

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH & SOCIAL SERVICES**

**ANNUAL ACCOUNTS 2002/2003**

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**CERTIFICATE OF THE DIRECTOR OF FINANCE**

I certify that annual accounts set out in the financial statements and notes to the accounts (pages 10 to 26) which I am required to prepare on behalf of the Agency have been compiled from and are in accordance with the accounts and financial records maintained by the Agency and with the accounting standards and policies for the Health & Personal Social Services approved by the Department of Health Social Services and Public Safety.

\_\_\_\_\_ Director of Finance

\_\_\_\_\_ Date

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**CERTIFICATE OF THE CHIEF EXECUTIVE AND CHAIRMAN**

I certify that the annual accounts set out in the financial statements and the notes to the accounts (pages 10 to 26) have been submitted to and duly approved by the Agency.

\_\_\_\_\_ Chief Executive

\_\_\_\_\_ Date

\_\_\_\_\_ Chairman

\_\_\_\_\_ Date

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**STATEMENT OF RESPONSIBILITIES OF THE NORTHERN IRELAND  
CENTRAL SERVICES AGENCY FOR THE HEALTH AND SOCIAL  
SERVICES AND ITS CHIEF EXECUTIVE**

Under Article 90 of the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by the Health and Personal Social Services (Northern Ireland) Order 1991) the Northern Ireland Central Services Agency for the Health and Social Services (the Agency) 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 present fairly the state of affairs of the Agency, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements, the Agency 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 the Agency will continue in operation;
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency;
- pursue and demonstrate value for money in the services the Agency 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 the Accounting Officer of health and personal social services resources in Northern Ireland has designated the Chief Executive of the Agency as the accountable officer for the Agency. 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, is set out in the accountability letter issued by the Department. The accountable officer is also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

# NORTHERN IRELAND CENTRAL SERVICES AGENCY FOR THE HEALTH AND SOCIAL SERVICES

## Statement on Internal Control

The Central Services Agency (CSA) is accountable for internal control. As Accountable Officer and Chief Executive of the CSA 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 system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

I expect to have the procedures in place in March 2004 necessary to implement Department of Finance & Personnel guidance. This takes account of the time needed to embed fully the processes, which NIGALA has agreed should be established, and to improve their robustness.

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;
- as appropriate, formal budget management disciplines.

The CSA has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2002-03 Internal Audit reviewed the following systems:

- Dental Services
- Ophthalmic Services
- Medical Services
- Pharmaceutical Services
- Counter Fraud Unit
- Income
- Purchasing at SDC, Boucher Road, Gransha, Antrim, Armagh, Belfast City Hospital/Royal Group of Hospitals, Ulster Community & Hospitals Trust and Down Lisburn Trust.
- Risk Management
- Human Resources
- Bursary Unit
- Bank & Cash
- Stock Control
- Capital Contracts
- Payroll
- Nicare
- Welfare Foods
- Travel Expenses
- LAPS
- Central Contracts

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

In his annual report, the Internal Auditor reported that the CSA system of internal control was adequate and effective. However, weaknesses in control were identified in a small number of areas. Recommendations to address these control weaknesses have been or are being implemented.

With regard to the wider control environment the CSA has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of the CSA are pursued in accordance with the recognised and accepted standards of public administration.

For example: the CSA's recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation.

The CSA is developing approaches to risk management. In 2001/02 the Department accepted the internationally risk management standards AS/NZS 4360:1999, and the CSA has been working throughout 2002/03 to ensure its application throughout the Agency by 2003/04.

In the interim the CSA has developed a risk management strategy, which has identified the organisation's objectives and risks and set out a control strategy for each of the significant risks. It is the intention to ensure that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported and that risk management has been incorporated fully into the corporate planning and decision-making processes of the organisation.

