CHAPTER 8   OVERALL MANAGEMENT AND CONTROL

OVERVIEW

8.1   The primary function of HA, as set out in section 4 of the HA Ordinance (Cap 113), is to *manage and control* public hospitals in ways which are conducive to, among other things, using resources efficiently to provide hospital services of the highest standard within the resources obtainable.   Apart from the aspects of cost effectiveness and service management which have been covered in Chapter 7, it is also essential for HA to establish an effective risk management and internal control system to ensure that quality public healthcare services are provided as per HA's objectives.   This chapter reviews HA's overall management and control arrangement, focusing on risk management and ensuring effective system of internal control.

8.2   Since its establishment in 1991, HA has put in place a framework of measures (the Framework) through which it directs, controls and holds the organisation accountable.   This Framework, which has been refined to meet the ever changing environment and rising public expectation over the years, comprises the following three key elements –

> (a)   **Structure** – a proper organisation structure established at all levels with clearly defined roles and responsibilities, delegation of authority and accountability;
>
> (b)   **Systems/Processes** – systems and processes for cost-effective control of key results areas and risks; and
>
> (c)   **People** – competent and committed people are held accountable for the results and systems.

THE FRAMEWORK

I.   Structure

8.3   The overall structure established by HA on management and control covers three key components at different levels -

---

(a) at the corporate governance level, the HA governing body, namely the HA Board and its committees, is responsible for giving leadership and strategic direction, controlling the organisation, supervising the executive management, and reporting on stewardship and performance of HA;

(b) at the management and operations level, the executive management of HA led by the Chief Executive/HA, with delegated responsibilities and authority from the HA Board, is responsible for managing HA's operations for the purpose of fulfilling HA's stipulated functions and achieving its objectives; and

(c) to provide independent assurance, both internal and external auditors monitor HA's compliance with relevant legal requirements and policy objectives and provide independent oversight on various aspect of HA operation including financial statements and other key performance information.

II.   Systems and Processes

8.4   The HA Board has established systems and processes to direct and control HA's operations.

Planning

8.5   Strategic planning in HA plays an important role in providing the overall direction to address key challenges and to ensure that HA's operations are effective and efficient.   The Five-Year Strategic Plan 2012 – 2017 provides the framework for clinicians and executives to align their programme initiatives in the service planning process, and guides the development of HA's annual plans within the five-year period.

8.6   As discussed in Chapter 5, HA prepares an Annual Plan each year to support the actions outlined in the Strategic Plan.   The Annual Plan sets out key objectives, service priorities and programme targets and provides a basis for detailed services, resources and budget planning.   Both the Annual Plan and the associated budget, which are approved by the HA Board at the beginning of each financial year, serve as an important management tool for subsequent performance monitoring.

Policies and Procedures

8.7   The HA Board establishes overarching policies to guide and provide boundaries for the executive management to implement the approved plans and manage HA's operations.   Examples of these overarching policy frameworks include the HR Policy Manual; the Financial Accounting Manual; the Procurement and Materials Management Manual; and the Capital Works Procedural Manual.   HA will conduct periodic review to ensure that the existing policies remain relevant and appropriate.   HA will also develop new policies where necessary.

Systems

8.8   There exists an array of systems to support HA's operations, minimise risks and achieve its objectives.   For example, as discussed in Chapter 7, HA has established a system of clinical governance for the continuous assuring and improvement of quality and standards of services.   The COCs and CCs set HA's clinical standards, advise on strategic service planning and perform a crucial role in conducting clinical audits, pursuing best practice and developing innovative quality improvement programmes.   The COS, on the other hand, is the overall manager of a clinical specialty department responsible for service delivery and development, planning and budgeting, quality assurance and staff development.

8.9   As another example, HA has progressively developed sophisticated information technology systems and an extensive network supporting its corporate-wide operations throughout the territory.   These information technology systems serve not only as enablers driving efficient use of resources through automation, but also as tools to facilitate more effective control by minimising manual interventions and providing timely and relevant information support for performance monitoring.

Monitoring and Reporting

8.10   To ensure that services are delivered in line with its strategies and goals, HA has drawn up monitoring and reporting mechanisms.   Such mechanisms help generate reference information for performance monitoring which facilitates identification of areas warranting improvements.   Examples of such mechanisms include an HA-wide Patient Satisfaction Survey and Sentinel and Serious Untoward Events reporting.   There are also other regular accountability reports on specific subject matters, such as Report on the Operation of Samaritan Fund, and the HA Provident Fund Scheme Governance Report.

