

Greater Glasgow and Clyde NHS Board

NHS Board Meeting
Tuesday, 28 June 2016

Board Paper No. 16/29

Convener of the Audit Committee

Governance Statement 2015/16

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 Report and Accounts 2015/16, 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 2015/16 has been prepared in accordance with this guidance, and is attached as Appendix 2.

Statement of Assurance and Governance Statement

At its meeting on 21 June 2016, 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 from the Audit Committee to the NHS Board on the system of internal control within NHS Greater Glasgow and Clyde (attached as Appendix 1);
2. NHS Greater Glasgow and Clyde Governance Statement (this forms part of the Annual Report and Accounts – Board Paper No 16/30 – but for ease of reference, a copy is also attached here at Appendix 2).

Ross Finnie
Chair, Audit Committee

Statement of Assurance by the Audit Committee in respect of the system of internal control within NHS Greater Glasgow and Clyde for 2015/16

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 reviews all audit reports on systems 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 2015/16 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 executive directors;
4. 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;
5. Reports issued by Audit Scotland arising from the audit of the annual accounts and the programme of performance audits;
6. Private discussions with both internal and external auditors;
7. Statement of Accounts;
8. Third party assurances in respect of key services provided by National Services Scotland and NHS Ayrshire & Arran;
9. Annual Fraud Report 2015/16;
10. Report on Losses and Compensations 2015/16.

Conclusion

The Internal Auditor's Annual Report gives the opinion that controls are "Generally satisfactory with some improvements required. Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk. Some improvements are required in those areas to enhance the adequacy and effectiveness of the framework of governance risk management and control."

Set within the context of the audit opinion that controls are "generally satisfactory", the internal auditor has highlighted two areas – Clinical Governance and Business Continuity – where the audit review was rated as high risk. Management has confirmed that action is being taken in both these areas to mitigate the risks identified. In addition, in its review of internal controls

2015/16, Audit Scotland also identified two areas - in relation to the management of agency staff, nurse bank and sickness absence and accounting for property plant and equipment – where it considered that controls required to improved. Whilst there are some mitigating controls in place management has confirmed that it will also undertake a full review of the process and introduce a range of appropriate controlsThe Audit Committee considers that these matters should be disclosed in the Chief Executive’s Governance Statement.

On the basis of our review, it is the opinion of the Audit Committee that, overall, there was a satisfactory system of internal control in place within NHS Greater Glasgow and Clyde throughout 2015/16.

The Audit Committee recommends, therefore, that subject to the inclusion of the above matters, the NHS Board should approve the Governance Statement and that the Governance Statement should be signed by the Chief Executive as Accountable Officer.

Ross Finnie

Chair, Audit Committee

21 June 2016

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 NHSGGC. 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 on-going 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.

HSCP Accounts

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the HSCP Accounts of East Dunbartonshire, East Renfrewshire and West Dunbartonshire. This statement includes any relevant disclosure in respect of these HSCP Accounts.

The other three HSCPs, Glasgow, Renfrewshire, and Inverclyde did not “go live” in year and hence their accounts have not been consolidated. However, there were a number of costs paid for equally by the two host organisations (NHSGGC and Glasgow City Council; NHSGGC and Renfrewshire Council; NHSGGC and Inverclyde Council), mainly relating to senior staff costs.

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.

At 31 March 2016 the NHS Board comprises the Chair, twenty-two non-executive and four executive board members; of the non-executive members, seven are Council Members nominated by their respective councils. Board members are appointed by Scottish Ministers and are selected on the basis of their stakeholder 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 below. The non-executive members of the Standing Committees have the opportunity to scrutinise and challenge the Board’s executive management. The NHS Board met seven times during the year to progress the business of NHS Greater Glasgow and Clyde.

