controls was given on other systems. Recommendations to address these control weaknesses have been or are being implemented.

Verification of assessment of compliance with Control Assurance Standards agreed "substantive" compliance with these standards.

With regard to the wider control environment the Southern Health & Social Services Body 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. Every effort is made to ensure that the objectives of the Southern Health & Social Services Board are pursued in accordance with the recognised and accepted standards of public administration.

The Southern Health & Social Services Board's recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation.

Capacity To Handle Risk

Governance Framework

The core activity of the Southern Health and Social Services Board (Board) is the effective commissioning and provision of health and social care within available resources. It is a task which is central to the priorities of all staff regardless of profession or grade. Therefore, in order to continuously improve the quality of services and to safeguard high standards of care, the Board has put in place a multi-level Governance Framework which permeates all levels of responsibility within the organisation and outlines the accountability structures in place to implement governance arrangements.

The arrangements span all aspects of the Board's activities whether financial, organisational or clinical and social care. The specific objective being, 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 Board has continued to develop a systematic and unified approach to ensure the management of risk throughout the Board. This has led to the implementation of a fully functioning board wide risk register at both directorate and corporate levels. This process is based on the AS/NZS 4260:1999 standard.

Training

During the period, comprehensive training has been provided for those staff who have been identified within the Governance Framework as having specific responsibilities in respect of the overall governance agenda. ie.

- Executive Directors
- Non-Executive Directors
- Governance Implementation Team
- Governance Co-ordinator

As part of the Board's induction programme, all new starts continue to be afforded with governance awareness training.

Awareness training has also been provided to staff in respect of the Board's Incident/Near Miss Reporting Policy and Procedure.

Networking

The Board is committed to sharing and learning from good practice and is represented on the following regional and national groups:

- Regional Governance Network
- Four Board Governance Group
- ALARM (The National Forum for Risk Management in the Public Sector)
- HRRI (Healthcare Risk Forum)

The Risk and Control Framework

Governance Strategy

The Board is currently reviewing its Risk Management Strategy with the purpose of developing a Three Year Governance Strategy. The new integrated strategy will clarify the scope of Corporate Governance and Clinical and Social Care Governance both underpinned by a sound system of risk management. It aims to bring together the various strands of governance activity within the Board to a coherent and corporate framework, ensuring the health and social care it provides and commissions is safe, effective and monitored, in order to bring about continuous improvement. Progression of the strategy will be via the formulation of a Governance Implementation Plan which the Board will review each year.

Controls Assurance

In line with the consolidation of governance, the Board has progressed the controls assurance agenda, as required, and has systematically self assessed the levels of compliance with the core controls assurance standards for Risk Management, Governance and Financial Management, all of which have demonstrated 'substantive' compliance.

The Board has also self assessed and achieved the required levels of compliance for the following standards which were relevant for the period 04/05:

- Buildings, Land, Plant and Non-medical Equipment
- Environmental Management
- Fire Safety Management
- Health & Safety Management
- Human Resources
- Information Communication Technology
- Waste Management

On 1 January 2005, the Board took over responsibility for providing an 'Out of Hours' general medical service for its local population. Since this date, progress has been made in respect of identifying key risks pertinent to the 'Out of Hours' service and developing an action plan and risk register detailing the treatment and management of those risks. Consequently, the service was included when self assessing the compliance levels of the standards highlighted above.

Four other standards were also issued by the Department of Health, Social Services & Public Safety (DHSSPS) for the period 04/05:-

- Decontamination of Medical Devices,
- Infection Control,
- Medical Devices and Equipment Management,
- Medicines Management.

Whilst these standards were self-assessed and appropriate action plans put in place, they were not scored. DHSSPS advised that in order for a meaningful score to be achieved against the area covered by a controls assurance standard, assessment needs to be conducted over a 12 month period. It was therefore agreed that it would not be appropriate for the Board to conduct a scoring exercise against those standards which are applicable to it only by virtue of its new responsibility in directly providing an 'Out of Hours' service from 1 January 2005.

All fourteen standards for the period 04/05 have been assessed in respect of the Board's internal control arrangements. As per DHSSPS guidance, Boards are not accountable for the level of internal control in the providers who are delivering services, and rely on the DHSSPS monitoring to inform them of any issues arising in Trusts.

Adverse Incident Reporting

The Board issued a new Incident/Near Miss Reporting Policy and Procedure to be used throughout all areas of the Board's activity including the General Medical Services (GMS) 'Out of Hours' service. This has been developed with an emphasis on a fair and open culture. It is designed to identify any incident or near miss that could lead to loss or harm involving service users, patients, visitors or staff which could ultimately adversely impact on the Board's reputation or assets.

In conjunction with the above procedure, the Board has developed a generic incident reporting form which will be used for the reporting of all incidents whether clinical or non-clinical. This information will be collated on the Datix Risk Management Database which will facilitate the provision of regular and timely trend analysis reports.

In July 2004 the DHSSPS issued Interim Guidance in respect of the reporting of Serious Adverse Incidents within the wider HPSS and Family Practitioner Services. This guidance placed a responsibility on Family Practitioners to report serious adverse incidents directly to the Board who would inform DHSSPS, within a specified timescale. The Board wrote to individual Family Practitioners advising them of this responsibility and issued them with a generic report form.

In line with the Board's Untoward Events Service Provider Procedure, the Board continues to receive notification of serious adverse incidents that have occurred in Trusts, for services commissioned by the Board.

The reporting of such incidents is the responsibility of the Trusts and the Board is reliant on their processes to ensure that all serious untoward events are reported. The monitoring of Trust compliance with the Interim Guidance is the responsibility of the DHSSPS.

Decontamination Processes

The Board continues to encourage a move to single use instruments, where clinically appropriate, or access to a central sterilisation unit. In respect of the latter the Board supports the maintenance of central sterile services at Craigavon Area Hospital and Daisy Hill Hospital until such times as a new Sterile Services Unit at Craigavon is available and absorbs all hospital and community work for the Southern Area.

During 2004/05 the Board's Health Protection Team completed an audit of local decontamination procedures within all GP practices and residential/nursing homes. Recommendations to individual

facilities to improve infection control and decontamination locally were made. Educational and awareness raising workshops were provided for practice based and community staff. A full report on the outcome of the audit and follow up action is available for more detailed inspection.

Clinical & Social Care Governance Support Team

The Board continues to work closely with the Clinical & Social Care Governance Support Team. The team have assisted in the provision of governance training at the Board and have also attended Governance Committee Group and Directors Commissioning Group Meetings to update the Board on the Regional Clinical & Social Care Governance Agenda. Staff at the Board have also attended a number of training seminars/workshops organised by the team which have been directed at issues pertaining to the wider governance agenda. The Southern Health and Social Services Board's Governance Co-ordinator meets with the team's Southern Board representative on a regular basis.

Investors In People

An Investors in People review conducted during 04/05, concluded that the Board was successful in maintaining the required standard.

Action Plan 05/06

In addition to these factors the actions outlined below are planned in the coming year:-

- Formally issue the Governance Strategy and Governance Implementation Plan.
- Provide Governance Awareness Training in respect of the launch of the new strategy.
- Establish a committee within the Board's Governance Framework who will be responsible for the operational aspects of clinical and social care governance arrangements within family practitioner services. Membership of committee to consist of key Board staff and representatives from GMS, Dental, Community Pharmacy and Optometry. The committee will report directly to the Board's Governance Committee.
- Monitor and review the controls assurance standards already issued.
- Assess levels of compliance with controls assurance standards formally issued for 05/06 and those standards issued for 04/05 which were only pertinent to GMS 'Out of Hours'.
- Formally review the Fire Safety and Health and Safety Policies.
- Re-convene the Health and Safety Committee.
- When formal guidance on serious adverse incident reporting is issued by DHSSPS, review the Board's Untoward Events Procedure taking account of services commissioned by both Trusts and Family Practitioner Services.

Conclusion of Internal Audit Report

Internal audit reviewed the Board's self-assessments for:

- Fire Safety Management;
- Information Communication Technology; and
- Human Resources.

They concluded that substantive compliance had been achieved with the Controls Assurance Standards detailed above, at the time of their review.

With regard to the core standards, namely

- Governance;
- Risk Management; and
- Financial Management

the verification work in 2003/04 was followed up to assess what progress had been made with items on the action lists, and how this would impact on compliance scores. Assuming that other evidence remained as before, Internal Audit concluded that a substantive level of compliance with these Controls Assurance Standards continued to apply in 2004/05.”

Review of Effectiveness

As Accountable 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 Southern Health & Social Services Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

Signature of Accountable Officer and date of signature

C Donaghy

5th July 2005

Southern Health and Social Services Board

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 64 to 96 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 69 to 72.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 53, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 4 to 8 reflects the Board's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board Members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion on Presentation of Account and Qualified Opinion on Regularity of Income

The Board maintains procedures designed to monitor and limit irregular expenditure. These procedures have shown that there is an underlying level of irregular expenditure in respect of loss through inappropriate claiming of exemptions from charges by patients receiving prescriptions and treatments. As disclosed in Note 19 Part C the income and expenditure account excludes patient prescription and treatment charge income which has not been collected as a result of patients inappropriately claiming exemption from charges. This has been estimated to total between £8.2 million and £10.3 million for Northern Ireland. There is no definite basis for apportioning the estimated loss to individual Boards but if the loss were to be attributed to Boards according to their share of Family Practitioner Services expenditure, the loss to the Board would fall between £1.5 million and £1.9 million. I have therefore concluded that this income, due to the Southern Health and Social Services Board but not received, has not been applied to the purposes intended by Parliament and is not in conformity with the authorities that govern it.

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Southern Health and Social Services Board at 31 March 2005 and of the overall surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Service and Public Safety; and
- except for the patient prescriptions and treatment charge income that has not been received as a result of patients inappropriately claiming exemptions from charges referred to above, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Date: 12 August 2005

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
REVENUE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Income			
Allocations - Health and Personal Social Services	2.1	391,422	357,246
Allocations - Family Health Services	2.2	113,348	105,386
Allocations - Other Allocation Income	2.3	4,470	6,744
FHS Receipts and Recovery of Charges	2.5	5,372	5,112
Income from other sources	2.6	<u>3,244</u>	<u>1,794</u>
Total Revenue Income		517,856	476,282
Expenditure			
Health Care, personal social services and related services purchased	4.1	384,806	355,086
Board administration and commissioning expenses	4.2	8,735	8,264
Registration and Inspection Unit		382	375
Health and Social Services Councils		209	237
Other Services		4,514	1,726
Expenditure excluding Family Health Services		398,646	365,688
Family Health Services	3	118,996	110,364
Total Revenue Expenditure		517,642	476,052
Total Income Less Total Revenue Expenditure		214	230
Provision for Future Obligations	13	2	(236)
Retained Surplus/(Deficit) for the Financial Year		<u>212</u>	<u>466</u>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
CAPITAL INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPS	2.7	489	1,046
Proceeds of Sale of Fixed Assets		0	0
Other Income		0	0
Total Capital Income		489	1,046
Expenditure			
Payments to acquire Tangible Assets:			
Land		0	0
Buildings, Installations and Fittings		0	0
Equipment		420	1,071
Assets under Construction		0	0
Payments to acquire Intangible Assets:		75	6
Total Capital Expenditure		495	1,077
Surplus/(Deficit) for the Financial Year		(6)	(31)

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
BALANCE SHEET AS AT 31 MARCH 2005

	Note	2005 £000	2004 £000
Fixed Assets			
Intangible Fixed Assets	7.1	110	53
Tangible Assets	7.2	<u>9,977</u>	<u>7,427</u>
Total		10,087	7,480
Current Assets			
Stocks and work in progress	8	0	0
Debtors	9	42,944	35,763
Cash at bank and in hand		<u>2,179</u>	<u>632</u>
Total Current Assets		45,123	36,395
Creditors: amounts falling due within one year	10	<u>31,222</u>	<u>24,662</u>
Net Current Assets/(Liabilities)		13,901	11,733
Creditors: amounts falling due after more than one year	11	145	298
Provisions for Liabilities and Charges	12	<u>21,754</u>	<u>19,639</u>
Total Net Assets		<u>2,089</u>	<u>(724)</u>
Financed By:			
Capital account	14.1	6,957	6,675
Revaluation reserve	14.2	3,130	805
Balance Due to/(From) DHSSPSNI	14.3	<u>(7,998)</u>	<u>(8,204)</u>
Total		<u>2,089</u>	<u>(724)</u>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
	£000	£000
Net cash Inflow/(outflow) from Operating Activities	1,554	18
Capital Expenditure:		
Payments to acquire tangible and intangible fixed assets	(495)	(1,077)
Receipts from the sale of tangible fixed assets	0	0
Net cash (Outflow)/Inflow from Capital Expenditure	(495)	(1,077)
Financing:		
Capital Funding	489	1,046
Net cash Inflow from Financing	489	1,046
Increase/(Decrease) in Cash	<u>1,548</u>	<u>(13)</u>

Notes to the Cashflow Statement

Net cash Inflow/(Outflow) from Operating Activities

	2005	2004
	£000	£000
Operating Surplus/(Deficit)	214	230
Notional Income	1,089	706
Capital Charges	(1,052)	(686)
Other Notional Operating Costs	(37)	(20)
(Increase)/Decrease in Stocks	0	0
(Increase)/Decrease in Debtors	(7,180)	2,427
Increase/(Decrease) in Creditors	6,407	(1,963)
Movement in Provisions I & E	(2)	236
Movement in Provisions Balance Sheet	2,115	(912)
Net Cash Inflow/(Outflow)	<u>1,554</u>	<u>18</u>

Reconciliation of net cash flow to movement in net funds

	2005	2004
	£000	£000
Increase/(Decrease) in cash in the period	1,548	(13)
Net Funds at 1 April 2004	632	645
Net Funds at 31 March 2005	<u>2,180</u>	<u>632</u>
	<u>1,548</u>	<u>(13)</u>

Analysis of Changes in Cash as shown in Balance Sheet

	Change	As at	As at
	During Year	01-Apr	31-Mar
	£000	£000	£000
Cash at bank and in hand	1,548	632	2,180
Bank Overdraft	0	0	0
Total	<u>1,548</u>	<u>632</u>	<u>2,180</u>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Revenue Surplus/(Deficit) for the Financial Year		212	466
Unrealised surplus /(deficit) on the revaluation and indexation of fixed assets		<u>2,319</u>	<u>532</u>
Total gains/(losses) recognised		<u>2,531</u>	<u>998</u>

Notes to the Accounts

1. Statement of Accounting Policies

(a) Authority

The Accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14), as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

(b) Accounting Convention

The Accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

(c) Basis of Preparation of Accounts

The accounts have been prepared in accordance with the 2004/05 HPSS Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies adopted follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after the operating surplus/deficit. These expenditure items do not include the costs associated with provisions for liabilities and charges, which are normally included within the calculation of the operating surplus/deficit. However, as the Department measures the operating performance of HSS Boards by reference to the operating surplus/deficit excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/deficit before provisions for future obligations.

Financial Reporting Standard 8 "Related Party Transactions" requires disclosure of all material related party transactions between entities under common control. However, disclosure is not required if the transactions are between entities whose results are consolidated in a set of financial statements which are publicly available. The Department is regarded as the controlling party of all Health and Social Services (HSS) bodies in Northern Ireland. Whilst the Boards' results are consolidated within the Departmental Resource Accounts, the results of Trusts and Special Agencies with which the Boards transact are not consolidated.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the Income and Expenditure Account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the Income and Expenditure Account in its entirety. In the context of their capital accounting HSS bodies charge impairments which arise from the consumption of economic benefit to the Income and Expenditure Account having first utilised any remaining revaluation surplus relating to the assets concerned. Losses or downward revaluations arising from a general fall in prices are charged to the revaluation reserve and may lead to a temporary negative revaluation reserve in respect of certain assets.

(d) Funding

Most of the expenditure of the Health and Social Services Boards is met from funds advanced by the Department of Health, Social Services and Public Safety.

(e) Fixed Assets

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the capital charges scheme. (See i. below)

i. Capitalisation

All assets falling into the following categories are capitalised in accordance with the capital accounting guidance issued by the Department of Health, Social Services and Public Safety:-

intangible assets which can be valued, are capable of being used in a Board's activities for more than one year and have a value in excess of £5,000;

tangible assets which are capable of being used for a period which could exceed one year and they have a cost in excess of £5,000;

or they satisfy the criteria of a grouped asset ie:

functionally interdependent having a total cost of acquisition in excess of £5,000;

acquired and expected to be disposed of in the same financial year;

under single management control;

have individual values of at least £1000.

ii Valuation

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets are valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realisable value and value in use. Replacement cost for operational land and buildings is existing use value.

Properties surplus to requirements are valued at open market value.

Assets in the course of construction are valued at current cost.

All tangible assets except assets in the course of construction are subject to annual indexation using a national price index for each category of fixed asset.

Land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years. The valuations were carried out by the District Valuers of the Valuations and Land Agency and are in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuations Practice insofar as these are consistent with the specific needs of the HPSS. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

iii. Depreciation and amortisation

Depreciation is charged on a straight line basis on each main class of tangible asset as follows:

land and assets in the course of construction are not depreciated;

buildings, installations and fittings are depreciated on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Depending on the type of installation or fitting it is expected that the maximum useful lives will be in the range of 15-80 years;

equipment eg vehicles and furniture, is depreciated over the estimated life of the asset; and

intangible assets are amortised over the estimated lives of the assets.

iv Profit/(Loss) on Sale of Fixed Assets

These are treated in accordance with FRS 3. The difference between the net book value and income received from the sale of equipment will lead to an adjustment on disposal to be made to the capital charges depreciation figure.

