

Welcome – Governance, Risk Management and Internal Audit

10 December 2024

Place based working

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Place based working

James Ilott, Assistant Director, System Architecture

December 2024



England



Current landscape

- **National guidance creates a permissive approach to establishment and governance options** to allow system partners to agree how they work locally.
- Place-based partnerships exist to **make more effective use of the combined resources within a local area**. The specific priorities of each place-based partnership will vary depending on the vision and goals agreed locally by partners.
- Tend to be broad partnerships including ICB, Trusts, primary care, local authority including public health, VCSE, Healthwatch
- **There are 173 place-based partnerships** in England. A significant proportion of places are fully co-terminous with upper tier Local Authority boundaries.
- **Non-alignment of place to UTLA** tends to be when the ICB is coterminous with or contains a county council area (many of which have large rural components) and place-based working takes place at a lower spatial footprint.
- Boundaries of the **non-aligned places have been developed and agreed between system partners** to support local planning and delivery footprints.
- **Three systems don't have any places**, although in practice the whole system is small enough to operate as a single "place".
- ICBs are **balancing subsidiarity with financial, capacity and capability constraints** and are currently scoping where to position functions and teams to deliver local shared objectives.

National guidance has set out some of the core design principles:



Thriving Places Sept 21



Integration White Paper – Feb 22



Fuller Stocktake – May 22



DHSC Shared Outcomes Toolkit – Oct 23

Key challenges identified by ICSs

No one size fits all

- But size and configuration matters in determining whether place is payor, integrator or provider
- Uncertainty and inconsistency in defining budgets most relevant to be allocated to place (and methodology) – currently little formal delegation

Population health and prevention

- Wide variation in data and intelligence maturity
- Evidencing and scaling local prevention programmes and making the link to economic benefits
- Coherence to efforts on Core20Plus5, prevention, PHM, proactive care, NHS@home

Governance and accountability

- Balancing clear and safe accountability vs the need for flexibility, agility, and freedom to experiment
- Uncertainty around single point of accountability
- Clear arrangements with local authority are needed including role of HWB

Capacity and capability

- ICB running cost allowance reductions resulting in drawing back of dedicated capacity – analytical and transformation resource stretched
- New skills required to support facilitation of change, data, analytics, economics, new forms of contracting

Links to provider collaboratives

- Role of place in the context of acute and community-based collaboratives
- How do provider collaboratives that span multiple place footprints coherently dock into local decision making

Integrated Neighbourhood Teams

- Mixed level of confidence on Fuller implementation and variation across systems
- Challenges – demand/capacity modelling, commissioning, INT training

Accountability and Governance

It's crucial to remember that regardless of the chosen model, individual organisations retain ultimate accountability for the services they deliver, unless they explicitly agree to a more delegated approach within the partnership. This safeguard ensures that even as partners work collaboratively, they remain accountable for upholding the principles of quality and safety in their services.



In models where the parties adopt a forum or where their directors act within their own delegated authority there is a form of ***federated accountability***, where each partner retains accountability for their own specific contribution to the place-based partnership's activities and goals though it can present issues and create siloes where the coordination falters. This approach allows for adaptability but requires robust communication and trust to function effectively.



Even in models where there purports to be ***joint accountability*** (such as a joint committee), individual bodies will be held accountable for their respective functions under this arrangement and to the extent that an ICB delegates its functions into the committee it would remain ultimately accountable for the delivery of its functions.



Conversely, a lead provider model can “assign” ***primary accountability*** to a single entity for the services they take on, which can streamline decision-making but would raise other issues such as dominance and transparency (though these can be addressed in the form as well).

Key issues for accountability and governance at place

Issues in managing accountability in Place Based Partnerships

- 1. Blurred attribution** With overlapping services and shared goals, pinpointing which body is responsible for specific outcomes can become difficult. This can lead to passing of blame and delay taking effective corrective actions.
- 2. Contractual Complexities** Clear agreements between partners at place are crucial, but their complexity can obscure individual accountability within the bigger picture. Monitoring performance across these agreements requires consistent and transparent data sharing.
- 3. Misaligned incentives** Individual organisational performance targets may not align with the population-level goals at place. This can lead to choices being made for short-term organisational gains rather than the needs of the place-based partnership.
- 4. Data Sharing** Accessing and sharing individual and population-level data across place organisations is vital to ensure informed decision-making by the place-based partnership.
- 5. Culture clash** Different cultures and governance structures can create friction at place and disrupt collaboration. Creating a shared sense of place ownership and an open culture could be seen as being critical to overcome these challenges.

Addressing the issues at place

Accountability in Place Based Partnerships

- 1. Shared Accountability Frameworks** Places can consider developing frameworks that outline individual and collective accountability mechanisms within the place-based partnership. They should also seek to ensure transparency in performance measurement and reporting.
- 2. Outcome-Based Contracts** Look to develop contracts which align individual organisational performance targets with broader population health goals. Incentivise collaboration and shared success across the contractual arrangements.
- 3. Data Governance Agreements** Set out clear protocols for data sharing, ensuring data security whilst empowering informed data driven decision-making across the place-based partnership.
- 4. Joint Problem-Solving** Focus on regular communication and collaboration between place-based partners to address place challenges and identify solutions that benefit the entire population.
- 5. Organisational Development** Invest in developing the “place” to build trust and respect between partners. Encourage a culture of shared responsibility and continuous improvement.

Models for Place Based Partnerships

Initial guidance suggested that the core minimum leadership at place should include primary care providers, local authorities including public health, acute, community and mental health providers along with representatives of people who access care.

The initial models were set out in *Thriving Places* which suggested five potential models for a Place Based Partnership.

1. Consultative forum
informing decisions by the ICB, local authorities and other partners.

2. Individual directors of the ICB
Having delegated authority to take decisions about use of ICB resources, which they may choose to exercise through a committee.

3. Consultative forum
With delegated authority to take decisions about the use of ICB resources.

4. Joint committee
One or more statutory bodies (ICB, Trusts or LA) delegate decision making in specific services/functions to a Joint Committee. [NB restrictions here for LA]

5. Lead provider
Managing resources and delivery at place level under a contract with the ICB.

The arrangement chosen will not change the current local democratic accountability or formal accountable officer duties within local authorities, those of the ICB Chief Executive or relevant national bodies, such as the ability of NHS England to exercise its functions and duties.

Regardless of the local model chosen to ensure outcomes are delivered, we encourage places to be transparent with their local populations about the development of shared outcomes and how they propose to deliver them. Place partnerships could do this by publishing their framework on the ICS website in a similar way to how health and wellbeing boards publish their JSNAs and JLHWSs. DHSC Shared Outcomes Framework (2023)

Aspects of emerging place delivery models

Providers of health and care working together:

- In partnership at place, generally in forum-based approaches or ICB committees with limited functions/responsibility;
- In Provider Collaboratives although some uncertainty as to how they interact with wider place partnerships.
- As part of the wider strategic partnership at ICS level.
- Starting to see lead provider models at place



Place based partnerships

Provider
Collaboration
at place

Wider
partners

Integrated
Neighbourhood
Team

Local Authority
and NHS

Local Authorities and the NHS working together in place:

- Joint commissioning established in some place areas via Section 75 Agreements though this generally does not use Joint Committees with delegations for decision making.

Integrated Care Board

- The ICB is the host employer for current place commissioning (ex CCG) staff. In some instances, the staff are allocated to place and taking leadership and direction from place partners/appointees.

Delegation from the ICB to place for delivery by place-based partnerships is happening in some areas although is not widespread. Place partnerships are working in areas such as:

- Improving population health and reduce health inequalities.
- Development of primary care networks/Integrated Neighbourhood Teams
- Local integration, provider collaboration and service transformation.
- Co-ordinating local contribution to health, social and economic development.



Financial resources, autonomy, and decision-making capability:

- Some ICBs have delegated budget to place to effectively discharge roles and outcomes for the place population.

The structures are generally led by the ICB and its resources.

Delegation approaches- ICB options for exercising functions

Carry out the function – including through **internal** delegation (e.g. to place)

Delegate responsibility for carrying out function to one or more other organisations (**externally**) (e.g. to a host organisation at place)*

Jointly exercise the function with one or more other organisations, potentially using joint committee

Decide purpose of function and level at which function is best carried out:

- regional
- system
- **place**
- neighbourhood

** Note the current 'hold' on delegation from ICBs to NHS provider Trusts until 2025/26 (Statutory Guidance on Arrangements for Delegation and Joint Exercise of Statutory Functions)*

Enabling delegation – load bearing principles

Emerging

Vision and priorities

- **Shared outcomes framework being developed** and plans for harnessing population data to inform and map resources
- Alignment with ICS plan and interface with sector collaboratives as appropriate to priorities
- Outcomes not yet fully defined or some limited outcomes sets in place

Leadership and capacity

- Some understanding of 'facilitator' role of Place but relationships with integrated neighbourhood teams need development
- Behavioural principles being developed
- Limited work undertaken to assess workforce capabilities against outcomes / priorities
- Potentially some joint or shared roles, limited shared teams mapped to priorities.

Governance model

- Accountability and reporting framework in development
- Initial/developing risk management and impact assessment processes
- Some appropriate expertise present in governance structure (clinical, financial, strategic) but not yet embedded
- Emerging mechanisms in place for community involvement
- A basic written agreement (e.g. MOU) documenting vision & priorities as a minimum

Financial risk management

- Financial **risk management** processes in development
- Joint planning processes being established / yet to be developed – not yet linked fully to key priorities and outcomes
- No principles or framework for sharing risk in place as yet

Developing

- **Clarity of vision, outcomes and priorities for Place**, enabling some delegation from ICB
- Shared outcomes framework being developed / in place with evidence of some use of population data to inform priorities and map resources to drive outcomes
- Clear plan to demonstrate how resources can be used to improve outcomes and make efficient use of resources
- Alignment with ICS plan and interface with sector collaboratives as appropriate to priorities

- Understanding of 'facilitator' role of Place – effective relationship with integrated neighbourhood teams
- Clear behavioural principles documented and signed up to by key Partners
- Some work undertaken to assess workforce capabilities against outcomes framework and priorities and beginning to look at potential for shared teams as appropriate

- **Governance model** enables some delegation to Place by ICB and potentially local authority
- Accountability and reporting framework in place
- Initial/developing risk management and impact assessment processes
- Appropriate expertise embedded in governance structure (clinical, financial, strategic)
- Effective mechanisms in place for community involvement
- A written agreement documenting the arrangements

- Financial **risk management** processes in development
- Joint planning processes linked to key priorities and outcomes
- Some core principles for sharing risk in place / being developed between Partners

Thriving

- **Clarity of vision, outcomes and priorities for Place**, enabling substantial delegation from ICB and other partners
- Effective use of population data to inform priorities and map resources to drive outcomes using life course approach
- Clear plan to demonstrate how resources can be used to improve outcomes and make efficient use of resources
- Alignment with ICS plan and interface with sector collaboratives as appropriate to priorities

- **Clarity of shared leadership, capacity to deliver**
- Understanding of 'facilitator' role of place – effective relationship with integrated neighbourhood teams
- Mutual accountability framework agreed between Partners – clear behavioural principles documented and signed up to
- Workforce capabilities assessed, mapping to outcomes and priorities, shared teams established as appropriate

- **Governance model** enables delegation to Place by ICB and local authority
- Accountability and reporting framework in place
- Robust risk management and impact assessment processes
- Sufficient and appropriate expertise embedded in governance structure (clinical, financial, strategic)
- Effective mechanisms in place for community involvement
- A legally binding agreement documenting the arrangements

- Financial **risk management** processes in place
- Robust planning processes linked to key priorities and outcomes
- A host organisation nominated and responsible for hosting place resources including workforce and supporting activities
- Mature contracting arrangements in place based on achievement of shared outcomes
- A documented framework for sharing risk and allocating Place investment monies between Place partners



Warwickshire care collaborative

- Care collaborative is a sub-committee of the ICB and aims to move ICB commissioning activity closer to communities.
- The Committee's delegated duties include: strategy and planning; Service planning and commissioning; service delivery and transformation; PHM and quality and performance oversight.
- There is also a Collaborative Forum which supports the Committee and will be made up of a wider partnership of stakeholders to develop innovative proposals and make recommendations for how services can be delivered.
- Care collaborative has taken on responsibility for winter funding, Better Care Fund and use of Health Inequality funds.
- Lead provider in place for adult community services.

One Herefordshire

- Tasked with developing a place plan and the collaborative ways of working and shared delivery structures to deliver better outcomes for the population.
- Agreed an MoU with the ICB which sets out an approach to agreeing areas of delegation using a benefits-based approach.
- Delegated responsibility for Better Care Fund, Primary Care LES review and redesign as well as operational activity in relation to Enhanced care in Care Homes, Urgent Community Response, Proactive Care Planning and Virtual Wards.
- The Partnership has a strong relationship with the Health and Wellbeing Board and county council and sees part of its role as the delivery arm of the HWB.
- Developed a Community Integrated Response Hub that coordinates urgent and longer-term support for people at home.