The NHS Board has an integrated approach to governance across clinical areas, performance management, staff and involving and engaging people in its services and developments. The NHS Board, therefore, has the following standing committees to support it, and which are directly accountable to it:

- Quality and Performance Committee (to 30 June 2015)
- Acute Services Committee (from 30 June 2015)
- Staff Governance Committee
- Audit Committee
- Area Clinical Forum
- Disciplinary Committees (for primary care contractors)
- Pharmacy Practices Committee
- Endowments Management Committee (a committee of the Endowment Trustees)

Acute Services Committee

During the year, as a result of the reorganisation within the Board, the Acute Services Committee (ASC) was formed from 30 June 2015. The Quality and Performance Committee

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(Q&PC) ceased to function from 30 June 2015. The scope of the Acute Services Committee mirrors, in respect of Acute Services, the role and function of Integrated Joint Boards for health and social care services. The committee provides scrutiny, clinical governance and strategic direction for Acute Services; covering the functions below -

- The quality function of services delivered to patients;
- Effective patient safety and governance systems;
- Delivery of Corporate Objectives, including those set out in the Local Development Plan as agreed with Scottish Government Health and Social Care Directorates;
- Financial Planning and Management;
- Staff and patient focused public involvement;
- Ensuring that learning from performance issues drives improvement.

The areas of clinical governance, patient safety, quality and finance have been integrated in reporting terms and there is a focus on organisational change and capability for improvement.

The ASC met five times during the year, and prior to that the Q&PC met once. The members of the ASC were Mr I Lee (Convener), Ms M Brown, Dr H Cameron, Cllr G Casey, Cllr M Cuning, Professor A Dominiczak OBE, Mr R Finnie, Mr I Fraser, Cllr M Kerr, Cllr A Lafferty, Dr D Lyons, Mr A Macleod, Cllr M Macmillan, Cllr McIlwee, Ms R Micklem, Cllr M O'Donnell, Cllr M Rooney and Mr D Sime.

In addition to the members of the Committee, meetings were attended by other NHS Board members, directors, chief officers and senior managers.

Staff Governance Committee

The NHS Board has in place statutory staff governance arrangements. It is the role of the Staff Governance Committee to ensure its staff are well informed, involved in decisions, appropriately trained, treated fairly and consistently with dignity and respect and provided with a continuously improving and safe environment where the health and wellbeing of staff and patients is promoted. During 2015-16 the committee met on four occasions and was jointly chaired by Mr D Sime and Ms M Brown. The other members were Mr J Brown OBE, Cllr M Devlin, Mr I Fraser, Cllr A Lafferty, Cllr M Macmillan, Mrs T McAuley, Cllr J McIlwee, Cllr M O'Donnell, Mr A Robertson OBE and Rev Dr N Shanks.

The Staff Governance Committee also has a sub-committee which is responsible for the application and implementation of fair and equitable systems for pay and for performance management. The main role of the Remuneration Sub-committee is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health and Social Care Directorates.

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 and Social Care Directorates guidance. The Remuneration Sub-committee met three times during 2015-16, chaired by Mr A O Robertson OBE and Mr J Brown CBE. The other members of the committee

were Rev N Shanks, Mr I Lee, Mr I Fraser, Cllr M Devlin, Mr K Winter and Mr D Sime. In accordance with Scottish Government Health and Social Care Directorates guidance, it determined and reviewed the pay arrangements for the NHS Board's senior managers whose posts are part of the Executive and Senior Management Cohorts, and ensured that a fair, equitable and effective system of performance management for these groups was in operation.

Audit Committee

The purpose of the Audit Committee is to assist the NHS Board and the Accountable Officer deliver their responsibilities for the conduct of business, including the stewardship of funds under their control. In particular, the Committee seeks to provide assurance to the NHS Board and the Accountable Officer that an appropriate system of internal control had been in place throughout the year. The Audit Committee met five times during 2015-16, and its members were Mr R Finnie (Chair), Mr S Carr, Mr I Lee, Mr A Macleod, Cllr M O'Donnell, Dr R Reid, Cllr M Rooney and Mr D Sime. In fulfilling its remit, the Audit Committee was supported by the Audit Committee Executive Group, which met four times during the year.

