



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	22 August 2018		Agenda Item	2a.
Report Title	Board Assurance Framework (BAF)			
Report Author	Pam Wenger, Director of Corporate Governance			
Report Sponsor	Pam Wenger, Director of Corporate Governance			
Presented by	Pam Wenger, Director of Corporate Governance			
Freedom of Information	Open			
Purpose of the Report	The purpose of this report is to present an update on the development of the Board Assurance Framework.			
Key Issues	<ul style="list-style-type: none"> • The development of the Board Assurance Framework has been agreed by the Board and is owned by the Accountable Officer and the Board; • The Director of Corporate Governance is the lead Executive with responsibility for the delivery of the Board Assurance Framework; • The Audit Committee has a key role in overseeing the development of the Board Assurance Framework; and • The assurance schedule sets out the proposed steps in the development of the Board Assurance Framework including reporting arrangements. 			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
	✓			
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the progress on the development of the Board Assurance Framework; • Note the progress in reviewing the Corporate Risk Register; and • Note that all Executive Directors and their direct reports are in the progress of being set up on DATIX and will receive appropriate training as required. 			

DEVELOPMENT OF THE BOARD ASSURANCE FRAMEWORK

1. INTRODUCTION

The purpose of this report is to present to the Audit Committee and an update on the development of the Board Assurance Framework.

2. BACKGROUND

At the Board Development Session in December which focussed on risk management, it was agreed that a Board Assurance Framework should be developed. The Board Secretaries and Audit Chairs from NHS Wales organisations held a workshop in January 2018 with a view to agreeing a certain level of consistency in the approach across NHS Wales.

The Director of Corporate Governance has undertaken a governance stocktake and areas of focus for 2018-19 are included in the outline Governance Work Programme for 2018-19. A presentation on the approach to the development of the Board Assurance Framework was discussed at the Board Development Session in February 2018. Updates have been discussed at the Executive Board during August and September 2018.

The attached Board Assurance Framework is in development and requires further work to populate over the next few months. The Audit Committee are requested to note the work in progress and provide comments on the development of the Board Assurance Framework.

2.1 *Development of the Board Assurance Framework (BAF)*

The Board Assurance Framework enables the Board to: identify and understand the principal risks to achieving its strategic objectives; receive assurance that suitable controls are in place to manage these risks and where improvements are needed, action plans are in place and are being delivered; provide an assessment of the risk to achieving the objectives based on the strength of controls and assurances in place.

The process for gaining assurance is fundamentally about taking all of the relevant evidence together and arriving at informed conclusions. The most objective assurances are derived from independent reviewers; these are supplemented by internal sources such as clinical audit, internal management representations, performance management and self-assessment reports.

Step 1 – Principal Objectives:

The first step in designing the assurance process is for the Board to identify the strategic Objectives. The Health Board has agreed a set of corporate objectives which are crucial to the achievement of the values of the Health Board. In the absence of an overarching corporate organisational strategy, for the purposes of the Board Assurance Framework the agreed set of corporate objectives will be used.

Step 2 – Principal Risks:

These are risks which threaten the achievement of the Health Board's objectives. Principal risks should be identified from the risk management arrangements such

as the Operational Risk Register and Corporate Risk Register. Accepting that work is required in relation to the risk management process as detailed in the Structured Assessment Report from Wales Audit Office, the principal risks will be drafted on the basis of the Risk Management Board Development Session held in December 2017.

As agreed, meetings have been arranged with each of the Executive Directors to:

- Review the Corporate Risk Register to confirm the corporate risks for their areas of responsibility which will include, review of the risk, the controls, mitigating actions and the timescales for action; and
- Confirmation of the nominated officer for risk management in their corporate area.

The Unit Directors will also be required to undertake a review of their Risk Registers urgently.

Proposed Principal Risks are set out below:

1. Failure to comply with or meet national targets which may lead to regulatory intervention and a significant impact on patient care and outcomes, staff morale and the Health Board's reputation.
2. Failure to achieve the quality priorities for 2018/19 then the Health Board will not achieve its objective to deliver excellent patient outcomes and experience
3. Failure to meet statutory obligations in relation to health & safety, infection control, etc. then there could be breaches in standards and other failures leading to significant patient harm, financial penalties and regulatory intervention.
4. Failure to reduce inequalities and deliver Improvements in Population Health for the our population.
5. Failure to deliver the 2018/19 financial plan and ensure financial sustainability for 2019 and beyond
6. Failure that the Health Board will be unable to develop and maintain the Health Board estate.
7. Failure to have IM&T systems in place which do not meet the requirements of the organisation
8. Failure to have an appropriately resourced, focussed, resilient workforce in place that meets service requirements.
9. Failure that the Health Board will not be able to embed research and teaching into the care we provide, and develop new treatments for the benefit of patients and the NHS.
10. Failure to implement and maintain sound systems of corporate governance
11. Failure to establish and maintain effective relationships with our partners to lead and shape our joint strategy and delivery plans, based on the principles of sustainability, transformation and partnership working

Step 3 – Key Controls:

These are the management systems and processes the Health Board has place to manage its principal risks. Controls will be scrutinised internally and externally e.g. by independent reviewers, which includes internal auditors, regulators and external audit in conjunction with clinicians and other specialists where necessary. Key controls will also be mapped to the principal risks. When assessments are made about controls, consideration will be given not only to the design but also their effectiveness in light of the governance and risk management framework within which they will operate.

Step 4 – Assurance on Controls:

The Board must then gain assurance about the effectiveness of the controls in place to manage the principal risks. A gap in assurance is deemed to exist where there is failure to gain evidence that controls are effective. Any gaps in either controls or assurance will be identified in the BAF, along with actions, action owners and timescales for implementation.

