Controls Assurance and the NHS

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Controls Assurance Support Unit

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About us…

3 Researchers

2 Data Experts
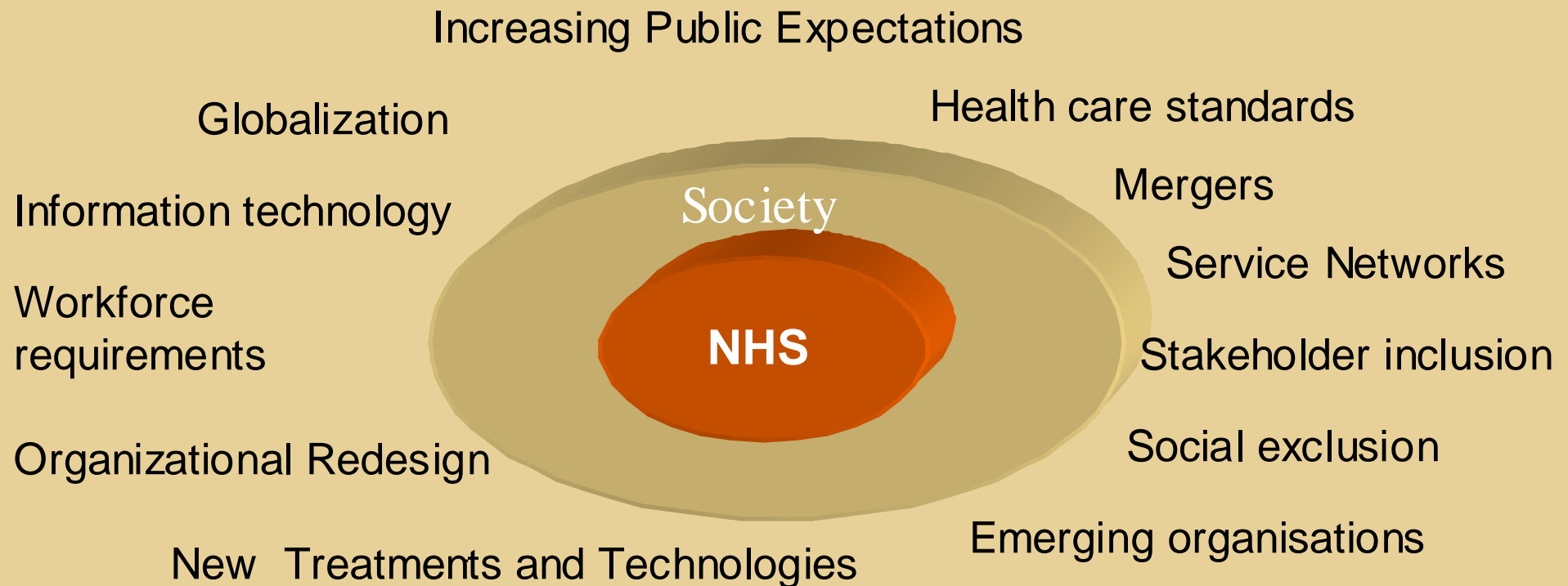
1 Standards Manager

1 Office Manager
and assistant

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to assist the NHS improve risk management and quality in its services through the provision of standards and through acting as a facilitator for identifying and sharing good practice in risk management and control activities

The Rate of Change is Accelerating

Increasing Public Expectations

Globalization

Health care standards

Mergers

Information technology

Society

Service Networks

Workforce requirements

NHS

Stakeholder inclusion

Organizational Redesign

Social exclusion

New Treatments and Technologies

Emerging organisations

Increasing risks - need management

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The Pressures to Change

Universal concern about Improved Governance

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Governance Reports –Risk and Control

- 1992 Cadbury (UK)

- 1992 COSO (USA)

- 1995 Greenbury (UK)

- 1996 and 1998 CoBIT (USA)

- 1997 CoCo (Canada)

- 1998 Hampel (UK)

- 1998 BIC (G10 organisations)

- 1998/9 Combined Code - Turnbull (UK)

The Pressures to Change

Universal concern about Improved Governance

Treasury Statement on Internal Control

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Provision D2.1   "The directors should, at least annually, conduct a review of the **effectiveness of the group's system of internal control** and should report to shareholders that they have done so. The review should cover **all controls**, including financial, operational and compliance controls and risk management."

