



# BOARD ASSURANCE FRAMEWORK MAY 2024

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<b>Version No:</b>	<b>Approved by:</b>	<b>Date of Approval:</b>	<b>Date of Issue:</b>
V1.0			2 years from approval
<b>Brief Summary of Document:</b>	This document aims to set out the principles and components that provide the foundation and organisational arrangements for the Board Assurance Framework (BAF) within Powys Teaching Health Board.		
<b>Scope:</b>	<p>This framework applies to Board members and all employees of the Health Board.</p> <p>The framework is informed by the Strategic and Operational plans of the organisation together with the Risk Management Framework which apply to all staff, agency staff; contractors brought in to undertake work on behalf of the health board, works; students; locums; volunteers; individuals employed on honorary contracts; and, other third parties engaged in Powys Teaching Health Board business.</p> <p>The predominant users of the BAF will be the Board and its Committees.</p>		
<b>To be read in conjunction with:</b>	<ul style="list-style-type: none"> <li>• PTHB Risk Management Framework</li> <li>• PTHB Strategy and Planning Documents</li> </ul>		
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## Reviews and updates

Version no:	Summary of Amendments:	Date Approved:

## Glossary of terms

Term	Definition
Assurance	A positive declaration that something is 'true'. Assurances are therefore the information and evidence provided or presented which are intended to induce confidence that 'a thing' is true amongst those who have not witnessed it for themselves. For an individual to 'be assured', they must trust the assurance(s) they have been provided with and therefore be confident themselves that the thing is true. Assurance, whatever its source, will never be a guarantee that offers absolute certainty.
Risk	The effect of uncertainty on objectives. An effect may be positive, negative, or a deviation from the expected. In addition, a risk is often described as an event; a change in circumstance; or, a consequence.
Risk management	The process which aims to help organisations understand, evaluate and take action on all their risks, with a view to increasing the probability of success and reducing the likelihood of failure.
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the organisation.
Strategic risks	Risks that represent a threat to achieving the Health Board's strategic objectives or its continued existence. Strategic risks also include risks that are widespread beyond the local area and risks for which the cost of control is significantly beyond the scope of the local budget holder.
Operational risks	Risks that are by-products of the day-to-day running of the Health Board and include a broad spectrum of risks including clinical risk; financial risk (including fraud); legal risks (arising from employment law or health and safety regulation); regulatory risk; risk of loss or damage to assets or system failures; etc. Operational risks are managed by the department or directorate which is responsible for delivering services.
Corporate Risk Register	The PTHB owned risk register that holds in once place the strategic risks to the organisation.

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## 1. The Board's Statement

The Board is committed to the principles of good governance and recognises the importance of effective assurance and risk management as a fundamental element of the Health Board's governance framework and system of internal controls.

The Board recognises the crucial link between risk management, strategic priorities and plans and the role the Board Assurance Framework has in providing an overview of assurance.

The Board is committed to having a risk management culture that underpins and supports the business of the health board; providing and securing high quality care in a safe environment, that is complying with legal and regulatory requirements; meeting objectives; and promoting its values.

The Board intends to demonstrate an ongoing commitment to improving the management of risk throughout the organisation by:

- Ensuring a dynamic approach to strategic risk management to support achievement of the Health Board's vision, aims, and strategic objectives;
- Fostering an organisational culture of openness and willingness to report risks, incidents and near misses that is used for organisation-wide learning;
- Promoting considered risk taking, within authorised and defined limits in-line with the Board's Appetite for Risk;
- Adopting an integrated approach to risk management that includes risks related to clinical care, health and safety, staff wellbeing, financial and business planning, workforce planning, corporate and information governance, performance management, project / programme management, research and development;
- Embedding effective risk management systems and processes within the organisation and promoting the ethos that risk management is everyone's business, with clearly defined roles and responsibilities;
- Creating an environment that is as safe as is reasonably practicable, by ensuring that risks are continuously identified, assessed and appropriately managed, i.e. where possible eliminate, transfer or treat risks to an acceptable level;
- Establishing clear and effective communication mechanisms that enable a comprehensive understanding of risks at all levels of the organisation by the use of directorate, specialist and organisational-wide risk registers; and
- Providing appropriate training to staff to ensure effective implementation of assurance, risk management and governance arrangements.

## 2. Purpose of the Board Assurance Framework (BAF)

The purpose of the Board Assurance Framework (BAF) is a structured means of identifying and mapping the main sources of assurance in the organisation, and co-ordinating them to best effect. It is intended that through appropriate utilisation of the BAF, the Board can have confidence that it is providing thorough scrutiny of its role and is able to identify any gaps in assurance and take appropriate action as a result.

The development of the BAF will take into account the organisation's existing risk management arrangements.

The effective application of board assurance arrangements to produce and maintain a BAF will help the Board to consider collectively the process of securing assurance that promotes good organisational governance and accountability. The specific benefits include:

- Gaining a clear and complete understanding of the risks faced by the organisation in the pursuit of its strategic objectives, the types of assurance currently obtained, and consideration as to whether they are effective and efficient;
- Identifying areas where assurance activities are not present, or are insufficient for our needs (assurance gaps);
- Identifying areas where assurance is duplicated, or is disproportionate to the risk of the activity being undertaken (i.e. there is scope for efficiency gains, reduction of duplication of effort and/or a freeing up of resource);
- Identifying areas where existing controls are failing and as a consequence the risks that are more likely to occur;
- The ability to better focus existing assurance resources; and
- Providing an evidence base to assist the organisation in the preparation of its annual governance statement.

