Insights from the NHS for all sectors

Overview

Our NHS has changed considerably since 1948. Pressures on governance, risk management and internal controls are immense. Lives depend on it, and yet the sustainability of the NHS in doubt. The numbers do not add up.

Despite increased funding in 2016/17 an NAO report found that the money was spent on '*coping with current pressures rather than the transformation required to put the health system on a sustainable footing",* they also said *"trusts are still a long way from being able to live within their means.'*

As a large organisation, the NHS like many others faces challenges with culture, governance and strategy together with managing Brexit uncertainty.
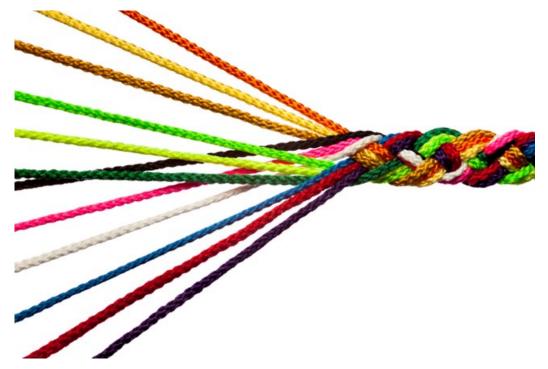
We asked four people with a wealth of internal audit experience for their candid views on the future of this national institution. Their insights are relevant not only for those with an interest in healthcare but also other sectors too.

The four industry professionals are as follows: Nick Atkinson, partner at RSM UK; Carl Best, Director at Audit One; Sarah Blackburn, former Vice Chairman and Audit Committee Chair at NHS Digital and previously non-executive director of the Healthcare Commission and University Hospitals Bristol Foundation Trust; and Karan Wheatcroft, Operations Director, Mersey Internal Audit Agency.

Their insights are themed into topical headings which resonate across sectors.

Please note*: Their opinions are their own and do not represent those of the Chartered Institute or the organisations they work for.*

Organisational culture

Raising the profile of auditing culture across all sectors has been a key priority of the Chartered Institute for a number of years. Culture is the heartbeat of an organisation and, unsurprisingly, our panel touched on this topic.

According to Best, other sectors can learn from the "cultural emphasis on being open" as demonstrated through a variety of NHS tools to promote positive behaviours such as Freedom to Speak Up Guardians and having a professional duty of candour.

He thinks that learning from other industries is important and it allows one to "understand problems and continually improve", which is what parts of the NHS are doing by targeting patient safety, a lead taken from the aviation industry.

Wheatcroft echoed this adding that the wide range of public reporting the NHS is required to deliver has also helped promote transparency.

Consider the following:

- **How open is your organisation?**
- **Is your external reporting transparent or guarded?**
- **Do your audit findings call out cultural issues?**

Blackburn offers a different perspective commenting that in some areas there is a "refusal to accept negative information."

She suggests that management is subject to political pressure that has led to adopting pilot projects "whose results do not support what they wanted to implement" and investing in PFI building contracts now shown to be too expensive. She adds "politicians have declared GPs must be available for extended hours without any way of increasing the workforce to do so." Despite efforts to create a learning culture, she believes "whistle blowers are treated badly" citing Dr Chris Day and others are "made scapegoats of when the system has failed" using the example of Dr Bawa Garba.

Unsurprisingly, Blackburn would like to see the NHS do more to "treat employees with respect and specifically protect whistle-blowers."

The following questions spring to mind:

- **Who validates the accuracy of project reporting to the board?**
- **Do we readily assume whistle-blower protection these days?**
- **Time for assurance?**

Rolling out new technology or digital transformations will be a familiar challenge for audit leaders. Best says "there is a major challenge in getting technology enabled healthcare." He points to the benefits that are being lost because of the diversity that needs to be managed, stating: "there is so much structural fragmentation within the NHS the move forward is at the pace that individuals and institutions understand."

Cultural and structural divisions can manifest in different ways impacting everything from communications to change. As Blackburn observes: "One of the challenges I see in NHS bodies is the culture of tribalism that divides general managers from clinical specialists, and clinical and other specialists from each other."

Organisations often talk about silo ways of working and breaking down barriers, yet the use of the word 'tribalism' is a powerful descriptor of the diverse consequences that can result from this culture.

Ask yourself this:

- **How does your audit team work to improve collaboration and reduce operational siloes?**
- **Are any projects at risk of failure because cultural issues are not being addressed?**

Governance

Accountability and decision-making are important aspects of governance for any organisation and our panel call out the challenges that size and complexity adds to this. The Chartered Institute places great emphasis on the value of auditing governance.

For many years mental healthcare was the poor relation to physical healthcare, a situation that is changing but not at quickly as Atkinson would like due to "commissioning decisions being taken in over 200 places across England."

He praises collaborative working already in place and the reduction of clinical commissioning groups but cautions that "we must see the legal changes catch up if the green light is truly to be given to facilitate a change in governance and a redirection of the funding as required." He is also keen to emphasise the importance of keeping GPs involved in strategic decision-making to promote the patients voice.

