

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

GOVERNANCE

For the purposes of this standard, references to HSC bodies also include the Regulation and Quality Improvement Authority (RQIA), the Northern Ireland Social Care Council (NISCC), the Northern Ireland Fire and Rescue Service (NIFRS) and the Northern Ireland Practice and Education Council for Nursing and Midwifery (NIPEC).

Standard

The board ensures that the organisation consistently follows the principles of good governance applicable to bodies sponsored by the Department of Health, Social Services & Public Safety (DHSSPS).

Overview

‘Corporate governance’ is the system by which an organisation is directed and controlled, at its most senior levels, in order to achieve its objectives and meet the necessary standards of accountability, probity and openness.

The Audit Commission has defined corporate governance in healthcare as ‘*The systems and processes by which health bodies lead, direct and control their functions, in order to achieve organisational objectives, and by which they relate to their partners and the wider community*’.

This standard is principally concerned with ensuring that all Arm’s Length Bodies (ALBs) have the basic building blocks in place for good governance through development and implementation of a comprehensive system of internal control.

This standard contains key criteria and supporting guidance to assist boards of bodies sponsored by DHSSPS to establish whether they have in place a sound system of governance and internal control that is based on the principles of best corporate governance. This will help the organisation’s board, through its Chief Executive, to sign the annual statutory Statement on Internal Control (SIC).

This standard, together with the Risk Management and Financial Management standards, provides the basis for statutory reporting for the SIC as set out by the Department of Finance and Personnel in DAO(DFP) 05/01 and DAO(DFP) 25/03. Requirements for reporting on internal controls for ALBs from 2003/04 onward were issued to the service under cover of Circular HSS(F) 02/04, the current Circular being HSS(F) 19/09.

From 2009/10, each ALB is required to provide a mid-year assurance statement from the accounting officer attesting to the robustness of the organisation’s system of internal control. The adoption of an Assurance Framework, to assist boards in the control of risks to strategic objectives, has also been made mandatory from April 2009.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The Standard addresses the key issues, but it does not purport to be exhaustive. The boards of ALBs should satisfy themselves that they have properly identified and suitably addressed all relevant governance and internal control requirements incumbent upon them, including the statutory duty of quality the duty of public involvement and consultation as set down in the Health and Social Care (Reform) Act (Northern Ireland) 2009. Whilst this Standard describes the overarching approach which boards of ALBs should take to governance, internal control and management of principal risks, the Risk Management controls assurance standard should be consulted regarding the more specific processes for addressing risk throughout the organisation.

When assessing risks to the organisation, in particular those which are deemed high/extreme to the achievement of key objectives, the risk and actions identified in other organisational controls assurance standards should be considered. In particular risks and actions identified in the Risk Management and Financial Management controls assurance standards should be considered alongside those identified in the organisation's assessment of this standard.

Background

The need to ensure and demonstrate effective governance arrangements originated in the private sector, due to concern over a series of corporate failures where inadequate governance measures were considered to be a contributory factor.

In response to this, the Cadbury Committee was established to examine and advise on some of these issues, in particular the apparently poor quality of financial reporting and the limited ability of auditors to provide the assurances and safeguards which the users of company reports were entitled to expect.

Broader private sector best governance practice was also developed through the Turnbull Committee report on Internal Control (November 1999) and with the July 2003 update to the Stock Exchange's Combined Code requirements for listed companies.

Since 1997/98, all Chief Executives of bodies sponsored by DHSSPS have been required, as accountable officers, to sign an assurance statement (on behalf of the board) to assure their stakeholders on the matter of internal financial controls. This responsibility has since moved beyond financial issues to the production of a wider statement covering organisational controls. In DAO 5/2001, the Department of Finance and Personnel required that Northern Ireland Departments, like their GB counterparts, should adopt the key provisions of the Combined Code (incorporating Turnbull). The Turnbull report states that 'a sound system of internal control depends on a thorough and regular evaluation of the nature and extent of the risks to which the company is exposed'. It further states that the purpose of internal control 'is to help manage and control risk rather than to eliminate it'.

Core controls assurance standards

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The Governance Standard is a high-level ‘overarching’ core controls assurance standard and is supported by two additional core standards covering Financial Management and Risk Management. Compliance with the core standards is mandatory as they are central to the whole risk management and controls assurance agenda and form the foundations of best governance practice.

The Statement on Internal Control

Since 2003/2004 Chief Executives of bodies sponsored by DHSSPS have been required in their capacity as Accountable Officers to sign a full Statement on Internal Control (SIC). The precise requirements were promulgated to HSC bodies in HSS(F)2/2004 which specified the format etc of the Statement.

The Department’s Accounting Officer uses these to inform his Statement on the Department as a whole. Thus all bodies sponsored by DHSSPS need to provide assurances that they have effective systems of internal control. These systems need to identify risks relating to the achievement of objectives, including the duty of quality, and should be capable of evaluating the nature and extent of those risks and of managing them efficiently, effectively and economically. The Governance Standard provides the cornerstone of the process for a robust SIC, incorporating , as it does, the salient requirements of HSS(F)2/2004 (as does the revised Risk Management Standard).

