

Update on Governing Body Assurance Framework and Risk Register Quarter 2 Overview Report

Governing Body meeting

E

14 January 2021

Author(s)	Sue Laing, Corporate Services Risk and Governance Manager
Sponsor Director	Cath Tilney, Associate Director of Corporate Services
Purpose of Paper	
<p>This report presents the Governing Body Assurance Framework (GBAF) Quarter 2 2020/2021 to Governing Body for review and challenge. The report covers the period up to 23 November 2020.</p>	
Key Issues	
<p>The GBAF is a “rolling” document reviewed approximately quarterly with a full refresh undertaken prior to the start of each financial year. This report sets out the second quarter review position for 2020/2021.</p> <p>Gaps in control/assurance have been identified in eight risks (four in control and four in assurance)</p> <ul style="list-style-type: none"> • One risk has reduced in score, one risk increased • One new risk has been added (2.6 flu vaccination), no risks have been closed • All risks have been reviewed and reassigned to appropriate risk owners following the internal restructure • SMT considered ownership of risk 4.2 (Lack of maturity of place based relationships result in failure to address efficiency, workforce and quality gaps) and agreed this risk should be jointly owned by Dr Zak McMurray and Mr Brian Hughes 	
Is your report for Approval / Consideration / Noting	
Consideration	
Recommendations / Action Required by Governing Body	
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> • Review and comment on the Quarter 2 GBAF • Note the new high level risk added (2.6 flu vaccinations) • Note the actions and recommendations from the Head of Internal Audit (HOIA) Stage 1 review • Note the detail set out within the attached 2020/2021 CCG Benchmarking Report and possible areas for future review • Support the annual Head of Internal Audit Opinion statement by completing the internal audit Stage 2 survey for Governing Body by 15 January 2021 	

What assurance does this report provide to the Governing Body in relation to Governing Body Assurance Framework (GBAF) objectives?
<p>Which of the CCG's Objectives does this paper support? This paper supports each of the five CCG objectives in addition to all identified principal risks.</p> <p>Description of Assurances for Governing Body That there is a Governing Body Assurance Framework in place which is managed and reviewed by Senior Management Team (SMT) and Audit and Integrated Governance Committee (AIGC) on a quarterly basis prior to review and challenge by Governing Body.</p>
Are there any Resource Implications (including Financial, Staffing etc)?
There are no specific resource implications associated with this report
Have you carried out an Equality Impact Assessment and is it attached?
Please attach if completed. Please explain if not, why not Not applicable
Have you involved patients, carers and the public in the preparation of the report?
Not applicable

Update on Governing Body Assurance Framework and Risk Register Quarter 2 Overview Report

Governing Body meeting

14 January 2021

1. Introduction

This paper provides the Governing Body with an updated position on the Governing Body Assurance Framework (GBAF) 2020/2021 – at the second review period up to and including 23 November 2020. This paper was presented to SMT on 26 November 2020 and to Audit and Integrated Governance Committee (AIGC) on 10 December 2020 for review and challenge. The full GBAF has been circulated with papers marked for noting.

2. Key Messages

- Gaps in control are identified in six risks and gaps in assurance in four
- One risk has reduced in score, one risk increased
- One new risk has been added (2.6 flu vaccination), no risks have been closed
- All risks have been reviewed and reassigned to appropriate risk owners following the internal restructure
- SMT considered ownership of risk 4.2 (Lack of maturity of place based relationships result in failure to address efficiency, workforce and quality gaps) and agreed this risk should be jointly owned by Dr Zak McMurray and Mr Brian Hughes

3. Review up to and including 23 November 2020

At the end of the monitoring period there remained 21 principal risks facing delivery of the CCG’s objectives – the level of risk is set out below.

