The Queen Elizabeth Hospital NHS
King's Lynn
NHS Foundation Trust

**REPORT TO THE BOARD OF DIRECTORS (PUBLIC)**

| **SUBMITTED BY:** | **REPORT FOR:** | | **IMPACT:** | | |
|---|---|---|---|---|---|
| Patricia Wright<br>CEO | **Decision** | √ | **High** | **Med** | **Low** |
| **CONSULTATION:** | **Information** | | √ | | |
| | **REPORT TYPE:** | | **RELATED WORK:** | | |
| | **Strategic** | √ | Business Plan – May 2012 | | |
| | **Operational** | | | | |
| | **Governance** | | | | |
| **BAF ref:** | All BAF risk areas | | | | |
| **Monitor Compliance Framework:** | All | | | | |
| **CQC Essential Standard Reference:** | All | | | | |
| **NHSLA Standard Reference:** | N/A | | | | |
| **Media / Communications:** | N/A | | | | |

**Meeting Date:** **30th July 2012**
**Report Title:** **Board Assurance Framework**

**Purpose:**

To facilitate the Board's review of its strategic risk and the alignment of the BAF with the Divisional Objectives and Risks articulated in the Trust's Business Plan 2012 / 13.

**Summary:**

Following the Board's work in rearticulating its principle risks to the delivery of its strategic objectives, the BAF has been revised.

In respect of developments since the last iteration of the BAF and in line with the recommendations of the 2012 Internal Audit on the BAF, the Sources of Assurance on Controls have been RAG rated according to their respective 'strength'. The methodology used for this exercise is that developed for the Audit Committee's Control Environment Heat Map (see Appendix 2).

The definitions used for the development of the BAF and the Trust's risk scoring methodology are attached at Appendix 1. This methodology has been utilised to RAG rate the target risks and residual risks set out in the BAF.

**Financial Implications:** No financial implications as a direct result of this report.

**Risk Assessment (cross-reference with Risk Register where appropriate):**

| Strategic / External | Operational/ Organisational | Financial | Clinical | Legal/ Regulatory | Reputational / Patient Experience |
|---|---|---|---|---|---|
| ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

**Recommendations:**

**The Board is invited to:**

(i) Agree the principle risks to the delivery of the strategic and corporate objectives
(ii) Consider the relative strength of the sources of assurance on control
(iii) Commission additional work to strengthen controls, sources of assurance or actions to mitigate risks

**Appendix 1**

# BAF Definitions

**Principal risks**
*What could prevent this strategic objective being achieved?*

**Key Control**
*What controls / systems do we have in place to assist in securing delivery of our objective?*
*"The ongoing policies, procedures, practices and organisational structures designed to provide reasonable assurance that objectives will be achieved and that undesired events will be prevented or detected and corrected" Ref: DoH, Building the Assurance Framework – a Practical Guide for NHS Boards*

**Gaps in control**
*Where are we failing to put controls / systems in place and where are we failing in making them effective?*

**Sources of Assurance**
*Where can we gain evidence that our controls / systems, on which we are placing reliance, are effective? (Management Checks, Internal Audit, Clinical Audit, CQC assessments, External Audit, Local Counter Fraud Services, NHSLA, other reviews)*

**Positive assurances**
*What evidence do we have that shows we are reasonably managing our risks and our objectives are being delivered?*

**Gaps in assurance**
*Where are we failing to gain evidence that our controls / systems, on which we place reliance, are effective?*

**Residual level of risk**
*What residual risk score remains when current controls are in place?*

**Target Risk**
*Risk appetite - What level of risk is the Board prepared to carry/accept?*

**Actions / Target Date**
*What actions are in hand or planned to address the gaps in controls or assurance?*
*What is the timeframe?*

**Executive Lead / Monitoring Committee**
*Who is responsible for ensuring actions are addressed?*

# Risk Scoring Matrix

| LIKELIHOOD | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Almost Certain | 5 | 5 | 10 | 15 | 20 | 25 |
| | Likely | 4 | 4 | 8 | 12 | 16 | 20 |
| | Possible | 3 | 3 | 6 | 9 | 12 | 15 |
| | Unlikely | 2 | 2 | 4 | 6 | 8 | 10 |
| | Rare | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Negligible | Minor | Moderate | Major | Catastrophic |
| | | | CONSEQUENCE | | | | |