

**Organisation name:** Hull Primary Care Trust

**Organisation Code:** 5NX

## **Governance Statement**

### **Scope of responsibility**

The Accountable Officer is responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. In addition to this, they are personally responsible for safeguarding the public funds and the organisation's assets, as set out in the Accountable Officer Memorandum. During 2012/13 the fulfilment of duties as Accountable Officer was subject to scrutiny of both internal and external auditors to Hull PCT, as well as appropriate performance management arrangements with Yorkshire and Humber Strategic Health Authority throughout the year.

### **The governance framework of the organisation**

In September 2011, Hull PCT Board agreed a new working arrangement with the establishment of the Humber Cluster Board and approved the future governance arrangements of the new Board and its Committees. The Humber Cluster acts as a common membership framework covering the formal statutory Boards for the organisations listed below with each constituent body working under a common board arrangement known as the NHS Humber Cluster Board:

- North East Lincolnshire Care Trust Plus
- North Lincolnshire PCT
- East Riding of Yorkshire PCT
- Hull PCT

The Hull PCT through the Humber Cluster Board arrangement is responsible for:

- Endorsing corporate objectives relating to risk management,
- Reviewing the effectiveness of systems of internal control and, through these controls, managing affairs efficiently and effectively.

The Board receives and discusses regular performance reports with regard to the agreed risk management systems and processes including those that support the developing Clinical Commissioning Groups (CCGs) through a national authorisation process.

The Humber Cluster Board governance structure includes an Audit Committee, Remuneration & Terms of Service Committee, four CCG Committees (covering East Riding, Hull, North Lincolnshire and North East Lincolnshire) and the range of joint Committees previously approved by the respective PCT Boards (as outlined in the Scheme of Delegation). The Terms of Reference for the Audit Committee ensure

that all statutory duties of an Audit Committee are fulfilled and have been developed in line with good practice from the Audit Committee Handbook. Written and verbal reports and draft minutes are provided to the next Humber Cluster Board Meeting. Each CCG Committee had in place its support structures to adopt an integrated governance approach and a requirement of representation from the Hull CCG is included within the Audit Committee Terms of Reference.

The Remuneration & Terms of Service Committee determines appropriate remuneration and terms of service for the Chief Executive, other Executive Directors, senior managers under the VSM contract and others on local pay and conditions.

In addition sub-committees were in place as joint committees with other NHS organisations, these being the Specialised Commissioning Group, NEYHCOM, as well as the Cluster Committee.

The Hull PCT Board through the Humber Cluster has reviewed its way of working, agreeing an etiquette between members and at the March 2012 workshop reviewed its effectiveness, concentrating on what was working well, what could work better, prior to agreeing working arrangements for the further transitional year of 2012/13.

The Hull Clinical Commissioning Group as a formal committee of the Board was granted delegated powers to include budget responsibility. In delegating the range of duties and budgets to the Hull CCG Committee assurance continued to be required that appropriate supporting arrangements were in place to secure good governance.

The Terms of Reference for Hull CCG Committee have been developed in line with the requirements of good governance practice and localised by the developing CCG.

A single set of Standing Orders, Scheme of Delegation and Standing Financial Instructions (SOs, SoD and SFIs) has been in place throughout the year for the four PCTs/CTP.

The Accountable Officer leads the executive team and has overall responsibility for governance, statutory functions, quality and performance for all four constituent PCTs/CTP. This includes ensuring the implementation of an effective risk management system, development of the corporate governance framework, meeting all statutory requirements and ensuring that appropriate accountability statements for risk management and governance are in each Director's job profiles, as well as ensuring that all Directors have appropriate arrangements in place to address any shortfalls identified from the risk profile. The Accountable Officer chairs the Executive Management Team, which includes Directors and relevant Senior Managers who carry specific risk management responsibilities.

