Person centred, safe, effective care

Developing Vital Systems: Governance and Assurance Framework for NHSScotland

Outcome of a Seminar to Describe a Future Approach to Governance in Scotland

Seminar Date: 16 February 2011
Our Challenge
Quality of care has been a cornerstone of the National Health Service (NHS) since it was set up in 1947 and every Health Board is required to give an assurance that the healthcare they provide is safe, effective and value for money. This is known as governance and NHS Boards do this through their Committee structures. The Scottish Government then holds Boards to account through a range of mechanisms, one of which is the public annual review.

There are three main strands of governance underpinned by legislation

- **Corporate governance**: the overarching Board committee that makes sure healthcare is value for money and results in the best outcomes for patients (usually managed through the Audit Committee and reporting up to the Board)
- **Staff governance**: which makes sure staff are properly trained, supported and are fit for purpose
- **Clinical governance**: which makes sure healthcare is safe and effective.

The same approach is used for other core business, in particular

- **Research governance**: which ensures research is carried out in line with legal/ethical requirements
- **Information governance**: which ensures that information is handled in a confidential and secure manner to appropriate legal, ethical and quality standards; and
- **Education governance**: which makes sure training and education is fit for purpose
- **Care governance**: which focuses on professionalism and leadership at direct care delivery.

(There are many definitions for the various strands of governance and these working definitions were provided by the governance leads attending and used to inform discussion at the Seminar.)

Our challenge is to bring together these different strands under a shared framework that provides an overall assurance that each NHS Board:

- knows the local health needs and plans to meet these
- makes best possible use of public funds
- uses data and intelligence to assess the risks of the care and has plans to manage these risks, including measures relating to outcome, including the patient experience
- uses patient experience data to identify and address gaps in professionalism and leadership
- has trained and capable staff; and
- makes sure they monitor, report and act on their findings to ensure continual improvement.

Summary of the Event
On 16 February, NHS Quality Improvement Scotland (NHS QIS) hosted a Governance Seminar for key stakeholders to contribute to the development of a refreshed governance framework for NHSScotland. This was attended by those leading the governance strands described above and by representatives from NHS boards. This report presents a summary of the outcomes from the seminar. We agreed that to provide good governance of healthcare in Scotland we need:

- one governance framework that is aligned to the Quality Strategy (see below) and has a clear definition of governance generally and for each of the strands of governance
- integration and alignment of each of the strands of governance to ensure greater consistency and provide an overview of assurance as well as knowledge of each strand
- guidance for governance committees (similar to that for the Audit Committee) – perhaps in the form of a tool kit of methods, evidence and advice in a proportionate approach that avoids duplication and is proactive (an integrated model of assurance)
to share, learn and improve singly and collectively from failure and more importantly success.

More detail of the discussions we held is given in the following sections and we will present this report to the Scottish Government Health and Social Care Directorates (SGHSCD) to inform the development of a refreshed governance framework for NHSScotland. A number of associated appendices and annexes are also included for reference.

1. Background
In 2010 SGHSCD launched the NHSScotland Quality Strategy (http://www.scotland.gov.uk/Topics/Health/NHS-Scotland/NHSQuality/QualityStrategy). This has three ambitions:

- Person centred - there will be mutually beneficial partnerships between patients, their families and those delivering healthcare services which respect individual needs and values and which demonstrate compassion, continuity, clear communication and shared decision-making
- Safe - there will be no avoidable injury or harm to people from healthcare they receive, and an appropriate, clean and safe environment will be provided for the delivery of healthcare services at all times
- Effective - the most appropriate treatments, interventions, support and services will be provided at the right time to everyone who will benefit, and wasteful or harmful variation will be eradicated.

Each of these ambitions has an associated Delivery Group under the architecture of the Quality Alliance Board. A fourth delivery group is being established – the Infrastructure Delivery Group and under this will be various action groups, one of which will focus on governance (the others focus on measurement, workforce, education & training).

The Quality Strategy also includes a commitment to supporting an infrastructure for quality improvement, known as the Quality Improvement Hub. The Hub is a national collaboration between Special Health Boards and Scottish Government Health and Social Care Directorates which aims to build national and local capacity and capability in quality improvement in support of the Healthcare Quality Strategy. The aim of the Hub is to bring improvement science into the everyday work of NHS staff and to support demonstrable improvement in healthcare. Healthcare Improvement Scotland will coordinate the Hub partners and will physically host the Hub Coordination centre.

