

NLG(19)053

DATE OF MEETING	5 March 2019
REPORT FOR	Trust Board of Directors – Public
REPORT FROM	Wendy Booth, Trust Secretary
CONTACT OFFICER	Wendy Booth, Trust Secretary
SUBJECT	Annual Governance Statement 2018/19
BACKGROUND DOCUMENT (IF ANY)	NHS Foundation Trust Annual Reporting Manual 2018/19 (updated February 2019)
PURPOSE OF THE PAPER:	For Approval
EXECUTIVE SUMMARY (PLEASE INCLUDE A BRIEF SUMMARY OF THE PAPER, KEY POINTS & ANY RISK ISSUES AND MITIGATING ACTIONS WHERE APPROPRIATE)	<p>All entities covered by the requirements of the Annual Reporting Manual are required to prepare an Annual Governance Statement which is incorporated within the Annual Report & Accounts. (The Annual Governance Statement was historically referred to as the Statement on Internal Control)</p> <p>Whilst a model template is provided, there is an expectation that this will be adapted and expanded to reflect the particular circumstances of the NHS Foundation Trust including any significant control issues in year. NHSI does not prescribe for Foundation Trusts which issues should be considered to be significant control issues although it is expected that Foundation Trusts will ensure that a consistent definition of what constitutes a significance is applied from year to year</p> <p>The Annual Governance Statement should:</p> <ul style="list-style-type: none"> • take account of the well-led framework; and • include disclosure of any serious incidents relating to information governance including data loss or confidentiality breach including cases reported to the Information Commissioners Office (ICO) and any action taken by the ICO <p>There have been two additions to the disclosure requirements within the Annual Governance Statement for 2018/19, as follows:</p> <ul style="list-style-type: none"> • A statement that the foundation trust has published its register of interests for decision making staff as required by <i>Managing Conflicts of Interest in the NHS</i> • A disclosure of how the foundation trust ensures that workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective <p>An outline of the Annual Governance Statement is attached at <u>Appendix A</u></p>
ACTION REQUIRED BY THE BOARD	<p><i>The Board is asked to:</i></p> <ul style="list-style-type: none"> • <i>note the requirements in respect of the production of the 2018/19 Annual Governance Statement;</i> • <i>note the first draft (outline only) of the 2018/19 Annual Governance Statement;</i> • <i>agree the delegation of authority to the Chairman, Chief Executive and Trust Secretary in conjunction with relevant Executive and Non-Executive colleagues to finalise the statement, with oversight from the Audit, Risk & Governance Committee in order to meet the May 2019 NHSI submission date</i> <p><i>The finalised version of the Annual Governance Statement will be submitted to the Trust Board</i></p>

DRAFT OUTLINE

ANNUAL GOVERNANCE STATEMENT

2018 / 19

[Note: *The wording which is not in square brackets should be replicated in every AGS. The words in square brackets should be amended and expanded as appropriate to the body in question.*]

1. SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Lincolnshire and Goole NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Northern Lincolnshire and Goole NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accountable Officer Memorandum*.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, 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 risks to the achievement of the policies, aims and objectives of the Northern Lincolnshire and Goole NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Lincolnshire and Goole NHS Foundation Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

3. CAPACITY TO HANDLE RISK

[Describe the key ways in which:

- leadership is given to the risk management process; and
- staff are trained or equipped to manage risk in a way appropriate to their authority and duties. Include comment on guidance provided to them and ways in which you seek to learn from good practice.]

4. THE RISK AND CONTROL FRAMEWORK

[Describe the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Include mention of how risk appetites are determined. Explicitly describe the key elements of the quality governance arrangements, including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with CQC registration requirements. Explicitly include how risks to data security are being managed and controlled as part of this process. Include a brief description of the organisation's major risks, including significant clinical risks, separately identifying in-year and future risks, how they are/will be managed and mitigated and how outcomes

are/will be assessed. Work performed to assess whether services are well-led under NHS Improvement's well-led framework will assist with this assessment and the Trust should refer to well-led reviews as appropriate.]