## 3. Health Board Plans

The Health Board has a Five-Year Integrated Plan (April 2024 to March 2029). The plan sets out the work of the Health Board in the short, medium and longer term, to create 'A Healthy, Caring Powys', delivering against the shared long-term Health and Care Strategy for the Powys. It covers the whole range of responsibility for the Health Board in planning and providing healthcare for the people of Powys, both as a provider and a commissioner of those services, in line with the NHS Wales Planning Framework.

The Integrated Plan (2024-29) and its supporting Annual Delivery Plan (2024-25) can be seen on our website - <https://pthb.nhs.wales/about-us/key-documents/>

The plan seeks to balance all statutory and other duties placed on the Health Board to delivery health services and improve the health and wellbeing of our local population and reduce health inequalities.

Powys Teaching Health Board has 27 Strategic Priorities. A Plan on a Page has been produced which brings together the vision and objectives for the Plan based on the agreed long term health and care strategy, A Healthy Caring Powys and the Strategic Priorities:

**Plan on a page 2024 - 2029**

**OUR FUTURE VISION** By 2027 AND BEYOND  
 (IMPROVE HEALTH AND WELLBEING)  
 WE WILL PUT THE PEOPLE OF POWYS FIRST

**Better Together for a Sustainable Model of Care**

**Wellbeing & Prevention**  
 • Develop a whole system prevention plan across the life course  
 • Deliver a Health Protection response including Vaccination

**Faster, effective diagnosis and treatment**  
 • Improve access to Primary and Community Care  
 • Design and Deliver a phased Frailty and Community Model  
 • Deliver the Planned Care and Diagnostics Programme

**Working together across Major Conditions, Physical and Mental Health**  
 • Develop and deliver a Major Conditions Plan respiratory & circulatory health (cardiac, diabetes, stroke) and cancer  
 • Deliver the Mental Health Transformation Programme

**Home first and back home fitter and faster**  
 • Improve pathways of care focused on system flow  
 • Deliver the Six Goals Plan for Urgent and Emergency Care focusing on what works for the Powys population

**Quality is the golden thread across the whole plan**  
 • Underpinned by the Quality Standards: Safe, Timely, Effective, Efficient, Equitable, Person-Centred (STEEEP)  
 • Delivery of Duty of Quality and Duty of Candour Action Plans  
 • Interdependencies across the plan in relation to a Value based approach and effective Governance

**Legend:**  
 WG TEMPLATE Primary & Community Care  
 WG TEMPLATE Enhanced Care in the Community (Pathways of Care)  
 WG TEMPLATE Planned Care & Cancer  
 WG TEMPLATE Mental Health  
 WG TEMPLATE Urgent and Emergency Care / Six Goals

## 4. Scope of the Board Assurance Framework

This framework is relevant to Board members and all employees of the Health Board. The framework is informed by the Strategic and Operational plans of the organisation together with the Risk Management Framework which apply to all staff, agency staff, contractors brought in to undertake work on behalf of the health board, students, locums, volunteers, individuals employed on honorary contracts, and other third parties engaged in Powys Teaching Health Board business. It applies to all activities of the Health Board, including those delivered by commissioned and contracted parties.

The predominant beneficiaries of the BAF will be the Board and its Committees.

## 5. The Board's Appetite for Risk

The Health Board has a Risk Management Framework which forms an important component of this Board Assurance Framework. The Risk Management Framework can be found here - [pthb.nhs.wales/about-us/the-board/1/risk-management-framework/](https://pthb.nhs.wales/about-us/the-board/1/risk-management-framework/)

The Board recognises that risk is inherent in the provision and commissioning of healthcare services, and therefore a defined approach is necessary to articulate risk context, ensuring that the organisation understands and is aware of the risks it is prepared to accept in the pursuit of its aims and objectives.

Risks throughout the organisation will be managed within the Board's risk appetite, or where this is exceeded, action will be taken to reduce the risk.

The Board has limited appetite to risks that materially impact on the quality, safety or access to, services the Health Board provides or commissions; or risks that could result in the organisation being non-compliant with UK law, healthcare legislation, or any of the applicable regulatory frameworks in which the health board operates.