During the course of its business members of the Board should continually ask questions to assess the strength of the internal controls and assurances being presented.

Step 5 Board Report & Actions:

The BAF provides a framework for identifying which of the Health Board's objectives are at risk because of inadequacies in controls or where the Health Board has insufficient assurance about them. At the same time it provides structured assurances about risks which are being managed effectively and objectives that are being delivered.

The Health Board's annual board assurance schedule will be as follows:

Action	Executive Lead	Management Lead	Date
Approval of Strategic Risks	Director of Nursing and Patient Experience	Head of Risk Management	August 2018
Population of Board Assurance Framework	Director of Corporate Governance	All Corporate Departments	Sept 2018
BAF Risks to be updated in line with the Risk Management Strategy	Director of Corporate Governance	Head of Risk Management	Quarterly
Sections of the Board Assurance Framework to be monitored by relevant Board committees and Management Groups to ensure risk management of the delivery of the strategic objectives	Committee Chairs	Presented by Lead Executive and or nominated Senior Manager	Twice a year
Executive Team to review full Board Assurance Framework prior to presentation to Audit Committee	Director of Corporate Governance	Head of Risk Management	Quarterly
Presentation to Committees & Audit Committee	Committee Chairs	Presented by Lead Executive	Quarterly
Presentation to Board twice a year	Director of Corporate Governance	Presented by Lead Executive	Sept March

2.2 Role of the Risk Management Group

The Risk Management Group has been established in the last month, and the role of the group is to oversee the Health Board's risk management arrangements, ensuring that risk appetite set by the Board is appropriate and adhered to, ensure that suitable processes are in place to identify and treat risks in the principal areas of organisational risk and to ensure a cohesive functional link between the Health Boards corporate governance and risk management arrangements and those of the Service Delivery Units (SDU). Each Executive Director is requested to confirm their membership on this group.

2.3 Role of the Audit Committee

A fundamental and important point to ensure is that the Board Assurance Framework, whilst delegated through the Audit Committee for oversight and monitoring, is owned by the Accountable Officer and the Board and its management and not seen as a standalone or separate function.

Whilst the Audit Committee will on behalf of the Board oversee the BAF, it is not proposed that the Audit Committee spend time discussing precise wording or risk scores but rather focus on whether the framework meets the Board's needs and whether the most significant risks are captured. This work will be supported by the existing arrangements in place that assign risks to key Committees of the Board as appropriate.

2.4 *Committee Responsibilities*

The Executive Director Leads will work closely with the Chairs of the Committees to compile a business cycle and annual work plan that meets the Committee's terms of reference. Each Committee must ensure it reviews the Board Assurance Framework quarterly focussing specifically on the areas it has responsibility and highlight any key issues affecting the BAF as part of the reporting to the Board.

2.5 *Link to Audit programmes*

A key source of assurance comes from internal, clinical and external audit reports and these are captured on the Board Governance & Assurance Structure.

- **Internal Audit**

The annual internal audit programme is risk based and going forward, will need to be more strongly aligned with the BAF. The BAF will need to take into account audit activity undertaken and particularly audits resulting in limited or no assurance ratings.

- **Clinical Audit**

The Audit Committee handbook recommends stronger alignment of clinical audit activity as a key source of internal assurance and therefore this should feature as a key source of Board Assurance.

- **External Audit**

The Wales Audit Office (WAO) also undertake a number of performance audits during each year – some are part of a mandated national programme and others are those that are HB specific – these are informed through previous findings and discussion with the Executive Team and Audit Committee.

3. GOVERNANCE AND RISK ISSUES

It is essential that there is an effective and efficient framework in place to give sufficient, continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved, cost effective, public services. Understanding the sources of assurance and their scope means internal audit can focus most effectively on the riskier areas. The structured mapping of assurances is one of the fundamental steps in building an assurance framework.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendations in this report.

5. RECOMMENDATIONS

Members are asked to:

- **Note** the progress on the development of the Board Assurance Framework;
- **Note** the progress in reviewing the Corporate Risk Register; and

- **Note** that all Executive Directors and their direct reports are in the progress of being set up on DATIX and will receive appropriate training as required.

Governance and Assurance					
Link to corporate objectives (please ✓)	Promoting and enabling healthier communities	Delivering excellent patient outcomes, experience and access	Demonstrating value and sustainability	Securing a fully engaged skilled workforce	Embedding effective governance and partnerships
					✓
Quality, Safety and Patient Experience					
Ensuring the Board and its Sub-Committee(s) makes fully informed decisions is dependent on the quality and accuracy of the information presented and considered by those making decisions. Informed decisions are more likely to impact favourably on the quality, safety and experience of patients and staff.					
Financial Implications					
There are no financial implications.					
Legal Implications (including equality and diversity assessment)					
Ensuring the Board has an effective and evolving Board Assurance Framework (BAF) that supports the Board in delivering the current one year plan, is an essential component of the Board's Governance arrangements going forward.					
Staffing Implications					
The development of the Board Assurance Framework will require a significant amount of work from the Executive Team and their teams to ensure that the process of mapping is undertaken and that this framework meets the needs of the Board. Progress on the development of the Board Assurance Framework is slower than anticipated as there is no resource to support this work.					
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)					
No impact identified.					
Report History	Board Development Session 22 February 2018 Executive Team 5 March 2018 Audit Committee March 2018 Executive Board 22 August 2018 Executive Board 12 September 2018				
Appendices	Appendix 1 : Draft Board Assurance Framework				