The Hull PCT Board membership also includes Non-Executive Directors. Non-Executive Directors are lay people, appointed by the independent Appointments Commission and approved by the Secretary of State for Health. They bring a diverse range of skill and experience to the Board and ensure that the best interests of local

residents are reflected in the work of the Humber Cluster.

The NHS Hull CCG Chief Operating Officer/Chief Officer (Designate) has had responsibility for maintaining all internal controls in Hull PCT on behalf of the Accountable Officer. In addition the Director of Quality and Governance led on clinical governance and risk management, including infection control and decontamination. The Medical Director has discharged the Board role for information governance, Caldicott Guardian and Freedom of Information. The Director of Finance and Performance was the Senior Information Risk Owner and has ensured the delivery of statutory financial duties including counter fraud. These roles contributed to assuring the Board that Hull PCT meets all statutory requirements.

All senior managers and managers of services are required to bring to the attention of the Cluster Executive Management Team, via their Chief Operating Officer/Chief Officer (Designate) or Directors, issues of major or significant risk, which have been identified and where the existing control measures are considered to be potentially inadequate. All managers are responsible for supporting and encouraging staff to report adverse incidents and near misses. All staff are responsible for the effective identification, reporting and management of risks within their area of responsibility. These specific responsibilities are identified in the Hull PCT Reporting and Management of Adverse Incidents Policy, which also includes detailed guidance and instructions for all staff.

Hull PCT engages and works with its key partners and stakeholders through established structures. This includes working closely with the Yorkshire and Humber Strategic Health Authority and is an active member of the Local Strategic Partnership (LSP). There is a considerable amount of joint work involving the LSP including the Resource Advisory Group, Hull Health Equality Strategy and specific work on all cause mortality, obesity, smoking cessation and alcohol.

The PCT works in collaboration with a wide range of local NHS partners and clinical networks to commission service improvement priorities from a range of potential NHS, voluntary, private and independent sector service providers. In addition, many other formal partnership arrangements are in place, including the Health & Social Care Executive, Hull Safeguarding Childrens and Adults Board, Community Safety Partnership, Local Resilience Forum, Yorkshire & Humber Specialised Commissioning Group, North & East Yorkshire & Humber side Commissioning Consortia, Joint Committee for Primary Care Trusts for Paediatric Cardiac Surgery Services and Equality & Diversity Group.

External to the management structure, Internal Audit has an important role in the Risk Management Strategy by assisting us to achieve corporate governance requirements, providing independent assessment and opinion to the Audit Committee, Board and individual Directors. An annual work plan is agreed between the Head of Internal Audit and the Director of Finance and Performance / Chief

Finance Officer (Designate), based on identified risks. A Service Level Agreement is in place with the East Coast Audit Consortium. Progress reports are presented to each meeting of the Audit Committee, including monitoring of all recommendations.

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 to the Scheme are all in accordance with Scheme rules and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

A Transition and Closedown report was submitted to the Humber Cluster March Board meeting. Providing a high level summary of transition and closedown activities, the report provided the Board with assurance over the governance of the programme. This included bringing to the Board for approval the Corporate Handover Document, incorporating the Quality Handover Document, which had been completed in conjunction with PCT/ CTP officers, and undergone both local and SHA triangulation, draft property transfer schemes, draft people transfer schemes and people tracker, statutory function destinations, Board Assurance Framework and Risk Register, and an update on future Department of Health legacy management. All current risks have been assessed and either identified for closure at 31 March 2013, or as needing to be transferred to other organisations, in which case details will be passed on to receivers.

A governance framework for the accounts completion, scrutiny and sign off has been established in line with the letter setting out the roles for the financial closedown of the PCTs. The accounts for Hull PCT will be completed by NHS Hull CCG, being subject to scrutiny by the Audit Committee and signed off by the NHS England Area Team Director of Finance.

