

Risk Management and Corporate Assurance Policy

**Author:** Stephen Tebbutt

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# Purpose

* 1. This policy sets out the risk management principles and systems the HRA will use to underpin its risk management strategy.
	2. The programme of risk management shall include:
		1. a process for identifying and quantifying risks and potential liabilities;
		2. engendering among all levels of staff a positive attitude towards the control of risk;
		3. management processes to ensure all significant risks and potential liabilities are addressed
		4. including effective systems of internal control/governance, cost effective insurance cover, and decisions on the acceptable level of retained risk;
		5. contingency plans to offset the impact of adverse events;
		6. audit arrangements including; internal audit, and health and safety reviews;
		7. a clear indication of which risks shall be insured;
		8. arrangements to review the risk management programme.
	3. The HRA aims to maximise the impact of its operations within the resources available to it. In so doing it aims to manage risks at all levels in the organisation from the top strategic level to the bottom operational / project levels without dampening innovation, including the projects delivered by partner organisations. This requires consideration of a full cross section of risks to the organisation including; reputation risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation’s objectives.
	4. In addressing issues relating to risk, the HRA will seek to be as transparent and open as possible and, through this approach, aims to identify and address those areas where there is a need for improvement in the risk management processes and/or controls and contingencies.

# Scope

* 1. The HRA recognises that risk management is an integral part of the management and working processes of the organisation. Risk management is part of the culture of the HRA and will be continually evaluated.
	2. The HRA will communicate the message that all staff have a role to play in managing risk throughout the whole organisation, and provide the means for them to play that role through the dissemination of relevant information and training.
	3. The HRA, when working with other partners in the NHS and in the wider health environment, will seek to develop collaborative risk management arrangements, recognising that integrating risk with partner organisations can be complex. The HRA will endeavour to ensure that ownership of the risk is confirmed at the outset with a forum agreed for the communication and management of the risk.

# Reference Documents

* 1. This policy should be read in conjunction with the HRA Risk Management and Corporate Assurance Procedure document which sets out guidance regarding how risks are managed by the HRA.

# Risk Management principles

* 1. The following six principles underpin the HRA’s risk management strategy:
		1. Leadership and Board Commitment
			1. Under the Standing Financial Instructions, the Board of the HRA has overall responsibility for delivering an effective risk management strategy and has the responsibility to oversee the approval of the Risk Management Policy and Strategy, and to keep it under regular review. The focal point for risk management within the HRA is the Audit and Risk Committee supported by the HRA Board Secretary and Chief Executive Business Manager and the Executive Management Team (EMT).
		2. Staff and Participant Involvement
			1. The HRA will engage all staff in its risk management activities; along with other participants and contractors where appropriate, embedding a culture of risk awareness and reporting.
		3. Hierarchy of Risk
			1. The HRA’s Risk Management Strategy covers all levels of the organisation’s activities from strategic to operational (see figure 1).



Figure 1

* + 1. Integrated into Normal Working Processes
			1. The HRA will look to integrate risk management into its normal working processes to ensure that it is supportive of the organisation’s activities and is not an add-on. All planning, operational processes and procedures and project activities will consider risk.
		2. Practical and Proportionate Risk Management
			1. The HRA will ensure that risks are managed in a practical and appropriate manner (i.e. proportionate to the magnitude of the risk).
		3. Risks across the organisation and externally
			1. The HRA recognises that many of its risks will be shared between different directorates within the organisation and also across external stakeholders. Nevertheless it is important to assign a single Risk Owner, who shall always be a Director, to ensure clarity of responsibility.
			2. For internal directorate shared risks, the HRA will ensure that a clear decision is made regarding which Director is ultimately responsible for the overall management and coordination of the risk.
			3. For risks which involve external stakeholders, the HRA will ensure that a decision is taken regarding who will assume the overall responsibility for the risk and the communication mechanism for the management of the risk. The HRA would normally look for the risk to be managed by the originating organisation or the organisation which has the primary mandate for the management of the activity.