The core controls assurance standards, together with a number of other standards and processes (particularly in the clinical and social care and organisational areas), will be essential in enabling the organisation’s objectives to be delivered successfully, including that of the duty of quality and of public involvement and consultation. As noted above appropriate systems and processes will be important elements in providing boards with the assurance they need.

The Assurance Framework

The Assurance Framework – the adoption of which is mandatory as of April 2009 - provides members of the ALB board with a mechanism for identifying and understanding its principal risks, and key controls to manage those risks, to achieving the principal objectives. In addition, it provides a mechanism for collecting and marshalling the evidence, required for the Statement on Internal Control, that the board is fully aware of the totality of its organisational risks and has based its conclusions on all the appropriate evidence.

Framework for developing controls assurance standards

All controls assurance standards conform to a common framework model for internal control.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The framework aims to deliver assurances to **stakeholders** in relation to meeting an organisation's **objectives**. Assurance on the system can be given with reference to independent **assurance** processes (internal and external) and achievement of satisfactory **outcomes**, or results.

The desired **outcomes** or results for any area of activity can be obtained by:

- establishing an appropriate **accountability** framework within which the internal control system operates and which encompasses management structures and practices (leadership, committees, reporting arrangements, policies and strategies, etc.);
- ensuring that the core and supporting **processes** required to produce the desired outcomes are in place – this includes a risk management process which is required to ensure that all risks which could, potentially, threaten the ability of the organisation to meet any or all of its objectives are systematically identified, assessed and treated;
- having the necessary **capability** (leadership, knowledgeable and skilled staff, and adequate financial and physical resources) to ensure that the processes and internal controls work effectively;
- management and the board continuously **monitor** and **review** the system of internal control to ensure that it is working properly and to **learn** and, where necessary, **improve** the accountability arrangements, processes or capability in order to deliver better **outcomes**;
- ensuring proper **communication** and **consultation** at all levels within the organisation and with external stakeholders; and
- the board obtaining sufficient **independent** and objective **assurance** as to the robustness of its processes in key areas.

This framework is shown diagrammatically in Figure 1.

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

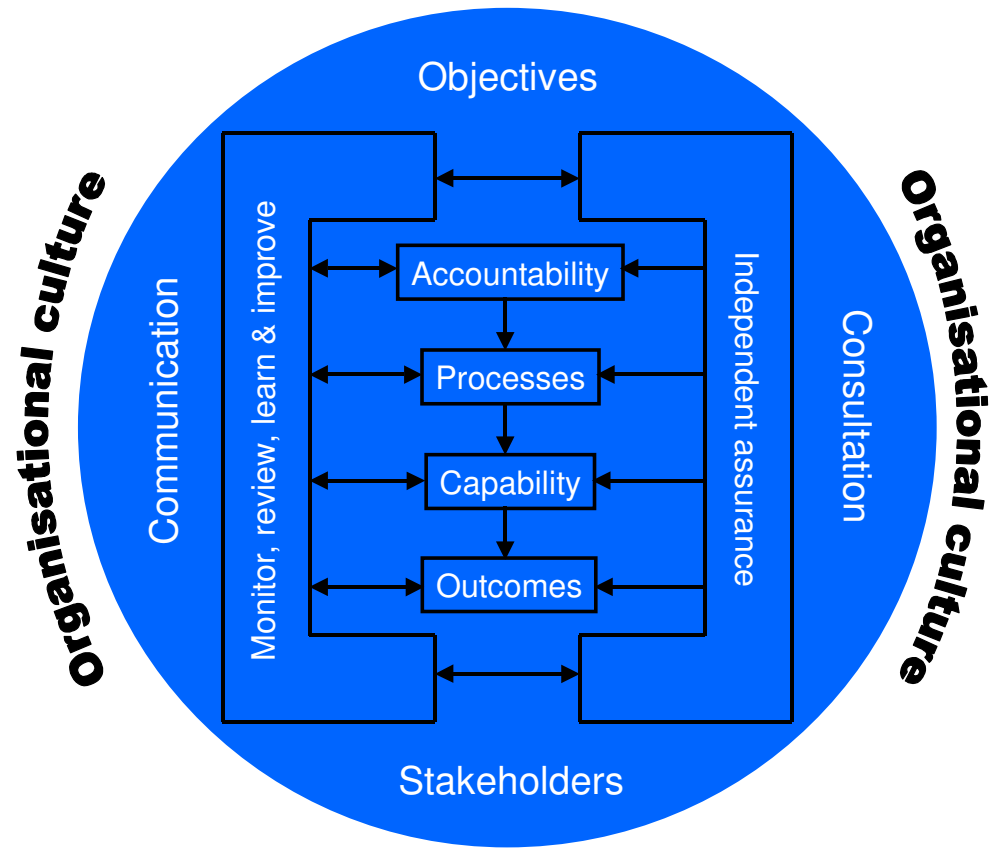


Figure 1 – HSC Internal Control Framework

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

KEY REFERENCES

Statutes

Statutory Instruments: The Health and Personal Social Services (N.I.) Order 1972 S.I.1972/1265 (N.I.14)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/nisr/yeargroups/index.htm>