The Board has greatest risk appetite in the pursuance of innovation and the challenge of current working practices and financial risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

The Board's Risk Appetite Statement sets out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a live document that is regularly reviewed and modified, so that any changes to the organisation's strategy, objectives or its capacity to manage risk are properly reflected. The Board's risk appetite statement can be viewed on the website and is available from [powysdirector@corporategovernance@wales.nhs.uk](mailto:powysdirector@corporategovernance.wales.nhs.uk)

## 6. The Board Assurance Framework

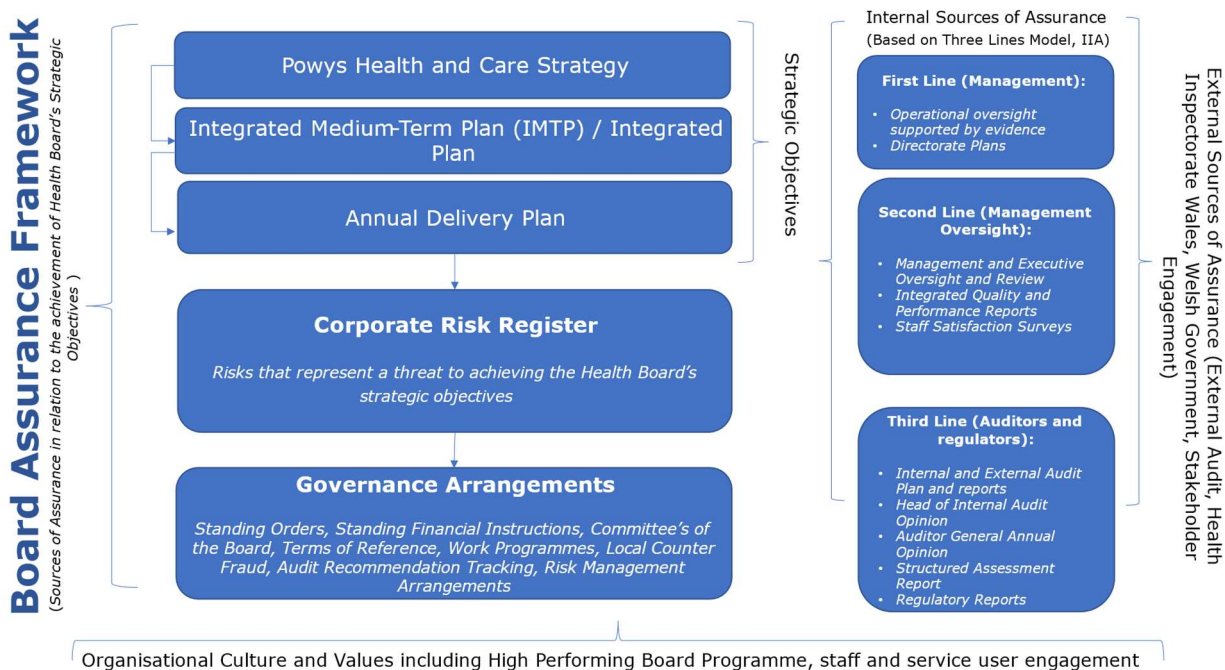
The PTHB Board Assurance Framework (BAF) is designed to provide the Board with:

1. a systematic and coherent picture of the assurances in place to support the delivery of the organisation's strategic objectives. It essentially maximises the links between assurance, performance management and risk management;
2. an overview of assurance in relation to its governance framework;
3. the opportunity to undertake thematic reviews of assurance to support the Board in its role. For example, a thematic review of 'planning'.

The BAF includes the integration of the Three Lines of Defence (assurance)

model. More details can be seen in section seven.

The key components of the BAF can be seen in the diagram below:



There are six steps to supporting the development of the BAF:

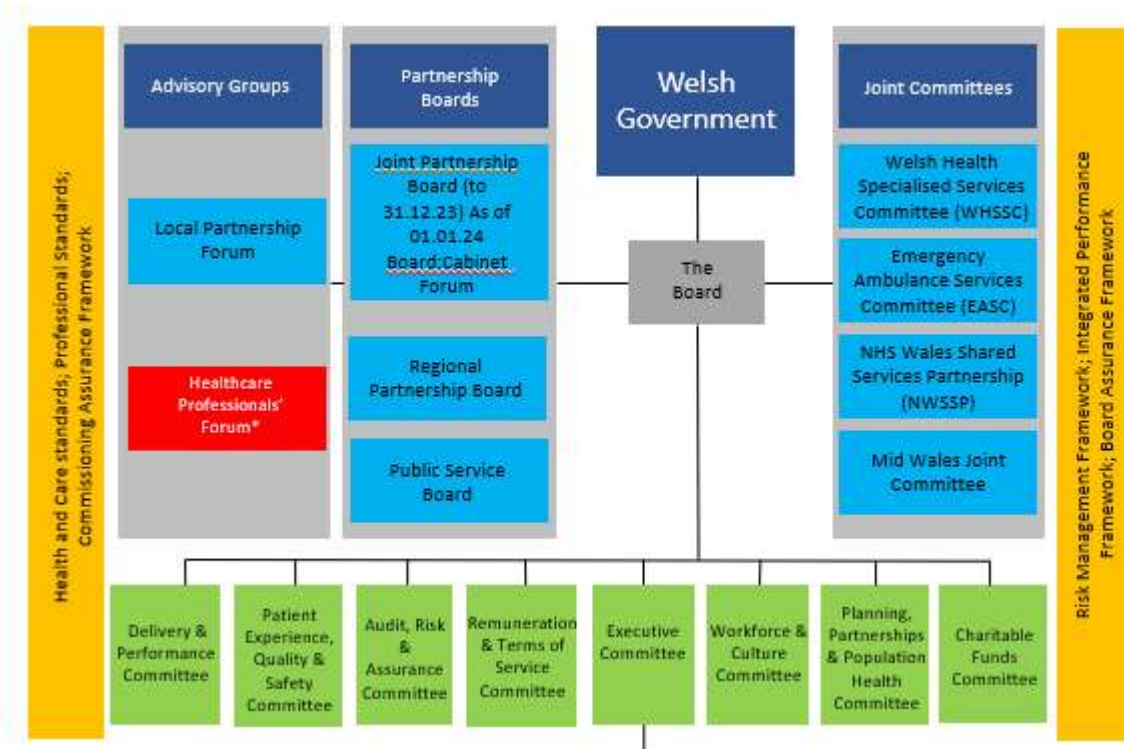
1. Identify key objectives
2. Identify key risks to the delivery of objectives
3. Identify key controls in place to ensure delivery of objectives and manage/mitigate risks
4. Identify sources of controls, their adequacy and operation
5. Assess gaps in controls and gaps in assurance
6. Develop (Board) action plan to address gaps in controls and assurance

