

2020/21 CCG Governing Body Assurance Frameworks

A Benchmarking Exercise



Introductions & Contents

360 Assurance, Audit Yorkshire and MIAA are three NHS Internal Audit consortia. We have reviewed the Governing Body Assurance Framework reports (GBAFs) of 34 CCG organisations. We have worked together to include a broad spread of commisioners across our constituent regions and focused our report on the following:

- the strategic objectives to which risks in GBAFs relate;
- the risks themselves, including formulation, number/frequency, scoring and category;
- the effect of COVID-19 on the organisations' GBAFs; and,
- how GBAFs have been designed to reflect the maturity of the risk management systems within organisations.

We obtained copies of the GBAFs in place as at July 2020 to conduct this benchmarking. It should be noted that, at that point in time, some organisations had not updated their GBAFs to reflect the potential impact of COVID-19 on achievement of their strategic objectives, while others had temporarily put in place COVID-19 specific GBAFs. We know of some organisations who have updated their GBAFs to align risks to the current environment since July 2020.

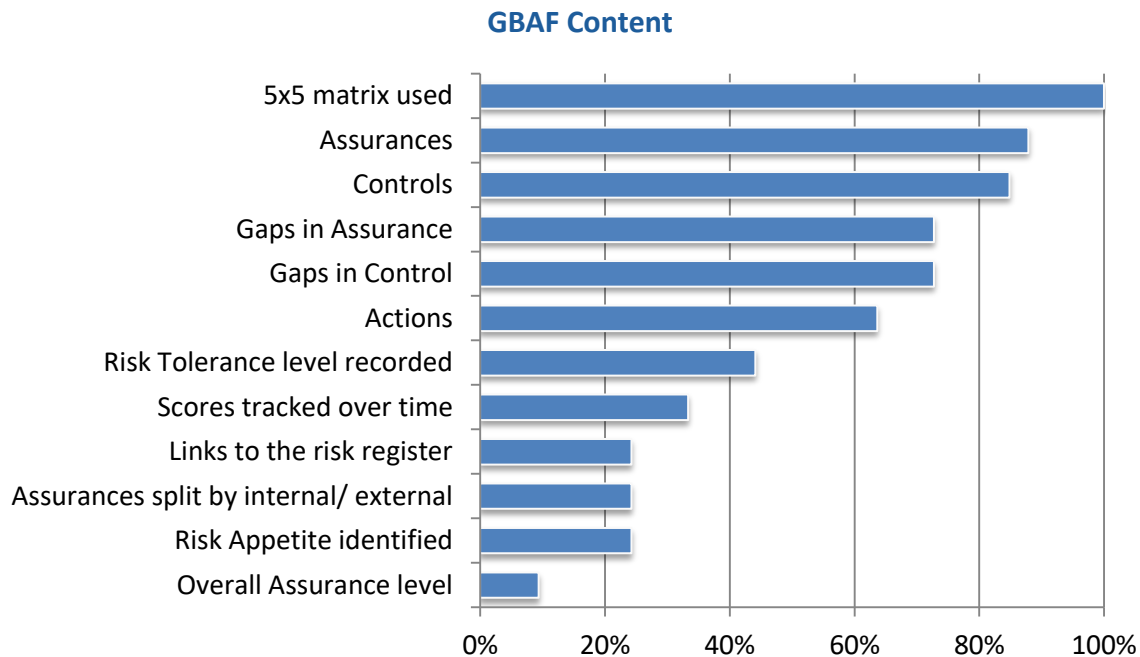
The GBAF should remain the primary document supporting Governing Bodies to manage their strategic risks. We note that, to date, many organisations have rolled forward their 2019/20 GBAFs and updated to varying degrees to reflect the current environment. There have been different approaches to how organisations have mapped COVID-19 risks into existing risk management arrangements. However, we would expect the GBAF to remain a dynamic document and COVID-19 risks to be integrated into the current risk management processes.

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Format of the GBAF

We reviewed the format and general content of GBAFs to identify the differences in how organisations choose to review and report on the principal risks to their strategic objectives.



Only a limited number of organisations visually track the rating of their principal risks over time or include the date the risk was originally identified. Where this is done, it enables users to understand how a risk has developed and changed over time and enables the GBAF to be a source of monitoring the effectiveness of risk management systems and processes.

Those who record risk tolerance and risk appetite mostly do so by risk rather than objective, as risk management theory suggests. Few GBAFs reported on the overall assurance gained in relation to the risk.

