

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 01 to 44) which I am required to prepare on behalf of the Northern 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.

Wilson Matthews.....Director of Finance

29 June 2006.....Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 01 to 44) as prepared in accordance with the above requirements have been submitted to and duly approved by the Northern Health and Social Services Board.

Michael Wood.....Chairman

29 June 0006.....Date

Stuart MacDonnell.....Chief Executive

29 June 2006.....Date

Foreword

These accounts for the year ended 31 March 2006 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.

The effectiveness of the system is reviewed internally on the basis of annual self-assessment against the Department's Controls Assurance Standards and an independent review of the effectiveness of the system is carried out by Internal Audit. The Board is kept informed of the outcome of these assessments.

In relation to improving health and well-being the Board may work in partnership with a broad range of community, voluntary and statutory bodies to take forward a range of practical initiatives. The Board has a protocol for partnership working and under this protocol all Partnerships where the Board is directly accountable to the Department are required to provide an update for the Senior Management Team on a half-yearly basis. A register of all partnerships involving Board staff is also maintained.

The protocol lays out the role of Internal Audit in providing independent assurance to the Chief Executive on the effectiveness and adequacy of the internal control systems as they pertain to Partnership arrangements.

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 and Social Services Board for the year ended 31 March 2006 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 2005/06 in accordance with the 2005/06 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
Debtors' Invoicing
FPS Probity
GMS
Control Accounts
Financial Reporting to Board
Local Health and Social Care Groups
Activity Monitoring/Commissioning of Care

Other Areas:

Review of Smoking Cessation Scheme
Review of Internal Audit Recommendations made and accepted by Management for 2004/05
Inter-Client Review regarding the payment of travel and subsistence
Wider governance
Partnerships
Analysis of Jack Report and implication for the Board
Inter-Client Review of Corporate Risk Registers.

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. An assessment of the controls operating within the Regional Smoking Cessation Scheme was carried out and a gap in controls was identified. Two recommendations to address the gap in controls were made.

During the course of 2005/06 the Chief Internal Auditor continued to be 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 guidance issued by the Department of Health Social Services and Public Safety.

In October 2005, in response to the issue of the Department's Counter Fraud Strategy, the Board embarked upon an extensive awareness raising programme. The Chief Internal Auditor worked alongside Senior Finance Staff in developing a training programme to raise awareness of all staff. The Chief Internal Auditor participated in the delivery of some of the training sessions.

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 DHSSPS requirements.

Capacity to Handle Risk

The Board is responsible for commissioning high quality health and social care for local patients and clients. The Board's aim in risk management is to ensure that its objectives are met and to protect the organisation against loss including loss of opportunity, financial loss and reputational loss.

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. This Committee is chaired by a non-executive director and the lead directors for risk management and clinical and social care governance are in attendance at all meetings. The Board receives minutes of all the committee's meetings.

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 the NHSSB's 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 (updated 2004); 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 2005/06 which sets out the NHSSB's risk management programme of work, inclusive of the HPSS controls assurance programme was approved and taken forward during 2005/06. The Risk Management and Clinical and Social Care Governance Committee reviewed progress against this action plan on a regular basis throughout 2005/06.

During 2005/06, the Board continued to develop and provide specialised risk management training. Fraud awareness training was provided to all staff within the NHSSB during 2005/06. The NHSSB's ICT Procurement Group approved the purchase of Datix Risk Management Software, an integrated system designed to assist in the management of governance, safety and risk information. A number of Board Officers received Datix System training, which was targeted to meet their levels of responsibility and the degree of involvement, in respect of maintaining and managing this information system.

In addition to the training provided, a risk management training review was undertaken, to identify future training needs. A training programme is currently being developed to meet needs identified and will be inclusive of general awareness training for newly appointed staff and refresher training for existing staff. This programme will be delivered during 2006/07.

In February 2006, directors and senior staff, including representatives from the Local Health and Social Care Groups attended a board-wide risk management workshop. The focus of the workshop was the newly published DHSSPS Establishing an Assurance Framework:

A Practical Guide for management boards of HPSS organisations.

The overall aims of the workshop were to:

- Update staff on NHSSB's progress in risk management
- Introduce the DHSSPS Establishing an Assurance Framework
- Commence development of an assurance framework for NHSSB

The workshop provided an opportunity initiate the development of the NHSSB's Assurance Framework. This framework will provide a comprehensive and easy to follow overview of how the Board is kept informed of the reliability and assurances of the systems of internal control, upon which the NHSSB relies on, to achieve its corporate objectives. The assurance framework is still being finalised and will be fully embedded during 2006/07. This framework will also provide a stronger basis for effective challenges by Board members and as a consequence, better informed decision making.

