

**DRAFT STATEMENT ON INTERNAL CONTROL 2006/07**  
**[NB. Changes to the 28<sup>th</sup> March 2007 draft are highlighted]**

**Gloucestershire Partnership NHS Trust**

**1. Scope of responsibility**

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

To support the Trust's Board and myself as Accountable Officer the Board has established:

- A Governance Committee, of Executive and Non-executive Directors, that is responsible for planning and co-ordinating all aspects of risk management. The Committee also sits an audit committee to review the adequacy of arrangements for risk management. When acting as an audit committee the membership is restricted to Non-executive Directors.
- A Practice Standards Committee charged with ensuring appropriate standards of clinical governance are being promoted and maintained, and
- A Performance Management Committee that oversees more detailed elements of performance management on behalf of the Board.

These committees are directly accountable to the Trust Board and report to it. The Trust's risk management arrangements including the duties of relevant committees, directors, managers, clinicians, specialist advisors and individual employees are set out in the Trust's Risk Management Strategy. The strategy has been shared with local health, social care and key voluntary sector organisations.

Through meetings, reports and correspondence the Chairman, Directors and I have regularly exchanged information about risks with partners including commissioning PCTs, Gloucestershire County Council and the Strategic Health Authority. Whenever possible and appropriate the Trust works jointly with these partners to manage risks.

**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 a continuing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives
- 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 Gloucestershire Partnership NHS Trust for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

### **3. Capacity to handle risk**

Lead Executive Directors have been identified for Clinical Governance, Finance, Risk Management and Occupational Health & Safety and provide leadership for the management of the risks they present. The Trust's aims and objectives in relation to risk management together with a description of the underlying principles are set out in a Risk Management Strategy that has been endorsed by the Board. The strategy is underpinned by policies, procedures and guidance documentation. Copies of the strategy and supporting information have been circulated widely and are available in all work areas. All managers have been required to draw the attention of employees to their duties and responsibilities in relation to the identification and control of risks. The Board promotes a culture of openness in reporting without fear of unwarranted repercussions. This is reinforced in the advice and training given to staff.

To help minimise the number of untoward incidents and ensure risks are appropriately controlled, all new staff are required to attend induction training. For all other staff annual appraisals include a review of training including attendance at mandatory risk management courses appropriate to their authority and duties. Monitoring, benchmarking and other means are used to identify examples of good practice that can be introduced into services and systems as appropriate.

### **4. The risk and control framework**

Most processes, policies and procedures adopted by the Trust contribute to the management and control of risk; however, the following are identified as particularly important tools supporting the Trust's Risk Management Strategy:

- **Risk Register** - The Trust needs to understand its comprehensive risk profile. The Risk Register is a log of risks of all kinds that threaten success in achieving the Trust's aims and objectives. It provides a structure for collating information about risks that helps both in the analysis of risks and in decisions about whether or how those risks should be treated.
- **Risk Rating/Grading System** assists the Board, managers and staff in deciding priorities and highlighting areas, which need particular attention.
- **Authority to treat risks** is delegated to the lowest competent level to ensure prompt and effective action is taken without bureaucratic delays.
- **Incident Reporting** - Reports are analysed and changes to practice made where appropriate.
- **"Whistle Blowing" Policy** - A policy is in place to enable staff to report any suspected malpractice, danger or wrong doing without fear of unwarranted repercussions for them.

