INTERNAL AUDIT REPORT

SUBJECT : MEMBERSHIP REPORTING, DEVELOPMENT & ENGAGEMENT

AUDIT REFERENCE : 2008 / 12

AUDITORS : LESLEY MCLEAN

DATE : OCTOBER 2008 (DRAFT)
       NOVEMBER 2008 (FINAL)

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CONCLUSION & RECOMMENDATIONS TO THE AUDIT COMMITTEE
Harrogate and District NHS Foundation Trust

INTERNAL AUDIT REPORT 2008 / 12

MEMBERSHIP REPORTING, DEVELOPMENT & ENGAGEMENT

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Objective

The objective of the review was to provide assurance that the Trust complies with Monitor’s requirements in relation to the development, engagement and reporting of its membership.

Main Findings

- The Corporate Affairs team is responsible for managing the relationship between the Trust, its governors and its members and for all related administration. All governors interviewed as part of this review spoke very highly of the Corporate Affairs team and the support they received from them.

- Our audit work confirmed that the Trust has successfully delivered the first two phases of the Membership Strategy it outlined in its application to become a Foundation Trust which focussed upon the initial recruitment and then development of membership. We can confirm that there a number of mechanisms in place to keep in touch with members and to assist in recruiting a representative membership. Of particular note is the active Governor Membership Development & Communication Working Group and the work of the Education Liaison scheme.

- However, some work remains to be done in relation to the third phase of the strategy which focuses upon membership engagement. Whilst the Trust and governors can be commended for the widespread range of mechanisms in place for general engagement with the FT membership, weaknesses were identified relating to direct engagement between governors and members of their constituency. Interviews with a sample of staff found limited knowledge of the identity of staff governors, although it was encouraging to note that 7/9 staff members interviewed stated they did “feel like” members of the FT. Interviews with a sample of governors found that they rated current levels of direct engagement with members of their specific constituency as low. Low levels of public attendance at Board of Governors meetings are also noted.

- Board of Governor meetings are advertised in advance in the local press and agendas, papers and minutes for Board of Governors meetings are made available on the Trust website. However, it is noted by Internal Audit that agendas and papers for upcoming Boards are generally not made available on the website on a timely basis prior to the meetings (for example, the agenda and papers for the 15th October 2008 meeting were not publicly available prior to the meeting). Public attendance at Board of Governors is generally very low; the lack of timely information as to what issues the meetings will cover may be a factor in this.

- We are pleased to confirm that the Trust complies in full with all of Monitor’s reporting requirements in relation to Foundation Trust membership.

Principal Recommendations

- Agendas for Board of Governors meetings should be made available on the website as far in advance as possible and papers should be made available to the public (via the website) at the same time they are issued to Governors.

- Further consideration should be given as to how the role and identity of governors can be better publicised and how levels of engagement with members can be boosted. [A number of related suggestions are detailed in the main body of the report]

Conclusion

Overall, findings from the review provide Significant Assurance in relation to Membership Reporting, Development and Engagement, although weaknesses relating to the level of direct engagement between governors and members of their specific constituency should be noted.

Corporate importance = Medium

Corporate risk = Amber / Green
1 Background Information

The review of Membership was undertaken as part of the Governance section of the 2008/2009 Internal Audit Operational Plan.

The Trust's Terms of Authorisation state “the Trust shall continue to take such reasonable steps as may be required by Monitor … to secure that the actual membership of any public constituency is representative of those eligible for such membership”.

There are also a small number of provisions within the Monitor Code of Governance in relation to membership (compliance with the Code is not mandatory, however, non-compliance should be reported). In addition, a number of reporting obligations in relation to membership are placed upon Foundation Trust’s by Monitor’s Compliance Framework.

Governors

The Trust's constitution states that there are 21 governors permitted to sit on the Board of Governors. Governors can be elected by their constituency or appointed by their stakeholder organisation. The current make-up of governors is as follows:

- 11 elected public governors representing the constituencies of: Harrogate and surrounding villages, Ripon and West, Knaresborough and East and the electoral wards of Wetherby and Harewood,
- 4 elected staff governors representing the constituencies of: Medical, Nurses & Midwives, Other Clinical and Non-Clinical,
- 6 nominated governors representing: North Yorkshire and York Primary care Trust, Leeds Primary Care Trust, Harrogate Borough Council, North Yorkshire County Council, University of Leeds and Harrogate Local Medical Council.