Statutory Instrument: Sex Discrimination (NI) Order 1976 SI 1976 No 1042 (NI15)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/nisr/yeargroups/index.htm>

Statutory Instruments: The Health and Personal Social Services (Special Agencies) (N.I.) Order 1990 S.I.1990/247 (N.I.3)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/ni-oic.htm>

Statutory Instruments: The Health and Personal Social Services (N.I.) Order 1991 SI 1991/194 (N.I. 1)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/nisr/yeargroups/index.htm>

Statutory Instruments: The Health and Personal Social Services (Northern Ireland) Order 1994 SI 1994 No 429 (NI 2)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/ni-oic.htm>

United Kingdom Act (1995): Disability Discrimination Act 1995 (1995 c.50). The Stationery Office, London

<http://www.legislation.hms.gov.uk/acts.htm>

Statutory Instrument: Race Relations (NI) Order 1997 SI 1997 No 869 (NI6)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/ni-oic.htm>

United Kingdom Act (1998): Human Rights Act 1998 (1998 c.42). The Stationery Office, London

<http://www.legislation.hms.gov.uk/acts.htm>

United Kingdom Act (1998): Northern Ireland Act 1998, section 75 (1998 c.47). The Stationery Office, London

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/niact.htm>

Statutory Instruments: The Public Interest Disclosure (Northern Ireland) Order 1998 SI 1998 No 1763 (NI 17)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/ni-oic.htm>

Statutory Instrument: Fair Employment and Treatment (NI) Order 1998 SI 1998 No.3162 (N.I.21)

<http://www.northernireland-legislation.hms.gov.uk/legislation/northernireland/ni-oic.htm>

United Kingdom Act (2000): The Freedom of Information Act 2000 (2000 c.36). The Stationery Office, London

<http://www.legislation.hms.gov.uk/acts.htm>

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

Statutory Instrument: Equality (Discrimination, etc.) (NI) Order 2000 SI 2000 No. 1112 (N.I.2))

<http://www.northernireland-legislation.hmso.gov.uk/legislation/northernireland/ni-oic.htm>

Acts of the Northern Ireland Assembly: The Health and Personal Social Services Act (N.I.) 2001 (2001 c.3)

<http://www.northernireland-legislation.hmso.gov.uk/legislation/northernireland/ni-acts.htm>

Statutory Instruments: The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 SI 2003 No 431 (NI 9)

<http://www.northernireland-legislation.hmso.gov.uk/legislation/northernireland/ni-oic.htm>

Statutory Rules: Health and Social Services Councils Regulations (N.I.) 1991 SR 1991 No 70

Statutory Rules: Health and Social Services Trusts (Membership and Procedure) Regulations (N.I.) 1994 SR 1994 No 63

Statutory Rules: The Northern Ireland Blood Transfusion Service (Special Agency) (Establishment and Constitution) Order (N.I.) 1994 SR 1994 No 175

Statutory Rules: The Northern Ireland Guardian Ad Litem Agency (Establishment and Constitution) Order (N.I.) 1995 SR 1995 No 397

Statutory Rules: The Northern Ireland Medical and Dental Training Agency (Establishment and Constitution) Order (N.I.) 2004 SR 2004 No 62

<http://www.northernireland-legislation.hmso.gov.uk/legislation/northernireland/ni-srni.htm>

The Health and Social Care (Reform) Act (Northern Ireland) 2009

http://www.opsi.gov.uk/legislation/northernireland/acts/acts2009/pdf/niact_20090001_en.pdf

Guidance and Codes

Committee on Standards in Public Life (1995) First Report

<http://www.archive.official-documents.co.uk/document/parliament/nolan/nolan.htm>

Standards Australia Risk Management AS/NZS 4360:2004

Department of Health, Social Services and Public Safety 2003: 'Corporate Governance in the Health and Personal Social Services: Codes of Conduct and Accountability',

NHS Internal Audit Manual

Department of Health, Social Services and Public Safety (2004): Guidance Note – Implementing the Equality Good Practice Reviews

http://www.dhsspsni.gov.uk/econsultation/Good_practice/GPRs_circ_HSSPS_29Jan04.pdf

An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

Circulars

Circular HSS (PDD) 8/94 – Codes of Conduct and Accountability

Circular DAO (DFP) 5/2001 – Corporate Governance: Statement on Internal Control

http://www.dhsspsni.gov.uk/hss/governance/documents/DAO_05_01.doc

Circular HSS (F) 24/2001 – Corporate Governance: Statement on Internal Control

Circular available on HPSS Extranet

Circular HSS (F) 20/2002 – Clinical Negligence: Prevention of Claims and Claims Handling