The disposal of land and buildings will result in a corresponding reduction in the capital account. No profit or loss on the sale of those assets is recorded in the Income and Expenditure Account.

(f) Stocks

Stocks are valued exclusive of VAT. In calculating the cost, Boards have generally used the average cost or latest purchase price.

(g) Losses and Special Payments

Note 19 is a summary of losses and special payments. Included in the summary are certain losses which would have been made good through insurance cover had the Department not been bearing its own risks. Generally it is Government policy not to take out commercial insurance cover. This note is prepared on a memorandum basis as most of the amounts are included in operating expenses.

(h) Valued Added Tax

The figures in the Accounts are shown exclusive of VAT, except that the net VAT recoverable is included in debtors.

(i) Capital Charges

The Capital Charges scheme involves the Department charging Boards for the use of fixed assets. The charge comprises depreciation and notional interest. The charges paid in turn fund increased allocation to Boards. The cost of capital employed by the Board is calculated at the rate of 3.5%.

(j) Pensions

The Board participates in the HPSS 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 reasonable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

Pension contributions are disclosed in Note 5.1. The costs of early retirements are met by the Board and are charged to the Income and Expenditure Account at the time the Board commits itself to the payments.

(k) Clinical Negligence Costs

A Clinical Negligence Central Fund was established in 1998 under the administration of the Central Services Agency to finance the payment of post Trust clinical negligence claims. From 1999/2000 the role of the Central Fund was expanded to finance the payment of all clinical negligence settlements. Under the revised arrangements HSS Boards manage the payment of claim settlements and apply to the Central Fund for reimbursement.

The payment of claim settlements is included in Note 4.1.

The reimbursements from the Central Fund are accounted for as income. Reimbursements receivable in respect of clinical negligence liabilities and provisions are included in debtors.

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

2.1 Revenue Allocation	Note	2005 £000	2004 £000
Total Allocation		424,794	368,294
Capital Allocation		(489)	(1,046)
FHS Allocation		(31,802)	(7,258)
FRS11 (prior period)		0	0
GPFH Drugs Debtor		0	0
LHSCG administration		(1,081)	(1,077)
LHSCG programme funds		0	(159)
Capital Charge from Agencies		0	0
Board transfer to FHS	2.2	0	(1,508)
Total Revenue Allocation		391,422	357,246

2.2 FHS Allocation	Note	2005 £000	2004 £000
Total Allocation per final draw		31,802	103,878
Allocation from Central Services Agency		81,546	0
Board transfer from Revenue Allocation	2.1	0	1,508
LHSCG transfer from Other Department Funding	2.3	0	0
Total Allocation		113,348	105,386

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

2.3 Other Departmental Funding	Note	2005 £000	2004 £000
Clinical Negligence Central Fund		1,829	4,802
FRS11 Debtor (current year)		471	0
LHSCG administration		1,081	1,077
LHSCG programme funds		0	159
LHSCG transfer to FHS	2.2	0	0
Notional Income	2.4	1,089	706
Other:-		0	0
		_____	_____
Total Other Departmental Funding		4,470	6,744
2.4 Notional Income (Memorandum note)	Note	2005 £000	2004 £000
Capital Charges		1,052	686
Audit Fees		37	20
Other:-		0	0
		_____	_____
Total Notional Income		1,089	706
2.5 FHS Receipts and Recovery of Charges	Note	2005 £000	2004 £000
General Medical Services			
Receipts		0	241
Recovery of Charges		0	0
General Dental Services			
Receipts		0	0
Recovery of Charges		3,118	3,101
Pharmaceutical Services			
Receipts		0	0
Recovery of Charges		2,254	1,770
General Ophthalmic Services			
Receipts		0	0
Recovery of Charges		0	0
		_____	_____
Total FHS Receipts and Recovery of Charges		5,372	5,112

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

2.6 Other Income	Note	2005 £000	2004 £000
DHSSPS			
Trauma Advisory Panel		106	58
Other Boards			
Health & Social Services Board		0	0
Health & Social Services Board		0	0
Health & Social Services Board		0	0
Miscellaneous			
Registration and Inspection unit		114	112
New Opportunities		2,071	319
HAZ		141	98
CAWT		593	0
SALT		50	0
Other		89	97
Board Administration Income			
Internal Audit Services		29	104
Common Services		0	951
Canteen Receipts		51	46
Car Loans		0	1
Other		0	8
		0	8
Total Other Income		3,244	1,794
2.7 Capital Allocation	Note	2005 £000	2004 £000
Amount per final draw		489	1,046
Total Capital Allocation		489	1,046

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

3 Family Health Services Income and Expenditure	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPSNI	2.2	113,348	105,386
Notional Income - Capital Charges		300	
FHS Receipts & Recovery of Charges	2.5	<u>5,372</u>	<u>5,112</u>
Total Income		119,020	110,498
Expenditure			
General Medical Services		31,778	27,275
General Dental Services		13,725	13,146
General Pharmaceutical Services		70,427	67,235
General Ophthalmic Services		2,766	2,708
Other Primary Care Provider Functions		0	0
Capital Charges			
Depreciation		234	0
Interest		<u>66</u>	<u>0</u>
Total Expenditure		118,996	110,364
Total Income Less Expenditure		<u>24</u>	<u>134</u>

The Board uses the Central Services Agency (CSA), through the mechanism of an annual Service Agreement, to make payments in respect of some of the above expenditure and to ensure adequate monitoring and control arrangements are in place. It has received assurance from the CSA that those arrangements have operated satisfactorily during the year.

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

4.1 Purchase of HealthCare and Personal Social Services	Note	2005 £000	2004 £000
Own area HSS Trusts		303,172	276,720
Other NI Trusts		66,942	60,207
Special Agencies		1,626	1,436
NHS Trusts		914	630
Other Agencies		7,617	6,341
Regional Services		0	951
Other providers of healthcare and personal social services		1,798	2,989
Utilisation of Clinical Negligence Provision		1,140	4,742
Utilisation of Other Provisions		826	803
Initiatives:			
- New Opportunities Fund		0	0
- MacMillan Cancer Fund		0	0
- Other		0	0
Miscellaneous		771	267
Total		384,806	355,086
4.2 Expenditure on Board Administration & Commissioning Functions:	Note	2005 £000	2004 £000
Commissioning Functions		4,247	4,062
Administration Costs of Local Health and Social Care Groups		753	842
Management of Family Health Services		2,622	2,299
Other Statutory Duties		1,113	1,061
Total		8,735	8,264
4.3 Commissioning Costs	Note	2005 £000	2004 £000
Board Administration Costs	4.2	8,735	8,264
Children Service Plans		0	0
Gross expenditure on Registration and Inspection unit		382	364
Adjustment C		0	0
less Board Administration Income		0	0
Board Commissioning Costs		9,117	8,628
Relevant Income		493,580	454,249
% of relevant Income		1.85%	1.90%

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

4.4 GP Fundholder Unspent Savings

	Note	2005 £000	2004 £000
Balance of Savings		0	1,318
Committed Savings		0	0
Distribution of Final Balance		0	0
Movement on Provisions to Fundholder		0	0
by Board		0	0
Expenditure on Approved Projects		<u>(17)</u>	<u>(1,318)</u>
Balance of Savings		<u>(17)</u>	<u>0</u>

The GP Fundholding Scheme ended with effect from 1 April 2002. Former GP Fundholders were entitled to spend their final balance of savings up to 31 March 2004

4.5 Notional Costs (Memorandum Note)

The following amounts have been included in the Accounts including Family Health Services, Note 3.

	Note	2005 £000	2004 £000
Capital Charges:			
Depreciation		571	290
Interest		481	396
Audit Fee		37	20
Other		<u>0</u>	<u>0</u>
Total		<u>1,089</u>	<u>706</u>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

5.1 Staff Costs	Directly Employed	Other	2005	2004
	£000	£000	£000	£000
Salaries and Wages	6,443	126	6,569	5,342
Social security costs	459	0	459	415
Pension costs for early retirements reflecting the single lump sum to buy over the full liability	0	0	0	0
Other Pension costs	412	0	412	360
Early departure costs	0	0	0	0
Total	7,314	126	7,440	6,117

Of the total, £0 has been charged to capital

5.2 Average Number of Persons Employed	Directly Employed	Other	2005	2004
	No.	No.	No.	No.
Purchase of health and personal social care	184	11	195	167
Provision of health and personal social care				
- patient and client care and investigation	25	0	25	0
- support services	0	0	0	0
				167
Total	209	11	220	167

Figures refer to wholetime equivalents (WTE's) rather than individuals.

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

5.3 Board Members Remuneration	Remuneration as Member	Other	2005	2004
	£000	£000	£000	£000
Non-executive members' remuneration	44	0	44	45
Chief Executive's remuneration				
Basic Salaries	82	0	82	78
Performance Related Pay	0	0	0	0
Executive members' remuneration				
Basic Salaries	335	0	335	316
Performance Related Pay	36	0	36	45
Benefits in kind	0	0	0	0
Associate members' remuneration	41	0	41	38
Compensation for loss of office	0	0	0	0
Pensions to former members	0	0	0	0
Social security costs	54	0	54	52
Employers pension contributions	32	0	32	31
Total	624	0	624	605

Performance Related Pay

Executive Members are subject to the NHS Individual Performance Review system. Within the system, each participant agrees objectives with his/her Senior Manager. At the end of each year performance is assessed and a performance pay award is given on the basis of that performance. This award is approved by the Chairman of the Board and endorsed by the Board's Remuneration Committee.

5.4 SENIOR EMPLOYEES' REMUNERATION

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

Name	Salary incl. Performance Pay £000	Real increase in Pension and related lump sum at age 60 £000	Total Accrued Pension at age 60 and related lump sum £000	Cash Equivalent Transfer Value (CETV) at 31 March 2004 £000	Cash Equivalent Transfer Value (CETV) at 31 March 2005 £000	Real Increase in CETV after adjustment for inflation and changes to market investment factors £000	Employer Contribution to partnership Pension Account incl. Risk benefit cover - nearest £100	Benefits in kind - nearest £100 £
Non Executive Members								
F Cook	15-20	0	0	0	0	0	0	0
R Brownlee	5-10	0	0	0	0	0	0	0
E Cleland	0-5	0	0	0	0	0	0	0
M Campbell	5-10	0	0	0	0	0	0	0
M Martin	5-10	0	0	0	0	0	0	0
P McCreesh	5-10	0	0	0	0	0	0	0
T Myers	5-10	0	0	0	0	0	0	0
Executive Members								
C Donaghy	80-85	0-2.5 Pension 5-7.5 Lump Sum	25-30 Pension 75-80 Lump Sum	315	351	15	0	0
B Dornan	70-75	0-2.5 Pension 2.5-5 Lump Sum	25-30 Pension 85-90 Lump Sum	454	483	14	0	0
M McAlinden	60-65	0-2.5 Pension 2.5-5 Lump Sum	15-20 Pension 50-55 Lump Sum	186	210	9	0	0
F McAndrew	55-60	0 Pension 0 Lump Sum	5-10 Pension 15-20 Lump Sum	0	95	0	0	0
J McKeever	70-75	0-2.5 Pension 5-7.5 Lump Sum	15-20 Pension 45-50 Lump Sum	204	237	17	0	0
E Ritson	55-60	0-2.5 Pension 0-2.5 Lump Sum	0-5 Pension 5-10 Lump Sum	23	33	4	0	0
A M Telford	110-115	2.5-5 Pension 7.5-10 Lump Sum	45-50 Pension 140-145 Lump Sum	749	804	20	0	0
Associate Members								
C McPhillips	13	0	0	0	0	0	0	0
E Graham	13	0-2.5 Pension 0-2.5 Lump Sum	0-5 Pension 0-5 Lump Sum	4	6	2	0	0
F O'Brien	3	0	0	0	0	0	0	0
T Ross	12	0	0	0	0	0	0	0

5.4 (continued)

Southern Health and Social Service Board

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 the 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 from 2004-05 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 and framework 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.

5.5 Staff Benefits

5.6 Related Party Transactions

The Southern Health and Social Services Board is a Health and Personal Social Services body funded by the Department of Health, Social Services and Public Safety.

The Department of Health, Social Services and Public Safety is regarded as a related party. During this financial year, the Southern Health and Social Services Board has had various material transactions with the Department and with other entities for which the Department is regarded as the parent Department as listed below:

Eastern Health and Social Services Board

Western Health and Social Services Board

Northern Health and Social Services Board

Central Services Agency

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 Southern Health and Social Services Board.

5.7 Retirements due to ill-health

During 2004/05 there were 0 early retirements from the Board agreed on the grounds of ill health. The estimated additional pension liabilities of these ill-health retirements will be £0

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

6.1 Public Sector Payment Policy - Measure of Compliance

	2004		2005	
	£000	Number	£000	Number
Total bills paid	4,277	4,878	5,724	5,049
Total bills paid within 30 day target	3,836	4,379	5,251	4,518
Percentage of bills paid within target	89.69%	89.77%	91.74%	89.48%

6.2 The Late Payment of Commercial Debts Regulations 2002

The amounts included within expenditure arising from claims made by businesses under this legislation are as follows

	2004 £000	2005 £000
	0	0
	0	0
	_____	_____
Total	0	0

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

7.1 Intangible Fixed Assets	Note	Purchased Software Licences £000	Other Computer Software £000	Total £000
Cost or Valuation				
At 1 April 2004		46	33	79
Indexation		0	0	0
Additions		8	67	75
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
At 31 March 2005		54	100	154
Amortisation				
At 1 April 2004		12	13	25
Indexation		0	0	0
Provided in Year		10	8	18
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
At 31 March 2005		22	21	43
Net book value				
At 1 April 2004		34	20	54
At 31 March 2005		32	79	111
Reversal of impairment.		0	0	0

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

7.2 Tangible Fixed Assets	Note	Land	Buildings Installations and Fittings	Computer Equipment	Other Equipment	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2004		506	6,374	1,641	106	0	8,627
Indexation		26	505	0	2	0	533
Additions		0	0	396	24	0	420
Transfers		50	378	0	0	0	428
Impairments		0	0	(15)	0	0	(15)
Disposals		0	0	(103)	0	0	(103)
Other Revaluations		0	0	0	0	0	0
National Revaluation		1,293	(490)	0	0	0	803
At 31 March 2005		1,875	6,767	1,919	132	0	10,693
Depreciation							
At 1 April 2004		0	775	366	59	0	1,200
Indexation		0	61	0	1	0	62
Provided in year:		0	215	319	19	0	553
Transfers		0	0	0	0	0	0
Impairments		0	0	(9)	0	0	(9)
Disposals		0	0	(39)	0	0	(39)
Other Revaluations		0	0	0	0	0	0
National Revaluation		0	(1,051)	0	0	0	(1,051)
At 31 March 2005		0	0	637	79	0	716
Net book value							
At 1 April 2004		506	5,599	1,275	47	0	7,427
At 31 March 2005		1,875	6,767	1,282	53	0	9,977

Reversal of impairment.

Of the total net book value at 31 March 2005 £1.875m related to land valued at open market value and £6.767m related to buildings, installations and fittings valued at open market value for alternative use.

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

7.3 The net book value of land and buildings comprises	Note	2005 £000	2004 £000
Freehold		8,642	6,105
Long Leasehold		0	0
Short Leasehold		0	0
Total Land and Buildings		8,642	6,105

8 Stocks and work in progress	Note	2005 £000	2004 £000
Raw Materials and Consumables		0	0
Work in Progress		0	0
Finished Goods		0	0
Total		0	0

9 Debtors	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		16,342	7,376
Other NIHPSS debtors		1,596	4,818
Other Debtors		12,879	13,554
Prepayments and accrued income		0	0
Clinical Negligence Central Fund		12,127	10,015
Total		42,944	35,763

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

10 Creditors: amounts falling due within one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS creditors		12,246	6,170
Family Health Services		12,123	13,315
Income tax and National Insurance		1	0
Payments received on account		0	0
Rentals under operating leases		0	0
Other creditors		6,852	5,177
Clinical Negligence		0	0
Total		31,222	24,662
11 Creditors: amounts falling due after more than one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	
Other NIHPSS creditors		145	298
Family Health Services		0	
Income tax and National Insurance		0	
Payments received on account		0	
Rentals under operating leases		0	
Other creditors		0	
Clinical Negligence		0	
Total		145	298
Total Creditors		31,367	24,960

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

12 Provisions for Liabilities and Charges

	Clinical Negligence £000	Pensions relating to other staff £000	Occupier/ Employers Liability £000	Injury Benefit £000	Other £000	Total £000	2004 £000
Balance at 1 April 2004	10,014	9,625	0	0	0	19,639	20,551
Arising during the year	3,696	0	0	0	0	3,696	1,661
Utilised during the year	(1,140)	(827)	0	0	0	(1,967)	(5,544)
Reversed Unused	(853)	284	0	0	0	(569)	2,088
Unwinding of discount	410	545	0	0	0	955	883
Balance at 31 March 2005	12,127	9,627	0	0	0	21,754	19,639

Expected timing of Cash Flow

Within 1 year	4,446	826	0	0	0	5,272
1 -5 years	7,248	3,306	0	0	0	10,554
Over 5 years	433	5,495	0	0	0	5,928

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are:

£

Clinical Negligence Central Fund 12,127

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in note 15.

The movement in provisions for the year 2005 as calculated above is analysed in Note 13.