The quality of assurance received by the Board is a key enabler as regards the Board's ability to effectively determine the best use of its resources and the effective achievement of strategic objectives. The BAF articulates the level of assurance required by the Board for each element, identifies gaps in controls and/or assurance and provides structured assurance in relation to risks which are being managed effectively and objectives that are on track to be delivered.

Scrutiny of the quality of assurances received is the responsibility of all Board Members and assessment of the effectiveness of internal controls and assurances will be a continuous process. As part of the development of the BAF, a review of assurance effectiveness will be undertaken.

The Health Board’s **Integrated Quality and Performance Framework** helps to identify and escalate emerging patterns of poor performance and risk in health services used by Powys patients. Through this process, risks may be identified for recording in local or directorate risk registers or the Corporate Risk Register, dependent upon the level and type of risk.

The BAF contributes to the whole system of governance of the Health Board which is summarised below :



## 7. Three Lines of Defence

Different sources and types of assurance have different strengths and are best used in different ways. Therefore, the BAF plays a key role in seeking an optimum mix of assurance. The 'Three Lines of Defence' model advocated by H. M. Treasury can help in this respect.

### First line of defence (assurance) – operational management

The first line of defence includes the overall risk management systems and control frameworks. It also incorporates the controls over operational processes and outputs. This stage includes controls over day-to-day transactions and periodic controls, for example cut-off procedures at the month or year-end, as well as procedures such as quality control if they are a

regular part of operations. Day-to-day management supervision, for example approval of large transactions, is also part of this stage.

Assurance is given by the knowledge and commitment of the staff operating the controls.

The benefits provided by the first line of defence are that the staff operating the controls know the business and workflow and should be aware of where controls are potentially weak. Building more controls in at this stage can also mean that mistakes are less likely to happen and can be more easily rectified. Effective day-to-day controls relating to information provision should mean that the information provided in external reports and to external auditors is likely to be more reliable.

The main weakness of the first line of defence is lack of independence, that the controls are being implemented by the same staff who are responsible for the operations to which the controls relate. They are effectively certifying their own work (self-review).

### Second line of defence (assurance) – management oversight

The second line of defence relates to review by management or specialists that is separate from day-to-day operations. It includes risk and compliance reviews, financial controls over operational departments and oversight of operations by the board. It can also include quality control reviews that are additional to day-to-day quality checks, for example one-off checking of a range of items where there have been customer complaints.

The second line of defence introduces a degree of independence and objectivity, as the reviewers are not staff and managers who are operationally responsible for the areas being reviewed. However, the reviewers are still part of the same management team, working with those being reviewed.

### Third line of defence (assurance) – audit and regulators (adapted for PTHB framework)

Internal and External audit is the third line of defence. The effectiveness of audit will depend on the extent of its terms of reference. These could be wide-ranging, covering operational efficiency and effectiveness, compliance and reliability of reporting. As well as looking at systems overall, audit can also focus on specific risks, particularly risks which the first two lines of defence identify gaps in assurance or control. Audit's role is also valuable if there are changes affecting the first two lines of defence, or changes in organisational structures, reporting processes and information systems.

Audit work has the significant benefit of being done by staff who are independent and separate from line management, who are not involved in

operational work and, in the case of PTHB, are not employees of the Health Board. Auditors' independence is strengthened by being able to report directly to the Board and Audit/other committees and being able to discuss issues with the Board and Audit committee without operational management being present where required.

PTHB is also regulated by a number of regulators including Health Inspectorate Wales (HIW) and Care Inspectorate Wales (CIW) and the Medicines and Healthcare Products Regulatory Agency (MHRA), as well as being subject to a number of other compliance and legislative requirements by Welsh Government and other Commissioners, for example the Welsh Language Commissioner and the Future Generations Commissioner. All regulators will also be considered as the third line of defence.

*\*NB – in other sectors internal and external audit are separated into the third and fourth line of defence, mainly due to internal audit being employees of the organisation. For the purpose of the PTHB BAF, internal and external audit have been combined into the third line of defence given the Health Board does not employ any auditors.*

## 8. Assurance Reporting

The BAF will test and assess the adequacy of the control and assurance mechanisms in place. The BAF will advise the Board as to whether the arrangements:

- **provide full assurance:** there are sufficient, relevant, positive assurances to confirm the effectiveness of key controls in ensuring risks are managed and objectives met; or
- **reveals gaps in control:** there is a clear conclusion, based on sufficient and relevant work, that one or more of the key controls on which the organisation is relying are not effective; or
- **reveals gaps in assurance:** there is a lack of assurance, either positive or negative, about the effectiveness of one or more of the key controls. This may be as a result of lack of relevant reviews, or concerns about the scope or depth of reviews that have taken place.

