

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

**ANNUAL ACCOUNTS 2001/2002**

**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 25) 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 25) 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 OF DIRECTORS' RESPONSIBILITY IN RESPECT OF  
INTERNAL CONTROL**

The Board of the Central Services Agency (CSA) is accountable for internal control. As Accountable Officer and Chief Executive of the Board 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 plan to have the necessary procedures in place by 2003-04 to meet the Department of Finance and Personnel guidance on the introduction of statements of internal control.

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 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 financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- formal budget management discipline.

The Agency procures 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 2001-02 Internal Audit reviewed the following systems:

- |                           |                       |                   |
|---------------------------|-----------------------|-------------------|
| • Dental Services         | • Risk Management     | • Payroll         |
| • Ophthalmic Services     | • Value for Money     | • Nicare          |
| • Medical Services        | • Fraud Response Plan | • Fixed Assets    |
| • Pharmaceutical Services | • Bank & Cash         | • Travel Expenses |
| • Counter Fraud Unit      | • Fraud Monitoring    | • LAPS            |

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

- Corporate Governance
- Income
- Purchasing at SDC, Gransha, Antrim, Armagh, Belfast City Hospital/Royal Group of Hospitals, Ulster Community & Hospitals Trust and Down Lisburn Trust.
- Stock Control
- Capital Contracts
- Central Contracts

In his annual report, the Internal Auditor reported that the Agency's system of internal control was adequate and effective. However, weaknesses in control were identified in a small number of areas and recommendations to address these control weaknesses are being implemented.

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

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

The Agency is developing its approaches to risk management. In that regard, it notes the intention of the Department to formally promulgate risk management standard AS/NZS 4360:1999, which is an internationally recognised model of risk management.

In the meantime, the Agency has already adopted AS/NZS4360: 1999 as its model and is developing a risk management strategy, which will identify 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 process of the organisation.

The Agency will be working throughout 2002-03 to ensure its application throughout the Agency by 2003-04. The actions outlined below are planned in the coming year:

- Establishment of a risk register
- Development of a Risk Management Handbook
- Management and staff to be trained in risk awareness
- Development of Risk Management plans in each Directorate of the Agency
- Risk treatment on all high priority risks to be commenced.

By order of the Board

\_\_\_\_\_ Date

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

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

**REVENUE INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2002**

<b>INCOME</b>	<b>Note</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
Income from Operating Activities	2	40,997,470	39,653,181
Income from Other Sources	3	<u>11,231,733</u>	<u>11,018,940</u>
<b>Total Income</b>		<u>52,229,203</u>	<u>50,672,121</u>
 <b>EXPENDITURE</b>			
Operating Expenses	4.1	<u>52,584,605</u>	<u>50,308,559</u>
<b>Total Expenditure</b>		<u>52,584,605</u>	<u>50,308,559</u>
 <hr/>			
<b>Operational Surplus/(Deficit) before Provisions</b>	4.2	<b>(355,402)</b>	<b>363,562</b>
Provisions for Future Obligations	18	<u>(8,047,027)</u>	<u>(633,236)</u>
<b>Retained Surplus/(Deficit) for Financial Year</b>	13.2	<u><b>(8,402,429)</b></u>	<u><b>(269,674)</b></u>

The notes on pages 10 to 25 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 2002**

<b>INCOME</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Capital Advances from DHSSPS	490,000	440,000
Other Capital Income	<u>-</u>	<u>-</u>
<b>Total Income</b>	<u>490,000</u>	<u>440,000</u>
 <b>EXPENDITURE</b>		
Buildings, Installations and Fittings	126,066	36,241
Equipment	<u>362,977</u>	<u>179,343</u>
<b>Total Expenditure</b>	<u>489,043</u>	<u>215,584</u>
 <b>Surplus/(Deficit) for the Financial Year</b>	 <u><u>957</u></u>	 <u><u>224,416</u></u>

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

**BALANCE SHEET AS AT 31 MARCH 2002**

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible Assets	7	7,697,686	7,447,890
<b>CURRENT ASSETS</b>			
Stock	8	1,726,561	1,782,343
Debtors	9	9,649,641	9,225,748
Cash at bank and in hand		1,264,379	1,703,128
<b>Total Current Assets</b>		<u>12,640,581</u>	<u>12,711,219</u>
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	10	<u>11,977,215</u>	<u>11,586,848</u>
<b>NET CURRENT ASSETS</b>		<u>663,366</u>	<u>1,124,371</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		8,361,052	8,572,261
Creditors: amounts falling due after more than one year	11	-	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	12	<u>(106,530,260)</u>	<u>(98,589,793)</u>
<b>NET (LIABILITIES)</b>		<u><u>(98,169,208)</u></u>	<u><u>(90,017,532)</u></u>
<b>FINANCED BY:</b>			
Capital Account	13	6,632,235	6,382,439
Revaluation Reserve	13	1,065,451	1,065,451
Revenue Income & Expenditure Reserve	13	(105,858,883)	(97,456,454)
Capital Income & Expenditure Reserve	13	(8,011)	(8,968)
		<u>(98,169,208)</u>	<u>(90,017,532)</u>

