

Board of Directors (public)

Item 6.1

Board Report

Subject: 2015/16 Board Assurance Framework
Date of Meeting: 28th April 2015
Prepared by: Lucy Lavan, Associate Director of Corporate Affairs
Presented by: Lucy Lavan, Associate Director of Corporate Affairs

Data Quality Rating	BAF Ref	Impact on BAF
n/a	all	n/a

1. Executive Summary

The purpose of this paper is to ask the Board to approve the closure of the 2014/15 Board Assurance Framework (BAF) and adopt the proposed 2015/16 BAF.

2. Background

At the start of 2014/15 the Board Assurance Framework (BAF) was redesigned to ensure alignment to the Trust's new 5 year strategic plan and new governance arrangements. KPMG supported the Trust in populating the BAF by facilitating a risk analysis workshop and the new BAF was adopted by the Board in May 2014. It has been used by the Board as a working tool to drive the Board's agenda and ensure effective management of principal risks to the delivery of the Trust's strategic plan and to maintaining regulatory compliance. A formal review is undertaken by the Board on a quarterly basis, but the Board is updated following every Board meeting, after consideration of new assurances and any new emerging or escalating risks.

The operation of the BAF is supported by the BAF Policy which sets out roles and responsibilities of the Board, Committees and individuals and provides templates for Board reporting to enable assurances provided and new risks to be linked directly to the BAF to aid the Board in keeping the BAF relevant and up to date.

In 2014/15 RAG rated risk assessments were assigned to each principal risk using the Trust's established 3x3 scoring model. The Board recently commissioned an external review of risk which will result in a revised Risk Management Policy, incorporating a 5x5 scoring matrix to be adopted and embedded in 2015/16. The Board will be asked to approve the revised policy in May 2015.

MIAA has recently completed its annual review of the BAF process and has recommended that the BAF be further strengthened by inclusion of the actions required to close gaps in controls and assurances.

3. 2014/15 BAF

The Trust is moving to a new risk scoring process which will be implemented fully from the end of May 2015. The 2014/ 15 BAF has been reviewed and each executive director has confirmed satisfaction that all residual risks have either been closed down or carried forward to the 2015/16 BAF. The Board is asked to review the closing 2014/15 BAF (Attachment 1) and confirm that there are no outstanding risks that have not been appropriately reflected in the 2015/16 BAF and / or corporate risk register.

Work is in progress to ensure improved alignment between the BAF and the corporate risk register in 2015/16 and all BAF risks will be transposed to the corporate risk register, with a regular process in place for updating.

4. 2015/16 BAF

The 2015/16 BAF (Attachment 2) has been compiled by the executive team and reflects:

- i) the 2015/16 milestones for each of the 5 strategic objectives;
- ii) The principal risks associated with delivering these milestones; and with maintaining compliance with the provider licence and other regulatory / statutory requirements – each principal risk is assigned to a responsible Executive Director;
- iii) The key controls, internal and external assurances
- iv) Gaps in controls and assurances with actions, timescales and assigned responsibility for closing these gaps
- v) Assignment of risk scores based on the new 5x5 risk scoring matrix (to be formally adopted by the Board in May 2015, as part of the new Risk Management Policy)

The Board's annual business cycle will be updated to ensure the timely scheduling of assurance reports to address the gaps identified and mitigate risks.

The BAF will continue to be reviewed by the Board on a quarterly basis, with the Board action log used and maintained to identify any additional assurances requested by the Board.

Assurance reports brought to the Board by the Executive Team will continue to directly reference the BAF, highlighting any new or emerging risks to regulatory compliance or to the delivery of the strategic objectives.

5. Recommendations

The Board of Directors is asked to :

- i) Review the closing BAF for 2014/15 (Attachment 1) and confirm its satisfaction that all risks have been appropriately managed / reflected in 2015/16 BAF;
- ii) Note the work in progress to improve alignment of BAF and corporate risk register, as part of revised Risk Management Policy (for consideration by the Board in May 2015)
- iii) Review the 2015/16 BAF (Attachment 2) for completeness and confirm the RAG ratings (5x5) assigned to each principal risk (Board evaluation)
- iv) Confirm and support the actions and timescales set out to close the identified gaps in controls and assurances – the Board's annual business cycle will be updated to reflect the assurances referenced in the BAF
- v) Approve the 2015/16 BAF
- vi) Support the ongoing process of formal quarterly Board review of the BAF.