

Northern Ireland



Medical & Dental Training Agency

# **ASSURANCE FRAMEWORK**

April 2011  
Version 2.2

# **1. Risk Management Policy Statement**

## **1.1 Introduction**

The Northern Ireland Medical and Dental Training Agency is committed to a strategy which minimises risks to all its stakeholders through a comprehensive system of internal controls, whilst maximising potential for flexibility, innovation and best practice in the delivery of its strategic objectives.

The Agency recognises that there are risks involved in everything it does and that it has a duty to manage these risks in a balanced, structured and cost effective way. In doing so the Agency will better achieve its objectives and enhance the value of the services it provides.

This document sets out the Agency's strategy for the identification and management of risk, including the roles and responsibilities of the Agency Board, senior management, members of staff and those acting on behalf of the Agency. It also describes the process the Board will use to evaluate the effectiveness of the Agency's internal control procedures.

## **1.2 Scope**

This document applies to all Agency employees, contractors and those working on behalf of the Agency. Risk management is the responsibility of all staff although Heads of Department and senior managers are expected to take an active lead to ensure that risk management is a fundamental part of their operational area.

## **1.3 The Agency's Risk Management objectives are to:**

- Create an environment where risk management becomes an integral part of planning, management processes and the general culture of the organisation rather than being viewed or practised as a separate function.
- Achieve better quality decision making that will see a reduction in costs and an increase in the probability of delivering the quality services which the Agency is aiming for.
- Work with stakeholders to develop awareness and a common understanding of the Agency's expectations on risk management

- Minimise possible failure through a thorough knowledge and acceptance of potential impacts of each major decision taken.

**1.4 To achieve these objectives, the Agency will:**

Develop a systematic and consistent risk management approach that will:

- Implement effective risk management as a key element of good governance and rigorous performance management.
- Consider risk as an integral part of corporate and business planning and service delivery.
- Encourage considered and responsible risk taking as a legitimate response to opportunity and uncertainty.
- Achieve better outcomes for the Agency through a more realistic assessment of the challenges faced, through improved decision-making and targeted risk mitigation and control.
- Engender, reinforce and replicate good practice in risk management.

**1.5** The Assurance Framework will be reviewed annually by the Board to take account of changing legislation, government initiatives, best practice and experience gained within the Agency.

Dr Terry McMurray

Judith Eve

Chief Executive

Acting Chairman

Date:

Date:

## 2. Definition of Risk

Risk is an uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives. It consists of a combination of the probability of a perceived threat and the magnitude of its impact upon objectives.

## 3. What is Risk Management?

**3.1** Risk management is the process by which risks are identified and the activities required to control exposure to uncertainty which may impact on the achievement of objectives.

*“Risk management is the term applied to a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise losses and maximize opportunities”.*

*Australia/New Zealand Standard 4360:1999 Risk Management, Standards Australia 1999*

**3.2** Risk management cuts across all areas of the Agency’s business and must be integral to all activities. The nature of the risk will determine the level of accountability and the Agency needs to be able to manage risk at three different levels – strategic, departmental and operational.

**3.3** The questions that need to be considered in managing risk include:

- What is the risk (risk identification)
- What will happen to desired outcomes? (risk evaluation – impact)
- How likely is the event to happen? (risk evaluation – likelihood)
- Does the benefit outweigh the risk? (risk/benefit analysis)
- Can we do anything to reduce the risk? (risk reduction)
- Has anything happened which alters the risk? (risk monitoring)
- What plans can we put in place in case the event should happen? (contingency/service continuity planning).
- What insurance can we buy to mitigate the risk, or can we contract out this risk? (risk transfer)
- What financial provisions should we hold for the primary or residual risk? (risk funding)

## **4. Why do we need to manage risks?**

**4.1** The Government's agenda for modernising public services requires those public services to promote best practice within their organisations. Risk management is an integral part of good business practice.

**4.2** Corporate governance requires that risk management is 'embedded' into the culture of the organisation. The Agency needs to look ahead, be dynamic, respond to change and maximise business opportunities. The Senior Management Team and departmental teams need to review past data, forecast what might happen and predict outcomes. The risks associated with the business need to be managed if outcomes are to be optimised.