The notes on pages 10 to 25 form part of these accounts

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

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	20.1	<u>2,212,920</u>	<u>911,247</u>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire fixed assets		(489,043)	(215,584)
Proceeds from sale of fixed assets		<u>3,884</u>	<u>1,332</u>
<b>Net Cash (Outflow) from Capital Expenditure</b>		<u>(485,159)</u>	<u>(214,252)</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>		-	-
<b>Net Cash Inflow/(Outflow) before Financing</b>		<u>1,727,761</u>	<u>696,995</u>
<b>FINANCING</b>			
Capital funding		<u>490,000</u>	<u>440,000</u>
<b>Net Cash Inflow from Financing</b>		<u>490,000</u>	<u>440,000</u>
<b>Increase/(Decrease) in bank and cash balances</b>	20.2	<u><u>2,217,761</u></u>	<u><u>1,136,995</u></u>

The notes on pages 24 and 25 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 2002**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Revenue surplus/ (deficit)for the financial year	(8,402,429)	(269,674)
Fixed Asset Impairment Losses	-	-
Unrealised surplus on the revaluation and indexation of fixed assets	<u>191,161</u>	<u>1,472,959</u>
<b>Total gains/(losses) recognised</b>	<u>(8,211,268)</u>	<u>1,203,285</u>

# 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>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Management fees		6,108,315	7,944,273	14,052,588	13,710,093
Sale of goods		23,607,026		23,607,026	22,870,680
Project income	3,337,856			3,337,856	3,072,408
	<u>3,337,856</u>	<u>29,715,341</u>	<u>7,944,273</u>	<u>40,997,470</u>	<u>39,653,181</u>
Total	<u>3,337,856</u>	<u>29,715,341</u>	<u>7,944,273</u>	<u>40,997,470</u>	<u>39,653,181</u>

**3. Income from Other Sources**

	<b>NICARE</b>	<b>RSS</b>	<b>Adel St</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash advances from DHSSPS			9,809,000	9,809,000	9,798,000
Notional advance on capital		2,491		2,491	2,979
Notional Income			94,830	94,830	-
Capital Charges		452,583	339,000	791,583	754,796
Private Sales		23,246		23,246	21,136
Welfare foods		81,891		81,891	97,993
Recovery of costs				-	20,635
Miscellaneous	-	421,677	7,015	428,692	323,401
	<u>-</u>	<u>421,677</u>	<u>7,015</u>	<u>428,692</u>	<u>323,401</u>
	<u>-</u>	<u>981,888</u>	<u>10,249,845</u>	<u>11,231,733</u>	<u>11,018,940</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	2002	2001
	£	£	£	£	£
Salaries and Wages	347,843	5,421,115	5,616,723	11,385,681	10,664,210
Cost of goods sold		23,349,696		23,349,696	22,713,424
Project expenditure	2,806,127			2,806,127	2,666,912
Project Development / marketing	39,424			39,424	-
Fees	11,435		139,876	151,311	117,679
Internal audit fee			52,361	52,361	62,875
External audit fee			47,400	47,400	46,840
Training	2,058	14,385	205,546	221,989	176,499
Rent, rates, insurance & water	26,901	228,828	198,943	454,672	387,337
Heat, light & power		63,250	63,146	126,396	88,653
Cleaning		11,157	2,305	13,462	14,942
Building & engineering		53,590	38,137	91,727	98,423
Printing, stationery & advertising	13,020	134,412	767,195	914,627	722,978
Postage & telephone	10,469	66,544	486,654	563,667	481,512
Transport & travel expenses	23,491	148,981	110,594	283,066	329,710
Distribution		335,996		335,996	317,413
Furniture & office equipment (including rental & maintenance)	4,012	129,149	89,928	223,089	301,313
Publications			126,560	126,560	175,157
Legal outlay			19,745	19,745	87,221
Central computer costs			641,760	641,760	632,278
Security		2,391	675	3,066	6,788
Canteen		22,715		22,715	16,643
Support Services		91,885	271,399	363,284	327,446
Artscare			115,733	115,733	102,572
Miscellaneous	5,628	74,877	103,946	184,451	63,271
SUMDE			635,086	635,086	408,692
Management Fees	24,000	116,072	(140,072)	-	-
R & D Office			8,536,429	8,536,429	8,541,328
Capital charges depreciation	-	214,045	213,872	427,917	433,652
Capital charges interest		233,588	213,000	446,588	326,232
Recharges			84,895	84,895	89,250
Loss/(profit) on sale of fixed asset		(1,393)		(1,393)	1,647
<b>Total expenditure</b>	<u>3,314,408</u>	<u>30,711,283</u>	<u>18,641,836</u>	<u>52,667,527</u>	<u>50,402,897</u>
Capital charges (year end adj.):		4,950	(87,872)	(82,922)	(94,338)
<b>TOTAL</b>	<u>3,314,408</u>	<u>30,716,233</u>	<u>18,553,964</u>	<u>52,584,605</u>	<u>50,308,559</u>