Auditing

8.11   Clinical auditing plays a significant role in the overall management and control framework.   It seeks to improve patient care and outcomes through systematic review.   It is a standard-based tool, measuring the patient care and services provided against evidence-based standards.   Wherever there is a gap between existing practice and the best practice, HA works to narrow it.   In areas without agreed good practice criteria, HA will adopt an outcome measurement approach (outcome-based).   Being a peer review activity under the umbrella of clinical governance, clinical audits are conducted by clinicians at the hospital/cluster level, and through COCs and CCs at the HA-wide level.

8.12   In HA's largely decentralised environment, the monitoring component of the Framework is reinforced by an independent internal audit function.   HA's Internal Audit Unit conducts a planned programme of audits to evaluate and improve the effectiveness of internal controls, risk management, and governance processes across the organisation.

III. People

8.13   HA has established processes to ensure that staff employed are with the right competencies and experience, and are provided with appropriate training to develop their skills and keep pace with the ever advancing technology and increasing sophistication of service delivery.   In addition to technical competencies, HA also promulgates and promotes its core values – People-centred care, Professional service, Committed staff, Teamwork – to support its vision, shape the corporate culture and instil these values to staff.   A culture of patient safety and quality improvement is among the critical components in HA's continuous drive to improve healthcare quality.

8.14   HA also attaches importance to integrity and ethical behaviour of its staff and has accordingly established a Code of Conduct applicable to all HA staff. The Code describes how the organisation and individual staff should behave in work relationships, dealings with external organisations and in the use of public funds.   Compliance with the Code is an integral part of HA's employment terms.

Credentialing

8.15   As covered in Chapter 7, HA has drawn up a framework for credentialing to verify the qualifications, clinical experience, professional training and other relevant professional attributes of healthcare professionals to assess their competence, performance and professional suitability to provide safe and quality services.   Under this system, only professional staff fulfilling the credentialing criteria will be allowed to perform the procedures/intervention independently to ensure the safety and quality of healthcare services provided.   HA will engage professional staff to develop priorities and agenda of credentialing.

INTERNAL CONTROL AND RISK MANAGEMENT

Systems of Internal Control

8.16   As can be seen from the Framework above, HA has established internal control systems and they collectively provide reasonable assurance on the achievement of the objectives; reliability of internal and external reporting; and compliance with applicable laws and regulations and internal policies.

8.17   In addition to the Internal Auditor who conducts independent audits within HA, HA also engages external consultants from time to time to conduct reviews that help it strive for continuous improvement.   Relevant recent reviews include a review of HA's Management and Control Framework in 2011; a review of the overall Corporate Governance arrangements in 2011-12; and a review of Clinical Governance in 2012.

Risk Management

8.18   Aside from system of internal control, risk management is another important aspect in the overall management and control in HA.

8.19   All activities involve risk that must be managed.   This is particularly true for healthcare organisations, where risks are inherent and the stake is high. It pervades every element of the service chain, both clinical and non-clinical.   In this respect, HA's risk management goals are to –

  (a)   minimise the likelihood of possible events that have negative consequences for patients, staff and the organisation;

(b) minimise the risk of death, injury and/or disease for patients, employees and others as a result of the services provided;

(c) enhance patient outcomes;

(d) manage and protect resources effectively; and

(e) support legislative compliance and ensure organisational development.

8.20   The SC notes that HA's risk management journey commenced over ten years ago with the introduction of a high level risk framework and accompanying policy. There have been ongoing enhancements since then, contributing to the establishment of HA's risk management culture and with the first HA-wide risk profile compiled.

8.21   HA's current risk management model comprises clinical risk management (e.g. medication incidents, etc.) and non-clinical risk management (e.g. finance, information technology, facilities, treasury, etc.).   In both aspects of the management model, there are systems in place to identify, analyse and manage risk, often at departmental level.   As discussed in Chapter 7, staff report incidents through the Advance Incident Reporting System.   And with the alert messaging function now introduced, more speedy and timely notification of sentinel and serious untoward events for reporting to the senior management is enabled. "Near Miss" event reporting has also been added since early 2013 to identify issues with potential harm to facilitate early intervention.

8.22   HA will aggregate risks identified at department level to produce hospital/cluster-wide risk registers and develop risk profiles for reporting to the respective HGC.   At the corporate level, HA develops a consolidated organisation-wide risk profile showing its key corporate risks for reporting to the respective committees of the HA Board.   Such information also forms the basis for the establishment of important risk reduction programmes to implement corrective strategies.