A Business Continuity Management Programme is being initiated within the NHSSB with the objective of identifying all activities and operations that are critical to sustaining business operations, with the intent to ensure continuity in the face of any unexpected disruption (part or full disruption of the Board's operational capability) or in the face of disaster by

ensuring that all associated operational risk are eliminated or minimised to their fullest extent. This programme will compliment emergency planning programmes within the NHSSB.

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 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. There are a range of other mechanisms where Board Officers are provided with opportunities to learn from good practice, including attendance at workshops and conferences, continuing professional development programmes, individual and peer reviews and the assessment of compliance with relevant standards.

The Risk and Control Framework

The Northern Health and Social Services Board has developed and approved 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 2005/06. The Risk Management and Clinical and Social Care Governance Committee reviewed progress against this action plan on a regular basis throughout 2005/06.

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 2005/06 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.

Risks identified were assessed using the 5 x 5 scoring system, whereby the level of organisational impact is identified against a likelihood factor enabling risks to be categorised into risk ratings ranging from very low to very high.

A defined process for corporate risk identification has been established and approved and was consistently applied across the organisation during 2005/06. It was the responsibility of the Risk Management Co-ordinator to work in conjunction with nominated directorate risk leads to ensure that potential corporate risks identified were 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 and now forms the basis of regular reports to the Senior Management Team and the Board.

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 2005/06, the Board has been provided with regular corporate risk reports, which details any significant changes to the corporate risk register.

The Board has continued to meet with each provider Trust within the NHSSB area, to consider how interfaces can be developed with respect to corporate risk reporting between Board and Trust. A flowchart detailing the process for communication of Trust risks issues has been developed. During to 2006/07 the corporate risk report will be expanded to take account of service commissioned risks in line with this process.

During 2005/06, 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 nineteen controls assurance standards, and met the required levels of compliance with those standards applicable to the Board. In addition, to the assessment programme, the Board participated in the Department's consultation exercise for two new standards.

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 2006/07.

The Board has in place arrangements for the reporting of untoward events by Trusts, within the Northern Board area. The Board has also established arrangements for the reporting of serious adverse incidents within independent family practitioner services in line with the requirements of Departmental circular HSS (PPM) 06/04 "Reporting and follow up on serious adverse incidents: interim guidance". The NHSSB is currently considering the implications of Circular HSS (PPM) 02/2006 "Reporting and follow-up of serious adverse incidents", issued March 2006 and will be reviewing and where necessary updating internal/ external incident reporting arrangements.

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 (all year);
- performing Controls Assurance self-assessments and reporting on compliance (last quarter);
- reviewing and updating NHSSB Risk Management Strategy (last quarter);
- production and approval of the NHSSB Risk Management Action Plan for the period April 2007 – Mar 2008 (last Quarter);
- co-ordinating continued learning and development of risk management within NHSSB (All year);
- embed the Board Assurance framework (2nd Quarter);
- further developing risk management policies and procedures;
- implementation of risk management information management systems across the Board (All year);
- establishing interfaces with local Trusts to co-ordinate risk management arrangements(All year);
- further developing and maintaining effective reporting, monitoring, investigation and analysis of incidents (2nd Quarter);
- engaging with the HPSS Clinical and Social Care Governance Support Team to progress developments in risk management (All year);
- participating in both Regional and National Risk Management Networks (All year) and
- taking forward implementation of HPSS Quality Standards and Safety Framework (All year).

Review of Effectiveness

The Audit Committee has provided the Board with an independent and objective review of corporate governance arrangements including financial and non-financial internal controls within the NHSSB, for the year and up to the date of approval of the annual accounts.

The Committee has received reports from internal audit. Internal Audit have reviewed and reported on control, governance and risk management processes, based on an audit plan approved by the Committee. Their work included evaluating and testing the effectiveness of financial controls and verification of the processes, policies and protocols in place in respect of wider governance arrangements. Based on the work undertaken the audit report provides assurance that the Board is complying with departmental requirements as at 31 March 2006. Where scope for improvement was identified, recommendations were made and appropriate action plans were agreed with management.

As Accountable Officer, I can confirm that, for the financial year under review, the Northern Health and Social Services Board has a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives and that no significant internal control deficiencies were noted.

By Order of the Board Stuart MacDonnell
Chief Executive

29 June 2006
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 of Northern Health and Social Services Board for the year ended 31 March 2006 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Board, Chief Executive and Auditor

The Board and Accountable Officer are responsible for preparing the Annual Report and 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. These responsibilities are set out in the Statement of Board's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been 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. I also report 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 to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Northern Health and Social Services Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on page 4 to 8 reflects the Northern Health and Social Services Board's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accountable Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Northern Health and Social Services Board's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Management Commentary, the Operating and Financial Review and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Board and Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Northern Health and Social Services 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

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 £8.0 million and £10.2 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 £1.9 million and £2.4 million. We 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, 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 Services and Public Safety, of the state of the Northern Health and Social Services Board's affairs as at 31 March 2006 and of its surplus, total recognised gains and losses, and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited 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 Services and Public Safety;
- 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.