Chief Executive \_\_\_\_\_

Date \_\_\_\_\_

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**REVENUE INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2003**

<b>INCOME</b>	<b>Note</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
Income from Operating Activities	2	42,079,205	40,997,470
Income from Other Sources	3	<u>21,631,280</u>	<u>11,231,733</u>
<b>Total Income</b>		<u>63,710,485</u>	<u>52,229,203</u>
<b>EXPENDITURE</b>			
Operating Expenses	4.1	<u>63,429,020</u>	<u>52,584,605</u>
<b>Total Expenditure</b>		<u>63,429,020</u>	<u>52,584,605</u>
<b>Operational Surplus/(Deficit) before Provisions</b>	4.2	<b>281,465</b>	<b>(355,402)</b>
Provisions for Future Obligations	18	<u>17,781,235</u>	<u>(8,047,027)</u>
<b>Retained Surplus/(Deficit) for Financial Year</b>	13.2	<b>18,062,700</b>	<b>(8,402,429)</b>
		<hr/>	<hr/>

The notes on pages 10 to 26 form part of these accounts.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**CAPITAL INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 31 MARCH 2003**

<b>INCOME</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Capital Advances from DHSSPS	911,000	490,000
Other Capital Income	<u>-</u>	<u>-</u>
<b>Total Income</b>	<u>911,000</u>	<u>490,000</u>
 <b>EXPENDITURE</b>		
Buildings, Installations and Fittings	284,018	126,066
Equipment	<u>626,397</u>	<u>362,977</u>
<b>Total Expenditure</b>	<u>910,415</u>	<u>489,043</u>
 <b>Surplus/(Deficit) for the Financial Year</b>	 <u><b>585</b></u>	 <u><b>957</b></u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**BALANCE SHEET AS AT 31 MARCH 2003**

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible Assets	7	8,939,191	7,697,686
<b>CURRENT ASSETS</b>			
Stock	8	1,975,782	1,726,561
Debtors	9	7,263,818	9,649,641
Cash at bank and in hand		3,502,831	1,264,379
<b>Total Current Assets</b>		<u>12,742,431</u>	<u>12,640,581</u>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	10	<u>15,299,877</u>	<u>11,977,215</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		<u>(2,557,446)</u>	<u>663,366</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,381,745	8,361,052
Creditors: amounts falling due after more than one year	11	-	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(85,246,163)</u>	<u>(106,530,260)</u>
<b>NET (LIABILITIES)</b>		<u>(78,864,418)</u>	<u>(98,169,208)</u>
<b>FINANCED BY:</b>			
Capital Account	13	7,873,740	6,632,235
Revaluation Reserve	13	1,065,451	1,065,451
Revenue Income & Expenditure Reserve	13	(87,796,183)	(105,858,883)
Capital Income & Expenditure Reserve	13	<u>(7,426)</u>	<u>(8,011)</u>
		<u>(78,864,418)</u>	<u>(98,169,208)</u>

The notes on pages 10 to 26 form part of these accounts

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003**

	<b>Note</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	20.1	<u>2,235,351</u>	<u>2,212,920</u>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire fixed assets		(910,415)	(489,043)
Proceeds from sale of fixed assets		<u>2,516</u>	<u>3,884</u>
<b>Net Cash (Outflow) from Capital Expenditure</b>		<u>(907,899)</u>	<u>(485,159)</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Purchase of current asset investments		-	-
Sale of current asset investments		<u>-</u>	<u>-</u>
<b>Net Cash Inflow/(Outflow) from Management of Liquid Resources</b>		<u>-</u>	<u>-</u>
<b>Net Cash Inflow/(Outflow) before Financing</b>		<u>1,327,452</u>	<u>1,727,761</u>
<b>FINANCING</b>			
Capital funding		<u>911,000</u>	<u>490,000</u>
<b>Net Cash Inflow from Financing</b>		<u>911,000</u>	<u>490,000</u>
<b>Increase/(Decrease) in bank and cash balances</b>	20.2	<u>2,238,452</u>	<u>2,217,761</u>

The notes on pages 25 and 26 form part of this statement.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR YEAR ENDED 31 MARCH 2003**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Revenue surplus/ (deficit)for the financial year	18,062,700	(8,402,429)
Unrealised surplus on the revaluation and indexation of fixed assets	<u>797,512</u>	<u>191,161</u>
<b>Total gains/(losses) recognised</b>	<b><u>18,860,212</u></b>	<b><u>(8,211,268)</u></b>

# NORTHERN IRELAND CENTRAL SERVICES AGENCY FOR THE HEALTH AND SOCIAL SERVICES

## NOTES TO THE ACCOUNTS 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 with the approval of the Department of Finance and Personnel in accordance with the requirements of Article 90(2) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14).