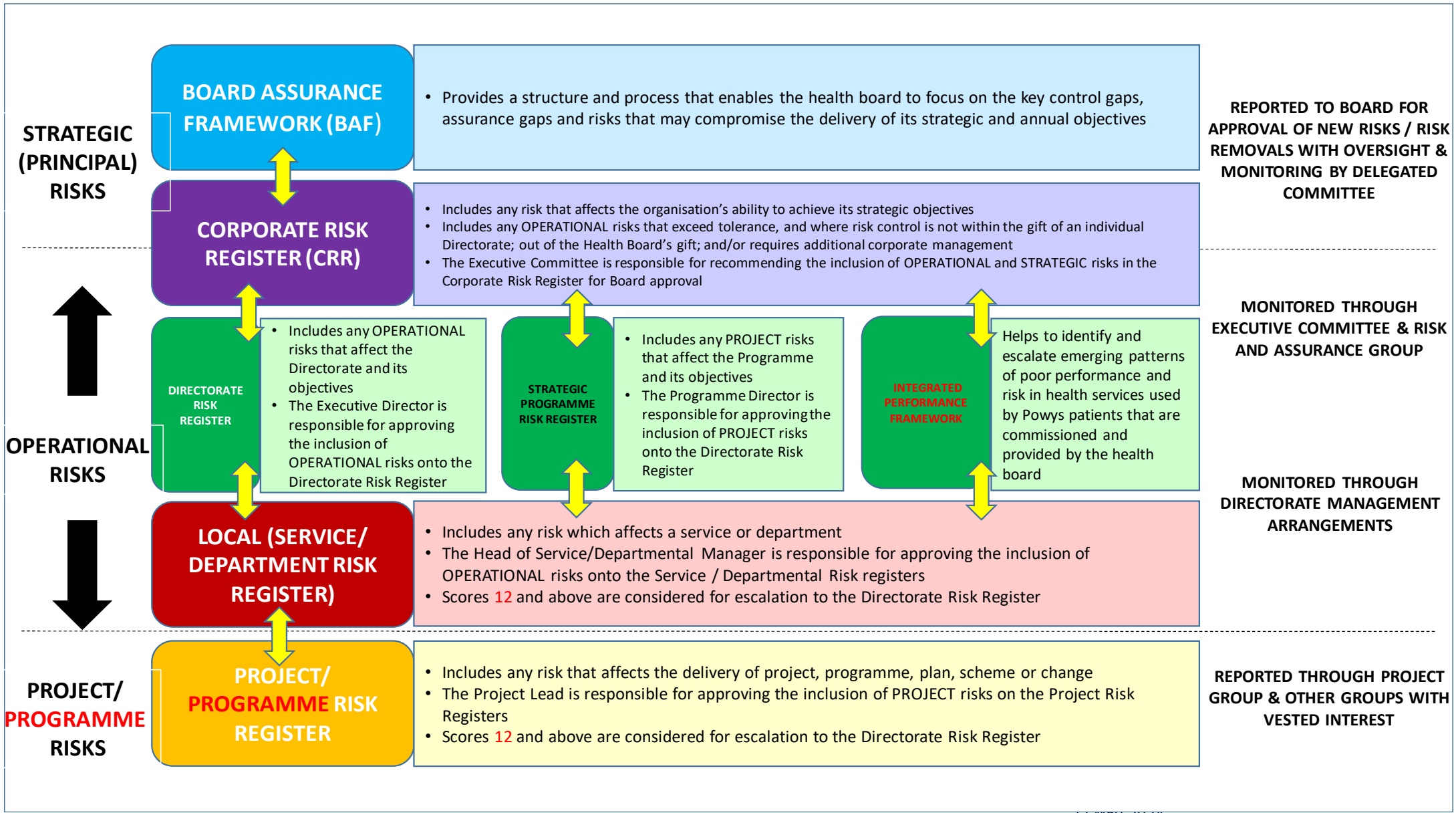
The Board Assurance Action Plan (BAAP) supports the BAF. It identifies actions, owners and timescales for the rectification of gaps whilst also recognising areas in which the Board may be willing to tolerate some small gaps in assurance.

Where gaps in controls or assurance are identified by the BAF, the Executive Committee will review these and either take action that is reported to the Board or will make recommendations to the Board in relation to how those gaps can be closed.

The Corporate Risk Register (CRR) and Board Assurance Framework is reviewed by the Executive Committee in advance of presentation to the Board. The Board receives:

At each Health Board meeting	High Level BAF dashboard Corporate Risk Register
Bi-annually	Full BAF dashboard (which will be incrementally developed)
Annually	Risk appetite statement review

The hierarchy of risk registers used in the Health Board and the relationship between strategic and operational risks is provided below:



## 9. Accountabilities and Responsibilities

### 8.1 The Board

The Board (Executive Directors and Independent Members) has collective responsibility for the setting and achieving of strategic objectives. Key strategic risks are identified and monitored by the Board. The BAF and CRR provide a central record of risks to the delivery of its strategic objectives. It is the duty of the Board to discuss and advise on the format and content of the BAF. It is also the duty of the Board to appropriately monitor PTHB's corporate risks, associated controls and assurances.