Governance case study: West Yorkshire

Laura Ellis, Director of Corporate Affairs, West Yorkshire ICB
Sam Ramsey, Senior Partnership Governance Development Lead,
Leeds Place

NHS West Yorkshire Integrated Care Board

Laura Ellis, Director of Corporate Affairs
Sam Ramsey, Senior Partnership Governance
Development Lead, Leeds Place

Founding Mission, Values and Behaviours

West Yorkshire
Health and Care Partnership



Mission

- Reduce health inequalities
- Manage unwarranted variations in care
- Use our collective resources wisely
- Secure the wider benefits of investing in health and care



Values

- We are ambitious for the people we serve and the staff we employ
- This is a true partnership
- We always agree the evidence and data, before taking action
- We value good governance to make good decisions and choices
- Subsidiarity applies in all we do

Behaviours

- Decisions motivated by shared purpose
- Empathy with staff and people
- Collaboration in all we do
- Suspend egos in service of each other
- We see diversity as strength
- Conceptual and critical thinking
- Agility
- Willingness to share risk
- Sharing power
- Retaining accountability giving others authority

Our local places

Across West Yorkshire

2.4 million people

Partnership Board

NHS West Yorkshire Integrated
Care Board

West Yorkshire Association of Acute
Trusts (hospitals working together)

Mental Health, Learning Disabilities
and Autism Partnership

Community Provider Collaborative

Hospice Collaborative

Networked models of service
delivery, for example cancer, stroke
and maternity care.

West Yorkshire places

Bradford District and Craven,
Calderdale, Kirklees, Leeds and
Wakefield District

Health and Wellbeing Boards

Integrated Care Board
Place Committees

Councils

NHS Trust

Primary care

Healthwatch

Voluntary, community and social
enterprise sector representatives

Neighbourhoods

One of 52 Primary Care Networks

Local primary care networks
(all GP practices)

Dentists, pharmacists and opticians

Social care providers/teams

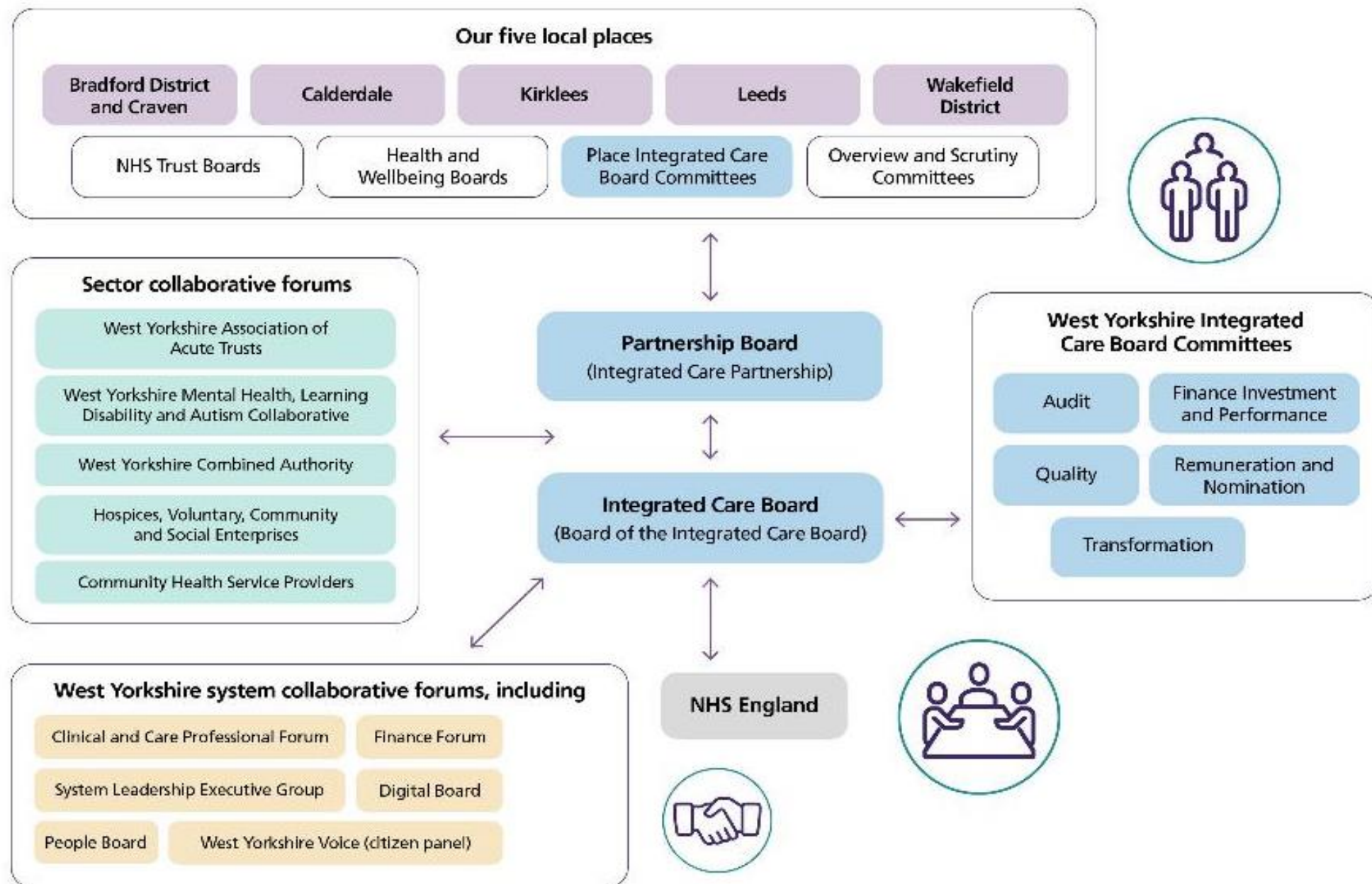
NHS therapists and community
teams

Other public services, for example
schools and housing providers

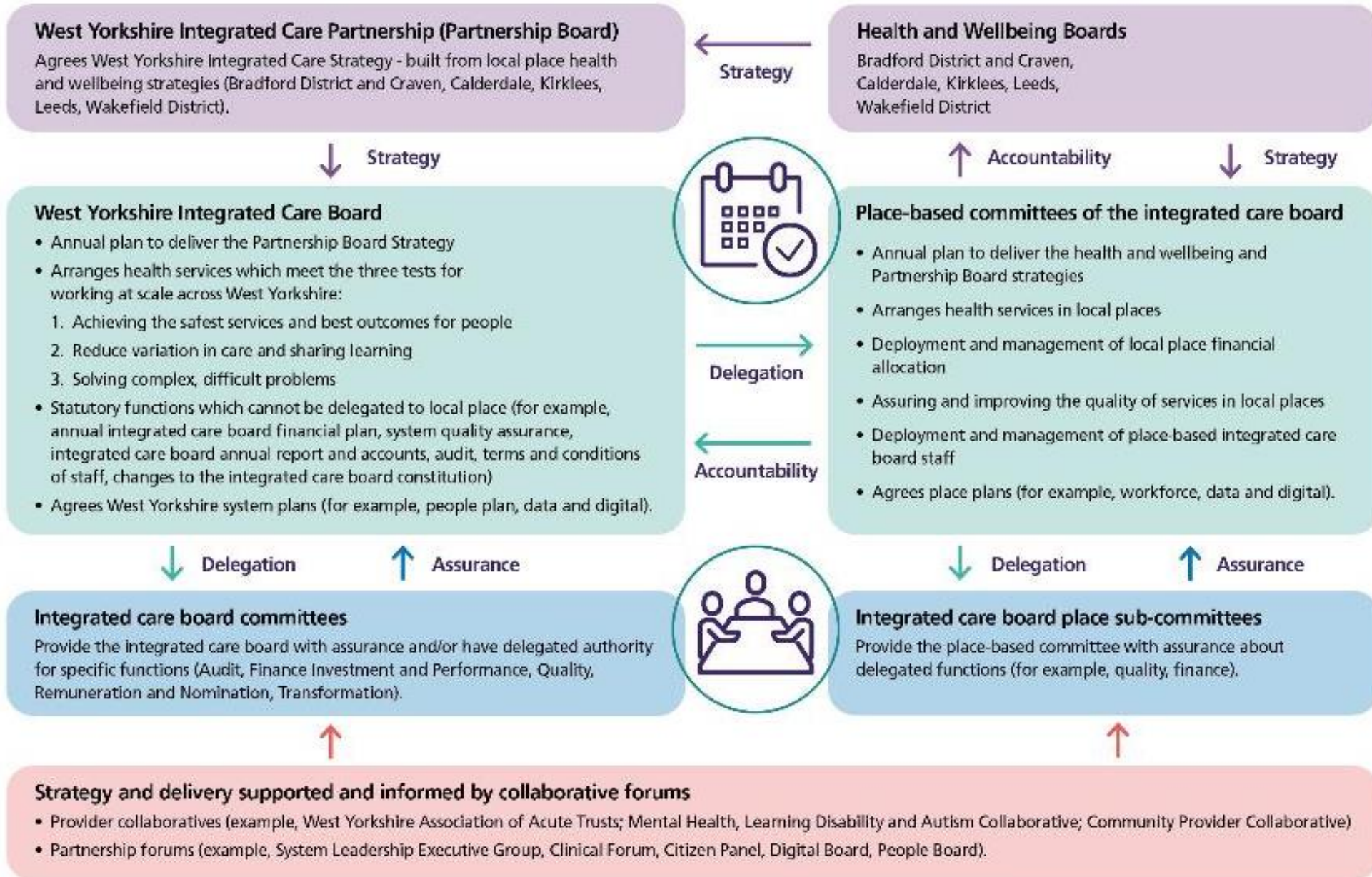
Voluntary, community and social.



Our ICS - Governance and Accountability



Our ICB Functions and Decisions Map

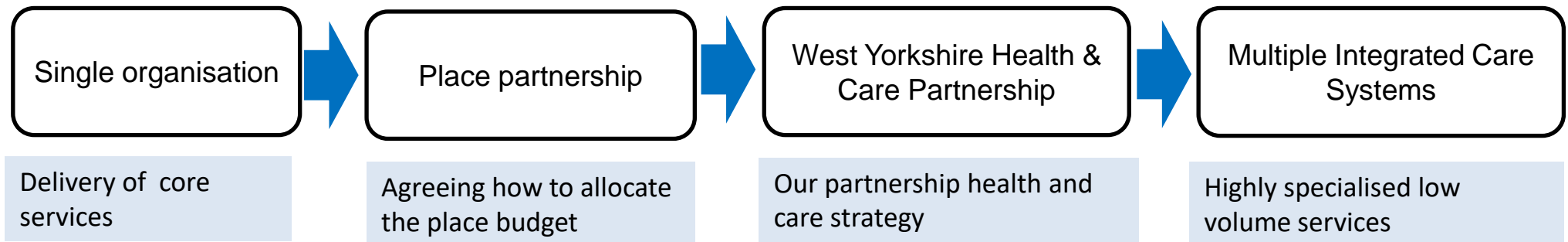


Our governance standards

Principles	Standards
Outcome-focus Our arrangements focus on reducing health inequalities, better health and wellbeing, efficient use of resources. broader social and economic development.	<ul style="list-style-type: none"> • Agenda items set out how they contribute to the delivery of the outcomes in Health and Wellbeing strategy/ICB plan/ICP integrated care strategy. • Where relevant, papers are supported by quality and equality impact assessments. • Annual report focuses on delivery of outcomes.
Values Our arrangements reflect our values and ways of working - equal partnership, subsidiarity, collaboration, mutual accountability.	<ul style="list-style-type: none"> • The agreed principles, values and behaviours of the ICS are set out in the Terms of Reference
Involving citizens and stakeholders We have an inclusive approach, involving citizens and partners from across the system. We are committed to improving diversity in leadership and decision-making.	<ul style="list-style-type: none"> • Citizens are involved in all relevant decisions. • Decision making involves partners from across our system, including statutory and non-statutory partners.
Transparency We are committed to transparency. We make our decisions in public and publish key policies and registers.	<ul style="list-style-type: none"> • Decision-taking meetings held in public (unless not in the public interest). • Agenda papers are published at least 5 working days before each meeting. • Key documents are published e.g. minutes, register of procurement decisions.
Probity and independent challenge Our decisions meet high standards of probity and are subject to robust independent challenge.	<ul style="list-style-type: none"> • Decision-making groups include members independent of any statutory partner. • ICB policy for managing conflicts of interest adopted and implemented.
Accountability and assurance Our arrangements support clear accountability.	<ul style="list-style-type: none"> • Accountability set out in scheme of delegation or delegation agreement. • Terms of reference agreed and reviewed annually. • Minutes reported in line with agreed reporting mechanisms • Annual report and annual review of performance.