EVALUATION ON OVERALL MANAGEMENT AND CONTROL

Views from the Public Engagement Programme

8.23   Stakeholders from both within and outside HA were interested in the overall management and control arrangement.   Those outside, notably patients

and the general public, were particularly concerned about the clinical outcome. They expected safer services and fewer medical incidents.

8.24   Those within HA, while concerned about the outcome, also provided views on the process.   Some frontline staff pointed out that while COS in some specialties carry out merely administrative functions, others adopt a more proactive role in clinical monitoring and governance.   The different approach by individual COS would affect training and adoption of advanced technology and treatment protocol in different specialties in different hospitals.   They considered that the role of COS should be clearly defined particularly in clinical governance given the team work nature of many clinical duties.

8.25   During the meetings with staff, some expressed concerns over the layering of specialties/services committees including COC/CC/HAHO level committees and the HA Board committees.   They considered that such arrangement resulted in time consuming process and more administrative work for clinical staff in seeking endorsement from each of these layers before any service proposals could be implemented.   Clinicians saw some scope for streamlining the consultation process to facilitate clinical service development in HA.

SC's Considerations

8.26   The SC notes that HA's overall control framework to support its operations and minimise risks to achieve its objectives through structure, systems/processes and people is generally robust and elaborate.   Members also note that COCs play a significant role in ensuring professional service quality, including setting standard of services, preparing clinical guidelines, conducting clinical risk assessment and advising on technology adoption and enhancement.

8.27   Despite the key role of COCs, SC Members find that the clinical governance functions of individual COCs vary in different specialties, and clinical governance practices might also differ among clusters.   Given the size and many functional units of HA, Members reckon that the audit and control functions of HA and the role of COCs in clinical governance should be strengthened to ensure service quality and safety.   Some Members also suggest that the role of COS should be reviewed with greater emphasis on clinical governance.

8.28   Noting that modern healthcare has become increasingly complex and technology laden, Members share the view that apart from performance monitoring, it is also important for HA to put in place proper and standardised credentialing arrangement.   The COCs, with their established role in clinical governance on their respective disciplines, should have a strengthened role in

identifying procedures for defining scope of practice and setting standards and aligning requirements.

8.29　　　　The SC agrees that clinical auditing contributes positively to the overall management and control framework and in improving patient care and outcomes through systematic review.　In this connection, the SC appreciates that HA has been undertaking useful initiatives like the Surgical Outcome Monitoring and Improvement Programme to monitor clinical outcome.　As service quality is a major aspect of HA's overall management and control, the SC considers that there is room for enhancement in the assessment and monitoring of clinical competence and service outcome, e.g. through peer review process in different specialties, in order to attain further service quality improvement.

8.30　　　　While the number of medical incidents is relatively small compared to HA's overall service throughput, any occurrence of such incidents is a great concern to the public.　The incidents may also reflect possible systemic problem in certain area.　While the SC supports HA's existing approach in carrying out investigations into the root cause of medical incidents, it recommends enhancing the learning and sharing culture within HA with a view to preventing repeated occurrence of medical incidents.　And such learning should not just be confined to the clinical aspect; other aspects like communication with and support for patients should also be strengthened where appropriate.

Recommendations

8.31　　　　**Recommendation 10:** the SC **recommends** that –

(a)　　HA should strengthen the roles of COCs on clinical governance, including the development of clinical practice guidelines, services standards, introduction of new technology and service development plan for its respective specialty to achieve more standardised service quality and treatment and to ensure safety;

(b)　　HA should review the role of COS with greater emphasis on clinical governance;

(c)　　HA should review the inter-relationship of COC/CC and various services committees with a view to streamlining internal consultation on annual resource planning and clinical service development.　HA should address the concerns of frontline clinical staff and review their administrative workload to ensure they can concentrate focus on their core duty of providing care for the patients;

(d)   HA should, through COCs, develop a system of credentialing and defining scope of practices to ascertain professional competence and to ensure patient safety;

(e)   HA should step up the implementation of clinical outcome audits as a tool to assess and monitor clinical competence and service outcome for seeking service quality improvement; and

(f)   In examining the root cause for the occurrence of a medical incident, HA should strengthen the sharing of lessons learnt among clusters to minimise the possibility of its recurrence, and consider measures to enhance communication with and support for patients.