The Board is also responsible for ensuring that the health board consistently follows the principles of good governance, ensuring that the systems, policies and people in place to manage risk are operating effectively, focused on key risks and driving the delivery of the health board's strategic objectives. This is the meaning of 'assurance' and is a fundamental principle of good governance and accountability.

The workplans for the Board and each of its Committees will be aligned to the BAF and CRR, ensuring appropriate focus on areas of risk.

In the context of this Framework the Board will:

- demonstrate its continuing commitment to effective assurance and risk management through the approval of this Framework;
- ensure, through the Chief Executive, that the responsibilities for risk management outlined in this document are communicated, understood and maintained;
- take a lead role in 'horizon scanning' for emerging threats/risks to the delivery of the health board's strategic objectives, and ensuring that controls are put in place in response, managing risks to an acceptable level;
- ensure communication with partner organisations on problems involving interdependent risks;
- ensure that appropriate structures are in place to implement effective risk management;
- commit financial, managerial, technological and educational resources necessary to adequately control identified risks;
- ensure that lessons are learned and disseminated into practice from complaints, claims and incidents, and other patient experience data; and
- receive reports from the Committees of the Board in line with terms of reference and workplans of those committees.

The Terms of Reference for the Committees that report to the Board are included on the health board's website:

[Powys Teaching Health Board Committees - Powys Teaching Health Board \(nhs.wales\)](https://www.nhs.uk/health-board-committees)

## 8.2 Individual Responsibilities

All members of staff, and those working on behalf of the health board, have an individual responsibility for managing risk. They must understand and adhere to this Risk Management Framework.

The following individuals have specific responsibility, accountability and authority for risk management, as part of their existing roles:

### **Chief Executive Officer (CEO)**

The CEO is the Accountable Officer of the health board and has overall accountability and responsibility for ensuring it meets its statutory and legal requirements, and adheres to guidance issued by the Welsh Government in respect of Governance. This responsibility encompasses risk management; health and safety; financial and organisational controls; and governance. The CEO has overall accountability and responsibility for:

- ensuring the health board maintains an up-to-date Risk Management Framework approved by the Board;
- promoting a risk management culture throughout the health board;
- ensuring that there is a framework in place, which provides assurance to the Board in relation to the management of risk and internal control;
- ensuring that risk issues are considered at each level of business planning, from the corporate process to the setting of staff objectives;
- setting out their commitment to the risk management principles, which is a legal requirement under the Health and Safety at Work Act 1974.

The Welsh Government requires the CEO to sign a Governance Statement annually on behalf of the Board. This outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

### **Director of Corporate Governance / Board Secretary**

The Board Secretary is the delegated lead for the Board Assurance Framework and risk management in the Health Board, and is accountable for leading on the design, development and implementation of the integrated Board Assurance Framework and Risk Management Framework. The Director of Corporate Governance / Board Secretary will:

- develop and implement the Health Board's Board Assurance Framework and Risk Management Framework;
- lead the embedding of an effective Board Assurance and risk management culture throughout the health board;
- work closely with the Chair; Chief Executive; Chair of the Audit, Risk and Assurance Committee; and Executive Directors to implement and maintain the Frameworks and related processes, ensuring that effective governance systems are in place;

- develop and communicate the Board’s risk awareness, appetite and tolerance;
- lead and participate in the Board Assurance and risk management oversight at the highest level;
- lead the development of, and Chair, the Risk and Assurance Group (established by the Executive Committee);
- work closely with the CEO and Executive Directors to support the development and maintenance of Corporate and Directorate level risk registers; and
- produce the Health Board’s Annual Governance Statement.

### **Deputy Board Secretary**

The Deputy Board Secretary is accountable to the Director of Corporate Governance / Board Secretary and, in relation to Board Assurance, will specifically:

- provide specialist advice in relation to controls and assurances for a range of functions at all levels in the organisation to support the effective management of clinical and non-clinical risk and governance;
- ensure a central system is in place to collate risk registers across the health board, which link to the health board’s Assurance Framework;
- support the management and development of the health board’s Assurance Framework and Risk Management Framework;
- work with directorates and Heads of Service to ensure risks are escalated in accordance with the Risk Management Framework;
- compile the Corporate Risk Register and Board Assurance Framework, for Executive Committee and Board;
- support the development and functioning of the Risk and Assurance Group; and
- provide training, information and advice to operational staff and corporate functions on risk management and risk registers, ensuring linkage to the Assurance Framework of the organisation.

### **Executive Directors**

Executive Directors are accountable and responsible for ensuring that their respective directorates are implementing this Framework, and related policies/procedures. Each Director will therefore ensure that the systems, policies and people are in place to manage, eliminate or transfer the key risks related to the health board’s strategic objectives.

