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Public Finance Scrutiny Unit

Review of the Department of Health, Social Services and Public Safety's Annual Report and Accounts 2015-16

Introduction

This Briefing Paper is prepared for the Committee for Health (the Committee), to further enable its consideration of the Department of Health, Social Services and Public Safety's (DHSSPS) Annual Report and Accounts 2015-16.¹ It should be noted that this is the last Annual Report and Accounts to be produced by the DHSSPS, following the reorganisation of the machinery of government in Northern Ireland in May 2016, which resulted in the renaming of the former Department for Health, Social Services and Public Safety (DHSSPS), to what is currently known as the Department of Health (DoH). It retains the functions and powers that had been held by the DHSSPS.

To aid the Committee's understanding of how information is reported in the DHSSPS's Annual Report and Accounts, this Paper initially provides background information on the DHSSPS. Thereafter, Section 2 reviews the main statements within the Annual Report and Accounts, i.e.:

- Performance Report;
- Accountability Report; and,
- Financial Statements.

Where appropriate, the Paper includes a basic analysis to help readers with their interpretation of the information disclosed in the Annual Report and Accounts.² It also identifies potential issues warranting the Committee's consideration during its deliberations.

1. Background

The DHSSPS has responsibility to:

...promote an integrated system of Health and Social Care (HSC) designed to secure improvement in:

- *The physical and mental health of people in Northern Ireland;*
- *The prevention, diagnosis and treatment of illness; and,*
- *The social wellbeing of people in Northern Ireland.*³

The DHSSPS Annual Report and Accounts show the income, expenditure and performance in respect of the following bodies:

- DHSSPS Core Department;
- Health and Social Care Board (HSCB); and,

¹ The Health and Social Care Trusts each produce their own Annual Report and Accounts.

² DHSSPS is a public sector body and its Annual Report and Accounts are prepared in compliance with FReM. Ratio analysis is not therefore appropriate for these types of Accounts as there is no profit, loss or capital employed.

³ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 3 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

- Public Health Agency (PHA).

In addition to this, the DHSSPS is the sponsor department for 15 other arms-length bodies,⁴ these include:

- 6 Health and Social Care Trusts;
- 3 Health and Social Care Agencies;
- 2 Health and Social Care bodies; and,
- 4 NDPBs⁵.

As a public sector body, DHSSPS' Resource Accounts are prepared in accordance with the provisions of the Government Financial Reporting Manual (FReM), which is issued by the Department of Finance (DoF). They are audited by the Comptroller and Auditor General (C&AG), in accordance with the *Government Resources and Accounts Act 2001* (as amended).

2. Annual Report and Accounts

This section provides information on each of the main statements detailed within the introduction of this Briefing Paper. It follows the same order as information presented in the Annual Report and Accounts, and includes potential issues for the Committee's reference when considering those statements.

2.1 Performance Report

The Performance Report:

*...provides information on the entity, its main objectives and strategies and the principal risks it faces.*⁶

It is made up of two separate sections:

- An Introduction and Background; and,
- HSC, Northern Ireland Ambulance Service (NIAS) and Northern Ireland Fire and Rescue Service (NIFRS) Performance.

The content of each of these sections is discussed in more detail in the following sub-sections.

⁴ DHSSPS has an operational relationship with two other bodies the Institute of Public Health in Ireland and Safefood.

⁵ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 152 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

⁶ Financial Reporting Manual 2015-16: Page 15 available online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM_December_2015_.pdf accessed on 17 April 2016.

2.1.1 Introduction and Background

The Performance Report sets out information about the overall purpose of the DHSSPS, the key risks it faces in achieving its objectives and its performance during the course of the year.⁷

Initially it provides information on a number of the health and social care strategies being developed, monitored and implemented within the DHSSPS.

Transforming Your Care

Under the section on the 'Transforming Your Care' Strategy, it states that the Minister intends to:

*...further reduce bureaucracy by giving HSC Trusts greater authority to spend their budgets in order to best maximise the impact for their patients and clients.*⁸

Potential Issue for Consideration:

1. The Committee may wish to enquire what steps the DHSSPS took and the new DoH has taken to reduce bureaucracy and provide Trusts with additional control over their budgets?

Public Health Strategy

This section looks at 'Making Life Better', the strategic framework for public health. It states that:

*Areas have been identified for joint working [with Councils], consistent with local needs and aligned with relevant strategies and policies, and the next step is to develop a programme of transformative action in communities in each council area.*⁹

Potential Issues for Consideration:

The Committee may wish to request from the DoH:

2. Details of the areas for joint working with Councils that were identified under the Making Life Better Strategy.
3. Whether the programmes of transformative action in communities have been finalised for all council areas?

⁷ Financial Reporting Manual 2015-16: Page 15 available online at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM_December_2015_.pdf accessed on 17 April 2016.

⁸ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 5 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

⁹ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 6 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

4. Dependant on the above response, the Committee may wish to enquire about the extent to which each of the programmes of transformative action in communities have been completed.
5. Following on from the above to request that the DoH provide the Committee with the transformative action in communities' records to enable it to assess them for itself.