Review period	Critical	Very High	High	Medium	Low	Risks Closed	TOTAL
Up to and including 23 Nov 2020	0	10	9	2	0	0	21
Up to and including 31 Jul 2020	1	7	10	2	0	0	20

4. Movement in risk scores

4.1 Risks reduced in score:

- Risk 4.1 The financial challenges of our own organisation and that of our system partners distort our priorities

Rationale:

The changes to the financial regime in response to the COVID-19 pandemic meant that for the first 6 months funding was based on actual spend and the second six months fixed funding is lower than previously anticipated, meaning that there is insufficient investment to support delivery of our objectives. National calculation of NHS blocks have resulted to different contractual spending compared to previous plans. A revised financial plan for the CCG was approved by Governing Body on 5 November. This identified a significant level of financial risk. The financial plan across SYB ICS reported a deficit position.

4.2 Increase in risk score

Risk 4.8 Our collective **risk appetite** is insufficient to realise the potential of our plans

Rationale:

Every activity that the CCG undertakes, or commissions others to undertake on its behalf, brings with it an element of risk that has the potential to undermine, or prevent the organisation achieving its strategic objectives. To discharge these requirements, the CCG has a responsibility to ensure proper governance in line with best practice in corporate, clinical and financial governance. Decisions made in partnership may fail to recognise the full risks to individual organisations and as a result organisations may lose trust in those decisions. Equally, a single organisation who is more risk adverse than partners may limit the progress that can be made. The current uncertainty regarding how services will operate post-COVID as well as lack of clarity re planning and financial framework makes the whole environment in which we are operating far more risky.

4.3 Summary position

The table below summarises risk ratings (both current and previous reviews) against the initial risk score, and the risk appetite score. Gaps in control and/or assurance are also identified.

Risk Reference	Risk Owner	Risk Owner	Risk Initial Score	Current Risk Score				Risk Target or Appetite Score	Are there Gaps in Control?	Are there Gaps in Assurance?
				Q1	Q2	Q3	Q4		Position at 23.11.20	
1.1	Failure to make sufficient progress on our Joint Commissioning priorities	BH	12	12	12			8	No	No
1.2	Fail to make sufficient progress on our goal of best start in life	SB	12	12	12			6	No	No
1.3	Fail to make sufficient progress on delivering our all age mental health objectives	SB	12	12	12			9	Yes	No
2.1	Organisations fail to meet quality standards	AW	12	16↑	16			9	No	No
2.2	System wide or specific provider capacity problems.	SB	15	15	15			9	No	No
2.3	Fail to effectively communicate with the public and involve patients	BH	12	16↑	16			8	No	No
2.4	Insufficient workforce to be able to maintain safe, efficient and high quality services	AW	12	12	12			9	Yes	No
2.5	Insufficient preparedness to deal with significant emergency events	BH	15	15	15			8	No	No
2.6	Unable to meet flu vaccine requirements set by NHSE of 75% against each cohort	AW	16		16			9	Yes	Yes
3.1	Insufficient capacity and resources to support development of Primary Care Networks (PCNs) and primary care at scale working	SB	12	12	12			9	Yes	Yes
3.2	Insufficient resilience in primary and community care.	SB	16	16	16			6	No	No
3.3	Inability to secure active engagement with/participation of Member Practices	ZM	12	9↓	9			8	No	No
4.1	The financial challenges of our own organisation & that of our system partners distort our priorities	JM	16	20↑	16↓			9	No	No
4.2	Lack of maturity of place based relationships result in failure to address efficiency, workforce & quality gaps	ZM/ BH	12	12	12			6	No	No
4.3	Policy drive for system integration ahead of legislative change may risk the development of partnerships	LS	12	12	12			6	No	No
4.4	The digital infrastructure is inadequately maintained/ developed.	CT	16	16	16			9	Yes	No
4.5	The estates infrastructure is inadequately maintained/ developed	JM	12	12	12			9	No	No
4.6	Fail to address the impact that the services that we commission have on the environment.	ZM	12	12	12			9	No	Yes

4.7	Our internal QIPP plan does not deliver the level of efficiency changes required	SB	16	16	16			9	Yes	No
4.8	Our collective risk appetite is insufficient to realise the potential of our plans	JM	12	12	16↑			8	No	No
5.1	Insufficient internal workforce, talent management and succession planning	LS	9	9	9			4	No	Yes

5. Gaps in Assurance and/or Control

Eight risks have identified either a gap in control or assurance with two risks showing gaps in both. Of the eight risks identified four have action plans in place to close the gaps. Six risks have highlighted gaps in control and four gaps in assurance.