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

	NICARE	RSS	Adel St	2002	2001
	£	£	£	£	£
Revenue surplus/(deficit)	<u>23,448</u>	<u>(19,004)</u>	<u>(359,846)</u>	<u>(355,402)</u>	<u>363,562</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>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Board Members remuneration:		
Fees (Non-executive Members)	26,728	26,000
Other emoluments (Executive Members [including pension contributions])	275,567	268,427
Compensation for loss of office	-	-
Pensions to former members	3,329	3,165
<b>TOTAL</b>	<b>305,624</b>	<b>297,592</b>

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

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Chairman</b>		
Basic Salary	12,336	12,000
Benefits	-	-
Performance related pay	-	-
	12,336	12,000
Pension contributions	-	-
	12,336	12,000
<b>Chief Executive</b>		
Basic Salary	81,669	78,293
Benefits	2,843	782
Performance related pay	2,156	8,375
	86,668	87,450
Pension contributions	3,906	3,374
	90,574	90,824

The Chief Executive is the highest paid director.

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

Range	2002 Number	2001 Number
£1 to £ 5,000	4	4
£50,001 to £55,000		1
£55,001 to £60,000	2	1
£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>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salaries & wages	312,616	4,610,656	4,638,616	9,561,888	8,883,507
Social security costs	20,534	298,754	304,687	623,975	616,822
Other pension costs	14,693	200,331	218,012	433,036	321,384
Employment agency staff		311,374	455,408	766,782	842,497
	347,843	5,421,115	5,616,723	11,385,681	10,664,210
	347,843	5,421,115	5,616,723	11,385,681	10,664,210

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

**Notes to the Accounts (Continued)**

**5.3 Number of employees**

	<b>2002 No.</b>	<b>2001 No.</b>
Professional and Technical	4	5
Administration and Clerical	612	580
	616	585

**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>2002 Number</b>	<b>2001 Number</b>
£30,000 to £39,999	34	27
£40,000 to £49,999	13	5
£50,000 to £59,999	6	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>2002</b>		<b>2001</b>	
	£	No.	£	No.
Total sampled bills	5,720,375	1,198	4,708,351	788
Total sampled bills paid within 30 day target	4,955,296	1,012	4,319,683	690
Percentage of sampled bills paid within 30 day target	86.6%	84.5%	91.7%	87.6%

**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 2001	2,078,500	4,864,277	2,486,361	9,429,138
Additions		126,066	362,977	489,043
Indexation	144,591	29,852	16,718	191,161
Disposals			(116,874)	(116,874)
<b>At 31 March 2002</b>	<u>2,223,091</u>	<u>5,020,195</u>	<u>2,749,182</u>	<u>9,992,468</u>
<b>Depreciation</b>				
At 1 April 2001	-	174,140	1,807,108	1,981,248
Disposals			(114,383)	(114,383)
Provided during year:	-			
capital charges	-	170,827	257,090	427,917
other depreciation	-			
<b>At 31 March 2002</b>	<u>-</u>	<u>344,967</u>	<u>1,949,815</u>	<u>2,294,782</u>
<b>Net Book Value</b>				
<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>
<b>At 31 March 2001</b>	<u>2,078,500</u>	<u>4,690,137</u>	<u>679,253</u>	<u>7,447,890</u>

**8. Stocks**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Goods for resale	<u>1,726,561</u>	<u>1,782,343</u>

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

**Notes to Accounts (Continued)**

**9. Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
HPSS debtors	3,281,398	4,213,534
Other debtors	6,018,341	4,913,722
Other prepayments and accrued income	349,902	98,492
	<hr/>	<hr/>
Total	<u>9,649,641</u>	<u>9,225,748</u>