# Responsibilities

* 1. Responsibilities for risk management lie at all levels in the organisation and should be built into terms of reference for governing groups; and individuals’ objectives in job descriptions and personal development plans where necessary. *For detailed descriptions of roles and responsibilities, see section 5 ‘Responsibilities’ section of the “Risk Management Guidance” document.*
	2. The Board has overall responsibility for risk management and for clear lines of individual accountability for managing risk throughout the organisation, leading up to the Board. The Board will review the Corporate Risk register on a quarterly basis.
	3. The Audit and Risk Committee is the sub-committee of the Board that overviews and ensures that appropriate systems and activities are taking place to ensure effective risk management. The Audit and Risk Committee receives regular reports on achievement against the business plan from the Executive Management Team (EMT). The Audit and Risk Committee draws together any system wide risk issues and makes appropriate recommendations. It also reports to the Board on progress and draws to the Board’s attention any unresolved risk issues. The Audit and Risk Committee ensures, via Internal and External Audits that the Board and Accountable Officer receive assurance that the HRA’s risk management activities are in line with its risk management responsibilities and objectives.
	4. The Audit and Risk Committee ensures that all HRA staff and other relevant stakeholders including the general public are made aware of relevant risk issues and any action which it wishes them to take. This process also forms part of the risk identification process by affording an opportunity for those not directly involved in risk management to make a contribution and, in doing so, complete the cycle of risk management.
	5. The Internal Audit opinion provides part of the evidence base for the organisation to complete its Governance Statement. The Internal Auditors advise the Audit and Risk Committee and the Accounting Officer accordingly.
	6. The EMT is the group which undertakes the high level risk assessment by reviewing all risks scored as 12 and over and oversees the directorate level risk management activities and progress. EMT members will be responsible for overseeing risks and the controls, contingencies and actions in place or developed to ensure these risk levels are acceptable to the organisation. EMT members will also be managing their own specific directorate risks through Directorate Risk Registers.
	7. The day to day responsibility for undertaking risk management activities and maintaining the system of risk management and risk reporting has been delegated from the Chief Executive to the Board Secretary and Chief Executive Business Manager.

# Risk Management System

* 1. Risk Management is the identification, assessment and control of events to which the HRA is exposed. This process is carried out in order to manage the likelihood and impact of adverse events, of all types.

## Risk Management Process

## The system operates through a series of linked activities which form a cycle of risk management procedures. The following flow chart describes the risk management process:

PLEASE SEE: *Risk Management Guidance* “Section 6” for further explanation.