Questions for the Governing Body

How do you monitor progress if you do not capture changes (e.g. the date the risk was identified)?

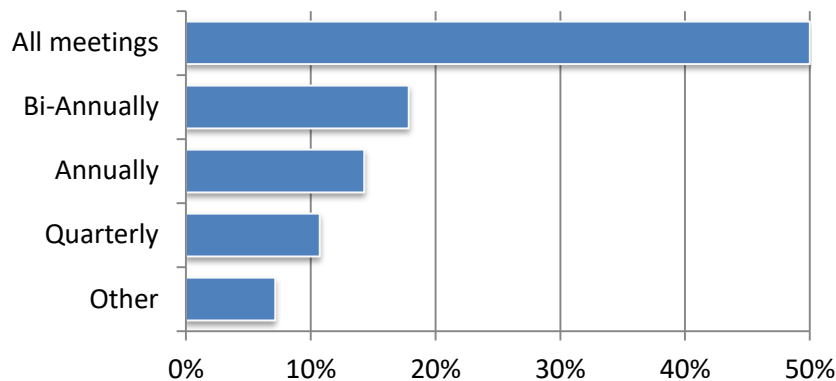
Can you assess the impact of the completed action by showing a reduction in the risk score?

If you don't assess the risk tolerance or appetite, how do you assess how much effort and resource to put into taking action?

Responsibility for the GBAF

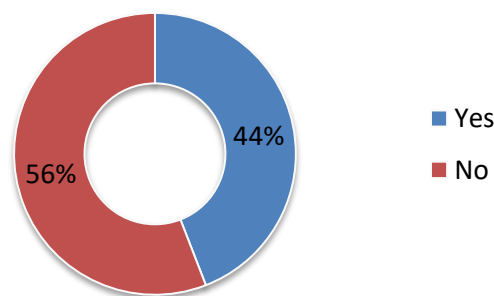
We sought to understand how different organisations have allocated responsibility for monitoring the effectiveness of the GBAF. It is the responsibility of all Audit Committees to receive assurance that strategic risks are being properly identified and managed. The frequency of review varies, with some Audit Committees reviewing the GBAF at all meetings. However, over a third of CCG Audit Committees only review the GBAF twice a year or less.

Frequency of GBAF presented at Audit Committee



The Audit Committee has a responsibility to ensure that risk management arrangements are effective and adhered to within an organisation. Some organisations have other Governing Body committees with responsibilities for the risk management framework. We identified a split between those with another committee with responsibility for governance and risk in addition to the Audit Committee.

Is any other Committee responsible for the risk management framework?



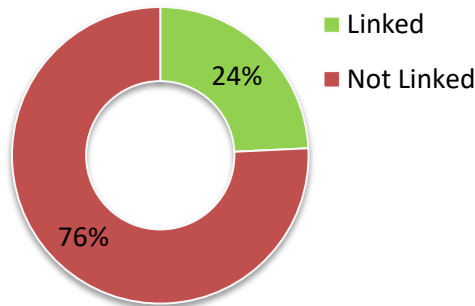
Questions for the Governing Body

Does the Audit Committee have sufficient oversight of the GBAF to fulfil its responsibilities for overseeing the effectiveness of risk management in line with the Terms of Reference?

Where other committees are identified with responsibility for oversight of the risk management framework, is it clear how this complements the role of the Audit Committee?

Relationship between operational risk and strategic risks on the GBAF

Do the risks on the GBAF link to the risk register?

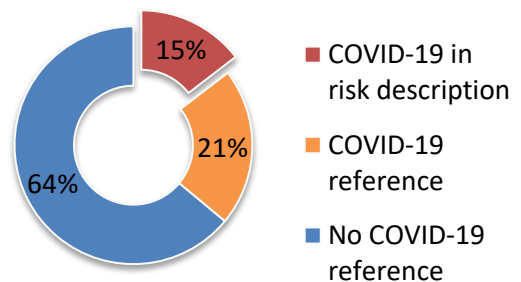


We reviewed the GBAs to identify whether strategic risks were clearly linked to the wider risk register and found that this was not explicit for the majority of organisations.

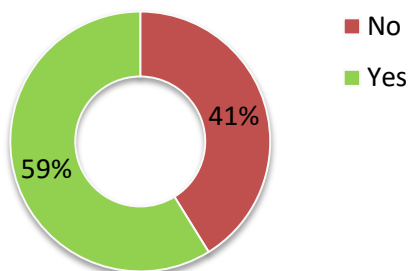
Without a clear connection between operational and strategic risks, emerging strategic risks may not be identified in a timely way, or changes to the volume or profile of risks in the risk register do not inform the consideration of impact and likelihood of existing strategic risks.