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

13 Provision for Future Obligations	Note	2005 £000	2004 £000
The movement in provisions for future obligations is analysed as follows:	12		
- Clinical Negligence		3,696	1,662
- Pensions		0	0
- Occupier / Employers Liability		0	0
- Injury Benefit		0	0
		<hr/>	<hr/>
Total Provided		3,696	1,662
Reversed Unused:			
- Clinical Negligence		(853)	2,065
- Pensions		284	22
- Occupier / Employers Liability		0	0
- Injury Benefit		0	0
		<hr/>	<hr/>
Total Reversed Unused		(569)	2,087
Unwinding of discounts on Provisions:			
- Clinical Negligence		410	339
- Pensions		545	545
- Occupier / Employers Liability		0	0
- Injury Benefit		0	0
		<hr/>	<hr/>
Total Discount Unwound		955	884
Utilised in year:			
- Clinical Negligence		(1,140)	(4,742)
- Pensions		(827)	(803)
- Occupier / Employers Liability		0	0
- Injury Benefit		0	0
		<hr/>	<hr/>
Total Utilised in year		(1,967)	(5,545)
Sub Total (Movement in Provisions Note 12)		2,115	(912)
Reimbursements receivable		2,113	(676)
		<hr/>	<hr/>
Total Movement		2	(236)
		<hr/> <hr/>	<hr/> <hr/>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

14.1 Capital Account		£000
At 1 April 2004		6,675
Additions		495
Transfers		428
Disposals and write-off		(64)
Impairments		(7)
Depreciation		
- capital charges		(570)
- other		0
		0
At 31 March 2005		6,957
14.2 Revaluation Reserve		£000
At 1 April 2004		805
Revaluation		1,854
Indexation		471
Disposals and write-off		0
		0
At 31 March 2005		3,130
14.3 Balance due to/(from) Department	2005	2004
	£000	£000
At 1 April 2004	(8,204)	(8,639)
Revenue Income and Expenditure Account		
Surplus/(Deficit)	212	466
Capital Income and Expenditure Account		
Surplus/(Deficit)	(6)	(31)
At 31 March 2005	(7,998)	(8,204)

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

15 Contingent Liabilities

Note

Clinical Negligence

The Board has contingent liabilities for pre Trust clinical negligence incidents. The Board's financial liability, if any cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs is:

	2005	2004
	£000	£000
Total estimate of contingent clinical negligence liabilities	1,692	2,684
Amount expected to be recoverable from Clinical Negligence Central Fund	<u>1,692</u>	<u>2,684</u>
Net Contingent Liability	<u>0</u>	<u>0</u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 12. 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 yet.

Contingencies not relating to clinical negligence are as follows:

	2005	2004
	£000	£000
Public Liability	0	0
Employers' Liability	0	0
Injury Benefits	0	0
	<u> </u>	<u> </u>
Total	<u>0</u>	<u>0</u>

16 Post Balance Sheet Events

Note

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

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

17 Capital Commitments

The Board has the following capital commitments:

	Note	2005 £000	2004 £000
Contracted		0	0
Authorised but not contracted		<u>0</u>	<u>0</u>
Total		<u>0</u>	<u>0</u>

Note any commitments incurred by another body on behalf of the Board

18 Analysis of Changes in Financing During the Year

	Note	Revaluation Reserve £000	Capital Account £000
Balance at 1 April 2004		805	6,675
Cash Inflow/(Outflow) from financing		0	495
Non-cash based transactions		<u>2,325</u>	<u>(213)</u>
Balance at 31 March 2005		<u>3,130</u>	<u>6,957</u>

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

19 Analysis of Losses and Special Payments

PART A

Type of Loss	Number of cases	Value £000
1. Cash Losses - Theft, fraud etc.	2	1
2. Cash Losses - Overpayments of salaries, wages and allowances.	0	0
3. Cash Losses - Other causes (including unvouched and incompletely vouched payments).	2	30
4. Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5. Other nugatory and fruitless payments.	0	0
6. Bad debts and claims abandoned.	20	0
7. Stores and Inventory Losses - Theft, fraud, arson, etc. (whether proved or suspected) etc		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
8. Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc).	0	0
9. Stores and Inventory Losses - Deterioration in store.	0	0
10. Stores and Inventory Losses - Stocktaking discrepancies.	0	0
11. Stores and Inventory Losses - Other causes.		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
12. Compensation payments (legal obligation).		
1. Clinical Negligence	26	1,829
2. Other	0	0
13. Ex-gratia payments - Extra contractual payments to contractors.	0	0
14. Ex-gratia payments - Compensation payments. (including payments to patients and staff)	0	0
15. Ex-gratia payments - Other payments.	0	0
16. Extra statutory payments.	0	0
17. a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
b. Damage to Board vehicles.	0	0
18. Clawback of Grants	0	0
TOTAL	50	1,860

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

Part C

The Central Services Agency, on behalf of the Board, handles payments to contractors providing Family Practitioner Services. The Counter Fraud Unit is responsible for checking patient exemption and for taking follow-up action where a patient's claim to exemption from statutory charges has not been confirmed.

Given the volume of claims, the Central Services Agency uses robust statistical sampling frames to estimate the total annual potential financial loss due to incorrect claims to exemption from charges.

For example, in the pharmaceutical area, a stratified random sample of all prescriptions paid by the CSA is employed. Stratification is based on the volume of claims made by each pharmacist.

Independent verification of exemption is sought. Where entitlement is not proven, recovery of the unpaid charge is sought from the patient, together with a Fixed Penalty Charge, where applicable. Each case is pursued as far as feasible. This can include referral to the Small Claims Court and the Enforcement of Judgements Office.

The Agency uses the following information

- (a) the proportion of items where entitlement cannot be verified;
- (b) the volume of items paid within the month
- (c) the cost of the charge for the individual team i.e. £6.40 for 2004/05 to calculate the level of loss.

This is then summed across the year to create an annual loss figure.

A similar exercise is carried out for the Dental and Ophthalmic areas.

The total potential Northern Ireland loss for 2004/2005 has been estimated to fall within the range **£8.2m to £10.3m** (2003/2004 **£7.5m to £9.5m** [as amended for the increase in volume and charge]).

It is estimated that the proportion of claims, which are correctly claimed for exemption lies between **4.32 % and 5.66 %**.

The total expenditure on Family Practitioner Services for 2004/2005 was **£579m**. There is no definitive basis for apportioning the estimated potential loss to individual Boards, but if the loss were to be attributed to Boards according to their share of expenditure in Family Practitioner Services, the loss for this Board would fall within the range of **£1.5m to £1.9m** (2003/2004 **£1.4m to £1.8m** [as amended for the increase in volume and charge]).

The Annual Estimate of Loss due to exemption fraud for this Board is **£1.7m** (2003/2004 **£1.6m**).

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

20 Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationships with DHSSPSNI, and the manner in which they are funded, the Southern Health and Social Services Board is not exposed to the degree of financial risk faced by other business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies to which FRS13 mainly applies. The Southern Health and Social Services Board 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 Southern Health and Social Services Board in undertaking its activities.

21 Third party Assets

The Southern Health & Social Services Board has no third party assets.

22 Intra-government Balances	Note	2005	2005	2004	2004
		£000	£000	£000	£000
		Within 1 Year	After 1 Year	Within 1 Year	After 1 Year
Debtors					
Department of Health, Social Services & Public Safety		16,342	0		
Balances with Other Central Government Bodies		0	0		
Balances with Local Authorities		0	0		
Balances with HSS/NHS Trusts		48	0		
Balances with public corporations and trading funds		0	0		
Balances with bodies external to government		0	0		
Total		16,390	0	0	0
Creditors					
Department of Health, Social Services & Public Safety		0	0		
Balances with Other Central Government Bodies		0	0		
Balances with Local Authorities		0	0		
Balances with HSS/NHS Trusts		11,825	0		
Balances with public corporations and trading funds		0	0		
Balances with bodies external to government		0	0		
Total		11,825	0	0	0

Intra-government balances are defined as balances between the reporting entity and other bodies within the boundary set for whole of government accounts.

GENERAL PRACTITIONER LOANS SCHEME
SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

(S.R. & O. 1973 No. 332 Under Article 59 of the Health and Personal Social Services (Northern Ireland) Order 1972). Summary of Receipts and Payments. Account for the year ended 31 March 2005.

Previous Year £	PAYMENTS	£
0.00	Loans to General Medical Practitioners	0.00
0.00	Charge for borrowings	0.00
1,042,470.35	Balance due from Bank at 31 March 2005	1,175,201.96
	RECEIPTS	
907,785.55	Balance due from Bank at 1 April 2004	1,042,470.35
86,806.76	Loan Repayments	95,556.97
47,878.04	Loan interest receivable	37,174.64
1,042,470.35		1,175,201.96

ABSTRACT OF LOANS

Balance at 01.04.2004	Loans Issued		Loans Repaid		Balance at 31.03.2005
	During year ended 31.03.2005 £	Total to 31.03.2005	During year ended 31.03.2005	Total to 31.03.2005	
310,772.80	0.00	1,476,396.00	95,556.97	1,261,180.17	215,215.83

I certify that the above account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by the Central Services Agency as certified by the Director of Finance of the Central Services Agency.

S McKeever
4th June 2005
Director of Finance
Date

I certify that the above account has been submitted to and duly approved by the Board.
C Donaghy
Chief Executive

5th July 2005
Date

The Secretary
DHSS

I have audited the above account and in my opinion it presents fairly the transactions during the year ended 31 March 2005 and the balances at that date.

J M Dowdall CB
12th August 2005
Appointed Auditor
Date

SOUTHERN HEALTH AND SOCIAL SERVICES BOARD

GENERAL PRACTITIONER LOANS SCHEME

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the General Practitioner Loans Scheme Account on page 97 of the Board Statement of Annual Accounts under the Health and Personal Services (Northern Ireland) Order 1972.

Respective Responsibilities of the Board, the Director of Finance and Auditor

As described on page 97, the Board and Director of Finance are responsible for ensuring that the Account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by Central Services Agency as certified by the Director of Finance of the Central Services Agency. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the General Practitioner Loans Scheme Account properly presents the receipts and payments of the scheme for the year, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the General Practitioner Loans Scheme Account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient evidence to give reasonable assurance that the General Practitioner Loans Scheme Account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

Opinion

In my opinion:

- The General Practitioner Loans Scheme Account properly presents the receipts and payments of the Southern Health and Social Services Board General Practitioner Loans Scheme for the year ended 31 March 2005 and balances held at that date have been properly prepared in accordance with the Health and Personal Social Services (NI) Order 1972 and directions made there under by the Department of Health, Social Services and Public Safety;
- In all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on this Account.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT 7 1EU

Date: 12 August 2005

**EASTERN HEALTH AND SOCIAL SERVICES BOARD
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005**

**Presented to the Houses of Parliament
By the Secretary of State for Northern Ireland
By Command of Her Majesty
August 2005**

FOREWORD

These Accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

STATEMENT OF EASTERN HEALTH AND SOCIAL SERVICES BOARD'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003) the Board is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Eastern Health and Social Services Board, of its income and expenditure and cash flows for the financial year

In preparing the financial statements the Board is required to:

- Observe the accounts direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards 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 Board will continue in operation;
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- Pursue and demonstrate value for money in the service the Board 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 the Chief Executive, Dr MPJ Kilbane of the Eastern Health and Social Services Board as the Accountable Officer for the Board. Her relevant responsibilities as Accountable Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

**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 102 to 144) which I am required to prepare on behalf of the Eastern Health and Social Services Board have been compiled from and are in accordance with the accounts and financial records maintained by the Board and with the accounting standards and policies for HSS Boards approved by the Department of Health, Social Services and Public Safety.

Angela Paisley Director of Finance

.31 May 2005 Date

I certify that the Annual Accounts set out in the financial statements and notes to the accounts (pages 102 to 144) as prepared in accordance with the above requirements have been submitted to and duly approved by the Eastern Health and Social Services Board.

Mr D Russell Chairman

11 August 2005 Date

Dr MPJ Kilbane Chief Executive

11 August 2005 Date

EASTERN HEALTH AND SOCIAL SERVICES BOARD
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL TO THE HOUSE OF COMMONS AND THE
NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements on pages 112 to 144 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 117 to 120.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on pages 103, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 9 to 12A reflects the Board's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board Members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion on Presentation of Account and Qualified Opinion on Regularity of Income

The Board maintains procedures designed to monitor and limit irregular expenditure. These procedures have shown that there is an underlying level of irregular expenditure in respect of loss through inappropriate claiming of exemptions from charges by patients receiving prescriptions and treatments. As disclosed in Note 19 Part C the income and expenditure account excludes patient prescription and treatment charge income which has not been collected as a result of patients inappropriately claiming exemption from charges. This has been estimated to total between £8.2 million and £10.3 million for Northern Ireland. There is no definite basis for apportioning the estimated loss to individual Boards but if the loss were to be attributed to Boards according to their share of Family Practitioner Services expenditure, the loss to the Board would fall between £3.3 million and £4.2 million. I have therefore concluded that this income, due to the Eastern Health and Social Services Board but not received, has not been applied to the purposes intended by Parliament and is not in conformity with the authorities that govern it.

In my opinion:

the financial statements give a true and fair view of the state of affairs of the Eastern Health and Social Services Board at 31 March 2005 and of the overall surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Service and Public Safety; and

except for the patient prescriptions and treatment charge income that has not been received as a result of patients inappropriately claiming exemptions from charges referred to above, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Date: 16 August 2005

EASTERN HEALTH AND SOCIAL SERVICES BOARD

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Scope of Responsibility

The Board of the Eastern Health and Social Services Board is accountable for internal control within the organisation and is guided in this by the framework and principles directed by the Department of Health, Social Services and Public Safety. The Department has determined that I, the Chief Executive, be appointed as the Accountable Officer for the Board. As Accountable Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation and for reviewing the effectiveness of the system.

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;
- Is based on an ongoing process designed to identify and prioritise the risk to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically;
- Has continued in place across all areas of the Board for the year ended 31 March 2005, and until the date of approval of the Annual Report and Accounts, and accords with Department of Finance and Personnel guidance as interpreted and communicated by the Department of Health, Social Services and Public Safety (DHSS&PS).

The Board exercises strategic control over the operation of the organisation through a system of corporate governance underpinned by a Corporate Plan, which includes:

- A schedule of matters reserved for Board decisions;
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing Orders and Standing Financial Instructions, which set out the Board's governance regulations;
- The operation of a Governance and Audit Committee to oversee adherence to those regulations; and,
- The operation of a Remuneration and Terms of Service Committee to oversee Senior Executives' and Consultants' remuneration.

As Chief Executive, I exercise my responsibility by ensuring that an adequate system for the assessment and management of risk is in place. I have in place a range of organisational controls, commensurate with officers' current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and Departmental direction. Every

effort is made to ensure that the objectives of the Board are pursued in accordance with the recognised and accepted standards of public administration.

Capacity to Manage Risk

The Board has in place structures and systems to identify and manage risks which span all aspects of the Board's activities including financial, organisational, clinical care and social care. These processes provide guidance and establish reporting mechanisms to ensure risks are being identified and managed effectively. A multi-disciplinary Governance Officers Group under the Chairmanship of the Head of Corporate Services deals with operational matters covered by DHSS&PS guidance and standards which have been applied in 2004/2005. The group also monitors progress against specific actions and audit recommendations identified through a Controls Assurance Standard self-assessment process. As further guidance is received, the Group incorporates this direction and advice in its work programme, thus ensuring a consistent approach across the Board.

The work of the Governance Officer Group is supported by the Board's Governance and Risk Management Co-ordinator.

Promulgation of risk management has been achieved across the Board, by the implementation of a training programme in risk management awareness. This training has been provided to staff at all levels of the organisation, including relevant contractors' staff, and has supported the embedding of a culture of governance and risk management at all levels of the organisation. As part of the Board's induction programme, all new members of staff are trained in risk awareness and management.

In this respect, Board Directors and Officers are committed to learning from and sharing good practice and are represented on a range of regional groups.

The Risk Management and Control Framework

The Board has a Risk Management Strategy, which has identified the organisation's objectives and risks and sets out a control strategy for each of the significant risks identified. Procedures have been put in place to ensure that aspects of risk management and internal control are regularly reviewed and reported and that a formal risk management process has been incorporated fully into the corporate planning and decision making of the organisation.

To consolidate the risk management system, the Board has progressed all the appropriate Controls Assurance Standards required by DHSS&PS. It has achieved the required level of substantive compliance through systematic self-assessment of the levels of compliance on the three core Controls Assurance Standards – Governance, Risk Management and Financial Management. Independent Internal Audit has confirmed the Board's self-assessment that substantive compliance had been achieved on these three core standards.

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

- Comprehensive budgeting systems with an Annual Financial Plan, which is reviewed and agreed by the Board;
- Regular reviews by the Board of periodic annual financial reports, which indicate 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; and
- As appropriate, formal delegated budget management processes.

The Board secures an independent Internal Audit function which operates to defined standards and whose work is informed by an analysis of risk to which the Board is exposed and annual audit plans are based on this analysis. In 2004/2005 Internal Audit reviewed a number of financial systems and areas. In his annual report, the Internal Auditor reported that the Board's system of internal financial control and compliance with HPSS Controls Assurance Standards were adequate and effective. A number of minor weaknesses in control were identified in a small number of specific areas. Recommendations to address these control weaknesses have been or are currently being implemented.