The Quality Strategy signals a renewed commitment to providing person-centred, safe and effective healthcare and provides a good opportunity to revisit our approach to making sure this happens.

In August 2010, SGHSCD sent out a consultation paper to NHS Boards asking them to comment on how the current governance arrangements could be improved. This paper translated the Good Governance Standard for Public Services document (Appendix 2 Annex C) in the context of healthcare. A number of other supporting activities have also taken place including

- NHS QIS reviews of clinical governance and risk management (CGRM) arrangements
- NHS Boards’ responses to the Mid Staffordshire inquiry report recommendations
- NHS QIS Board on Boards event.
As part of bringing together the key messages emerging from these different activities to inform the development of the new governance framework we hosted a National Governance Seminar on 16 February 2011. The aim of the event was to provide an opportunity for key stakeholders to work collectively, building on their extensive knowledge and expertise, to contribute to developing an integrated, risk-based, proportionate approach to governance for NHSScotland. Representatives from across NHSScotland, SGHSCD, and public partners were invited to attend (see Appendix 1).

The seminar was based on three key discussion sessions - defining governance, the current landscape and shaping the future.

2. Defining governance

It was agreed that there is a need to align and simplify the key strands of governance to ensure connectedness and integration with the Quality Strategy.

Delegates were asked to discuss the term ‘governance’, consider their own definitions and reference points and agree what ‘good governance’ and its outputs look like.

Broadly, the group reached a consensus that governance is:

‘Arrangements to ensure an organisation fulfils its purpose and achieves its outcomes, that are applied in a transparent manner, that stand up to scrutiny, and can be evidenced to provide assurance to the public, patients, SGHSCD and others’.

‘Arrangements’ encompasses all activities and processes/systems the organisation has in place to deliver healthcare such as its structures, culture, values, behaviours, professional practice (individual/team/organisation), leadership, knowledge management, standards.

Characteristics of good governance were identified by the group as including:

- Risk-informed decision making
- Understanding risk/being risk tolerant – explainable variation versus inexplicable
- Effective connections between the Boardroom, operations and across boundaries (from Board to bed)
- A reflective, continuous improvement culture – learning from the ‘good and bad’
- Strong leadership
- Transparency at all levels
- Knowledge of the quality of services and an effective response to that knowledge
- Demonstration of professionalism in the workforce.

The group acknowledged that quality is multi-faceted; it is not possible to do everything all the time, therefore organisations that demonstrate good governance will ask the question ‘what is the best that can be delivered for patients within the available resources?’ Other organisations may not understand this trade off therefore won’t ask this question.
The Institute for Healthcare Improvement (IHI) triple aim model\(^1\) with its three critical objectives was noted as crucial to the principles of good governance:

- Improve the health of the population;
- Enhance the patient experience of care (including quality, access, and reliability); and
- Reduce, or at least control, the per capita cost of care.

Good governance provides the environment for:

- Good patient experience
- Good outcomes of care
- Good staff engagement and moral
- A systematic, proportionate, risk informed approach
- A focus on doing the right thing all the time (individual responsibilities)
- Informed, effective, transparent decision making
- A culture of continuous quality improvement
- Demonstration of values based care.

Historically, governance systems have been based on serious service failures. From past experience we know we need a more systemic approach. An adverse outcome would suggest a patient has ‘fallen through the net’ – often a reality in the NHS. If this is a consequence of a systemic failure, then an organisation may be failing. If this is an adverse incident that the organisation responds to learns from and improves on then this is good governance.

It was recognised that governance operates at different levels within Boards and the strategic controls lie with:

- the Chief Executive who is the Accountable Officer and is ultimately responsible for statements of internal control (see Appendix 2)
- the Audit Committee who support the Board and Accounting Officer by reviewing the comprehensiveness of assurances (the organisation’s governance, risk management and internal control framework).

There are also operational controls for the delivery of person centred, safe and effective care which lie with management, charge nurses, and all healthcare professionals.