#### b. Accounting Convention

The Accounts have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets. (See d. below).

#### c. Basis of Preparation of Accounts

The Accounts of the Northern Ireland Central Services Agency for Health and Social Services have been prepared in accordance with the accounting standards and policies for Health and Social Services bodies approved 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 for 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 the purpose of giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the Accounts.

#### d. Fixed Assets

The treatment of fixed assets in the Accounts (valuation, depreciation) is in accordance with the capital charges scheme.

##### (i) Substance over form

The Department of Health, Social Services and Public Safety retains legal title to all of the Agency's fixed assets. The Agency manages such assets in accordance with guidance issued by the Department. The substance and financial reality of such transactions are accounted for and presented in the accounts rather than their legal form.

##### (ii) Capitalisation

All assets falling into the following categories are capitalised in accordance with guidance issued by the Department:

tangible assets which are capable of being used for a period which would exceed one year and have a cost in excess of £5,000;  
groups of tangible assets which are interdependent, having a total cost on acquisition in excess of £5,000.

##### (iii) Valuation

A formal revaluation of the HPSS estate was carried out by the Valuation and Lands Agency as at 1 April 2000. This revaluation is accounted for in the 2000/2001 accounts. The valuations were carried out 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.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

Fixed assets are valued as follows:

- non-specialised buildings have been valued at open market value for existing use;
- equipment is valued at the lower of depreciated replacement cost or recoverable amount; and
- assets in the course of construction are valued at current cost.

All assets are subject to annual indexation using a national price index for each category of fixed asset.

**(iv) Depreciation**

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; and
- Equipment is depreciated on a straight line basis on current cost over the estimated life of the asset using the following standard lives in accordance with the Capital Charges manual:

Office, IT and other equipment	5 years
Vehicles	7 years

**(v) Profit (Loss) on Sale of Fixed Assets**

Any difference between the net book value and income received from the sale of equipment will lead to an adjustment on disposal to be made to the capital charges depreciation figure. The disposal of land and buildings will result in a corresponding reduction in the capital account. No profit or loss on the sale of these assets is recorded in the Income and Expenditure Account.

**e. Stocks**

Stocks are valued exclusive of VAT and in calculating the cost, the Agency has generally used the average cost or latest purchase price.

**f. Losses and Special Payments**

Note 19 is a summary of losses and special payments. Included in the summary are certain losses that would have been made good through insurance cover had the Agency not been bearing its own risk. 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 the operating expenses.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**g. Value Added Tax**

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

**h. Pensions**

The Agency participates in the HPSS Superannuation scheme. Under this defined benefit scheme both the Agency and employees pay specified percentages of pay into the scheme and the liability to pay benefits falls to the DHSSPS. Pension contributions are included in salaries and wages costs. The Agency is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis. Further information on the HPSS Superannuation scheme can be found in the superannuation Scheme Account statement included in the DHSSPS Departmental Resource Account.

The costs of early retirement are met by the Agency and are charged to the Income and Expenditure Account at the time the Agency commits itself to the payment.

**i. Capital Charges**

(i) The Capital Charges scheme involves the Department charging the Agency for the use of fixed assets. The charge comprises depreciation and notional interest.

(ii) The cost of Capital Charges is estimated at the start of the year. Charges based on actual capital values of assets are calculated at the year end. An adjustment is made in the relevant notes to the Accounts to bring the actual charge into line with the estimate. It is the effect of the estimated charges that is reflected in the expenditure of the Income and Expenditure Account.