JM Dowdall CB
Comptroller and Auditor General
7 August 2006

Northern Ireland Audit Office
106 University Street
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Northern Health and Social Services Board

Revenue Income and Expenditure Account for the year ended 31 March 2006

	Note	2006 £000	2005 £000
Income			
Allocations – Health and Personal Social Services	2.1	556,736	516,267
Allocations – Family Health Services	2.2	156,993	150,674
Allocations – Other Allocation Income	2.3	3,814	5,368
FHS Receipts and Recovery of Charges	2.5	9,312	8,336
Income from other sources	2.6	1,653	1,179
Total Revenue Income		728,508	681,824
Expenditure			
Health Care, personal social services and related services purchased	4.1	547,465	509,053
Board administration and commissioning expenses	4.2	9,777	9,478
Registration and Inspection Unit		0	522
Health and Social Services Councils		161	171
Other Services		3,159	2,588
Expenditure excluding Family Health Services		560,562	521,812
Family Health Services	3	167,055	159,716
Total Revenue Expenditure		727,617	681,528
Total Income Less Total Revenue Expenditure		891	296
Provision for Future Obligations	13	(830)	(489)
Retained Surplus/(Deficit) for the Financial Year		1,721	785

The reason for the under spend before provisions was that several Trusts informed the Board in February and March 2006 that earmarked allocations were no longer required

Northern Health and Social Services Board

**Capital Income and Expenditure Account
for the year ended 31 March 2006**

	Note	2006 £000	2005 £000
Income			
Allocations from DHSSPS	2.7	1,134	616
Proceeds of Sale of Fixed Assets		0	0
Other Income		9	4
Total Capital Income		1,143	620
Expenditure			
Payments to acquire Tangible Fixed Assets:		0	0
Land		0	0
Buildings excluding dwellings		0	0
Dwellings		0	0
Assets under Construction		0	0
Plant and Machinery		0	0
Transport Equipment		0	0
Information Technology		1,033	561
Furniture and Fittings		0	0
Payments to acquire Intangible Fixed Assets:		106	53
Total Capital Expenditure		1,139	614
Retained Surplus/(Deficit) for the Financial Year		4	6

Northern Health and Social Services Board

Balance Sheet as at 31 March 2006

	Note	2006 £000	2005 £000
Fixed Assets			
Intangible Fixed Assets	7.1	189	77
Tangible Fixed Assets	7.2	2,034	1,569
Total		2,223	1,646
Current Assets			
Stocks and Work in progress	8	4	5
Debtors	9	39,496	43,485
Cash at bank and in hand		(48)	1,310
Total Current Assets		39,452	44,800
Creditors amounts falling due within one year	10.1	30,380	33,423
Net Current Assets/(Liabilities)		9,072	11,377
Creditors amounts falling due after more than one year	10.2	0	0
Provisions for Liabilities and Charges	12	4,993	9,023
Total Net Assets		6,302	4,000
Financed By:			
Capital account	14.1	2,223	1,642
Revaluation reserve	14.2	0	4
Balance Due to/(from) DHSSPSNI	14.3	4,079	2,354
Total		6,302	4,000

Northern Health and Social Services Board

Cash Flow Statement for the year ended 31 March 2006

	2006 £000	2005 £000
Net cash Inflow/(outflow) from Operating Activities	(1,362)	1,268
Capital Expenditure:		
Payments to acquire tangible and intangible fixed assets	(1,139)	(614)
Receipts from the sale of tangible fixed assets	0	0
Net cash (Outflow)/Inflow from Capital Expenditure	(1,139)	(614)
Financing:		
Capital Funding	1,143	620
Net cash Inflow from Financing	1,143	620
Increase/(Decrease) in Cash	(1,358)	1,274

Notes to the Cashflow Statement

Net cash Inflow/(Outflow) from Operating Activities

	2006 £000	2005 £000
Operating Surplus/(Deficit)	891	296
Notional Income	737	447
Capital Charges	(580)	(422)
Other Notional Operating Costs	(157)	(25)
(Increase)/Decrease in Stocks	1	(1)
(Increase)/Decrease in Debtors	3,989	(3,565)
Increase/(Decrease) in Creditors	(3,043)	6,146
Movement in Provisions I & E	830	489
Movement in Provisions Balance Sheet	(4,030)	(2,097)
Net Cash Inflow/(Outflow)	(1,362)	1,268

Reconciliation of net cash flow to movement in net funds

	2006 £000	2005 £000
Increase/(Decrease) in cash in the period	(1,358)	1,274
Net Funds at 1 April	1,310	36
Net Funds at 31 March	(48)	1,310
	(1,358)	1,274

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	(1,358)	1,310	(48)
Bank Overdraft	0	0	0
Total	(1,358)	1,310	(48)

Northern Health and Social Services Board

**Statement of Total Recognised Gains and Losses
for the year ended 31 March 2006**

	Note	2006 £000	2005 £000
Revenue Surplus/(Deficit) for the Financial Year		1,721	785
Unrealised surplus /(deficit) on the revaluation and indexation of fixed assets		(4)	0
Total gains/(losses) recognised		<u>1,717</u>	<u>785</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 2005/06 HPSS Board 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. There are occasions, particularly in relation to new built where 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 i.e.:

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. IT assets have been indexed and this has resulted in a negative indexation which has been charged to the Revaluation Reserve where one exists, with the balance being charged to the Revenue Income and Expenditure Account.