Audit Committees have guidance in relation to responsibilities and key questions, although guidance is limited for other committees. A refreshed governance toolkit will be needed to support Board members and staff to implement the new governance framework successfully. This might include handbooks, measurement tools and reporting templates. It is particularly important that the necessary connections are made between the various governance groups at Board level.

\(^1\) The Institute for Healthcare Improvement (IHI) believes that new designs can and must be developed to simultaneously accomplish three critical objectives, or what is called the IHI Triple Aim

http://www.ihi.org/IHI/Programs/StrategicInitiatives/IHITripleAim.htm
The group identified the five key strands of governance as:

- Corporate Governance
- Clinical Governance
- Financial Governance
- Staff Governance
- Information Governance

The group agreed corporate governance encompasses strategy, leadership, public service standards, stewardship, delivery/objectives, probity – however further clarity is required on this. Other significant governance domains were identified as research governance, education governance, care governance, public health governance, and environmental governance. How they integrate and align was unclear and it was agreed that the domains need to be clarified and better defined in the new framework.

3. The current landscape
The group reviewed the current arrangements and were asked to consider:

- What one aspect is absolutely crucial?
- What works well that we should keep and build on?
- What is of less or no value that we could drop?
- What is missing and needs to be included?

Key feedback from group discussions

What is crucial?
Improving the connectivity between all the areas of governance; having shared vision.

What works well?
Structures/systems/processes are in place, the focus now needs to be on the application of the arrangements (what are the key outputs we require from these systems?).

What is of less value?
The activities underneath the strands of governance need to be proportionate and involve less duplication – demonstrable value and purpose at all levels within the organisation and nationally.

What is missing?
Governance needs to have a real place in corporate objectives and a living presence throughout all levels in the organisation with the necessary connections in place. There needs to be clear links to improvement, and information within a Board and this needs to feed up and down from point of care to Board level. A clear link to patient focus and public involvement is required.

4. Shaping the Framework
The Deputy Director of Quality and Safety Division, SGHSCD, explained that the inclusion of a specific strand for governance in the Quality Strategy has brought a renewed and refreshed focus; the challenge
now is developing what this looks like in practice. The Quality Alliance Board will shortly be looking for information on how this strand will be taken forward.

Quality Strategy developments so far include;
- the quality measurement framework
- the early warning scorecard
- establishing Healthcare Improvement Scotland and a new approach to scrutiny and assurance
- the development of an escalation process for ‘concerning data’
- progress with linking data for improvement
- the drive to read across reports from a variety of organisations to build a picture of a Board.

The challenge now is how to bring these activities together in a systematic manner. This seminar exposed the complexity of this agenda and the IHI triple aim model will be important in terms of contextualising these complexities.

There are a number of questions in relation to developing the framework:
1. What would be helpful for Boards?
2. What should we do differently? (from SGHSCD but also collectively)
3. What outcomes should we expect?
4. To what extent should the strands be explicit/linked?
5. How detailed should the framework be? What is right touch?
6. How will the framework be operationalised – who is responsible for discharging and coordinating it?
7. What does an integrated assurance model look like? How does it all fit together?

There are a number of sources of information to support the development of the framework:
- The SGHSCD discussion paper and comments
- NHS Boards’ responses to Mid-Staffs recommendations
- NHS QIS feedback from observing NHS Board Clinical Governance Committees
- Findings from the NHS QIS Clinical Governance and Risk Management Reviews
- Feedback from the NHS QIS Boards on Boards event.

This needs to focus on:
- Improving connectivity
- Using the processes better to deliver outcomes that add value
- Embedding a proportionate approach
- Using governance for improvement
- Supporting delivery on corporate objectives
- Capturing, learning from, and building on excellence and failure.