6. Requests to make changes to actions previously agreed

The 2019/20 Stage 2 audit report noted that changes were being made to actions within the GBAF and dates changed where target dates had not been met. It was agreed that any changes to the Action Log going forward should be reviewed by SMT prior to changes being made.

The following changes to the GBAF Action Log were considered and agreed by SMT and the GBAF updated accordingly:

Risk Ref	Risk	Action identified	Change requested
4.4	There is a risk that the digital information infrastructure that we have to deliver safe, efficient and high quality services is inadequately maintained/developed	Establish first draft of BBS IT digital strategy in response to place and NHS	Extend deadline
		Long term plan objectives	Extend deadline
		BBS IT Digital strategy signoff	Extend deadline
		Programme of works	Remove
		Seek funding opportunities	Remove
		Final draft of SCCG Strategy	Remove
4.5	There is a risk that the estates infrastructure is inadequately maintained/ developed and so impacts on the ability to integrate services/bring services closer to home	Development of individual strategic outline cases/programme initiation documents for the projects within the ICS Primary Care Capital Programme	Extend deadline
		Approval of draft programme business case by PCCC	Revise wording

Risk Ref	Risk	Action identified	Change requested
2.3	There is a risk that we fail to effectively communicate with the public and involve patients in CCG and system priorities and service developments, leading to loss of confidence in CCG decisions and potential legal challenge or referral to the Secretary of State	Work with our SCC partners on the 2030 Vision Engagement	Remove
		In line with the Joint Commissioning develop a joint SCCG/SCC public engagement plan that reflects the commissioning intentions and plans	Remove
		As part of the refresh of corporate objectives, the prospective and our strategy and linked develop a proactive communications and engagement plan for the year	Remove
		In line with the work of the Accountable Care Partnership programmes and implementation of transformational plans develop a joint city wide comm's plan that supports the Sheffield population to understand the changes and what they mean for them	Remove

6.1 Action Log

Progress continues to be made with regard closing identified actions.

Period	No of Actions identified	Actions Completed	Actions not due for completion	Actions overdue
Quarter 2	88	46	26	16

7. Feedback from Internal Audit – Head of Internal Audit Opinion Stage 1

The HOIA Opinion confirmed that the GBAF format and content was fit for purpose and covered the majority of required elements. The report has however, highlighted the following specific areas for consideration as we continue to update the GBAF over the remainder of the year:

- Review of actions which have fallen due since September 2020
- The year-end HoIA opinion will focus on **third party assurances** identified relating to 2020/21 – however to date none have been identified

- A number of principal risks were noted where **no assurance had been received to confirm that controls are effective** and that **no gaps in assurance were noted** for these
- Risk owners **should include anticipated dates for receipt of assurances** so that these can be followed up if not received in a timely manner. The date of receipt should also be recorded to aid consideration of how relevant the assurance remains
- Number of instances where controls listed actions or activity that is currently underway – **controls should identify what is already in place to mitigate the risks**
- Where current risk scores are identified which are above the risk appetite or target, that **gaps in control or assurance are identified** (12/20 risks identified)

8. Head of Internal Audit Opinion Stage 2 – Annual Governing Body Survey

Internal Audit is required to provide an annual Head of Internal Audit Opinion to support the organisation's Annual Governance Statement. Their opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

2020/21 has been an exceptional year with a global pandemic which has significantly impacted on the whole of the NHS. [A short survey](#) has been put together which is designed to assist the review understand Governing Body views of the effectiveness of governance and risk management arrangements, and will support internal audit in forming the Head of Internal Audit opinion assessment.