**j. Clinical Negligence Central Fund**

In 1998, a Clinical Negligence Central Fund, administered by the Central Services Agency, was established to manage the payment of clinical negligence settlements originating after Trusts were formed. Under the arrangements HSS Trusts were required to pay their clinical negligence settlements as they arose and then access the Central Fund for reimbursement.

In 1999/2000, the role of the Central Fund was expanded to meet the cost of both pre- and post-Trust clinical negligence claims. Under the revised arrangements, HSS bodies are required to pay their clinical negligence settlements as they arise and then access the Central Fund for reimbursement. The Central Fund is funded directly by an annual allocation from the Department of Health, Social Services and Public Safety to meet the estimated cost of all clinical negligence provisions. In addition, cash assistance will be given to ensure sufficient cash is available to meet settlements.

Financial Reporting Standard (FRS) 12 was introduced to the HPSS from 1999/2000. Under this Standard, clinical negligence is regarded as a class of obligations and all incidents of clinical negligence which fulfil the recognition criteria are provided for. The provision for each claim is calculated using the expected value concept and includes settlement costs and claimant and defence legal costs.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

Under the arrangement established for the Central Fund, HSS bodies must also account for the expected reimbursement from the Central Fund. Therefore, each HSS body accounts for the corresponding reimbursement from the Central Fund for each clinical negligence claim accounted for as a liability or a provision.

The Central Services Agency, as administrator of the Central Fund, is required to account for all the liabilities of the Central Fund as accounted for in the Accounts of HSS bodies.

In implementing FRS 12, consideration was given to administrative efficiency and the need to ensure equity in funding. To these ends, it was decided to “top-slice” funding on a regional basis and to account for it centrally using the CSA. The consequence is that the Agency’s accounts contain the aggregated provisions for the whole of the NIHPSS. The result is a technical surplus or deficit in the Agency’s accounts which does not reflect its operation or management of matters which it controls or for which it is accountable.

The effect of this arrangement on the Accounts of the Central Services Agency is disclosed in Note 17 to these Accounts.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**2. Income from Operating Activities**

	<b>NICARE</b>	<b>RSS</b>	<b>Adel St</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Management fees	-	6,563,193	8,182,534	14,745,727	14,052,588
Sale of goods	-	23,123,536	-	23,123,536	23,607,026
Project income	4,209,942	-	-	4,209,942	3,337,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>4,209,942</u>	<u>29,686,729</u>	<u>8,182,534</u>	<u>42,079,205</u>	<u>40,997,470</u>

**3. Income from Other Sources**

	<b>NICARE</b>	<b>RSS</b>	<b>Adel St</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash advances from DHSSPS	-	126,000	19,117,000	19,243,000	9,809,000
Notional advance on capital	-	16,062	-	16,062	2,491
Notional Income	-	-	49,980	49,980	94,830
Capital Charges	-	497,672	403,001	900,673	791,583
Private Sales	-	29,573	-	29,573	23,246
Welfare foods	-	75,579	-	75,579	81,891
Miscellaneous	-	439,932	876,481	1,316,413	428,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>-</u>	<u>1,184,818</u>	<u>20,446,462</u>	<u>21,631,280</u>	<u>11,231,733</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**4.1 Operating Expenses**