Health Protection

The 'Health Protection' section notes that two new immunisation programmes- namely meningitis B for infants and meningitis ACWY for teenagers and first year university students - were introduced in 2015-16.

Potential Issues for Consideration:

6. The Committee may wish to enquire whether the DHSSPS tracked and whether the DoH is tracking the incidence of these diseases in the target groups?
7. Dependant on the above response, the Committee may wish to enquire the outcome of the immunisation programmes for the first year of the programme, and whether this is in line with projections?
8. Alternatively, the Committee may wish to enquire how the DoH intends to assess whether the programmes have been a success?

Emergency Preparedness and Response

It is noted that the DHSSPS has continued to:

....engage with HSC organisations to ensure that they have preparedness plans in place to be able to mount an effective emergency response.¹⁰

Potential Issues for Consideration:

9. The Committee may wish to enquire whether all HSC organisations have a preparedness plan in place, to enable them to mount an effective emergency response.
10. Dependant on the response, the Committee may wish to enquire when the HSC organisation intends to have a preparedness plan in place? Alternatively, the Committee may wish to enquire when the preparedness plans were last reviewed?

Oral Health

The Oral Health Strategy section states that two pilot programmes in respect of capitation-based contract models were due to be completed in September 2016.

¹⁰ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page7 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> ! accessed on 9 November 2016

Evaluation of these programmes is intended to inform the new contract models for primary care General Dental Services in Northern Ireland.

In addition; agreement on the new contractual arrangements for the Community Dental Service contract was reached during 2015-16, to enable the modernisation of the contract in a similar manner to other parts of the UK.

Potential Issues for Consideration:

The Committee may wish to enquire:

11. When the evaluation process of the General Dental Service pilot programmes will be published?
12. What is the timeframe for the development and introduction of the new contracts for General Dental Services?
13. Whether the new contracts for Community Dental Services have been introduced?
14. Dependent on the above response, the Committee may wish to request the timeframe for the introduction of the new contract.

The Oral Health Strategy section goes on to state that a review of the dental workforce by Skills for Health is due to be published later in 2016. Furthermore, the final report on the Northern Ireland Caries – Prevention in Practice (NIC-PIP) clinical research trial is due to be published during the course of the 2016-17 year.

Potential Issues for Consideration:

The Committee may wish to enquire about the timeframe for publication of the:

15. Skills for Health review of the dental workforce.
16. Final report of the Northern Ireland Caries – Prevention in practice clinical research trial.
17. Dependent on the above response, the Committee may wish to enquire about the timeframe for the production of an action plan into the delivery of a preventative dental care at an individual level in Northern Ireland.

Pharmacy Developments

This section states that the Medicines Optimisation Model for Older People which was successfully scaled up across the Northern and Western Trusts would be rolled out regionally during 2016-17. It goes on to state that the initial trial and demonstrated;

...positive outcomes for patients and reductions in medicines costs and acute demand for HSC services.¹¹

This section goes on to state that the DHSSPS plans to introduce a number of initiatives under the supporting Medicines Optimisation innovation and change programme that have:

...demonstrated benefits in optimising patient outcomes, safety, cost effectiveness, reducing pressure on HSC services or minimising waste.¹²

Potential Issues for Consideration:

The Committee may wish to enquire about:

18. Whether the Medicines Optimisation Model for Older People has been rolled out across the whole of Northern Ireland?
19. Dependent on the above response, when is it anticipated that the roll out of the model will be completed?
20. What progress has been made in the introduction of initiatives under the Medicines Optimisation innovation and change programme, and the extent of the cost savings envisaged under this programme?

General Practitioner led care

Within the General Practitioner (GP)-led care strategy section, it states that:

...in December 2015, the Minister announced an additional investment starting in 2016-17, to provide for pharmacists to work alongside GPs.¹³

Potential Issue for Consideration:

21. The Committee may wish to enquire the extent of the investment, the number of GP surgeries this is likely to assist with the provision of pharmacies and the geographical location of the surgeries helped?

Secondary Care

The main challenge to secondary care is described as the increase in elective care waiting times. This was due to a number of different factors described as:

...a combination of under delivery of some commissioned volumes of core activity by Trusts, continuing increases in demand in a number of key

¹¹ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 8 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

¹² DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 9 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

¹³ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 10 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

*areas, and the cessation of additional waiting list activity due to the constrained financial position.*¹⁴

It goes on to state that:

*...real progress was made in the last quarter of the year in securing significant reductions in the length of time people are waiting to be assessed and treated.*¹⁵

Potential Issue for Consideration:

The Committee may wish to enquire:

22. The extent and reasons for the under-delivery of commissioned core activity relating to secondary care, which was described as a contributory factor in the increase in waiting lists in the first nine months of the 2015-16 year, as broken down by Trust.

Quality Regulation and Improvement

The 'Quality Regulation and Improvement' section notes that the new IT system to support the "Regional Mortality and Morbidity Review System" (RM&MRS) was scheduled to be rolled out in August 2016 and fully functional by April 2017.