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 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 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 is recorded in the Income and Expenditure Account. Profit/Loss from non-depreciating assets e.g. land should be included in the income part of the I & E Account. Profit/Loss from depreciating assets e.g. Buildings should be included in the expense part of the I & E 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.

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation on this basis took place as at 31 March 2003.

Where the HSS Board has employees who are members of pension schemes other than the HSS Superannuation scheme described above, additional disclosure will be required to give details of those schemes, e.g. stakeholder pensions

(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 discount rate applied to provisions has changed from 3.5% to 2.2% and this has resulted in an increase in the value of provisions as at the Balance Sheet date.

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	2006 £000	2005 £000
Total Allocation		611,179	563,036
Capital Allocation		(1,134)	(616)
FHS Allocation		(49,812)	(40,968)
FRS11 (prior period)		(1,225)	(426)
LHSCG administration		(785)	(846)
LHSCG programme funds		(298)	(1,209)
Capital Charge from Agencies		0	0
Board transfer to FHS	2.2	(1,189)	(2,704)
Total Revenue Allocation		556,736	516,267

2.2 FHS Allocation	Note	2006 £000	2005 £000
Total Allocation per final draw		49,812	40,968
Allocation from Central Services Agency		105,992	107,002
Board transfer from Revenue Allocation	2.1	1,189	2,704
LHSCG transfer from Other Departmental Funding	2.3	0	0
Total Allocation		156,993	150,674

Northern Health and Social Services Board

2.3 Other Departmental Funding	Note	2006 £000	2005 £000
Clinical Negligence Central Fund		1,827	1,641
FRS 11 Debtor (Current Year)		167	1,225
LHSCG administration		785	846
LHSCG programme funds		298	1,209
LHSCG transfer to FHS	2.2	0	0
Notional Income	2.4	737	447
Other:-		0	0
a		0	0
b		0	0
c		0	0
d		0	0
Total Other Departmental Funding		3,814	5,368

2.4 Notional Income (Memorandum note)	Note	2006 £000	2005 £000
Capital Charges		580	422
Audit Fees		25	25
Other:-			
Impairments		130	0
Miscellaneous		2	0
Total Notional Income		737	447

2.5 FHS Receipts and Recovery of Charges	Note	2006 £000	2005 £000
General Medical Services			
Receipts		10	11
Recovery of Charges		0	0
General Dental Services			
Receipts		5,110	4,726
Recovery of Charges		0	0
Pharmaceutical Services			
Receipts		4,192	3,599
Recovery of Charges		0	0
General Ophthalmic Services			
Receipts		0	0
Recovery of Charges		0	0
Total FHS Receipts and Recovery of Charges		9,312	8,336

Northern Health and Social Services Board

2.6 Other Income	Note	2006 £000	2005 £000
DHSSPS			
a		0	25
b		0	0
c		0	0
Other Boards			
Eastern Health and Social Services Board		237	131
Health and Social Services Board		0	0
Health and Social Services Board		0	0
Miscellaneous			
Contribution from PIS		174	0
Registration & Inspection Unit		0	137
New Opportunities		943	574
CCETSW Grants		48	71
Health Promotion Activities		15	11
Courses and Conferences		17	32
MacMillan Cancer Relief		0	2
Miscellaneous		219	196
Board Administration Income			
a		0	0
b		0	0
c		0	0
d		0	0
e		0	0
Total Other Income		1,653	1,179
2.7 Capital Allocation			
	Note	2006 £000	2005 £000
Amount per final draw		1,134	616
Total Capital Allocation		1,134	616

Northern Health and Social Services Board

3 Family Health Services Income and Expenditure	Note	2006 £000	2005 £000
Income			
Allocations from DHSSPSNI	2.2	156,993	150,674
Notional Income		480	267
FHS Receipts and Recovery of Charges	2.5	9,312	8,336
Total Income		166,785	159,277
Expenditure			
General Medical Services	3.1	50,127	43,409
General Dental Services		20,407	18,807
General Pharmaceutical Services	3.1	92,569	94,017
General Ophthalmic Services		3,472	3,216
Impairment		85	0
Depreciation		271	230
Interest		124	37
Total Expenditure		167,055	159,716
Total Income less Expenditure		(270)	(439)

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.