Circular available on HSC Extranet

Circular HSS (PPM) 3/2002 - Corporate Governance: Statement on Internal Control

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS (PPM) 4/2005 – AS/NZS 4360: 2004 – Risk Management

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS (PPM) 8/2002 – Risk Management in the Health and Personal Social Services

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS (PPM) 13/2002 – Governance in the HPSS – Risk Management

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS(SM) 4/2003 – Code of Conduct for HPSS Managers
Department of Health, Social Services and Public Safety (2003): Code of Conduct for HPSS Managers

Circular and Code available on HPSS Extranet

Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSS (FAU) 19/2003 – Statement of Internal Control: Transitional Statement 2002/03

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular DAO (DFP) 25/2003 - Statement of Internal Control

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular also available on HPSS Extranet

Circular HSS (PPM) 8/2004 – Governance in the HPSS: Controls assurance standards – update

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

Circular HSC(SQSD) 22/2009 – Learning from Adverse Incidents and Near Misses reported by HSC organisations and Family Practitioner Services

http://dhsspsni.gov.uk/hsc_sqsd_22-09_circulars.pdf

Other Publications

National Audit Office 2000, *Supporting Innovation: Managing risk in government departments*. The Stationery Office, London, HC 86f4 Session 1999-2000

http://www.nao.gov.uk/publications/nao_reports/9900864.pdf

Best Practice – Best Care (2001) – A framework for setting standards, delivering services and improving monitoring and regulation in the HPSS

<http://www.dhsspsni.gov.uk/publications/archived/2001/4161finaldoc.asp>

HM Treasury (2001) *Management of Risk: A Strategic Overview*

<http://www.cabinet-office.gov.uk/civilservice/publications/risk.pdf>

Priorities for Action

http://www.dhsspsni.gov.uk/prior_action/index.asp

Department of Health (2002): *Managing for Excellence*

<http://www.doh.gov.uk/PublicationsAndStatistics/Publications/PublicationsLibrary/fs/en>

National Patient Safety Agency (2003): *The Patient Safety Journey: Seven Steps to Patient Safety*. The National Patient Safety Agency, London

<http://www.npsa.nhs.uk/>

European Foundation for Quality Management (2003): *The EFQM Excellence Model*. The European Foundation for Quality Management, Brussels

http://www.efqm.org/model_awards/model/excellence_model.htm

Health & Safety Executive (2003): 'Interventions to control stress at work in hospital staff'. The Health & Safety Executive, London

http://www.hse.gov.uk/research/crr_htm/2002/crr02435.htm

Department of Health, Social Services and Public Safety (2004) *Embracing Diversity – Understanding and valuing ethnic diversity in the HPSS*

<http://www.dhsspsni.gov.uk/publications/2004/embracing-diversity.pdf>

Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS

http://www.dhsspsni.gov.uk/qpi_quality_standards_for_health_social_care.pdf

Safety First: a Framework for Sustainable Improvement in the HPSS

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

http://www.dhsspsni.gov.uk/safety_first_-_a_framework_for_sustainable_improvement_on_the_hpss-2.pdf

Challenges to Board Level Objectives: Board Assurance Challenges for Good Clinical and Social Care Governance

http://www.dhsspsni.gov.uk/board_assurance_challenges.pdf

Integrated Governance Handbook (DH, 2006)

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4128739

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

INDEX OF GOVERNANCE CRITERIA

Criterion 1 (*Accountability*)

There are clear accountability arrangements in place throughout the organisation.

Criterion 2 (*Stakeholders*)

The board identifies the needs of its stakeholders on an ongoing basis and determines a set of key objectives and outcomes for meeting these needs, including how it meets its duty of quality and duty of public involvement and consultation.

Criterion 3 (*Processes*)

The board ensures that there are proper processes in place to meet the organisation's objectives and secure delivery of outcomes.

Criterion 4 (*Capability*)

The organisation is capable of meeting its objectives and delivering appropriate outcomes.

Criterion 5 (*Monitor, review, learn, improve*)

The organisation learns and improves its performance through continuous monitoring and review of the systems and processes in place for meeting its objectives and delivering appropriate outcomes.

Criterion 6 (*Independent assurance*)

The board ensures that it has proper and independent assurances on the soundness and effectiveness of the systems and processes in place for meeting its objectives and delivering appropriate outcomes.

Criterion 7 (*Outcomes*)

The board can demonstrate that it has done its reasonable best to achieve its objectives and outcomes, including maintenance of a sound and effective system of internal control.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 1

There are clear accountability arrangements in place throughout the organisation.