5. Contributing to the Framework
The group discussed key features they would like to see the framework address/include. Key themes/messages emerging include:
- one governance framework based on the ambitions of the Quality Strategy, with a clear statement of intent for all the strands of governance
• a framework set in the context that the people using the NHS should be the focus – all governance strands should come from the same focus and values.
• A standard model for governance that can be applied to all the strands, based on a set of generic principles/questions, for example:
  o what are the objectives and why?
  o are these objectives being achieved?
  o how do we know and how could we do better?
  (these questions should be tested before formally produced)
• achieving a balance between being too prescriptive and too high level (allowing for innovation and adaption)
• bringing together the strands of governance (in SGHSCD and nationally) to have a collective forum for information and data (possibly establish a national governance forum)
• developing an integrated model of governance which reduces the number of returns and uses them better
• developing the ability to compare, learn and improve (from excellence and failure)
• NHS Boards should be allowed to determine ‘how’ this translates in practice
• harmonisation of extant guidance

The framework needs to build on what is already there and what works well in other areas, for example the characteristics of high performing organisations, the principles of good governance, the Healthcare Environment Inspectorate approach, and the Quality Management and Continuous Improvement Standards.

It is important to remember that accountability sits with NHS Boards to assure themselves that they are operating in a safe, effective, person centred way – the external scrutiny should be a ‘right touch’ validation of this. The new framework must facilitate Boards to accept ownership.

6. Conclusion
Producing the revised framework is now a priority for SGHSCD and the Boards on Board event provided non-executive directors with an insight into what could be achieved if the governance agenda is refocused and refreshed that we need to capitalise on and keep the momentum and enthusiasm going.

The outputs from this seminar have reinforced the need across NHSScotland for the development of a single framework that captures all the strands of governance, drives consistency through core principles and questions, with a person centred ethos.
## Appendix 1- List of attendees

**NHS Governance Seminar: Wednesday 16 February 2011**

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Robert Bell</td>
<td>Public Partner</td>
<td>NHS Quality Improvement Scotland</td>
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<tr>
<td>Jo Bennett</td>
<td>Clinical Governance Manager</td>
<td>NHS Lothian</td>
</tr>
<tr>
<td>Susan Brimelow</td>
<td>Chief Inspector</td>
<td>Healthcare Environment Inspectorate</td>
</tr>
<tr>
<td>Colin Brown</td>
<td>Deputy Director, Quality Division and Safety Division</td>
<td>Scottish Government</td>
</tr>
<tr>
<td>Janis Brown</td>
<td>Associate Director, Employee Relations</td>
<td>NHS Lothian</td>
</tr>
<tr>
<td>Andy Crawford</td>
<td>Head of Clinical Governance</td>
<td>NHS Greater Glasgow and Clyde</td>
</tr>
<tr>
<td>Denise Coia</td>
<td>Chairperson</td>
<td>Healthcare Improvement Scotland</td>
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<tr>
<td>Audrey Cowie</td>
<td>Professional Adviser</td>
<td>Scottish Government</td>
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<tr>
<td>John Davidson</td>
<td>Head of Staff Governance</td>
<td>Scottish Government</td>
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<tr>
<td>Clare Echlin</td>
<td>Team Manager</td>
<td>NHS Quality Improvement Scotland</td>
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<tr>
<td>Tony Gaskin,</td>
<td>Chief Internal Auditor of NHS Fife, Forth Valley and Tayside</td>
<td>Corporate Governance and Audit Group</td>
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<tr>
<td>Craig Gilbert</td>
<td>Research Ethics Coordinator, Chief Scientist Office</td>
<td>Scottish Government</td>
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<tr>
<td>Kim Kingan</td>
<td>Information Governance Lead E Health Directorate</td>
<td>Scottish Government</td>
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<tr>
<td>Leanne Hamilton</td>
<td>Support Officer</td>
<td>NHS Quality Improvement Scotland</td>
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<tr>
<td>Anne Hanley</td>
<td>Team Manager</td>
<td>NHS Quality Improvement Scotland</td>
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<tr>
<td>Christine Humphries</td>
<td>Chair CG Committee SAS</td>
<td>Scottish Ambulance Service</td>
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<tr>
<td>David McConnell</td>
<td>Audit services, health</td>
<td>Audit Scotland</td>
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<tr>
<td>Eileen Moir</td>
<td>Director Improvement Implementation Support</td>
<td>NHS Quality Improvement Scotland</td>
</tr>
<tr>
<td>Jeanette Morrison</td>
<td>Clinical Governance Support Team</td>
<td>NHS Lothian</td>
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<tr>
<td>Anna Wimberley</td>
<td>Support Officer</td>
<td>NHS Quality Improvement Scotland</td>
</tr>
<tr>
<td>Jan Warner</td>
<td>Director, Patient Safety Performance Assessment</td>
<td>NHS Quality Improvement Scotland</td>
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<tr>
<td>Simon Williams</td>
<td>Frontline Leadership &amp; Management</td>
<td>NHS Education for Scotland</td>
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Appendix 2 Statement of Internal Control