3.1 Family Health Service Analysis	Note	2006 £000	2005 £000
General Medical Services			
Global Sum etc		23,089	23,593
Out of Hours (OOH)		5,194	3,156
GP 1990 contract		(29)	519
GP fundholder contract		0	0
Boards other services		21,873	16,141
Other: - a		0	0
b		0	0
c		0	0
Total	3	50,127	43,409
General Pharmaceutical Services			
Pharmacists – fees and other associated costs		10,876	10,468
Drugs and other associated costs		80,961	83,110
GP Savings (PIS)		261	200
Contribution to Prescribing Advisors costs		174	0
Returned to Department (PIS)		0	0
28 Day Prescribing		0	0
Other		297	239
Total		92,569	94,017

Northern Health and Social Services Board

4.1 Purchase of Healthcare and Personal Social Services	Note	2006 £000	2005 £000
Own area HSS Trusts		412,476	382,082
Other NI Trusts		119,134	111,730
Special Agencies		2,029	2,390
NHS Trusts		1,118	1,819
Other Agencies		0	0
Regional Services		73	0
Other providers of healthcare and personal social services		7,776	6,440
Capital grants to voluntary bodies		0	0
Utilisation of Clinical Negligence Provision		1,827	1,641
Utilisation of Other Provisions		739	1,010
Initiatives:			
- New Opportunities Fund		943	591
- MacMillan Cancer Fund		39	37
- Other		1,264	1,257
Miscellaneous		47	56
Total		547,465	509,053

4.2 Expenditure on Board Administration & Commissioning Functions:	Note	2006 £000	2005 £000
Commissioning Functions		4,297	4,275
Administration Costs of Local Health and Social Care Groups		831	873
Management of Family Health Services		3,654	3,388
Other Statutory Duties		995	942
Total		9,777	9,478

4.3 Commissioning Costs	Note	2006 £000	2005 £000
Board Administration Costs	4.2	9,777	9,478
Gross expenditure on Registration and Inspection Unit		0	522
Adjustment B		0	0
Adjustment C		0	0
Less Board Administration Income		0	0
Board Commissioning Costs		9,777	10,000
Relevant Income		691,287	649,701
% of Relevant Income		1.41%	1.54%

Northern Health and Social Services Board

4.4 GP Fundholder Unspent Savings

Note 2006 2005
 £000 £000

Balance of Savings	93	355
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	(91)	(263)
	<hr/>	<hr/>
Balance of Savings	2	92
	<hr/>	<hr/>

The GP Fundholding Scheme ended with effect from 1 April 2002

4.5 Notional Costs (Memorandum Note)

Note 2006 2005
 £000 £000

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

Capital Charges

Depreciation	414	366
Interest	166	50
Audit Fee	25	25
Other	132	6
	<hr/>	<hr/>
Total	737	447
	<hr/>	<hr/>

Northern Health and Social Services Board

5.1 Staff Costs

	Directly Employed £000	Other £000	2006 £000	2005 £000
Salaries and Wages	6,428	170	6,598	6,628
Social Security Costs	488	0	488	504
Pension costs for early retirements reflecting the single lump sum to buy over the full liability	0	0	0	0
Other Pension costs	420	0	420	423
Early departure costs	0	0	0	0
Total	7,336	170	7,506	7,555

Of the total, £0, has been charged to capital

5.2 Average Number of Persons Employed

	Directly Employed No.	Other No.	2006 No.	2005 No.
Purchase of health and personal social care	210	7	217	229
Provision of health and personal social care				
- patient and client care and investigation	0	0	0	0
- support services	6	2	8	9
Total	216	9	225	238

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

Northern Health and Social Services Board

5.3 Board Members' remuneration

	Remuneration As Member £000	Other £000	2006 £000	2005 £000
Non-executive members' remuneration	46	0	46	46
Chief Executive's remuneration				
Basic Salaries	93	0	93	93
Performance Related Pay	0	0	0	2
Executive members' remuneration				
Basic Salaries	298	0	298	298
Performance Related Pay	29	0	29	20
Benefits in kind	0	0	0	0
Associate members' remuneration	267	0	267	292
Compensation for loss of office	0	0	0	0
Pensions to former members	0	0	0	0
Social security costs	78	0	78	79
Employers pension contributions	49	0	49	49
Total	860	0	860	879

The above figures do not include an estimate of the remuneration due to certain executives in respect of an Industrial Tribunal decision relating to entitlement to annual cost of living increases. Pending final determinations, an estimate has been made of the total expected liability which has been accrued in the Annual Accounts.