[Include a description of the principal risks to compliance with the NHS provider licence condition 4 and actions identified to mitigate these risks, particularly in relation to:

- the effectiveness of governance structures,
- the responsibilities of directors and subcommittees;
- reporting lines and accountabilities between the board, its sub-committees and the executive team;
- the submission of timely and accurate information to assess risks to compliance with the conditions of the licence; and
- the degree and rigour of oversight the board has over the Trust's performance.]

[Describe the key ways that the Trust is able to assure itself of the validity of its Corporate Governance Statement, required under NHS Foundation Trust condition 4(8)(b).]

[Describe key ways in which risk management is embedded in the activity of the organisation. For example, set out the ways in which equality impact assessments are integrated into core Trust business or how incident reporting is openly encouraged and handled across the Trust.]

[Describe the key elements of the way in which public stakeholders are involved in managing risks which impact on them.]

[New for 2018/19] [Describe the key ways in which the Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective. Describe how your Trust complies with the '*Developing Workforce Safeguards* recommendations.]

The Trust [is fully / is not fully] compliant with the registration requirements of the Care Quality Commission.

[New for 2018/19] The Trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the '*Managing Conflicts of Interest in the NHS*' guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

[Updated for 2018/19] The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

5. REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

[Describe the key process that has been applied to ensure that resources are used economically, efficiently and effectively, including some comment on the role of the board, internal audit and any other review or assurance mechanisms.]

6. INFORMATION GOVERNANCE (IG))

[Describe any serious incidents relating to information governance including data loss or confidentiality breach. As a minimum this should include details of any incidents classified as Level 2 in the Information Governance Incident Reporting Tool. For these cases the Trust should also disclose whether these cases have been reported to the Information Commissioner's Office (ICO) and detail any action taken by the ICO.]

7. ANNUAL QUALITY REPORT

The Directors of Northern Lincolnshire & Goole NHS Foundation Trust are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

[Describe the steps which have been put in place to assure the board that the Quality Account presents a balanced view and that there are appropriate controls in place to ensure the accuracy of data. These steps would cover areas such as:

- governance & leadership (including processes to ensure the Quality Account presents a balanced view);
- the role of policies & plans in ensuring quality of care provided;
- systems & processes;
- people & skills; and
- data use & reporting (comments on the systems in place to review and report the quality metrics, focusing on both data collection and reporting).

In particular this should explain how the Trust assures the quality and accuracy of elective waiting time data, and the risks to the quality and accuracy of this data.]

8. REVIEW OF EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Northern Lincolnshire and Goole NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Annual Quality Report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the

result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit, Risk & Governance Committee [and risk / clinical governance / quality committee, if appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

[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 and conclusions of:

- the Board;
- the audit committee;
- if relevant, the risk / clinical governance / quality committee / risk managers / risk improvement manager;
- clinical audit;
- internal audit; and
- other explicit review/assurance mechanisms.

Include an outline of the actions taken, or proposed to deal with any significant internal control issues and gaps in control, if applicable.]

9. CONCLUSION

[State either that no significant internal control issues have been identified or make specific reference to those significant internal control issues which have been identified in the body of the AGS above]*

**The conclusion section must clearly state either that no significant internal control issues have been identified or specifically list the significant internal control issues which have been identified in the body of the AGS. Examples of factors to consider when determining whether an internal control issue is significant include:*

- *Might the issue prejudice achievement of priorities*
- *Could the issue undermine the integrity or reputation of the NHS*
- *What view does the Audit Committee take on this point?*
- *What advice has internal or external audit given?*
- *Could delivery of the standards expected of the Accounting Officer be at risk?*
- *Has the issue made it harder to resist fraud or other misuse of resources?*
- *Did the issue divert resources from another significant aspect of the business?*
- *Could the issue have a material impact on the accounts?*
- *Might national or data security or integrity be put at risk?*

Peter Reading
Chief Executive
(Date: XX May 2019)

APPENDIX A

**HEAD OF INTERNAL AUDIT OPINION ON THE EFFECTIVENESS OF THE SYSTEM OF
INTERNAL CONTROL AT NORTHERN LINCOLNSHIRE & GOOLE NHS FOUNDATION
TRUST FOR THE YEAR ENDED 31 MARCH 2019**

TO BE ADDED ONCE AVAILABLE IN APRIL 2019