**4.3** The key benefits to the Agency of a systematic approach to risk management are: -

- Increased focus on what needs to be done (and not done) to meet objectives
- More effective targeting of resources
- Enhanced ability to justify actions taken and reduced risk of mistakes
- Potential quality improvements in service delivery
- More satisfied stakeholders and fewer complaints
- Protection and enhancement of the Agency's reputation

**4.4** Risk management requires shared awareness and understanding within the organisation of:

- The nature and extent of the risks it faces
- The extent and categories of risks regarded as acceptable
- The likelihood and potential impacts of these risks materialising
- Its ability to reduce the incidence or impact of those risks that do materialise

**4.5** Robust risk management requires:

- Regular and ongoing monitoring and reporting of risk including early warning mechanisms.
- An appropriate assessment of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
- A review, at least annually, of the effectiveness of the systems of internal control in place.

## 5. Process for the Management of Risk

### 5.1 Establish the Context

Risk management should be integral to the planning and achieving of objectives and to being accountable – it is not something that is done “on top of everything else we have to do.” The linking of risks to the Agency’s business objectives is inherent in the way the Agency plans and manages its business. Corporate objectives are in turn supported by those of the individual departments and of individuals.

### 5.2 Identify Risks

Risks should be identified through the risk management arrangements that are in place. Understanding the breadth of risks facing the Agency will help identify all the potential risks of delivering the business of the Agency. The risks identified should be those that could significantly impact on the achievement of the Agency’s overall aims and objectives. To help in ensuring that all potential risks are evaluated the following can be used as a framework of risk categories.

<b>Risk Category</b>	<b>Examples</b>
Financial	<ul style="list-style-type: none"><li>• Reduction in funding</li><li>• Failure to prioritise</li><li>• Failure to allocate resources effectively</li><li>• Failure to deliver within budget</li><li>• System weaknesses that could lead to fraud</li></ul>
Organisational	<ul style="list-style-type: none"><li>• Failure to comply with the standards set by regulatory bodies</li><li>• Failure to meet the needs of stakeholders (doctors, dentists, local education providers)</li></ul>
Physical	<ul style="list-style-type: none"><li>• Loss of physical assets</li><li>• health and safety hazards</li></ul>
Professional	<ul style="list-style-type: none"><li>• Failure to recruit/retain qualified staff</li><li>• Lack of training</li><li>• Over-reliance on key officers</li><li>• Inefficient ineffective management processes</li><li>• Inability to implement change</li><li>• Lack of employee</li></ul>

	motivation/efficiency <ul style="list-style-type: none"> <li>• Sickness absence</li> </ul>
Partnership/contractual	<ul style="list-style-type: none"> <li>• Failure of contractors / partners (eg providers of education) to deliver services to an agreed cost and quality specification</li> <li>• Non compliance with procurement policies</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Not meeting statutory duties/ deadlines</li> <li>• Non-compliance with legislation eg employment law, data protection, health and safety</li> </ul>
Information	<ul style="list-style-type: none"> <li>• Inadequate systems and management data</li> <li>• Breach of confidentiality</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Failure of IT systems</li> <li>• Breaches of security</li> <li>• Bad management of computer system and web site</li> <li>• Disruption associated with setting up a new IT system</li> </ul>
Reputational	<ul style="list-style-type: none"> <li>• Negative publicity (local and national) from service or project failure</li> <li>• Potential for legal challenges</li> </ul>

Reactive and proactive sources of information can be used to identify risk. Incidents, complaints, audit reports, and reports from regulatory bodies (PMETB, GDC, GMC) are sources of information to which the Agency should react. Information from proactive sources, such as risk assessments or as an outcome of business planning or consultation with staff and stakeholders, may reveal risks that have not yet occurred.

On completing the risk identification process all risks will need to be mapped. The risk map or register is a working document and the identification of risks represents the first stage of the assessment process.

### 5.3 Assess the Risks

Analysing the likelihood of the risk materialising and its impact on the Agency is the next stage of the risk management process.

