

Board Assurance Framework

NHS Highland 2021

1. Purpose of this document

This Framework has been prepared to help Board members, management and other employees understand the high level single system of assurance that is operating within NHS Highland. The primary role of an NHS Board is to act as a board of governance. In the NHS in Scotland, governance is usually referred to as one of four types; corporate, financial, clinical and staff.

Governance means setting the organisation's strategic aims within the parameters laid down by the Scottish Government's policies, holding the Executive to account for the delivery of those aims, overseeing the progress against agreed objectives, assessing risks, providing leadership and influencing the organisation's culture, and reporting progress to stakeholders. NHS Board members are, therefore, collectively responsible for the success of their organisation.

Good governance is not an end in itself, however it enables us to achieve our vision and corporate objectives. The Board's actions are subject to laws, regulations, directions and requirements for public accountability. Corporate governance is therefore about what the Board does and how it sets the values of the organisation; this is distinct from Executive Director led day-to-day operational management. NHS Highland's approach is based on the Scottish Government's Blueprint for Good Governance (DL(2019) 02).

2. Assurance

Assurance is evidence-based confidence that internal controls are in place, that they operate effectively and that objectives are achieved.

This assurance framework is designed to ensure that there are clear links between the governance responsibilities of the Board, the lines of accountability across the Executive Directors Group, and the assurance activities of the Board's Governance Committees. The framework is also the key means used to identify and monitor progress against NHS Highland's objectives. It ensures key risks (both clinical and non-clinical) are controlled, that the effectiveness of those key controls has been assured, and that there is sufficient evidence to support the Governance Statement published within the Annual Reports and Accounts. This framework enables the Board and its Committees to discharge their overall governance responsibilities.

The Board has overall responsibility for setting the direction for the organisation, and the supporting Governance Committees and management structure ensure there is regular monitoring of performance and management of risk. The arrangements are summarised below at **Appendix 1**.

3. Accountability for Performance and Risk

Accountability for performance and risk is delegated within the management structure that operates throughout NHS Highland.

Performance and Risk Management

Performance management is a key aspect of corporate governance. The role of the Board and its committees with respect to performance management is different from that of managers.

The Board determines what the organisation's aims, objectives and performance requirements are. The Board and its committees will require assurance that performance is in line with expectations. Where performance is not in line with expectations, Committees seek assurance that the causes of the level of performance are understood, and that any remedial action plan is comprehensive, deliverable, and will attend to the performance issue within an acceptable timescale.

The Integrated Performance and Quality report (IPQR) is the mechanism by which Executive Management give assurance to the NHS Highland Board with regard to progress across a number of key areas. The IPQR is produced on a bi-monthly basis. It is not exhaustive in the metrics for each respective strand of activity but is rather an executive summary of each area. It is expected that the individual metrics selected will change over time and be responsive to the changing business

needs and requests of the Board. The operational performance management framework is presented in **Appendix 2**.

Effective risk management is the systematic application of principles and processes to identify, assess, evaluate and control risks to NHS Highland's objectives and to core service delivery and performance. The benefits of effective risk management throughout the organisation will help NHS Highland to achieve corporate and operational objectives, improve performance and service delivery, increase efficiency, support and inform decision making, help provide a safe and secure environment and encourage a culture of quality improvement.

Managers are responsible for managing risk and developing and implementing the detailed systems of internal control in their areas of responsibility. This effort should be aimed at delivering the Board's strategic objectives and improvement. Consequently, management need to assure themselves that those systems of internal control and risk management are operating as intended. By implementing the Risk Management Strategy and Risk Register Policy, managers should be able to easily provide assurance to the Board and its committees as and when required.

The Board and its Committees are not involved in operational management and delivery, but exercise oversight of the management of the organisation. The Board and its Committees require assurance from management (and other sources) in order to carry out their role in corporate governance.