Area Clinical Forum

The role of the Area Clinical Forum is to represent the multi-professional views of the advisory structures for medical, dental, nursing and midwifery, pharmaceutical, optometric and allied health professions and healthcare scientists to NHS Greater Glasgow and Clyde, ensuring the involvement of all professions across the local NHS system. The forum met six times during 2015-16 and was chaired by Dr H Cameron; none of the other members of the forum was a member of the NHS Board.

Disciplinary Committees (for Primary Care Contractors)

NHS Greater Glasgow and Clyde is the lead board for the West of Scotland Disciplinary Consortium which also comprises members from Ayrshire and Arran, Dumfries and Galloway, Forth Valley, Highland, Lanarkshire, and Western Isles Health Boards. There are four committees, with one for each contractor group, which meet, on an ad hoc basis as required, to consider disciplinary issues referred to it by NHS Boards out with the Consortium. There were no referrals received during the year, and therefore the Committee was not required to meet.

Pharmacy Practices Committee

The role of the Committee is to carry out the functions of NHS Greater Glasgow and Clyde in terms of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended), i.e. to prepare "the pharmaceutical list" – the list of those eligible to provide pharmaceutical services within the Board area.

The Committee is also empowered by NHS Greater Glasgow and Clyde, to exercise other functions as delegated to it under the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended) to the extent that those functions are not delegated to an officer of the Board under the Scheme of Delegation. NHS Board members who sat on the Pharmacy Practices Committee were Mr R Finnie (Chair), Mrs S Brimelow OBE and Mr I Fraser, none of the other members of the committee is a member of the NHS Board. The committee met on 3 occasions during 2015-16.

Endowments Management Committee

Responsibility for NHS Board's Endowment Funds lies with the Trustees, who are all members of the NHS Board. The Trustees have delegated to the Endowments Management Committee the role of reviewing proposals and making recommendations to the Trustees with respect to policies on expenditure and donations, investment strategy and any other matters that may assist the Trustees in discharging their duties.

The committee receives regular reports from the investment managers, and reviews the performance of the portfolio against relevant benchmarks and investment objectives. It also reviews reports on fund income and expenditure and the list of all the funds under stewardship. During the year to 31 March 2016, the membership of the Endowments Management Committee comprised Dr R Reid, Mr S Carr, Cllr M Devlin, Mr R Finnie, Mr I Lee, Cllr M MacMillan, Cllr M O'Donnell, Mr A O Robertson OBE, Rev Dr N Shanks, Mr D Sime and Mr M White. The committee met five times during the year and was chaired by Dr Reid.

Clinical Governance

The Acute Services Committee monitors clinical governance arrangements and developments. The Convener of the Committee and the Medical Director, as designated Executive Lead for Clinical Governance, have joint responsibility for maintaining a sound system that supports the achievement of the aims and objectives of clinical governance. The Board Clinical Governance Forum supports the Executive Lead for Clinical Governance in the discharge of this responsibility. In relation to Health and Social Care Partnerships, the Acute Services Committee oversees the overall quality of care and seeks to ensure that all reasonable steps are in place to prevent, detect and rectify irregularities or deficiencies in the quality of care provided.

Financial Governance

The oversight of financial planning and financial monitoring forms part of the role of both the NHS Board and the Acute Services Committee, whilst the Audit Committee form a view on the systems of financial control within NHSGCC.

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. 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 we reported four incidents relating to breaches of confidentiality to the Information Commissioner's Office which, after investigation, took no further action against the Board.

The Information Commissioner's Office conducted an audit of certain systems within NHSGGC commencing in April 2016. The resultant report will be used as a basis to draft an Information Governance programme through 2016-17 to ensure continuous improvement.

Other governance arrangements

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 arrangements for the disclosure internally or externally by staff who have concerns about patient safety, malpractice, misconduct, wrongdoing or serious risk (Whistleblowing Policy). There is also 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.

