

Convener of the Audit Committee

## Governance Statement 2012/13

### Recommendations:

The Board is asked to consider the attached Statement of Assurance by the Audit Committee and approve the attached Governance Statement, which is part of the Annual Accounts 2012/13, for signature by the Chief Executive.

### Background:

As Accountable Officers, Chief Executives of NHS Boards have responsibility for maintaining a sound system of internal control within their organisations. Chief Executives of NHS Bodies, as Accountable Officers, are required to sign the Governance Statement (previously the Statement on Internal Control) as part of the annual accounts. The statement describes the effectiveness of the organisation's governance processes and system of internal control; it is not restricted to internal financial controls and considers all aspects of the organisation's system of internal control and corporate governance, clinical governance, staff governance and risk management. If any significant aspect of governance or internal control is found to be unsatisfactory, this should be disclosed in the Governance Statement.

Guidance issued by the Scottish Government states that NHS Boards are responsible for reviewing the effectiveness of internal control having regard to the assurances obtained from the Audit Committee and any other standing committee which covers internal control e.g. risk management and clinical governance committees. The remit of the NHS Greater Glasgow and Clyde Audit Committee incorporates this responsibility; it states that:

“The Audit Committee will provide the Board and the Accountable Officer with an annual report on the Board's system of internal control timed to support finalisation of the Statement of Accounts and the Statement on Internal Control. This report will include a summary of the Committee's conclusions from the work it has carried out during the year.”

The format of the Governance Statement and its contents are specified in guidance issued by the Scottish Government. The statement for 2012/13 has been prepared in accordance with this guidance, and is attached as Appendix 2.

## **Statement of Assurance and Governance Statement**

At its meeting on 4 June 2013, the Audit Committee reviewed the system of internal control and based on this review, approved the following documents with a recommendation that the Chief Executive should sign the Governance Statement:

1. The Statement of Assurance to the NHS Board on the system of internal control within NHS Greater Glasgow and Clyde (attached as Appendix 1);
2. The Governance Statement NHS Greater Glasgow and Clyde (this forms part of the Statement of Accounts – Board Paper No 13/24 – but for ease of reference, a copy is also attached here at Appendix 2.)

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Convener, Audit Committee

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Financial Governance Manager  
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**Statement of Assurance by the Audit Committee  
in respect of the system of internal control within NHS Greater Glasgow and Clyde for 2012/13**

As Accountable Officer, the Chief Executive is required to sign a Governance Statement as part of the annual accounts. The Governance Statement is required to describe the effectiveness of the system of internal control and to declare any significant aspects where this system is unsatisfactory.

In accordance with its Remit and the Scottish Government Audit Committee Handbook, the Audit Committee conducted a review of the system of internal control within NHS Greater Glasgow and Clyde. The result of this review is reported in this Statement of Assurance to the NHS Board and is intended to inform the Governance Statement.

The Audit Committee's review of the system of internal control in place during 2012/13 was informed by a number of sources of assurance including the following:

1. All matters considered by the Audit Committee;
2. Review of the NHS Board's internal control arrangements against the extant guidance from the Scottish Government Health Directorates;
3. Statements of assurance by the Risk Management Steering Group, Quality and Performance Committee (pertaining to Clinical Governance matters), the Staff Governance Committee and the Information Governance Steering Group;
4. All matters considered by the Audit Support Groups and the statements of assurance issued by them;
5. Reports issued by the internal auditors, including the annual statement of their independent opinion on the adequacy and effectiveness of the system of internal control;
6. Reports issued by Audit Scotland arising from the audit of the annual accounts and the programme of performance audits;
7. Private discussions with both internal and external auditors;
8. Statement of Accounts;
9. Third party assurances in respect of key services provided by National Services Scotland;
10. Annual Fraud Report 2012/13;
11. Report on Losses and Compensations 2012/13.

**Conclusion**

Having taken into account the foregoing sources of information, it is the opinion of the Audit Committee that there was a satisfactory system of internal control in place within NHS Greater Glasgow and Clyde throughout 2012/13. There are no significant matters relating to the system of internal control which require to be disclosed in the Governance Statement.

The Audit Committee recommends therefore that the NHS Board should approve the Governance Statement and that the Governance Statement should be signed by the Chief Executive as Accountable Officer.

Mr K Winter  
Chair, Audit Committee

4 June 2013

## **Governance Statement**

### **Scope of Responsibility**

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

### **Purpose of Internal Control**

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the financial year and up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

### **Governance Framework**

Under the terms of the Scottish Health Plan, the NHS Board is a board of governance. Its purpose is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole, focusing on agreed outcomes.

The NHS Board comprises the Chair, twenty-three non-executive and five executive board members; of the non-executive members, seven are Council Members nominated by each of the councils within the NHS Board area. Board members are appointed by Scottish Ministers and are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The functions of the NHS Board are detailed within the Directors' report on page 9.