The Board has also received assurance from the Central Services Agency (CSA) as to the effectiveness of financial controls operating in the area of Family Health Services, associated with the income and expenditure which is administered by the Agency on behalf of the Board and is mirrored by an assurance process between the External Auditor of the CSA and the External Auditor of the Board. This assurance, as in previous years, does not offer a complete assurance that the income due to the Board in respect of prescription charges has been completely received. This has been brought to the attention of the Board by the External Auditor in his report.

Internal Audit have reviewed the Board's self-assessment of the Fire Safety Controls Assurance Standard and determined that the Board has failed to meet the required level of substantive compliance by a narrow margin. A programme of corrective action is now underway to ensure substantive compliance by 2005/2006. Associated with this a series of actions have been identified to enable the Board to fully meet Firecode Compliance by January 2006.

The Board has also self assessed the level of compliance with the controls assurance standard for each of the remaining Controls Assurance Standards stipulated by the Department and has met the required level of compliance (moderate) in line with DHSS&PS expectations.

Since the Board provides a full range of Human Resource and Financial and Accounting services to the Eastern Health and Social Services Council, the two compliance assessments include the respective service provision to the Eastern Health and Social Services Council.

Controls Assurance Standards in respect of Decontamination of Medical Devices, Infection Control, Medical Devices and Equipment Management and Medicines Management are not considered to be relevant to the Board's activities.

These standards have been assessed solely in respect of the Board's own internal control arrangements. According to DHSS&PS guidance, Boards are not accountable for the level of internal control in the organisations of care providers, from which they commission services.

Action Plans in respect of all applicable standards have been developed and implementation plans agreed to meet the deficiencies identified. Board procedures in respect of reporting of internal incidents/near misses were reviewed and revised.

Following the issue of two circulars from DHSS&PS requiring specific audits the Board reviewed practices and procedures for Decontamination of Medical Devices in respect of services provided by General Medical Practitioners, the Nursing/Care Home sector and General Dental Practitioners.

- All General Medical Practitioners confirmed that their practices as at 31 March 2005 complied with the requirements of this circular letter. The Board is aware, however, of a small number of practices which continue to use local sterilisers whose practices would fail to meet the requirements of the full Controls Assurance Standard which apply elsewhere across the HPSS.
- All General Dental Practices completed and returned the prescribed audit and confirmed they have taken / intend to take appropriate action to address aspects where they were not compliant. Based on the overall outcome from the audits a programme of training for practitioners is planned across Northern Ireland.
- All but one nursing home responded and 94 of 123 residential homes returned signed compliance confirmation. The responsibility for Registered Homes transferred to the HPSS Regulation and Improvement Authority on 1 April 2005.

In addition to these assessments the Board has in place functioning Departmental Risk Registers across all areas of the Board's activity together with agreed action plans and timescales. A Corporate Risk Register has been developed by officers and approved by the Board. This has been placed into the public domain (website access) ensuring ongoing transparency and openness in relation to the risks we face as a commissioning organisation.

Furthermore, action has been planned for the current year to monitor and review the Controls Assurance Standards already issued, those that have been revised, and to further assess levels of compliance with the additional applicable Controls Assurance Standards applicable for 2005/2006. Risk awareness training for all staff will be identified and will continue as appropriate.

Review of Effectiveness

As Accountable Officer, I have responsibility for the review of effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the independent Internal Auditor, the Chief Executive of the Central Services Agency and the executive managers within the Board who have responsibility for the development and maintenance of the internal control framework, together with comments made by the independent External Auditor in his management letter and other reports.

Where some ambiguity exists about the role of the Board, I have taken steps to seek clarification from DHSSPS in respect of its functions and where considered necessary in terms of risk and governance, I have taken these actions in the interests of the health and wellbeing of the Board's population.

I have been assured by officers and the Governance and Audit Committee, on the implications of the review of the effectiveness of the system of internal control and of the plan to address weaknesses, and will seek to ensure continuous improvement of the system.

Dr MPJ Kilbane

Chief Executive

11 August 2005

Date

**EASTERN HEALTH AND SOCIAL SERVICES BOARD
REVENUE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Income			
Allocations - Health and Personal Social Services	2.1	931,943	839,981
Allocations - Family Health Services	2.2	255,866	238,427
FHS Receipts and Recovery of Charges	2.5	12,897	12,597
Allocations - Other Allocation Income	2.3	20,145	28,953
Income from other sources	2.6	<u>3,611</u>	<u>3,518</u>
Total Revenue Income		<u>1,224,462</u>	<u>1,123,476</u>
Expenditure			
Health Care, Personal Social Services and Related Services Commissioned	4.1	938,887	857,625
Family Health Services	3	<u>269,062</u>	<u>250,473</u>
Total Expenditure on Services for Residents		1,207,949	1,108,098
Board Administration and Commissioning Expenses	4.2	14,008	12,238
Registration and Inspection Unit		877	830
Health and Social Services Council		324	422
Other Services		<u>1,451</u>	<u>1,989</u>
Total Revenue Expenditure		<u>1,224,609</u>	<u>1,123,577</u>
Total Revenue Income Less Total Revenue Expenditure		(147)	(101)
Reduction in Provision for Future Obligations	13	<u>102</u>	<u>28</u>
Retained (Deficit) / Surplus for the Financial Year		<u>(45)</u>	<u>(73)</u>

**EASTERN HEALTH AND SOCIAL SERVICES BOARD
CAPITAL INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPS	2.7	1,385	1,655
Proceeds from Sale of Fixed Assets		0	0
Other Income		<u>0</u>	<u>0</u>
Total Capital Income		<u>1,385</u>	<u>1,655</u>
Expenditure			
Payments to Acquire Intangible Assets:		319	127
Payments to Acquire Tangible Assets:			
Land		0	0
Buildings, Installations and Fittings		52	469
Equipment		947	1,059
Assets under Construction		<u>0</u>	<u>0</u>
Total Capital Expenditure		<u>1,318</u>	<u>1,655</u>
Retained Surplus/(Deficit) for the Financial Year		<u><u>67</u></u>	<u><u>0</u></u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD
BALANCE SHEET AS AT 31 MARCH 2005

	Note	2005 £000	2004 £000
Fixed Assets			
Intangible Fixed Assets	7.1	400	118
Tangible Assets	7.2	<u>14,075</u>	<u>12,760</u>
Total Fixed Assets		<u>14,475</u>	<u>12,878</u>
Current Assets			
Stocks and Work in Progress	8	0	0
Debtors	9	91,865	87,264
Cash at Bank and in Hand		<u>17</u>	<u>5</u>
Total Current Assets		91,882	87,269
Creditors: amounts falling due within one year	10	<u>72,740</u>	<u>67,802</u>
Net Current Assets/(Liabilities)		<u>19,142</u>	<u>19,467</u>
Creditors: amounts falling due after more than one year	11	0	0
Provisions for Liabilities and Charges	12	<u>23,058</u>	<u>23,404</u>
Total Net Assets		<u>10,559</u>	<u>8,941</u>
Financed By:			
Capital account	14.1	8,423	7,862
Revaluation reserve	14.2	6,052	5,017
Balance Due (From) / To DHSSPSNI	14.3	<u>(3,916)</u>	<u>(3,938)</u>
Total		<u>10,559</u>	<u>8,941</u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
	£000	£000
Net cash Inflow / (outflow) from Operating Activities	<u>927</u>	<u>(10)</u>
Capital Expenditure:		
Payments to acquire tangible and intangible fixed assets	(2,300)	(1,655)
Receipts from the sale of tangible fixed assets	<u>0</u>	<u>0</u>
Net cash (Outflow) / Inflow from Capital Expenditure	<u>(2,300)</u>	<u>(1,655)</u>
Financing:		
Capital Funding	<u>1,385</u>	<u>1,655</u>
Net cash Inflow from Financing	<u>1,385</u>	<u>1,655</u>
Increase / (Decrease) in Cash	<u><u>12</u></u>	<u><u>(10)</u></u>

Notes to the Cashflow Statement

Net cash Inflow / (Outflow) from Operating Activities

	2005	2004
	£000	£000
Operating (Deficit) / Surplus	(147)	(101)
Notional Income	1,276	803
Capital Charges	(1,251)	(765)
Other Notional Operating Costs	(25)	(38)
(Increase) / Decrease in Stocks	0	0
(Increase) / Decrease in Debtors	(4,601)	(32,132)
Increase / (Decrease) in Creditors	5,919	32,586
Movement in Provisions (Income & Expenditure)	102	28
Movement in Provisions (Balance Sheet)	<u>(346)</u>	<u>(393)</u>
Net Cash Inflow / (Outflow)	<u><u>927</u></u>	<u><u>(10)</u></u>

Reconciliation of net cash flow to movement in net funds

	2005	2004
	£000	£000
Increase/(Decrease) in cash in the period	<u><u>12</u></u>	<u><u>(10)</u></u>
Net Funds at 1 April	5	15
Net Funds at 31 March	<u>17</u>	<u>5</u>
	<u><u>12</u></u>	<u><u>(10)</u></u>

Analysis of Changes in Cash as shown in Balance Sheet

	Change During Year £000	As at 01-Apr £000	As at 31-Mar £000
Cash at bank and in hand	12	5	17
Bank Overdraft	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>12</u></u>	<u><u>5</u></u>	<u><u>17</u></u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Revenue (Deficit) / Surplus for the Financial Year		(45)	(73)
Unrealised surplus / (deficit) on the revaluation and indexation of fixed assets		<u>1,035</u>	<u>793</u>
Total gains / (losses) recognised		<u>990</u>	<u>720</u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

(a) Authority

The Accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14), as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

(b) Accounting Convention

The Accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

(c) Basis of Preparation of Accounts

The Accounts have been prepared in accordance with the 2004/2005 HPSS Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies adopted follow UK Generally Accepted Accounting Practice (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounting policies are selected in accordance with the principles set out in Financial Reporting Standard 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the Accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the Income and Expenditure Account after the operating surplus/deficit. These expenditure items do not include the costs associated with provisions for liabilities and charges, which are normally included within the calculation of the operating surplus/deficit. However, as the Department measures the operating performance of HSS Boards by reference to the operating surplus/deficit excluding the impact of certain provisions, the Income and Expenditure Account is presented to disclose the operating surplus/deficit before provisions for future obligations.

Financial Reporting Standard 8 "Related Party Transactions" requires disclosure of all material related party transactions between entities under common control. However, disclosure is not required if the transactions are between entities whose results are consolidated in a set of financial statements which are publicly available. The Department is regarded as the controlling party of all Health and Social Services (HSS) bodies in Northern Ireland. Whilst the Board's results are consolidated within the Departmental Resource Accounts, the results of Trusts and Special Agencies with which the Board

transacts are not consolidated. In this regard the Board has disclosed details of expenditure with Trusts and Special Agencies in aggregate in Note 4.1. Transactions with other related parties are disclosed in Note 5.6.

Financial Reporting Standard 15 “Tangible Fixed Assets” requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historical cost, at which stage any further impairments are recognised in the Income and Expenditure Account.

However, where an impairment arises due to consumption of economic benefits Financial Reporting Standard 15 requires the loss to be recognised in the Income and Expenditure Account in its entirety. In the context of their capital accounting, HSS bodies charge impairments which arise from the consumption of economic benefit to the Income and Expenditure Account having first utilised any remaining revaluation surplus relating to the assets concerned. Losses or downward revaluations arising from a general fall in prices are charged to the Revaluation Reserve and may lead to a temporary negative revaluation reserve in respect of certain assets.

(d) Funding

Most of the expenditure of the Eastern Health and Social Services Board is met from funds advanced by the Department of Health, Social Services and Public Safety.

(e) Fixed Assets

The treatment of fixed assets in the Accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the capital charges scheme. (See i. below)

i. Capitalisation

All assets falling into the following categories are capitalised in accordance with the capital accounting guidance issued by the Department of Health, Social Services and Public Safety:-

intangible assets which can be valued, are capable of being used in Board’s activities for more than one year;

tangible assets which are capable of being used for a period which could exceed one year or they satisfy the criteria of a grouped asset i.e.,

functionally interdependent; acquired at the same time and also expected to be disposed of at the same time in the future and under single management control.

ii Valuation

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets are valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realisable value and value in use. Replacement cost for operational land and buildings is existing use value.

Properties surplus to requirements are valued at open market value.

Assets in the course of construction are valued at current cost.

All tangible assets except assets in the course of construction are subject to annual indexation using a national price index for each category of fixed asset.

Land and buildings are restated to current value using professional valuations in accordance with Financial Reporting Standard 15 every five years. The valuations were carried out by the District Valuers of the Valuations and Land Agency and are in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuations Practice insofar as these are consistent with the specific needs of the HPSS. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/2005 as at the valuation date of 31 March 2005.

iii. Depreciation and amortisation

Depreciation is charged on a straight line basis on each main class of tangible asset as follows:

land and assets in the course of construction are not depreciated;

buildings, installations and fittings are depreciated on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Depending on the type of installation or fitting it is expected that the maximum useful lives will be in the range of 15-80 years;

equipment e.g. vehicles and furniture, is depreciated over the estimated life of the asset; and

intangible assets are amortised over the estimated lives of the assets.

iv Profit/(Loss) on Sale of Fixed Assets

These are treated in accordance with Financial Reporting Standard 3. The difference between the net book value and income received from the sale of equipment will lead to an adjustment on disposal to be made to the capital charges depreciation figure.

The disposal of land and buildings will result in a corresponding reduction in the Capital Account. No profit or loss on the sale of those assets is recorded in the Income and Expenditure Account.

(f) Stocks

Stocks are valued exclusive of VAT. In calculating the cost, the Board has generally used the average cost or latest purchase price.

(g) Losses and Special Payments

Note 19 is a summary of losses and special payments. Included in the summary are certain losses which would have been made good through insurance cover had the Department not been bearing its own risks. Generally it is Government policy not to take out commercial insurance cover. This note is prepared on a memorandum basis as most of the amounts are included in operating expenses.

(h) Valued Added Tax

The figures in the Accounts are shown exclusive of VAT, except that the net VAT recoverable is included in debtors.

(i) Capital Charges

The Capital Charges scheme involves the Department charging Boards for the use of fixed assets. The charge comprises depreciation and notional interest. The charges paid in turn fund increased allocation to Boards. The cost of capital employed by the Board is calculated at the rate of 3.5%.

(j) Pensions

The Board participates in the HPSS 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 reasonable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

Pension contributions are disclosed in Note 5.1. The costs of early retirements are met by the Board and are charged to the Income and Expenditure Account at the time the Board commits itself to the payments.

(k) Clinical Negligence Costs

A Clinical Negligence Central Fund was established in 1998 under the administration of the Central Services Agency to finance the payment of post Trust clinical negligence incidents. From 1999/2000 the role of the Central Fund was expanded to finance the payment of all clinical negligence settlements. Under the revised arrangements HSS Boards manage the payment of claim settlements relative to pre Trust incidents and apply to the Central Fund for reimbursement.

The payment of claim settlements is included in Note 4.1.

The reimbursements from the Central Fund are accounted for as income. Reimbursements receivable at 31 March 2005 in respect of clinical negligence liabilities and provisions are included in debtors.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

2.1 Health and Personal Social Services Allocation	Note	2005 £000	2004 £000
Total Allocation		1,027,258	870,396
Less: Capital Allocation		(1,385)	(1,655)
FHS Allocation	2.2	(70,621)	(18,566)
FRS11 Asset Impairment Income (Prior period)		(16,725)	(1,664)
LHSCG administration	2.3	(2,060)	(2,090)
LHSCG programme funds	2.3	(5,736)	(3,227)
Capital Charge from Agencies		1,401	1,274
Board transfer to FHS	2.2	<u>(189)</u>	<u>(4,487)</u>
Total Health and Personal Social Services Allocation		<u>931,943</u>	<u>839,981</u>

2.2 Family Health Services Allocation	Note	2005 £000	2004 £000
Allocation to Board	2.1	70,621	18,566
Board allocation administered by the Central Services Agency		185,048	215,159
Board transfer from HPSS Revenue Allocation	2.1	189	4,487
LHSCG transfer from Other Department Funding	2.3	<u>8</u>	<u>215</u>
Total Family Health Services Allocation	3	<u>255,866</u>	<u>238,427</u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

2.3 Other Allocation Income	Note	2005 £000	2004 £000
Clinical Negligence Central Fund		1,926	6,323
FRS11 Asset Impairment Income Receivable		9,155	16,725
LHSCG administration	2.1	2,060	2,090
LHSCG programme funds	2.1	5,736	3,227
LHSCG transfer to FHS	2.2	(8)	(215)
Notional Income	2.4	1,276	803
		_____	_____
Total Other Allocation Income		20,145	28,953
2.4 Notional Income (Memorandum note)	Note	2005 £000	2004 £000
Capital Charges:			765
Board Administration		756	
Family Health Services	3	365	
Others		130	
Audit Fees		25	38
Total Notional Income	4.5	1,276	803
2.5 FHS Receipts and Recovery of Charges	Note	2005 £000	2004 £000
General Medical Services			
Receipts		0	0
Recovery of Charges		0	10
General Dental Services			
Receipts		7,485	7,281
Recovery of Charges		20	41
Pharmaceutical Services			
Receipts		5,386	5,243
Recovery of Charges		0	9
General Ophthalmic Services			
Receipts		0	1
Recovery of Charges		6	12
Total FHS Receipts and Recovery of Charges		12,897	12,597

EASTERN HEALTH AND SOCIAL SERVICES BOARD

2.6 Income From Other Sources	Note	2005 £000	2004 £000
DHSSPS			
Perinatal Project		0	21
Other Boards (excluding Common Services)			
Northern Health & Social Services Board		0	0
Southern Health & Social Services Board		0	0
Western Health & Social Services Board		0	0
Miscellaneous			
Registration & Inspection Unit *		328	333
Regional Multidisciplinary Audit		0	30
Macmillan Cancer Relief		76	105
Trauma Panel		51	63
New Opportunities Fund		2,224	2,228
Miscellaneous		67	26
Board Administration Income			
Accommodation Charges		603	458
Canteen		65	61
Regional Services		165	124
Miscellaneous		32	69
		_____	_____
Total Income From Other Sources		3,611	3,518
2.7 Capital Allocation	Note	2005 £000	2004 £000
Allocation for Capital Investment		1,385	1,655
Total Capital Allocation		1,385	1,655

* The Registration and Inspection Unit functions transferred from the Board to HPSS Regulation and Improvement Authority (HPSSRIA) on 1 April 2005. HPSSRIA will have responsibility for the charging and collection of this income in future years.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

3 Family Health Services Income and Expenditure	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPSNI	2.2	255,866	238,427
Notional Income - Capital Charges	2.4	365	0
FHS Receipts & Recovery of Charges	2.5	<u>12,897</u>	<u>12,597</u>
Total FHS Income		269,128	251,024
Expenditure			
General Medical Services		70,751	60,896
General Dental Services		31,530	30,038
General Pharmaceutical Services		160,646	153,628
General Ophthalmic Services		5,770	5,911
Capital Charges *			
Depreciation		314	0
Interest		<u>51</u>	<u>0</u>
Total FHS Expenditure		269,062	250,473
Total FHS Income Less FHS Expenditure		<u>66</u>	<u>551</u>

The Board contracts with the Central Services Agency (CSA), through the mechanism of an annual Service Agreement, to administer certain elements of Family Health Services on its behalf and to ensure adequate monitoring and control arrangements are in place. It has received assurance from the CSA that those arrangements have operated satisfactorily during the year.