Members

The Trust's constitution requires that there is a minimum 550 members. At present, there are just under 15000 members currently recorded on the membership database maintained by the Trust. During 2007/08 600 new joined the Trust, however, 676 members also left during the same period.

Recent changes in the staff constituency have led to a large increase in membership. Originally, staff who commenced employment with the Trust prior to mid-2005 only became members if they specifically chose to join (staff joining after this period automatically become members). However, this policy was reversed in August 2008 when all staff employed prior to mid-2005 automatically became members of the staff constituency unless they specifically chose to opt out. All public members are required to apply for membership.
2 Audit Objectives, Scope & Methodology

The objective of the review was to provide assurance that the Trust complies with Monitor’s requirements in relation to the development, engagement and reporting of its membership.

In order to achieve this objective, consideration was given to the following areas:

- Adequacy of arrangements in place to administer and manage membership of the Trust,
- Adequacy of development plans and evidence of implementation,
- Adequacy of systems in place to communicate and engage with members,
- Compliance with membership reporting requirements.

3 Main Findings

Membership Administration

3.1 The Head of Corporate Affairs, supported by the Corporate Affairs Assistant, is responsible for managing the relationship between the Trust, its governors and its members. The Corporate Affairs team maintains the membership database, issues information to members and provide administrative support to the Board of Governors and related Working Groups.

3.2 Responsibility for membership administration was originally contracted out to an external firm. However, this responsibility was taken on by internal staff earlier in the year, allowing both greater Trust control and a cost-saving.

3.3 All governors interviewed as part of this review spoke very highly of the Corporate Affairs team and the support they received from them.

Monitoring & Reporting

3.4 Monitor’s Compliance Framework specifies reporting requirements in relation to membership within Foundation Trust (FT) Annual Plans. Monitor’s Code of Governance and the Financial Reporting Manual for FTs specifies such requirements within FT Annual Reports. We can confirm that the Trust complies in full with all of Monitor’s reporting requirements.
3.5 We can confirm, from evidence reviewed as part of this audit, that membership numbers are monitored on an ongoing basis by the Head of Corporate Affairs and the Membership Development working group.

**Membership Development**

3.6 When HDFT originally submitted its application to become a Foundation Trust, it included a strategy to demonstrate how the organisation planned to develop, promote and engage with its members. The Membership Development strategy was split into three phases:

- The initial phase detailed how the Trust intended to recruit members in the first instance,
- The second phase detailed how the Trust planned to promote membership,
- The third and final phase detailed what was to be done to maintain membership.

Implementation of the plans detailed in the second and third stages of the strategy was verified by Internal Audit.

3.7 In line with the requirements of the Trust’s Constitution, the Membership Development Strategy is currently being reviewed and revised and will be presented to the January 2009 Board of Governors meeting for approval.

3.8 In relation to the second phase of the strategy, we can confirm that:

- A Governor Membership Development & Communication Working Group was established, meets quarterly and reports to the Board of Governors.
- Development of an action plan to support implementation of the Membership Strategy (although it is noted that whilst the plan complies with best practice in terms of specifying actions to be taken and timescales, responsibility for the actions was not formally documented).
- Under-represented membership groups were identified and action taken to try to increase membership in these areas (e.g. targeting young people via the Education Liaison and Young Person Volunteer schemes, targeting ethnic minorities via membership of the Harrogate Minority Ethnic Development Steering Group and a contribution towards funding a project worker).
- All new patients receive a patient information guide which includes a small paragraph about the FT: patients are advised to visit the website for more information about membership and the governors.

3.9 Actual member recruitment has not matched expectations; at the time of its FT application, the Trust anticipated there would be approximately 19,000 members by March 2008. At the end of the 2007/08, the Trust had a total of 13,374 members, over 5,000 less than planned. This is partly the result of the Trust’s policy of focusing on the “quality” of recruited members as opposed to purely the number of members. The annual membership target for 2008/09 is 15,000; as at October 2008 approximately 14,950 members have been recruited. Much of the latest recruitment relates to the change in policy on staff membership for those employed prior to mid-2005 (see Background Information).

**Membership Communication & Engagement**

3.10 Plans outlined in the final phase of the original Membership Development Strategy state that:

- The Board of Governors must engage and identify with the members,
- The Board of Governors must cascade information to members,
- Members must be able to feed into the Board of Governors.