The above figures also do not include an estimate of the remuneration due to certain executives in respect of the annual pay uplift for cost of living and performance for the 2005/06 financial year as this has not been determined by the DHSSPS. An estimate of the total expected liability has been accrued in the Annual Accounts consistent with DHSSPS guidance

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 2005 £000	Cash Equivalent Transfer Value (CETV) at 31 March 2006 £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								
J.Donaghy (comm. 1/6/05)	4	0	0	0	0	0	0	0
P.Donaldson	5	0	0	0	0	0	0	0
P.McAvoy (comm. 1/10/05)	3	0	0	0	0	0	0	0
R.Peters-Gallagher	5	0	0	0	0	0	0	0
M.Smyth (left 31/8/05)	2	0	0	0	0	0	0	0
M.Taylor	5	0	0	0	0	0	0	0
A.Williamson	5	0	0	0	0	0	0	0
M.A.Wood	16	0	0	0	0	0	0	0
All non superannuable								
Executive Members								
J.S.MacDonnell *	0	0	0	0	0	0	0	0
E.McNair *	0	0	0	0	0	0	0	0
K.Keenan *	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
* consent to disclosure of details withheld								

Northern Health and Social Services Board

5.4 (continued)

The above figures do not include the individual's share of the accrual in respect of the Industrial Tribunal decision as noted in Note 5.3 above. It has not been included as the implications for each individual affected have not yet been fully determined.

The above figures do not include an uplift for cost of living or performance for the 2005/2006 financial year as this has not been finally determined by the DHSSPS, as noted in Note 5.3 above.

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
Southern Health and Social Services Board
Western 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 2005/06 there were two early retirements from the Board agreed on the grounds of ill health. The estimated additional pension liabilities of these ill-health retirements will be £118,663.

Northern Health and Social Services Board

6.1 Public Sector Payment Policy

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

2005		2006	
£000	Number	£000	Number
12,103	7,459	11,561	7,062
11,502	6,688	10,874	6,623
95.03%	89.66%	94.06%	93.78%

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	2006 £000
	0	0
	0	0
Total	0	0

Northern Health and Social Services Board

7.1 Intangible Fixed Assets	Note	Software Licences £000	Licences and Trademarks £000	Patents £000	Development Expenditure £000	Total £000
Cost or Valuation						
At 1 April		87	0	0	0	87
Indexation		0	0	0	0	0
Additions		106	0	0	0	106
Transfers		36	0	0	0	36
Impairments		0	0	0	0	0
Disposals		0	0	0	0	0
Revaluations		0	0	0	0	0
At 31 March		229	0	0	0	229
Amortisation						
At 1 April		10	0	0	0	10
Indexation		0	0	0	0	0
Provided in Year		26	0	0	0	26
Transfers		4	0	0	0	4
Impairments		0	0	0	0	0
Disposals		0	0	0	0	0
Revaluations		0	0	0	0	0
At 31 March		40	0	0	0	40
Net book value						
At 1 April		77	0	0	0	77
At 31 March		189	0	0	0	189

Northern Health and Social Services Board

7.2 Tangible Fixed Assets	Note	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture and Fittings £000	Total £000
Cost or Valuation										
At 1 April		0	0	0	0	0	0	2,364	0	2,364
Indexation		0	0	0	0	0	0	(204)	0	(204)
Additions		0	0	0	0	0	0	1,033	0	1,033
Transfers		0	0	0	0	0	0	(57)	0	(57)
Impairments		0	0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	(35)	0	(35)
Other Revaluations		0	0	0	0	0	0	1	0	1
National Revaluation		0	0	0	0	0	0	0	0	0
At 31 March		0	0	0	0	0	0	3,102	0	3,102
Amortisation										
At 1 April		0	0	0	0	0	0	795	0	795
Indexation		0	0	0	0	0	0	(69)	0	(69)
Provided in Year		0	0	0	0	0	0	388	0	388
Transfers		0	0	0	0	0	0	(12)	0	(12)
Impairments		0	0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	(34)	0	(34)
Other Revaluations		0	0	0	0	0	0	0	0	0
National Revaluation		0	0	0	0	0	0	0	0	0
At 31 March		0	0	0	0	0	0	1,068	0	1,068
Net book value										
At 1 April		0	0	0	0	0	0	1,569	0	1,569
At 31 March		0	0	0	0	0	0	2,034	0	2,034

Of the total net book value at 31 March 2006 £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.

7.3 The net book value of land and buildings comprises	Note	2006 £000	2005 £000
Freehold		0	0
Long Leasehold		0	0
Short Leasehold		0	0
Total Land and Buildings		0	0

Northern Health and Social Services Board

8 Stocks and work in progress	Note	2006 £000	2005 £000
Raw Materials and Consumables		4	5
Work in Progress		0	0
Finished Goods		0	0
Total		4	5

9.1 Debtors	Note	2006 £000	2005 £000
Department of Health, Social Services & Public Safety		36,754	36,595
Other NIHPSS debtors		138	178
Other Debtors		138	467
Prepayments and accrued income		59	54
Clinical Negligence Central Fund		2,407	6,191
Total		39,496	43,485