Our approach to decision taking

- Our first principle is subsidiarity - decisions are taken as close to communities as practical. This usually means working at neighbourhood or place level.
- Where we need to, we work at scale. Our three tests guide our choices on where work is undertaken and decisions taken.
- Is it necessary to work at a bigger scale in order to:
 - achieve a critical mass in order to achieve the best outcomes for our population?
 - share best practice and reduce variation?
 - achieve better outcomes for people overall by tackling wicked issues (i.e. complex and / or intractable problems)?
- We work at scale in different ways, depending on the type of decision and who needs to be involved. For example:



Options for working at scale

We work together in different ways, for example:



Provider collaborative

We work through our provider collaboratives where:

- the ICB has delegated the matter to a provider collaborative to lead on
- all the partners that need to be involved in resolving the matter are within the provider collaborative

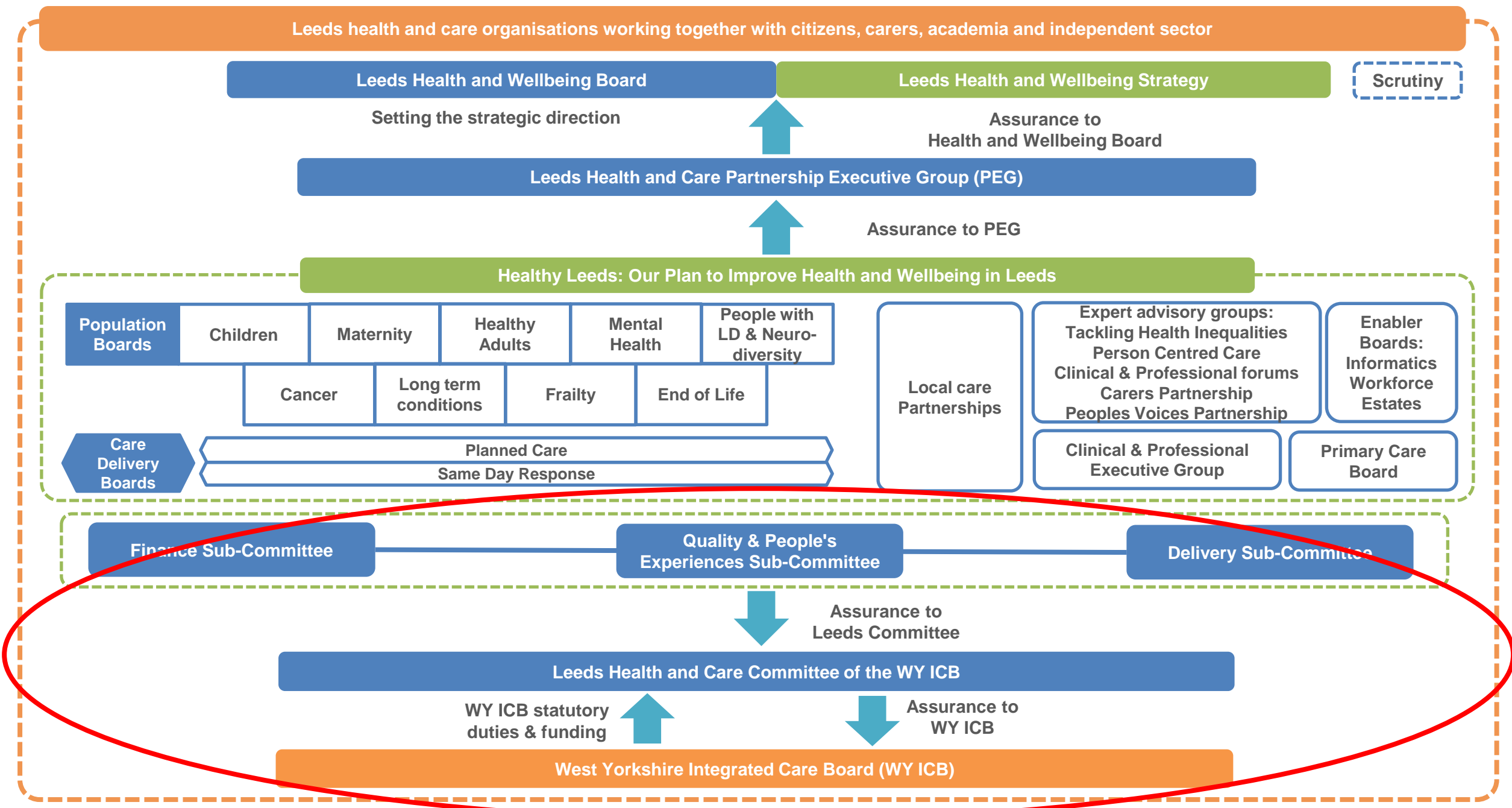
Multiple organisations

- when the full provider collaborative doesn't need to be involved, two or more providers may work together to develop and implement practical solutions. For example, procuring equipment and supplies for a shared pathology service

Multiple places

We work in this way on issues that affect two or more, but not all five places. **We will agree at the start who and how** will the decision be taken? Proposals developed? Plans scrutinised? Decisions assured?

Leeds Health & Care Partnership Governance Structure



Membership of the Leeds Committee of the WY ICB



Leeds Committee of the West Yorkshire ICB Membership	
Independent Chair	
Independent Member – Finance & Governance	
Independent Member – Health Inequalities and Delivery	
Chair of Healthwatch Leeds	
Executive Members (Leeds Office of the WY ICB) <ul style="list-style-type: none">• ICB Place Lead• ICB Place Finance Lead• ICB Place Nurse Lead• ICB Place Medical Officer	
Partner Members, representatives from the following: <ul style="list-style-type: none">• Leeds Teaching Hospitals Trust• Leeds & York Partnership Foundation Trust• Leeds Community Healthcare Trust• Leeds City Council (Adults & Health and Children & Families)• Primary Care• Third Sector• Director of Public Health	

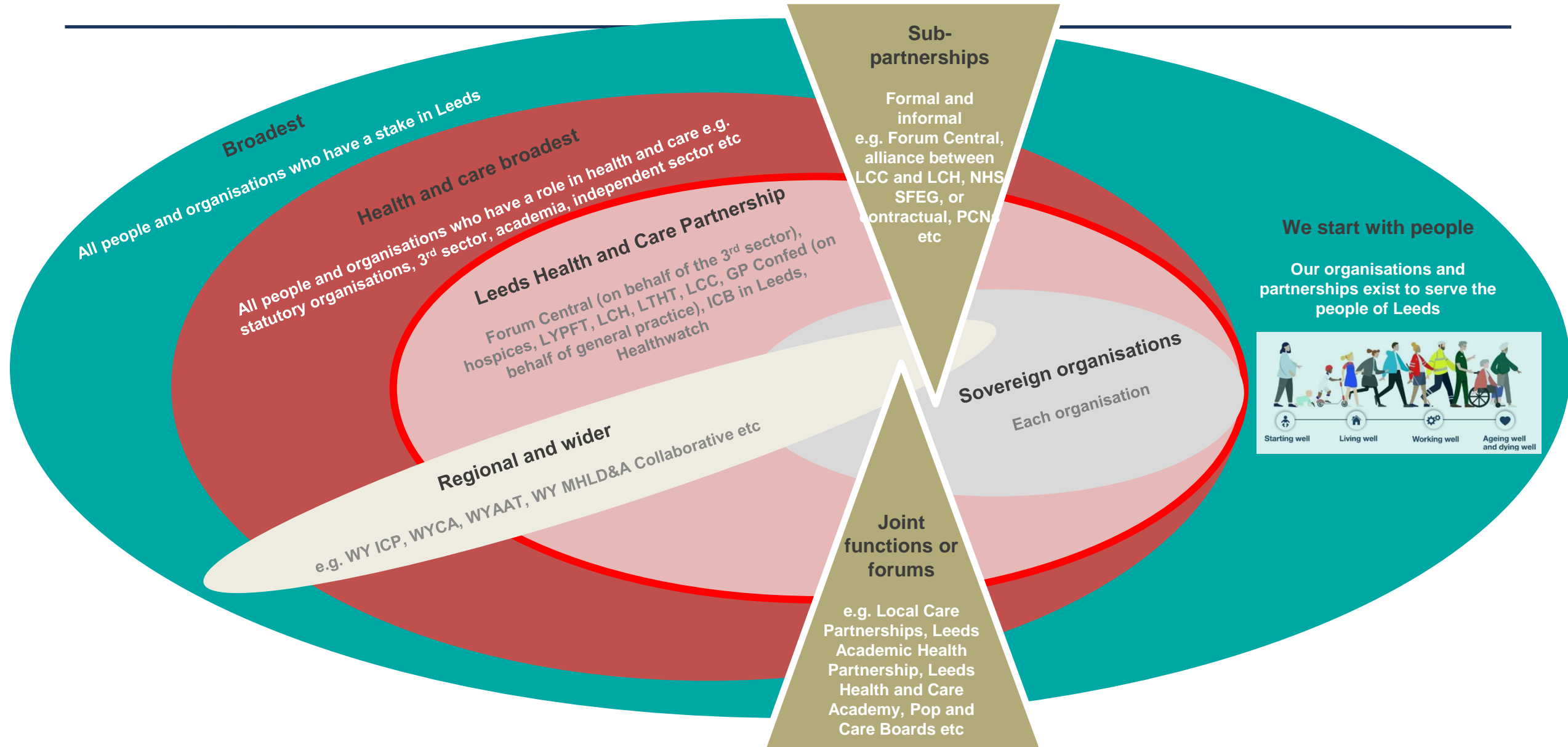
Partner Members were asked to nominate representatives; these include Chief Executives, Chairs and representatives identified through a selection process.

An Independent Chair and two Independent Members were recruited to through a formal recruitment process.

Leeds Health & Care Partnership

- Leeds Health and Care Partnership Leadership Team is comprised of the CEOs and Accountable Officers of:
 - Leeds GP Confederation (on behalf of General Practice)
 - Leeds City Council (Adult Social Care, Children and Families and Public Health)
 - Forum Central (on behalf of the health and care Third Sector)
 - Leeds Community Healthcare (LCH)
 - Leeds and York Partnership Foundation Trust (LYPFT)
 - Leeds Teaching Hospitals Trust (LTHT)
 - Leeds Office of the West Yorkshire Integrated Care Board (ICB in Leeds)
 - St Gemma's Hospice (representing the two Leeds hospices) and
 - Healthwatch Leeds.