	NICARE	RSS	Adel St	2003	2002
	£	£	£	£	£
Salaries and Wages	395,292	5,808,165	5,790,256	11,993,713	11,385,681
Bursary Administration Unit.	-	-	9,359,954	9,359,954	-
Cost of goods sold	-	23,049,296	-	23,049,296	23,349,696
Project expenditure	3,571,548	-	-	3,571,548	2,845,551
Fees	10,357	-	179,014	189,371	151,311
Internal audit fee	-	-	53,788	53,788	52,361
External audit fee	-	-	49,980	49,980	47,400
Training	4,238	9,423	135,562	149,223	221,989
Rent, rates, insurance & water	29,112	263,329	197,189	489,630	454,672
Heat, light & power	-	64,406	52,012	116,418	126,396
Cleaning	-	9,452	3,001	12,453	13,462
Building & engineering	-	50,368	29,469	79,837	91,727
Printing, stationery & advertising	20,524	140,081	873,683	1,034,288	914,627
Postage & telephone	14,348	81,387	443,661	539,396	563,667
Transport & travel expenses	-	160,252	147,988	308,240	283,066
Distribution	-	355,239	-	355,239	335,996
Furniture & office equipment (including rental & maintenance)	7,842	90,003	43,862	141,707	223,089
Publications	-	-	224,015	224,015	126,560
Legal outlay	1,417	-	100,260	101,677	19,745
Central computer costs	-	-	650,330	650,330	641,760
Security	-	6,068	2,845	8,913	3,066
Canteen	-	21,909	-	21,909	22,715
Support Services	-	100,496	302,480	402,976	363,284
Artscare	-	-	140,000	140,000	115,733
Miscellaneous	19,025	44,934	105,526	169,485	184,451
SUMDE	-	-	705,000	705,000	635,086
Management Fees	24,792	116,195	(140,987)	-	-
R & D Office	-	-	8,596,415	8,596,415	8,536,429
Capital charges depreciation	-	248,882	201,477	450,359	427,917
Capital charges interest	-	254,072	231,000	485,072	446,588
Recharges	-	-	86,001	86,001	84,895
Loss/(profit) on sale of fixed asset	-	13,546	-	13,546	(1,393)
<b>Total expenditure</b>	<b>4,098,495</b>	<b>30,887,503</b>	<b>28,563,781</b>	<b>63,549,779</b>	<b>52,667,527</b>
Capital charges (year end adj.):	-	(5,282)	(115,477)	(120,759)	(82,922)
<b>TOTAL</b>	<b>4,098,495</b>	<b>30,882,221</b>	<b>28,448,304</b>	<b>63,429,020</b>	<b>52,584,605</b>

**4.2 Revenue Surplus/(Deficit) for Financial Year**

	NICARE	RSS	Adel St	2003	2002
	£	£	£	£	£
Revenue surplus/(deficit)	111,447	(10,674)	180,692	281,465	(355,402)

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**4.3 Shadow Nipec**

The National Board for Nursing, Midwifery and Health Visiting for Northern Ireland (NBNI) ceased operations on 1<sup>st</sup> April 2002, but its successor body, the Northern Ireland Practice and Education Council for Nursing and Midwifery (Nipec) was not formally established until 7<sup>th</sup> October 2002.

Between these dates, Nipec acted in shadow form under the auspices of the CSA. The transactions undertaken during this period may be summarised as follows:

	£		£
Allocation drawn down	391,424	Staff costs	222,928
Income generated	21,006	Operational costs	189,502
Government Grant Reserve transfer re depreciation	10,964	Depreciation	10,964
Government Grant Reserve transfer re reclassification of assets	<u>55,880</u>	Reclassification of assets	<u>55,880</u>
	<u>479,274</u>		<u>479,274</u>

Assets and liabilities of NBNI were transferred to the CSA on 1<sup>st</sup> April 2002 and these same assets and liabilities (as adjusted by the transactions of shadow Nipec) were then transferred to Nipec on 7<sup>th</sup> October 2002:

	<i>Transferred from NBNI to CSA on 1 April '02</i>	<i>Transferred from CSA to Nipec on 7 Oct '02</i>
	£	£
Fixed Assets	86,940	20,096
Debtors	39,177	40,857
Bank & Cash	352,633	352,633
Creditors	(105,664)	(107,398)
Provisions for liabilities	<u>(726,482)</u>	<u>(726,428)</u>
Net Liabilities	<u>(353,396)</u>	<u>(420,240)</u>
<b>Funded by:</b>		
General Fund	(440,336)	(440,336)
Government Grant Reserve	<u>86,940</u>	<u>20,096</u>
	<u>(353,396)</u>	<u>(420,240)</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**5. Information regarding Board Members and Employees**

