



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board



<b>Meeting Date</b>	15 March 2018	<b>Agenda Item</b>	<b>2d</b>	
<b>Report Title</b>	<b>Board Assurance Framework (BAF)</b>			
<b>Report Author</b>	Pam Wenger, Director of Corporate Governance			
<b>Report Sponsor</b>	Pam Wenger, Director of Corporate Governance			
<b>Presented by</b>	Pam Wenger, Director of Corporate Governance			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	The purpose of this report is to present to the Audit Committee an update on the development of the Board Assurance Framework.			
<b>Key Issues</b>	<ul style="list-style-type: none"> <li>• The development of the Board Assurance Framework has been agreed by the Board and is owned by the Accountable Officer and the Board;</li> <li>• The Director of Corporate Governance is the lead Executive with responsibility for the delivery of the Board Assurance Framework;</li> <li>• The Audit Committee has a key role in overseeing the development of the Board Assurance Framework; and</li> <li>• The assurance schedule sets out the proposed steps in the development of the Board Assurance Framework including reporting arrangements.</li> </ul>			
<b>Specific Action Required</b> <i>(please ✓ one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
			✓	
<b>Recommendations</b>	Members are asked to: <ul style="list-style-type: none"> <li>• <b>Note</b> the report and <b>support</b> the proposed approach in the development of the Board Assurance Framework</li> </ul>			

## **DEVELOPMENT OF THE BOARD ASSURANCE FRAMEWORK**

### **1. INTRODUCTION**

The purpose of this report is to present to the Audit Committee 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.

#### **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.

**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	April
Population of Board Assurance Framework	Director of Corporate Governance	Head of Risk Management	Quarter 1 April and May
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	Quarterly
Executive Team to review full Board Assurance Framework quarterly 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 minimum three times per year	Director of Corporate Governance	Presented by Lead Executive	May, July, October, Jan

## **2.2 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.

## **2.3 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.

## **2.4 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 chart **Appendix 1**.

- **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. RECOMMENDATION**

Members are asked to:

- **Note** the report and proposed approach in the development of the Board Assurance Framework.

<b>Governance and Assurance</b>					
<b>Link to corporate objectives</b> <i>(please ✓)</i>	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
					✓
<b>Quality, Safety and Patient Experience</b>					
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.					
<b>Financial Implications</b>					
There are no financial implications.					
<b>Legal Implications (including equality and diversity assessment)</b>					
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.					
<b>Staffing Implications</b>					
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.					
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>					
No impact identified.					
<b>Report History</b>	Board Development Session 22 February 2018 Executive Team 5 March 2018				
<b>Appendices</b>	Appendix 1 : Assurance Maps				

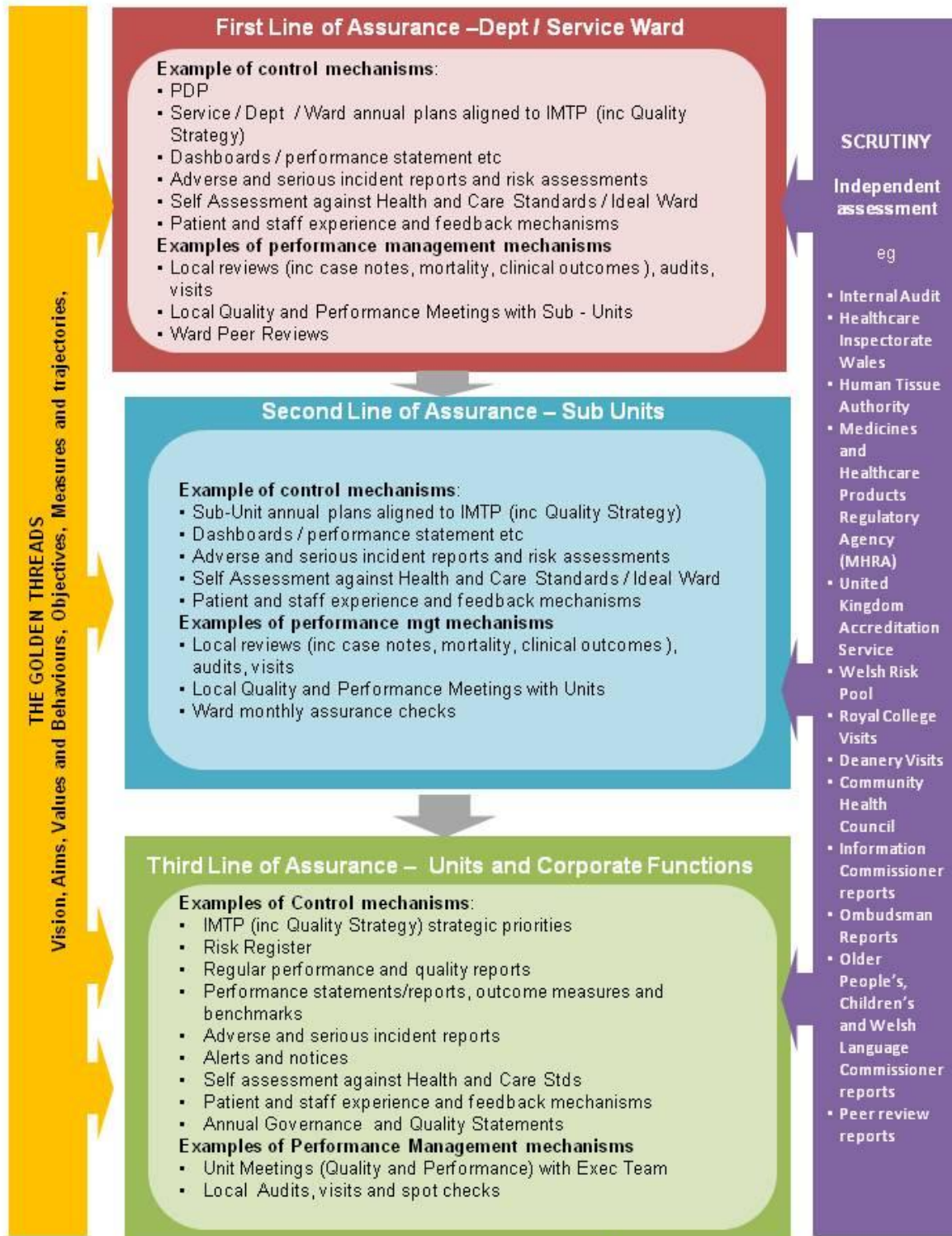
ABMU BOARD ASSURANCE MAP

**Delivery of ABMU Vision, Aims, Values and Behaviours, Objectives, Measures and Trajectories and management of associated risks**

**Controls and Assurance Mechanisms**



## ABMU – OPERATIONAL LEVELS OF ASSURANCE (APPX 1)



## ABMU – CORPORATE LEVELS OF ASSURANCE (APPX 2)