The majority of organisations have reflected to some degree COVID-19 in the GBAF.

% of Risks by COVID-19 reference



Is COVID-19 mentioned anywhere on the GBAF



41% of CCGs had not referred to the pandemic at all in their GBAF as at July 2020. This is much higher than the equivalent analysis of provider organisations, which found only 15% had not considered COVID-19 in their GBAs.

Questions for the Governing Body

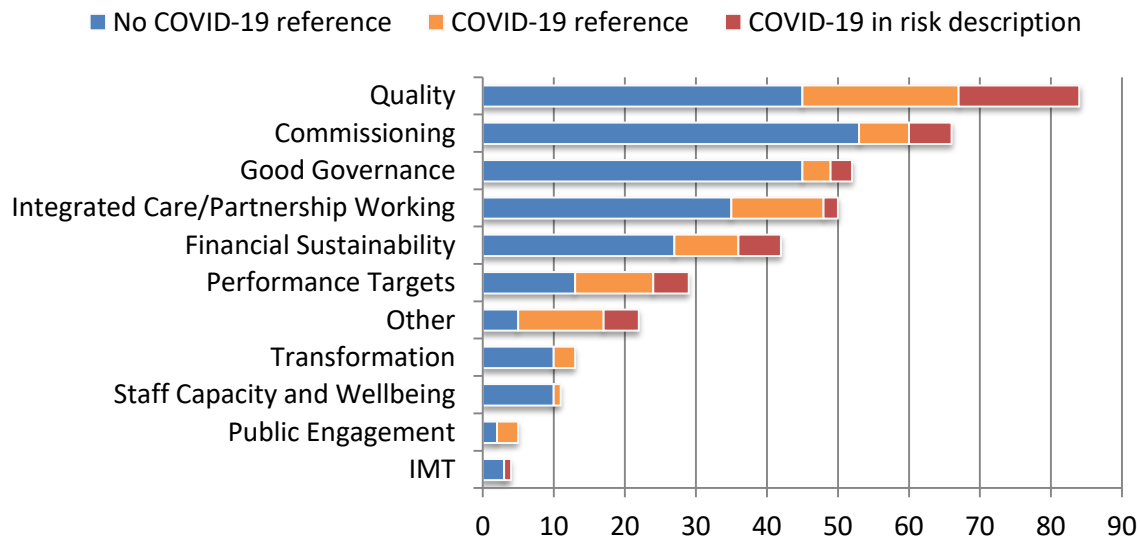
How are significant changes in your risk register considered when updating the GBAF? How clear and timely are these changes?

Does each operational risk link back to a strategic objective and do strategic risks clearly identify the operational risks which may affect their impact or likelihood?

Links to strategic objectives

By analysing the number of risks per objective type it was clear 'Quality' was most prevalent followed by 'Commissioning'. 'Quality' was most impacted by the pandemic, both directly in the risk description or by reference to COVID-19 in the additional risk information.

Number of risks per strategic objective category



**Some organisations did not link their risks to explicit objectives*

It is important for all organisations to have a clear idea of what they seek to achieve. The objectives clarify the organisation's purpose and priorities through which they seek to achieve success. The GBAF is primarily a tool through which an organisation assesses and manages the principal risks to these objectives. Therefore, it is important to clearly link the two.

Questions for the Governing Body

Are the organisations objectives SMART?

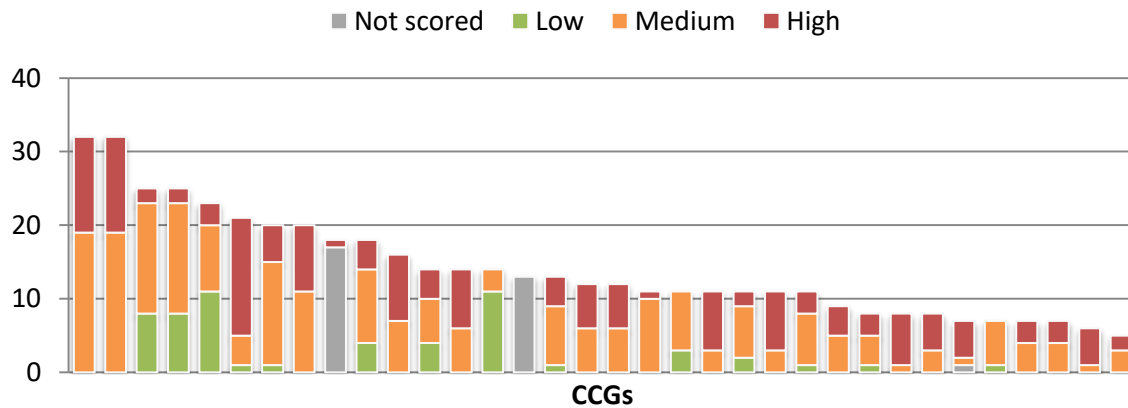
Do risk descriptions clearly state how a risk will impact achievement of the relevant objective?