Most of the costs of administering Family Health Services are met by the Central Services Agency who recharge the expenditure to the Board. These administrative costs and the Board's own costs in this area are included in Note 4.2.

* FHS capital charges relate to ICT Fixed Assets acquired and owned by the Board for the use of General Medical Practitioners, following the introduction of the new General Medical Services contract in 2004.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

4.1 Commissioning of Health Care and Personal Social Services	Note	2005 £000	2004 £000
Own area HSS Trusts		894,309	817,170
Other NI HSS Trusts		20,758	15,861
Special Agencies		3,886	3,301
NHS Trusts		2,955	2,607
Regional Services		1,110	721
Other providers of healthcare and personal social services		11,230	8,865
Utilisation of Clinical Negligence Provision		1,116	1,334
Utilisation of Other Provisions		287	294
Initiatives:			
- New Opportunities Fund		2,225	2,228
- MacMillan Cancer Fund		66	72
Miscellaneous		945	5,172
Total		938,887	857,625
4.2 Expenditure on Board Management and Administration	Note	2005 £000	2004 £000
Management of Commissioning Functions		7,258	6,712
Management Costs of Local Health and Social Care Groups		1,181	1,069
Management of Family Health Services		5,254	4,300
Other Statutory Duties		315	157
Total		14,008	12,238
4.3 Commissioning Costs	Note	2005 £000	2004 £000
Board and LHSCG Management and Administration Costs	4.2	14,008	12,238
Less Public Health Medicine excluded activities		(257)	(138)
Plus gross expenditure on Registration & Inspection Unit less Board Administration Income		877	830
		(699)	(588)
Board Commissioning Costs		13,929	12,342
Relevant Income		1,151,533	1,054,274
% of relevant Income		1.21%	1.17%

EASTERN HEALTH AND SOCIAL SERVICES BOARD

4.4 GP Fundholder Unspent Savings	Note	2005 £000	2004 £000
Balance of Savings Unspent at 1 April		663	2,642
Distributed to LHSCGs		(582)	0
Expenditure on Approved Projects		<u>(81)</u>	<u>(1,979)</u>
Balance of Savings Unspent at 31 March		<u><u>0</u></u>	<u><u>663</u></u>

The GP Fundholding Scheme ended with effect from 1 April 2002. Former GP Fundholders were entitled to spend their final balance of savings up to 31 March 2004. From 1 April 2004 unspent balances have been distributed to Health and Social Care Groups for the commissioning of local care services.

4.5 Notional Costs (Memorandum Note)

The following amounts have been included in the Accounts including Family Health Services, (Note 3).

	Note	2005 £000	2004 £000
Capital Charges:			
Depreciation		757	363
Interest		<u>494</u>	<u>402</u>
	2.4	1,251	765
Audit Fee		25	38
		<u> </u>	<u> </u>
Total		<u><u>1,276</u></u>	<u><u>803</u></u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

5.1 Staff Costs	Directly Employed £000	Other £000	2005 £000	2004 £000
Salaries and Wages	9,251	221	9,472	8,051
Social Security costs	733	0	733	638
Pension costs for early retirements reflecting the single lump sum to buy over the full liability	0	0	0	0
Other Pension costs	603	0	603	507
Early Departure costs	0	0	0	0
Total	10,587	221	10,808	9,196

Of the total, £nil has been charged to capital

5.2 Average Number of Persons Employed	Directly Employed No.	Other No.	2005 No.	2004 No.
Commissioning of Health and Personal Social Care	280	8	288	235
Provision of Health and Personal Social Care				
- patient and client care and investigation	0	0	0	0
- support services	54	9	63	69
Total	334	17	351	304

(i) Figures refer to wholtime equivalents (WTEs) rather than individuals. (ii) During the year under review there have been an additional 12 whole time equivalent members of staff employed to support the implementation of the new GMS contract. There have also been an additional 7 whole time equivalent members of staff employed at the Local Health and Social Care Groups. These numbers are reported under the Commissioning of Health and Personal Social Care.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

5.3 Board Members' Remuneration	Remuneration as Member £000	Other £000	2005 £000	2004 £000
Non-Executive Members' remuneration	56	0	56	55
Chief Executive's remuneration				
Basic Salary	102	0	102	99
Performance Related Pay	2	0	2	2
Executive Members' remuneration				
Basic Salaries	432	0	432	406
Performance Related Pay	15	0	15	12
Benefits in kind	2	0	2	1
Associate Members' remuneration	75	0	75	75
Compensation for loss of office	0	0	0	0
Pensions to former members	0	0	0	0
Social security costs	69	0	69	67
Employer's pension contributions	40	0	40	36
Total	793	0	793	753

Executive Directors' Remuneration

Two Executive Directors are employed under Consultant Contracts. A new national contract was agreed in respect of consultants and these two members were assimilated according to the national contract with an increase in salary with effect from 1 April 2004.

Performance Related Pay

Most Executive Members are subject to the NHS Individual Performance Review system. Within the system, each participant agrees objectives with the Chief Executive. At the end of each year performance is assessed and a performance pay award is given on the basis of that performance. This award is approved by the Chairman of the Board and endorsed by the Board's Remuneration and Terms of Service Committee.

Eastern Health and Social Services Board

5.4 Board Directors' Remuneration

The salary, pension entitlements, and the value of any taxable benefits in kind for Board Directors were as follows:

Name	Salary incl. Performance Pay £000	Real increase in Pension and related lump sum at age 60 £000	Total Accrued Pension at age 60 and related lump sum £000	Cash Equivalent Transfer Value (CETV) at 31 March 2004 £000	Cash Equivalent Transfer Value (CETV) at 31 March 2005 £000	Real Increase in CETV after adjustment for inflation and changes to market investment factors £000	Employer Contribution to partnership Pension Account incl. Risk benefit cover - nearest £100	Benefits in kind - nearest £100
Non Executive Members								
Mr D Russell	20-25	0	0	0	0	0	0	200
Mr D Beck	5-10	0	0	0	0	0	0	0
Mr A Coleman	5-10	0	0	0	0	0	0	0
Prof R Hay	5-10	0	0	0	0	0	0	0
Mrs L Ievers	5-10	0	0	0	0	0	0	0
Mr T McMullan	5-10	0	0	0	0	0	0	0
Mrs F Reid	5-10	0	0	0	0	0	0	100
Executive Members								
Dr N S Adair	105-110	7.5-10 pension 27.5-30 lump sum	45-50 pension 135-140 lump sum	740	1,109	41	0	500
Mr H Connor	80-85	0-2.5 pension 5-7.5 lump sum	30-35 pension 100-105 lump sum	500	547	20	0	500
Dr P Kilbane	100-105	2.5-5 pension 10-12.5 lump sum	40-45 pension 120-125 lump sum	611	680	38	0	300
Ms A Lynch	65-70	0-2.5 pension 2.5-5 lump sum	20-25 pension 70-75 lump sum	377	407	8	0	0
Miss A Paisley	70-75	0-2.5 pension 5-7.5 lump sum	20-25 pension 60-65 lump sum	268	300	13	0	200
Dr D Stewart	115-120	2.5-5 pension 12.5-15 lump sum	40-45 pension 120-125 lump sum	495	563	39	0	200

Pensions

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 members' 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 the 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 from 2004/2005, 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 and framework prescribed by the Institute and Faculty of Actuaries.

The Real Increase in CETV 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.

The Board participates in the HPSS Superannuation Scheme. Under this multi-employer defined benefit scheme both the Board and employees pay specified percentages of salary into the scheme and the liability to pay benefit falls to the DHSSPS.

Benefits in Kind

All Benefits in Kind stated above relate to the taxable element of routine business travel in accordance with Inland Revenue regulations.

5.5 Staff Benefits

The Eastern Health and Social Services Board does not operate any non pay benefits scheme for its staff.

5.6 Related Party Transactions

The Eastern Health and Social Services Board is a Health and Personal Social Services body funded by the Department of Health, Social Services and Public Safety.

The Department of Health, Social Services and Public Safety is regarded as a related party. During this financial year, the Eastern Health and Social Services Board has had various material transactions with the Department and with other entities for which the Department is regarded as the parent Department, as listed below:

Southern Health and Social Services Board

Western Health and Social Services Board

Northern Health and Social Services Board

Central Services Agency

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 Eastern Health and Social Services Board.

5.7 Retirements due to ill-health

During 2004/2005 there were 3 early retirements from the Board agreed on the grounds of ill health. The estimated additional pension liabilities of these ill-health retirements will be £0.023m.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

6.1 Public Sector Payment Policy - Measure of Compliance

	2005		2004	
	£000	Number	£000	Number
Total bills paid	8,962	7,859	6,052	7,332
Total bills paid within 30 day target	8,736	7,441	5,924	6,979
Percentage of bills paid within target	97.48%	94.68%	97.88%	95.19%

6.2 The Late Payment of Commercial Debts Regulations 2002

The amounts included within expenditure arising from claims made by businesses under this legislation are as follows:

	2005 £000	2004 £000
	0	0
	0	0
	<hr/>	<hr/>
Total	<u>0</u>	<u>0</u>

A total amount of £141.51 has been incurred in relation to the Late Payment of Commercial Debt Regulations 2002, which has been rounded to the nearest £,000.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

7.1 Intangible Fixed Assets	Note	Purchased Software Licences £000	Total £000
Cost or Valuation			
At 1 April (as restated)		127	127
Indexation		0	0
Additions		319	319
Transfers		0	0
Impairments		0	0
Disposals		0	0
Revaluations		0	0
At 31 March		446	446
 Amortisation			
At 1 April (as restated)		9	9
Indexation		0	0
Provided in Year		37	37
Transfers		0	0
Impairments		0	0
Disposals		0	0
Revaluations		0	0
At 31 March		46	46
 Net book value			
At 1 April 2004 (as restated)		118	118
At 31 March 2005		400	400

EASTERN HEALTH AND SOCIAL SERVICES BOARD

7.2 Tangible Fixed Assets

Note	Land	Buildings Installations and Fittings	Computer Equipment	Other Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2004 (as restated)	3,221	8,891	2,299	0	0	14,411
Indexation	167	704	0	0	0	871
Additions	0	52	947	0	0	999
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other Revaluations	0	0	0	0	0	0
National Revaluation	112	(962)	0	0	0	(850)
At 31 March 2005	3,500	8,685	3,246	0	0	15,431
Depreciation						
At 1 April 2004 (as restated)	0	780	871	0	0	1,651
Indexation	0	61	0	0	0	61
Provided in year:	0	235	485	0	0	720
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other Revaluations	0	0	0	0	0	0
National Revaluation	0	(1,076)	0	0	0	(1,076)
At 31 March 2005	0	0	1,356	0	0	1,356
Net book value						
At 1 April 2004 (as restated)	3,221	8,111	1,428	0	0	12,760
At 31 March 2005	3,500	8,685	1,890	0	0	14,075

Of the total net book value at 31 March 2005, £3.5m related to land valued at open market value and £8.685m related to buildings, installations and fittings valued at open market value for alternative use.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

7.3 The net book value of land and buildings comprises

	Note	2005 £000	2004 £000
Freehold		12,185	11,332
Long Leasehold		0	0
Short Leasehold		<u>0</u>	<u>0</u>
Total Land and Buildings		<u>12,185</u>	<u>11,332</u>

8 Stocks and work in progress

	Note	2005 £000	2004 £000
Raw Materials and Consumables		0	0
Work in Progress		0	0
Finished Goods		<u>0</u>	<u>0</u>
Total		<u>0</u>	<u>0</u>

9 Debtors

	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		69,530	58,070
Other NIHPSS Debtors		2,785	9,242
Other Debtors		784	942
Prepayments and Accrued Income		59	59
Clinical Negligence Central Fund		<u>18,707</u>	<u>18,951</u>
Total		<u>91,865</u>	<u>87,264</u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

10 Creditors: amounts falling due within one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS Creditors		26,153	22,803
Family Health Services		41,921	36,423
Income Tax and National Insurance		1	0
Payments Received on Account		0	0
Rentals under Operating Leases		0	0
Other Creditors		3,782	3,334
Clinical Negligence		883	5,242
Total		72,740	67,802
11 Creditors: amounts falling due after more than one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS Creditors		0	0
Family Health Services		0	0
Income Tax and National Insurance		0	0
Payments Received on Account		0	0
Rentals under Operating Leases		0	0
Other Creditors		0	0
Clinical Negligence		0	0
Total		0	0
Total Creditors		72,740	67,802

EASTERN HEALTH AND SOCIAL SERVICES BOARD

12 Provisions for Liabilities and Charges

	Clinical Negligence £000	Pensions relating to other staff £000	Occupier/ Employers Liability £000	Injury Benefit £000	Other £000	Total £000	2004 £000
Balance at 1 April	19,166	2,084	81	2,073	0	23,404	23,797
Arising during the year	2,593	46	41	124	0	2,804	1,643
Utilised during the year	(1,116)	(157)	(3)	(127)	0	(1,403)	(1,628)
Reversed Unused	(2,418)	(55)	(29)	(25)	0	(2,527)	(1,294)
Unwinding of discount	638	67	3	72	0	780	886
Balance at 31 March	18,863	1,985	93	2,117	0	23,058	23,404

Expected Timing of Discharge of Liabilities

Within 1 year	11,902	0	0	0	0	11,902	9,967
1 -5 years	6,744	1,985	93	2,117	0	10,939	8,616
Over 5 years	217	0	0	0	0	217	583
	<u>18,863</u>	<u>1,985</u>	<u>93</u>	<u>2,117</u>	<u>0</u>	<u>23,058</u>	<u>19,166</u>

The movement in provisions for the year 2004/2005 as calculated above is analysed in Note 13.

Expected reimbursements, excluding legal fees, from the Clinical Negligence Central Fund included in debtors amount to £18,707,402.

In addition to the clinical negligence provision, contingent liabilities in respect of clinical negligence are included in Note 15.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

13 Provision for Future Obligations	Note	2005 £000	2004 £000
The movement in provisions for future obligations is analysed as follows:	12		
- Clinical Negligence		2,593	1,552
- Pensions		46	7
- Occupier / Employers Liability		41	78
- Injury Benefit		124	6
		<hr/>	<hr/>
Total Provided		<u>2,804</u>	<u>1,643</u>
Reversed Unused:			
- Clinical Negligence		(2,418)	(1,240)
- Pensions		(55)	(37)
- Occupier / Employers Liability		(29)	0
- Injury Benefit		(25)	(17)
		<hr/>	<hr/>
Total Reversed Unused		<u>(2,527)</u>	<u>(1,294)</u>
Unwinding of discounts on Provisions:			
- Clinical Negligence		638	648
- Pensions		67	118
- Occupier / Employers Liability		3	3
- Injury Benefit		72	118
		<hr/>	<hr/>
Total Discount Unwound		<u>780</u>	<u>887</u>
Utilised in year:			
- Clinical Negligence		(1,116)	(1,334)
- Pensions		(157)	(171)
- Occupier / Employers Liability		(3)	0
- Injury Benefit		(127)	(123)
		<hr/>	<hr/>
Total Utilised in year		<u>(1,403)</u>	<u>(1,628)</u>
Sub Total (Movement in Provisions Note 12)		<u>(346)</u>	<u>(392)</u>
Reimbursements receivable		<u>244</u>	<u>364</u>
(Reduction) / Increase in provision for Future Obligations		<u><u>(102)</u></u>	<u><u>(28)</u></u>

EASTERN HEALTH AND SOCIAL SERVICES BOARD

14.1 Capital Account	Note	£000
At 1 April 2004		7,862
Additions		1,318
Transfers		0
Disposals and write-off		0
Impairments		0
Depreciation		
- capital charges		(757)
- other		0
		0
At 31 March 2005	18	8,423

14.2 Revaluation Reserve		£000
At 1 April 2004		5,017
Revaluation		226
Indexation		809
Disposals and write-off		0
		0
At 31 March 2005	18	6,052

14.3 Balance due (From) / To Department	2005 £000	2004 £000
At 1 April	(3,938)	(3,866)
Revenue Income and Expenditure Account (Deficit) / Surplus	(45)	(72)
Capital Income and Expenditure Account Surplus / (Deficit)	67	0
At 31 March	(3,916)	(3,938)

EASTERN HEALTH AND SOCIAL SERVICES BOARD

15 Contingent Liabilities

Clinical Negligence

The Board has contingent liabilities in respect of pre Trust clinical negligence incidents.