### **Risk Assessment**

The PCT has maintained its comprehensive risk management framework through the implementation of its Risk Management and associated policies. Top rated risks for Hull Locality (Locality Risk register), corporate risk register and directorate risk registers are maintained. Through named leads, directorates are responsible for ensuring their risk registers accurately reflect the risk profile of their directorate. Directors have responsibility to review and update directorate risk registers and risks for which they are nominated leads.

Reports are produced for the Corporate Risk Meeting and the Board. Separate Corporate Registers were produced, one identifying the risk profile of the Clinical Commissioning Group (CCG) reported to the CCG and one identifying the risk profile of the other non CCG related functions reported to the Cluster Executive Management Team.

The Hull PCT Locality Risk Register (identifying the highest rated risks) is presented to each meeting of the Humber Cluster Audit Committee along with an associated report highlighting key actions to mitigate the risks to give additional assurance.

### **Risk and Control Framework**

The Board Assurance Framework (BAF) provides an overview of the controls and assurances in place to ensure that the organisation is able to achieve its Strategic Objectives and manage the principle risks identified. Hull PCT is required to ensure that appropriate action is taken to mitigate all identified risks in accordance with statutory requirements and organisational policy. These risks feed into a Cluster wide BAF that identifies positive assurances and areas where there are gaps in controls and/or assurances.

The BAF:

- Provides an effective means to identify and treat any risks including the national core standards and priorities relating to the organisation's objectives.
- Is a process to support the identification of areas for development.
- Demonstrates strategic and operational risks and any other source of information that identifies any possible risk that could be considered a threat to patients, staff, visitors, environmental safety or the organisation's well-being.

The BAF is an active tool for tracking positive assurance by Hull PCT during the year, recording the actions taken to address any control and assurance gaps and it is underpinned by the local risk strategy. Effective risk management is embedded into the culture and practice of Hull PCT through the successful implementation of its Risk Management Strategy and associated policies.

The risk register has been developed to include all high level risks identified by Hull PCT and it offers a means to quantify, prioritise and manage risks at a Cluster level.

Progress reports on the BAF are regularly reviewed by the Audit Committee and presented bi-annually to the Board and responsibility for its routine management has been delegated to the Director of Quality & Governance (Nursing).

Risks are analysed to determine their cause, their impact on business and achievement of objectives. Standardised systems are used to ensure that risk assessments are undertaken in a consistent format using agreed definitions and evaluation criteria. The system enables all risks to be graded in the same consistent manner against the same generic criteria. This allows for comparisons to be made between different types of risk and for judgements and decisions about resource allocation to be made on that basis.

Reviews of risk ratings and associated gaps in controls and assurances are the responsibility of Executive Directors, to manage, as part of the regular reporting on

controls and risk. An Internal Audit review undertaken during March 2013 provided significant assurance that the BAF was fit for purpose.

The development of the BAF during 2012/13 has provided a robust evidence based process to demonstrate an effective Assurance Framework is in place with the necessary information for good governance, thus supporting the Annual Governance Statement.

In-year work has progressed to reduce gaps in controls and to secure positive assurances on achievement towards corporate objectives.

### **Review of the effectiveness of risk management and internal control**

The Accountable Officer has responsibility for reviewing the effectiveness of the system of internal control. Their review is informed in a number of ways:

- The Head of Internal Audit submits an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of internal audit's work.
- Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide assurance.
- The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.
- The review is also informed by the programme of Internal and External audits that have been on-going throughout the year and regular reporting of risk and performance issues.

### **Significant Issues**

Hull PCT has reviewed the local BAF during the year.

There have been no significant financial issues reported during the year.

### **Performance**

Hull PCT achieved a high level of performance across the operating framework requirements. However in a few areas performance fell below the target level.

Specific actions are in place to ensure delivery:

- **Health Checks**

**% people ages 40-74 who have received a health check** – The 2012/13 target was 13.5%, YTD actual is 4.7%.

**% people ages 40-74 who have been offered a health check** – the 2012/13 target was 21.6%, 2012/13 actual is 7.8%.

- **Health Care Acquired Infection**

Clostridium Difficile – The 2012/13 objective was 67, 2012/13 actual is 73.