4. System wide assurance

In terms of independent sources of assurance, the Board's Audit Committee, Professional Advisory Structure and Highland Partnership Forum have specific remits to support the Board:

- The **Audit Committee** has responsibility to ensure that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The Committee is charged with approving and monitoring the delivery of the internal and external audit plans to evaluate the effectiveness of the systems, processes and procedures implemented across NHS Highland.
- The **Professional Advisory Structure** has been established by the Board to provide independent clinical professional advice. This is delivered to the Board through the Area Clinical Forum, the chair of which group sits as a Board member.
- **Highland Partnership Forum** has been established to ensure that we collectively deliver against the Staff Governance Standard. The Employee Director who co-chairs this group sits as a Board member.

5. Governance Committee Assurance

Within the Board structure the Core Governance Committees are responsible for ensuring that management implement appropriate arrangements to manage key risks in relation to finance, performance, staff, clinical activities, and public and patient involvement. The Core Governance Committee are: Clinical Governance, Staff Governance, Finance, Resources and Performance, and Highland Health and Social Care Committees. These Committees are responsible for regularly reviewing and updating relevant policies in each of their areas of responsibilities on behalf of the Board.

The Remuneration Committee and Pharmacy Practices Committee also have a direct reporting link to the Board and perform a more limited assurance role.

Ongoing assurance is provided through regular reports to NHS Highland Board. Assurance reporting addresses the effectiveness of the internal arrangements implemented to support delivery of the health plan objectives and manage the key risks facing NHS Highland. In addition, Governance Committees submit annual reports to the Board providing a formal statement of assurance on their effectiveness.

6. Assurance Map

NHS Highland has agreed an assurance map indicating where assurance sits within the organisation and which operates on a model of four lines of defence. The map is a visual representation of the

relationship between functions in four broad categories, this provides assistance in understanding how each area contributes to the overall level of assurance provided.

Each line of defence has a purpose and can provide robust assurance. There is no one line which provides better quality assurance than any of the others. A range of assurance activities from across all lines of defence provides a rich and value-add assurance picture.

❖ **First Line of Assurance**

This sits at an **Executive, operational and management level**, using business as usual activities such as, good policy and performance data, risk registers, reports on routine system controls and other management information. This level ensures that operational units, departments and teams have ownership, responsibility and accountability for controlling and mitigating risks through their processes and day to day activities.

❖ **Second Line of Assurance**

This is an oversight function and sits at **governance Committee and Board level**. It is distinct from executive management and from those who are responsible for delivery. This level of defence seeks assurance that objectives, laws, regulations, directions and requirements for public accountability are met.

The second line of defence takes its assurance from the first line of defence as it oversees, monitors and scrutinises implementation of activity and delivery of services.

❖ **Third Line of Assurance**

This represents objective and independent assurance, **internal audit** forms the organisation's third line of defence. Our independent internal audit function, through a risk-based approach, provides assurance to the Board, Executives and stakeholders. This assurance will cover how effectively NHS Highland assesses and manages its risks and includes support and assurance on the effectiveness of the first and second lines of defence.