The Board's financial liability, if any, cannot be determined until the related claims are resolved.

An estimate of the amount involved is:

	2005 £000	2004 £000
Total estimate of contingent clinical negligence liabilities	2,906	4,500
Amount expected to be recoverable from Clinical Negligence Central Fund	<u>(2,906)</u>	<u>(4,500)</u>
Net Contingent Liability	<u>0</u>	<u>0</u>

In addition to the above contingent liability, provisions for clinical negligence are shown at Note 12.

Other clinical litigation claims could arise in the future due to incidents which have already occurred but have not yet been notified and therefore the expenditure which may arise from such claims cannot yet be estimated.

Contingencies not relating to clinical negligence are as follows:

	2005 £000	2004 £000
Public Liability	0	0
Employers' Liability	0	0
Injury Benefits	0	0
Other	10	1
	<u> </u>	<u> </u>
Total	<u>10</u>	<u>1</u>

16 Post Balance Sheet Events

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

The Registration and Inspection Unit transferred to Health and Personal Social Services Regulation and Improvement Authority with effect from 1 April 2005. Computer equipment used by the RIU with a net book value of £0.025m transferred from the Board at 1 April 2005. This does not have a material effect on the accounts.

EASTERN HEALTH AND SOCIAL SERVICES BOARD

17 Capital Commitments

	Note	2005 £000	2004 £000
The Board has the following capital commitments:			
Contracted		19	904
Authorised but not contracted		0	0
Total		19	904

	Note	Revaluation Reserve £000	Capital Account £000
18 Analysis of Changes in Capital Financing During the Year			
Balance at 1 April 2004		5,017	7,862
Cash Inflow/(Outflow) from financing		0	1,318
Non-cash based transactions		1,035	(757)
Balance at 31 March 2005	14.1 & 14.2	6,052	8,423

EASTERN HEALTH AND SOCIAL SERVICES BOARD

19 Analysis of Losses and Special Payments

PART A

Type of Loss	Number of cases	Value £000
1. Cash Losses - Theft, fraud etc.	1	0
2. Cash Losses - Overpayments of salaries, wages and allowances.	1	0
3. Cash Losses - Other causes (including unvouched and incompletely vouched payments).	0	0
4. Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5. Other nugatory and fruitless payments.	0	0
6. Bad debts and claims abandoned.	46	1
7. Stores and Inventory Losses - Theft, fraud, arson, etc. (whether proved or suspected) etc		
1. Bedding and Linen	0	0
2. Other equipment and property	3	2
8. Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc).	0	0
9. Stores and Inventory Losses - Deterioration in store.	0	0
10. Stores and Inventory Losses - Stocktaking discrepancies.	0	0
11. Stores and Inventory Losses - Other causes.		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
12. Compensation payments (legal obligation).		
1. Clinical Negligence	31	2,013
2. Other	9	50
13. Ex-gratia payments - Extra contractual payments to contractors.	0	0
14. Ex-gratia payments - Compensation payments. (including payments to patients and staff)	0	0
15. Ex-gratia payments - Other payments.	0	0
16. Extra statutory payments.	0	0
17. a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
b. Damage to Board vehicles.	0	0
18. Clawback of Grants	0	0
TOTAL	91	2,066

PART C

The Central Services Agency, on behalf of the Board, administers payments to contractors providing Family Practitioner Services. The Counter Fraud Unit is responsible for taking follow-up action where a patient's claim to exemption from statutory charges has been challenged.

Given the volume of claims, the Central Services Agency uses an audited statistical technique to estimate the total annual potential financial loss due to incorrect claims to exemption from charges.

For example, in the pharmaceutical area, a stratified random sample of all prescriptions paid by the CSA is employed. Stratification is based on the volume of claims made by each pharmacist. Independent verification of exemption entitlement is sought. Where entitlement is not proven, recovery of the unpaid charge is sought from the patient, together with the imposition of a Fixed Penalty Charge, where applicable. Each case is pursued as far as is feasible. This can include referral to the Small Claims Court and the Enforcement of Judgements Office.

The Agency uses the following information:

- The proportion of items where entitlement cannot be verified;
- The volume of items paid within the month; and
- The cost of the charge for the individual item i.e. £6.40 for 2004/2005

to estimate the level of loss. This is then summed across the year to create an estimated annual loss figure.

A similar exercise is carried out for the Dental and Ophthalmic areas.

The total potential Northern Ireland loss for 2004/2005 has been estimated to fall within the range £8.2m to £10.3m (2003/2004 £7.5m to £9.5m [as amended for the increase in volume and charges]).

It is estimated that the proportion of claims, which are incorrectly claimed for exemption lies between 4.32% and 5.66%.

The total expenditure on Family Practitioner Services for 2004/2005 was £579m. There is no definitive base for apportioning the estimated potential loss to individual Boards, but if the loss were to be attributed to Boards according to their share of expenditure in Family Practitioner Services, the loss for this Board would fall within the range of £3.3m to £4.2m (2003/2004 £3.1m to £3.9m [as amended for the increase in volume and charges]).

20 Financial Instruments

Financial Reporting Standard 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationship with DHSSPSNI, and the manner it is funded, the Eastern Health and Social Services Board is not exposed to the degree of financial risk faced by other business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies to which FRS 13 mainly applies. The Eastern Health and Social Services Board has limited powers to borrow or invest surplus funds. Financial assets are used, and liabilities generated, by day-to-day operational activities rather than being used to manage the risks facing the Eastern Health and Social Services Board.

21 Third party Assets

The Eastern Health and Social Services Board holds no assets on behalf of third parties.

22 Intra-government Balances

Note	2005 £000	2005 £000	2004 £000	2004 £000
	Within 1 Year	After 1 Year	Within 1 Year	After 1 Year
Debtors				
Department of Health, Social Services & Public Safety	69,530	0	58,070	0
Balances with Other Central Government Bodies	723	0	0	0
Balances with Local Authorities	2	0	0	0
Balances with HSS/NHS Trusts	21,492	0	28,202	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	118	0	992	0
Total	<u>91,865</u>	<u>0</u>	<u>87,264</u>	<u>0</u>
Creditors				
Department of Health, Social Services & Public Safety	0	0	0	0
Balances with Other Central Government Bodies	640	0	0	0
Balances with Local Authorities	2	0	0	0
Balances with HSS/NHS Trusts	55,466	0	57,738	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	16,632	0	10,064	0
Total	<u>72,740</u>	<u>0</u>	<u>67,802</u>	<u>0</u>

Intra-government balances are defined as balances between the reporting entity and other bodies within the boundary set for whole of government accounts.

EASTERN HEALTH AND SOCIAL SERVICES BOARD GENERAL PRACTITIONER LOANS SCHEME

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the General Practitioner Loans Scheme Account on page 145 of the Board Statement of Annual Accounts under the Health and Personal Services (Northern Ireland) Order 1972.

Respective Responsibilities of the Board, the Director of Finance and Auditor

As described on page 145, the Board and Director of Finance are responsible for ensuring that the Account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by Central Services Agency as certified by the Director of Finance of the Central Services Agency. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the General Practitioner Loans Scheme Account properly presents the receipts and payments of the scheme for the year, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the General Practitioner Loans Scheme Account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient evidence to give reasonable assurance that the General Practitioner Loans Scheme Account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

Opinion

In my opinion:

- The General Practitioner Loans Scheme Account properly presents the receipts and payments of the Eastern Health and Social Services Board General Practitioner Loans Scheme for the year ended 31 March 2005 and balances held at that date have been properly prepared in accordance with the Health and Personal Social Services (NI) Order 1972 and directions made there under by the Department of Health, Social Services and Public Safety;
- In all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on this Account.



J M Dowdall CB
Comptroller and Auditor General
Date: 16 August 2005

Northern Ireland Audit Office
106 University Street
Belfast BT 7 1EU

EASTERN HEALTH AND SOCIAL SERVICES BOARD

Statement of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I have examined the summary financial statement of the Eastern Health and Social Services Board.

Respective responsibilities of Board Members, Chief Executive and the Auditor

The summary financial statement is the responsibility of the Board Members and Chief Executive.

My responsibility is to report to you my opinion on the consistency of the summary financial statement within the Annual Report with the full financial statements, and its compliance with the relevant requirements of The Health and Personal Social Services (Northern Ireland) Order 1972 and Department of Health, Social Services and Public Safety directions made thereunder. I also read the other information contained in the Annual Report, and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of Opinion

I conducted my work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In my opinion the summary financial statement is consistent with the full financial statements of the Eastern Health and Social Services Board for the year ended 31 March 2005 and complies with the applicable requirements of the Health and Personal Social Services (Northern Ireland) Order 1972 and Department of Health, Social Services and Public Safety directions made thereunder.



J M Dowdall CB
Comptroller and Auditor General
Date 16 August 2005

Northern Ireland Audit Office
106 University Street
Belfast BT 7 1EU

**WESTERN HEALTH AND SOCIAL SERVICES BOARD
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005**

**Presented to the Houses of Parliament
By the Secretary of State for Northern Ireland
By Command of Her Majesty
August 2005**

FOREWORD

These accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

Statement of Western Board's and Chief Executive's Responsibilities

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003) the Board is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on the accruals basis and must provide a true and fair view of the state of affairs of the Western Board, of its income and expenditure and cash flows for the financial year

In preparing the financial statements the Board is required to:

- Observe the accounts direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards 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 Board will continue in operation;
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- Pursue and demonstrate value for money in the service the Board 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 Steven Lindsay of Western Health and Social Services Board as the Accountable Officer for the Board. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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 154 to 194) which I am required to prepare on behalf of the Western Health and Social Services Board have been compiled from and are in accordance with the accounts and financial records maintained by the Board and with the accounting standards and policies for HSS Boards approved by the Department of Health, Social Services and Public Safety.

Peter McLaughlin

Director of Finance & Information

31/05/05

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 154 to 194) as prepared in accordance with the above requirements have been submitted to and duly approved by the Western Board.

Karen Meehan

Chairman

28/07/05

Date

Steven Lindsay

Chief Executive

28/07/05.

Date

WESTERN HEALTH & SOCIAL SERVICES BOARD

STATEMENT OF INTERNAL CONTROL: 2004/05

Scope of Responsibility

1. The Board of the Western Health and Social Services Board is accountable for internal control. As Accountable Officer and Chief Executive of the Western Health and Social Services Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

Purpose of the system of internal control

2. 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, and to 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 the Western Health and Social Services Board for the year ended 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

3. The Board 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;
- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions;
- the existence of an Audit Committee
- the existence of a Governance and Risk Management Committee
- a Remuneration Committee to oversee Senior Executives' remuneration
- a Reference Committee which considers clinical negligence and probity issues
- the implementation of the HPSS Complaints Procedure

4. The system of internal financial control is based upon a framework of:

- Regular financial information
- Administrative procedures incorporating supervision and segregation of duties
- A system of delegation and accountability
- Physical controls over access to assets and data
- Independent review of these processes by Internal Audit.

5. In particular, the system includes:

- Comprehensive budgeting systems with an annual budget, which is agreed by the Board.
- Regular reviews by the Board of periodic financial reports which indicate financial performance against the forecast.
- Setting targets to measure financial and other performances.
- Clearly defined capital investment control guidelines.
- A thorough requisition and approval system for procuring goods and services.
- A system of detailed recording and verification to protect the Board's assets.
- Clear segregation of duties between Salaries & Wages and Personnel Departments for additions to or deletions from the Payroll.
- Regular reports to Senior Management and the Audit Committee from the Chief Internal Auditor.

6. The Western Health and Social Services Board has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2004/05 Internal Audit reviewed the following systems:

- Cash and Banking
- Family Practitioner Services
- Financial Management
- Inter-Agency Funding
- Supplies & Services
- 15 x Inspections of Non-Statutory Residential and Nursing Homes

7. In his annual report, the Chief Internal Auditor reported that the Western Health and Social Services Board's system of internal control was adequate and effective. Minor enhancements to the systems were recommended in a number of areas. Recommendations to address these control weaknesses have been or are being implemented.

8. The Board also receives assurance from the Central Services Agency as to the effectiveness of controls surrounding the area of Family Health Services, which is operated by the Agency on behalf of the Board.

9. With regard to the wider control environment the Western Health and Social Services Board 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. Every effort is made to ensure that the objectives of the Western Health and Social Services Board are pursued in accordance with the recognised and accepted standards of public administration.

10. For example, with regard to estate management, decisions are taken within the context of an estate control plan, which prioritises management action based on an assessment of risk. The Board HQ Building has been fire risk assessed and broadly complies with Firecode Policy Principles as confirmed in an audit by Health Estates. Energy consumption is monitored and controlled.

11. The Board's recruitment and selection policies are based on the principles of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with

relevant legislation. The Board's Equality Scheme was approved by the Equality Commission in 2001.

Capacity to handle risk

12. The Board has appointed a member of the Senior Management Team, the Head of Consumer Services, to lead the process of Risk Management. A Governance & Risk Management Co-ordinator has also been appointed to provide support across the organisation. The Head of Consumer Services also chairs the Board's Governance and Risk Management Officer Group, which includes representatives from all areas of the Board's business, including Local Health and Social Care Groups. The membership of the Officer Group is currently being revised to take account of the implementation of Strategic Commissioning Teams (SCTs). The Officer Group is one of several Groups dealing with governance and risk management issues. The work of this Group is reported to the bi-monthly meeting of the Board's Governance and Risk Management Committee.

13. Board Officers also attend meetings of the Western Area Governance and Risk Management Forum, which comprises of representatives from the Board and the three Health & Social Services Trusts in the Western Area. This Group was convened to look at governance and risk management issues specific to the Western Board Area.

14. In addition, Board Officers attend the Four Board Governance Group, which focuses on governance and risk management issues affecting the four Boards.

15. Attendance at these meetings facilitates sharing of good practice and discussion of areas of mutual concern. It has also resulted in collaborative working on a number of projects.

The risk and control framework

16. The Western Health and Social Services Board has developed a Governance and Risk Management Strategy, which has identified the Board's objectives and risks. In addition a Corporate Risk Register has been established, which is being reviewed to take account of the implementation of Strategic Commissioning Teams. Various procedures have been put in place for verifying that aspects of risk management and internal control are regularly reviewed and reported, and these procedures are regularly monitored and reviewed to ensure their effectiveness.

17. During 2004/05 the Board has engaged with the Clinical & Social Care Governance Support Team on a number of issues, and will continue to do so to strengthen its clinical and social care governance arrangements.

18. The Board has assessed its compliance with the Controls Assurance Standards issued by the DHSSPS and has assessed itself as meeting the expected levels of compliance against each Standard. Action Plans have been developed and work to improve levels of compliance will be carried out during 2005/06.

19. The Board reviewed the policies and procedures relating to the decontamination of re-usable medical devices in use in each of the Trusts within the Western Board area, as well as community services and relevant Family Practitioner services. In many cases procedures were found to be sufficient and satisfactory to meet the relevant standards. Where they were not, a variety of alternatives have been introduced, including

- (a) a move to single use instrumentation
- (b) additional training, and
- (c) a change from the use of local sterilisation and decontamination to centrally conducted sterilisation and decontamination through HSDUs.

20. In addition, residential and nursing homes were surveyed through the Registration and Inspection Unit. As a result of these surveys, additional training for relevant staff in residential and nursing homes was provided. A further survey is in the process of being conducted of the homes to ensure that standards are now satisfactory.

21. During 2005/06 work will focus on review of the Risk Register and strengthening of clinical and social care governance arrangements to take account of the implementation of SCTs and work on governance issues within Primary Care will be progressed further. The Board will also be focusing on the four new Controls Assurance Standards issued for 2005/06 and will be taking early action to ensure that the required levels of compliance are met.