Potential Issue for Consideration:

23. The Committee may wish to enquire how the introduction of the IT system supporting the RM&MRS has progressed

This section goes on to state that the DHSSPS was:

*...in the final stages of reviewing fees and frequency of inspection of services regulated by RQIA. (Regulation and Quality Improvement Authority) Fees were set in 2005 and have not been subject to any increase since then – some services subject to regulation from 2007 have had a nil charge applied.*¹⁶

Guidance from 'Managing Public Money Northern Ireland' (MPMNI) states that "*the norm is to charge at full cost*"¹⁷ for services provided by the public sector. There are a number of exceptions to this rule, e.g. where services are subsidised as a result of Ministerial decision or where costs are minimal such as Freedom of Information requests. This would not appear to be the case in this situation; and from the

¹⁴ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 10 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

¹⁵ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 11 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

¹⁶ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 12 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

¹⁷ DFP (2013) Managing Public Money Northern Ireland Page 47 available online at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/managing-public-money-ni-chapters.pdf> accessed on 11 November 2016)

information detailed above, the DHSSPS would not appear to be adhering to this principle of full cost recovery.

Potential Issues for Consideration:

The Committee may wish to enquire:

24. The reason why the services provided by the RQIA have not been charged at the full cost to the DHSSPS/DoH in line with Managing Public Money Northern Ireland.
25. Whether the review of RQIA has now been completed, and whether the DoH intends to charge customers the full cost of the services provided by the RQIA
26. Details of the range of services provided by the RQIA, the previous fees and the revised fee levels as a result of the review.
27. Details of the income lost to the DHSSPS as a result of its failure to review fee levels in a timelier manner.

Nursing, Midwifery and Allied Health Professions

In January 2016 the 'Return to Practice' programme received additional funding for up to 100 places for nurses, to assist them in returning to the profession. At March 2016, 50 of the places had filled.

Potential Issue for Consideration:

28. The Committee may wish to enquire about the progress of the Return to Practice programme, and whether all the places have now been filled

Prison Healthcare

The 'Prison Health Care Strategy' section notes that the publication of a Joint Healthcare and Criminal Justice Strategy was originally anticipated by March 2015.

However, this was delayed to address a range of issues raised during the drafting process. The draft strategy is currently subject to consultation and is anticipated to be finalised in 2016 to allow for implementation thereafter.

Potential Issues for Consideration:

The Committee may wish to enquire:

29. Whether the Joint Healthcare and Criminal Justice Strategy has now been published.
30. The timeframe for the implementation of the above strategy?

2.1.2 HSC, NIAS and NIFRS Performance

This sub-section of the Performance Report initially looks at the performance in respect of Health and Social Care.

The information provided in respect of diagnostic test standards states that there was a reduction in the number of people waiting more than nine weeks at 31 March 2016.

Potential Issue for Consideration:

31. The Committee may wish to enquire how long the patient who has been waiting longest has been on the waiting list for diagnostic tests.

Unscheduled Care Standards

The unscheduled care section reports performance in respect of attendance at A&E Departments against the performance target of 95% of patients treated and discharged home, or admitted within 4 hours of their arrival. Performance had reduced slightly during the course of the year from 78% to 76%, with the number of patients waiting more than 12 hours increasing from 32,170 to 3,877.

Potential Issues for Consideration:

The Committee may wish to enquire:

32. Whether the DHSSPS kept or the DoH keeps records of the number of patients waiting more than 18 hours and 24 hours.

33. Dependent on the above response, can the Committee be provided with these figures?

34. Which A&E departments were the worst performing?

Allied Health Professional Treatment Standard

The 'Allied Health Professional (AHP)¹⁸ Treatment' section reports performance against a target of no patient waiting longer than 13 weeks from referral to commencement of treatment. Performance had reduced from 9,372 at 31 March 2015 to 15,310 to 31 March 2016. However, the DHSSPS stated that:

...additional funding in this area resulted in a 7.8% reduction in the number of patients waiting from December 2015.¹⁹

¹⁸ Allied Health Professionals deliver services involving the identification, evaluation and prevention of diseases and disorders; dietary and nutrition services; and rehabilitation and health systems management. AHPs include dental hygienists, diagnostic medical sonographers, dietitians, medical technologists, occupational therapists, physical therapists, radiographers, respiratory therapists, and speech language pathologists. The Association of Schools of Allied Health Professions: <http://www.asahp.org/wp-content/uploads/2014/08/Health-Professions-Facts.pdf>

¹⁹ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 25 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> ! accessed on 9 November 2016

Potential Issues for Consideration:

The Committee may wish to enquire about:

35. The number of patients waiting more than 13 weeks for commencement of AHP treatment at 31 December 2015 – prior to the receipt of the additional funding.
36. The average length of time people wait between referral to commencement of AHP treatment.
37. The amount of additional funding received by this functional area that enabled the 7.8% reduction in patients waiting from December 2015.
38. How many of the AHP treatments paid for by the additional funding received in December 2015 were undertaken by the private sector and how many were undertaken by the public sector?

Mental Health Services

The DHSSPS noted that the performance indicators for mental health were not achieved. However, reductions in waiting times were achieved in the final quarter in respect of child and mental health, dementia and psychological therapies.