9.2 Intra-government Balances

	Note	2006 £ Within 1 year	2006 £ After 1 year	2005 £ Within 1 year	2005 £ After 1 year
Debtors					
Department of Health Social Services & Public Safety		36,754	0	36,595	0
Balances with other Boards		3	0	172	0
Balances with Health Estates Agency		0	0	0	0
Balances with NI Central Services Agency		2,408	0	6,191	0
Balances with Other Central Government Bodies		4	0	0	0
Balances with Local Authorities		0	0	0	0
Balances with HSS/NHS Trusts		132	0	6	0
Balances with public corporations and trading funds		0	0	0	0
Intra Government Balances		39,301	0	42,964	0
Balances with bodies external to government		195	0	521	0
Total Debtors at 31 March		39,496	0	43,485	0

Northern Health and Social Services Board

10.1 Creditors: amounts falling due within one year

Note	2006 £000	2005 £000
Department of Health, Social Services & Public Safety	0	0
Other NIHPSS creditors	1,332	18,363
Family Health Services	25,449	8,430
Income tax and National Insurance	172	171
Payments received on account	0	41
Rentals under operating leases	0	0
Other creditors	3,427	6,240
Clinical Negligence	0	178
	<hr/>	<hr/>
Total	30,380	33,423

10.2 Creditors: amounts falling due after more than one year

Note	2006 £000	2005 £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
	<hr/>	<hr/>
Total	0	0

11 Intra-government Balances

	Note	2006 £ Within 1 year	2006 £ After 1 year	2005 £ Within 1 year	2005 £ After 1 year
Creditors					
Department of Health Social Services & Public Safety		0	0	0	0
Balances with other Boards		381	0	240	0
Balances with Health Estates Agency		0	0	0	0
Balances with NI Central Services Agency		16,390	0	16,259	0
Balances with Other Central Government Bodies		172	0	171	0
Balances with Local Authorities		0	0	0	0
Balances with HSS/NHS Trusts		781	0	1,863	0
Balances with public corporations and trading funds		0	0	0	0
Intra Government Balances		17,724	0	18,533	0
Balances with bodies external to government		12,656	0	14,890	0
Total Creditors at 31 March		30,380	0	33,423	0

Northern Health and Social Services Board

12 Provisions for Liabilities and Charges

	Clinical Negligence	Pensions relating to other staff	Occupier / Employers Liability	Injury Benefit	Other	Total	2005
Balance at 1 April	5,545	863	55	996	1,564	9,023	11,120
Change in discount rate	47	81	1	152	0	281	0
Revised balance at 1 April	5,592	944	56	1,148	1,564	9,304	11,120
Arising during the year	1,107	57	74	30	0	1,268	3,045
Utilised during the year	(1,827)	(84)	(14)	(68)	(962)	(2,955)	(3,165)
Reversed unused	(2,623)	(22)	(2)	(1)	(115)	(2,763)	(2,149)
Unwinding of discount	96	18	1	24	0	139	172
Balance at 31 March	2,345	913	115	1,133	487	4,993	9,023

Expected timing of Cash Flow

Within 1 year	589	75	105	68	487	1,324
1 – 5 years	1,756	301	10	273	0	2,340
Over 5 years	0	537	0	792	0	1,329

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

Clinical Negligence Central Fund	£ 2,407,466
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In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in note 15.

The movement in provisions for the year 2006 as calculated above is analysed in Note 13.

Northern Health and Social Services Board

13 Provision for Future Obligations

	Note	2006 £000	2005 £000
	12		
The movement in provisions for future obligations is analysed as follows:			
- Clinical Negligence		1,107	2,025
- Pensions		57	193
- Occupier / Employers Liability		74	0
- Injury Benefit		30	25
- GMS		0	0
- Other		0	802
- c		0	0
Total Provided		1,268	3,045
Change in discount rate:			
- Clinical Negligence		47	0
- Pensions		81	0
- Occupier / Employers Liability		1	0
- Injury Benefit		152	0
- a		0	0
- b		0	0
- c		0	0
Total Change in discount rate		281	0
Reversed Unused:			
- Clinical Negligence		(2,623)	(2,108)
- Pensions		(22)	(16)
- Occupier / Employers Liability		(2)	(5)
- Injury Benefit		(1)	(11)
- Other		(110)	0
- GMS		(5)	(9)
- c		0	0
Total Reversed Unused		(2,763)	(2,149)
Unwinding of discounts on Provisions:			
- Clinical Negligence		96	116
- Pensions		18	23
- Occupier / Employers Liability		1	0
- Injury Benefit		24	33
- a		0	0
- b		0	0
- c		0	0
Total Discount Unwound		139	172
Utilised in year:			
- Clinical Negligence		(1,827)	(1,641)
- Pensions		(84)	(944)
- Occupier / Employers Liability		(14)	0
- Injury Benefit		(68)	(67)
- GMS		(270)	(438)
- Other		(692)	(75)
- c		0	0
Total Utilised in year		(2,955)	(3,165)
Sub Total (Movement in Provisions Note 12)		(4,030)	(2,097)
Reimbursements receivable		(3,200)	(1,608)
Total Movement		(830)	(489)