Members are asked for their support in completing the survey by **15 January 2021**. Responses are anonymous and a summary report will be provided to the CCG identifying areas for further development.

9. Technical updates to the GBAF

The Framework has recently undergone considerable review with regard to the technical issues previously experienced when updating the GBAF. The following changes are for noting:

- Only those fields which are white need to be reviewed/updated – all other coloured fields are header/information fields
- Only the main worksheet should be updated, unless any 'Gaps in Control/Assurance' have been identified and 'Yes' is selected from the drop down box – in which case the Gaps worksheet will require updating
- Cells marked 'rational for current risk score' and 'rationale for risk appetite' are now restricted to the number of words you may enter – too many words will turn the cell yellow warning users of this
- All 'actions' added to risks will automatically be copied to the Actions Log

NB if an action needs to be changed because it is no longer relevant for example, 'Action Changed' should be selected from the drop down box. If the action is beyond its target date 'No' should continue to be used. Actions should not be removed/deleted from worksheets

- Cells which are shaded/coloured are protected
- Updates will be automatically date stamped

10. 2020/2021 CCG GBAF Benchmarking Exercise

As in previous years, 360 Assurance have again undertaken a GBAF benchmarking exercise and this year they have teamed up with Audit Yorkshire and MIAA to undertake benchmarking on a wider scale than previously, with GBAFs from 34 CCGs examined.

Similar questions to those asked in previous years were asked but, unsurprisingly, they have also considered the significance and impact of COVID-19 on each GBAF and what this might say about risk management more generally within each organisation. A copy of the report is attached at **Appendix 1**.

The CCG compares favourably to many of the observations set out within the benchmarking exercise, particularly with regard to content of the GBAF. It does however provide areas for thought for future reviews of the Framework, particularly with regard to links to the operational risk register for example. There are however areas of good practice adopted by the CCG which are not reflected although are specific to the CCG.

The sections at the end of each exercise “Questions for Governing Body” provides a useful opportunity for discussion at a future GB OD session.

11. Recommendations

Governing Body is asked to:

- Review and comment on the Quarter 2 GBAF
- Note the new high level risk added (2.6 flu vaccinations)
- Note the actions and recommendations from the HOIA Stage 1 review
- Note the detail set out within the attached 2020/2021 CCG Benchmarking Report and the possible areas for future review
- Support the annual Head of Internal Audit Opinion statement by completing the internal audit Stage 2 survey for Governing Body by 15 January 2021

Paper prepared by Sue Laing, Corporate Services Risk and Governance Manager

On behalf of Cath Tilney, Associate Director of Corporate Services

January 2021

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.

