NHS Quality Improvement Scotland

Report on the 2007/08 Audit

AUDIT SCOTLAND

July 2008

NHS Quality Improvement Scotland

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Executive Summary

Introduction

In 2007/08 we looked at the key strategic and financial risks being faced by NHS Quality Improvement Scotland (NHS QIS). We audited the financial statements and we also reviewed aspects of performance management and governance arrangements. This report sets out our key findings.

Financial position

NHS QIS recorded a cumulative surplus of £398K for 2007/08. This was largely due to the change in the SGHD policy on the relocation of NHS QIS staff and the subsequent need to write back the provisions set aside in previous years to cover these anticipated costs. The overall surplus is above the standard 1% carry-forward limit, however it includes £300K which SGHD has agreed can be carried forward into 2008/09 for the implementation of the Scottish Patient Safety Programme. But, even without this ring-fenced funding, NHS QIS still had an underlying surplus from recurring funding, of £98K in 2007/08.

Financial statements

We have given an unqualified opinion on the financial statements of NHS QIS for 2007/08. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance issued by Scottish Ministers.

Performance

NHS QIS has a strong performance management culture. In 2007/08 it established a new performance management framework, with performance reports being regularly provided to managers and board members. While the format continues to be refined to incorporate matters such as project time recording, the new reporting arrangements have received positive feedback from board members.

NHS QIS met both of the national HEAT targets that are directly relevant, meeting its financial targets and recording a sickness absence rate of 1.9% (compared to a national target of 4%). It has also been successful in delivering its Work Programme, set out in its 2007/08 Local Delivery Plan (LDP). The overwhelming majority of projects were delivered on time, with only 4% of projects not completed within the planned timescale.

Best Value

In 2005/06, we carried out a baseline review of Best Value arrangements across the health service, including NHS QIS. A short follow up review was carried out in 2007/08 and we found that NHS QIS has made sound progress. We also applied a Best Value, Use of Resources, pilot toolkit, covering Financial Management in 2007/08 and our work in this area is ongoing. We plan to submit our detailed report in August.

Governance

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall the corporate governance and control arrangements for the Board operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems which underpin the organisation's control environment. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.

Clinical governance arrangements have continued to develop during the year, with the Clinical Governance and Quality Assurance Committee, established in 2006/07, progressing a clear programme of work. In particular, it has overseen the application of NHS QIS's peer review process to assess NHS QIS's own performance against the national standards for clinical governance and risk management. The overall findings from this peer review were positive. While some recommendations emerged from the exercise, it provided independent evidence that the organisation is properly implementing its policies, strategies, systems and processes.

Looking forward

The final part of our report notes some risk areas for NHS QIS going forward. These include the need to respond to national initiatives relating to data handling, financial reporting standards, and a national performance framework.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.

Audit Scotland

July 2008

Introduction

1. This report summarises the findings from our 2007/08 audit of NHS QIS. The scope of the audit was set out in our Audit Plan, which was presented to the Audit Committee on 10 March 2008. This plan set out our views on the key business risks facing the Board and described the work we planned to carry out on financial statements, performance and governance.

2. We have issued a range of reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the Board's agreed response. Appendix A of this report sets out the key risks highlighted in this report and the action planned by management to address them.

3. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of the Board during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website, www.audit-scotland.gov.uk.

Financial Position

4. In this section we summarise key outcomes from our audit of NHS QIS' financial statements for 2007/08, and comment on the main financial management and accounting issues faced. The financial statements are an essential means by which the Board accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

Our responsibilities

5. We audit the financial statements and give an opinion on:

   - whether they give a true and fair view of the state of affairs of the Board and its expenditure and income for the period in question
   - whether they were properly prepared in accordance with relevant legislation, applicable accounting standards and other reporting requirements
   - the consistency of the information which comprises the management commentary, with the financial statements
   - the regularity of the expenditure and income.

6. We also review the Statement on Internal Control by:

   - considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
   - assessing whether disclosures in the Statement are consistent with our knowledge of the Board.

Overall conclusion

7. We have given an unqualified opinion on the financial statements of NHS QIS for 2007/08.

8. As agreed, the unaudited accounts were provided to us on 7 May, supported by a comprehensive working paper package. The high standard of the supporting papers and the timely responses from NHS QIS staff allowed us to conclude our audit within the agreed timetable and provide our opinion to the Audit Committee on 19 June as planned.