**5.1 Board Members**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Board Members remuneration:		
Fees (Non-executive Members)	26,728	26,728
Other emoluments (Executive Members [including pension contributions])	270,684	275,567
Compensation for loss of office	-	-
Pensions to former members	3,337	3,329
<b>TOTAL</b>	<b>300,749</b>	<b>305,624</b>

The remuneration of the Chairman, the Chief Executive is as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Chairman</b>		
Basic Salary	12,336	12,336
Benefits	-	-
Performance related pay	-	-
	12,336	12,336
Pension contributions	-	-
	12,336	12,336
<b>Chief Executive</b>		
Basic Salary	76,557	81,669
Benefits	-	2,843
Performance related pay	2,348	2,156
	78,905	86,668
Pension contributions	3,828	3,906
	82,733	90,574

The Chief Executive is the highest paid director.

Other board members' remuneration (excluding pension scheme contributions) fall within the following ranges:

Range	2003 Number	2002 Number
£1 to £ 5,000	4	4
£10,001 to £15,000	1	-
£40,001 to £45,000	1	-
£55,001 to £60,000	1	2
£60,001 to £65,000	1	1

There was no remuneration waived by directors and allowances paid in lieu.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**Related Party Transactions**

The Central Services Agency is a HPSS 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 year, the Central Services Agency has had various material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

In addition, the Central Services Agency has had a number of material transactions with other Government Departments and with other central Government bodies. Most of these transactions have been with the Department of Health, Social Services and Public Safety.

During the year, none of the board members, members of the key management staff or their related parties has undertaken any material transactions with the Central Services Agency.

**5.2 Staff Costs**

	<b>NICARE</b>	<b>RSS</b>	<b>Adel St</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salaries & wages	250,542	4,934,529	4,695,763	9,880,834	9,561,888
Social security costs	21,904	321,839	320,847	664,590	623,975
Other pension costs	16,059	235,959	235,232	487,250	433,036
Employment agency staff	4,330	315,838	391,164	711,332	766,782
Secondments to CSA	102,457	-	147,250	249,707	-
	<u>395,292</u>	<u>5,808,165</u>	<u>5,790,256</u>	<u>11,993,713</u>	<u>11,385,681</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**5.3 Number of employees**

	<b>2003</b>	<b>2002</b>
	<b>No.</b>	<b>No.</b>
Professional and Technical	5	4
Administration and Clerical	663	612
	668	616
	_____	_____

**5.4 Senior Employees Remuneration**

The following number of senior employees received remuneration (excluding pension contributions) falling within the following ranges:

<b>Range</b>	<b>2003 Number</b>	<b>2002 Number</b>
£30,000 to £39,999	33	34
£40,000 to £49,999	14	13
£50,000 to £59,999	5	6
£60,000 to £69,999	2	2

**6.1 Public Sector Payment Policy - Measure of Compliance**

The Department requires that HSS bodies pay their non-HPSS trade creditors in accordance with the CBI Prompt Payment Code and Government Accounting rules. The Agency's payment policy is consistent with the CBI prompt payment codes and Government Accounting rules and its measure of compliance is:

	<b>2003</b>		<b>2002</b>	
	£	No.	£	No.
Total sampled bills	1,607,731	770	5,720,375	1,198
Total sampled bills paid within 30 day target	1,403,458	699	4,955,296	1,012
Percentage of sampled bills paid within 30 day target	87.3%	90.1%	86.6%	84.5%

**6.2 The Late Payment of Commercial Debts (Interest) Act 1998**

There were no amounts arising from claims made by small businesses under this legislation.