The following risk matrix should be used as the framework to assess the severity of risk:

#### Step 1

*What is the probability of harm occurring given the existing controls/precautions that are already in place?*

	<b>Probability</b>	<b>Description</b>
<b>A</b> Rare	1 in 100,000 chance	Do not believe this will ever happen
<b>B</b> Unlikely	1 in 10,000 chance	Do not expect to happen but it is possible
<b>C</b> Possible	1 in 1000 chance	May occur/recur occasionally
<b>D</b> Likely	1 in 100 chance	Will probably occur
<b>E</b> Almost Certain	1 in 10 chance	Likely to occur on many occasions, a persistent issue


## Step 2

*If harm occurred what are the likely consequences?*

<b>Consequence</b>	<b>Description and Rating if Impact</b>
<b>5</b> Catastrophic	<ul style="list-style-type: none"> <li>• The Agency would be rendered dysfunctional</li> <li>• The Agency would incur huge financial loss - £500,000+</li> <li>• The Agency would be unable to recover from such consequences</li> <li>• Multiple claims</li> <li>• Death or major injuries and permanent incapacity/disability</li> <li>• Major adverse repercussions resulting in national wide coverage</li> </ul>
<b>4</b> Major	<ul style="list-style-type: none"> <li>• Operational performance of the function/activity would be severely affected with the Agency unable to meet its obligations.</li> <li>• Financial loss - £50,000- £500,000</li> <li>• Recovering from consequences would be complicated and time consuming</li> <li>• Multiple complaints</li> <li>• Major injuries or long term incapacity or disability</li> <li>• Widespread public coverage resulting in major disruption</li> </ul>
<b>3</b> Moderate	<ul style="list-style-type: none"> <li>• Operational performance would be compromised and revised planning would be required to overcome difficulties experienced</li> <li>• Difficulties experienced in complying with key reporting requirements</li> <li>• Recovery would be gradual and detailed planning required with resources diverted from core activity areas</li> <li>• Significant injury or ill health</li> <li>• Financial loss £5k - £50k</li> <li>• Awareness throughout the Agency and some adverse publicity</li> </ul>
<b>2</b> Minor	<ul style="list-style-type: none"> <li>• Slight inconvenience/difficulty in operation performance of function/activity</li> <li>• Some accountability issues for the area of activity but would not affect the Agency's ability to meet key reporting requirements.</li> <li>• Recovery from such consequences would be handled quickly without the need to divert resources from core activity areas</li> <li>• Minor injury or ill health – no incapacity</li> <li>• Financial loss £500 - £5,000</li> <li>• Awareness limited to the Agency and some stakeholders</li> </ul>
<b>1</b> Insignificant	<ul style="list-style-type: none"> <li>• Operational performance of the function/activity would not be materially affected</li> <li>• No significant accountability issues</li> <li>• Interests of stakeholders would not be affected</li> <li>• Financial loss £0 - £500</li> <li>• Awareness limited only to individuals within the Agency</li> </ul>

### Step 3

The risk factor = severity x likelihood and is plotted on the matrix giving the risk rating.

Impact	Risk Quantification Matrix				
	5 - Catastrophic	High	High	Extreme	Extreme
4 - Major	High	High	High	High	Extreme
3 - Moderate	Medium	Medium	Medium	Medium	High
2 - Minor	Low	Low	Low	Medium	Medium
1 - Insignificant	Low	Low	Low	Low	Medium
	A Rare	B Unlikely	C Possible	D Likely	E Almost Certain
	Likelihood 				

Risks will need to be evaluated in order to separate those risks that are unacceptable from those that are tolerable. The Agency will focus on those risks that because of their likelihood and impact make them priorities.

Low risk (green) – the majority of control measures are in place or the harm/severity is small.

Medium risk (yellow) – moderate probability of major harm or high probability of minor harm if control measures are not implemented.

High risk (amber) – significant probability that major harm will occur if control measures are not implemented. Urgent action is required.

Extreme risk (red) – this is unacceptable and all action should stop immediately.

A course of action can be determined based on whether the risk should be transferred, terminated, tolerated or treated.

<b>Response</b>	
Transfer	Some risks could be transferred to a third party eg risks associated with the recruitment and selection of doctors to the local education providers
Terminate	The risk may be so serious that there is no other option but to terminate the activity that is generating the risk
Tolerate	This response will be appropriate if the controls in place are sufficient to reduce the likelihood and impact of a risk to a tolerable level and there is no added value in doing more
Treat	Some risks will need additional treatment to reduce their likelihood or impact.