The Board's financial position

Outturn 2007/08

9. NHS QIS is required to work within the resource limits and cash requirement set by the Scottish Government Health Directorates (SGHD). NHS QIS' performance against these targets is shown in Table 1 below.

Table 1

2007/08 Financial Targets Performance £ million

Financial Target	Target	Actual	Variance
Revenue Resource Limit	16.001	15.603	0.398
Capital Resource Limit	0.294	0.294	0
Cash Requirement	16.295	15.897	0.398

10. NHS QIS has recorded a cumulative surplus of £398K. This was largely due to the change in the SGHD policy on the relocation of NHS QIS staff and the subsequent need to write back the provisions set aside in previous years to cover these anticipated costs. The overall surplus is above the standard 1% carry-forward limit, however it includes £300K which SGHD has agreed can be carried forward into 2008/09 for the implementation of the Scottish Patient Safety Programme.

11. Without this ring-fenced funding, NHS QIS has an underlying surplus in 2007/08, from recurring funding, of £98K, as illustrated in table 2 below.

Table 2

Funding Position 2007/08

	£ Million	£ Million
Recurring expenditure	15.725	
Recurring income	15.744	
Corporate savings programme	0.079	
Underlying recurring surplus		0.098
Non-recurring income	0.557	
Non-recurring expenditure	0.257	
Balance of non-recurring		0.300
Financial surplus		**0.398**

2008/09 Budget

12. A 3.15% uplift to the Scottish Government allocation has been anticipated, incorporating a pay award of 2.75%, and costs for incremental progression of staff on Agenda for Change pay scales. The total allocation for 2008/09 is currently agreed at £16.239m**.** However, efficiency savings of £325k have been provided for in the budget. Given the reduced uplift in basic SGHD allocation, these will require to be achieved in order to fund new developments.

Issues arising from the audit

13. A high standard of draft accounts and supporting working papers were provided for our audit, which was carried out and completed one week earlier than in previous years. Although a number of minor presentational issues were found, no significant errors were identified, and no significant issues required to be reported to the Audit Committee on 19 June 2008.

Equal pay claims

14. Article 141 of the Treaty of Rome requires member states to ensure and maintain "the application of the principle that men and women should receive equal pay for equal work". This was taken forward by the Equal Pay Directive which made it clear that all such discrimination should be eliminated from all aspects of remuneration. In the UK the Equal Pay Act 1970 is seen as fulfilling Britain's obligations in relation to equal pay. The National Health Service in Scotland has received a number of claims for equal pay in which additional back pay is sought, arising from the requirement for equal pay. The NHS Central Legal Office (CLO) is instructed by the Management Steering Group of the NHSScotland and co-ordinates the legal response of NHSScotland to this issue.

15. The CLO has coordinated the legal response to all claims and has attended Tribunal Hearings at which discussion about procedural matters has taken place. The CLO affirms that the cases in Scotland are at too early a stage to allow any assessment of financial risk to be included in the financial statements.

16. However, by the end of June 2008, NHS QIS had received no such claims under the Equal Pay Act. That being the case, and given the nature of its work, we do not consider that there is any risk of significant equal pay liabilities accruing to NHS QIS in future years.

Regularity

17. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and income shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to his view on adherence to enactments and guidance. No significant issues were identified for disclosure.

Performance Management

18. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. As part of our audit we are required to plan reviews of aspects of the arrangements to manage performance, as they relate to economy, efficiency and effectiveness in the use of resources.

19. Accountable officers also have a duty to ensure the resources of their organisation are used economically, efficiently and effectively. These arrangements were extended in April 2002 to include a duty to ensure 'best value' in the use of resources.

20. This section covers our assessment of the way in which NHS QIS secures value for money in the use of its resources. This year we have focussed on achievement of best value in its use of financial resources.

Corporate objectives and targets

21. The 2007 Annual Review of NHS QIS noted the work already done by NHS QIS management in its Impact Evaluation, published in April 2007, which highlighted the need to review strategic direction. A document setting out NHS QIS's strategic direction was produced early in 2007/08, with an action plan and was approved by the Board in June 2007 for implementation by March 2008. Progress against the action plan was reported to the Board throughout the remainder of the year.