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**7. Tangible Assets**

	<b>Land</b>	<b>Buildings, Installations and Fittings</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost or valuation</b>				
At 1 April 2002	2,223,091	5,020,195	2,749,182	9,992,468
Additions	-	284,018	626,397	910,415
Indexation	108,443	665,207	23,862	797,512
Disposals	-	-	(62,538)	(62,538)
<b>At 31 March 2003</b>	<u>2,331,534</u>	<u>5,969,420</u>	<u>3,336,903</u>	<u>11,637,857</u>
<b>Depreciation</b>				
At 1 April 2002	-	344,967	1,949,815	2,294,782
Disposals	-	-	(46,476)	(46,476)
Provided during year:				
capital charges	-	184,109	266,251	450,360
other depreciation	-	-	-	-
<b>At 31 March 2003</b>	<u>-</u>	<u>529,076</u>	<u>2,169,590</u>	<u>2,698,666</u>
<b>Net Book Value</b>				
<b>At 31 March 2003</b>	<u>2,331,534</u>	<u>5,440,344</u>	<u>1,167,313</u>	<u>8,939,191</u>
<b>At 31 March 2002</b>	<u>2,223,091</u>	<u>4,675,228</u>	<u>799,367</u>	<u>7,697,686</u>

**8. Stocks**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Goods for resale	<u>1,975,782</u>	<u>1,726,561</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**9. Debtors**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
HPSS debtors	2,953,998	3,281,398
Other debtors	3,947,703	6,018,341
Other prepayments and accrued income	362,117	349,902
	<hr/>	<hr/>
Total	<u>7,263,818</u>	<u>9,649,641</u>

**10. Creditors - Amounts fall due within one year**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
HPSS/NHS Creditors and Accruals	801,994	1,472,207
Income tax, etc.	7,609	10,234
Other creditors	7,891,485	7,277,346
Clinical Negligence Central		
Fund Creditors	5,458,881	2,573,294
Accruals	1,139,908	644,134
	<hr/>	<hr/>
Total	<u>15,299,877</u>	<u>11,977,215</u>

**11. Creditors - Amounts falling due after more than one year**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
HPSS creditors	-	-
Clinical Negligence Central	-	-
Fund	-	-
Other Creditors	-	-
	<hr/>	<hr/>
Total	<u>-</u>	<u>-</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**12. Provision for Liabilities and Charges**

	<b>Pensions: former Directors £</b>	<b>Pensions: other staff £</b>	<b>Legal claims £</b>	<b>Clinical Negligence £</b>	<b>2003 Total £</b>	<b>2002 Total £</b>
At 1 April	47,123	400,044	173,325	105,909,768	106,530,260	98,589,793
Movement in provisions	1,555	98,356	91,004	(7,342,150)	(7,151,235)	15,098,027
Utilised	(3,337)	(34,463)	(83,853)	(14,011,209)	(14,132,862)	(7,157,560)
At 31 March	<u>45,341</u>	<u>463,937</u>	<u>180,476</u>	<u>84,556,409</u>	<u>85,246,163</u>	<u>106,530,260</u>

**Expected timing of cash flows**

	£
Within 1 year	34,129,358
Over 1 year	<u>51,116,805</u>
	<u>85,246,163</u>

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 14.

**13. Reserves**

**13.1 Capital Reserves**

The movement on reserves in the year comprised:

	<b>Capital Account £</b>	<b>Revaluation Reserve £</b>
At 1 April 2002	6,632,235	1,065,451
Additions	910,415	-
Disposals	(16,062)	-
Indexation	797,512	-
Depreciation	<u>(450,360)</u>	<u>-</u>
At 31 March 2003	<u>7,873,740</u>	<u>1,065,451</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**13.2 Income & Expenditure Reserves**

Movement during the year comprised:

	<b>Revenue</b> £	<b>Capital</b> £
As at 1 <sup>st</sup> April 2002	(105,858,883)	(8,011)
(Deficit)/surplus for the year	<u>18,062,700</u>	<u>585</u>
As at 31 <sup>st</sup> March 2003	<u>(87,796,183)</u>	<u>(7,426)</u>

**14. Contingent Liabilities**

**14.1 Clinical Negligence**

The Central Services Agency, as administrator of the Clinical Negligence Central Fund, has contingent liabilities estimated at £10,586,048 for clinical negligence incidents. The Agency's actual financial liability cannot be determined until the related claims are resolved.