Potential Issues for Consideration:

The Committee may wish to enquire:

39. The extent of the reductions in waiting times achieved in the final quarter of the year within child and mental health, dementia and psychological therapies.
40. The amount of additional funding received by the mental health services area to achieve the reduction in waiting times.
41. How many of the mental health services and what types of services, paid for by the additional funding received in December were undertaken by the private sector and how many were undertaken by the public sector?

NIAS Performance

The NIAS performance section noted that 54% of Category A²⁰ calls were responded to within 8 minutes against a target of 72.5%. However, 73% of Category A calls were responded to within 12 minutes.

²⁰ **Category A** – The most serious calls – those where there is, potentially, an immediate threat to life - **Northern Ireland Ambulance Service**

Potential Issues for Consideration:

The Committee may wish to enquire:

42. What is the longest time that a Category A patient waited on a response by the NIAS?

Health and Safety

The Health and Safety section states that there were eight accidents at work during the course of the 2015-16 financial year, a decrease from the previous year.

Potential Issues for Consideration:

The Committee may wish to enquire:

43. Whether the people involved in the accidents at work had periods of absence as a result, and if so, the extent of the absence?

44. Whether any claims have been received in respect of these accidents; and if so, the extent of the liability included in the accounts?

Complaints

The final section in the performance report notes that the DHSSPS received one formal complaint during 2015-16. It appears from the stated information that complaints in respect of clinical negligence were made to the relevant provider.²¹

Potential Issues for Consideration:

The Committee may wish to enquire:

45. Whether the reported complaint was dealt with within the timeframe provided in the DHSSPS' guidelines, i.e. within 20 working days of receipt?

46. What was the outcome of the complaint?

2.2 Accountability Report

The Accountability Report:

...meets key accountability requirements to [the Assembly]²²

It is made up of three separate sections:

- Corporate Governance Report;

²¹ NI Direct (2016) available online at: <https://www.nidirect.gov.uk/articles/make-complaint-against-health-service>

²² Financial Reporting Manual 2015-16: Page 16 available online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM_December_2015_.pdf accessed on 17 November 2016.

- Remuneration and Staff Report; and,
- Audit and Accountability Report.

The content of each of these reports is discussed in more detail in the following sub-sections.

2.2.1 Corporate Governance Report

The Corporate Governance Report includes information on the payment of suppliers by the DHSSPS. It states that 97.27% of invoices were paid within 30 days, and 89.67% paid within 10 days.²³ No comparative data is provided for the 2014-15 year.

A review of the 2014-15 annual report identified that the prompt payment statistics for the 2014-15 were 96.48% for 30 days and 90.47% for 10 days. This equates to a 0.8% decrease in the number of invoices paid by the DHSSPS within 10 days. Further investigation identified that the DHSSPS figures for payments within 10 days were 2.92% lower than the total Northern Ireland Civil Service departmental figure of 91.91%.²⁴

Only one department had a lower percentage of invoices paid within 10 days than the DHSSPS, despite the fact that the DHSSPS received the least amount of invoices of any department at 1,717.²⁵

Potential Issues for Consideration:

47. The Committee may wish to request that in future years the DHSSPS include comparative data for prompt payment statistics, to enable readers of the accounts to assess its performance from one year to another.
48. The Committee may wish to enquire about the steps taken by the DHSSPS to address the decrease in invoices paid within 10 days, in order to ensure that it does not re-occur.

Within the Corporate Governance Report, the DHSSPS stated that it had carried out a review of the Framework for Business Planning, Risk Management and Assurance to:

...ensure its effectiveness...[.]. The review sought feedback from each business area regarding their application of the Framework, and included engagement with the Departmental Audit Group to consider any emerging

²³ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 39 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 9 November 2016

²⁴NISRA available online at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/NICS-Prompt-Payment-Table-2015-2016-March-2016.pdf> accessed on 15 November 2016

²⁵ NISRA available online at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/NICS-Prompt-Payment-Table-2015-2016-March-2016.pdf> accessed on 15 November 2016

issues/lessons learned from its ongoing programme of directorate governance audits.²⁶

Potential Issue for Consideration:

49. The Committee may wish to request a copy of the Review of the Framework for Business Planning, Risk Management and Assurance, to allow the DHSSPS to assure itself that it is operating effectively.

Within the 'Service Frameworks' section, the DHSSPS noted that it was developing a set of Service Frameworks for key areas of health and social care. These set out:

...at a high level, the type of service that patients and users should expect, in addition to outlining Northern Ireland standards and supporting actions – linked to recognised good practice.²⁷

It goes on to state that:

...some frameworks have been completed while others are still under development, for example in relation to Mental Health, Children and Young People.²⁸

Potential Issues for Consideration:

The Committee may wish to ask the DoH to provide:

50. The number of Service Frameworks the DHSSPS intended and the DoH intends to put in place, the number completed and the number still to complete.