Specifically, they will:

- lead the embedding of an effective risk management culture throughout the health board;
- communicate to their directorate the Board’s strategic objectives; and ensure that directorate, service and individual objectives and risk reporting are aligned to these.

- ensure that a forum for discussing risk and risk management is maintained within their area, which will encourage integration of risk management.
- co-ordinate the risk management processes which include risk assessments, incident reporting, the investigation of incidents/near misses, and the management of the risk register.
- ensure there is a system for monitoring the application of risk management within their area, and that risks are treated as required.
- provide reports to the appropriate Committee of the Board that will contribute to the monitoring and auditing of risk.
- ensure staff attend relevant mandatory and local training programmes.
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of reporting.
- ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post, and that those key objectives are reflected in the individual performance review/staff appraisal process.

In addition, **Clinical Executive Directors** (Executive Medical Director, Executive Director of Nursing, Quality and Family Health, Executive Director of Allied Health Professions, Health Sciences & Digital, and the Executive Director of Public Health) have collective responsibility for clinical quality governance, which includes patient safety, incident management and patient experience and, therefore, have a responsibility to ensure that clinical risks and assurances are appropriately managed in line with this Framework.

### **Independent Members**

Independent Members seek assurance on the effectiveness of processes and the effectiveness of controls through constructive and robust scrutiny of Executive Directors' and senior officers' operational delivery of risk management. The role of Independent Members is not to manage individual risks, but to understand and scrutinise risk management on an informed and ongoing basis.

Additionally, Independent Members chair Board level committees, and in line with the relevant committee Terms of Reference, should provide assurance to the Board that risks within its remit (determined by the CRR and BAF) are being managed effectively by the risk owners, and report any areas of concern to the Board.

### **Clinical Directors, Assistant Directors and Heads of Service**

Clinical Directors, Assistant Directors and Heads of Service are responsible for implementation of the Risk Management Framework and relevant policies and procedures, which support the Health Board's risk management approach.

As Senior Managers of the organisation, Clinical Directors, Assistant Directors and Heads of Service take the lead on risk management, and set

an example through visible leadership of their staff. These responsibilities include:

- Taking responsibility for managing risk;
- Ensuring that risks are assessed where they are:
  - Identified within the working activities carried out within their management control;
  - Identified within the environment within their control;
  - Reported from the staff within their management control.
- Identifying and managing risks that cut across delivery areas;
- Ensuring all incidents/accidents and near misses are reported;
- Monitoring mitigating actions and ensuring action owners are clear about their roles, and what they need to achieve;
- Discussing risks on a regular basis with staff, and through discussions at meetings to help improve knowledge about the risks faced; increasing the visibility of risk management and moving towards an action focussed approach;
- Ensuring risks are updated regularly and acted upon;
- Communicating to the organisation what the health board's strategic risks are;
- Using the risk management process to support prioritisation and decision making;
- Ensuring staff are suitably trained in risk management;
- Promoting a risk aware culture in which staff are encouraged to identify and escalate risk;
- Ensuring that risk management is included in appraisals and development plans where appropriate;
- Ensuring the adoption and operation of the risk management framework across their work area.

### **Line Managers**

The identification and management of risk requires the active engagement and involvement of staff at all levels, as staff are best placed to understand the risks relevant to their areas of responsibility, and must be supported and enabled to manage these risks within a structured risk management framework. Managers at all levels of the organisation are therefore expected to take an active lead to ensure that risk management is embedded into the way their service/team/ward operates. Managers must ensure that their staff understand and implement this Framework and supporting processes, ensuring that staff are provided with the education and training to enable them to do so.

Managers must be fully conversant with the health board's approach to risk management and governance. They will support the application of this Framework and its related processes, and participate in the monitoring and auditing process.

### **All Staff**

All staff will:

- accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety, and all others that may be affected by the health board's business;
- report all incidents/accidents and near misses;
- comply with the health board's incident and near miss reporting procedures;
- be responsible for attending mandatory and relevant education and training events;
- participate in the risk management system, including the risk assessments within their area of work, and the notification to their line manager of any perceived risk that may not have been assessed; and
- be aware of the health board's Risk Management Framework and processes, and the local strategy and procedures, and comply with them.

### **Contractors employed by the Health Board e.g. capital and estates specialists**

It is the responsibility of each contractor employed by the health board to ensure that any staff working on their behalf is fully conversant with the risk management requirements for the activity for which they are engaged.

## **8.3 Internal Audit**

The relationship between Board Assurance, risk management and Internal Audit is critically important. Risk management is concerned with the assessment of risk and the identification of existing and additional controls, whereas Internal Audit's role is to evaluate these controls and test their efficiency and effectiveness. This is undertaken through the Internal Audit programme of work. Accordingly, the Head of Internal Audit will:

- a. Provide an overall opinion each year to the Accountable Officer of the organisation's risk management, control and governance to support the preparation of the Annual Governance Statement;
- b. Focus the internal audit work on the significant risks as identified by management, and audit the board assurance risk management processes across the organisation;
- c. Audit the organisation's board assurance and risk management, control and governance through operational audit plans, in a way that affords suitable priority to the organisation's objectives and risks;
- d. Provide assurance on the management of risk and improvement of the organisation's risk management, control and governance; by providing line management with recommendations arising from audit work.