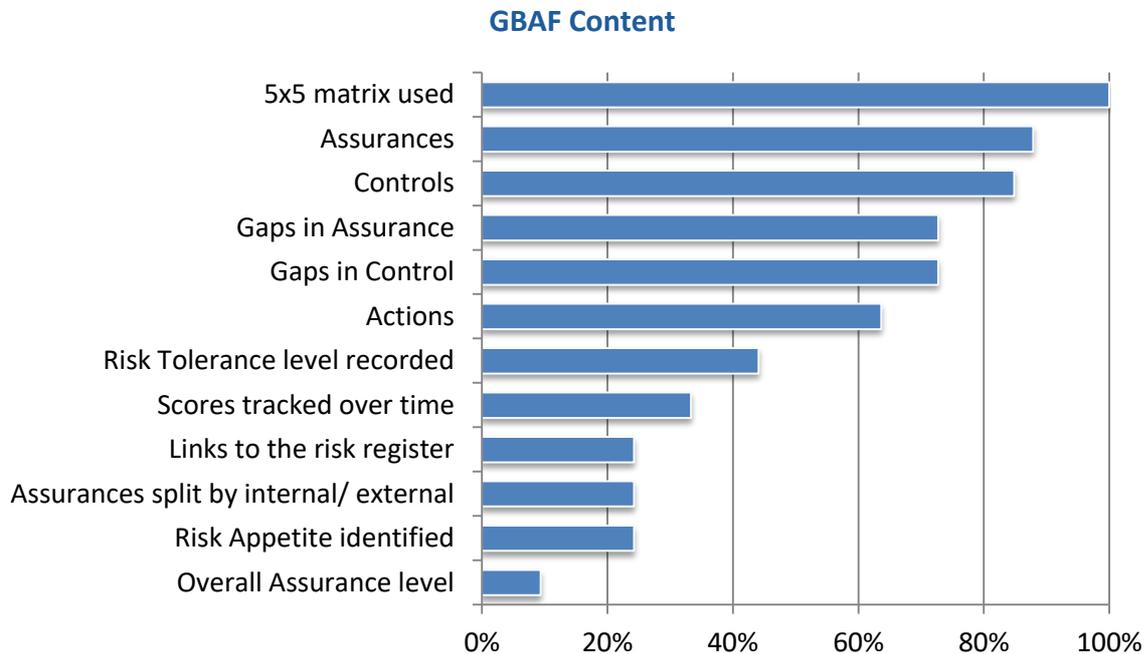
The GBAF should remain the primary document supporting Governing Bodies to manage their strategic risks. We note that, to date, many organisations have rolled forward their 2019/20 GBAFs and updated to varying degrees to reflect the current environment. There have been different approaches to how organisations 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.

Contents

Format of the GBAF	3
Responsibility for the GBAF.....	4
Relationship between operational risk and strategic risks on the GBAF.....	5
Links to strategic objectives	6
Numbers of risks and scores.....	7
Risks per category.....	9

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)?

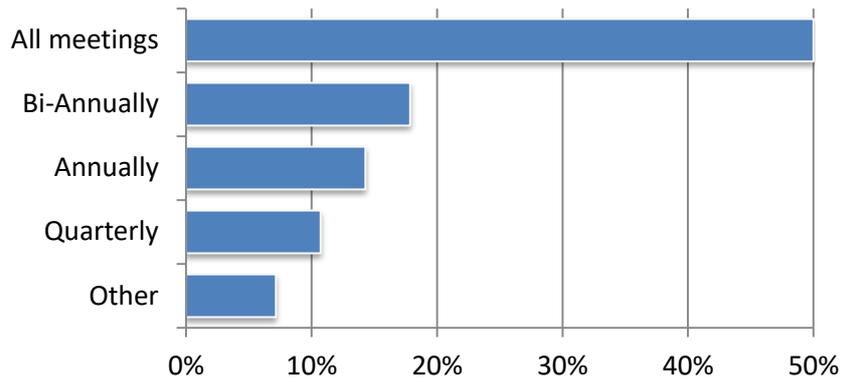
Can you assess the impact of the completed action by showing a reduction in the risk score?

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

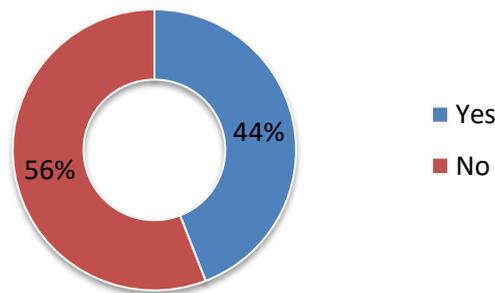
We sought to understand how different organisations have allocated responsibility for monitoring the effectiveness of the GBAF. It is the responsibility of all Audit Committees to receive assurance that strategic risks are being properly identified and managed. The frequency of review varies, with some 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?



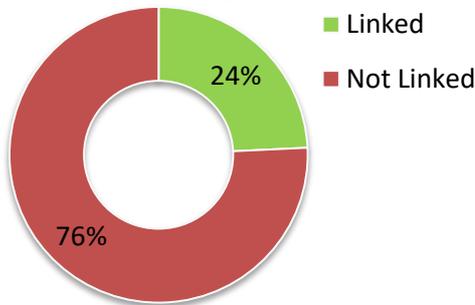
Questions for the Governing Body

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?