Annex A: Guidance for preparing the Statement on Internal Control (SIC)

Introduction
The following guidance is principally concerned with ensuring that Boards have implemented the necessary building blocks for a comprehensive system of internal control. This includes risk management required to support the disclosures within the annual SIC (Annex B).

The SIC is an integral part of the annual reporting process and requires to be approved by the organisation’s Chief Executive as Accountable Officer and endorsed by its Audit Committee along with the annual financial statements and passed to the external auditors for review.

Reviewing the effectiveness of the Internal Control Framework
It is also the responsibility of each Chief Executive, as Accountable Officer, to review the effectiveness of the system of internal control within their organisation. At a minimum this should cover an assessment of the effectiveness of the internal control and risk management arrangements covering overall good governance (see Annex C) and the four specific strands of governance (see Annex D):

- Clinical Governance
- Staff Governance
- Financial Governance
- Information Governance

These strands of the overall Board Governance, whilst focused on specific elements of the responsibilities of the Board, are not mutually exclusive and will be linked through the development of an integrated risk management and internal control framework. The guidance required to assist Boards implementing such an integrated framework for risk management and internal control is currently evolving through development of relevant guidance such as the:

- Memorandum to Accountable Officers from Scottish Government Permanent Secretary
- Good Governance Guidance
- The Staff Governance Standard and Self Assessment Audit Tool
- Standards for Clinical Governance & Risk Management
- Scottish Government Audit Committee Handbook
- NHSScotland Information Governance Standards

Further examples of relevant guidance that Chief Executives may wish to draw upon when considering the review of internal controls are set out in Annex D.

Best Value
The Secondary guidance to Accountable Officers on Best Value sets out the duty as being:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development

The guidance also defines the 9 characteristics of Best Value. These should be considered in conjunction with ‘Better Health, Better Care’, which contains further developments of many of these themes.

The assurance framework that will provide you, as Accountable Officer, with overt assurance on Best Value should be considered in relation to those aspects of governance covered elsewhere in the SIC that will contribute to the 9 Best Value characteristics. In July 2010, a model framework developed by the Corporate Governance and Audit Group
(CG&AG) was issued to all NHS Scotland Directors of Finance as a basis for providing assurance on Best Value and outlining the link between Best Value characteristics and existing governance structures.

**Sources of evidence**
The review by the Chief Executive should be supported and evidenced by:

**Internal Assurances**
- Report from the Clinical Governance Committee confirming whether it has fulfilled its remit and whether there are adequate and effective Clinical Governance (including Information Governance) arrangements in place
- Report from the Staff Governance Committee confirming whether it has fulfilled its remit and whether there are adequate and effective Staff Governance arrangements in place
- Annual Risk Management report confirming whether adequate and effective Risk Management arrangements were in place throughout the year and highlighting any material areas of risk
- Formal assurance, from Executive Directors and managers within the organisation who have responsibility for the development and maintenance of the internal control framework and risk management arrangements, that adequate and effective controls have been in place within their area of responsibility and that there have been no breaches of Standing Orders or Standing Financial instructions, nor failures of internal Control
- Output from the Best Value Assurance Framework

**Independent Assurances**
- Report from the Chief Internal Auditor or equivalent confirming whether:
  - Based on the work undertaken, there were adequate and effective internal controls in place throughout the year
  - The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role
  - The Internal Audit plan has been delivered in line with Government Internal Audit Standards
- Assurance that Internal and External Audit have been asked and have not advised of any concerns around the following:
  - Consistency of the SIC with the information they are aware of from their work
  - The description of the process adopted in reviewing the effectiveness of the system of internal control and how these are reflected
  - The format and content of the SIC in relation to the relevant guidance
  - The disclosure of all relevant issues.