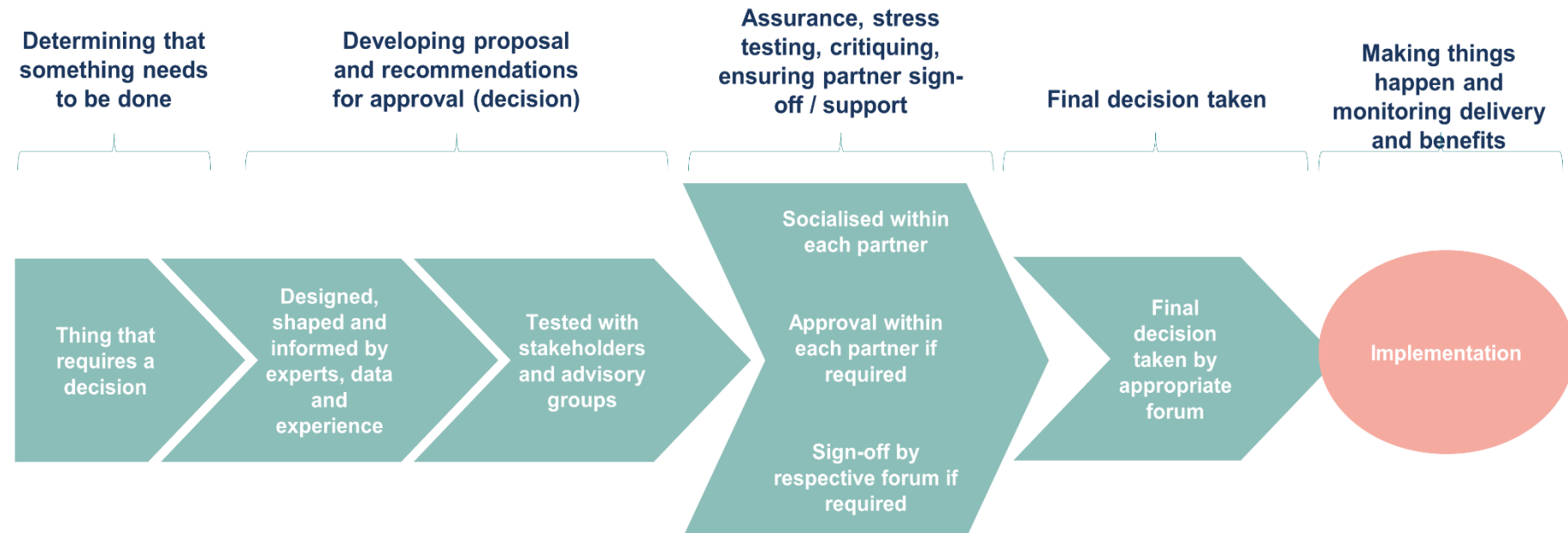
Partnership of partnerships





Three key inputs into decision building

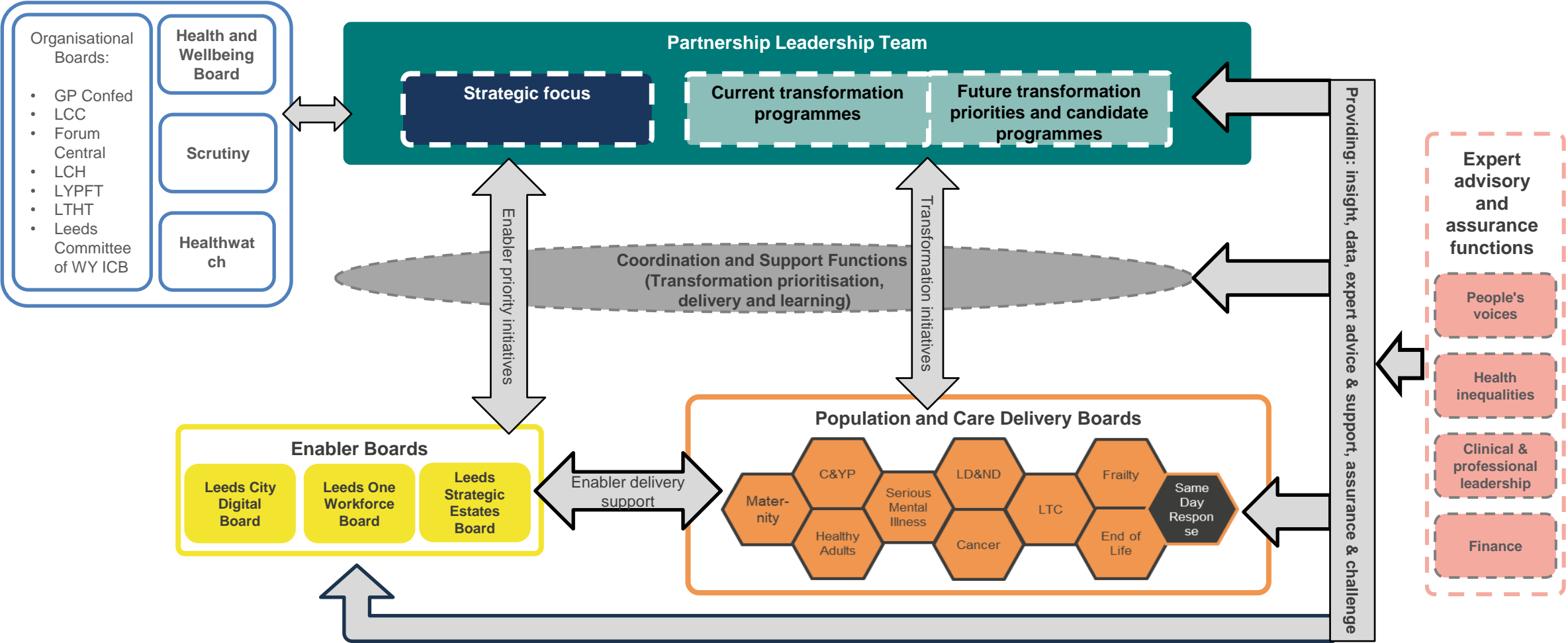
Different elements of the decision building process



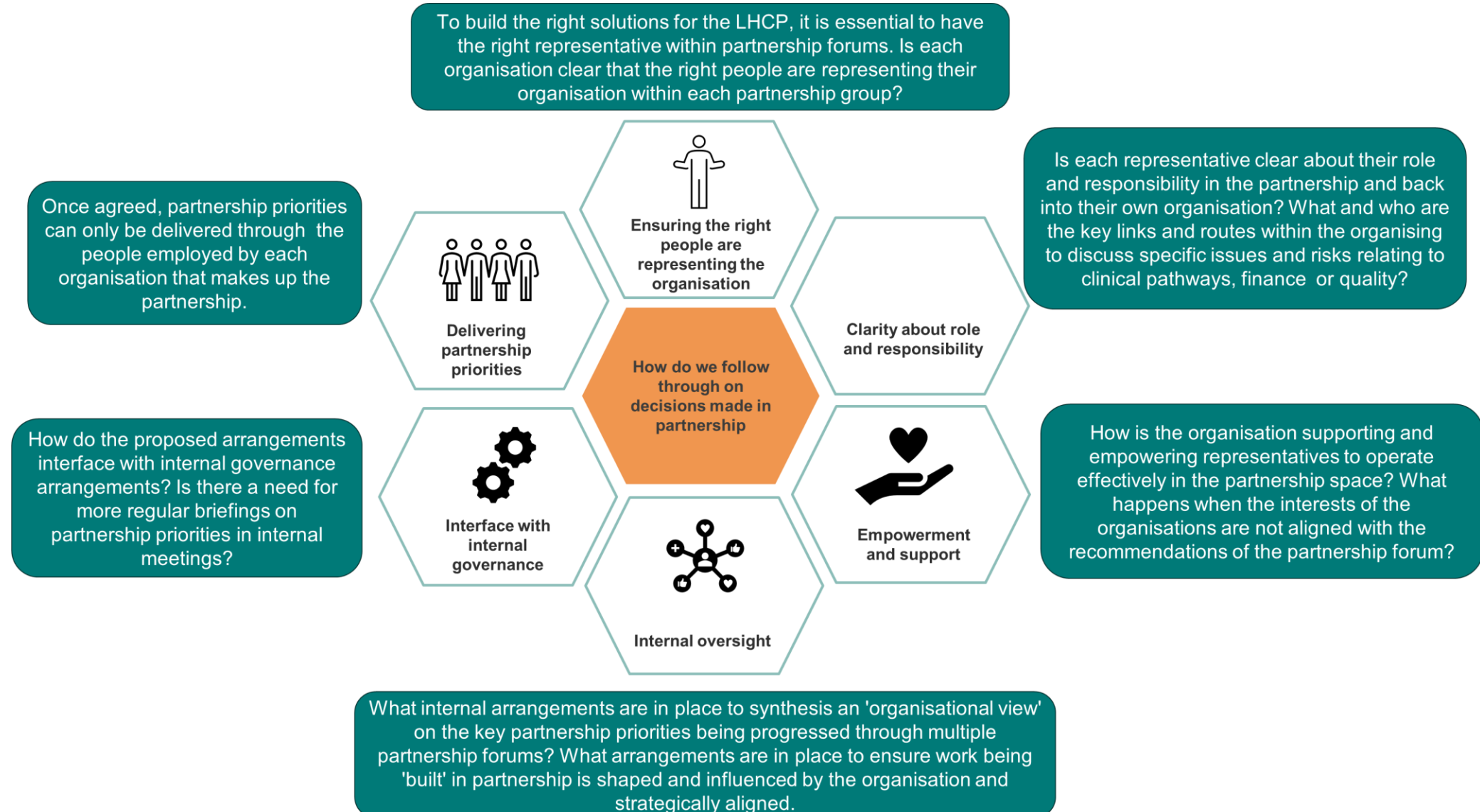
Leeds Health & Care Partnership Executive Arrangements New Governance Structure

Key:
Function _____
Forum/Group _____

Leeds health and care organisations working together with people, carers, academia and the independent sector



How do we follow through on decisions built in partnership?



Closing the assurance loop

- Place Accountable Officers – members of the ICB Board
- Place representation on the West Yorkshire assurance committees – Quality; Finance, Investment and Performance; Transformation
- AAA (Alert, Advise, Assure) Report from Place Committees to Board
- Risk Management – risk register; Board Assurance Framework
- Each of the West Yorkshire Non-Executive Members links into one of the Places
- Place Committee Chairs meet regularly with the ICB Chair
- Quarterly Peer Review Meetings mechanism

Any questions?

To find out more: <https://www.westyorkshire.icb.nhs.uk/>

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HFMA Audit Committee Handbook

Lisa Robertson, Senior Policy Manager, HFMA



HFMA's NHS audit committee handbook

Lisa Robertson, HFMA senior policy manager
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December 2024

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff working in healthcare. For 75 years it has provided independent support and guidance to its members and the wider healthcare community.

Education and professional
development

Networks and events

One NHS Finance

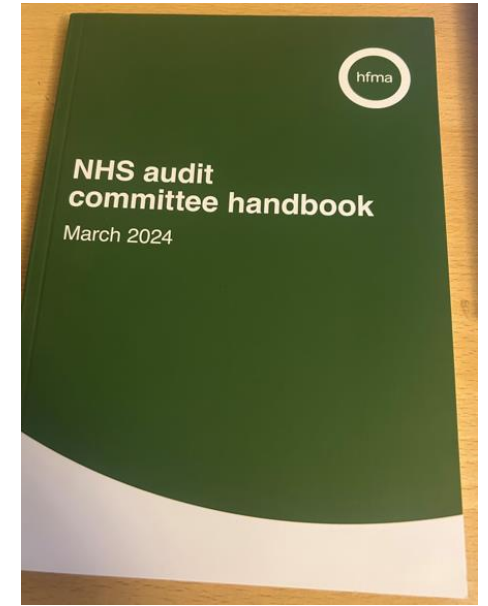
News and editorial

Policy and technical

Branches

The HFMA NHS audit committee handbook

- ❖ Published in March 2024 (on-line and hard copy)
- ❖ Supersedes the 2017 version of the handbook
- ❖ Overseen by HFMA's Governance and Audit Committee
- ❖ A cyclical programme of review with annual updates to the on-line version



MIAA Insight 24/25 – Changes to the NHS Audit Committee Handbook

miaa



Aims of the NHS audit committee handbook

To provide a comprehensive guide to help NHS governing bodies and audit committees in reviewing and reassessing their system of governance, risk management, and control

To explain why governing bodies need audit committees and how they provide support in fulfilling statutory duties and organisational objectives

To consider how audit committees should be set up

To explore what audit committees do and how they work with others

To share links to further reading

NHS audit committee handbook contents

- Foreword
- Chapter 1: Introduction
- Chapter 2: Constitutional position
- Chapter 3: Membership and attendance
- Chapter 4: Formality of meetings
- Chapter 5: Private meetings and rights of access
- Chapter 6: Committee effectiveness
- Chapter 7: Committee reporting
- Chapter 8: Annual report and accounts
- Chapter 9: Internal audit
- Chapter 10: External audit
- Chapter 11: Counter fraud
- Chapter 12: Other assurance functions
- Chapter 13: Governance
- Chapter 14: Risk management
- Chapter 15: Assurance
- Chapter 16: Speaking up and whistleblowing
- Chapter 17: Information governance and cyber security
- Chapter 18: Exception reporting
- Chapter 19: Audit committees and integrated care systems
- Chapter 20: Current issues
- Appendix A: Example terms of reference
- Appendix B: Self-assessment checklists
- Appendix C: Example agenda and timetable
- Appendix D: Glossary

Handbook updates - December 2024

General

- updated dates and links to references

Section 3: membership and attendance

- replaced reference to 'a more advanced competency' with 'a good understanding' in areas such as procurement and compliance

Section 9: internal audit

- reflects expected move to GIAS
- added *The value of internal audit* briefing

Section 11: counter fraud

- added reference to NHSCFA's external reporting tool and HFMA's bitesize course

Section 17: information governance and cyber security

- added reference to NHS England's web-based service for cyber alerts and information

Section 20: current issues

- 20.1 replaced development of integrated care systems (ICSs) with the 10-year health plan
- 20.2 updated to reflect the FRC's NHS audit market study
- 20.3 added reference to the intervention and investigation (I&I) regime
- 20.6 expected timing for the implementation of *Global Internal Audit Standards* (GIAS) added
- 20.7 section added on the Procurement Act 2023
- 20.8 added lessons from last year's external audit

Procurement Act 2023

- Takes effect from February 2025
- Key changes:
 - Increasing flexibility
 - Delivering value for money
 - Improving access to small business
 - Improving transparency
 - Achieving wider societal benefits
- Are arrangements in place to ensure the organisation is ready for the change?

2023/24 accounts and audit issues

- Staff capacity and wellbeing
- Preparation and content of annual report
 - new areas such as environmental sustainability, health inequalities and the code of governance
 - remuneration report
 - late delivery – reflects the number of people involved including those outside finance
- VFM areas of concern:
 - not meeting Care Quality Commission (CQC) standards in specific areas
 - unidentified cost improvement programmes (CIPS)
 - long-term deficits - reliance on support funding, use of non-recurrent savings to bridge gaps
 - a lack of appropriate medium to long-term financial plans in place
 - system wide governance and management of finances
 - procurement and contract management capacity and capability

The HFMA publishes *Year-end reminders for NHS audit committees* each spring to share main issues to be aware of for the year, as well as key questions NEDs may want to seek assurance over.