51. The timetable for completion of the Service Frameworks and whether the DoH is on schedule to complete them.

52. In light of the high incidence of mental ill health in NI,²⁹ an explanation of why the Mental Health framework is not viewed as a priority

The DHSSPS system of governance, risk management and internal control received an overall satisfactory rating for the aggregate period 2012-13 to 2015-16, from the Internal Audit Group. There was, however, a number of significant control issues identified during the course of the year. These included:

- The sponsorship of three of the DHSSPS arms-length bodies (Northern Ireland Practice and Education Council for Nursing and Midwifery, Business Services Organisation and South Eastern Trust);

²⁶DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 47 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

²⁷ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 51 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

²⁸ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 51 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

²⁹BBC news available online at: <http://www.bbc.co.uk/news/uk-northern-ireland-37976537> accessed on 28 November 2016.

- No progress from the 2014-15 audit of the review of recommendations from RQIA Review Reports and additional issues in the follow-up/implementation of recommendations by policy branches;
- Weaknesses in the DHSSPS' governance and management of the arrangements for ensuring delegated functions were being effectively executed by the HSCB and Trusts; and,
- Risk of non-compliance with the new European Union (EU) and United Kingdom (UK) public contracts regulations. Significant weaknesses in the management and processing of 'Direct Award Contract' applications and timely implementation of the 2012 Procurement review recommendations.³⁰

It went on to state that:

*...Internal Audit group (IAG) will follow up on all reports with less than satisfactory assurance.*³¹

Potential Issues for Consideration:

The Committee may wish to request from the DoH:

53. Details of the significant governance, risk management and internal control issues identified by the Internal Audit Group during the 2015-16 year.

54. In light of the above response, for information on the timeframe for the implementation of the Internal Audit Group recommendations to address these issues.

55. Copies of the follow-up reports by the Internal Audit Group.

The Governance Report includes a number of issues in respect of internal governance divergences. In relation to 'Regional Oral Medicine Service', it was identified that 15 of the 22 recommendations from the 2014-15 assessment had now been implemented. The 7 remaining actions were "*expected to be included within the RQIA 2016-17 programme.*"³²

Potential Issue for Consideration:

56. The Committee may wish to ask the DoH for information on the progress that has made in respect of the 7 outstanding recommendations from the 2014 Action Plan into the Regional Oral Medicine Service.

³⁰ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 52 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

³¹ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 53 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

³² DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 54 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

A further area where internal governance divergences were noted was in relation to procurement within the estates functions of the HSC Trusts. Where it was noted that:

Whilst limited opinions on this area have been provided for the Northern and Southern HSC Trusts, this represents a significant improvement from prior years, when unacceptable opinions were provided. In addition, the scope of issues causing the limitation has decreased considerably or changed.³³

A 'Limited Opinion' in the context of Internal Audit Reviews are defined as:

... an inadequate and/or ineffective system of governance, risk management and control in place. Therefore, there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.³⁴

The Governance Report notes that outstanding audit recommendations will be taken forward by the relevant HSC Trust, in line with agreed timeframes.

Potential Issues for Consideration:

The Committee may wish to request from the DoH:

- 57. Details of the outstanding issues relating to the procurement function within the estates function of the HSC Trusts.
- 58. Information on the timeframe for the implementation of any outstanding recommendations

Within the 'Childcare: unallocated' section of the Governance Report, the DHSSPS notes that:

...unallocated cases have decreased from 399 at the end of March 2015 to 333 at the end of February 2016.³⁵

These cases relate to the waiting list of cases requiring assignment to a social worker within the child and family intervention teams, and the report notes that they may:

...mask potential risks to children (as the circumstances of a family whose child remains on an unallocated waiting list may deteriorate during the period the case is awaiting allocation.

³³ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 56 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

³⁴ DFP (2016) Dear Accounting Officer Letter DAO (DoF) 07/16 dated 26 July 2016 available online at <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/daodfp0716.pdf> accessed on 16 November 2016

³⁵ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 59 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

Potential Issues for Consideration:

The Committee may wish to request from the DoH:

59. What is the longest time a child has waited to be allocated a social worker within the child and family intervention team.

60. The average length of time a person has been on the waiting list, before he or she is allocated a social worker within the child and family intervention teams.

Within the 'Elective care' section of the Governance Report, the DHSSPS notes that the number of people seen during the course of the year had increased. However, none of the three elective care standards had been achieved in 2015-16. These are:

- At least 60% of patients to wait no more than 9 weeks for their first outpatient appointment and no one to wait longer than 18 weeks;
- At least 65% of patients to wait no more than 13 weeks for admission as an inpatient or daycase and no one to wait longer than 26 weeks; and,
- No one to wait longer than 9 weeks for a diagnostic test.³⁶

Details were provided on the extent of the waiting list for each of these standards as of 31 March 2016, and these have been included at **Figure 1**.

Figure 1: Outstanding Cases at 31 March 2016³⁷

Elective Care Standard	Nº Waiting at 31 March 16	% Decrease from December 15
First Outpatient Appointment	100,234	19%
Admission as an Outpatient or Daycase	17,601	18%
Diagnostics	29,088	13%

Potential Issues for Consideration:

The Committee may wish to request from the DoH:

61. The extent of additional funding allocated to elective care across each of the three standards:

First Outpatient Appointment;
Admission as an Outpatient or Daycase; or
Diagnostics

62. The number of additional people treated under each of the above elective care standards

³⁶ HSCB and PHA (2015) Commissioning Plan 2015-16 Page 109 available online at: <http://www.hscboard.hscni.net/download/PUBLICATIONS/COMMISSIONING%20PLANS/Commissioning%20Plan%202015-2016.PDF> accessed on 17 November 2016

³⁷ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 60 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> ! accessed on 16 November 2016

63. Information on whether the additional treatments between January and March 2016 were carried out by the public or private sector.