**Role of the Audit Committee**
On behalf of the Board, the Audit Committee has a specific responsibility for reviewing the disclosures included in the SIC as part of the process for approving the annual financial statements. In considering the disclosures, the Audit Committee should be made aware of and have access to the information provided to the Chief Executive in support of the SIC.

The Audit Committee should also consider formally, in advance of the presentation of the final accounts, whether it wishes to receive the following information:

- Annual reports, or summaries thereof, from other Standing Committees confirming whether they have fulfilled their remit and that there are adequate and effective internal controls operating within their particular area of operation;
- Details from the Chief Executive on the operation of the framework in place to ensure that they have discharged their responsibilities as Accountable Officer as set out in the Accountable Officer Memorandum;
- Confirmation from Executive Directors that there are no known control issues nor breaches of SOs/SFIs other than any disclosed within the SIC; and
- Summaries of any relevant significant reports by QIS or other external review bodies.

The Audit Committee will also wish to discuss how it received assurance on the quality and scope of Internal Audit, including compliance with GIAS. In so doing, it may wish to receive from the External Auditors, a description of the
processes used and judgements made by them in their review of the reliance that can be placed on the work of Internal Audit and the extent to which this work would allow a conclusion on the reliance that can be placed on the opinion within the Chief Internal Auditor's annual report on control framework to support the SIC.

Disclosures
The SIC should provide a balanced assessment of the significant risks and the effectiveness of the system of internal control in managing those risks. All significant control failings or weaknesses identified must be individually disclosed in the relevant section, including the impact that they have had, or may have, on the Board and the actions being taken to rectify them.

It is essential that there is openness of communication by management with the Board on matters relating to risk and control.

All failures of control, whether they relate to clinical, staff, information, financial or Corporate Governance should be considered fully in order to determine whether they require disclosure. In assessing the materiality of control weaknesses and failures, Boards may wish to consider the impact/consequence definitions in the NHSScotland Risk Matrix issued by NHSQIS. The SIC should include disclosure of any control weakness that has any impact, financial or otherwise, within the year in question or thereafter.

The SIC should summarise the process applied in reviewing the effectiveness of the system of internal control and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also incorporate a review of prior years and disclose the process applied to deal with material internal control issues disclosed and highlight any that have been outstanding for more than one year. In addition Chief Executives should provide details of the action plan that they have put in place to rectify any significant internal control weaknesses identified and a review of any follow-up in their role as Accountable Officer.
STATEMENT ON INTERNAL CONTROL [PROFORMA]

Scope of Responsibility
As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation’s policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

[Accountable Officers should add to this paragraph to provide an explanation of the accountability arrangements surrounding their role. In particular, they should comment on processes in place by which they manage risk.]

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

Purpose of the System of Internal Control
The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation’s 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 and prioritise the principal risks to the achievement of the organisation’s aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

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

Risk and Control Framework
All NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

[Describe the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Describe the key ways in which leadership is given to the risk management process, including the provision of training and guidance to appropriate staff. Describe the key ways in which risk management has been embedded in the activity of the organisation. Explicitly describe how risks to information are being managed and controlled as part of this process.]

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts the organisation has:
[Adapt wording as appropriate to use this paragraph to identify any significant developments in the framework either implemented in the period under report or planned.]
Review of Effectiveness
As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. 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.

[In this paragraph, describe the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control, including some comment on the role(s) of (as relevant): the Board, the Audit Committee, the Risk Committee, Internal Audit and other review/assurance mechanisms including the framework for providing assurance on Best Value.]

Disclosures
Appropriate action is in place to address weaknesses identified and to ensure the continuous improvement of the system.

Or

During the previous financial year there were no significant control weaknesses nor failure to achieve the standards set out in the guidance on the Statement on Internal Control.

[Record here details of actions taken, or proposed, to deal with internal control aspects of any significant problems or explicitly state that there are none. The wording should be tailored to reflect the circumstances of the case but must be comprehensive, specific, unambiguous and sufficient to allow the reader to understand the scale, significance and breadth of the control weaknesses disclosed.]
Annex C: Good Governance – Overall Board Arrangements

**Guidance**

The Good Governance Standard for Public Services (The Independent Commission for Good governance in Public Services – CIPFA/OPM in partnership with the Joseph Rowntree Foundation, 2004) sets out the core principles of a Good Governance for Health Framework. Together these principles relate to the purpose and accountability of NHS bodies; how they deliver key outcomes; the behaviour and values of the Board members; and how they engage with the public, local communities, staff and other key stakeholders.