Any questions or comments?

- **Are there any other topics or updates you would like to see in the handbook?**
- **What are the current key challenges for audit committee members?**
- **How else can the HFMA support audit committee members and other NHS NEDs?**

About the HFMA

The Healthcare Financial Management Association (HFMA) is the UK representative body for finance professionals working in the NHS and the wider healthcare sector. Our aim is to support the NHS finance function, to promote good practice in financial management and to improve the general understanding of NHS finance issues.

Our work is informed by a number of committees and special interest groups made up of healthcare finance practitioners. We publish numerous guides and briefings aimed at finance professionals, non-executive directors and non-finance staff. We also provide training and development opportunities – including a suite of web based learning modules – across all of these groups.

www.hfma.org.uk

System Risk Management

Joanna Watson, GGI

Governance, risk and audit

System risk management

Joanna Watson, Principal Consultant, GGI

10 December 2024



What do we mean by system risk management?

- Based on system objectives and system-wide strategy alignment
- Fundamentals are the same as for individual organisations
- Managing risks which may look different from different perspectives
- Includes all partners in the system – not just the NHS
- On a practical level, needs a different approach depending on the complexity of the system

Partners include:

- The ICB
- NHS providers
- Non-NHS providers, such as social enterprises, hospices
- Local authorities
- Third sector organisations
- GPs and GP federations
- Place-based arrangements
- Provider collaboratives

System risk management:

Isn't about:

- Transferring risks
- The ICB holding risks for the system
- A process

Is about:



Thinking about risk differently



Different consequences



Understanding risk in different contexts

Collaboration and co-operation

“System risk management is going to be different to the risk management we are used to in individual NHS bodies. It is about bringing together partner organisations to share information and work through solutions together. It’s about collaboration and co-operation. There needs to be recognition that there are risks in individual organisations that will have an impact on other organisations – or indeed across the whole system. But the risk may be different, or impact differently”.

*Risky systems
August 2022*

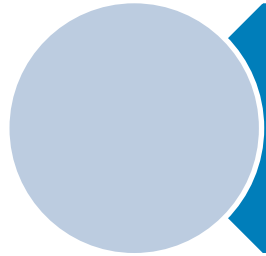
Examples of how one organisation's risk impacts on others in a system

- Trust has exceptionally high A&E attendances and diverts ambulances, which impacts on:
 - The ambulance trust
 - The trust receiving diverted ambulances
 - The GP federation providing triage service in A&E

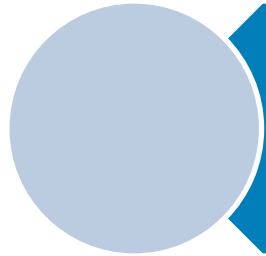
- Community hospital in a rural area is not fit for purpose and is closed, which impacts on:
 - Community services, with more patients ill at home in remote areas
 - Local authority, providing social care to discharged patients
 - Acute trust, which now can't discharge there and needs to take some of the patients

- Charity supporting people at risk of homelessness has financial challenges and reduces its services, which impacts on:
 - Local authority, which needs to provide more support to individuals
 - Acute trust, as increased pressure in A&E
 - Mental health trust sees increased demand at its crisis cafe

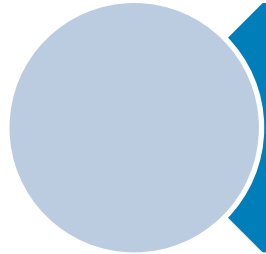
The perception of risk will be different across the system



In a service: staffing shortages impact on the quality of care



In the trust: the staffing shortages result in longer waiting times and impact on standards



In the system: the staffing shortages result in poorer outcomes and impact on population health

Risk maturity in integrated care systems

Level 1	Level 2	Level 3	Level 4
<ul style="list-style-type: none"> • ICB merged a number of individual CCGs (as part of ICB establishment) • Legacy CCG each had separate and different risk management processes • No single established approach to risk management within the ICB • No established ICB-focused risk appetite • A level of openness, honesty, collaboration and trust between system partners. 	<ul style="list-style-type: none"> • CCGs merged a few years before the establishment of the ICB • A single and fully aligned approach to risk management within the ICB • ICB only-focused risk appetite • A developing culture of openness, honesty, collaboration and trust between system partners. 	<ul style="list-style-type: none"> • ICB as a member of the ICS with a leadership role in working with partner organisations and managing risk across the ICS • Sovereign organisations in the ICS work and collaborate together to manage risk • ICS partners seek ways to increase collaboration and further align/integrate approaches • Risk appetite focusses on ICB's role as a member and a leader of risk within the ICS • There is a real focus on developing and maturing culture of openness, honesty, collaboration and trust between system partners that is equally shared. 	<ul style="list-style-type: none"> • Fully integrated approach to risk management across all partner organisations in the ICS supported by an appropriate operating model • Single aligned approach to risk appetite across the ICS • A mature culture of openness, honesty, collaboration and trust between all ICS partners. <p><i>Source: System risk management principles August 2023</i></p>

Risk management as part of an integrated care system

System working is a **great opportunity** to manage significant risks and 'wicked problems' that individual trusts cannot resolve on their own, but there are likely to be several obstacles to managing risk as part of a system. These include **different processes, objectives, risk appetites** and **organisational cultures**.

For effective management of risks at system level, the following are helpful:

- Cultural shift to focus on what is right for the system rather than individual organisations within it
- 'Open book' approach to sharing board assurance frameworks and risk registers
- Formal risk-sharing agreements for key workstreams and initiatives
- Common approach to assessing and scoring risks
- Good working relationships between risk and clinical governance professionals in the ICB and each of the trusts

Questions to ask

At individual providers

- How are we sharing our risks with system partners?
- Are we sighted on the system risks? How do these impact on our decision-making?
- How well are we working with system partners to align our approaches to risk management?

At system level

- What role are we taking to manage risk across the ICS?
- Are we discussing system risks in the right places?
- How effectively are system partners collaborating?
- How mature is the culture between system partners, in relation to risk management?

Good practice: horizon scanning system risks

At each meeting of the audit committee at NHS North Central London ICB the committee spends time horizon-scanning new system risks, with prompts provided by ICB officers.

At the November meeting the audit committee considered the following:

1. Government's 10 year health plan
2. Assisted dying bill
3. Impact on GP practices of increases in national insurance

With thanks To Andrew Spicer, Assistant Director of Governance, Risk and Legal Services, NHS NCL ICB

Further reading

Risky systems

HFMA Comment August 2022

<https://www.hfma.org.uk/articles/risky-systems>

System risk management

HFMA briefing August 2023

<https://www.hfma.org.uk/publications/system-risk-management>

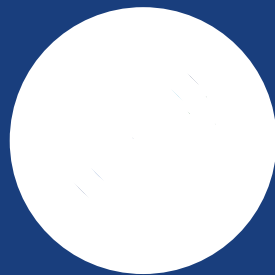
Principles for assessing and managing risks across integrated care systems

National Quality Board, December 2024

<https://www.england.nhs.uk/long-read/principles-for-assessing-and-managing-risks-across-integrated-care-systems/>

System risk in Staffordshire and Stoke-on-Trent
Case study, August 2023

<https://www.good-governance.org.uk/what-we-do/case-studies/system-risk-in-staffordshire-and-stoke-on-trent>



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Assurance – what an Audit Committee needs to know

Ann Brook, Head of Technical Content and
Research at the Institute of Internal Auditors (IIA)



Chartered
Institute of
Internal
Auditors

Assurance

What an audit committee needs to know

Ann Brook

4 December 2024

Agenda

Purpose of the Audit Committee

10 Questions to ask internal audit

What is assurance and who
provides it?

International Professional
Practices Framework, 2025

Global Internal Audit Standards

Purpose of Audit Committee

‘The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.’

CIPFA 2022 Position Statement

‘The audit committee is responsible for discharging governance responsibilities in respect of audit, risk and internal control, and will report to the board as appropriate. It will assist the board in fulfilling its responsibilities regarding all matters related to external and internal financial reporting and maintain an appropriate relationship with the company’s auditors.’

UK Corporate Governance Code, January 2024

The Global Internal Audit Standards, 2024, do not provide a purpose of the Audit Committee (Board), but does allocate numerous responsibilities and expectations on the Audit Committee in Domain III – as Essential Conditions. It does provide a definition of its term ‘Board’ as being *‘the body or bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities.’*



CIPFA Position Statement 2022

- **Support** a comprehensive understanding of governance...
- **Consider** the effectiveness of the authority's risk management arrangements...
- **Monitor** the effectiveness of the system of internal control...
- **Be satisfied** that the authority's accountability statements, ... properly reflect the risk environment, ... and demonstrate how governance supports the achievement of the authority's objectives.
- **Support** the maintenance of effective arrangements for financial reporting...
- **Consider** the arrangements in place to secure adequate assurance...
- **Consider** the opinion, reports and recommendations of external audit....
- **Contribute** to the operation of efficient and effective external audit arrangements
- **Support** effective relationships between all providers of assurance



What is Assurance?

Cambridge English dictionary provides 4 different definitions for 'assurance'. In day to day often assurance is mistaken for re-assurance!

In governance terms though:

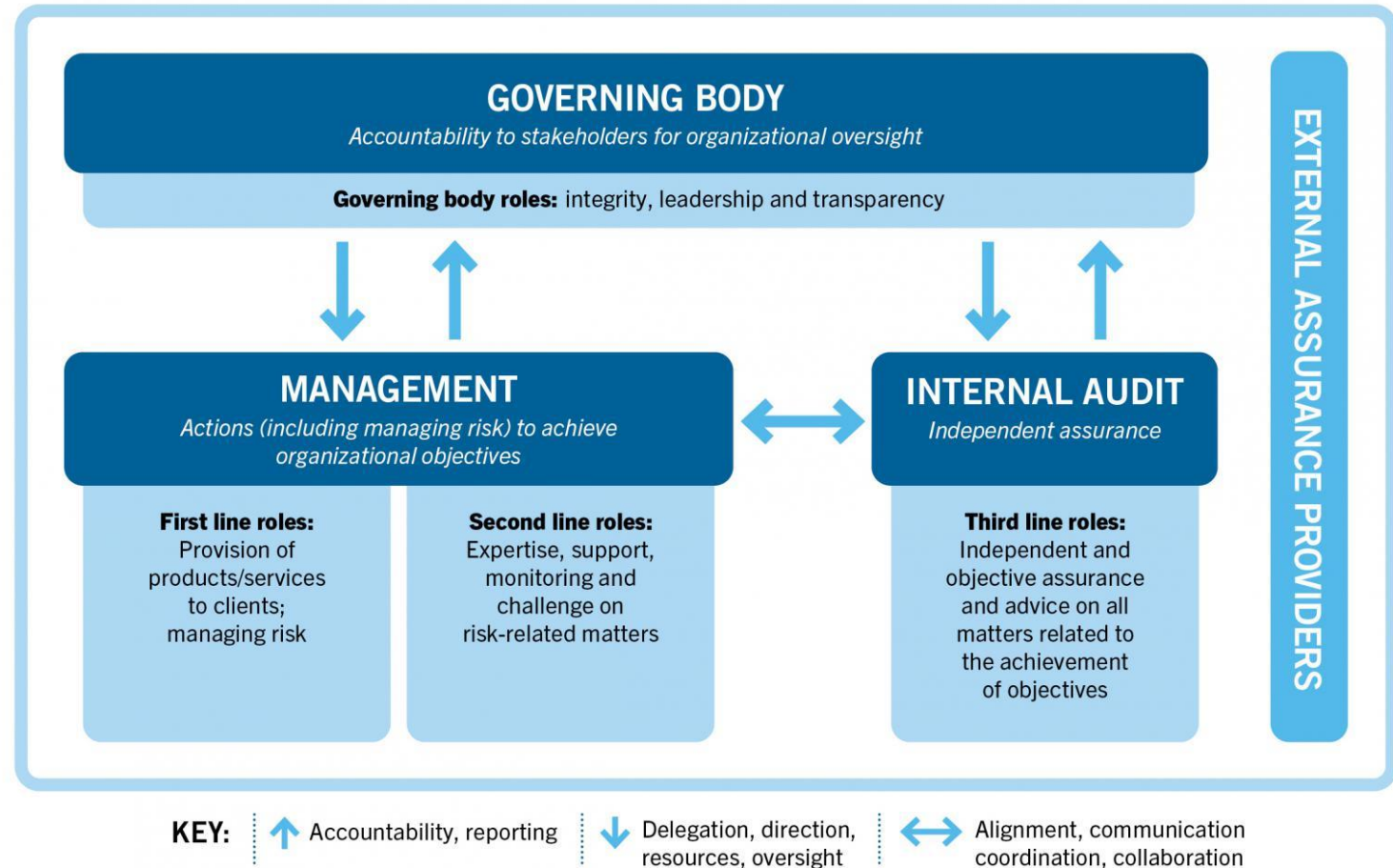
'Statement intended to increase the level of stakeholders' confidence about an organization's governance, risk management, and control processes over an issue, condition, subject matter, or activity under review when compared to established criteria.'