❖ **Fourth Line of Assurance**

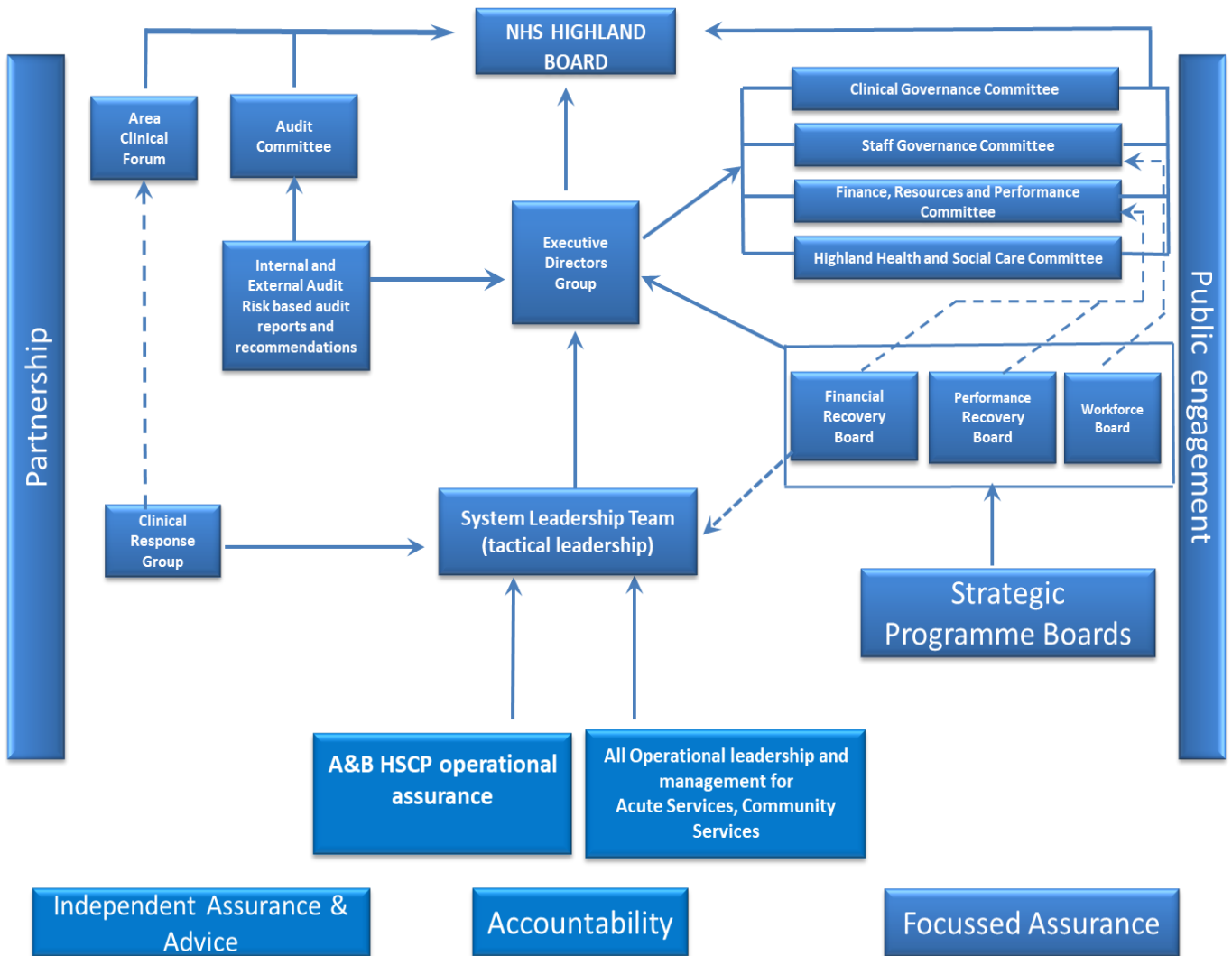
Assurance from **external independent bodies** such as external auditors, Audit Scotland, Scottish Government and regulatory bodies form the fourth line of defence.

ASSOCIATED DOCUMENTS

The Board has a number of agreed strategies and policy documents which underpin this Assurance Framework as follows:

- Code of Corporate Governance, incl.
 - Board Standing Orders
 - Governance Committee Terms of Reference
 - Scheme of Delegation
 - Standing Financial Instructions
- Risk Management Strategy
- Risk Register Policy
- One Year Organisational Strategy 2021-22 'Remobilise, Recover, Redesign'
- Remobilisation Plan
- NHS Highland's Assurance Map
- Annual agreed Board and Committee Workplans
- Bi-monthly Integrated Performance and Quality Reports

Assurance Framework Overview



Performance Management framework

