



Governance in NHS Wales

Section Ten - Due Diligence

Due diligence is the act of making sure that everything is the way it's supposed to be. It's like doing all the necessary homework, background checks, and analyses to identify problems, offer solutions, and document procedures.

The Diligent Dozen

In terms of corporate governance in general, the following twelve questions are important for members to assess whether things are as they should be:

'The Diligent Dozen'

1. What is the strategic purpose and vision of the organisation?
2. What are short, medium and long-term objectives for achievement for us to strive for?
3. How are resources allocated to bring it about, in particular, the financial and human resources?
4. How is the management organisation geared to the achievement of the strategy?
5. Financial controls – how do they work?
6. Operational controls – how do they work?
7. What are the management priorities in the near, intermediate and long term?
8. Past and present performance – what progress has been made towards the achievement of the organisation's short, medium and long-term goals? How is our performance compared with that of others?
9. What specific underlying forces determined those results?
10. Constituency protection – what mechanisms are in place to ensure that the interests of all stakeholders are addressed, and that the appropriate statutory or regulatory requirements are met?
11. What litigation and disputes risks and arrangements do we have?
12. How well are we able to respond to crises, and what contingency plans and processes are in place?

Peter Morgan Director General Institute of Directors

To help put this in the NHS board context, the following questions for independent members to ask themselves:

Understanding the Health Service

- Have you received training in the operation of the NHS nationally - an introduction to renewed NHS Wales?
- Have you been required to take yourself through a formal induction/re-induction programme tailored to the needs of the individual so that you can understand your duties and accountabilities in the renewed NHS Wales organisation?
- Has the Chair outlined your key responsibilities and success criteria with you as a board member?
- Do you have formal personal objectives and a plan for developing your effectiveness and

contribution?

- Is there regular mutual feedback on performance between you and your colleagues and your Chair?
- Are arrangements in place to enable independent members to share experience with counterparts on other boards?
- Are you encouraged to draw on views from outside the executive group?
- Are you encouraged to have independent access to other partner organisations?
- Do you and other independent members use the audit committee to build good working relationships with their external auditors enabling auditors to bring problem areas to their attention?

Behaviour

- Does the Chair lead the board so that it can logically question executives to explore issues and ask them to account for progress made?
- Is there an appropriate balance of contribution between executive directors and independent members?
- Do the Chief Executive and other executive directors welcome questioning and discussion by independent members?
- Does the Chair lead independent members so that they conduct a robust review of performance?
- Does this review take place within the context and the culture of the whole board working together as a team?
- Is adequate time allowed for discussion at board meetings, as well as for information giving?
- What mechanisms are in place to enable the board to monitor the quality of medical care and other work?
- Does the board receive feedback on the progress and implementation of all major decisions?
- Does the audit committee follow up audit reports to ensure that recommendations are being implemented and action taken?

Board's Working Practices

- What processes are in place to enable independent members to be involved in formulating the strategy from the start?
- Do independent members in practice influence the allocation of money?
- Do independent members monitor the implementation of the strategy through receiving regular progress reports and weighing up new executive proposals against it?
- Has the board decided what performance reports to see and how frequently?
- Do financial reports have the five good practice hallmarks?
 - Summaries of finances and activity reported together
 - There is a short written explanation
 - Projections are included
 - Comparisons are made
 - A summary is provided - detail is available

Responsiveness to the Community

- Does the board have policies for all key components of responsiveness to the community? Informing the public? Taking account of the public's views? Answering the public?
- Are independent members exposed to a range of views from the community?
- Do independent members ensure that public opinion is taken into account when formulating the strategy?

- Does the Chair invite independent members to lead a discussion with the board on the implications for the community of major decisions?
- Do public meetings meet the good practice criteria? i.e.
 - Publicity
 - Venue
 - Timing
 - Quality of talks
 - Participation
 - Written information
- Is feedback from public meetings reported to the board?
- Where public meetings do not provide a forum for boards to answer to the public, do independent members stimulate discussion of alternative strategies?