22. Since 2006, the Scottish Executive has placed a requirement on NHS Boards to produce a Local Delivery Plan (LDP). Each LDP sets out a delivery agreement between the Scottish Government Health Directorates (SGHD) and each NHS Board. The Board's corporate objectives and local delivery plan for 2007/08 were adapted from previous years to more closely correspond with SGHD HEAT targets. The main change was the incorporation of a theme based approach, rather than a product based approach, to mapping of the organisation's activities and work programme with government objectives.

23. Only 2 HEAT Targets are directly relevant to QIS, these being the requirement to meet financial targets, and the achievement of a sickness absence rate of 4% by 31 March 2008. QIS met all of its financial targets for 2007/08, and had a sickness absence rate of 1.9% at the year end.

24. NHS QIS has also been successful in delivering its Work Programme, set out in its 2007/08 LDP. The great majority of projects were delivered on time, with only 4% of projects not completed within the planned timescale.

Performance management

25. We reported last year on the progress made in developing and implementing a Strategic Planning and Performance Management Framework. Some delays were experienced in completion of the project, due mainly to the introduction of a new financial system this year, which delayed the availability of the financial reporting element of the new Board reporting format. The Board Performance Report for the 6 months to 30 September 2007 was presented to the Board in October 2007, with positive feedback from members on the new style and content. The reporting of performance to the Board is still being developed as additional refinements are introduced e.g. Project Time Recording. Management should continue to seek feedback from the Board and other users to confirm the effectiveness of the system.

Best Value developments

26. The positive impact of the Best Value concept in local government led Scottish Ministers to introduce a non-statutory Best Value duty on all public sector accountable officers (i.e. across health and central government) in 2002. This was reinforced by refreshed Ministerial guidance in 2006, highlighting the importance that the Scottish Government places on Best Value as a means of supporting public service reform.

27. That position was again re-iterated in the Scottish Government's recent response to the Crerar scrutiny review which credited the Best Value regime as a key driver of modernisation and improvement in public services. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year.

28. The framework for our proposed Best Value audit approach was agreed by Audit Scotland's Corporate Management Team in September 2007. It is based on the key principles of flexibility and proportionality; alignment and integration with our existing activities; being delivered within our existing resources, and with an evolutionary implementation.

29. Using the Scottish Government's nine best value principles as the basis for our audit activity, we have identified five priority development areas (Use of Resources, Governance and Risk Management, Accountability, Review and Option Appraisal, and Joint Working) for our initial development work.

30. Currently we are concentrating on the development of Use of Resources audit toolkits, focusing initially on Financial Management, Efficiency, and Information Management. These toolkits are being piloted in a number of NHS and central government clients during 2007/08 and 2008/09. Developed toolkits will also be made available to public bodies to consider for self assessment.

31. The first of these toolkits, which covers Financial Management, was piloted in NHS QIS during 2007/08. The review sought to establish the Board's position in relation to:

- financial governance and leadership
- financial and service planning
- finance for decision making
- financial monitoring and control
- financial monitoring.

32. Our work in this area is ongoing, although we have established that NHS QIS's arrangements appear to be soundly based. We plan to submit our detailed report in August.

33. In 2005/06 we carried out a baseline review of Best Value arrangements across the health service including NHS QIS. The baseline review was built around the then Scottish Executive's nine best value principles – commitment and leadership, accountability, responsiveness and consultation, joint working, sound governance, sound management of resources, use of review and option appraisal and equal opportunities arrangements. In 2005/06, we concluded that NHS QIS's arrangements were well developed, with a number of initiatives in place to achieve further improvements. A short follow-up exercise, carried out as part of the 2007/08 audit, has confirmed that NHS QIS has completed the various planned improvements, such as the introduction of a performance management framework, and is continuing to seek to make further improvements.

National studies

34. Audit Scotland published 4 national study reports, the first of which is of direct relevance to NHS NSS. The key findings from these are summarised in the paragraphs which follow.

Overseas staff in the NHS- pre-employment checks

35. This study was undertaken as a consequence of the security incidents in London and Glasgow in June 2007 which allegedly involved staff working in the NHS, including the Royal Alexandria Hospital. Following these incidents the Cabinet Secretary for Health and Wellbeing asked for the Auditor General to carry out an examination of whether pre-employment screening of overseas staff working in the NHS in Scotland was in line with the relevant guidelines.