64. In light of the above response a breakdown of the treatments given by public and private sector.

2.2.2 Remuneration and Staff Report

The Remuneration and Staff Report sets out the entity's remuneration policy for directors, and reports on their salaries, benefits and pensions, and where appropriate the link between performance and remuneration. It also details staff costs, staff numbers and a breakdown of staff by gender. Staff costs are disclosed under three headings:

- Permanently employed staff
- Others
- Ministers

The 'Other' category is classified as:

..staff engaged on the objectives of the entity (for example, short term contract staff, agency/temporary staff, locally engaged staff overseas and inward secondments where the entity is paying the whole or the majority of their costs).³⁸

During the course of the 2015-16 year the DHSSPS spent £4.7 million (m) on Other staff, with £2.9m of this relating to the core department. Included within the total figure is £336 thousand (k) in respect of outward secondments, (which would normally provide the department with additional income), which has been included as a charge to the DHSSPS rather than income.

Potential Issues for Consideration:

The Committee may wish to ask the DoH:

65. What steps is the DoH taking to reduce its reliance on short-term contract staff and agency/temporary staff?

66. Why was the DHSSPS and why is the DoH seconding out short-term staff,

67. For an explanation why the outward secondment of staff has been included as a cost to the DHSSPS.

³⁸ Financial Reporting Manual 2015-16: Page 21 available online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM_December_2015_.pdf accessed on 17 November 2016.

Also included within the Remuneration and Staff report is the disclosure related to off-payroll engagements over £58,200 per annum. One person had been employed under this type of arrangement during the whole of the 2015-16 year.

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

68. Details of the type of work undertaken by the staff member employed under an off-payroll engagement. Could this work be carried out by DHSSPS staff?

69. Information on the employment contract for this staff member, including terms and conditions, to enable the Committee to assess the value for money for this contract.

2.2.3 Audit and Accountability Report

The 'Audit and Accountability Report' brings together the key Assembly accountability documents within the Annual Report and Accounts. It includes:

- Statement of Assembly Supply and supporting notes;
- Information on the regularity of expenditure;
- Fees and charges;
- Remote contingent liabilities;
- Long-term expenditure trends; and,
- The Certificate and Report of the Comptroller and Auditor General (C&AG) to the Assembly.³⁹

Within the funding section, the DHSSPS noted that despite the fact that £9m of Financial Transactions Capital was available in 2015-16 to fund the GP Loans scheme,⁴⁰ only £499k was actually spent.

Potential Issues for Consideration:

The Committee may wish to ask the DoH about:

70. What were the underlying reasons for the significant over-estimation of funding required for the GP Loan scheme?

71. What steps the DHSSPS took in order to maximise expenditure under the scheme?

The Losses and Special Payments Note (Page 88) discloses the value of unusual transactions during the year, with commentary provided for losses/payments that exceed £250,000. The two aspects of this Note are set out in the following sections:

³⁹ Financial Reporting Manual 2015-16: Page 21 available online at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488328/2015-16_FReM_December_2015_.pdf accessed on 17 November 2016.

⁴⁰ <http://www.rcgp.org.uk/campaign-home/updates/blogs/2016/february/more-loans-for-gp-infrastructure-released-in-ni.aspx> .

- **Losses Statement** – the majority of losses relate to waivers and remissions of National insurance; and,
- **Special Payments** – included expenditure of £916k for clinical negligence, £27k for employers' liability and £8k in respect of an *ex gratia* payment.

An *ex gratia* payment:

is beyond statutory cover, legal liability, or administrative rules, including:

- payments made to meet hardship caused by official failure or delay;

- out of court settlements to avoid legal action on grounds of official inadequacy; or

- payments to contractors outside a binding contract, e.g. on grounds of hardship.⁴¹

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

72. Details of the four employers' liability claims paid out by the DHSSPS during the course of the year. What steps did the DHSSPS take and will the DoH take, to protect against a future re-occurrence of the issue that led to the claims?

73. Details of the £8k *ex gratia* payment made by the DHSSPS.

The 'Statement of Assembly Supply' (SOAS) 1 Note provides an 'Analysis of Net Resource Outturn by Function', complete with explanations of significant variances between Estimate and Outturn. The most significant of these relates to the Health and Social Care Trusts as shown in **Figure 2**:

Figure 2: Explanation of variance between Estimate and Outturn

Function	Variance	Explanation
Health and Social Care Trusts	£200,466,000	Due to a reduction in the actual cash drawn down by the Trusts for the year from the forecast priorities. This was a result of lower than expected payment cycles and increases in creditors

As previously discussed at sub-section 2.2.1, only one other department had a lower percentage of invoices paid within 10 days than the DHSSPS. From the information above, i.e. lower than expected payment cycles and increased creditors, the HSC Trusts also appear from the information stated, to have raised issues in respect of slow payment of creditors.