Review of Effectiveness

22. As Accountable 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 Western Health and Social Services Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board through the Audit Committee and the Governance and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

MR S LINDSAY
CHIEF EXECUTIVE

Western Health and Social Services Board

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 160 to 193 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 165 to 168.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 152, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 4 to 6 reflects the Board's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

The Board maintains procedures designed to monitor and limit irregular expenditure. These procedures have shown that there is an underlying level of irregular expenditure in respect of loss through inappropriate claiming of exemptions from charges by patients receiving prescriptions and treatments. As disclosed in Note 19 Part C the income and expenditure account excludes patient prescription and treatment charge income which has not been collected as a result of patients inappropriately claiming exemption from charges. This has been estimated to total between £8.2 million and £10.3 million for Northern Ireland. There is no definite basis for apportioning the estimated loss to individual Boards but if the loss were to be attributed to Boards according to their share of Family Practitioner Services expenditure, the loss to the Board would fall between £1.4 million and £1.7 million. I have therefore concluded that this income, due to the Western Health and Social Services Board but not received, has not been applied to the purposes intended by Parliament and is not in conformity with the authorities that govern it.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Western Health and Social Services Board at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Service and Public Safety; and
- except for the patient prescriptions and treatment charge income that has not been received as a result of patients inappropriately claiming exemptions from charges referred to above, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Date:
17th August 2005

**WESTERN HEALTH AND SOCIAL SERVICES BOARD
REVENUE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Income			
Allocations - Health and Personal Social Services	2.1	366,255	332,984
Allocations - Family Health Services	2.2	106,006	98,193
Allocations - Other Allocation Income	2.3	2,154	2,107
FHS Receipts and Recovery of Charges	2.5	2,946	2,963
Income from other sources	2.6	<u>3,359</u>	<u>2,219</u>
Total Revenue Income		480,720	438,466
Expenditure			
Health Care, personal social services and related services purchased	4.1	359,824	326,695
Board administration and commissioning expenses	4.2	7,117	6,361
Registration and Inspection Unit		366	329
Health and Social Services Councils		104	115
Other Services		<u>4,263</u>	<u>3,792</u>
Expenditure excluding Family Health Services		371,674	337,292
Family Health Services	3	109,023	101,156
Total Revenue Expenditure		480,697	438,447
Total Income Less Total Revenue Expenditure		23	19
Provision for Future Obligations	13	(11)	(11)
Retained Surplus/(Deficit) for the Financial Year		<u>34</u>	<u>30</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD
CAPITAL INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPS	2.7	647	519
Proceeds of Sale of Fixed Assets		0	0
Other Income		<u>0</u>	<u>0</u>
Total Capital Income		647	519
Expenditure			
Payments to acquire Tangible Assets:			
Land		0	0
Buildings, Installations and Fittings		0	35
Equipment		472	259
Assets under Construction		160	201
Payments to acquire Intangible Assets:		<u>0</u>	<u>8</u>
Total Capital Expenditure		632	503
Surplus/(Deficit) for the Financial Year		<u>15</u>	<u>16</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD
BALANCE SHEET AS AT 31 MARCH 2005

	Note	2005 £000	2004 £000
Fixed Assets			
Intangible Fixed Assets	7.1	6	8
Tangible Assets	7.2	<u>1,482</u>	<u>887</u>
Total		1,488	895
Current Assets			
Stocks and work in progress	8	6	4
Debtors	9	31,122	28,455
Cash at bank and in hand		<u>277</u>	<u>92</u>
Total Current Assets		31,405	28,551
Creditors: amounts falling due within one year	10	<u>20,620</u>	<u>16,638</u>
Net Current Assets/(Liabilities)		10,785	11,913
Creditors: amounts falling due after more than one year	11	0	0
Provisions for Liabilities and Charges	12	<u>9,522</u>	<u>10,699</u>
Total Net Assets		<u>2,751</u>	<u>2,109</u>
Financed By:			
Capital account	14.1	1,568	1,109
Revaluation reserve	14.2	(80)	(214)
Balance Due to/(From) DHSSPSNI	14.3	<u>1,263</u>	<u>1,214</u>
Total		<u>2,751</u>	<u>2,109</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005 £000	2004 £000
Net cash Inflow/(outflow) from Operating Activities	251	(318)
Capital Expenditure:		
Payments to acquire tangible and intangible fixed assets	(713)	(423)
Receipts from the sale of tangible fixed assets	0	0
Net cash (Outflow)/Inflow from Capital Expenditure	(713)	(423)
Financing:		
Capital Funding	647	519
Net cash Inflow from Financing	647	519
Increase/(Decrease) in Cash	185	(222)

Notes to the Cashflow Statement

Net cash Inflow/(Outflow) from Operating Activities

	2005 £000	2004 £000
Operating Surplus/(Deficit)	23	18
Notional Income	236	158
Capital Charges	(212)	(137)
Other Notional Operating Costs	(24)	(21)
(Increase)/Decrease in Stocks	(2)	0
(Increase)/Decrease in Debtors	(2,667)	(4,900)
Increase/(Decrease) in Creditors	4,063	3,691
Movement in Provisions I & E	11	11
Movement in Provisions Balance Sheet	(1,177)	862
Net Cash Inflow/(Outflow)	251	(318)

Reconciliation of net cash flow to movement in net funds

	2005 £000	2004 £000
Increase/(Decrease) in cash in the period	185	(222)
Net Funds at 1 April	92	314
Net Funds at 31 March	277	92
	185	(222)

Analysis of Changes in Cash as shown in Balance Sheet

	Change During Year £000	As at 01-Apr £000	As at 31-Mar £000
Cash at bank and in hand	185	92	277
Bank Overdraft	0	0	0
Total	185	92	277

WESTERN HEALTH AND SOCIAL SERVICES BOARD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £000	2004 £000
Revenue Surplus/(Deficit) for the Financial Year		34	29
Unrealised surplus /(deficit) on the revaluation and indexation of fixed assets		<u>134</u>	<u>85</u>
Total gains/(losses) recognised		<u>168</u>	<u>114</u>

Notes to the Accounts

1. Statement of Accounting Policies

(a) Authority

The Accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14), as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

(b) Accounting Convention

The Accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

(c) Basis of Preparation of Accounts

The accounts have been prepared in accordance with the 2004/05 HPSS Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies adopted follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after the operating surplus/deficit. These expenditure items do not include the costs associated with provisions for liabilities and charges, which are normally included within the calculation of the operating surplus/deficit. However, as the Department measures the operating performance of HSS Boards by reference to the operating surplus/deficit excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/deficit before provisions for future obligations.

Financial Reporting Standard 8 "Related Party Transactions" requires disclosure of all material related party transactions between entities under common control. However, disclosure is not required if the transactions are between entities whose results are consolidated in a set of financial statements which are publicly available. The Department is regarded as the controlling party of all Health and Social Services (HSS) bodies in Northern Ireland. Whilst the Boards' results are consolidated within the Departmental Resource Accounts, the results of Trusts and Special Agencies with which the Boards transact are not consolidated.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the Income and Expenditure Account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the Income and Expenditure Account in its entirety. In the context of their capital accounting HSS bodies charge impairments which arise from the consumption of economic benefit to the Income and Expenditure Account having first utilised any remaining revaluation surplus relating to the assets concerned. Losses or downward revaluations arising from a general fall in prices are charged to the revaluation reserve and may lead to a temporary negative revaluation reserve in respect of certain assets.

(d) Funding

Most of the expenditure of the Health and Social Services Boards is met from funds advanced by the Department of Health, Social Services and Public Safety.

(e) Fixed Assets

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the capital charges scheme. (See i. below)

i. Capitalisation

All assets falling into the following categories are capitalised in accordance with the capital accounting guidance issued by the Department of Health, Social Services and Public Safety:-

intangible assets which can be valued, are capable of being used in a Board's activities for more than one year and have a value in excess of £5,000;

tangible assets which are capable of being used for a period which could exceed one year and they have a cost in excess of £5,000;

or they satisfy the criteria of a grouped asset ie:

functionally interdependent having a total cost of acquisition in excess of £5,000;

acquired and expected to be disposed of in the same financial year;

under single management control;

have individual values of at least £1000.

ii Valuation

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets are valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realisable value and value in use. Replacement cost for operational land and buildings is existing use value.

Properties surplus to requirements are valued at open market value.

Assets in the course of construction are valued at current cost.

All tangible assets except assets in the course of construction are subject to annual indexation using a national price index for each category of fixed asset.

Land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years. The valuations were carried out by the District Valuers of the Valuations and Land Agency and are in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuations Practice insofar as these are consistent with the specific needs of the HPSS. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

iii. Depreciation and amortisation

Depreciation is charged on a straight line basis on each main class of tangible asset as follows:

land and assets in the course of construction are not depreciated;

buildings, installations and fittings are depreciated on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Depending on the type of installation or fitting it is expected that the maximum useful lives will be in the range of 15-80 years;

equipment eg vehicles and furniture, is depreciated over the estimated life of the asset; and

intangible assets are amortised over the estimated lives of the assets.

iv Profit/(Loss) on Sale of Fixed Assets

These are treated in accordance with FRS 3. The difference between the net book value and income received from the sale of equipment will lead to an adjustment on disposal to be made to the capital charges depreciation figure.

The disposal of land and buildings will result in a corresponding reduction in the capital account. No profit or loss on the sale of those assets is recorded in the Income and Expenditure Account.

(f) Stocks

Stocks are valued exclusive of VAT. In calculating the cost, Boards have generally used the average cost or latest purchase price.

(g) Losses and Special Payments

Note 19 is a summary of losses and special payments. Included in the summary are certain losses which would have been made good through insurance cover had the Department not been bearing its own risks. Generally it is Government policy not to take out commercial insurance cover. This note is prepared on a memorandum basis as most of the amounts are included in operating expenses.

(h) Valued Added Tax

The figures in the Accounts are shown exclusive of VAT, except that the net VAT recoverable is included in debtors.

(i) Capital Charges

The Capital Charges scheme involves the Department charging Boards for the use of fixed assets. The charge comprises depreciation and notional interest. The charges paid in turn fund increased allocation to Boards. The cost of capital employed by the Board is calculated at the rate of 3.5%.

(j) Pensions

The Board participates in the HPSS 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 reasonable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

Pension contributions are disclosed in Note 5.1. The costs of early retirements are met by the Board and are charged to the Income and Expenditure Account at the time the Board commits itself to the payments.

(k) Clinical Negligence Costs

A Clinical Negligence Central Fund was established in 1998 under the administration of the Central Services Agency to finance the payment of post Trust clinical negligence claims. From 1999/2000 the role of the Central Fund was expanded to finance the payment of all clinical negligence settlements. Under the revised arrangements HSS Boards manage the payment of claim settlements and apply to the Central Fund for reimbursement.

The payment of claim settlements is included in Note 4.1.

The reimbursements from the Central Fund are accounted for as income. Reimbursements receivable in respect of clinical negligence liabilities and provisions are included in debtors.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

2.1 Revenue Allocation	Note	2005 £000	2004 £000
Total Allocation		399,586	347,323
Capital Allocation		(647)	(519)
FHS Allocation		(30,558)	(6,961)
FRS11 (prior period)		0	0
GPFH Drugs Debtor		0	(3,954)
LHSCG administration		0	0
LHSCG programme funds		0	0
Capital Charge from Agencies		0	0
Board transfer to FHS	2.2	<u>(2,126)</u>	<u>(2,905)</u>
Total Revenue Allocation		<u>366,255</u>	<u>332,984</u>

2.2 FHS Allocation	Note	2005 £000	2004 £000
Total Allocation per final draw		30,558	6,961
Allocation from Central Services Agency		73,322	88,327
Board transfer from Revenue Allocation	2.1	2,126	2,905
LHSCG transfer from Other Department Funding	2.3	<u>0</u>	<u>0</u>
Total Allocation		<u>106,006</u>	<u>98,193</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

2.3 Other Departmental Funding	Note	2005 £000	2004 £000
Clinical Negligence Central Fund		577	1,878
FRS11 Debtor (current year)		1,341	71
LHSCG administration		0	0
LHSCG programme funds		0	0
LHSCG transfer to FHS	2.2	0	0
Notional Income	2.4	236	158
Other:-		0	0
		0	0
		0	0
		0	0
Total Other Departmental Funding		2,154	2,107
2.4 Notional Income (Memorandum note)	Note	2005 £000	2004 £000
Capital Charges		212	137
Audit Fees		24	21
Other:-		0	0
		0	0
Total Notional Income		236	158
2.5 FHS Receipts and Recovery of Charges	Note	2005 £000	2004 £000
General Medical Services			
Receipts		0	0
Recovery of Charges		0	0
General Dental Services			
Receipts		0	0
Recovery of Charges		1,433	1,549
Pharmaceutical Services			
Receipts		0	0
Recovery of Charges		1,513	1,414
General Ophthalmic Services			
Receipts		0	0
Recovery of Charges		0	0
Total FHS Receipts and Recovery of Charges		2,946	2,963

WESTERN HEALTH AND SOCIAL SERVICES BOARD

2.6 Other Income	Note	2005 £000	2004 £000
DHSSPS			
		0	0
		0	0
		0	0
Other Boards			
Eastern Health & Social Services Board		449	253
		0	0
		0	0
Miscellaneous			
CAWT		1,496	344
Youth Support		300	300
Registration & Inspection unit		111	115
Londonderry Regeneration Initiative		0	359
MacMillan Cancer Relief		149	224
New Opportunities Fund		437	262
Other		234	307
Neighbourhood Renewal		183	0
Board Administration Income			
Miscellaneous		0	55
		0	0
		0	0
		0	0
		0	0
		<u>0</u>	<u>0</u>
Total Other Income		<u><u>3,359</u></u>	<u><u>2,219</u></u>
2.7 Capital Allocation	Note	2005 £000	2004 £000
Amount per final draw		<u>647</u>	<u>519</u>
Total Capital Allocation		<u><u>647</u></u>	<u><u>519</u></u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

3 Family Health Services Income and Expenditure	Note	2005 £000	2004 £000
Income			
Allocations from DHSSPSNI	2.2	106,006	98,193
Notional Income - Capital Charges		71	0
FHS Receipts & Recovery of Charges	2.5	<u>2,946</u>	<u>2,963</u>
Total Income		109,023	101,156
Expenditure			
General Medical Services		32,684	27,160
General Dental Services		11,138	11,590
General Pharmaceutical Services		62,481	59,662
General Ophthalmic Services		2,649	2,744
Other Primary Care Provider Functions		0	0
Capital Charges			
Depreciation		55	0
Interest		<u>16</u>	<u>0</u>
Total Expenditure		109,023	101,156
Total Income Less Expenditure		<u><u>0</u></u>	<u><u>0</u></u>

The Board uses the Central Services Agency (CSA), through the mechanism of an annual Service Agreement, to make payments in respect of some of the above expenditure and to ensure adequate monitoring and control arrangements are in place. It has received assurance from the CSA that those arrangements have operated satisfactorily during the year.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

4.1 Purchase of HealthCare and Personal Social Services	Note	2005 £000	2004 £000
Own area HSS Trusts		307,854	278,923
Other NI Trusts		40,989	37,597
Special Agencies		1,554	0
NHS Trusts		481	543
Other Agencies		5,174	4,542
Regional Services		0	0
Other providers of healthcare and personal social services		2,612	3,112
Utilisation of Clinical Negligence Provision		577	1,878
Utilisation of Other Provisions		32	32
Initiatives:		0	0
- New Opportunities Fund		507	0
- MacMillan Cancer Fund		0	0
- Other		0	0
Miscellaneous		44	68
Total		<u>359,824</u>	<u>326,695</u>
4.2 Expenditure on Board Administration & Commissioning Functions:	Note	2005 £000	2004 £000
Commissioning Functions		3,458	2,938
Administration Costs of Local Health and Social Care Groups		542	449
Management of Family Health Services		2,126	2,208
Other Statutory Duties		991	766
Total		<u>7,117</u>	<u>6,361</u>
4.3 Commissioning Costs	Note	2005 £000	2004 £000
Board Administration Costs	4.2	7,117	6,361
Gross expenditure on Registration & Inspection unit		366	329
		0	0
		0	0
less Board Administration Income		0	0
Board Commissioning Costs		<u>7,483</u>	<u>6,690</u>
Relevant Income		456,992	419,809
% of relevant Income		1.64%	1.59%

WESTERN HEALTH AND SOCIAL SERVICES BOARD

4.4 GP Fundholder Unspent Savings	Note	2005 £000	2004 £000
Balance of Savings		0	0
Committed Savings		0	826
Distribution of Final Balance		0	0
Movement on Provisions to Fundholder		0	0
by Board		0	0
Expenditure on Approved Projects		0	(826)
Balance of Savings		<u>0</u>	<u>0</u>

The GP Fundholding Scheme ended with effect from 1 April 2002. Former GP Fundholders were entitled to spend their final balance of savings up to 31 March 2004

4.5 Notional Costs (Memorandum Note)

The following amounts have been included in the Accounts including Family Health Services, Note 3.