36. The Auditor General published his report in late November 2007 and the key messages were:

- the NHS in Scotland does not have an accurate picture of the number of overseas staff employed
- boards reported 1,161 overseas staff in NHS employment across Scotland at September 2007. However this is likely to be an underestimate as boards had difficulty identifying staff here on indefinite leave to remain. Of the overseas staff identified, boards estimated that 89 per cent of these were doctors or nurses
- in the five sample boards where more detailed work on compliance with pre-employment checks for overseas staff was carried out, boards had similar procedures and there was evidence of high compliance with procedures in the sample of personnel records reviewed.

37. In December 2007 the Scottish Government produced guidance on the recruitment of staff, including the additional procedures that must be followed when recruiting overseas staff. This guidance sets out the minimum requirements for NHS employers and implementation of the guidance is a requirement of the Staff Governance standards.

38. A review of local arrangements relating to overseas recruitment has been carried out at all health boards and special boards. The number of overseas staff employed within NHS QIS is very low and, based on the work carried out, we are satisfied that sound arrangements are in place to carry out the appropriate pre-employment checks.

A review of free personal and nursing care

39. This report evaluated the robustness of financial planning, monitoring and reporting arrangements for free personal and nursing care, examined the current costs and funding allocations for free personal and nursing care for councils and identified the financial impact on older people, the Scottish Government and councils.

40. The report recommended that the Scottish Government and councils should continue to work together as a matter of urgency to clarify current ambiguities with the policy and should agree a national eligibility framework which defines risks and priority levels to ensure transparency in access to care for older people.

41. The report also recommended that councils should work with local health partners to evaluate the longer-term consequences of reducing domestic home care services, such as cleaning, shopping and laundry services.

Managing Long Term Conditions

42. The study examined services for adults with long term considerations generally, focussing on two conditions in particular i.e. chronic obstructive pulmonary disease and epilepsy.

43. Some of the key recommendations were:

- that the SGHD, NHS boards and local authorities should collect better information on activity, costs and quality of services for long term conditions to support the development of community services
- the SGHD, NHS boards and local authorities should evaluate different ways of providing services to ensure cost effectiveness and share good practice
- NHS boards should take a more strategic role to ensure better working between CHPs and the acute sector to support the development and resourcing of community services
- the SGHD and NHS boards should agree targets to support the development of community-based services
- NHS boards and local authorities, through CHPs, should ensure comprehensive information is given to patients about their condition, and the health and social care services available, at the time of diagnosis.

Primary care out-of-hours services

44. This study reviewed changes to the delivery of primary care out-of-hours services. This followed earlier work carried out by NHS QIS in publishing national Standards for the Provision of Safe and Effective Primary Care Out-of-Hours Services in 2004 and carrying out a series of local peer reviews in 2005/6. We looked at national and local planning for out of-hours care; how much it costs the NHS; and how the current delivery of out-of-hours services affects patients and GPs.

45. The key messages are:

- over 95% of GP practices have chosen to opt out of providing 24-hour care to their patients, with responsibility passing to NHS boards. This has been a major challenge for NHS boards but they have managed to sustain services for patients. The opt-out offers an opportunity for NHS boards to change the way services are delivered and to improve patient care, although this will take time to be used to its full potential
- most of the funding for new out-of-hours services comes from NHS boards' budgets. This has added to cost pressures for NHS boards, particularly in rural areas where they have had to meet a greater percentage of the costs. The cost to NHS boards in 2006/07 was approximately £67.93 million

- the overall impact on patient care of GPs opting out of out of-hours services is not clear as it has been introduced alongside other changes. Due to the lack of national data available it is difficult to assess whether patients are benefiting, however, over 80% of patients are satisfied with the service they received. GPs are positive about being able to opt out and 88% of GPs are relieved to no longer have 24-hour responsibility for patients.

Governance

Overview of arrangements

46. This section sets out the main findings arising from our review of NHS QIS' governance arrangements. This year we reviewed:

    - key systems of internal control
    - internal audit.