3.11 The Corporate Affairs team and the staff and public governors interviewed as part of this audit informed us of the following mechanisms for communicating and engaging with members:

- Quarterly communication with members (over a 12 month period, members receive 2 letters from the Trust Chair and 2 issues of Foundation News),
- Foundation Trust mailbox and telephone line,
- Membership section of the hospital website,
- Medicine for Members sessions,
- Foundation Trust notice board in the main entrance of the hospital,
- Board of Governors/Membership stand at the Open Event,
- Register of member’s areas of particular interest in healthcare,
- Member involvement in hospital activities (e.g. lay readers, lay members on the Website Redesign Project, Quality of Patient Experience Group, Drug Prescribing Group, Labour Forum, etc.),
- Talks to staff groups by staff governors,
- Talks to community based groups by public governors,
- Governor surgeries in Herriot’s Restaurant (now discontinued due to a poor response from members),
- Governors outpatient visits to speak to and recruit members; and
- Board of Governor meetings are open to the public and include a section for members’ questions.

3.12 Board of Governor meetings are advertised in advance in the local press and agendas, papers and minutes for meetings are made available on the Trust website. However, it is noted by Internal Audit that agendas and papers for upcoming Boards are generally not made available on the website on a timely basis prior to the meetings (for example, the agenda and papers for the 15th October 2008 meeting were not publicly available prior to the meeting). Public attendance at Board of Governors is generally very low; the lack of timely information as to what issues the meetings will cover may be a factor in this.

3.13 We interviewed a sample of 15 Trust employees, who we approached in various non-clinical areas of the hospital (e.g. main corridors, reception, Education Centre, etc.) as a means of gauging the extent to which staff members feel engaged with the Foundation Trust. Our key findings were as follows:

- 9/15 staff surveyed said they were members of the FT (a further 3 staff stated that they didn’t know if they were members of the FT or not, whilst 3 stated that they were not FT members) [Note: as only circa 20 staff opted out, it is likely that those interviewed are actually members of the FT but are currently unaware of the fact],
- 4/9 members stated that they knew who their staff representative was, however, only 3 (33%) could name them correctly (in all cases, this was the Staff Governor for Nurses & Midwives),
- All 9 members surveyed stated that they received member’s information (leaflets or newsletters) either annually or twice a year,
- 2/9 members stated that they had been consulted on their views by their staff governor,
- 2/9 members stated that they had received feedback (e.g. on Board of Governor meetings) from their staff governor, however, in one of these cases the member interviewed had wrongly named their governor representative,
- 7/9 members stated that they “felt like members of the FT”, 1/9 members stated that they felt like a member of the FT sometimes and 1/9 member stated that they did not feel like a member of the FT.
3.14 We also interviewed four staff governors (one staff governor and three public governors) to ascertain how governors interact with their constituents. Key points arising were as follows:

- Governor’s roles are primarily publicised by the Corporate Affairs team, with varying levels of self-publicity undertaken by individual governors.
- Constituents rarely get in touch directly with governors; where this has occurred, it has generally related to complaints or concerns.
- Experience of direct engagement with constituents was limited to the staff governor who spoke to various staff groups and had consulted with relevant members via email; one of the public governors stated that not engaging directly with constituents had been a deliberate policy during his first year of office but that he intended to focus more on this area going forwards.
- There is a feeling amongst governors that there should be more engagement with members, however, this is difficult to do given time limitations, data protection issues (public governors are not aware of who their members are) and the fact that the position of Governor is that of unpaid volunteer.
- Governor to constituent member engagement was rated very low with the maximum score awarded being 2/5 (1 = no engagement, 5 = significant levels of regular engagement). However, one governor stated that he felt that general engagement with members (as opposed to constituent members specifically) could be rated at 4/5.

3.15 Suggestions by Governors for improving engagement with members are shown below for the Trust’s consideration:

- Badges for governors [Post Audit Note: governor badges are already provided at induction],
- More information provided at staff induction,
- Greater publicity of the identity / contact details of public governors in local GP practices and libraries,
- Providing “road shows” in different constituencies,
- Weekly update on hospital news on the Trust web site and (if possible) in local newspapers.
- Staff governor attendance at Team Brief to feedback on Governor issues
- Letters to members being sent out in the name of the relevant governor rather than that of the Trust Chair (we are aware this may cause administrative difficulties).