⁴¹ DFP (2011) managing Public Money Northern Ireland Annex 4.13 available online at: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/managing-public-money-ni-2012-annexes.pdf> accessed on 17 November 2016.

Potential Issues for Consideration:

The Committee may wish to ask the DoH about:

74. The prompt payment statistics for each of the HSC Trusts, asking for a breakdown of payments within 10 days and 30 days respectively.
75. The value of creditors outstanding at 31 March 2015 and 2016 in the HSC Trusts, to enable the Committee to assess how much creditors have increased year on year.
76. Information on the steps the DHSSPS and the HSC Trusts are taking to reduce creditors outstanding and to encourage prompt payment of suppliers.

2.3 Financial Statements

The Financial Statements are prepared in accordance with the 2015-16 FReM. A basic analysis is provided for the key primary statements and their accompanying notes.

2.3.1 Statement of Comprehensive Net Expenditure

The 'Statement of Comprehensive Net Expenditure' Note details expenditure and income generated by the DHSSPS on an accruals basis. This Note is broken down into administration (admin) and programme expenditure. Admin expenditure is defined in the 'Consolidated Budgeting Guidance' as:

...cover[ing] the costs of all central government administration other than the costs of direct frontline service provision.⁴²

The Statement of Comprehensive Net Expenditure is no longer broken down between admin and programme expenditure. However, further information is provided at Notes 4 and 5 of the Notes to the financial statements. An extract from the admin expenditure note is shown at **Figure 3**.

⁴² HM Treasury (2013) „Consolidated Budgeting Guidance 2014-15“ available online at: <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2014-to-2015/consolidated-budgeting-guidance-2014-to-2015#budget-exchange> accessed on 24 November 2016

Figure 3: Extract of Administration Costs Note⁴³

	Core Dept 2015-16 £'000	Core Dept 2014-15 £'000	Diff	Percentage
Rentals under Operating Leases	3	12	9	75%
Staff Related Costs	97	187	90	48%
Accommodations Costs	20	32	12	38%
Office Services	374	496	122	25%
Contracted Services	512	528	16	3%
Professional Services	321	915	594	65%
Purchase of goods and services	2,697	1,657	1,040	63%
Other Admin Expenditure	90	32	58	181%
Accommodation costs	2,062	2,830	768	27%
Other indirect charges and services	2,350	2,464	114	5%

The table shows some significant changes from the prior year.

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

77. Explanations regarding the increase in expenditure related to the 'Purchase of goods and services.'
78. Details of what the category of expenditure classified as: 'Other Admin Expenditure' relates to and an explanation for the significant increase in expenditure.
79. Information as to what the 'other indirect charges and services' relates to since it is currently the largest single category of expenditure within the note at £2.3m.
80. That the DoH provide more information on the category 'other direct charges and services' in the financial statements for the 2016-17 financial year

An extract from the programme expenditure note is shown at **Figure 4**.

⁴³ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 125 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

Figure 4: Extract of Programme Costs Note⁴⁴

	Consolidated 2015-16	Consolidated 2014-15	Diff	Percentage
Rentals under Operating Leases	227	848	621	73%
Research and Development Expenditure	8,941	9,035	94	1%
EU Grants	1,136	1,549	413	27%
Purchase of Goods and Services	4,805,261	4,705,528	99,733	2%
Other Grants and Disbursements	50,329	44,429	5,900	13%
NI Fire and rescue Service	83,417	87,773	4,356	5%

As with the admin expenditure, a number of the categories within the programme expenditure note show some significant changes from the prior year.

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

81. Explanations about the increase in expenditure in relation to 'Other grants and disbursements.'
82. Information as to what bodies are funded under the 'Other Grants and Disbursements.'
83. More information on the category "Other Grants and Disbursements" in the financial statements for the 2016-17 financial year

Note 6 in the Financial Statements provides additional information on the type and extent of income received by the DHSSPS. Although the overall level of income received by the consolidated department rose by almost £28k from the previous financial year, this overall increase disguised a number of quite large decreases from the 2014-15 year. **Figure 5** provides a breakdown of income received by the DHSSPS in 2015-16

⁴⁴ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 126 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

Figure 5: Income Note⁴⁵

	Consolidated 2015-16	Consolidated 2014-15	Diff	Percentage
Fees and Charges to External Customers	93	194	101	52%
Fees and Charges to other departments	240	292	52	18%
Interest Receivable and other similar income	20	13	7	50%
Central admin and misc services	2	0	2	100%
EU Income	852	1,162	310	27%
Misc Grants and Disbursements	25,584	27,057	1,473	5%
Interest Receivable and other similar income	2	0	2	100%
Disbursements	499,432	471,380	28,052	6%
Family Health Services Receipts	22,842	21,031	1,811	9%

As can be seen in **Figure 5**, the majority of the increase in income relates to the income category of 'Disbursements'⁴⁶

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

84. Details of what the income category of 'Disbursements' relates to.'

85. Information on what admin services the DHSSPS provided and the DoH provides to external customers.

86. What steps the DHSSPS took and the DoH takes to ensure that it has achieved full cost recovery for the services it has provided.