47. We also discharged our responsibilities as they relate to prevention and detection of fraud and irregularity; standards of conduct; and the organisation's financial position (see paragraphs 9-11). Our overall conclusion is that arrangements within NHS QIS are sound and have operated throughout 2007/08.

Systems of internal control

48. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In his annual report for 2007/08 the head of internal audit provided his opinion that, based on the internal audit work undertaken during the year, there was reasonable assurance on the adequacy and effectiveness on the systems of internal control.

49. As part of our audit we reviewed the high level controls in a number of NHS QIS' systems that impact on the financial statements. Our overall conclusion was that key controls were operating effectively.

Statement on internal control

50. The Statement on Internal Control provided by the NHS QIS Accountable Officer reflected the main findings from both external and internal audit work. The Statement did not refer to any areas of internal control which required to be strengthened.

Internal Audit

51. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2007/08 audit we assessed whether we could place reliance on NHS QIS' internal audit function. We concluded that the internal audit service operates in accordance with the Internal Auditing Standards and therefore placed reliance on their work in number of areas during 2007/08, as we anticipated in our annual audit plan.

Clinical governance

52. Clinical governance arrangements have continued to develop during the year, with the Clinical Governance and Quality Assurance Committee, established in 2006/07, progressing a clear programme of work.

Peer review of clinical governance and risk management arrangements

53. During 2007/08 the organisation was itself subject to a peer review against the national standards for clinical governance and risk management. The review took place in October 2007, and the resulting report was published in January 2008. The summary findings from the review against the standards were that the organisation was implementing its policies, strategies, systems and processes to;

    - **Control risk, continually monitor care and services and work in partnership with staff, patients and members of the public.** The review identified a need for a more systematic and integrated approach to development, review and maintenance of risk registers across the organisation. In response, a revised Clinical Governance and Risk Management Action Plan has been produced and endorsed by the Board in February 2008. It was also recommended that NHS QIS should review its support response in relation to emergency planning, in partnership with territorial NHS Boards, and formally adopt its business continuity plans for use throughout the organisation.
    - **Provide services that take into account individual needs, preferences and choices.** The review team recommended that NHS QIS should develop systems for monitoring and reviewing the effectiveness of its communication strategy and internal communication plan.
    - **Promote public confidence about the safety and quality of the care and services it provides.** The review team noted that the Clinical Governance and Quality Assurance Committee had been established, and was currently refining its role, remit and membership. The main task identified was to develop and implement a clinical governance strategy. In addition, the development and implementation of the revised performance management framework should continue across the organisation.

    The overall findings from the peer review were considered to be positive, however, management acknowledged that NHS QIS needed to address the issues identified, as a priority.

Risk Area 1

Prevention and detection of fraud and irregularities

54. NHS QIS has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members.

NFI in Scotland

55. During 2007/08, we continued to monitor the Board's participation in the National Fraud Initiative (NFI). This exercise is undertaken as part of the audit of the participating bodies. NFI brings together data from health bodies, councils, police, fire and rescue boards and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud.

56. The NFI has generated significant savings for Scottish public bodies (£9.7 million from the 2006/07 exercise and £37 million including previous exercises). Health bodies did not identify a significant part of these savings, as they are principally responsible for payroll matches, however, the inclusion of health bodies in the process was worthwhile. Health employees were linked with several payroll irregularities, including a significant payroll fraud involving working while on sick leave at another body. Health employees were also linked with more than 90 cases of Housing Benefit fraud or overpayment. Where fraud or overpayments are not identified in a body, assurances can usually be taken about internal arrangements for preventing and detecting fraud.

57. In May 2008 Audit Scotland released its report *National Fraud Initiative in Scotland 2006/07*. A full copy of the report is available on Audit Scotland's website www.audit-scotland.gov.uk. The report highlighted a range of areas where prevention and detection of fraud had been enhanced.

58. The report also noted that, while the majority of participating bodies performed their role satisfactorily, reported performance was not as good in the following areas:

- about a quarter of participants could have planned better for NFI, demonstrated more commitment to the exercise or started work on their matches more promptly

- bodies should review their approach to selecting matches for investigation. Better use could have been made of the web based application.