The NHS Board has governance arrangements in place which provide an integrated approach to governance across clinical areas, performance management, staff and involving and engaging people in our services and developments. The Corporate Governance arrangements are described in more detail on pages 5 and 6 of the Directors' report.

The conduct and proceedings of the NHS Board are set out in its Standing Orders; the document specifies the matters which are solely reserved for the NHS Board to determine, the matters which are delegated under the Scheme of Delegation and the matters which are remitted to a Standing Committee of the NHS Board.

The Standing Orders also include the Code of Conduct that board members must comply with, and, along with the Standing Financial Instructions, these documents are the focus of the NHS Board's Annual

Review of Governance Arrangements. The annual review also covers the remits of the NHS Board's Standing Committees.

In addition to the Code of Conduct for Members, the NHS Board has in place a Code of Conduct for Staff. This includes the disclosure internally or externally by staff who have concerns about patient safety, malpractice, misconduct, wrongdoing or serious risk. We also have in place a well established complaints system, whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment; information on our complaints procedures is available on the NHSGGC website.

Whilst pay arrangements for NHS staff are determined under national arrangements, the pay arrangements for the NHS Board's senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to Scottish Government Health Directorates guidance, determined by the Remuneration Sub-committee (a sub-committee of the Staff Governance Committee). The Remuneration Sub-committee ensures the application and implementation of fair and equitable systems for pay and for performance management on behalf of the NHS Board.

All NHS Board executive directors undertake a review of their development needs as part of the annual performance management and development process. A leadership development framework is in place to offer a range of development activities to meet needs identified, with additional support from the Human Resources department when required. Access to external and national programmes in line with development plan and career objectives is also in place. The Chief Executive is accountable to the Board through the Chair of the NHS Board. The Chair agrees the Chief Executive's annual objectives in line with the Board's strategic and corporate plans.

Non-executive directors have a supported orientation and induction to the organisation as well as a series of in depth development sessions identified during the year. Opportunities for development also exist, at a national level, for some specific non-executive roles such as Chairman and Area Clinical Forum Chairs.

To ensure that the NHS Board complies with relevant legislation, regulations, guidance and policies, the Corporate Planning, Policy and Performance Team produces a monthly policy update which highlights recent publications and developments in health policy. This includes information regarding Scottish Government consultations and legislation, reports from "think tanks" and health policy organisations and UK wide developments. Internal policies are created in line with the Board's Policy Development Framework, which ensures that there is a consistent and clear approach to policy development, consultation, approval, dissemination/communication, access to documents and review, and that NHSGGC complies with relevant legislation, governance, audit and controls assurance requirements. All policies, strategies or procedures are reviewed every three years as a minimum, or sooner if there is a specific legislative or service requirement or change in guidance, law or practice.

NHS Greater Glasgow and Clyde strives to consult with all of its key stakeholders. We do this in a variety of ways. How we inform, engage and consult with patients and the public in transforming hospitals and services is an important part of how we plan for the future. To fulfil our responsibilities for public involvement, we routinely communicate with, and involve, the people and communities we serve, to inform them about our plans and performance. Public Partnership Forums, established by each CHP/CHCP, provide a mechanism for promoting the routine involvement of local people in the design and delivery of the health services they use. This process of involvement is required before we can decide to begin consultation on a proposed service change.

We meet with the Cabinet Secretary for Health, Wellbeing & Cities Strategy twice a year; the main meeting is our formal Annual Review at which we are held to account in public in respect of our performance against targets.

We also strive to engage with staff; we have well established methods of communication (Staff Newsletter, Core Briefs and Team Briefs), and also the “Facing the Future Together” initiative which allows greater engagement with staff, and encourages more staff to be involved in contributing to decision making in the areas in which they work.

NHS Greater Glasgow and Clyde is committed to working in partnership with its staff, other public sector agencies and voluntary sector bodies. The NHS Board, through its NHS Partnerships has well developed community planning processes to enable it to work effectively with local authorities and the voluntary sector to implement a whole system approach to providing patient care. This work is reported to, and monitored by, the NHS Board through its CHP and CHCP committee structure. The introduction of the Change Fund for Older Peoples Services and the forthcoming move to integrate adult health and social care services will further strengthen these relationships.

I have reviewed the UK Corporate Governance Code and believe that NHS Greater Glasgow and Clyde complies with it, with the exception that, during the year the NHS Board did not have in place arrangements for evaluation of its own performance. Plans are in place to introduce a self evaluation process in the coming year.

### **Review of Adequacy and Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and the quality of data used throughout the organisation. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and
- comments made by the external auditors in their management letters and other reports.

The control mechanisms are overseen and continually evaluated by the NHS Board, its standing committees (as detailed in the Directors’ Report) and a number of other groups including:

- the Risk Management Steering Group; and
- the Information Governance Steering Group.