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. During the year, board members completed a diagnostic self-assessment tool-kit, to measure the Board's efficiency. 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. This ensures that there is a consistent and clear approach to policy development, consultation and approval, and to dissemination, communication, access to and review of documents. It also ensures 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.

NHSGGC has a whistleblowing policy in place. The Board is committed to achieving the highest possible standards of service and the highest possible ethical standards in public life in all of its practices. To achieve these ends, it encourages staff to use internal mechanisms for reporting any malpractice or illegal acts or omissions by its staff. The Board wishes to create a working environment which encourages staff to contribute their views on all aspects of patient care and patient services. All staff have a duty to protect the reputation of the service they work within. The Board does not tolerate any harassment or victimisation of staff using this Policy, and treats this as a serious disciplinary offence, which will be dealt with under the Board's Disciplinary Policy and Procedure.

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 fulfill 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 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 held 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 and i-Matters 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. There are regular meetings of the Area

Partnership Forum (APF). The NHS Board, in conjunction with the Health and Social Care 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 the HSCP committee structure.

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 Acute Services Committee, met regularly during 2015-16 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.
- Within the Acute Division, the Chief Officer (Acute) chairs monthly meetings of the Operational Management Group and the Strategic Management Group. Service directors, Medical, Nurse, Finance, Planning and HR Directors attend the two groups.
- Whole system Directors' meetings are held quarterly, and are chaired by the Chief Executive. In attendance are HSCP Chief Officers, Acute Chief Officer and Directors comprising Finance, Medical, Nursing, Public Health, Planning, HR, HI&T. In addition, the Board Corporate Directors meet regularly. This is chaired by the Chief Executive and is attended by the Chief Officer Acute Services and the Corporate Directors, with a focus on developing and aligning the financial and strategic planning processes.
- 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.
- Internal Audit delivered their service on an approved risk-based audit plan and is 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 2015-16.
- Work has continued during the year to achieve the 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.
- An on-line Register of Staff Interests system is maintained. It ensures effective management control of the information held on the staff register of interests and identifies potential conflicts of interest.
- In accordance with the principles of Best Value, the board aims to foster a culture of continuous improvement. The NHS Board's processes focus strongly on Best Value and is committed to ensuring that resources are used efficiently, effectively and economically, taking into consideration equal opportunities and sustainable development requirements.

Risk Assessment

During the year, NHS Greater Glasgow and Clyde revised and updated its Risk Management Strategy, which accords with the SPFM, and also revised and issued an updated Risk Register Policy and Guidance document and expanded the membership of the Risk Management Steering Group. Work continues to roll out an organisation wide electronic risk register process.

The Risk Management Strategy describes how we aim provide high quality and safe services to the public it serves, in an environment which is safe for the staff it employs or contracts with, to provide services.

In fulfilling this aim, NHSGGC has established a robust and effective framework for the management of risk. The framework will be proactive in identifying and understanding risk, build upon existing good practice and integral to strategic and service planning, decision making, performance reporting and health care service delivery. The strategy is based on the belief that Risk Management is:

- a key activity to ensure the health and well-being of patients, visitors and staff;
- an inclusive and an integral part of our health care services and set against guiding risk management principles;
- implemented with good practice acknowledged and built upon; and

- a major corporate responsibility requiring strong leadership commitment and regular review.

We believe that the provision of high standards of health, safety and welfare within a risk management framework is fundamental to the provision of high standards of health care. The following principles underpin our approach to risk management in NHSGGC:

- a consistent and standard approach to risk management;
- integral to strategic and service planning and informs performance review;
- involvement of clinicians and key stakeholders to support effective prioritisation and to inform decision-making;
- comprehensive and systematically integrated into all processes;
- responsibility for management, escalation, monitoring and communication of key risks is clearly defined;
- risk is managed at the operational level closest to the risk supported by clear escalation processes;
- all types of risks are considered including NHSGGC’s strategic risks; and
- provides assurance that effective systems are in place to manage risks.