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

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
HPSS/NHS Creditors and Accruals	1,472,207	781,840
Income tax, etc.	10,234	6,545
Bank overdraft	-	2,656,510
Other creditors	7,277,346	5,053,175
Clinical Negligence Central Fund Creditors	2,573,294	2,626,598
Accruals	644,134	462,180
	<hr/>	<hr/>
Total	<u>11,977,215</u>	<u>11,586,848</u>

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

	<b>2002</b>	<b>2001</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**

**Notes to the Accounts (Continued)**

**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>2002 Total £</b>	<b>2001 Total £</b>
At 1 April	44,989	420,230	163,790	97,960,784	98,589,793	100,722,860
Movement in provisions	5,463	52,420	80,936	14,959,208	15,098,027	7,136,765
Utilised	(3,329)	(72,606)	(71,401)	(7,010,224)	(7,157,560)	(9,269,832)
At 31 March	<u>47,123</u>	<u>400,044</u>	<u>173,325</u>	<u>105,909,768</u>	<u>106,530,260</u>	<u>98,589,793</u>

**Expected timing of cash flows**

	£
Within 1 year	38,878,999
Over 1 year	67,651,261
	<u>106,530,260</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 2001	6,382,439	1,065,451
Additions	489,043	-
Disposals	(2,491)	-
Indexation	191,161	-
Depreciation	(427,917)	-
At 31 March 2002	<u>6,632,235</u>	<u>1,065,451</u>

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

**Notes to the Accounts (Continued)**

**13.2 Income & Expenditure Reserves**

Movement during the year comprised:

	<b>Revenue</b> <b>£</b>	<b>Capital</b> <b>£</b>
As at 1 <sup>st</sup> April 2001	(97,456,454)	(8,968)
(Deficit)/surplus for the year	<u>(8,402,429)</u>	<u>957</u>
As at 31 <sup>st</sup> March 2002	<u>(105,858,883)</u>	<u>(8,011)</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 £22,686,103 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>2002</b> <b>£</b>	<b>2001</b> <b>£</b>
Contracted	-	81,882
Authorised, but not contracted	<u>220,865</u>	<u>-</u>
Total	<u><u>220,865</u></u>	<u><u>81,882</u></u>

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

**Notes to the Accounts (Continued)**

**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 £105,909,768 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 deficit of £8,402,429 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>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Surplus/(Deficit) for the year as reported	(8,402,429)	(269,674)
Movements in liabilities of the Central Fund accounted/provided for	7,908,208	500,282
Adjusted surplus/(deficit) for the year	(494,221)	230,608

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

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Opening balance	97,960,784	100,087,100
Movement in provisions during the year	14,959,208	7,003,811
Claims made from Central Fund	(7,010,224)	(9,130,127)
Closing balance:	105,909,768	97,960,784
<b>Analysis:</b>		
Due within one year	38,738,594	32,525,662
Due after one year	67,171,174	65,435,122
	105,909,768	97,960,784

**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>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Clinical negligence	14,959,208	7,003,811
Pensions	57,883	80,950
Employer's liability	80,936	52,004
Funding received	<u>(7,051,000)</u>	<u>(6,503,529)</u>
(Credit)/charge to Income & Expenditure Account	<u>8,047,027</u>	<u>633,236</u>

**19. Losses and Special Payments**

Losses reported in the year to 31 March 2002 were as follows:

	<b>£</b>
Category 3 : Bad debts and claims abandoned	137
Category 5 : Compensation payments made under legal obligations	50,231
Category 6 : Ex-gratia payments	<u>29</u>
	<u>50,397</u>

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

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

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Operating (deficit)	(8,402,429)	(269,674)
Loss/(profit) on sale of fixed assets	(1,393)	1,647
Notional advance on capital	(2,491)	(2,979)
(Increase)/Decrease in stocks	55,782	139,294
(Increase)/Decrease in debtors	(423,893)	(124,296)
(Decrease)/Increase in creditors	3,046,877	3,300,322
(Decrease)/Increase in provisions	7,940,467	(2,133,067)
	<u>2,212,920</u>	<u>911,247</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,212,920</u>	<u>911,247</u>

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

**Notes to the Accounts (Continued)**

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

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	(953,382)	(2,090,377)
Balance at 31 March	1,264,379	(953,382)
	<hr/>	<hr/>
<b>Net cash increase/(decrease)</b>	<u><u>2,217,761</u></u>	<u><u>1,136,995</u></u>