Greater Glasgow and Clyde NHS Board

NHS Board Meeting
Tuesday, 24 June 2014   **Board Paper No. 14/38**

Convener of the Audit Committee

Governance Statement 2013/14

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 2013/14, 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 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 2013/14 has been prepared in accordance with this guidance, and is attached as Appendix 2.

Statement of Assurance and Governance Statement

At its meeting on 3 June 2014, 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 14/39 – but for ease of reference, a copy is also attached here at Appendix 2.)

Ken Winter
Convener, Audit Committee

Michael Gillman
Financial Governance Manager
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APPENDIX 1

**Statement of Assurance by the Audit Committee
in respect of the system of internal control within NHS Greater Glasgow and Clyde for 2013/14**

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 2013/14 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 directors;

4. All matters considered by the Audit Support Groups;

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 and NHS Ayrshire and Arran;

10. Annual Fraud Report 2013/14;

11. Report on Losses and Compensations 2013/14.

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 2013/14. 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

17 June 2014

APPENDIX 2

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. I have been supported in my role as Accountable Officer throughout the year by a multi-disciplinary management team, focused on ensuring the delivery of strategic objectives in a prudent, economical, efficient and effective manner.

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.

NHS Endowments

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the NHS Greater Glasgow and Clyde Endowment Funds. This statement includes any relevant disclosure in respect of these Endowment Accounts.

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 Board and its Standing Committees have clearly defined and documented roles and responsibilities, and the purpose of each committee is set out in the Directors' Report. The non- executive members of the Standing Committees have the opportunity to scrutinise and challenge the Board's executive management.

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 in 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 & Social Care 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 their development plans and career objectives is also available. The Chief Executive is accountable to the NHS Board through the Chair of the Board. The Remuneration Sub-committee 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 met with the Cabinet Secretary for Health and Wellbeing at our formal Annual Review where we were 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 forthcoming move to integrate adult health and social care services will further strengthen these relationships.

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 developing, implementing and maintaining internal controls across their areas;

- 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 following processes have been applied in maintaining and reviewing the effectiveness of the system of internal control:-

- The NHS Board, along with its Quality and Performance Committee, met regularly during 2013/14 to consider its plans and strategic direction, to allocate resources, to review the management of performance and to receive minutes and reports from its Standing Committees.

- The Audit Committee provides assurance that an appropriate system of internal control is in place. The Committee met throughout the year, reviewing the system of internal control. The Committee completed a self-evaluation review of its own compliance with the Audit Committee Handbook.

- Internal Audit delivered their service on an approved risk-based audit plan and are compliant with Public Sector Internal Audit Standards.

- External Audit has also considered the adequacy of the processes put in place by the Chief Executive as Accountable Officer, as well as providing external assurance on the work of Internal Audit in 2013/14.

- Work has continued during the year to achieve the HEAT targets set out in the Local Delivery Plan. Reporting mechanisms have been further developed to ensure a culture of continuous improvement continues to be promoted. .

- Staff objectives and development plans include where appropriate maintenance and review of internal controls.

- A performance appraisal system is in place for senior staff with personal objectives and development plans designed to support the Board in the attainment of corporate objectives. Other staff are performance assessed under the Knowledge and Skills Framework.

Audit Scotland has produced a report on our Register of Interests and has raised a number of issues for our consideration, in particular in relation to how we use the registers to identify potential conflicts of interest. A new on-line system, which is to be introduced by the end of July 2014, will address the functional difficulties of the current system and ensure better management control of the information held on the staff register of interests.

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. 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 SPFM. 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.

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. No new significant risks were identified during the year.

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 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.

Information Governance

The last twelve months has continued to see progress in Information Governance.

Information Governance officers continue to ensure staff are aware of their obligations to protect patient and staff data by continued participation in training programmes, including the Acute Mandatory Training Programme and the Foundation Management Programme. A new national intermediate e-learning module was introduced in November 2013.

To ensure privacy implications are considered when new projects/systems are being planned, a Privacy Impact Assessment template is made available to staff.

During the year three incidents were reported to the Information Commissioner's Officer and after investigation, no further action was taken against the Board.

During the year, Audit Scotland reviewed the board's User Identity and Access Management arrangements. They raised a number of concerns including the use of generic user identities on the clinical applications reviewed. In addition, the risk noted by the Information Commissioner in December 2011 regarding user identities that are active when members of staff have left the organisation or are away for extended periods of time, remained. HI&T management agreed the findings, and are currently working towards addressing the risks identified by Audit Scotland.

Developments

The organisation 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 2014 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.

Internal Audit

One report issued by our Internal Auditors during the year resulted in a high risk rating. The review of Peripheral Venous Catheter (PVC) and Central Venous Catheter (CVC) Auditing and Reporting identified two high risk recommendations in relation to a lack of an agreed policy in this area, and a lack of CVC care plans outwith Intensive Care Units. Whilst these findings in themselves are significant to PVCs and CVCs, they are limited to that area of clinical care and are not endemic across the whole organisation. We have prepared a detailed action plan to address these findings and improve care plans going forward.

Disclosures

During the year, with the exception of the matters highlighted earlier in this report, no other significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. Therefore, I have no other disclosures to report.

R Calderwood

Chief Executive and Accountable Officer   **24 June 2014**