Source

- Statutory Rules: Health & Social Services Trusts (Membership & Procedure) Regulations (NI) 1994 S.R 1994 No 63
- The Health and Social Care (Reform) Act (Northern Ireland) 2009
- Statutory Rules: The Northern Ireland Blood Transfusion Service (Special Agency) (Establishment and Constitution) Order (N.I.) 1994 SR 1994 No 175
- Statutory Rules: The Northern Ireland Guardian Ad Litem Agency (Establishment and Constitution) Order 1995 SR 1995 No 397
- Statutory Rules: The Northern Ireland Medical and Dental Training Agency (Establishment and Constitution) Order (N.I.) 2004 SR 2004 No 62
- The Health and Personal Social Services (Special Agencies) (NI) Order 1990 SI 1990 No 247 (NI 3)
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- Trusts, Boards, Special Agencies: 'Corporate Governance in the Health & Personal Social Services Code of Conduct and Code of Accountability'
- Health & Social Services Councils: 'Code of Conduct for Health & Social Services Council Members'
- Committee on Standards in Public Life 1995, Nolan Committee First Report on Standards in Public Life
- HSS (PPM) 8/2002 – Risk Management in the Health and Personal Social Services
- HSS (F) 20/2002 – Clinical Negligence: Prevention of claims and claims handling [DN: Sean Scullion to update]
- HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation
- HSS (PPM) 13/2002 – Governance in the HPSS – Risk Management
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular DAO (DFP) 25/2003 - Statement of Internal Control [DN: is this still relevant?]
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04
- Circular HSS(SM) 4/2003 – Code of Conduct for HPSS Managers
- Department of Health, Social Services and Public Safety (2003): Code of Conduct for HPSS Managers
- Board and Trust Standing Orders, Standing Financial Instructions, Fraud Policies and Fraud Response Plans

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

- | | |
|--|--|
| <ul style="list-style-type: none"> • DAO (DFP) 5/96 – Notification of Frauds • DAO (DFP) 5/2001 – Corporate Governance: Statement on Internal Control • HSS (F) 24/2001 – Corporate Governance: Statement on Internal Control • DAO (DFP) 5/2001 – Corporate Governance: Statement on Internal Control • HSS (F) 24/2001 – Corporate Governance: Statement on Internal Control • HSS (F) 38/98 – Guidance on Losses and Special Payments • HSS (PPM) 3/2002 – Corporate Governance: Statement on Internal Control | <ul style="list-style-type: none"> • HM Treasury: Management of Risk – A Strategic Overview 2001 • Government Accounting Northern Ireland – Chapter 37: Fraud • An Assurance Framework: A Practical Guide for Boards of DHSSPS Arm’s Length Bodies • Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS • Challenges to Board Level Objectives: Board Assurance Challenges for Good Clinical and Social Care Governance • HSS (PPM) 4/2005 – AS/NZS 4360: 2004 |
|--|--|

Guidance

Board responsibility, including the responsibilities of individual board members, for governance should be clearly defined and there should be clear lines of accountability. Accountability should be reinforced in corporate and personal objectives throughout the organisation for internal control including identifying and assessing risk and allocating ownership of risk to individuals. The Board should have agreed and set acceptable levels for risks and have disseminated them to staff.

There should be Standing Orders and Standing Financial Instructions/financial memoranda in place based on those issued by DHSSPS. Staff should have received instruction on the content and application of these, and copies made readily available to them.

The constitution of the board, its committees and sub-committees, should be in accordance with the regulations and guidelines issued by DHSSPS.

Circular HSS (PDD) 8/94 and the Codes of Conduct & Accountability set out the principles by which the board should operate including the role of the Chairman and his or her relationship with the Chief Executive and the role of Non-Executive board members. These document the key functions for which DHSSPS holds boards accountable. They also list specific instructions for boards as they fulfil these functions and make a number of other requirements

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

for boards. The Circular requires boards to formally agree and document the types of decisions that need to be reserved to the board and to adopt a scheme of delegation for other decision-making.

The Codes of Conduct & Accountability state that on appointment all board members should subscribe to the Codes of Conduct and that all staff should subscribe to the principles of the Codes of Conduct. All ALB managers are required to subscribe to the Code of Conduct for HPSS Managers. The Nolan Committee recommends that surveys of the knowledge and understanding of ethical standards that apply should be conducted.

The Financial Memorandum sets out the accountability requirements for the Chief Executive of each HSC body. Further guidance for ALBs is available in the documents known as Standing Orders and Standing Financial Instructions.

The organisation should have in place policies and procedures that conform to applicable guidance on fraud and corruption, issued by HM Treasury, DFP and DHSSPS.

The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 places a duty (transferred to the appropriate new body under RPA by the Health and Social Care (Reform) Act (Northern Ireland) 2009) on Chief Executive Officers of the HSC Board, HSC Trusts and the Public Health Agency to put and keep in place arrangements for the purpose of monitoring and improving the quality of health and social care services.

A designated individual, reporting to the Chief Executive, must be responsible for leading work on clinical and social care governance (set down in Circular HSS(PPM 10/2002) and there must be formal arrangements for the boards of relevant bodies sponsored by DHSSPS to discharge their responsibilities for clinical and social care quality through a suitable board sub-committee. This could be the same sub-committee that deals with audit and/or risk management.