Wheatcroft was also concerned about strategic governance. In her eyes: "population health can only be transformed if integrated care systems are given formal accountability, although the NHS is presented as one organisation in reality formal accountability sits with hundreds of individual organisations operating within the NHS without statutory basis…they operate on the trust and goodwill of partners…with implications for governance, risk and control arrangements."

This complex accountability structure was debated at a seminar a few years ago and makes interesting reading. Organisations spread across sites, geographies and cultures may associate with the complications that can arise.

Consider this:

- **How do you provide assurance that decision-making structures are effective?**
- **Should governance assurance be part of every audit engagement?**

Strategy

Clarity and intent are critical strategic qualities of enduring organisations as they prevent short-termism. Best shines a spotlight on what could be called the elephant in the room for the NHS: "the political nature of the NHS means every few years [election promises] there is a new plan and a new direction without clear analysis of what has been working and why the change is required."

Audit leaders will know from their own experiences that any new approaches or projects take time to implement. However, Best says that "being given the time and patience required to get traction and buy in for the changes" isn't always possible because of changing goalposts.

The uncertainty of Brexit was raised by Atkinson, claiming that it's been the single biggest barrier to change over the past two years with "a lack of time spent on seeing through the changes in governance and the legal form required" to support strategic aims.

Wheatcroft also offered a stark financial warning, echoing the NAO report cited earlier that "politicians need to be honest about the funding challenge associated with an ageing population and technological advances." A sentiment Best concurred with when he talked about cynics referring to a national illness rather than health service. He notes that despite the higher profile of prevention strategies, the funding formula "never seems to put enough emphasis on health over illness".

From your experience:

- **Do you provide assurance that decision-making structures are effective in your**

organisation?

Stakeholder relationships

When asked about what the NHS does well, Blackburn recalled the opening ceremony of the 2012 Olympics and the dancing beds that she called "an amazing public relations job… the NHS promotes itself and is promoted by others as the UK's greatest achievement and the envy of the world... something to be proud of."

However, she warns that the reality on the ground can often differ to the PR message, which is something auditors should always be alert to.

All organisations have a 'customer' by one definition or another. Listening to them, the patients, is important.

"There would be lots to learn from the *'you said, we did'* mentality which runs throughout the NHS" says Atkinson.

Like most organisations it's a case of prioritising and there's not enough money to do everything. However, Atkinson goes on to say: "I love that despite the economic difficulties and the day-to-day challenges, that the NHS continues to ask for feedback and advertises what it has done in response to the feedback."

The concept of conduct risk, action that leads to customer detriment, is regulated and well known in financial services, perhaps audit leaders in all sectors could consider what their own organisation is doing with regards to this, whether regulated or not?

Another question worth considering is:

- **Could you evidence that the customer's voice is active in your organisation?**

Recruitment

The Chartered Institute's Brexit preparedness report highlights workforce viability concerns and a subject our panel felt a real sense of urgency about.

Blackburn talked about the already high vacancy rate across the NHS "stressing out those who are still working." She observes many are leaving and that recruitment takes time. She fears this position is unstainable in an era of low unemployment and with potentially fewer EU workers available post-Brexit. Atkinson supported this stating that "in many parts there is a large reliance on Europeans working in Britain."

Wheatcroft also talked about staff shortages being a barrier to change saying "the NHS needs to attract new staff coming out of education and training; retain and retrain the existing workforce; and recruit staff from other countries."

- **Do you provide assurance for the organisation today or looking ahead to future needs?**

Other insights

Data and GDPR

Someone had to mention GDPR! Although this insight from Atkinson is inspiring…

"For years there have been stories hidden away in papers about large data losses across the NHS however, perhaps because of these and the importance with which our personal data is protected by the NHS, there is in fact lots to learn for other industries.

At RSM we ran a GDPR Readiness review in the spring of 2018 and it was very clear that the NHS as a whole was light years ahead of most other sectors in understanding its information flows, where these were vulnerable and most sensitive and what was happening to fix or control the weaknesses identified."

- **Where is your sector 'light years ahead' for others to learn from?**
- **Have you capitalised on GDPR information flows for assurance purposes?**

Audit Committee Reporting

Audit committees in the NHS have developed significantly according to Wheatcroft which combined with the requirement to produce a Governing Body (Board) Assurance Framework has "raised the profile and role of internal audit, extended the range of assurances provided and elevated its positioning."

There is no set format for the framework, although a simple online search provides a variety of examples which audit leaders across all sectors may wish to utilise to evaluate and potentially enhance current board papers.

- **How meaningful is the internal audit report to your audit committee?**

Closing thoughts

All organisations have risks to manage, issues to contend with and opportunities to take. Many of the insights offered by our panel could be inter-changed with those of organisations in other sectors.

It makes no sense for a person without transport to spend all their time inventing a wheel when it already exists.

Audit leaders can apply the same principle. Using their networks to share good practice across sectors and support each other to find solutions to common areas of challenge.

We will give the final word on the NHS to Atkinson who reminds us that "despite the creaking infrastructure… and massive increase in demand…most people receive a first-rate service from the NHS."

"The NHS will last as long as there are folk with the faith to fight for it"

Nye Bevan, founder of the NHS

Further reading

Short guide to the NHS, National Audit Office

State of Care Report, Care Quality Commission