59. We reported, in 2006/07, that NHS QIS established key contacts and nominated other contacts in personnel and payroll at an early stage and that following receipt of the data matches, an action plan was created for each type of match i.e. payroll to payroll within and between bodies, payroll to payroll pensions, etc. Only 9 matches were generated for NHS QIS, none of which indicated fraud and all of which were issues to be resolved by HR. To date, only one remains fully unresolved, due to delays in information being provided by Scottish Public Pensions Agency (SPPA).

60. We continued to monitor the board's progress with NFI as part of the 2007/08 audit. I am pleased to record that I was able to report back to Audit Scotland in February 2008 that NHS QIS had made adequate progress to date in following up the NFI output, that the arrangements overall for NFI were adequate, and that all necessary investigative work was completed within the required timescales.

61. Looking forward, Audit Scotland is working to widen the scope of the NFI in line with the rest of the UK. Public bodies will provide information again in October this year as part of their 2008/09 audits with the output expected in early 2009. Information is to be transferred through the use of an encrypted upload facility. The 2008/09 NFI exercise will again form part of the external audit of NHS Boards and special Health Boards and we shall monitor NHS QIS' progress in this area.

Looking Forward

62. NHS QIS faces several challenges in 2008/09 which include:

- **Strategic Direction** – Following the completion of an independent impact evaluation study, NHS QIS has been considering its strategic direction during 2007/08, and a number of documents have recently been approved by the board, setting out its vision, its corporate objectives, and a detailed action plan for achieving these objectives. This aims to realign some of the work of NHS QIS, addressing issues of proportionality and duplication of work and strengthening engagement with frontline services in NHSScotland. A key challenge for 2008/09 and subsequent years will be implementing this vision.
- **Patient Safety Programme** – NHS QIS is taking the lead in a Patient Safety Programme, which involves all other heath boards. The work on this has started during 2007/08, but £300K of resources has been carried forward into 2008/09 to help take forward this major initiative. This is a high profile national exercise, and managing delivery is a significant challenge and risk for NHS QIS.

Risk Area 2

- **International Financial Reporting Standards (IFRS)** – As part of the UK Budget 2007 the Chancellor announced that the timetable for IFRS implementation was to be extended by a year with central government accounts in Scotland to become IFRS compliant with effect from the 2009/10 financial year. The Scottish Government have notified central government bodies that they will be required to produce shadow IFRS based accounts for the financial year in 2008/09, including a restated balance sheet as at 1 April 2008. A detailed timetable and list of requirements is awaited from the Scottish Government. This process may require significant resource to complete and it will be important that the restatement is tackled early in 2008/09, with a plan in place to manage the transition.
- **Data handling** – The Scottish Government carried out a review of data handling arrangements in Scotland, in response to failures in UK government bodies procedures and practices during 2007. The review considered current policies and procedures on data protection, consistency with government standards and local arrangements for implementation of procedures. A final report, including a set of recommendations, was published by the Scottish Government in June 2008. We will monitor NHS QIS's response to the review and action taken as part of our 2008/09 audit.

- **Scotland Performs** – The Scottish Government is continuing to develop its approach to performance management based on a National Performance Framework and outcome agreements with local government. The National Performance Framework is based on the outcome based 'Virginia-style' model of performance measurement and reporting. In support of this the Scottish Government has developed a new electronic tool and website to communicate to the public on Scotland's progress. This will include progress on overall delivery of the SNP administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how NHS QIS is meeting its targets within this new framework as part of the 2008/09 audit.

63. The Board recognises these challenges and is taking steps through its planning processes to address them. We will continue to monitor the progress that the Board is making on these key issues.

Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
1	NHS QIS may experience reduced operating effectiveness, and risk to its reputation, if it fails to make satisfactory progress in addressing the clinical governance and risk management issues raised in the January 2008 peer review report.	NHS QIS have formed a CGRM implementation group who have produced and action plan to ensure the organisation makes progress in improving their compliance with the standards . This group meets regularly and oversees the actions that individual staff are responsible.	Chief Executive	Group in place January 2008 Peer Review October 2009
2	Co-ordination of the Patient Safety Programme is led by QIS. Failure to achieve this could pose a reputational risk for the Board.	Robust arrangements have been put in place for co-ordination of the Programme by NHS QIS, supported by IHI and overseen by a steering group with strong NHS representation. A comprehensive risk management framework is in place.	Director of Patient Safety and Performance Assessment	In place