87. Miscellaneous grants and disbursements have reduced by almost £1.5m, and EU income which has reduced by £310k since 2014-15; information on the steps taken by the DHSSPS and the DoH to maximise the income it receives *via* grants?

88. Information on the other categories of income, so that it can assess the reasons for the reductions.

2.3.2 Notes to the Accounts

The 'Notes to the Accounts' provide:

*further detail and analysis of income and expenditure, cashflows and balance sheet transactions.*⁴⁷

⁴⁵ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 128 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

⁴⁶ **Disbursement** - the payment of money from a fund or account

⁴⁷ University of Edinburgh available online at <http://www.accounts.finance.ed.ac.uk/notes-accounts> : accessed on 25 November 2016.

The following sub-section provides information on a number of Notes to the Accounts that may be of interest to the Committee.

Provisions

'Provisions' are defined under 'International Accounting Standard' (IAS) 37 as:

*Liabilities of uncertain timing or amount. Provisions are measured at the best estimate of the expenditure required to settle the obligation.*⁴⁸

The DHSSPS has 4 categories of provisions - early departure costs, clinical negligence, equal pay claims and other. The 'other' category relates to:

*A UK-wide scheme set up to make ex-gratia payments to certain persons who had been infected with the hepatitis C virus by blood products received through NHS treatment. This became known as the Skipton Fund*⁴⁹

Figure 6: Extract from the Provisions Note⁵⁰

Category of Provision	Provision at 1 April 2015	Increase in Provision
Early Departure Costs	15,710	359
Clinical Negligence	17,546	17,000
Equal Pay Claims		
Other	13,811	3,641

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

89. An explanation for the large increase in clinical negligence claims, i.e. an increase of £17m during the course of the 2015-16 year.

90. Details of the steps taken by the DHSSPS and the DoH to reduce the instances of mistakes by medical staff, which in turn could lead to clinical negligence claims.

Contingent Liabilities

A 'contingent liability' is defined under IAS 37 as:

*...possible obligations and present obligations that are not probable or not reliably measurable.*⁵¹

⁴⁸ IAS 37 available online at: <http://www.iasplus.com/en-gb/standards/ias/ias37> accessed on 25 November 2016.

⁴⁹ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 145 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

⁵⁰ DHSSPS (2016) DHSSPS Annual Report and Accounts for the Year Ended 31 March 2016 Page 144 available online at: <https://www.health-ni.gov.uk/publications/dhssps-annual-accounts> | accessed on 16 November 2016

⁵¹ IAS 37 available online at: <http://www.iasplus.com/en-gb/standards/ias/ias37> accessed on 25 November 2016.

The DHSSPS has 4 categories of contingent liabilities – Special European Union Programmes Branch (SEUPB) funding, Clinical Negligence Claims, Guarantees and Public Inquiry Panel Membership.

The SEUPB funding contingent liability relates to circumstances where documentation was destroyed relating to the recruitment and salaries of staff employed by project groups which the DHSSPS supports under Interreg IVA. It is not clear whether the remaining documentation that has been provided will be sufficient to comply with European Commission (EC) regulations. If it is not, the DHSSPS may face a financial penalty of approximately £0.5m.

In addition to the provision included in the Accounts in respect of clinical negligence claims, there is also a contingent liability. The DHSSPS has estimated that this would amount to £0.18m with a further £12m estimated in respect of the HSC Trusts. The note states that:

....other clinical negligence claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from these claims cannot be determined as yet.

It therefore appears from the information stated that the clinical negligence liabilities facing the DHSSPS could be even higher than the figures included within the Accounts.

Potential Issues for Consideration:

The Committee may wish to ask the DoH for:

91. Information on the circumstances relating to the destruction of documentation pertaining to the Interreg IVA grants, and how many groups/bodies were involved.
92. Information on how the DHSSPS assured itself and the DoH assures itself that the terms of grants have been complied with both pre and post payment.
93. Details of the steps taken by the DHSSPS and to be taken by the DoH to ensure the bodies it supports with grants comply with the terms of the grants.
94. In light of the above response, an assurance that the bodies the DHSSPS supported and the DoH supports with grants are provided with clear guidelines on retention of documentation.
95. Up-to-date information on the extent of potential clinical negligence liabilities currently in the DoH.

3. Conclusion

This review of DHSSPS 2015-16 Annual Report and Accounts suggests a number of areas where transparency could be enhanced. This would assist stakeholders in general and the Members of the Committee for Health in particular, in their use of the document.

These include:

- Full disclosure of the performance achieved against targets would assist users of the Accounts to assess the value for money achieved. (See Issues for Consideration 31 to 48.)
- Additional explanations and reporting of the management and control of the organisation within the Governance Statement. (See Issues for Consideration 55 to 60.)
- Further clarification in respect of the increases in some costs within the accounts or changes in the pattern of expenditure. (See Issues for Consideration 77 to 84.)
- Explanations for increases in liabilities in respect of clinical negligence liabilities. (See Issues for Consideration 90 to 91.)