**Key Principles - The Good Governance Standard for Public Services**

1. **Good governance means focusing on the organisation’s purpose and on outcomes for citizens and service users**
   1.1 Being clear about the organisation’s purpose and its intended outcomes for citizens and service users
   1.2 Making sure that users receive a high quality service
   1.3 Making sure that taxpayers receive value for money

2. **Good governance means performing effectively in clearly defined functions and roles**
   2.1 Being clear about the functions of the governing body
   2.2 Being clear about the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out
   2.3 Being clear about relationships between governors and the public

3. **Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour**
   3.1 Putting organisational values into practice
   3.2 Individual governors behaving in ways that uphold and exemplify effective governance

4. **Good governance means taking informed, transparent decisions and managing risk**
   4.1 Being rigorous and transparent about how decisions are taken
   4.2 Having and using good quality information, advice and support
   4.3 Making sure that an effective risk management system is in operation

5. **Good governance means developing the capacity and capability of the governing body to be effective**
   5.1 Making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well
   5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
   5.3 Striking a balance, in the membership of the governing body, between continuity and renewal

6. **Good governance means engaging stakeholders and making accountability real**
   6.1 Understanding formal and informal accountability relationships
   6.2 Taking an active and planned approach to dialogue with and accountability to the public
   6.3 Taking an active and planned partnership approach to responsibility for staff and actively involve them or their representatives in the business of the organisation
   6.4 Engaging effectively with institutional stakeholders

**Relevant Guidance**
## The Control Environment

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<tr>
<th>Reference</th>
<th>Description</th>
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<tr>
<td>SSI(2001)301/2 MEL(1994)80</td>
<td>Standing Orders</td>
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<tr>
<td>MEL(1994)80, Annex 4 MEL(1992)35</td>
<td>Scheme of Reservation and Delegation</td>
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<tr>
<td>Appointed Officer Memorandum SSI(2001) 301/2</td>
<td>Accountable Officer Responsibilities</td>
</tr>
<tr>
<td>Section 2 of the National Health Service Reform (Scotland) Act 2004 HDL(2002)11</td>
<td>Structures of assurance including CHPS</td>
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## Identification and Evaluation of Risks and Objectives

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## Control Processes

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<tbody>
<tr>
<td>MEL(1994)80, Annex 5</td>
<td>Compliance with laws and regulations</td>
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## Monitoring and Corrective Action

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<tr>
<td>MEL(1994)80, Annex 5</td>
<td>Performance reporting</td>
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<tr>
<td>MEL(1994)80, Annex 9</td>
<td>Policies, procedures and control frameworks</td>
</tr>
<tr>
<td>Best Value in Public Services – Secondary Guidance to Accountable Officers</td>
<td>Best Value</td>
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</tbody>
</table>
Annex D: Specific Strands of Governance and Key Requirements (Statutory)

In this section we set out a brief high level summary of the other key strands of governance that require to be considered as part of the approval of the SIC.

Clinical Governance

Key Principles

NHS Quality Improvement Scotland (NHS QIS) has the lead role in supporting NHS boards and their staff to develop and maintain strong and effective clinical governance and risk management (CGRM) arrangements to underpin the quality of care they provide. In 2010 NHS QIS completed the review of CGRM arrangements across NHSScotland and Boards should ensure that any necessary recommendations from their recent CGRM reports are acted upon and that progress is maintained in each of the core areas.

The publication, *Vital Systems: Supporting Healthcare Improvement in Scotland, Person Centred, Safe and Effective Care: Clinical Governance and Risk Management National Overview, October 2010* provides an overview to CGRM throughout NHSScotland. Improving the quality of healthcare by making sure it is person-centred, safe and effective is a strategic priority for NHSScotland as described in *The Healthcare Quality Strategy for NHSScotland* (Quality Strategy), published in May 2010. Delivering healthcare in today’s world is complex: people often have more than one condition; care is provided by a range of specialties and general services; and equipment, clinical techniques and treatments – including medicines – are changing and developing rapidly. To give the right treatment to the right patient every time and continuously improve the quality of patient experience and care, we need smart systems. These systems are needed to make sure:

- our staff are skilled and confident;
- we have the resources and equipment we need;
- we understand the current quality of our services; and
- we have strong clinical and executive leadership.