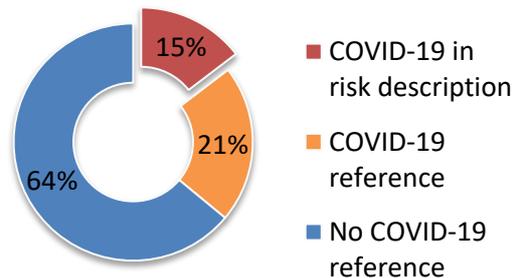


We reviewed the GBAFs to identify whether strategic risks were clearly linked to the wider risk register and found that this was not explicit for the majority of organisations.

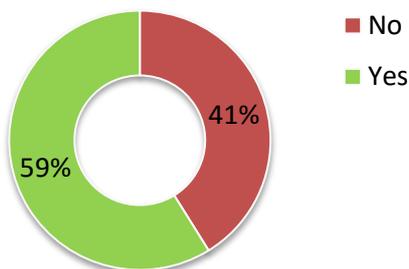
Without a clear connection between operational and strategic risks, emerging strategic risks may not be identified in a timely way, or changes to the volume or profile of risks in the risk register do not inform the consideration of impact and likelihood of existing strategic risks.

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 BAFs.

Questions for the Governing Body

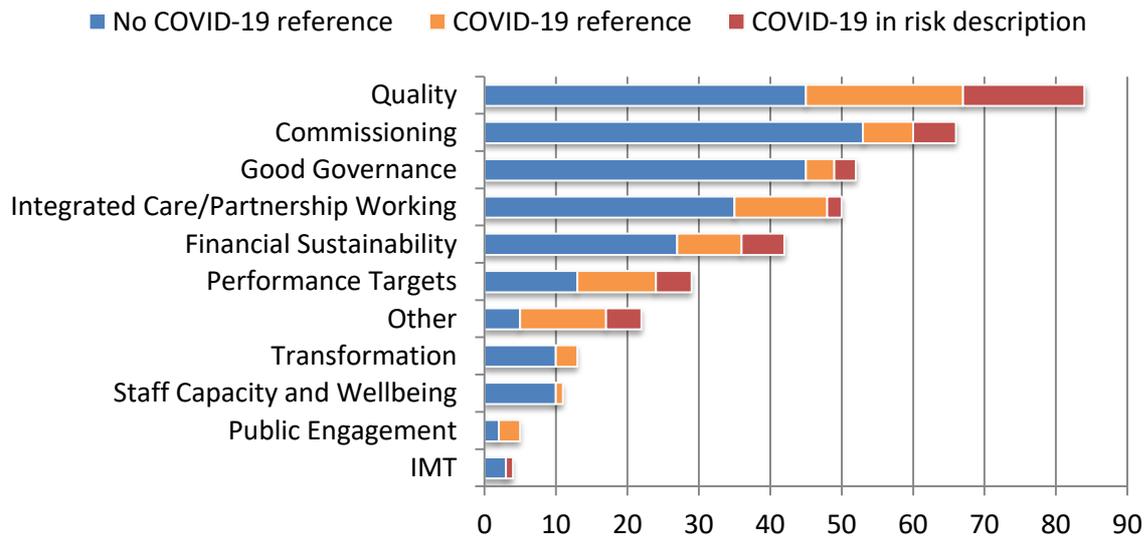
How are significant changes in your risk register considered when updating the GBAF? How clear and timely are these changes?

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?