Examples of Verification

- Conditions of service requiring compliance with the Code of Conduct for HSC Managers
- Evidence of a review by the board of its compliance with the Code of Conduct and Code of Accountability
- Induction process for new directors/members
- Signed statements by board members subscribing to Code of Conduct.
- Procedure for complaints from staff
- Register of interests
- Policy on hospitality and entertainment expenditure

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

- Comparison of Standing Orders with Departmental examples
- Formal schedule of reserved decisions and scheme of delegation
- Counter-fraud and corruption policy
- Regular board reports on the quality of clinical and social care
- Minutes of board sub-committee responsible for clinical and social care
- Governance
- Regular Board reports on risk and assurance
- Links between key organisational strategies, e.g. IT, finance, clinical and social care quality, HR
- RQIA assessment

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 2

The board identifies the needs of its stakeholders on an ongoing basis and determines a set of key objectives and outcomes for meeting these needs, including how it meets its duty of quality and duty of public involvement and consultation.

Source

- Programme for Government
- Priorities for Action
- Best Practice – Best Care
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Human Rights Act 1998
- Northern Ireland Act 1998, section 75
- Race Relations (NI) Order 1997
- Fair Employment and Treatment (NI) Order 1998
- Sex Discrimination (NI) Order 1976
- Disability Discrimination Act 1995
- Freedom of Information Act 2000
- Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS
- The Health and Social Care (Reform) Act (Northern Ireland) 2009

Guidance

ALBs exist to meet the needs of their stakeholders. Stakeholders need to be identified locally but should include service users, carers, the public, staff, health and social care providers, DHSSPS and its associated bodies and local political representatives. Needs may differ between and within these groups, and regard should be given to the needs of minorities and the vulnerable. Organisations will be able to meet their stakeholders' needs more effectively, economically and efficiently if they have clear objectives and strategies for achieving and communicating them. The responsibility for setting the organisation's objectives rests with the board.

Some objectives will be built around the principles of the *Programme for Government* and the Minister's *Priorities for Action*. Others will be determined by local health and social care needs and information gathered through, for example, self-assessment workshops and the results of patient or client surveys. Objectives should take account of the diverse needs of different

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

groups in the local community and statutory duties relating to human rights, non-discrimination and promoting equality.

Objectives should be reviewed on a regular basis, and changed where necessary to meet revised priorities or altered circumstances. There is a need for a good system of communications so that the organisation's objectives, and any changes to them, are notified on a timely basis to staff and other stakeholders.

A clear and shared vision of the organisation's purpose, direction and values will assist in achieving organisational objectives.

In addition, key outcomes or results related to meeting the objectives of the organisation should be identified. These will form the basis of performance reporting to the board, which will give them assurance as to the effectiveness of the systems in place for meeting objectives. For example, if an objective is to provide safe, high quality care for users, there may be key performance indicators relating to adverse patient incidents, morbidity and mortality rates, patient satisfaction rates, etc.

Examples of Verification

- Set of prioritised key objectives
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- A "vision and values" statement
- Board minutes documenting approval of objectives
- Board reports and minutes
- Records of service planning and commissioning meetings
- Record(s) of communication of objectives to staff, including evidence of dissemination within the organisation and use of the Equality Good Practice Review on access to information
- Records confirming that Departmental requirements including the PFG, PSA and PfA initiatives have been taken into account in determining objectives
- Records of service user/staff surveys, workshops, etc.
- Records of stakeholder involvement in service planning and the monitoring of service delivery, including evidence of dissemination within the organisation and use of the Equality Good Practice Review on service user involvement
- Information gathered through section 75 Equality Impact Assessments
- Trust Quality Improvement Plans

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 3

The board ensures that there are proper processes in place to meet the organisation's objectives and secure delivery of outcomes.

Source

- DAO (DFP) 5/2001 - Corporate Governance: Statement on Internal Control
- HSS (F) 24/2001- Corporate Governance: Statement on Internal Control
- HSS (PPM) 3/2002 – Corporate Governance: Statement on Internal Control
- HSS (PPM) 8/2002 - Risk Management in the Health and Personal Social Services
- Standards Australia, Risk Management AS/NZS 4360: 2004
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- Circular DAO (DFP) 25/2003 - Statement of Internal Control
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS
- Circular HSC(SQSD) 22/2009 – Learning from Adverse Incidents and Near Misses reported by HSC organisations and Family Practitioner Services
- Challenges to Board Level Objectives: Board Assurance Challenges for Good Clinical and Social Care Governance

Guidance

A key element in securing the delivery of organisational objectives is the implementation of a sound system of internal control, encompassing an effective system of risk management that covers all risks, including business continuity. Internal control is a feedback mechanism which can assist an organisation in setting and achieving its objectives. Risk management is about managing the risks to achieving those objectives. The internal control framework model devised by DHSSPS has already been outlined in the introduction to this Standard, and is the basis upon which the Standard has been developed.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The Assurance Framework should provide a mechanism for gaining assurance on the overall achievement of objectives. Internal control processes should be effected by the Board and designed to provide reasonable assurance regarding the achievement of key objectives in particular to ensure the effectiveness and efficiency of operations; reliability of financial reporting and compliance with applicable laws and regulations.