All of the key areas within the organisation maintain a risk register; the high level risks that the Board needs to ensure are being managed are then consolidated into the Corporate Risk Register. The Corporate Risk Register summarises the main risks identified within each of the organisational areas, and the processes by which these risks are being managed, and is presented to the Audit Committee for approval on a six monthly basis. No new significant risks were identified during the year.

As recorded in the Corporate Risk Register, the following are the four highest rated risks together with the recorded mitigation actions:

Description of Risk	Controls in Place
Increased delays in discharging patients from hospital and increased bed days due to pressures on local authority funding	<p>Regular monitoring of position and mechanisms for dialogue with all local authorities through the Acute Services Division organisational structure and HSCPs.</p> <p>Regular reporting to HSCPs, Acute Strategic Management Group (SMG), directorate management teams and the NHS Board.</p> <p>Regular liaison between NHS Board Chief Executive, HSCP Chief Officers and local authority Chief Executives.</p> <p>Additional funding has been allocated to assist in reducing delays in discharging patients.</p>

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<p>Failure to achieve waiting time targets</p>	<p>Compliance with Treatment Time Guarantee - regular reports to be provided to Board Acute Services Committee, Directors Access Group/SMG.</p> <p>Weekly monitoring against milestones and action plans</p> <p>Continuous cancer tracking and weekly review of cancer tracking reports</p> <p>Flexible working practice of clinicians</p> <p>Pooled pan-Glasgow waiting lists</p> <p>Routine reporting to Acute Division SMG and Acute Services Committee</p>
<p>The reduction in numbers of specialty trainees as part of the Government's Reshaping the Medical Workforce policy could make some rotas in acute specialties difficult to staff. When added to the risks of failure to recruit enough adequately qualified medical staff, increasing numbers of trainee staff involved in out of hours work, less than full time work and maternity and paternity leave, this could lead to a reduction in available doctors for direct patient care.</p>	<p>Continue to review with the Deanery the implications of junior doctor vacancies.</p> <p>Work with Medical Staffing to monitor high risk rotas.</p> <p>Report to Head of Medical Staffing Regional Workforce Director and SGHD on high risk rotas if necessary.</p> <p>Service Managers will identify mitigation measures and take appropriate action.</p> <p>Identify replacement staffing either temporary or permanent to fill the gaps.</p>
<p>Expenditure does not match available funds within context of Board's financial plan and threatens achievement of Board's key financial objectives and ability to achieve recurrent savings.</p>	<p>Monthly reporting and monitoring of all Division and Directorate budgets. NHS Board and ASC review financial monitoring reports. Areas of increased expenditure identified and constrained by Directors, special areas of concern include drugs expenditure e.g. in response to national advice and meeting public and political expectation of access and costs associated with waiting times achievement. Areas of cost reduction identified and progressed by Directors with monitoring links through the Divisions Operational and Strategic Management Groups. Performance reviews with each Directorate. Overall monitoring links into Board through performance management and finance reporting arrangements.</p>

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;

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- 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.

There are training programmes, available to all staff, which includes 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.

Integration

The Board has worked in partnership with the six councils to establish agreed principles for financial management including budget management, virement and establishing terms of reference for HSCP Audit Committees. Work has also been carried out to establish governance arrangements, including internal audit, which will give assurance to the Board that each HSCP is performing in line with its strategic plan.

Significant Issues

NHSGGC undertook a restructuring exercise during 2014-15, with a change from a service-based model to a sector based one. In order to inform the Board's review of clinical governance arrangements for the new model, internal audit were invited to review existing clinical governance arrangements, with recommendations made as to how these arrangements should change under the new structure. The findings of that review were reported in May 2015.

They concluded that whilst there were no individual risks above a medium risk rating, there had been an increase in the overall risk rating from medium to high. In respect of the previous recommendations, they reported that progress was being made to implement improvements, but in each case the actions had taken longer to progress than was originally planned and therefore the risks identified remained open.