#### **5.4 Treat the Risks**

The Agency must ensure that controls are in place to manage and minimise any identified risks (mitigating actions). The measures in place should minimise the likelihood or impact of the identified risks.

Each mitigating action will be allocated an Action Owner who is responsible for confirming the existence and effectiveness of existing controls and ensuring that any proposed mitigating actions are implemented.

Risks identified through the risk assessment process and the Lead individual responsible for ensuring that the risks are adequately controlled and monitored will be recorded on the Agency's corporate

risk register. The measures that are currently in place to control the risk and any further actions required to control the risks will be mapped to the principal risks and the name of the Action Owner recorded. The date that risks are added or modified will be recorded and any actions required will be included in the register along with target and completion dates.

## **6. Roles and Responsibilities**

In determining roles and responsibilities, consideration has been given to the need to ensure that risk management is embedded in policy approval (Strategic Risks) and service delivery (Operational Risks).

### **6.1 Role of the Board**

The Board has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the Agency. This includes:
  - determining whether the Agency is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue
  - determining what types of risk are acceptable and which are not
  - setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for the Agency.
- Approve major decisions affecting the Agency's risk profile or exposure.
- Monitor the management of significant risks, including serious adverse incidents, to reduce the likelihood of unwelcome surprises.
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Annually review the Agency's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

### **6.2 Role of the Audit Committee**

The Audit Committee is required to report to the board on internal controls and alert the board to any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well-placed to provide advice to the board on the effectiveness of the

internal control system, including the Agency's system for the management of risk.

### **6.3 Role of the Chief Executive**

The Chief Executive as the Accounting Officer is responsible for ensuring that risk is adequately managed and is responsible for dealing with any unacceptable risks brought to his attention. To assist the Chief Executive to fulfil his responsibilities three broad areas of risk have been identified, each led by a senior manager.

- Corporate Risks – Administrative Director
- Financial Risks – Finance Manager
- Departmental Risks – Heads of Department

### **6.4 Role of the Senior Management Committee**

The Senior Management Committee fulfils the strategic role in the co-ordination of risk management and is responsible for identifying risk, implementing, monitoring any appropriate risk management control measures and ensuring that the strategy for risk management is implemented throughout the organisation. The Chief Executive will chair the Senior Management Committee

Key roles of the senior management team are to:

- ensure that systems are operating effectively in identifying and controlling risks and take remedial action when required.
- Implement policies on risk management and internal control.
- Identify and evaluate the significant risks faced by the Agency for consideration by the Board.
- Provide adequate information in a timely manner to the Audit Committee and the Board on the status of risks and controls
- Undertake a six monthly review of effectiveness of the system of internal control and provide a report to the Board.

### **6.5 Role of the Risk Management Team**

The Risk Management Team is a sub-committee of the Senior Management Committee. It will support the Senior Management Committee in the delivery of its strategic role through the performance of the following:

- the implementation and development of an embedded and proactive culture of risk management within the Agency;
- the identification of significant risks, and the processes in place for the effective monitoring of identified risks;

- the production, development and periodic review of a Corporate Risk Register;
- the production, development and periodic review of Departmental Risk Registers;
- the development of action plans to mitigate or eliminate identified risks;
- training needs of Agency staff, that may arise from time to time, in relation to the impact of risk in their areas of work;
- the management and investigation of complaints, incidents, and accidents;
- the arrangements in place for the processing, transferring, safe keeping, and disposal of information records within the Agency.

## **6.5 Role of the Health and Safety Committee**

The Health and Safety Committee is responsible for the identification of health and safety risks and reports to the Senior Management Committee and the Audit Committee.

## **6.6 Responsibilities of Heads of Department**

Heads of Department are responsible for ensuring that appropriate and effective risk management processes are in place within their designated area and scope of responsibility and that all staff are made aware of the risks within their work environment and of their personal responsibilities.

- Implementing and monitoring any identified risk management control measures within their designated area and scope of responsibility.
- Ensuring that risks are captured onto departmental risk registers
- Ensuring that departmental risk registers undergo regular review

## **6.7 Responsibilities of individual staff members**

Members of staff and those acting on behalf of the Agency have a responsibility to manage risks within their job. For staff to identify, assess and control risk they will require to use the following:

- Incident report forms
- Complaints information

- Risk assessments
- Policies and procedures
- Guidance from Head of Department

## **7. Monitoring and Review**

Progress on managing risk will be monitored on an ongoing basis.