Have you considered all strategic risks associated with an objective? Do you have any objectives which have no identified risks to their achievement?

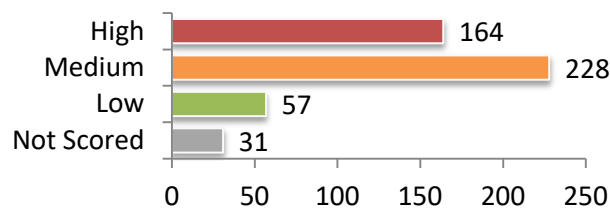
Numbers of risks and scores

Most CCGs have a majority of moderate and high risks, although some organisations have included lower rated risks in the GBAFs. Low risks make up a substantial proportion of a few GBAFs. GBAFs reviewed have between 5 and 32 risks on their GBAF, with a median of 12.

Number of risks by score on GBAF per CCG

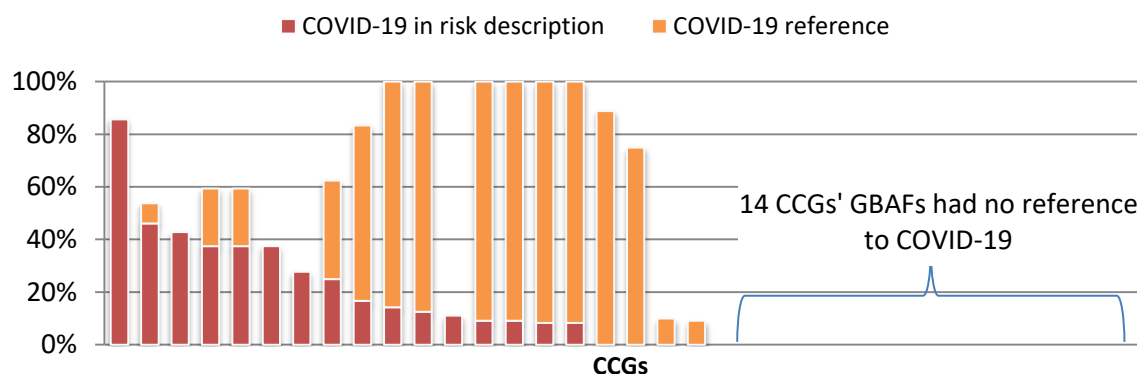


Scoring of Risks on GBAF



There are more medium risks on GBAFs than high risks. A number of risks to achievement of strategic objectives assessed as being low have been included within the GBAFs, and some have not been scored at all.

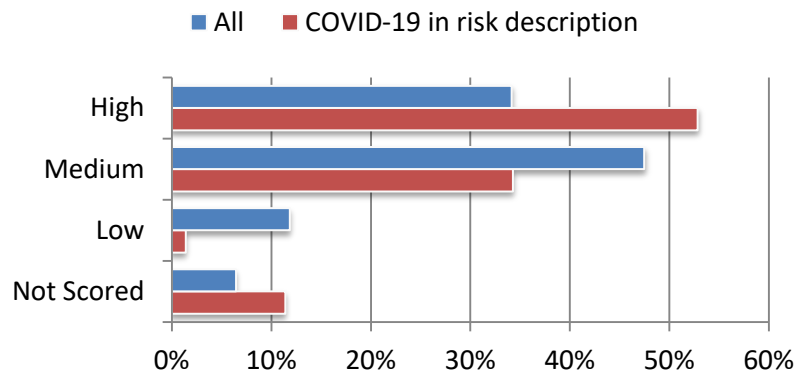
% of Risks relating to COVID-19 by CCG



40% of CCGs had not mentioned COVID-19 anywhere in their GBAF.

