

THE ASSURANCE FRAMEWORK

Background

All NHS Trust Boards have a set format that they must use for registering and reviewing strategic risks – the Assurance Framework – which is monitored by the Healthcare Commission for the Standards for Better Health, Internal Audit and the Audit Commission for the Auditors Local Evaluation and by the NHS Litigation Authority.

It has been agreed by the Steering Group that both the Cabinet and PCT Board receive detail on the highest rated risks (15 and above) using the format that NHS Trusts must use. This will ensure best practice, consistency across both organisations and also more detailed information on risk on which to base their decisions.

Format of the Assurance Framework

Principal Objectives

The first step in preparing an assurance framework is for the “Board” to identify its organisation’s objectives, “clinical”, operational, financial and generic. It is necessary for “Boards” to focus on those that are crucial to the achievement of its overall goals, defined as the **principal objectives**. These incorporate those at the strategic and directorate (or equivalent) level.

Principal Risks

Principal risks are defined as those that threaten the achievement of the organisation’s principal objectives. It is essential that boards understand that they need to manage potential principal risks, rather than reacting to the consequences of risk exposure. It would be wrong to try and consider principal risks in isolation because in practice they are derived from the prioritisation of risks fed up through the whole organisation.

Principal Risk Score

Using the 5 x 5 risk scoring matrix in the Risk Management Toolkit the risk is scored for likelihood and consequence to give a principal risk rating.

Key Controls

Organisations should ensure that they have **key controls** in place which are designed to manage their principal risks.

Controls should be documented and their design subject to scrutiny by independent reviewers, eg. internal and external auditors. The key controls should be mapped to the principal risks. When assessments are made about controls, consideration must be given not only to the design but also the likelihood of them being effective in light of the governance and

risk management framework within which they will operate - even the best controls can fail if staff are not adequately trained.

Assurances on Controls

Where can the organisation gain evidence that the controls are effective? The most objective assurances are derived from independent sources and these are supplemented from non independent sources such as clinical audit, internal management representations, performance management and self assessment reports.

Where the assurer's report is confirmed as relevant, the organisation must endeavour to confirm that sufficient work has been undertaken in the review to be able to place reliance on the conclusions drawn.

The organisation will need to assess whether a review provides:

Positive Assurances

There are sufficient, relevant, positive assurances to confirm the effectiveness of key controls and **the objectives are met**. This should be reported to the Board and recorded as a positive assurance.

Gaps in Control

These should be recorded when 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.

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.

Residual Risk Score

Using the 5 x 5 risk scoring matrix the risk is re-evaluated taking into consideration all the information on controls and assurances.