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The Turnbull report states that a sound system of internal control "depends on a thorough and regular evaluation of **the nature and extent of the risks** to which the company is exposed". It further states that the purpose of internal control "is to help **manage and control risk rather than to eliminate it".**

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The SIC should therefore be the **end result** of a process of management that is embedded in the **planning, operational, monitoring and review activities** of the body, these activities being the critical elements of the statement. Production of the SIC should **not be conducted as an "add-on" end of year activity**.

The Pressures to Change

Universal concern about Improved Governance

Treasury Statement on Internal Control

NHS duty to Protect Patients, staff and other stakeholders
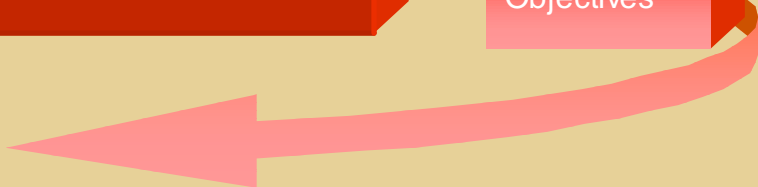
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The Pressures to Change

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NHS duty to Protect Patients, staff and other stakeholders

Organisation-Wide Risk Management

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Risk Management

Universal concern about Improved Governance

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NHS duty to Protect Patients, staff and other stakeholders

