



The Governance  
Institute

Student answers to questions

# Health Service Governance

November 2015

## Important notice

This is an authentic student response from the November 2015 examination series. This response has been typed and the examiner's marks and commentary have been replicated on this document.

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<p><b>2a.</b></p> <p>✓</p>	<p>The role of the Audit Committee is fairly wide-ranging. Firstly, the Committee should be made up of the Non-Executive Directors and its role is to oversee: risk management, financial reporting information, the work of internal and external audit, internal controls and processes, whistleblowing, Board assurance, signing off the annual report and accounts, annual governance statement etc.</p> <p>The Audit Committee of a CCG should provide assurance on all of the above.</p> <p>The Committee should have at least 3 members and be chaired by the lay person with responsibility for governance. The Chair or Chief Executive, or the CFO should not be members and should attend at the request of the committee. The committee should meet at least 3 times per year, at the key reporting periods, but would probably meet more often to undertake its wide ranging duties. It should also meet at least once a year with the internal evaluators without management being present.</p> <p>The Audit Committee oversees the Board Assurance Framework (BAF).</p> <p>The BAF is a key document and ties in closely with risk management and external controls. The BAF provides a list of the key organisational risks and challenges, how these are being addressed (mitigated and provides action plans and timescales for resourcing/managing the issues). This should be reviewed regularly by Board and Audit. The audit committee oversees this work- and whilst the Board is solely responsible for the risk strategy (with management being delegated responsibility on a day to day basis for management etc.), it is the role of audit to oversee and monitor the internal controls feeding into it, and to be assured that these are operating correctly and efficiently.</p> <p>The Audit Committee is responsible for ensuring in conjunction with external audit, the integrity of the annual accounts. The audit committee will effectively 'sign off' the annual report and accounts before they are formally approved by the Board/Governing body.</p> <p>The Annual Governance Statement (AGS) is required to be included as a part of the annual accounts. The AGS is meant to be an outward looking document for stakeholders highlighting that governance process and internal controls have been correctly put in place and highlighting any potential weaknesses. The Audit Committee oversees the work of External Audit and specifically the annual accounts. It is not the work of audit to say that the exact figures in the accounts are correct but the financial process in place are sufficient and monitored correctly. The governing body/ board are responsible for detecting fraud etc. but external audit look at financial processes.</p> <p>Audit committee 'receive' the accounts and provide assurance back to the board.</p>
<p><b>2b.</b></p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Board Assurance Framework (BAF) is a key document for listing risks and challenges for an organisation. It includes details on the risk, mitigations in place, and timescales for addressing the risk. The BAF should be reviewed regularly by the Board/Governing Body and feed into the ongoing work of the organisation. It also needs to show who is responsible.</p> <p>Risk management processes feed directly into the BAF as they provide the background on context for the risk. It is the responsibility of the Board/Gov. Body to set the risk strategy for the organisation- agreeing risk appetite, risk tolerance, stress testing etc. and this underpins the BAF.</p>



<p>✓</p> <p>✓</p>	<p>CCG's will also have a nomination committee but in a slightly different format. They will look at key independent and 'lay people' (governance + public participation) appointments.</p> <p>As appointment to the Governing Body will be done as on open election by the CCG members (i.e. GD's ) this is also the case for the Chair (i.e. open election )</p> <p>The CCG appointments committee will be made up of a majority of NED's and also appoint (or recommend to the gov. body) the appointment of the key offices needed i.e. CEO (accountable officer) C.FO</p>
<p><b>1b.</b></p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>Governors Nomination Committee will make recommendations to the council of Governors who will then make a decision.</p> <ul style="list-style-type: none"> <li>• To ensure their independence a NED would be appointed for a 3 year period</li> <li>• The UK Code recommends a maximum of 9 years total appointment (i.e. 3x 3 years ) whereas as the MONITOR CCG recommends 6 years (i.e. 2x3 years)</li> </ul> <p>F.Ts therefore normally follow the 6 year rule, but this can be extended but on annual review of the appointment is recommended past 6 years. After this period there is a suggestion that this preference is compromised.</p> <p>NFDs should abide by Duties:</p> <ul style="list-style-type: none"> <li>• Statutory duties, fiduciary duties and common law duties</li> <li>• NED's are subject to annual appraisals by the Chair and on appointment they should have detailed induction programme (led by Trust Secretary)</li> <li>• They will also need to provide a list of interests (same as ED's) and keep it up to date.</li> <li>• NFD's are offered training where required and access to external advice (at Trust cost) to and the decision's making i.e. external legal or financial advice.</li> <li>• NED can have personal association with the Trust i.e. family member on board</li> <li>• NED's must also meet 'fit and proper' persons test i.e. not bankrupt, good character etc.</li> <li>• A NED must also be member of F.T (public/patient constituency)</li> <li>• New NED may be offer a 'buddy system'</li> <li>• New NED will need to sign up to 'Code of Conduct' and any confidentiality paperwork</li> <li>• Trust Secretary will look closely with new NED's assisted by the Senior Independent Director (SID)</li> </ul> <p><b>19/25 marks</b></p>