I have been advised of the effectiveness of the system of internal control by the Board, the Audit Committee which provides assurance to the NHS Board that an appropriate system of internal control is in place, and the Risk Management Steering Group. Plans to address weaknesses and ensure continuous improvement of the system are in place. The Board has in place a robust management structure for the production, review and monitoring of all significant performance data. Such data is scrutinised by the Corporate Management Team and at NHS Board level, to ensure its validity.

The Audit Committee’s review of the system of internal control in place during 2012/13 was informed by a number of sources of assurance including the following:

- all matters considered by the Audit Committee;
- review of the NHS Board’s internal control arrangements against the extant guidance by the Scottish Government Health Directorates;
- statements of assurance from the Risk Management Steering Group, the Quality and Performance Committee in respect of clinical governance arrangements, the Staff Governance Committee, the Information Governance Steering Group and directors;
- all matters considered by the Audit Support Groups and the statements of assurance issued by them;
- reports issued by the internal auditors, including the annual statement of their independent opinion on the adequacy and effectiveness of the system of internal control;
- reports issued by Audit Scotland arising from the audit of the annual accounts;
- private discussions with both internal and external auditors;

- the annual financial statements;
- third party assurances in respect of key services provided by National Services Scotland;
- regular reports on fraud, including reports from NHS Counter Fraud Services and updates in respect of the National Fraud Initiative ; and
- the report on Losses and Compensations.

### **Best Value**

In accordance with the principles of Best Value, the board aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. The NHS Board completes a self assessment as to its effectiveness in achieving Best Value: I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual (SFPM).

### **Risk Assessment**

NHS Greater Glasgow and Clyde has in place a Risk Management Strategy, which accords with the SFPM. The strategy includes having a Risk Management Steering Group (RMSG), which is responsible for developing a single system of risk management for NHS Greater Glasgow and Clyde, and overseeing the development and maintenance of strategy and infrastructure. It monitors implementation of associated plans to co-ordinate the management of risk across the NHS Board using a consistent methodology and set of standards.

The RMSG has its line of reporting to the Corporate Management Team. Chaired by the Director of Finance, the RMSG's key remit continued to be the oversight of the development of risk management arrangements within NHS Greater Glasgow and Clyde.

The key components of the NHS Board's risk management arrangements are the Risk Management Strategy, the Risk Register Policy and the Corporate Risk Register. All of the key areas within the organisation maintain a risk register; these local registers are scrutinised by the RMSG and, from this scrutiny, the Corporate Risk Register is reviewed and updated on an annual basis.

The Corporate Risk Register summarises the main risks identified within each of the organisational areas, and the processes by which these risks were managed, and is presented to the Audit Committee for its approval on an annual basis.

In respect of clinical governance and risk management arrangements we continue to have

- clearly embedded risk management structures throughout the organisation;
- a strong commitment to clinical effectiveness and quality improvement across the organisation;
- a sound cycle of annual clinical governance reporting arrangements for operational entities with devolved responsibilities; and
- a robust performance management framework that provides the context to support statistics with a high level of qualitative information.

NHSGGC recognises that the NHS in the UK is increasingly operating in a challenging environment, and that risk management in the NHS is changing. In light of these facts, NHSGGC intends to further review and strengthen its Risk Management Strategy and processes during the coming year.

There are training programmes, available to all staff, which include training on risk assessment, hazardous substances, general awareness of safety and display screen equipment risks. Practical training sessions provided by the organisation include a range of moving and handling training for staff primarily involved in patient handling, and also training for staff who may be exposed to violence and aggression. Both moving and handling and violence and aggression training courses are based on a robust training needs analysis and the concept of risk assessment is a fundamental component of the training.

Taking account of the work done, I consider that we have taken appropriate steps to ensure that we have discharged our responsibilities in relation to the management of risk during the past year.

### **Information Governance**

The last twelve months has continued to see significant progress in Information Governance. From October 2012 Information Governance has formed part of the Acute Mandatory Training Programme. This, together with the launch of the national e-learning module 'Safe Information Handling', ensures that staff continue to be made aware of their obligation to protect patient and staff data.

The NHSScotland Code of Practice on Protecting Patient Confidentiality was updated and reissued to all staff in May 2012.

Work has continued to progress on limiting the number of non NHS mobile devices to which personal patient data can be saved as part of our data loss prevention project. The NHSScotland Code of Practice: Protecting Patient Confidentiality was updated by Scottish Government and a copy of this Code has been issued to all staff.

During the year no significant losses of patient related data were identified that required to be reported to the Data Commissioner.

The organisation is continues its commitment to a process of ongoing development and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, in the period covering the year to 31 March 2013 and up to the signing of the accounts the organisation has continued to monitor, review and enhance its governance arrangements to support the organisational structure; that process includes the annual review of corporate governance.

### **Disclosures**

During the year ended no significant control weaknesses or issues have arisen, nor have there been any significant failures in the expected standards for good governance, risk management and control.

**R Calderwood**  
**Chief Executive and Accountable Officer**

**25 June 2013**