Six out of 34 CCGs made reference to COVID-19 on all of their risks; most of these were mentioned in the supporting information. Where a risk referred to the pandemic, this is mostly in the supporting information rather than the risk descriptions.

Scoring profile All Vs COVID-19 risks



The scoring profile of COVID-19 risks leans more towards higher risks than the overall risk profile, with almost 53% of COVID-19 risks rated as high compared to 34% across the overall GBAF.

Questions for the Governing Body

Have you identified all risks which should be monitored through the GBAF?

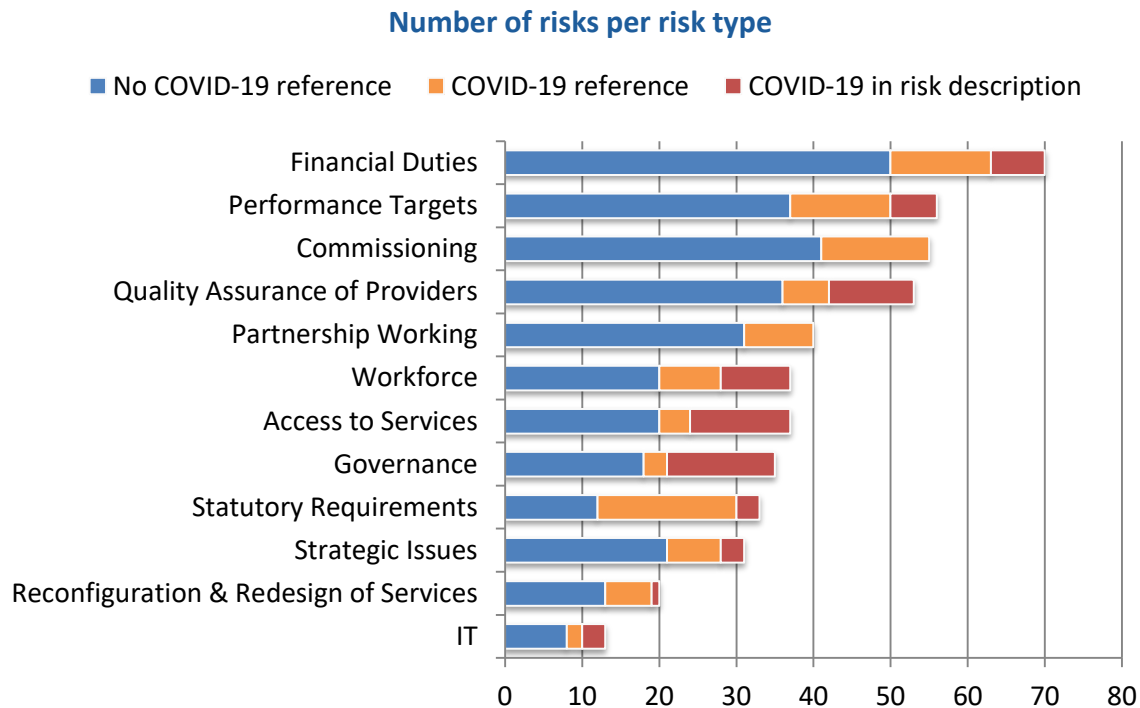
Does your Governing Body have capacity to give proper scrutiny and attention to each of these risks?

Are all risks included in the GBAF still relevant and appropriate?

Have you sufficiently considered COVID-19 against all risks on the GBAF?

Risks per category

In order to review risk profiles of organisations, we grouped risks into broad categories as seen below.



‘Financial Duties’ has the highest number of risks followed by ‘Performance Targets’, ‘Commissioning’ and ‘Quality Assurance of Providers’. Due to the nature of commissioning it’s clear that many of the risks CCGs identify relate to the operational performance of provider organisations. Therefore, has the CCG sufficiently considered how it can have an influence and effect on the likelihood or impact of these risks?

Some risks were overly generalised in their description, not setting out what the exact implications of a risk were. The majority of risks were not written in such a way as to make the cause, uncertain event and the resulting effect/impact upon the relevant objective(s) of the organisation clear.

Questions for the Governing Body

Are you confident that the risks identified in your GBAF cover all of the areas which you are concerned about as a Governing Body and might impact on the achievement of your objectives?

How has your GBAF risk profile changed over time as the actions you have taken to mitigate risks take effect?

Are your risks written clearly, identifying the cause, uncertain event and the resulting effect/impact upon the relevant objective(s) of the organisation?



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