These systems collectively describe the CGRM arrangements every NHS board must have in place. CGRM is used to describe the framework through which all the components of quality, including patient and public involvement, are brought together and placed high on the agenda in every organisation.

NHS Boards should continue to reflect and discuss the findings and lessons to emerge from the Francis Inquiry and previous reports in relation to events at Mid Staffordshire NHS Trust. The Scottish Government Health Directorates are currently collating comments on a discussion paper outlining the future approach to governance in NHSScotland. It is expected the guidance will be issued in 2011.

<table>
<thead>
<tr>
<th>Relevant Guidance</th>
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<tr>
<td>QIS Standards</td>
<td>QIS Reports</td>
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Staff Governance

Key Principles
The Staff Governance Standard re-issued in May 2007 defined Staff governance as “a system of corporate accountability for the fair and effective management of all staff.” The Staff Governance Standard sets out what each NHSScotland employer must achieve in order to improve continuously in relation to the fair and effective management of staff. Implicit in the Standard is that all legal obligations are met, including NHS employers complying with current employment legislation, and that all policies and agreements are implemented. The Standard requires that all NHS Boards must demonstrate that staff are:
- well informed;
- appropriately trained;
- involved in decisions which affect them;
- treated fairly and consistently; and
- provided with an improved and safe working environment.

Each element of the Standard is assessed in relation to policy, targets and organisational effectiveness, with measurement of organisational success against the elements of the Standard being carried out locally. The assessment does not rely on a single form of measurement, and local health systems have the flexibility to agree and set their own priorities. Partnership Forums are directly involved in assessing the performance of NHS Boards as employers through the use of the Self Assessment Audit Tool (SAAT), and through the conduct of the national staff survey at regular intervals.

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<th>Relevant Guidance</th>
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<tr>
<td>KSF/Agenda for Change guidance</td>
<td>Performance management and development</td>
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Financial Governance

Key Principles
Whilst the strands of corporate governance have been extended within NHSScotland, explicitly to include staff, financial and information governance, financial governance is still fundamental to the proper conduct of business within NHSScotland organisations. In addition to the prevention of fraud and corruption, it includes budgetary control and financial reporting as well as capital investment, Best Value and economy, effectiveness and efficiency.

Financial governance is informed by Chief Executive Letters from the Scottish Government Health Directorates, formerly MELs and HDLs, together with the Scottish Public Finance Manual (SPFM) and the NHS Scotland Annual Accounts and Capital Accounting Manuals. NHS Board should embody any relevant requirements within their Standing Orders and Standing Financial Instructions.
**Information Governance**

**Key Principles**
Information is needed to look after patients and to manage resources. It is also important for clinical governance, corporate governance and service planning and performance management.

Policies, procedures and management accountability are needed to manage information securely, efficiently and effectively.

Information Governance is a framework, which brings together all the statutory requirements, standards and best practice that apply to the handling of information. The work encompasses areas of legislation e.g. the Data Protection Act 1998, the Freedom of Information (Scotland) Act 2002 and also a number of initiatives such as information security, the Caldicott Framework, records management, information quality assurance, and confidentiality.

The Scottish Government Health Directorates have asked NHS National Services Scotland (NSS) to establish an Information Governance programme for NHSScotland. ISD has set up a formal programme of work to do this and has a small team in place to develop, implement and take forward the programme.
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<th>Reference</th>
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<tr>
<td>MEL(1994)64</td>
<td>IM&amp;T strategy</td>
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<tr>
<td>HDL(2005)46</td>
<td>Information Security Policy</td>
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<tr>
<td>NHSScotland eHealth Strategy Board guidance</td>
<td>Information Governance Toolkit and annual improvement plan</td>
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<td>HDL(2006)41</td>
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<tr>
<td>MEL(1992)45</td>
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<tr>
<td>NHS Scotland Information Governance Standards</td>
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