Who Provides Assurance?

Assurance comes from multiple places both within and outside of an organisation – internal audit is not the only provider.

The IIA's Three Lines Model (2020)





International Professional Practices Framework® (IPPF)





Global Internal Audit Standards

Five Domains, 15 Principles

I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity 2. Maintain Objectivity 3. Demonstrate Competency 4. Exercise Due Professional Care 5. Maintain Confidentiality

III. Governing the Internal Audit Function

- 6. Authorized by the Board
- 7. Positioned Independently
- 8. Overseen by the Board

IV. Managing the Internal Audit Function

- 9. Plans Strategically
- 10. Manages Resources
- 11. Communicates Effectively
- 12. Enhances Quality

V. Performing Internal Audit Services

- 13. Plan Engagements Effectively
- 14. Conduct Engagement Work
- 15. Communicate Engagement Conclusions and Monitor Action Plans



Domain I – Purpose of Internal Auditing

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organization's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.



Domain I – Purpose of Internal Auditing

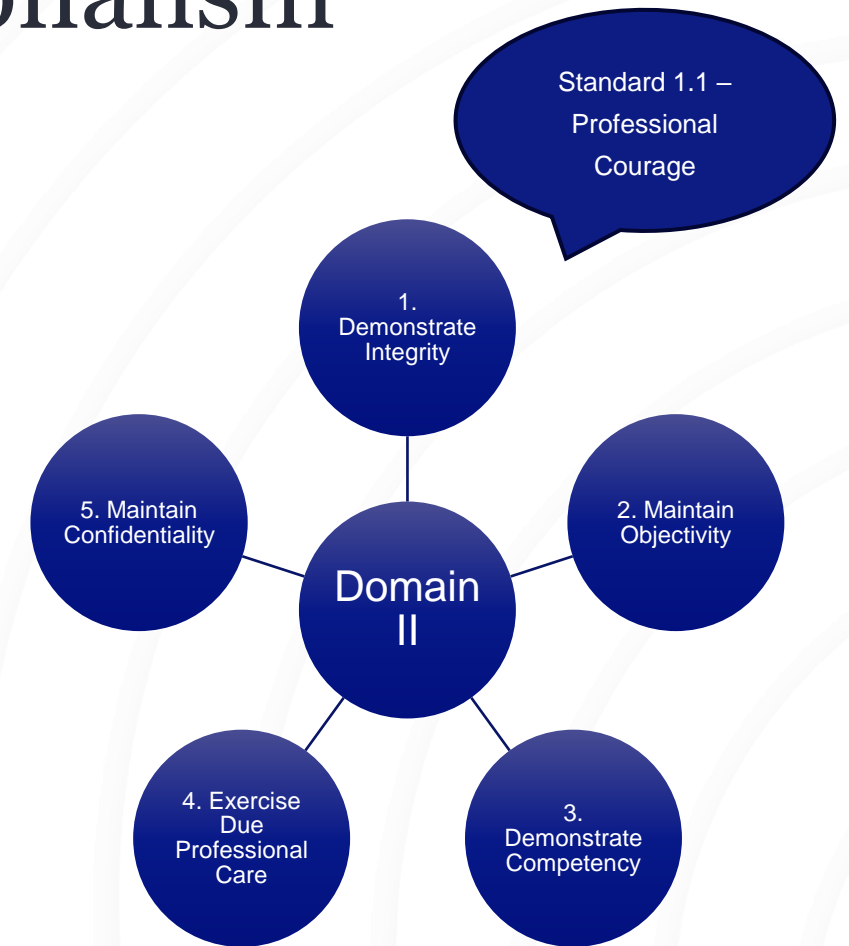
- **Do you understand the purpose statement in Domain I – have you discussed this with the CAE?**
- **What do you as an audit committee expect to see from the internal audit function (IAF) in terms of assurance, advice, insight and foresight?**
- **Has this been shared/discussed?**
- **Is it being delivered?**
- **Have you defined what is meant by ‘public interest’?**



Domain II – Ethics and Professionalism

INTRODUCTION

The principles and standards in the Ethics and Professionalism domain of the Global Internal Audit Standards replace The IIA's former Code of Ethics and outline the behavioral expectations for professional internal auditors; including chief audit executives, other individuals, and any entities that provide internal audit services. Conformance with these principles and standards instills trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.



Domain II – Ethics and Professionalism

- How does your IAF culture support the ability for all IA staff to speak up and have professional discussions?
- Are differences of opinion between the IAF and Senior Management being escalated to you as audit committee and are you equipped with the means to resolve these?
- Is your governance set up in order to conform with Domain II – i.e. does your audit committee meet the requirement in relation to integrity, objectivity, competency, due professional care and confidentiality?



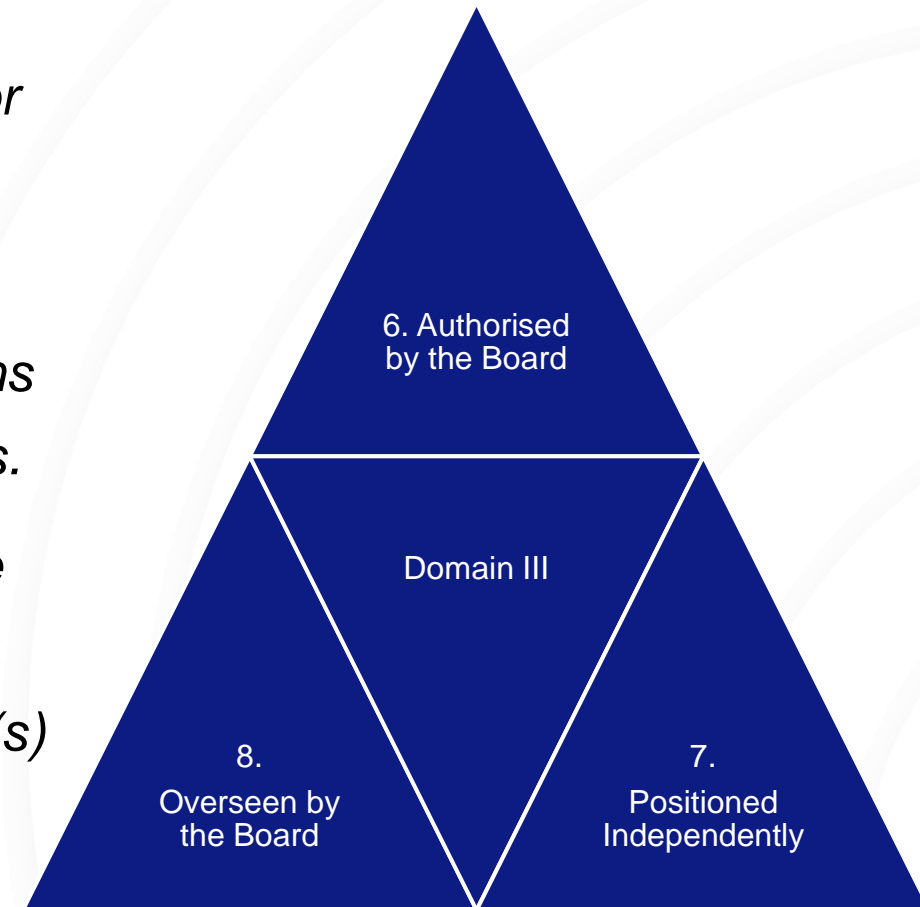
Domain III Governing the Internal Audit Function

INTRODUCTION

The CAE must discuss this domain with the board and senior management.

The discussions are needed to inform the board and senior management about the importance of the essential conditions and to gain alignment among their respective responsibilities.

If either the board or senior management disagrees with one or more of these essential conditions, the CAE must emphasize – with examples – how absence of the condition(s) may affect the internal audit function's ability to fulfil its purpose or conform with specific standards.



Principle 6 – Authorised by the Board

1. Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function.
2. Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
3. Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.
4. Approve the internal audit charter.
5. Review the internal audit charter with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization.
6. Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.



Principle 6 – Authorised by the Board

7. Work with senior management to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.
8. Support the chief audit executive through regular, direct communications.
9. Demonstrate support by:
 - Specifying that the chief audit executive reports to a level within the organization that allows the internal audit function to fulfill the internal audit mandate.
 - Approving the internal audit charter, internal audit plan, budget, and resource plan.
 - Making appropriate inquiries of senior management and the chief audit executive to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively.
 - Meeting periodically with the chief audit executive in sessions without senior management present.



Principle 7 – Positioned Independently

10. Establish a direct reporting relationship with the chief audit executive and the internal audit function to enable the internal audit function to fulfill its mandate.
11. Authorize the appointment and removal of the chief audit executive.
12. Provide input to senior management to support the performance evaluation and remuneration of the chief audit executive.
13. Provide the chief audit executive with opportunities to discuss significant and sensitive matters with the board, including meetings without senior management present.
14. Require that the chief audit executive be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board when necessary.
15. Acknowledge the actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the chief audit executive that are beyond the scope of internal auditing.



Principle 7 – Positioned Independently

- 16. Engage with senior management and the chief audit executive to establish appropriate safeguards if chief audit executive roles and responsibilities impair or appear to impair the internal audit function's independence.
- 17. Engage with senior management to ensure that the internal audit function is free from interference when determining its scope, performing internal audit engagements, and communicating results.
- 18. Review the requirements necessary for the chief audit executive to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.
- 19. Approve the chief audit executive's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
- 20. Engage with senior management to appoint a chief audit executive with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.



Principle 8 – Overseen by the Board

21. Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate.
22. Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.
23. Set expectations with the chief audit executive for:
 - The frequency with which the board wants to receive communications from the chief audit executive.
 - The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board's risk tolerance.
 - The process for escalating matters of importance to the board.
24. Gain an understanding of the effectiveness of the organization's governance, risk management, and control processes based on the results of internal audit engagements and discussions with senior management.
25. Discuss with the chief audit executive disagreements with senior management or other stakeholders and provide support as necessary to enable the chief audit executive to perform the responsibilities outlined in the internal audit mandate.



Principle 8 – Overseen by the Board

26. Collaborate with senior management to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.
27. Discuss with the chief audit executive, at least annually, the sufficiency, both in numbers and capabilities, of internal audit resources to fulfill the internal audit mandate and achieve the internal audit plan.
28. Consider the impact of insufficient resources on the internal audit mandate and plan.
29. Engage with senior management and the chief audit executive on remedying the situation if the resources are determined to be insufficient.
30. Discuss with the chief audit executive the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.
31. Approve the internal audit function's performance objectives at least annually. (See also Standard 12.2 Performance Measurement.)
32. Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:
 - Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws, and regulations; ability to meet the internal audit mandate; and progress toward completion of the internal audit plan.
 - Considering the results of the internal audit function's quality assurance and improvement program.
 - Determining the extent to which the internal audit function's performance objectives are being met.



Principle 8 – Overseen by the Board

33. Discuss with the chief audit executive the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
34. Collaborate with senior management and the chief audit executive to determine the scope and frequency of the external quality assessment.
35. Consider the responsibilities and regulatory requirements of the internal audit function and the chief audit executive, as described in the internal audit charter, when defining the scope of the external quality assessment.
36. Review and approve the chief audit executive's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
37. Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
38. Review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable.
39. Approve a timeline for completion of the action plans and monitor the chief audit executive's progress.



Domain III – Governing Internal Audit

- Has a gap analysis been done against the essential conditions – usually by the CAE?
- Have you discussed the gaps and identified:
 - Actions to move to conforming with the relevant essential condition and included this on the QAIP of the IAF?
 - Alternative activities in place which conform with the intent of the essential condition and documented this within the internal audit charter?
 - Essential conditions which will not be conformed with, agreed why and documented this within the internal audit charter along with the impact.



Domain IV – Managing the Internal Audit Function

***The chief audit executive** is responsible for managing the internal audit function in accordance with the internal audit charter and Global Internal Audit Standards. This responsibility includes strategic planning, obtaining and deploying resources, building relationships, communicating with stakeholders, and ensuring and enhancing the performance of the function.*



Principle 9 – Plans Strategically

Standard 9.2 Strategic Plan

- Does the IAF have a strategic plan?
- Yes – Is it aligned it to the requirements in Standard 9.2?
- No – is the CAE in the process of developing one?
- Have you as the Audit Committee and Senior Management seen it, had input into it?