3.16 Suggestions by Internal Audit for improving engagement with members or increasing membership are shown below for the Trust’s consideration:

- Including a “strap-line” at the bottom of all letters to new patients advertising FT membership (the patient information leaflet currently sent does include details regarding FT membership but not in particularly conspicuous way),
- A post-box for members questions in the main hospital lobby.
- Provision of a video booth in the main hospital lobby for members to record comments, queries, etc. to be passed on to governors.

4 Recommendations

Further detailed recommendations arising from the audit are contained in the Findings & Recommendations Schedule (Appendix A).

5 Overall Conclusion

The Corporate Affairs team is responsible for managing the relationship between the Trust, its governors and its members and for all related administration. All governors
interviewed as part of this review spoke very highly of the Corporate Affairs team and the support they received from them.

Our audit work confirmed that the Trust has successfully delivered the first two phases of the Membership Strategy it outlined in its application to become a Foundation Trust which focused upon the initial recruitment and then development of membership. We can confirm that there a number of mechanisms in place to keep in touch with members and to assist in recruiting a representative membership. Of particular note is the active Governor Membership Development & Communication Working Group and the work of the Education Liaison scheme.

However, some work remains to be done in relation to the third phase of the strategy which focuses upon membership engagement. Whilst the Trust and governors can be commended for the widespread range of mechanisms in place for general engagement with the FT membership, weaknesses were identified relating to direct engagement between governors and members of their constituency. Interviews with a sample of staff found limited knowledge of the identity of staff governors, although it was encouraging to note that 7/9 staff members interviewed stated they “feel like” members of the FT. Interviews with a sample of governors found that they rated current levels of direct engagement with members of their specific constituency as low. Low levels of public attendance at Board of Governors meetings are also noted.

We are pleased to confirm that the Trust complies in full with all of Monitor’s reporting requirements in relation to Foundation Trust membership.

Overall, findings from the review provide **Significant Assurance** in relation to Membership Reporting, Development and Engagement, although weaknesses relating to the level of direct engagement between governors and members of their specific constituency should be noted. We nevertheless acknowledge the inherent tensions existing in the need for governors to engage with members coupled with the facts that (i) governors are unpaid volunteers and (ii) public governors are unaware of the identity of their constituency members due to Data Protection issues.

| Corporate importance of the system | Critical |
|                                  | High    |
|                                  | Medium  |
|                                  | Low     |

| Overall corporate risk of system | Red |
|                                  | Red/Amber |
|                                  | Amber |
|                                  | **Amber/Green** |
|                                  | Green |

The auditor is grateful for the assistance received from staff during the review.
### FINDING

**1. Publicising of Board of Governor Meetings**

Board of Governor meetings are advertised in advance in the local press and agendas, papers and minutes for Board of Governors meetings are made available on the Trust website. However, it is noted by Internal Audit that agendas and papers for upcoming Boards are generally not made available on the website on a timely basis prior to the meetings (for example, the agenda and papers for the 15th October 2008 meeting were not publicly available prior to the meeting). Public attendance at Board of Governors is generally very low; the lack of timely information as to what issues the meetings will cover may be a factor in this.

<table>
<thead>
<tr>
<th>FINDING</th>
<th>POTENTIAL EFFECT</th>
<th>RECOMMENDATION</th>
<th>PRIORITY</th>
<th>MANAGEMENT RESPONSE</th>
<th>RESPONSIBLE OFFICER</th>
<th>TARGET DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Publicising of Board of Governor Meetings</td>
<td>Barrier to public attendance at Board of Governor meetings</td>
<td>Agendas for Board of Governors meetings should be made available on the website as far in advance as possible and papers should be made available to the public (via the website) at the same time they are issued to Governors.</td>
<td>High</td>
<td>Agreed.</td>
<td>Acting Head of Corporate Affairs</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
2. Engagement between Governors & their Members

The audit found evidence that the FT, and in particular the Governor Membership Development & Communication Working Group, regularly consider means of engaging with members and a range of actions have been implemented relating to general engagement with the FT membership (e.g. Medicine for Members events, talks to staff groups, significant member involvement in hospital activities, etc.).

