

BOARD OF GOVERNORS**BOARD ASSURANCE FRAMEWORK****1. INTRODUCTION**

The Board Assurance Framework (BAF) provides the Trust with a simple but comprehensive method for the effective and focused management of the principal risks to meeting its objectives. It also provides a structure for the evidence to support the Statement on Internal Control. This simplifies Board reporting and the prioritisation of plans, which, in turn, allow for more effective performance management.

The Board Assurance Framework for Cambridge University Hospitals NHS Foundation Trust was reviewed during 2007/08 and a process established for ensuring that it is kept up to date as a dynamic representation of the Trust's main risk priorities.

2. REPORTING CYCLE FOR THE BOARD ASSURANCE FRAMEWORK

Now that the BAF is an established document, it is proposed that the following reporting cycle is established to ensure that it is kept updated and used to inform Board priorities.

July October January	Directors' meeting	Quarterly review of full BAF to identify any changes in risk profiles and to evaluate any emerging risks. This review to consider any bottom-up risks emerging through the risk register.
July October January	Board of Directors	Quarterly summary of the BAF, highlighting any changes in the Trust's principal risks and their evaluation.
March	Directors' meeting	Annual review of the BAF – both retrospective (previous year) and prospective (future strategic risk issues) to inform the first draft of the SIC
March	Governor Director Working Group – Governance Assurance	Results of Directors' annual review reported to the Governor Director Working Group for information and discussion
April-May	Finance, Operations and Performance (FOP) Committee with Clinical and Corporate Governance committee chairman	Review of the full BAF and an assessment of the full BAF to ensure that the design of the BAF and the processes established to update and maintain the BAF meet reasonable achievement (This was undertaken on 3 June 2008 and the results of 07/08 evaluation are detailed below in paragraph 3).
June	Audit Committee	BAF reviewed alongside the Statement on Internal Control (SIC) to ensure that the SIC describes the systems of internal control at the Trust and that significant control issues are highlighted in both documents.
July	Board of Directors	Full BAF circulated for information, with the results of the FOP evaluation.

3. RESULTS OF FINANCE, OPERATIONS AND PERFORMANCE COMMITTEE REVIEW

Key Components	Meets reasonable achievement	Does not meet reasonable achievement
1. The components are all present: i.e. objectives; risks; controls; positive assurance; gaps in control and/or assurance and remedial action	√	
2. The board has been appropriately engaged in developing and maintaining the assurance framework	√	
3. The objectives are sufficiently strategic, well balanced and across all areas of activity	√	
4. The objectives explicitly reflect the Standards for Better Health (recommended methodology) – <u>or</u> there is evidence that a separate framework is in place that adequately supports compliance with the Standards	√	
5. The risks are sufficiently strategic/high level and complete (i.e. are potential risks not just residual risks)	√	
6. The key controls have been identified and evaluated with regard to their effectiveness to manage the risks	√	
7. Actual and potential sources of assurance have been identified	√	
8. Results of real assurances have been included in the framework, which include positive assurances, and gaps in control and/or assurance identified where appropriate	√	
9. The components of the framework have all been explicitly mapped out against each other so that an assurance can be mapped back to an objective with ease	√	
10. The framework is fit for purpose: that is it provides the board with evidence based assurances on the way in which it manages the organisation at a strategic level	√	
11. Significant issues arising from the assurance framework are being escalated to the board and can be traced through the board agenda	√	
12. Arrangements are in place and are being followed to address gaps in control and/or gaps in assurance where the board	√	

Key Components	Meets reasonable achievement	Does not meet reasonable achievement
deems that appropriate		
13. The framework informs appropriate declarations to be made on the SIC, including significant control issues in line with HMT guidance where appropriate	√	

4. BOARD ASSURANCE FRAMEWORK RANKED RISKS

There is one attachment to this paper – an executive summary which ranks the Trust's principal risks in order of priority. This provides a cross-reference to the Standards for Better Health and provides an overview of whether the Board is adequately informed of the status of this risk. The "Action" referred to in this document refers not to the action in hand to mitigate the risk, but whether or not the Board is receiving adequate information on the status of the risk.

There is a comprehensive BAF which sits behind this document and is available to Governors for review if requested. Although this contains significantly more data on the systems of internal control and the means by which the Board can be assured that the risk is being managed, the full extent of the controls in place are not to be found in this document, but in the reports submitted to the Board to inform it about the current state of each identified risk. The frequency of the reporting should be proportionate to the severity of the risk and the confidence of the Board in the way the risk is being managed. All red risks should be reported at least monthly, amber risks at least quarterly and green risks at least annually.

5. PROPOSAL

The Board of Governors is asked to note the principal ranked risks of Cambridge University Hospitals NHS Foundation Trust and the process for ensuring that it is kept up to date, reviewed and embedded in the board reporting processes of the organisation.