- **Clinical Audit** - The Trust regards clinical audit as an important tool in promoting the adoption of clinically effective practice and is committed to maintaining an effective programme of review.
- **Internal Audit** - The integrity of the Trust's arrangements for both general and financial management and control is a fundamental prerequisite of sound risk management. The Trust actively supports a comprehensive programme of internal audit and responds positively to the auditor's findings and recommendations
- **Health and Safety Audit** - Compliance with health and safety legislation and internal policies is central to the welfare of staff and service users. An annual assessment of health and safety risk is carried out. A programme of audits to assess compliance with health and safety regulations, codes of practice and procedures is maintained.
- **Health and Safety Manual** - The Trust operates a health and safety manual which incorporates annual self assessment processes. Managers and team leaders have responsibility for a range of health and safety functions for the areas of work, staff, contractors and volunteers covered. The health and safety manual is a source of information and advice about the discharge of these responsibilities, a record of the performance of these duties and a plan to help identify and meet further health and safety needs.
- **Training** - Training is an essential prerequisite of safe working. The Trust aims to ensure it assesses the risk management training needs of all staff and that staff receive adequate training and professional education to enable them to carry out their duties safely.
- **Review and Assurance** - Each level of management, including the Board, frequently reviews the risks and controls for which it is responsible. These reviews are monitored by and reported to the next level of management and the results recorded on the risk register. Any need to change priorities or controls is either actioned or reported to those with authority to take action. Lessons that can be learned, from both successes and failures, are identified and promulgated to those who can gain from them by the Assistant Director of Governance. The Board ensures an appropriate level of independent assurance is provided on the whole process of risk identification, evaluation and control.
- **Involvement** - The Trust aims to involve service users, carers, the local community and its own staff in matters that affect them and ensure the manner of their participation will enhance their own confidence that the Trust and its employees will always act professionally and listen to and take account of their views. In preparation for Foundation Trust status the Trust has established a membership and created a shadow Council of Governors.
- **Pension Scheme Controls**-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 in to 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.

- **An Assurance Framework** has been developed by the Board. The process includes the identification and monitoring of:
  - the Trust's principal objectives
  - the risks to these objectives
  - the key controls on the risks
  - the sources of assurance that the key controls are adequate.

The Board or its Committees review the information provided by the assurance framework, the risk register and its business plan on a quarterly basis or more frequently if necessary. The Framework, encompassing "Standards for Better Health", provides a means for assessing and categorising the assurances the Trust Board receives and highlights any assurance gaps. Individual senior managers are identified as the "risk owner" with responsibility for developing risk treatments and monitoring their continued effectiveness responding to changes in conditions as they arise.

The auditor's annual report identifies some relatively minor weaknesses in the Trust's internal control; however, actions have been put in place to address these.

Gaps in control were identified in relation to:

- the achievement of financial savings targets
- Standards for Better Health
  - the monitoring of training attendance,
  - attendance at and monitoring of induction training
  - employment checks
  - safety arrangements for medical devices

Urgent action was taken to treat these risks. Where savings targets were not realisable alternative savings were made. The Trust has implemented additional processes for managing and monitoring performance in relation to cash improvement plans, training, induction and medical device safety.

## **5. Review of effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Directors and managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the annual report of the external auditors, an internal review of compliance with "Standards for Better Health", Mental Health Act Commission

reports, clinical audit reports, user surveys, Healthcare Commission audits and reviews by the Strategic Health Authority.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Governance Committee. The Healthcare Commission Standards for Better Health self assessment identified significant control issues within the year and corrective plans have been completed. A plan to address other weaknesses and ensure continuous improvement of the system is in place.

In maintaining and reviewing the effectiveness of the system of internal control:

- The Board has reviewed its assurance framework and risk register. The Board or its Committees have also considered all major assurance reports received by the Trust and ensured action plans were developed to address any weaknesses.
- The Board or its Committees have reviewed all internal and external audit reports and ensured any recommendations were addressed by the Trust. They have also considered the results of the monitoring of incidents to ensure any lessons were carefully reviewed and acted upon.
- The Practice Standards Committee has monitored closely arrangements for the prevention and control of infection. It has also monitored all service areas and continued the implementation of a substantial clinical governance development plan.
- Non executive and executive directors, the Chairman and I have visited services and met with staff, service users, carers and prospective members and governors as part of an informal programme of review.

Signed

**Shaun Clee**  
**Chief Executive and Accountable Officer**  
**Gloucestershire Partnership NHS Trust**