Domain V – Performing Internal Audit Services

INTRODUCTION

Performing internal audit services requires internal auditors to effectively plan engagements, conduct the engagement work to develop findings and conclusions, collaborate with management to identify recommendations and/or action plans that address the findings, and communicate with management and the employees responsible for the activity under review throughout the engagement and after it closes.



Root Cause Analysis

- Is the IAF using root cause analysis to evaluate the findings and drive your recommendations?
- In theme reports from IAF are root cause categories being used?



Application Considerations

Public Sector Application Note

- Domain II – Ethics and Professionalism
 - The Nolan Principles
 - Confidentiality of information vs need to publish/share
- Domain III – Governing Internal Audit
 - Chief Audit Executives qualifications
 - External Quality Assessment organisation qualifications

- Domain IV – Managing the Internal Audit Function
 - Covers value for money auditing
 - Regulators in relation to coordination and reliance
 - Resourcing internal audit
 - Overall conclusions/opinions and annual reporting



Small Internal Audit Functions

‘While conformance with the requirements is expected, internal auditors occasionally may be unable to conform with a requirement yet still achieve the intent of the standard. Circumstances that may necessitate adjustments are often related to resource limitations or specific aspects of a sector, industry, and/or jurisdiction. In these exceptional circumstances, alternative actions should be implemented to meet the intent of the related standard.’

‘The internal audit function’s ability to fully conform with the Standards may be affected by its size or the size of the organization. With limited resources, completing certain tasks may be challenging. Additionally, if the internal audit function comprises only one member, an adequate quality assurance and improvement program will require assistance from outside the internal audit function. ‘



Small Internal Audit Functions

While the GIAS states that a small internal audit function is a circumstance where compliance with the exact Standard may not be possible, the rationale for this and alternative actions / activity needs to be recognised, discussed and documented.

‘In these exceptional circumstances, alternative actions should be implemented to meet the intent of the related standard. The chief audit executive is responsible for documenting and conveying the rationale for the deviation and the adopted alternative actions to the appropriate parties.’

However, the GIAS also recognizes that conformance may not be possible and in Standard 4.1 it explains the steps to take where this is the case.

‘When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale.’

When the non-conformance is permanent then we would recommend that this is explained in the Internal Audit Charter, along with any impacts on the Mandate.



Different Resource Models

The Standards apply to any individual or function that provides internal audit services, whether an organization employs internal auditors directly, contracts them through an external service provider, or both.

Various models:	Responsibilities:
Totally inhouse.	No changes to AC or Senior Management responsibilities.
CAE inhouse but all delivery of the plan is outsourced.	CAE, regardless of model remains responsible for implementing and conformance with the GIAS.
Totally outsourced, including CAE.	Internal Auditors are still responsible for their own conformance with GIAS, regardless of the resourcing model.
Hybrid Inhouse/outsourced– CAE in house with some inhouse team, but specific engagements outsourced Co-sourcing – specific IA engagement are performed by both outsource and inhouse teams working together.	For models using outsourcing and co-sourcing, responsibilities should be clearly explained in contracts / SLAs, including the reporting of conformance / non-conformance.



Key Activities to expect of IAF

Key Activities for a CAE

1. Perform a gap analysis against the new global standards
 - a. This can be desktop based by one person
 - b. Involve members of the IAF team through workshop / discussion
 - c. Involve the Audit Committee to consider their essential conditions
 - d. Involve senior management to consider their essential conditions
2. Discuss and agree actions to address any gaps, with priorities attached.
3. Add the actions to the existing Quality Assurance Improvement Plan (QAIP) making sure the actions are SMART
4. Where a gap exists that cannot be met due to statutory requirements for example, then discuss this with the Audit Committee and Senior Management and consider where to document this. If this is a permanent non-conformance then an ideal place is within the Internal Audit Charter under an appropriate section.
5. Follow the action plan to address the gaps.



Key Activities for a CAE

6. Review when the next EQA is due and discuss the timing and approach with the Audit Committee to agree when this will next be done and how.
7. Review the position of the IAF team members on any IIA qualifications and understand what the impact is on their study timeline and plan. Agree actions to address any challenges.
8. Plan training of the IAF team on what the changes are to the Standards and then later how the internal audit processes will be changing and why.
9. Create and implement a communication plan for all key stakeholders around the new global standards to raise awareness and explain any changes to how you perform your work.
10. Report on progress to transition to the new Global Internal Audit Standards to the Audit Committee on a regular basis.



Global IIA and Chartered IIA Support

Global IIA Publications and Support



Standards:

[globalinternalauditstandards_2024january9_editable.pdf \(theiia.org\)](#)

[Condensed Global Internal Audit Standards \(theiia.org\)](#)

[Global Internal Audit Standards, 2024 Edition \(theiia.org\) = \\$225](#)

[Report on the Standard-Setting and Public Comment Process \(theiia.org\)](#)

Articles:

[Two-Way Mapping: 2017 IPPF Mandatory Elements to 2024 Global Internal Audit Standards \(and Back\) \(theiia.org\)](#)

[Glossary Comparison: 2024 Global Internal Audit Standards to 2017 Standards \(theiia.org\)](#)

Webinars:

[Get to Know the New Global Internal Audit Standards \(theiia.org\)](#)

[What the New Standards Mean to Quality Assessments \(theiia.org\)](#)



Global IIA Publications and Support



Tools:

Model Internal Audit Charter Tool and User's Guide (theiia.org) – Word template internal audit charter for both generic and public sector use.

Executive Summary Domain III: Governing the Internal Audit Function and the Three Lines Model (theiia.org) – 2 page guidance to support Audit Committees

Conformance Readiness Assessment Tool (theiia.org)

Chief Audit Executive's Domain III Toolkit (theiia.org)

Global Training Courses:

Navigating the Global Internal Audit Standards (theiia.org) - online aimed at new internal auditors

Ethically Mastering the Global Internal Audit Standards (theiia.org) – online aimed at experienced internal auditors

Others

Internal Auditor : February 2024 (mydigitalpublication.com)





Chartered IIA Publications and Support

- Content Hub | Chartered IIA includes many resources on the introduction of Global Internal Audit standards and the professional practice of internal audit. We continue to update our existing resources, with the project to replace all existing intended to be completed before the Christmas break.
- Chartered Institute of Internal Auditors (Official group) | Groups | LinkedIn – updates on global standards are being posted on the Group LinkedIn page. As well as asking for comments and feedback on activities and consultations of Global.



Chartered IIA Publications and Support



- [Global Audit Standards 2024 Internal Audit Strategy Guidance and Tool Kit](#)
- [Global Internal Audit Standards and Different Resource Models](#)
- [Global Standards 2024 Small Internal Audit Team Guidance](#)
- [Global Audit Standards June 2024 Webinar Slides and Q&A](#)
- [Global Standards 2024 CAE support for Senior Management Guidance and Tool Kit](#)
- [Global Standards 2024 Audit Committee Guidance and Tool Kit](#)



Chartered IIA Publications and Support



- Member of Advisory Panel for the Quality Assessment Manual Guidance published in late summer of 2024
- Advising the Public Sector Internal Audit Standards Board on the Global Standards / PSIAS Project, final Application Note and approach to be published mid December 2024
- Member of the ECIIA Public Sector Project reviewing the global standards for the public sector in the EU – now published
- Feedback to Global IIA on the Topical Requirements: Cybersecurity
- Member of the Advisory Panel for the review of the Competency Framework





Chartered
Institute of
Internal
Auditors

Thank you

Ann Brook

ann.brook@charterediia.org

Governance and Risk Management – an Internal Audit perspective

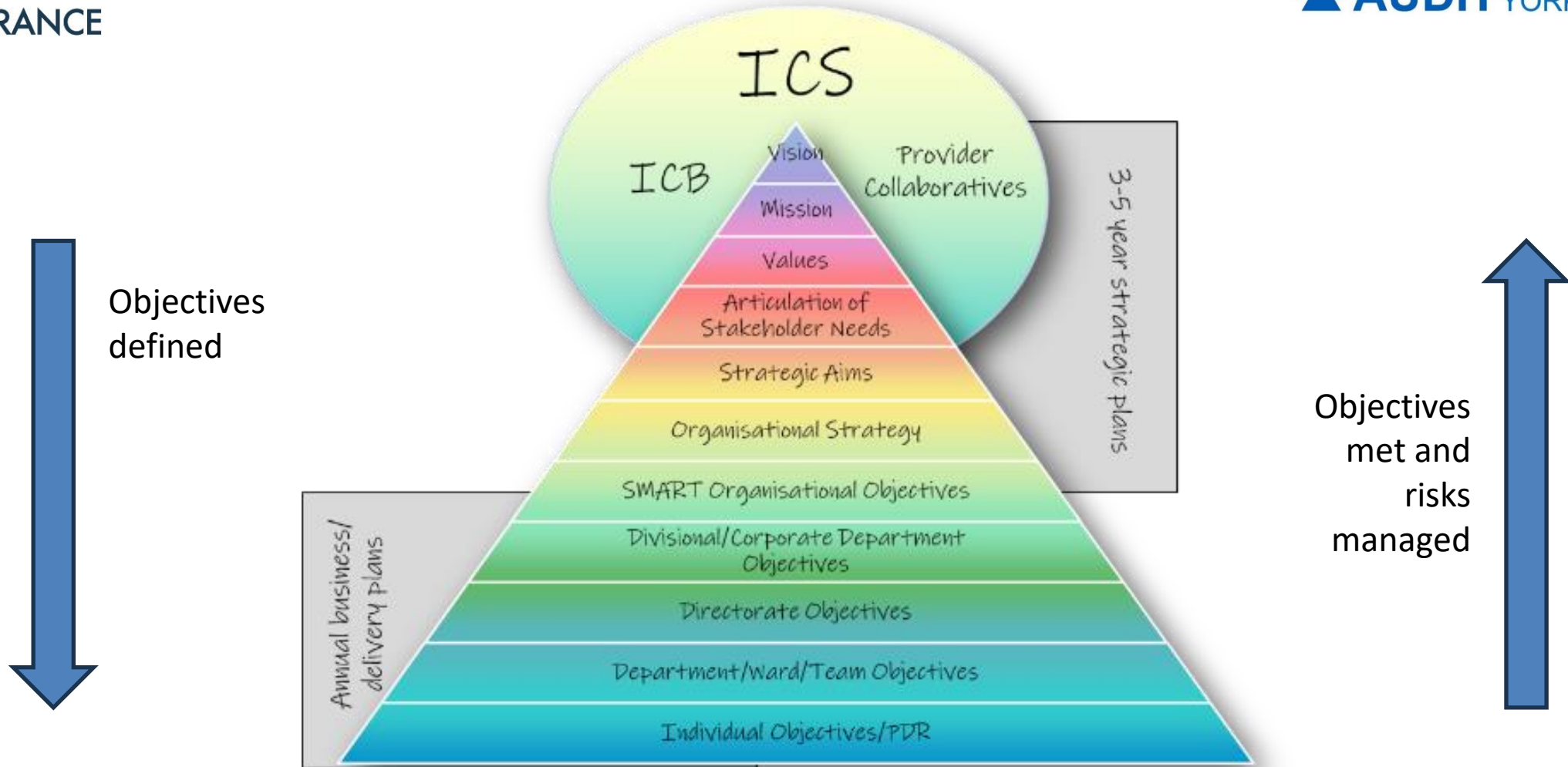
Elaine Dower, Deputy Director at 360 Assurance and
Chris Reeve, Assistant Internal Audit Manager at Audit Yorkshire

Purpose of Internal Audit

“Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Performed by professionals with an in-depth understanding of the business culture, systems, and processes, internal auditing provides assurance that the organisation’s control processes are adequate to mitigate its risks, governance processes are effective and efficient, and organisational goals and objectives are met.”