## **8.4 Local Counter Fraud Services**

The Health Board's nominated Local Counter Fraud Specialist (LCFS) provides assurance to the Board regarding risks relating to fraud and/or corruption. The

health board's Annual Counter Fraud Work Plan, as agreed by the Audit, Risk and Assurance Committee, identifies the arrangements for managing and mitigating risks as a result of fraud and/or corruption. Where such issues are identified they are investigated by the LCFS, and then reported to the Audit, Risk and Assurance Committee as appropriate.

The LCFS works with the Chief Executive, Executive Directors and Board Secretary to review any fraud or corruption risks. Such risks are referred to the relevant risk register for the Directorate concerned, and are then escalated through the health board's escalation process.

## **8.5 Committee Duties & Responsibilities**

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place.

### **The Audit, Risk and Assurance Committee**

The Audit, Risk and Assurance Committee is responsible for overseeing assurance and risk management processes across the organisation, and will have a particular focus on seeking assurance that effective systems are in place to manage risk; that the organisation has an effective framework of internal controls to address strategic (principal) risks (those likely to directly impact on achieving strategic objectives); and that the effectiveness of that framework is regularly reviewed.

The Committee is responsible for monitoring the assurance environment and challenging the levels of assurance in respect of key risks across the year, ensuring that the Internal Audit Plan is based on providing assurance that controls are in place and can be relied upon, and reviewing the internal audit plan in-year as the risk profiles change.

### **The Executive Committee**

The Executive Committee has responsibility for ensuring implementation of the risk management process, and has responsibility for agreeing the risks on the Corporate Risk Register prior to consideration and approval by the Board.

The Executive Committee is responsible for considering the BAF and any amendments to ensure there is appropriate scrutiny and challenge of principal risks, the current controls and assurances in place and the actions to address any gaps in these, prior to the BAF being submitted to the Board for consideration and approval.

It is also the role of the Executive Committee to agree that risks are being managed to an acceptable level, balancing priorities, resources and the risk

to the health board, and recommending the best course of action to manage the risks, to the Board. The Board must be provided with assurance that everything that can be done is being done to reduce the risk, and that there are effective plans and controls in place to manage the situation should the risk materialise. This will help limit damage, control loss and contain costs for the health board. Whilst a risk may be accepted by the Board, the risk owner must ensure that the current control measures will be regularly reviewed to ensure that they remain effective. The Board's risk appetite has a key role in providing guidance as to the level of work that is acceptable to the Board.

### **The Risk and Assurance Group**

The Risk and Assurance Group is a management group of the Executive Committee. The Group reports to the Executive Committee and advises on any risk management issues, including all significant risks arising from activities within the organisation.

The Group is responsible for leading the implementation of the risk, control and assurance processes established within the organisation. The Group will review the processes and report on any weaknesses identified to ensure that the Board has in place effective systems for the reporting of risk, and the management of risk registers (local, directorate and corporate) and the Board's Assurance Framework.

### **Directorate Risk Management Arrangements**

All directorates must have the necessary arrangements in place for good governance, quality, safety and risk management.

Directorates, through management, have responsibility for risks to their services and for putting in place appropriate arrangements for the identification, assessment and management of risks. Directorates are also responsible for developing local arrangements for monitoring risk registers and communicating risk information.

Directorates will be asked to produce assurance information to support both their local delivery of work and provide assurance into the corporate structure of the organisation.

## **10. Toolkit**

To support the Board Assurance Framework, a risk management toolkit is available for staff on the [intranet](#). The toolkit is a means by which the Risk Management Framework is implemented. The toolkit includes:

- Risk Management Process
- Risk Assessment Procedure
- Risk Scoring Matrix
- Risk Register Procedure
- Risk Register Template & Guidance

The toolkit will be further developed to include assurance mapping

## 11. Assurance and Risk Training

Knowledge of how to ensure effective assurances are in place and to manage risk are essential to the successful embedding and maintenance of both this framework and effective risk management. To support this, and complement the Risk Management Framework, a programme of training will be delivered as follows:

Staff Group	Training Need	Frequency
Board Members	Governance and Assurance Training	Every 2 years
	Review of Risk Appetite	Annual
Risk & Assurance Group / Senior Managers	Risk and Assurance Awareness Training, including Risk Assessment, Risk Register and Assurance Training	Every 3 Years

## 12. Monitoring the Effectiveness of the Board Assurance Framework

The Board will receive the Board Assurance Framework and its relevant constituent parts at each of its meetings.

Compliance with this Framework is monitored by the Executive Committee and the Audit, Risk & Assurance Committee.

The Annual Governance Statement is signed by the CEO and sets out the organisational approach to internal control. This is produced at the end of the financial year and is scrutinised as part of the annual accounts process and presented to the Board with the accounts, as part of the Annual Accountability Report, for the Boards approval.

The Head of Internal Audit will also provide an opinion together with the summarised results of the internal audit work performed during the year.

The Health Board's assurance and risk management arrangements are also subject to review annually, as part of the Audit Wales Structured Assessment process.

## 13. References

The Good Governance Guide for NHS Wales Boards  
HM Treasury Three Lines of Defence Model  
Powys Teaching Health Board Risk Management Framework