Northern Health and Social Services Board

14.1 Capital Account	£000	
At 1 April		1,642
Additions		1,139
Transfers		(13)
Disposals and write-off		(1)
Impairments		(130)
Depreciation		
- capital charges		(414)
- other		0
		<u>0</u>
At 31 March		<u>2,223</u>
14.2 Revaluation Reserve	£000	
At 1 April		4
Revaluation		1
Indexation		(5)
Disposals and write-off		0
		<u>0</u>
At 31 March		<u>0</u>
14.3 Balance due to/(from) Department	2006	2005
	£000	£000
At 1 April	2,354	1,563
Revenue Income and Expenditure Account		
Surplus/(Deficit)	1,721	785
Capital Income and Expenditure Account		
Surplus/(Deficit)	4	6
	<u>4</u>	<u>6</u>
At 31 March	<u>4,079</u>	<u>2,354</u>

Northern Health and Social Services Board

15 Contingent Liabilities

Clinical Negligence

Note

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:

	2006 £000	2005 £000
Total estimate of contingent clinical negligence liabilities	0	0
Amount expected to be recoverable from Clinical Negligence Central Fund	0	0
Net Contingent Liability	0	0

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:	2006 £000	2005 £000
Public Liability	0	0
Employers' Liability	0	0
Injury Benefits	0	0
a	0	0
b	0	0
c	0	0
d	0	0
Total	0	0

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

	2006 £000	2005 £000
The Board has the following capital commitments:		
Contracted	0	0
Authorised but not contracted	0	0
Total	0	0

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		4	1,642
Cash Inflow / (Outflow) from financing		0	1,143
Non-cash based transactions		(4)	(562)
Balance at 31 March		0	2,223

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.	20	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.	3	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	13	1,919
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	36	1,920

For cases exceeding £250,000 the following should be disclosed both for the current year and prior year:

- The type of case i.e. loss of cash, fruitless payment;
- The total value of the case; and
- Details of the case.

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. £6.50 for 2005/06

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 2005/2006 has been estimated to fall within the range £8.0m to £10.2m (2004/2005 £8.7m to £10.8m [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 3.98% and 5.28%.

The total expenditure on Family Practitioner Services for 2005/2006 was £627m. 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 £1.9m to £2.4m (2004/2005 £2.1m to £2.6m [as amended for the increase in volume and charge]).

A post verification of claims from General Dental Practitioners was carried out during 2005-06. A sample of 2399 claims was selected and compared to the actual patient records held by Dentists. It was found that in 243 claims covering some £9000 of public expenditure, that records did not exist to support the claims made by General Dental Practitioners. Taking this sample size and extrapolating it to the population of Northern Ireland receiving dental treatment, indicates 5.9% of dental claims do not have the proper documentation to support one or more items on that claim. The estimated potential loss for Northern Ireland is within the range £0.68 million to £1.09m. There are no prior year figures for comparison and a breakdown is not available by HSS Board area.

Part D – Special Payments

The Northern Board did not make any special payments or gifts during the financial year.

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 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 Northern 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 Northern Health and Social Services Board in undertaking its activities.

21 Third Party Assets

The Northern Board has no third party assets

GENERAL PRACTITIONER LOANS SCHEME

NORTHERN HEALTH AND SOCIAL SERVICES BOARD

(SR&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 2006.

Previous Year £	PAYMENTS	£
0	Loans to General Medical Practitioners	0
0	Charge for borrowings	0
439,095	Balance due from Bank at 31 March 2006	506,000
439,095		506,000
	RECEIPTS	
330,243	Balance due from Bank at 1 April 2005	439,095
80,206	Loan Repayments	47,713
28,646	Loan interest receivable	19,192
439,095		506,000

ABSTRACT OF LOANS

Balance at 01.04.2005 £	Loans Issued		Loans Repaid		Balance at 31.03.2006 £
	During year ended 31.03.2006 £	Total to 31.03.2006 £	During year ended 31.03.2006 £	Total to 31.03.2006 £	
166,882	0	942,769	47,713	823,600	119,169

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.

Wilson Matthews _____ Director of Finance

29 June 2006 Date

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

Stuart MacDonnell _____ Chief Executive

29 June 2006 Date

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 within the Board Statement of Annual Accounts under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

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

As described on page 43, 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 responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland).

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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My 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 in order 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 fraud or error 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 2006 and the balances held at that date have been properly prepared in accordance with the Health and Personal Social Services (NI) Order 1972, as amended, 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.

JM Dowdall CB
Comptroller and Auditor General
7 August 2006

Northern Ireland Audit Office
106 University Street
BELFAST BT7 1EU