* + 1. As part of the annual planning cycle the HRA formally assesses the strategic and programme risks to the achievement of their core purpose and objectives during the development of the business plans. In this way the business plans can include within them appropriate risk management controls and contingencies.
		2. For all HRA’s projects, project plans are risk assessed during their development and finalised with appropriate risk management controls and contingencies included. Throughout the lifecycle of a project risks are assessed and managed on an ongoing basis. The Programme Management office will be responsible for this function.
		3. The HRA should regularly conduct risk assessment for its every day operational activities during change management to ensure that we have appropriate risk management controls and contingencies in place.
		4. The HRA uses a risk matrix to assess the relative magnitude of the risks to the organisation. The system considers both the likelihood of the risk happening and the impact should it occur (see section 6.5 of the *“Risk Management Guidance”* document).
	1. Monitoring and Reviewing Risks
		1. As part of monitoring and reviewing risks, the following takes place:
			1. There is a Directorate Risk Register for each director to capture and monitor relevant risks.
			2. Each risk raised, its controls, contingencies and actions are allocated to a responsible member of staff within each directorate.
			3. Risks on the Directorate Risk Register are assessed according to the impact on delivering operational activities/projects and strategic objectives and are reviewed by the director, with the most appropriate management group, on a frequent basis. The status of the risks are reviewed at a corporate and operational level and the progress of control implementation, contingencies and action plans.
			4. On a quarterly basis, any risks on directorate risk registers with a rating of 12 and over will be considered by EMT and added to the Corporate risk register if EMT deem applicable. These will relate to risks which may impact on the delivery of the organisations strategic objectives and be escalated to the Board and the Department of Health (DH) Sponsor Team. Any risks which are rated as 20 and over will be raised to the DH sponsors team for further escalation as required.
			5. The corporate risk register will be monitored by the EMT, Audit and Risk Committee and the Board as a mechanism for monitoring the effective management of significant risks and as a basis for considering the public declarations required in the Governance Statement.
			6. Responsibilities for monitoring and review are presented in the document “*Risk Management Guidance*”. Note that the regular reviews may raise new risks and these will be assessed and managed as in this step and the ones above.
	2. Management of Fraud
		1. The Board is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the Authority. It is therefore committed to the elimination of any fraud and corruption within the Authority, and to the rigorous investigation of any such cases.
		2. Periodic training on Fraud Awareness will be provided with all staff encouraged to attend.
		3. All staff have a responsibility to remain vigilant to the potential for fraud to occur and must report any suspicions where these arise. Resources lost to fraud and corruption restrict the ability of the Authority to deliver its strategic objectives and the Authority will not accept any level of fraud or corruption and is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk. Any case will be thoroughly investigated and dealt with appropriately.
		4. More information on the management of fraud, including the HRA’s roles and responsibilities, and the HRA’s response plan, can be found in the *HRA’s Anti-fraud, theft and bribery policy and response plan.*
	3. Reputational Risk
		1. The HRA board has a responsibility to identify and understand what the potential risks are to its reputation and proactively manage the risks and identify possible solutions. Reputational risks cannot be the responsibility of a single individual or department and all HRA staff have a responsibility to protect and enhance the HRA’s reputation.
	4. Whistleblowing
		1. The HRA’s Whistleblowing Policy and Procedure is primarily for concerns where the interests of others or of the HRA are at risk. It applies to wrongdoing for which the HRA is responsible. The HRA will assess any concerns raised to decide how they should be managed. This may involve an informal review, an internal inquiry or an investigation.
		2. More information on whistleblowing, including how staff should raise a concern , how the HRA will address these concerns and the responsibilities for staff in the HRA can be found in the *HRA’s Freedom of Speech Policy*.
1. Monitoring of activities covered by the policy
	1. The involvement of staff in the management of risk is central to successfully implementing a risk management culture. The HRA’s Risk Management Policy is communicated to all staff. Staff closely involved in the risk management process are given access to information, support and advice, and where relevant, training.

# How lessons are learnt and incorporated into the procedure

* 1. The HRA seeks to be transparent and open as possible and through this approach will aim to identify and address those area where is there is a need for improvement in the risk management process and or controls or contingencies.

# Management of Documents and Records

* 1. This Risk Management and corporate assurance policy along with the Risk Management guidance document will be available on the staff intranet.
	2. The combined corporate and directorate risk registers are held on the shared drive at: [G:\Shared Drive\HRA Management\Risk Registers\NEW – 2014](file:///G%3A%5CShared%20Drive%5CHRA%20Management%5CRisk%20Registers%5CNEW%20%E2%80%93%202014).
	3. The corporate and directorate risk register will be a moving and dynamic document which will be updated on an ad hoc basis. A snapshot of the risk register will be taken and archived on a quarterly basis by the Board Secretary.
	4. The Risk Management and Corporate Assurance Policy will be reviewed every two years. It will be reviewed by all management groups, EMT, the Audit and Risk Committee and approved by the Board.

# Document Control

**Change Record**

| Version Status | Date of Change | Reason for Change |
| --- | --- | --- |
|  |  |  |
| 3.1 | 2012.06.08 | Working draft |
| 3.2 | 2014.10.15 | Updated to include findings from DH internal audit assurance review and HRA internal audit |
| 3.3 | 2014.12.03 | Updated with CMG comments |
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**Reviewers**

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