A multi-disciplinary team with representation from commissioners and providers meets monthly to review all cases which include community acquired and acute patients. The PCT has recently run a further C Difficile workshop for GPs regarding prevention and management of C Difficile in all settings, the impact of which will be monitored and reported to the Quality and Performance Group, who also receive updates on progress against the PCT's C Difficile action plan.

- **62 day cancer referral to treatment time-** The PCT met one of three targets except where the patient chose to defer treatment beyond the target time.
- **14 day cancer referral to treatment time-** The PCT met the 2 targets except in circumstances where the patient chose to defer treatment outside of the target time.
- **Specialty level 18 week referral to treatment time-** Whilst the PCT met the overall target of 90% of admitted patients treated within 18 weeks, this target was not met for four specialties as follows; Cardiothoracic surgery, ENT, Neurosurgery and Trauma & Orthopaedics.
- **Specialty level 18 week referral to treatment time-** Whilst the PCT met the overall target of 95% of non-admitted patients treated within 18 weeks this target was not met for four specialties as follows; Cardiology, General Surgery, Oral Surgery and Trauma & Orthopaedics.

#### **Limited assurance audit reviews**

The following three internal audit reports received limited assurance and agreed actions are in place to address identified concerns and these will be monitored on a regular basis to ensure compliance:

- **Exceptional Treatment Processes**

The objective of the review was to ensure the Exceptional Treatment request process was working effectively. Only limited assurance could be provided, based on a lack of understanding by new staff to utilise the Access recording system to full effect, and a lack of effective control.

- **IT Transition Risk Management**

An assessment of IT risk management arrangements during the transition to new commissioning and commissioning support arrangements was

undertaken which identified that there was no clear risk management framework in existence for IM&T, with limited senior management oversight and evaluation of all departmental risks. High risks were being discussed at the Informatics Transitional Programme Management Group, and are now a standing agenda item at the CSU IM&T Management Group.

- **Off Payroll Payments**

In response to the HMT review, the NHS Chief Executive released a letter *'implementing the recommendations of the HMT review of tax arrangements.'* An initial review of potential *'off-payroll'* payments was performed to establish the extent of *'off-payroll'* payments within the four Humber Cluster organisations. It was clear that there are significant differences of opinion across the Cluster as to what qualify as *'off-payroll'* payments, and in addition organisations must ensure they are in a position to establish the employment status of such workers and be able to obtain evidence of their tax and NICs obligations should they wish to do so.

### **Information Governance**

The PCT confirms that robust arrangements have been in place during 2012/13 for the management of information governance. The PCT expects to receive significant assurance on its compliance with Information Governance toolkit requirements for 2012/2013.

### **Significant Issues**

The Health and Social Care Act 2012 has resulted in new commissioners, including Clinical Commissioning Groups (CCG), having no legal basis to access patient confidential data (PCD) without patient consent or a section 251 Data Protection Act exemption. This will have a significant impact in the ability of the CCG as the successor organisation of the PCT to effectively close down 2012/13 PCT work. We are awaiting formal communication, although we understand national section 251 exemption has been granted for a three month period to allow 2013/14 Secondary Use Service (SUS) data to continue to flow. In addition we believe a Secretary of State directive is being drafted which will allow all 2012/13 PCD to be used in the closedown of PCT activities. We are planning to manage all PCD activities through enhanced governance arrangements to ensure we have a full understanding all activities using PCD and ensure there is a clear legal basis for processing.

### **Conclusion**

With the exception of the internal control issues that I have outlined in this statement, my review confirms that Hull PCT overall has a sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control



issues have been or are being addressed.

**Accountable Officer :** Christopher Long

**Organisation:** Hull Primary Care Trust

**Signature**

**Date**

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