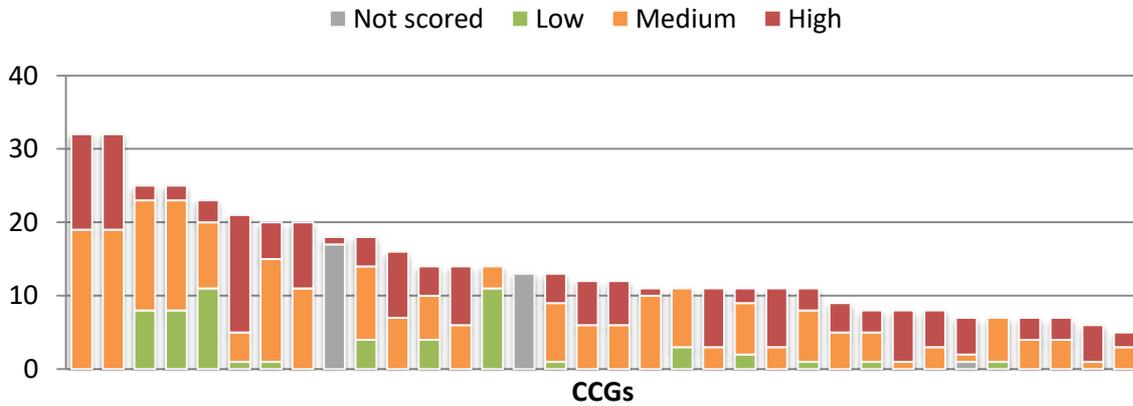
Do risk descriptions clearly state how a risk will impact achievement of the relevant objective?

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

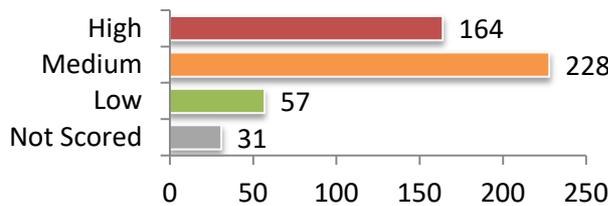
Numbers of risks and scores

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

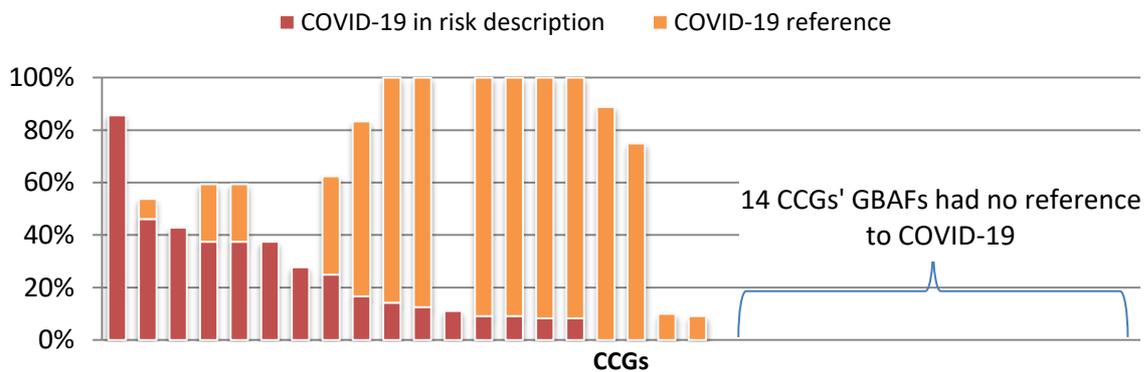


Scoring of Risks on GBAF



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.

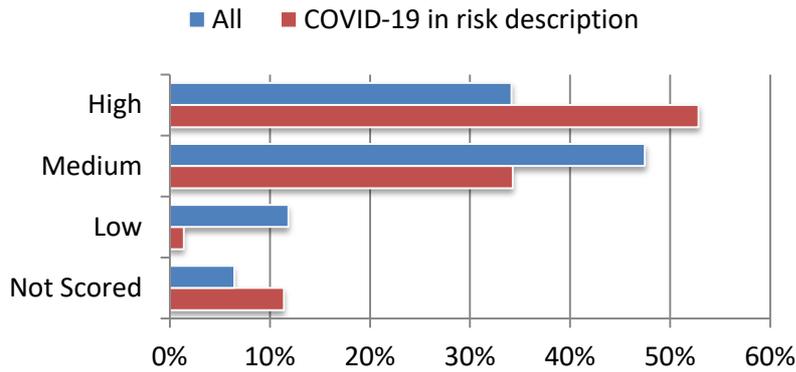
% of Risks relating to COVID-19 by CCG



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?