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 as yet.

**14.2 Other Contingent Liabilities**

There are no other contingent liabilities of the Agency.

**15. Post Balance Sheet Events**

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

**16. Capital Commitments**

The Agency has the following capital commitments:

	<b>2003</b> £	<b>2002</b> £
Contracted	4,121,359	-
Authorised, but not contracted	<u>-</u>	<u>220,865</u>
Total	<u><u>4,121,359</u></u>	<u><u>220,865</u></u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**17. Clinical Negligence Central Fund**

The accounting arrangements for the Clinical Negligence Central Fund are set out in Note 1.

The Central Services Agency, as administrator of the Clinical Negligence Central Fund, is required to account for all the liabilities of the Central Fund as accounted for in the Accounts of HSS bodies. Therefore, the Central Services Agency has accounted for clinical negligence liabilities and provisions of £84,556,409 for which funds will be received and accounted for as required to reimburse actual payments made.

This has resulted in the Central Services Agency reporting a surplus of £18,062,700 in the current year's Accounts. Without the effect of the accounting requirements of the Central Fund, the Agency's reported results would have been as follows:

	<b>2003</b> £	<b>2002</b> £
Surplus/(Deficit) for the year as reported	18,062,700	(8,402,429)
Movements in liabilities of the Central Fund accounted/provided for	<u>(17,972,150)</u>	<u>7,908,208</u>
Adjusted surplus/(deficit) for the year	<u>90,550</u>	<u>(494,221)</u>

The movement in the Central Fund during the year was as follows:

	<b>2003</b> £	<b>2002</b> £
Opening balance	105,909,768	97,960,784
Movement in provisions during the year	(7,342,150)	14,959,208
Claims made from Central Fund	<u>(14,011,209)</u>	<u>(7,010,224)</u>
Closing balance:	<u>84,556,409</u>	<u>105,909,768</u>
<b>Analysis:</b>		
Due within one year	34,028,107	38,738,594
Due after one year	<u>50,528,302</u>	<u>67,171,174</u>
	<u>84,556,409</u>	<u>105,909,768</u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
FOR THE HEALTH AND SOCIAL SERVICES**

**Notes to the Accounts (Continued)**

**18. Provisions for Future Obligations**

The provisions charge is analysed as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Clinical negligence	(7,342,150)	14,959,208
Pensions	99,911	57,883
Employer's liability	91,004	80,936
Funding received	<u>(10,630,000)</u>	<u>(7,051,000)</u>
(Credit)/charge to Income & Expenditure Account	<u><u>(17,781,235)</u></u>	<u><u>8,047,027</u></u>

**19. Losses and Special Payments**

Losses reported in the year to 31 March 2003 were as follows:

Category 5 : Compensation payments made under legal obligations	<u><u>£</u></u>
	<u><u>50,500</u></u>

**20. Notes to the Cash Flow Statement**

**20.1 Net Cash Inflow/(Outflow) from Operating Activities**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating (deficit)	18,062,700	(8,402,429)
Loss/(profit) on sale of fixed assets	13,546	(1,393)
Notional advance on capital	(16,062)	(2,491)
(Increase)/Decrease in stocks	(249,221)	55,782
(Increase)/Decrease in debtors	2,385,823	(423,893)
(Decrease)/Increase in creditors	3,322,662	3,046,877
(Decrease)/Increase in provisions	<u>(21,284,097)</u>	<u>7,940,467</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u><u>2,235,351</u></u>	<u><u>2,212,920</u></u>

**NORTHERN IRELAND CENTRAL SERVICES AGENCY  
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**Notes to the Accounts (Continued)**

**20.2 Analysis of changes in cash during the year**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	1,264,379	(953,382)
Balance at 31 March	3,502,831	1,264,379
	<hr/>	<hr/>
<b>Net cash increase/(decrease)</b>	<b><u>2,238,452</u></b>	<b><u>2,217,761</u></b>