

taking it on trust

To what degree can we be confident that NHS trusts and foundation trusts have effective systems of internal control in place? Emma Knowles reports on the Audit Commission's recent findings.

■ **Governance might be seen as a dry topic by many – and maybe quite rightly so. Not everything can always be interesting. But when governance goes wrong the consequences can be disastrous.**

In October 2007 the Healthcare Commission published its investigation into outbreaks of clostridium difficile at Maidstone and Tunbridge Wells NHS Trust where 90 patient deaths were found to be – probably or definitely – a result of the bacteria.

Some thought this governance failure might be a one-off. And, of course, we hoped it was unlikely to be repeated. But recent Healthcare Commission reports on investigations at Mid Staffordshire NHS FT and Birmingham Children's NHS FT have demonstrated further governance failures.

The Maidstone and Tunbridge Wells report was one factor that led to the Audit Commission's new review, *Taking it on Trust – A Review of how Boards of NHS Trusts and Foundation Trusts get their Assurance*, which considers how NHS trust boards and foundation trusts get assurance that their systems of internal control are working effectively.

Other reasons for the report included

the discrepancies between declarations of compliance with Standards of Better Health and subsequent Healthcare Commission inspections; and differences between statements on internal control and core standards declarations.

managing key risks

The new Audit Commission report, published in April, highlights a number of weaknesses which indicate that future governance failures are likely to occur unless trusts take a more systematic approach to managing key risks. It's based on a review of arrangements in place at 15 trusts, a mixture of NHS trusts and foundation trusts (collectively referred to as trusts in this article and the report). The trusts in the study were chosen to represent a broad spectrum: at one end were those considered to be leaders in governance and risk management with well developed arrangements and at the other end were one or two known to have governance weaknesses.

The review focused on trusts' governance structures, how they set and monitored progress on achieving their strategic objectives and how the risks to achieving those objectives were identified and managed. Sources of assurance used by trusts to provide evidence that the controls in place to manage and mitigate the risks were operating effectively were reviewed, as were how these sources of assurance were identified and evaluated, and the quality of data used by trusts to monitor performance and support decision making.

identified weaknesses

Our review found that appropriate processes and structures were in place at most trusts, but the rigour with which the processes are applied was variable. Identified weaknesses included lack of clarity on strategic objectives; immature risk management arrangements; variable use of internal and clinical audit as sources of assurance; and a lack of systematic

identification and evaluation of sources of assurance.

A further concern was the quality of data produced by trusts, both for regulatory purposes and also to facilitate timely and effective decision making. Boards either assumed the data that the trusts produced were of good quality or, conversely, that the data was questionable or unreliable – few had adopted a systematic approach to test the accuracy of their data or appeared to consider the implications of data quality when making key decisions. A separate briefing by the Audit Commission, titled *Figures you can Trust?*, highlights these concerns.

BAFs

We focused particularly on board assurance frameworks (BAFs) and found that they were often viewed as very large documents that users considered unhelpful and, in some trusts, had effectively stagnated until reviewed as part of a bespoke exercise. The purpose of the BAF is to set out the risks for each strategic objective, along with the controls in place and assurances available on their operation.

We found that the BAF was often disassociated from operational management, although there clearly is a link between the two. We did find some good practice, but overall there was much room for improvement. In the worst cases the assurance process had become a paper chase rather than a critical examination of effectiveness of the trust's internal controls and risk management arrangements.

Work carried out by a trust's internal auditors and its clinical audit function would be expected to provide prime sources of assurance. The review found that the use of both internal audit and clinical audit as sources of assurance was variable. Amongst the recommendations made in the report was that trusts should maximise the assurance obtained from internal audit by reviewing the scope of internal audit plans. While not attempting to



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prescribe the content and scope of internal audit plans the report does include suggested features of a good one.

internal audit services

Taking it on Trust suggests that trusts need to give greater thought to the internal audit services they commission. Key to this will be putting together an internal audit specification which seeks not so much to minimise the cost of the service but to balance the cost with the level of assurance provided. Trusts need to establish what assurances they want internal audit to provide and ensure that those who tender have the broad range of skills required to deliver a high quality added value service which is capable of providing internal audit in a modern complex NHS environment.

The report identified some good internal audit practice including internal audit having been used by one trust to help develop a clinical audit strategy and another trust who earmarked internal audit time to be used at the discretion of the director of assurance to carry

out audit work on emerging risks. The report contains many examples of the good practice we found.

clinical audit

We also expected clinical audit to provide prime sources of assurance. Clinical audit is carried out to varying degrees at all trusts and is usually at considerable cost in terms of clinicians' time. The work is usually focused on nationally determined priorities and areas selected locally by consultants. However, the extent to which it provided the board with assurance as to the quality of care provided by the trust was unclear at most of the trusts visited. Few non-executives seemed aware of the content of clinical audit programmes or the outcomes of clinical audit work.

governance arrangements – questions

The report contains a number of questions that board members should ask themselves about their governance arrangements. They cover governance frameworks, risk management

arrangements, data quality and assurance. They provide a useful starting point for all organisations – not just trusts – to assess the strength of their internal controls.

Even one of our expert advisors for the study said that sometimes it was hard to stifle a yawn when talking about governance. At its heart board assurance is about giving confidence that the trust is providing safe and appropriate care in a safe environment for patients and by staff who are properly trained. It's also about ensuring that the trust is meeting its legal and other duties and that it is meeting its strategic objectives.

The recent governance failures have demonstrated that things can and do go wrong, but focusing on making sure that effective board assurance arrangements are in place has to be a good start if we are to do all we can to improve standards of care and patient safety. ■

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