

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO: **BOARD OF DIRECTORS – 25 JULY 2014**

SUBJECT: **BOARD ASSURANCE FRAMEWORK**

REPORT FROM: **TRUST SECRETARY**

PURPOSE: **Decision**

CONTEXT / REVIEW HISTORY

The Board Assurance Framework (BAF) provides the Trust with a comprehensive method for the effective and focused management of the principal risks to meeting its annual objectives. It also provides a structure for the evidence to support the Annual Governance Statement

1. SUMMARY:

- 1.1. The Board Assurance Framework (BAF) is a tool that sets out the risks for each strategic objective, along with the controls in place and assurances available on their operation. The aim of board assurance is to give confidence that the Trust is providing high quality care in a safe environment for patients by staff who have received the appropriate training; that it is complying with legal and regulatory requirements; and that it is meeting its strategic objectives.
- 1.2. The Audit Commission report "Taking it on Trust" suggested that an effective BAF relied upon having clearly stated annual objectives which were few in number and that controls and assurances were clearly defined so that they can be easily assessed for relevance and strength.

2. PROCESS

- 2.1. Taking paragraph 1.2 above as a starting point, it is clear that having the appropriate number of annual objectives is an aid to ensuring that the Board can effectively manage the BAF. To this end the Trust Secretary was tasked with reviewing the sub-objectives at the Board in May 2014 where the high level annual objectives were agreed. The Executive leads have been fully involved with the development of the sub-objectives and associated metrics and these are shown as Appendix 1.
- 2.2. In terms of the second point, understanding and agreeing the strength of the controls and assurances, best practice suggests that you should have a formula in place that determines the strengths of the controls and assurances and furthermore, that there is an agreed limit of the number required. This is usually based on having a mixture of strengths. Appendix 2 sets out the proposed list, which is not exhaustive, and the strength that should be attributed to each type of control / assurance and the scoring for each level. At the end of 2013/14 the Board report set out a suggestion for how assurance should be judged and on that basis the IAGC has discussed this and recommends to the Board that the following limit be placed on each objective:
 - 2.2.1. a maximum of 15 points of control / assurance evidence; and
 - 2.2.2. at least one "high" level control / assurance; and
 - 2.2.3. at least two "medium" level controls / assurances.
- 2.3. In line with the Risk Management Strategy the Corporate Performance Management Team reviews the BAF on a quarterly basis. In 2013/14 the BAF was then reviewed by the Board. It is suggested, and recommended by IAGC, that the Board uses its committee structure to assure the controls and assurances in place are strong and that the risk to and the performance of the annual objectives is as expected. The Annual Objectives can be allocated to the Finance and Investment Committee and the newly (to be) formed Quality

- Committee and the proposed allocation is shown on the summary sheet of the Full BAF at Appendix 3. The Committee will receive the full version of the BAF (plus the Summary) for the Annual Objectives it is allocated and will provide assurance to the Board through the quarterly BAF report. The Board will receive the Summary BAF (Appendix 4) quarterly but the full BAF will always be available on request. Good governance also suggests that quarterly the assurance level of each objective is reviewed alongside the actual performance and risk level. This is what the Board will receive on a quarterly basis, taking assurance from the committees. The Board is receiving the Full BAF on this occasion as it is the first time it has been presented in this format.
- 2.4. Finally, as alluded to in the introduction, any risk reported on the BAF must be expanded upon and managed on the Corporate Risk Register, that way the focus of the BAF is on the controls and assurances. Many of the discussions with those leading on the objectives have identified risks that are not on the risk register and it has been agreed with the Deputy Director of Risk, Governance and Patient Safety that an additional box will be added to the risk proforma to identify any risks that relate to the Trust's Annual Objectives. It is hoped that this will aid escalation and population of the Corporate Risk Register.
- 2.5. The Board should review the progress and task the Committees where further assurance is required.

3. BOARD FOCUS

- 3.1. The Board should review the following objectives who have either a "Red" or "Amber" overall performance or risk:
- 3.1.1. AO10: Maintain strong governance structures and respond to external regulatory reports and guidance.

IMPACT ON TRUST'S STRATEGIC OBJECTIVES:

The BAF records sources of assurance against risks to the delivery of the AOs. This in turn supports the delivery of strategic objectives.

FINANCIAL IMPLICATIONS:

Currently, all major financial implications have been identified and subjected to the Business Case process.

LEGAL IMPLICATIONS:

The BAF risk management process and the reporting of actual performance against the AOs supports the Chief Executive in signing the Annual Governance Statement which forms part of the Trust's statutory reporting requirements.

PROFESSIONAL ADVICE TAKEN ON ANY NOVEL OR CONTENTIOUS ISSUES

Format of BAF as recommended by the Internal Auditors and IAGC.

BOARD ACTION REQUIRED:

The Board is asked to:

- Discuss the Annual Objectives at section 3 of the Summary and to ensure the reporting Committees have clear guidance on what evidence / assurance the Board requires given the current risk and performance level.
- Task the IAGC with any "Deep Dives" / requests for internal audits.
- Approve the new reporting requirements

CONSEQUENCES OF NOT TAKING ACTION:

In the event that an organisation does not have a BAF in place there may be insufficient evidence to produce a satisfactory Annual Governance Statement.