- 7.1** The Risk Management Team will review departmental risk registers on a quarterly basis, monitor their progress and determine which risks should be escalated to the Corporate Risk Register.
- 7.2** The Administrative Director will prepare the Corporate Risk Register, the contents of which will be discussed by senior management at least quarterly, although high risks identified will require monitoring on a monthly basis.
- 7.3** Key performance indicators capable of showing improvements in the management of risk and/ or providing early warning of risk will be identified by senior management and used at all levels throughout the organisation (these are attached as Appendix 1).
- 7.4** The Corporate Risk Register together with the minutes of senior management will be submitted to the Audit Committee which will check that the systems for identifying and assessing risk are being conscientiously operated. The Audit Committee's view will be reported formally to the Board.
- 7.5** In parallel senior management will bring to each Board meeting a maximum of 3 risks highlighted for Board attention.
- 7.6** The Board will decide what action to take on the 3 risks although it retains the right to address more or different risks.
- 7.7** The Chief Executive will report formally to the Board on an annual basis about the effectiveness of the Agency's system of internal control covering all the principal risks and the Agency's ability to achieve its objectives.

## **8. Training and Development**

- 8.1** Knowledge of risk management is essential to the successful embedding and maintenance of effective risk management. Training will be required in respect of:

- High level awareness of risk management for the Board and senior management
- Generic risk assessment training to ensure senior staff are competent at risk identification, assessment and management
- Other specific training
- General awareness training for all staff will continue to be undertaken through staff briefings and induction programmes

**8.2** Each individual's responsibility for the management of risk will be part of the annual appraisal process.

## **9. Communication**

All new members of staff will be made aware of the strategy as part of their induction process. Heads of Department are responsible for keeping staff up to date about changes within the strategy.

The strategy will be available on the Agency's intranet.

## **10. Review of Assurance Framework**

The Assurance Framework will be presented annually to the Board for review. Any revisions to the Strategy will take account of changing legislation, government initiatives, best practice and experience gained within the Agency.

## **11. Associated Policies/Procedures**

This strategy is supported by a number of associated policies and procedures covering specific areas of risk: These are as follows

- An Assurance Framework: a Practical Guide for Boards of DHSSPS Arm's Length Bodies
- Corporate Governance Framework
  - includes Standing Orders, Standing Financial Instructions etc
- Fire Safety Policy
- Health and Safety Policy
- Fraud Policy
- Business Continuity Plan
- Complaints Handling Policy
- Reporting of Serious Adverse Incidents Policy
- Premises management procedures
- Information Security Procedures

- Harassment and Bullying Policy
- Whistleblowing Policy

## Appendix 1 – Risk Management Key Performance Indicators

- Compliance with controls assurance standard
- Record of complaints received and actions taken
- Record of incidents/accidents reported and actions taken
- Record of Whistleblowing incidents and action taken
- Performance compared to other Deaneries using PMETB surveys
- GMC reports – assessment against GMC standards
- The numbers of Grievances and or legal cases taken against the Agency
- Record of staff appraisals
- Training records of courses attended by staff
- The performance of two Health & Safety spot checks and risk assessments per annum
- The performance of two Records Management spot checks and risk assessments per annum
- Responding to Audit reports and the appropriate implementation of recommendations
- Staff turnover rate
- Sickness absence records

## ASSURANCE FRAMEWORK

Version	Date	Comments
1.0	31 March 2005	Approved by Board
2.0 (draft)	May 2009	Reviewed in the light of Audit recommendations
2.0 (draft)	18 June 2009	presented to the Agency Board for ratification
2.0	6 August 2009	Re-issued to staff
2.1	2 March 2010	Reviewed to update in relation to the creation of the Risk Management Team
2.1	11 March 2010	Approved by the Board
2.1	October 2010	Re-issued to staff
2.2	08 April 2011	Annual Review. Inclusion of Risk management KPIs as an Appendix.
2.2	14 April 2011	Approved by the Board subject to minor amendments, that have now been carried out by MMcC.