As the overall context in which clinical governance functions becomes clearer management anticipate the progress made during 2015-16 and moving forward into 2016-17 will lead to an overall reduction in the risk rating. The Medical Director will monitor the progress against the agreed actions and ensure this is visible through the Boards Clinical Governance Forum.

The internal auditors also raised a high risk finding during their review of business continuity planning arrangements; they found that there were significant variations in the business continuity planning template used across the organisation, that date business continuity plan had not been updated timeously, that business continuity plans did not demonstrate collaboration with key suppliers in relation to requirements/expectations during a live crisis incident and that there was a lack of identification of maximum tolerances for service disruptions or associated recovery time objectives.

Management has now established a control over the number of business continuity plans in place across the organisation. All departments are expected to have completed business continuity plans completed and in place by the end of June 2016. Testing exercises have also commenced and are now expected to be completed by September 2016.

During the year, Audit Scotland carried out a review of Agency Staff, Nurse Bank Staff and Sickness Absence. This audit was set against the backdrop that NHSGGC, in common with the NHS in Scotland, faces challenges recruiting medical staff in certain specialties and locations. As such, the audit identified that contrary to the Board's policy, medical agency locums are being used to provide long term cover in some posts in some specialties. This may not represent value for money and places a strain on the board's resources.

The audit also identified that invoice checking procedures for agency payments are not sufficiently robust and rely largely on the assumption that correct information is provided from suppliers. The report also identified that increased nurse bank and nurse agency costs have been incurred as a consequence of rising sickness absence and increased activity. Audit Scotland highlighted that nurse bank and agency staff were being used to cover long term sickness which is again contrary to board policy. In addition, they considered there was scope for improving the reporting of sickness absence in order to provide management with better information to monitor sickness rates and take effective action.

The Board acknowledges the issues around the use of long terms locums. Unfortunately, as outlined above, similar to the NHS across the UK, we are experiencing difficulties in recruiting to both some specialist services and some of our geographical locations. We have, however, implemented a comprehensive action plan in response to the risks identified by Audit Scotland. We do not propose to amend the Board's policy as it remains our objective to minimise agency and locum spend. We will continue to employ agency locums where it is required to maintain and deliver safe services.

Other measures in place within the NHS Board which will help address the findings in Audit Scotland's report include:

- the establishment of an NHSGGC Agency Locum Steering Group, with a wide ranging role including engaging internally and externally around the provision of a managed service for the booking and management of locums, and to improving the purchase to pay process to address invoicing issues and enable more robust management information;
- an internal review of unscheduled care; and
- a revised staffing structure proposal has been developed which will provide more robust management of the Medical Locum Bank.

Audit Scotland also carried out a review of NHSGGC's system of accounting for property, plant and equipment and reported that that no significant control weaknesses were identified. They did, however, identify a number of areas for improvement which would strengthen the control environment including:

- the introduction of a formal five year programme for the revaluation of all land and building assets by an independent valuer;

- the introduction of a formal process for disposing of assets and removing them from the fixed asset system; and
- improved communication amongst all parties to ensure the fixed asset register is fully up to date.

As referred to in the Financial Performance pages we continue to face new pressures and as we enter the new financial year, the need for us to continue to review and change the way we deliver care to patients continues apace. In order to meet our challenging financial targets during the year ahead, we will need to continue to work together to deliver more service re-design and more efficient ways of using our staff and financial resources to deliver services in the most effective way to our patients.

As outlined above our performance against our Local Delivery Plan is highlighted. There are elements of our service which are put under considerable strain resulting in significant challenges in meeting key targets particularly around accident and emergency waiting time targets and treatment time guarantees. Whilst we have struggled to consistently achieve the 95% 4 hour Accident and Emergency target, we have achieved the 18 week Referral to Treatment (RTT) target. We continue to focus on meeting all waiting times targets although financial constraints, staffing shortages and increasing demand present an ever difficult landscape.

Disclosures

With the exception of the matters noted above, no other significant control weaknesses or issues have arisen during the year, 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.