While many distinct yet sometimes inter-relating processes will be found in the delivery of health and social care, all are concerned, either directly or indirectly, with the achievement of objectives. These processes might include patient admission and discharge; health and social care standards; clinical treatment; care; medical records storage and retrieval; maintenance of medical and other equipment; building maintenance; cleaning; food preparation and delivery, etc. Wherever possible, reference should be made to authoritative standards (e.g. Care Standards, Service Frameworks, Professional Bodies, etc.) for information on process design and operation.

Key processes will also include the development of tactical plans and critical success factors (milestones) for delivery against objectives. They would also include communication of policy to stakeholders, and the establishment of procedures for the identification, management, and monitoring of risk. There should be an effective system of communication from and to the board so that it is continuously aware of progress on, and threats to, the delivery of the objectives. This will be supported by the translation of corporate objectives into Directorate/Departmental/Unit level and further supported by policies on 'whistleblowing', to encourage openness, and on adverse incident reporting to encourage reporting of adverse patient or client incidents on a non-punitive basis in order that individuals and the organisation have the opportunity to learn from experience and improve the safety and quality of care.

Examples of Verification

- Strategic Plans
- Annual investment/delivery/business plans
- Board reports covering objectives and risks
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Compliance with the Risk Management Standard
- Tactical plans
- Business Continuity Plan
- Policy and Procedure notes
- Risk registers
- Risk indicators
- Records of self-assessment workshops
- Links between key organisational strategies, e.g. HR, IT, finance, clinical and social care quality
- Records of stakeholder involvement in service planning and the monitoring of service delivery, including evidence of dissemination

Formatted: Bullets and Numbering

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

within the organisation and use of the Equality Good Practice Review on service user involvement

- Record of procedure to ensure that contracting and commissioning arrangements comply with equality and human rights duties, including each organisation's Equality Scheme
- Cultural and ethical policies in place such as staff involvement; 'whistleblowing'; anonymised, just and fair incident reporting mechanisms; equality; human rights; etc

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 4

The organisation is capable of meeting its objectives and delivering appropriate outcomes.

Source

- Priorities for Action
- Best Practice – Best Care
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- HSS (PPM) 3/2002 – Corporate Governance: Statement of Internal Control
- HSS (PPM) 8/2002 - Risk Management in the Health and Personal Social Services
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- European Foundation for Quality Management Excellence Model
- DH (2002): Managing for Excellence
- Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS

Guidance

To achieve its objectives an organisation needs to be capable of doing so. Capability includes having the right human, physical and financial resources. Leadership is crucial, at all levels. People must have the necessary commitment, knowledge, skills, and expertise, in addition to the requisite physical infrastructure, to support the achievement of the organisation's objectives.

The organisation should have sufficient, reliable and relevant information that is communicated in a timely manner to enable people to carry out their assigned responsibilities.

The board should continuously review the resources available for delivering its objectives and make appropriate adjustments to its priorities and resources, so that targets and capability are matched.

Self-Assessment workshops and use of models such as the EQFM Excellence Model are a useful means of involving people in assessing capability.

Examples of Verification

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

- Strategic plans
- Annual investment/delivery/business plans
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Non-Executives receive 'On Board' induction training and regular ongoing training
- PfA progress reports
- Board reports on staffing levels, financial issues, and other resources
- Training & Development Plans, including training in equality and diversity
- R&D plans
- IT development plans
- Staff attitude surveys
- Evidence of dissemination within the organisation and use of the Equality Good Practice Review on promoting positive staff attitudes to diversity
- Information audits
- Records of workshops
- Service development plans
- Clinical and social care team training programmes

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 5

The organisation learns and improves its performance through continuous monitoring and review of the systems and processes in place for meeting its objectives and delivering appropriate outcomes.

Source

- Standards Australia, Risk Management AS/NZS 4360: 2004
- Best Practice – Best Care
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- HSS (PPM) 3/2002 - Corporate Governance: Statement on Internal Control
- HSS (PPM) 8/2002 - Risk Management in the Health and Personal Social Services
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Quality Standards for Health and Social Care: supporting good governance and best practice in the HPSS
- Circular HSC(SQSD) 22/2009 – Learning from Adverse Incidents and Near Misses reported by HSC organisations and Family Practitioner Services
- Challenges to Board Level Objectives: Board Assurance Challenges for Good Clinical and Social Care Governance

Guidance

The organisation should have in place systems for monitoring achievement of its objectives and of any critical success factors or milestones it has set en route to their delivery.

The external and internal environment should be monitored to obtain information that may signal a need to re-evaluate the organisation's objectives or controls. Examples of this might be reports from incident reporting systems or benchmarking with peer groups or similar organisations.