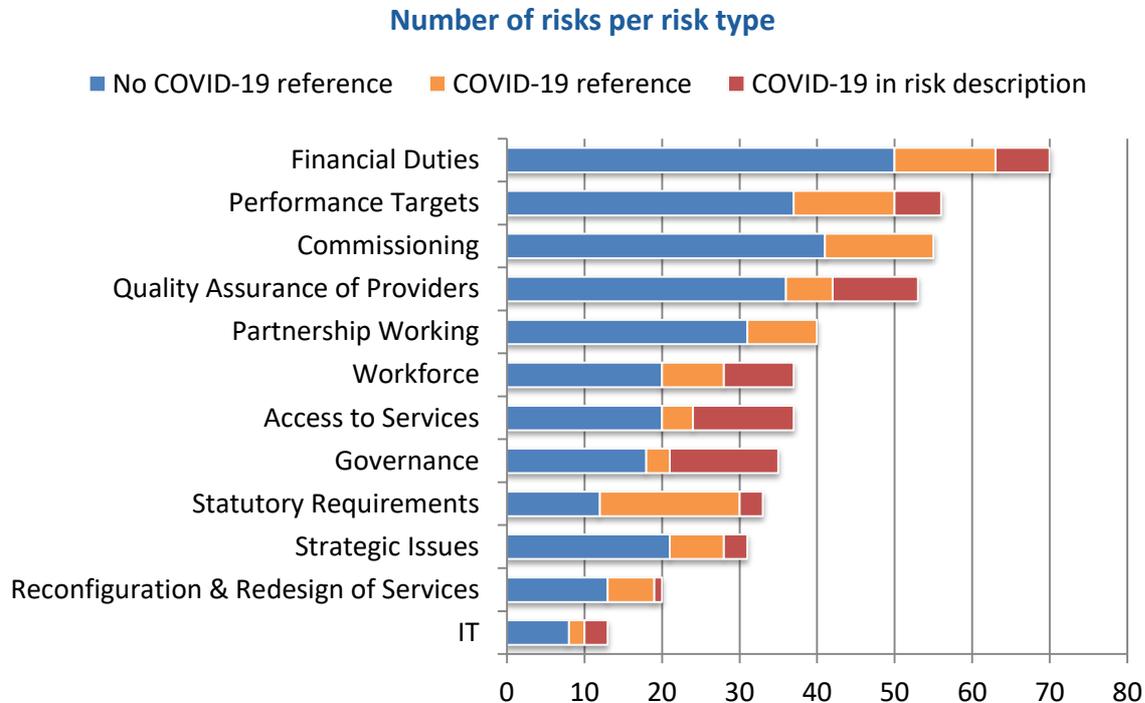
Does your Governing Body have capacity to give proper scrutiny and attention to each of these risks?

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?

360
ASSURANCE

360 Assurance
Oak House
Moorhead Way
Bramley
Rotherham
S66 1YY
Tel: 01709 428716

www.360assurance.co.uk
enquiries.360@nhs.net
@360Assurance



Audit Yorkshire
York Teaching Hospital NHS Foundation Trust
Park House
Bridge Lane
York
YO31 8ZZ
Tel: 01904 721628

www.auditryorkshire.nhs.uk
auditryorkshire@york.nhs.uk
@AuditYorkshire



MiAA
Regatta Place
Summers Road
Brunswick Business Park
Liverpool
L3 4BL
Tel: 0151 285 4500

www.miaa.nhs.uk
miaa.admin@miaa.nhs.uk
@MIAANHS