	Note	2005 £000	2004 £000
Capital Charges:			
Depreciation		173	119
Interest		39	18
Audit Fee		24	21
Other		0	0
Total		<u>236</u>	<u>158</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

5.1 Staff Costs	Directly Employed £000	Other £000	2005 £000	2004 £000
Salaries and Wages	5,006	92	5,098	4,073
Social security costs	403	0	403	328
Pension costs for early retirements reflecting the single lump sum to buy over the full liability	0	0	0	0
Other Pension costs	312	0	312	255
Early departure costs	0	0	0	0
Total	5,721	92	5,813	4,656

Of the total, £0 has been charged to capital

5.2 Average Number of Persons Employed	Directly Employed No.	Other No.	2005 No.	2004 No.
Purchase of health and personal social care	145	6	151	130
Provision of health and personal social care				
- patient and client care and investigation	0	0	0	0
- support services	6	0	6	6
Total	151	6	157	136

Figures refer to wholetime equivalents (WTE's) rather than individuals.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

5.3 Board Members Remuneration	Remuneration as Member £000	Other £000	2005 £000	2004 £000
Non-executive members' remuneration	42	0	42	44
Chief Executive's remuneration				
Basic Salaries	73	0	73	71
Performance Related Pay	1	0	1	2
Executive members' remuneration				
Basic Salaries	116	0	116	114
Performance Related Pay	1	0	1	2
Benefits in kind	2	0	2	2
Associate members' remuneration	29	0	29	26
Compensation for loss of office	0	0	0	0
Pensions to former members	0	0	0	0
Social security costs	0	0	0	0
Employers pension contributions	15	0	15	15
Total	279	0	279	276

Performance Related Pay

Executive Members are subject to the HPSS Individual Performance Review system. Performance Related Pay awarded under the Scheme is based on performance and is approved by the Chairman of the Board and endorsed by the Board's Remuneration Committee.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

5.4 Senior Employees' Remuneration

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

Name	Salry incl. Performance Pay £000	Real increase in Pension and related lump sum at age 60 £000	Total Accrued Pension at age 60 and related lump sum £000	Cash Equivalent Transfer Value (CETV) at 31 March 2004 £000	Cash Equivalent Transfer Value (CETV) at 31 March 2005 £000	Real Increase in CETV after adjustment for inflation and changes to market investment factors £000	Employer Contribution to partnership Pension Account incl. Risk benefit cover - nearest £100 £	Benefits in kind - nearest £100 £
Non Executive Members								
K MEEHAN	16	0	0	0	0	0	0	0
E TURNER	5	0	0	0	0	0	0	100
B GRANT	5	0	0	0	0	0	0	200
A DOWNEY	5	0	0	0	0	0	0	0
V LUSBY	5	0	0	0	0	0	0	0
R WILLIAMS	5	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Executive Members								
S LINDSAY	80	6	44	110	131	9	5,500	800
P MCLAUGHLIN	68	7	94	329	365	15	4,700	800
D BURKE	69	4	127	593	620	0	4,800	200
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

Note (i)

The HPSS Superannuation Scheme is a Contributory Pension Scheme for which all employees pay 6% of Superannuable Salary.

Note (ii)

Benefits in kind relate to the taxable element of travel expenses reimbursements, paid at rates set by the DHSSPS.

Western Health and Social Services Board

5.4 (continued)

Pension Entitlement

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

The HPSS Superannuation Scheme is a Contributory Pension Scheme for which all employees and executive directors pay 6% of Superannuable Salary.

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 the 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 from 2004-05 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 and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV – This reflects the increase in CETV effectively funded by employer and employee contributions. 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.

5.5 Staff Benefits

There were no Staff Benefits .

5.6 Related Party Transactions

During the year, the Western Health and Social Services Board had transactions to the value shown with organisations of which a Non Executive Director of the WHSSB is a Director:

Business in the Community	£3,329
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and transactions to the value shown with the following organisations which have a senior Board officer on their Management Boards or Committees:

Ulster Cancer Foundation	£23,100
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NI Chest Heart & Stroke Association	£17,670
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Omagh Community Church	£34,642
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5.7 Retirements due to ill-health

During 2004/05 there were no early retirements from the Board agreed on the grounds of ill health.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

6.1 Public Sector Payment Policy - Measure of Compliance

Total bills paid
 Total bills paid within 30 day target
 Percentage of bills paid within target

2004		2005	
£000	Number	£000	Number
12,529	4,726	10,338	5,395
12,487	4,669	10,132	5,145
99.66%	98.79%	98.00%	95.37%

6.2 The Late Payment of Commercial Debts Regulations 2002

The amounts included within expenditure arising from claims made by businesses under this legislation are as follows

	2004 £000	2005 £000
	0	0
	0	0
	_____	_____
Total	0	0

WESTERN HEALTH AND SOCIAL SERVICES BOARD

7.1 Intangible Fixed Assets	Note	Purchased Software Licences £000	Other Computer Software £000	Total £000
Cost or Valuation				
At 1 April		8	0	8
Indexation		0	0	0
Additions		0	0	0
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
		<hr/>	<hr/>	<hr/>
At 31 March		8	0	8
Amortisation				
At 1 April		0	0	0
Indexation		0	0	0
Provided in Year		2	0	2
Transfers		0	0	0
Impairments		0	0	0
Disposals		0	0	0
Revaluations		0	0	0
		<hr/>	<hr/>	<hr/>
At 31 March		2	0	2
Net book value				
At 1 April		8	0	8
At 31 March		6	0	6
Reversal of impairment.		0	0	0

WESTERN HEALTH AND SOCIAL SERVICES BOARD

7.2 Tangible Fixed Assets	Note	Land	Buildings Installations and Fittings	Computer Equipment	Other Equipment	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April		250	25	670	113	201	1,259
Indexation		13	18	0	0	0	31
Additions		0	0	435	37	160	632
Transfers		0	361	0	0	(361)	0
Impairments		0	0	0	0	0	0
Disposals		0	0	(79)	0	0	(79)
Other Revaluations		0	0	0	0	0	0
National Revaluation		(13)	116	0	0	0	103
At 31 March		250	520	1,026	150	0	1,946
Depreciation							
At 1 April		0	0	284	88	0	372
Indexation		0	0	0	0	0	0
Provided in year:		0	20	143	8	0	171
Transfers		0	0	0	0	0	0
Impairments		0	0	0	0	0	0
Disposals		0	0	(79)	0	0	(79)
Other Revaluations		0	0	0	0	0	0
National Revaluation		0	0	0	0	0	0
At 31 March		0	20	348	96	0	464
Net book value							
At 1 April		250	25	386	25	201	887
At 31 March		250	500	678	54	0	1,482

Reversal of impairment.

Of the total net book value at 31 March 2005 £250,000 related to land valued at open market value and £500,000 related to buildings, installations and fittings valued at open market value for alternative use.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

7.3 The net book value of land and buildings comprises	Note	2005 £000	2004 £000
Freehold		750	275
Long Leasehold		0	0
Short Leasehold		<u>0</u>	<u>0</u>
Total Land and Buildings		<u>750</u>	<u>275</u>

8 Stocks and work in progress	Note	2005 £000	2004 £000
Raw Materials and Consumables		6	4
Work in Progress		0	0
Finished Goods		<u>0</u>	<u>0</u>
Total		<u>6</u>	<u>4</u>

9 Debtors	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		19,176	15,510
Other NIHPSS debtors		246	408
Other Debtors		2,606	2,273
Prepayments and accrued income		0	4
Clinical Negligence Central Fund		<u>9,094</u>	<u>10,260</u>
Total		<u>31,122</u>	<u>28,455</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

10 Creditors: amounts falling due within one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS creditors		6,012	1,547
Family Health Services		10,791	11,876
Income tax and National Insurance		1	1
Payments received on account		0	0
Rentals under operating leases		0	0
Other creditors		3,816	3,214
Clinical Negligence		<u>0</u>	<u>0</u>
Total		<u>20,620</u>	<u>16,638</u>

11 Creditors: amounts falling due after more than one year	Note	2005 £000	2004 £000
Department of Health, Social Services & Public Safety		0	0
Other NIHPSS creditors		0	0
Family Health Services		0	0
Income tax and National Insurance		0	0
Payments received on account		0	0
Rentals under operating leases		0	0
Other creditors		0	0
Clinical Negligence		<u>0</u>	<u>0</u>
Total		<u>0</u>	<u>0</u>

Total Creditors		<u>20,620</u>	<u>16,638</u>
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WESTERN HEALTH AND SOCIAL SERVICES BOARD

12 Provisions for Liabilities and Charges

	Clinical Negligence £000	Pensions relating to other staff £000	Occupier/ Employers Liability £000	Injury Benefit £000	Other £000	Total £000	2004 £000
Balance at 1 April	10,260	439	0	0	0	10,699	9,836
Arising during the year	525	0	0	0	0	525	2,096
Utilised during the year	(577)	(32)	0	0	0	(609)	(1,910)
Reversed Unused	(1,487)	0	0	0	0	(1,487)	(357)
Unwinding of discount	373	21	0	0	0	394	1,034
Balance at 31 March	9,094	428	0	0	0	9,522	10,699

Expected timing of Cash Flow

Within 1 year	2,624	32	0	0	0	2,656	4,927
1 -5 years	6,065	128	0	0	0	6,193	5,091
Over 5 years	405	268	0	0	0	673	681

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are:

£

Clinical Negligence Central Fund 9,094,000

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in note 15.

The movement in provisions for the year 2005 as calculated above is analysed in Note 13.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

14.1 Capital Account	£000
At 1 April	1,109
Additions	632
Transfers	0
Disposals and write-off	0
Impairments	0
Depreciation	
- capital charges	(173)
- other	0
	<u>0</u>
At 31 March	<u><u>1,568</u></u>

14.2 Revaluation Reserve	£000
At 1 April	(214)
Revaluation	103
Indexation	31
Disposals and write-off	0
	<u>0</u>
At 31 March	<u><u>(80)</u></u>

14.3 Balance due to/(from) Department	2005 £000	2004 £000
At 1 April	1,214	1,170
Revenue Income and Expenditure Account		
Surplus/(Deficit)	34	30
Capital Income and Expenditure Account		
Surplus/(Deficit)	<u>15</u>	<u>16</u>
At 31 March	<u><u>1,263</u></u>	<u><u>1,214</u></u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

15 Contingent Liabilities

Note

Clinical Negligence

The Board has contingent liabilities for pre Trust clinical negligence incidents. The Board's financial liability, if any cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs is:

	2005 £000	2004 £000
Total estimate of contingent clinical negligence liabilities	3,745	3,863
Amount expected to be recoverable from Clinical Negligence Central Fund	<u>3,745</u>	<u>3,863</u>
Net Contingent Liability	<u>0</u>	<u>0</u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 12. 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 yet.

Contingencies not relating to clinical negligence are as follows:

	2005 £000	2004 £000
Public Liability	0	0
Employers' Liability	0	0
Injury Benefits	0	0
	0	0
	0	0
	0	0
	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

16 Post Balance Sheet Events

Note

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

WESTERN HEALTH AND SOCIAL SERVICES BOARD

17 Capital Commitments	Note	2005	2004
The Board has the following capital commitments:		£000	£000
Contracted		0	0
Authorised but not contracted		<u>0</u>	<u>0</u>
Total		<u>0</u>	<u>0</u>
18 Analysis of Changes in Financing During the Year	Note	Revaluation Reserve	Capital Account
		£000	£000
Balance at 1 April		(214)	1,109
Cash Inflow/(Outflow) from financing		0	632
Non-cash based transactions		<u>134</u>	<u>(173)</u>
Balance at 31 March		<u>(80)</u>	<u>1,568</u>

WESTERN HEALTH AND SOCIAL SERVICES BOARD

19 Analysis of Losses and Special Payments

PART A

Type of Loss	Number of cases	Value £000
1. Cash Losses - Theft, fraud etc.	0	0
2. Cash Losses - Overpayments of salaries, wages and allowances.	0	0
3. Cash Losses - Other causes (including unvouched and incompletely vouched payments).	0	0
4. Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5. Other nugatory and fruitless payments.	0	0
6. Bad debts and claims abandoned.	0	0
7. Stores and Inventory Losses - Theft, fraud, arson, etc. (whether proved or suspected) etc		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
8. Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc).	0	0
9. Stores and Inventory Losses - Deterioration in store.	0	0
10. Stores and Inventory Losses - Stocktaking discrepancies.	0	0
11. Stores and Inventory Losses - Other causes.		
1. Bedding and Linen	0	0
2. Other equipment and property	0	0
12. Compensation payments (legal obligation).		
1. Clinical Negligence	5	621
2. Other	0	0
13. Ex-gratia payments - Extra contractual payments to contractors.	0	0
14. Ex-gratia payments - Compensation payments. (including payments to patients and staff)	0	0
15. Ex-gratia payments - Other payments.	0	0
16. Extra statutory payments.	0	0
17. a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
b. Damage to Board vehicles.	0	0
18. Clawback of Grants	0	0
TOTAL	5	621

WESTERN HEALTH AND SOCIAL SERVICES BOARD

Part C

The Central Services Agency, on behalf of the Board, handles payments to contractors providing Family Practitioner Services. The Counter Fraud Unit is responsible for taking follow-up action where a patient's claim to exemption from statutory charges has been confirmed.

Given the volume of claims, the Central Services Agency uses robust statistical sampling exercises to estimate the total annual potential financial loss due to incorrect claims to exemption from charges.

For example, in the pharmaceutical area, a stratified random sample of all prescriptions paid by the CSA is employed. Stratification is based on the volume of claims made by each pharmacist. Independent verification of exemption is sought. Where entitlement is not proven, recovery of the unpaid charge is sought from the patient, together with a Fixed Penalty Charge, where applicable. Each case is pursued as far as feasible. This can include referral to the Small Claims Court and the Enforcement of Judgements Office.

The Agency uses the following information

- (a) the proportion of items where entitlement cannot be verified;
- (b) the volume of items paid within the month
- (c) the cost of the charge for the individual item i.e. £6.40 for 2004/05

to calculate the level of loss. This is then summed across the year to create an annual loss figure.

A similar exercise is carried out for the Dental and Ophthalmic areas.

The total potential Northern Ireland loss for 2004/2005 has been estimated to fall within the range £8.2m to £10.3m (2003/2004 £7.5m to £9.5m [as amended for the increase in volume and charge]).

It is estimated that the proportion of claims, which are correctly claimed for exemption lies between 4.32% and 5.66%.

The total expenditure on Family Practitioner Services for 2004/2005 was £579m. There is no definitive basis for apportioning the estimated potential loss to individual Boards, but if the loss were to be attributed to Boards according to their share of expenditure in Family Practitioner Services, the loss for this Board would fall within the range of £1.4m to £1.7m (2003/2004 £1.2m to £1.5m [as amended for the increase in volume and charge]).

The Annual Estimate of Loss due to exemption fraud for this Board is £1.6m

WESTERN HEALTH AND SOCIAL SERVICES BOARD

20 Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationships with DHSSPSNI, and the manner they are funded, the Western Health and Social Services Board is not exposed to the degree of financial risk faced by other business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies to which FRS13 mainly applies. The Western Health and Social Services Board has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day - to - day liabilities are generated by day - to - day operational activities rather than being held to change the risks facing the Western Health and Social Services Board in undertaking its activities.

WESTERN HEALTH AND SOCIAL SERVICES BOARD

21 Third party Assets

The Western Board has no third party assets.

22 Intra-government Balances

	Note	2005	2005	2004	2004
		£000	£000	£000	£000
		Within 1	After 1	Within 1	After 1
		Year	Year	Year	Year
Debtors					
Department of Health, Social Services & Public Safety		19,176	0	15,510	
Balances with Other Central Government Bodies		0	0	0	
Balances with Local Authorities		0	0	0	
Balances with HSS/NHS Trusts		246	0	408	
Balances with public corporations and trading funds		0	0	0	
Balances with bodies external to government		0	0		
Total		19,422	0	15,918	0
Creditors					
Department of Health, Social Services & Public Safety		0	0	0	
Balances with Other Central Government Bodies		0	0	0	
Balances with Local Authorities		0	0	0	
Balances with HSS/NHS Trusts		1,124	0	1,547	
Balances with public corporations and trading funds		0	0	0	
Balances with bodies external to government		0	0		
Total		1,124	0	1,547	0

Intra-government balances are defined as balances between the reporting entity and other bodies within the boundary set for whole of government accounts.

GENERAL PRACTITIONER LOANS SCHEME
WESTERN HEALTH AND SOCIAL SERVICES BOARD

(S.R. & O. 1973 No. 332 Under article 59 of the Health & Personal Social Services (Northern Ireland) Order 1972). Summary of receipts and payments. Account for year ended 31st MARCH 2005.

Previous Year £	PAYMENTS	£
(108,194)	Balance due to Bank at 31 st April 2004 Loans to General Medical Practitioners Charge for borrowings Balance due from Bank at 31 st March 2005	(124,862)
(108,194)		(124,862)

RECEIPTS		
12,652	Balance due from Bank at 31 st April 2004	13,795
4,016	Loan Repayments	2,352
(124,862)	Loan Interest Receivable	(141,008)
(108,194)	Balance due to Bank at 31 st March 2005	124,862

ABSTRACT OF LOANS					
Balance at 1.4.2004 £	Loans Issued		Loans Repaid		Balance at 31.3.2005 £
	During year ended 31.3.2005 £	Total to 31.3.2005 £	During year ended 31.3.2005 £	Total to 31.3.2005 £	
17,920		366,400	13,795	362,275	4,125

I certify that the above account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by the Central Services Agency as certified by the Director of Finance of the Central Services Agency.

Peter McLaughlin Director of Finance & Information

31/05/05 Date

I certify that the above account has been submitted to and duly approved by the Board.

Steven Lindsay Chief Executive

28/07/05 Date

WESTERN HEALTH AND SOCIAL SERVICES BOARD

General Practitioner Loans Scheme

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the General Practitioner Loans Scheme Account on page 194 of the Board Statement of Annual Accounts under the Health and Personal Services (Northern Ireland) Order 1972.

Respective Responsibilities of the Board, the Director of Finance and Auditor

As described on page 194, the Board and Director of Finance are responsible for ensuring that the Account has been compiled from, and is in accordance with, the accounts and financial records maintained on the Board's behalf by Central Services Agency as certified by the Director of Finance of the Central Services Agency. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the General Practitioner Loans Scheme Account properly presents the receipts and payments of the scheme for the year, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the General Practitioner Loans Scheme Account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient evidence to give reasonable assurance that the General Practitioner Loans Scheme Account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

Opinion

In my opinion:

- The General Practitioner Loans Scheme Account properly presents the receipts and payments of the Western Health and Social Services Board General Practitioner Loans Scheme for the year ended 31 March 2005 and balances held at that date have been properly prepared in accordance with the Health and Personal Social Services (NI) Order 1972 and directions made there under by the Department of Health, Social Services and Public Safety;
- In all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on this Account.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast BT 7 1EU

Date:
17th August 2005