The board should ensure that it is informed of all significant risks arising within the organisation and determines actions for their treatment. It should also ensure that this is appropriately recorded along with the reasons why a particular course of action was undertaken. There should be follow up procedures to ensure that any agreed change or action occurs.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The board and management must at least annually assess the effectiveness of the system of internal control within the organisation.

Self-assessment workshops can be a useful means of involving people in reviewing performance.

Examples of Verification

- Board minutes
- Records of monitoring and system for monitoring and follow up
- Action plans and evidence of change
- Production and use of appropriate Benchmarking data and action arising
- Incident reports and action arising including reports to the DHSSPS
- Records of workshops
- Record of compliance with HSC Complaints Procedures
- Evidence of dissemination within the organisation and use of the Equality Good Practice Review on the handling of complaints
- Records of stakeholder involvement in service planning and the monitoring of service delivery, including evidence of dissemination within the organisation and use of the Equality Good Practice Review on service user involvement

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 6

The board ensures that it has proper and independent assurances on the soundness and effectiveness of the systems and processes in place for meeting its objectives and delivering appropriate outcomes.

Source

- Standards Australia, Risk Management AS/NZS 4360: 2004
- Best Practice – Best Care
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- HSS (PPM) 3/2002 - Corporate Governance: Statement on Internal Control
- HSS (PPM) 8/2002 - Risk Management in the Health and Personal Social Services
- Government Internal Audit Standards
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- NHS Internal Audit Manual

Guidance

Principal risks to, and controls over, the delivery of the organisation's objectives should be subjected to an independent and objective review. The results of these reviews should be communicated to the board through its sub-committees appointed for this purpose (e.g. Committees with responsibility for Audit, Governance and Risk Management).

Where controls are found to be inadequate, or are not being complied with, there should be an action plan with dates set for corrective action and follow-up.

The frequency and depth of review will depend upon the degree of risk involved. It is important that the reviews are conducted in a manner, and to a standard, that enables the board to derive meaningful assurance from them. Although a variety of review bodies may be involved, both internal and external, reflecting the differing technical expertise required, or statutory duties, there is a need to be aware of the danger of overlap or gaps in the review process. There is also the possibility of misunderstanding arising from differing approaches to the reviews.

All bodies sponsored by DHSSPS are required to have an internal audit function, and they must meet the standards set out in the NHS Internal Audit Manual. The appointed internal auditors are required to provide the Audit

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

Committee with an objective opinion on the effectiveness of the organisation's system of internal control

It may be helpful in terms of economy, efficiency, and effectiveness, to nominate one internal group to co-ordinate the assurance processes.

The RQIA has a key role in providing the public and the Minister with the assurance that the objective of improving access to, and the quality of services is being implemented appropriately at every level of the HSC.

Boards should ensure that external review is used to inform and improve patient and client care and that the organisation learns from reports and benchmarking.

Examples of Verification

- Reports to the board from the audit committee and action taken.
- Minutes of the audit committee
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Reports from internal audit
- Reports from clinical audit
- Reports from external audit
- Reports from RQIA and other review bodies
- Quality Improvement Plans

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

CRITERION 7

The board can demonstrate that it is doing its reasonable best to achieve its objectives and outcomes, including maintenance of a sound and effective system of internal control.

Source

- Programme for Government
- Priorities for Action
- Best Practice – Best Care
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- Circular HSS (PPM) 3/2002 - Corporate Governance: Statement on Internal Control
- Circular HSS (PPM) 8/2002 – Risk Management in the Health and Personal Social Services
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies

Guidance

The board should be able to demonstrate compliance with the criteria contained in this Standard, together with those in the Risk Management, Financial Management and Organisational Risks Standards. Where significant shortfalls against the Standards have been identified, there should be evidence that these have been/are being dealt with promptly and effectively.

The organisation should have achieved its key objectives, subject to any variations arising from changing priorities or shifts in resources, that have been agreed by the board and, where applicable, by DHSSPS and other stakeholders.

There should be an assurance statement from the internal auditors confirming that an effective system of internal control has been maintained.

The organisation should review indicators of performance and be able to demonstrate that they have acted on these where there is evidence of significant risk.

Deleted: 9

HSC	Controls Assurance Standard	Governance
-----	-----------------------------	------------

The RQIA will undertake systematic reviews of arrangements for improving access to, and the quality of services within HSC bodies sponsored by DHSSPS and report its findings to the board - the report will be made public. The board must be able to demonstrate that there is an action plan and that remedial action to deliver this plan is underway.

Examples of Verification

- Board assessments of achievement of targets.
- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Records of stakeholder involvement in service planning and the monitoring of service delivery and appropriate action taken
- Regularity and content of board reports on risk management and financial management
- Action taken on performance and benchmarking indicators including organisational controls assurance standards
- Quality Improvement Plans resulting from RQIA reviews and other reviews