IIA, [Internal Audit | About the internal auditing profession and The IIA](#)



2 How are risks linked to objectives?

www.360assurance.co.uk @360Assurance
www.auditryorkshire.nhs.uk @AuditYorkshire

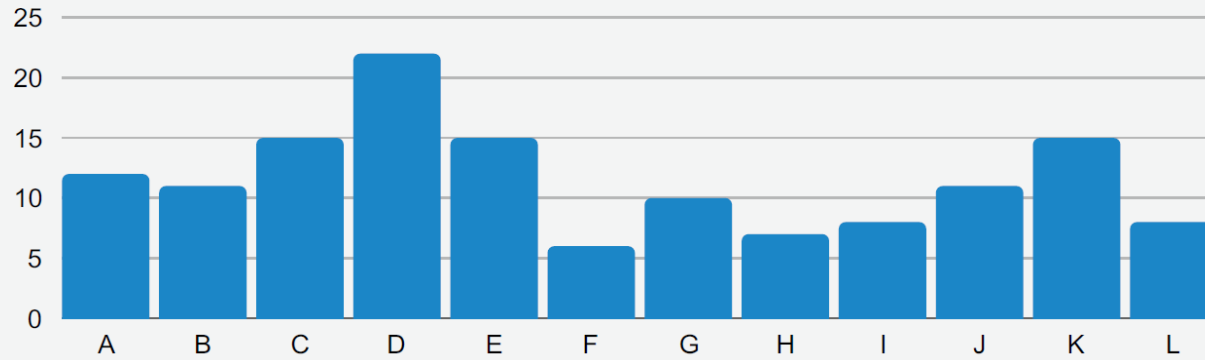
Content of the BAF Report

- Strategic objective at risk
- Risk description (with impact on objective clear)
- Risk score (and movement over time)
- Controls in place
- Assurances regarding controls – compliance and effectiveness
- Gaps in control
- Gaps in assurance
- Actions – with due date and responsible officer
- Overall assurance level
- Links to risks on the risk register

Limitations

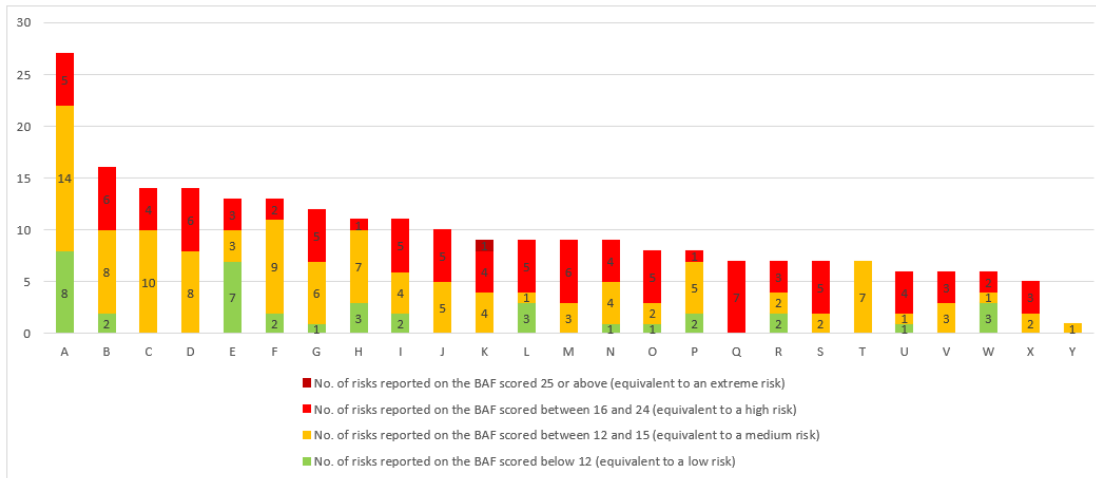
- Cannot contain everything – functions more like an index or reference point. You are assured (or not assured) because of the more detailed information and intelligence you get in all the papers and reports you receive and through the conversations and interactions that you have.
- The BAF report simply acts as a reminder and amalgamation of all the elements you have discussed which link to each principal risk.
- The BAF report summarises the output of the different systems and processes operating to provide the Board with assurance about achievement of the organisation's strategic objectives.

Number of Principal Risks:

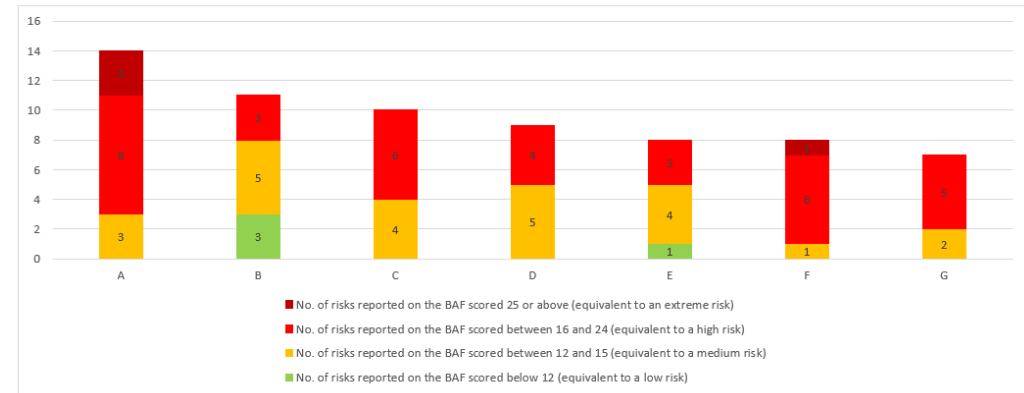


Average number of risks = between 10 and 13, range = 1 - 27

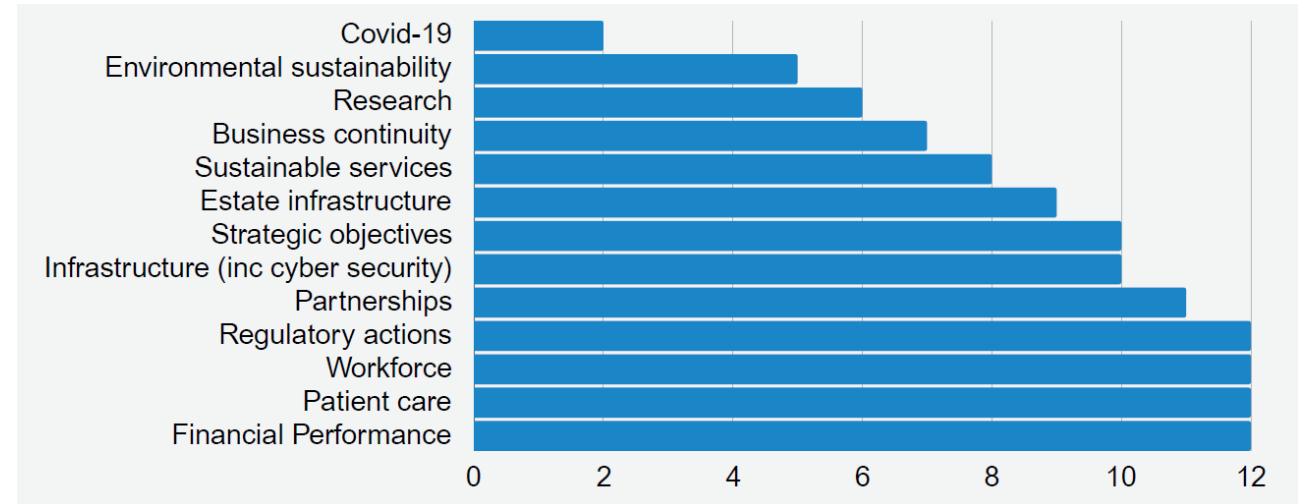
Number of risks reported on the BAF by score (providers)



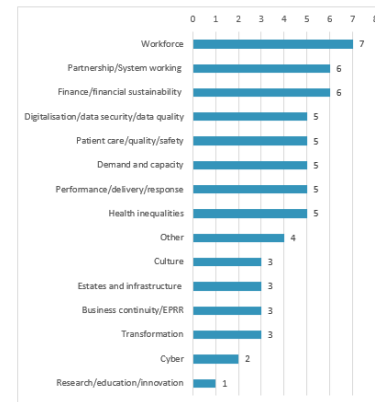
Number of risks reported on the BAF by score (ICBs)



Risk themes recorded in the BAF (providers)



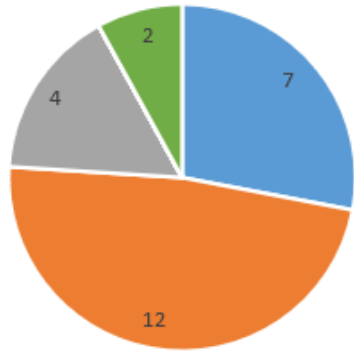
Risk themes recorded in the BAF (ICBs)



Top three risk themes:

- Workforce
- Patient care
- Financial performance/sustainability

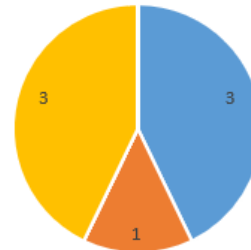
Frequency of BAF presented to Board (providers)



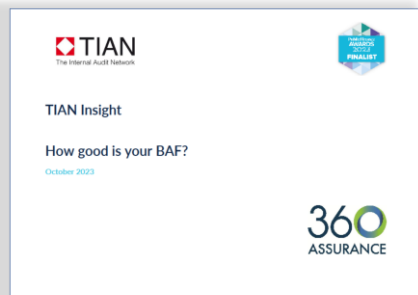
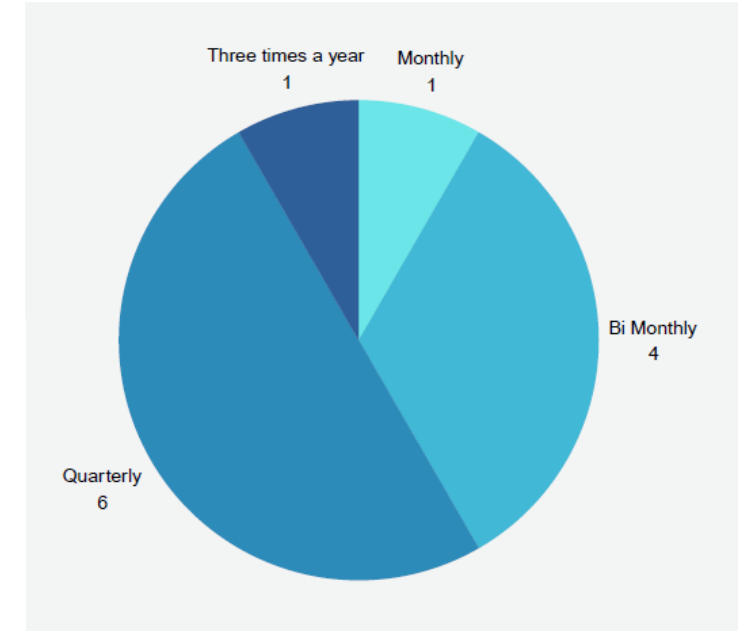
■ All meetings ■ Quarterly ■ Bi-monthly ■ Three times a year

BAF report is most commonly reviewed quarterly by Boards

Frequency of BAF presented to Board (ICBs)



■ All meetings ■ Quarterly ■ Bi-annually



Oct 2023 TIAN benchmarking: [TIAN-BAF-Benchmarking-Report.pdf](#)

www.360assurance.co.uk @360Assurance
www.auditryorkshire.nhs.uk @AuditYorkshire



Questions

Can I find the information I want easily?

Can I use it to help me ask the right questions?

Which bit do I turn to first (and why)?

Is it clear who is taking action and by when?

Do I understand the cause(s) and uncertain event?

Am I confident that all the gaps in control or assurance have been identified?

Am I clear on the assurance being provided?

Do the actions address identified gaps in control and/or identified additional assurances required?

Is it clear the extent to which the objective will be impacted if the risk occurs?

Does it positively support decision making?

Do I need additional assurance?

Prompts

- Is the risk description clear and reflects the risk faced by the organisation?
- Is the risk score reflective of the current position?
- Is the target score realistic and in line with risk appetite (or risk tolerance)?
When will the target risk score be achieved?
- Are the controls in place effective? Are there assurances on all identified controls? Are there any gaps?
- Do the actions address the gaps identified? Are these on track to be delivered by the date stated?

Is it making a difference?

The current...and future context

Context

- New Global Internal Audit Standards
- Impact of Darzi and a new Government on healthcare management/services.
- Pressure on public sector funding – and the need for prioritising and managing public expectations
- Workload of those working in our Clients
- Some entrenched views on the relevance of governance, assurance and risk management. Silos and tick boxes. **The BAF is almost 24 years old, but it still seems a mystery to many!**

Practical risk and assurance

Risk Management

- Positive difference – measurement of that effectiveness
- Risk Appetite – use: Decision making, operationally and; assurance.
- Priorities – Current/target scores, maturity of ‘tolerating’ risk.

BAF

- Framework, systems and processes.
- Use of risk appetite.
- Robust assurance – papers, discussion, minutes, escalation, links to BAF.

System Risk

- Still Learning. ICB/Place.....but Place/Individual organisations?
 - The impact of others on you. Your impact on others.
 - Key is communication and relationships.
 - Partnership risk being in your BAF.
 - Where are key risks shared?
 - Understanding, if not aligning risk appetite.
-
- System risk management: Key considerations for evolving arrangements:
HFMA/GGI August 2023: Risk Maturity Matrix

Helping you improve

- **Workshops**

- Training and Briefing – facilitating/supporting assessment and development
- Risk management prioritisation.
- Setting and importantly using risk appetite.
- Making Board Assurance simple – supporting the development



- **Data analysis** - comparing within organisations and across



- **Sharing what works??**



Thank you for coming

We hope to see you again soon