Nevertheless, weaknesses were identified relating to direct engagement between governors and members of their constituency. Interviews with a sample of staff found limited knowledge of the identity of staff governors, although it was encouraging to note that 7/9 members interviewed stated they did “feel like” members of the FT. Interviews with a sample of governors found that they rated current levels of direct engagement with members of their specific constituency as low. Low levels of public attendance at Board of Governors meetings are also noted.

We nevertheless acknowledge the inherent tensions existing in the need for governors to engage with members coupled with the facts that (i) governors are unpaid volunteers and (ii) public governors are unaware of the identity of their constituency members due to Data Protection issues.

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<th>MANAGEMENT RESPONSE</th>
<th>RESPONSIBLE OFFICER</th>
<th>TARGET DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Engagement between Governors &amp; their Members</td>
<td>Inadequate levels of engagement with governors and their members</td>
<td>Further consideration should be given as to how the role and identity of governors can be better publicised and how levels of direct engagement with their constituency members can be boosted and a related action plan should be produced. [A number of related suggestions are detailed in the main body of the report]</td>
<td>Medium</td>
<td>Issues relating to engagement between Governors and their Members will be the main agenda item at the next Board to Board meeting.</td>
<td>Acting Head of Corporate Affairs</td>
<td>November 2008</td>
</tr>
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KEY TO INTERNAL AUDIT REPORTS

CORPORATE IMPORTANCE

The Corporate Importance of a system or area being reviewed is agreed with the client when annual audit plans are produced or before the outset of audits not specifically included in those plans. It means simply the importance to the organisation and its objectives of that system operating effectively and with proper controls. Corporate importance is assessed as HIGH, MEDIUM or LOW.

PRIORITY OF INDIVIDUAL RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>HIGH</td>
<td>Internal Audit considers the implementation of this recommendation to be fundamental to the proper working of the system. It should normally be carried out within 1 month of the report’s issue.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Internal Audit considers the implementation of this recommendation to be important to the proper functioning of the system. It should be carried out normally within 3 months of the report’s issue.</td>
</tr>
<tr>
<td>LOW</td>
<td>The system’s effective operation may not depend upon this recommendation, but Internal Audit considers that it would be aided or improved by its implementation. It should normally be carried out normally within 6 months of the report’s issue.</td>
</tr>
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</table>

OVERALL ASSURANCE

This is the level of assurance that Internal Audit is able to provide at the end of an audit that the system and controls in place are ensuring that the organisation’s objectives are met. Classifications are based on those used by the DoH and the Audit Commission:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Description</th>
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<tbody>
<tr>
<td>FULL</td>
<td>Full assurance that the system of internal control is designed to meet the organisation’s objectives and controls are consistently applied in all the areas reviewed.</td>
</tr>
<tr>
<td>SIGNIFICANT</td>
<td>Significant assurance that there is a generally sound system of control designed to meet the organisation’s objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.</td>
</tr>
<tr>
<td>LIMITED</td>
<td>Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation’s objectives at risk in the areas reviewed.</td>
</tr>
<tr>
<td>NO ASSURANCE</td>
<td>No assurance as weaknesses in control or consistent non-compliance with key controls could result (have resulted) in failure to achieve the organisation’s objectives in the areas reviewed.</td>
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CORPORATE RISK LEVELS

Corporate risk ratings are assigned on a five-point scale. This aligns this with Monitor’s 1-5 scale of risk ratings, but because some clients prefer it, is also shown on a traffic light scale. As with assurance levels given these should be regarded as an assessment of the system and controls in their current state, before any of the recommendations have been implemented.

<table>
<thead>
<tr>
<th>Probability</th>
<th>SEVERITY</th>
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</thead>
<tbody>
<tr>
<td>Negligible</td>
<td>Red</td>
</tr>
<tr>
<td>Minor</td>
<td>Red/Amber</td>
</tr>
<tr>
<td>Moderate</td>
<td>Amber</td>
</tr>
<tr>
<td>Serious</td>
<td>Amber/Green</td>
</tr>
<tr>
<td>Catastrophic</td>
<td>Green</td>
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Risk levels are a function of the probability of a system or control failure happening, and the severity of such a failure should it happen. The ways these combine to provide the overall risk level is shown in the table below.

<table>
<thead>
<tr>
<th>PROBABILITY</th>
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<tbody>
<tr>
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