Organisation-Wide Risk Management

Objectives

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Objectives in the NHS

NHS objective – to promote population health

Risk Management

Universal concern about Improved Governance

Treasury Statement on Internal Control

NHS duty to Protect Patients, staff and other stakeholders

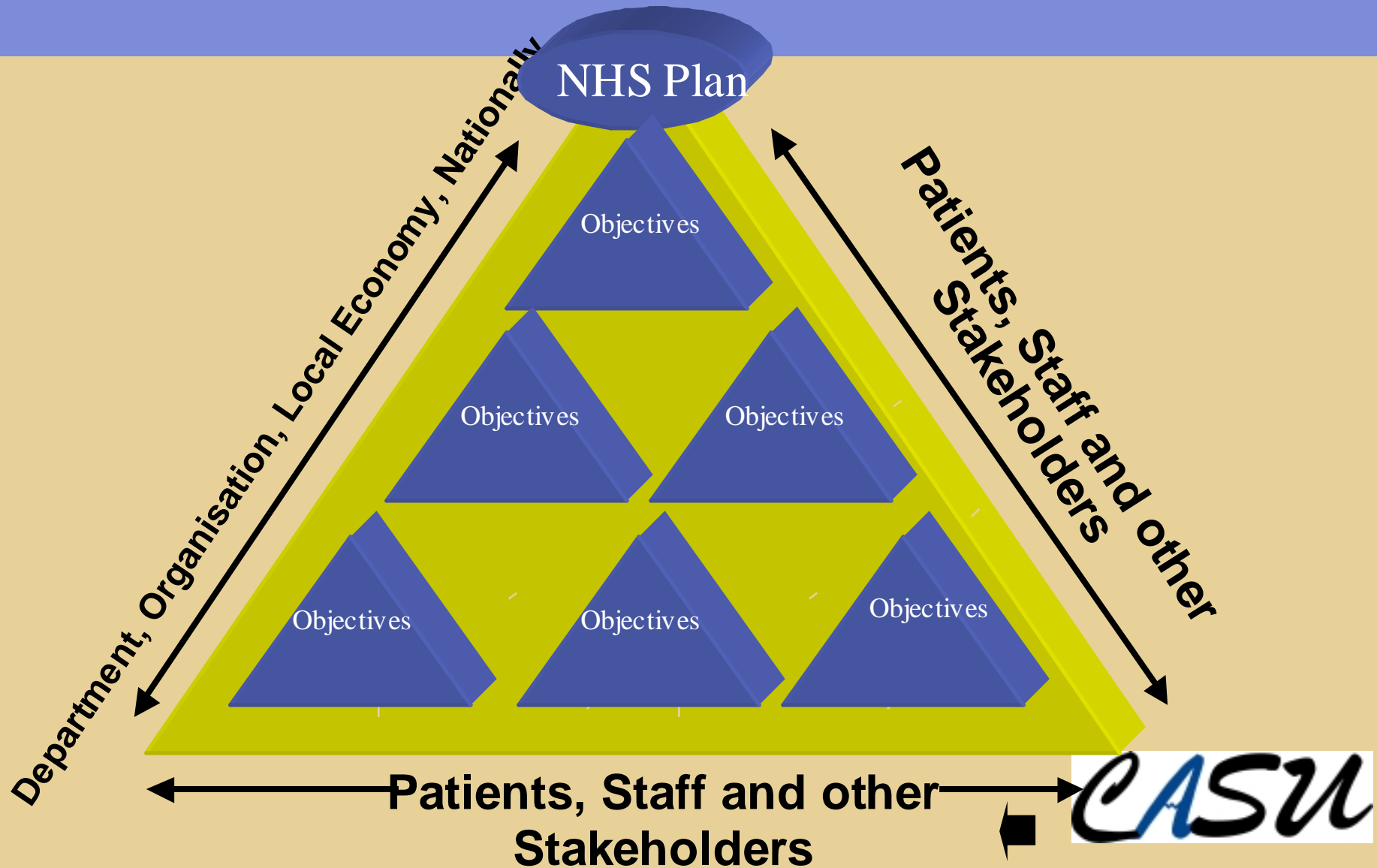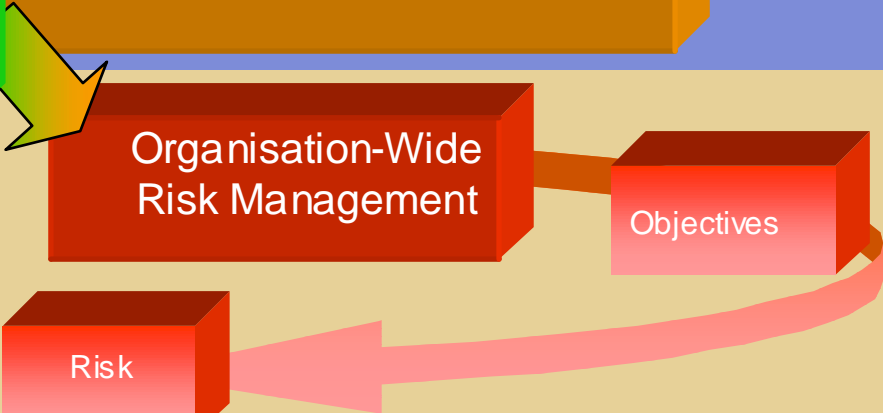Organisation-Wide Risk Management

Objectives

Risk

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Risk Management in the NHS

"Risk is any issue that impacts the achievement of an organization's objectives"

NHS objective – to promote population health

incurs Risks

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Risk Management

Universal concern about Improved Governance

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Organisation-Wide Risk Management

Objectives

Risk

Control

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Risk Management in the NHS

"Risk is any issue that impacts the achievement of an organization's objectives"

NHS objective – to promote population health incurs Risks to which individuals respond by establishing Controls

Control

NHS Plan

Culture

Values

Accountabilities

Policies

Service delivery processes

Organisational relationships
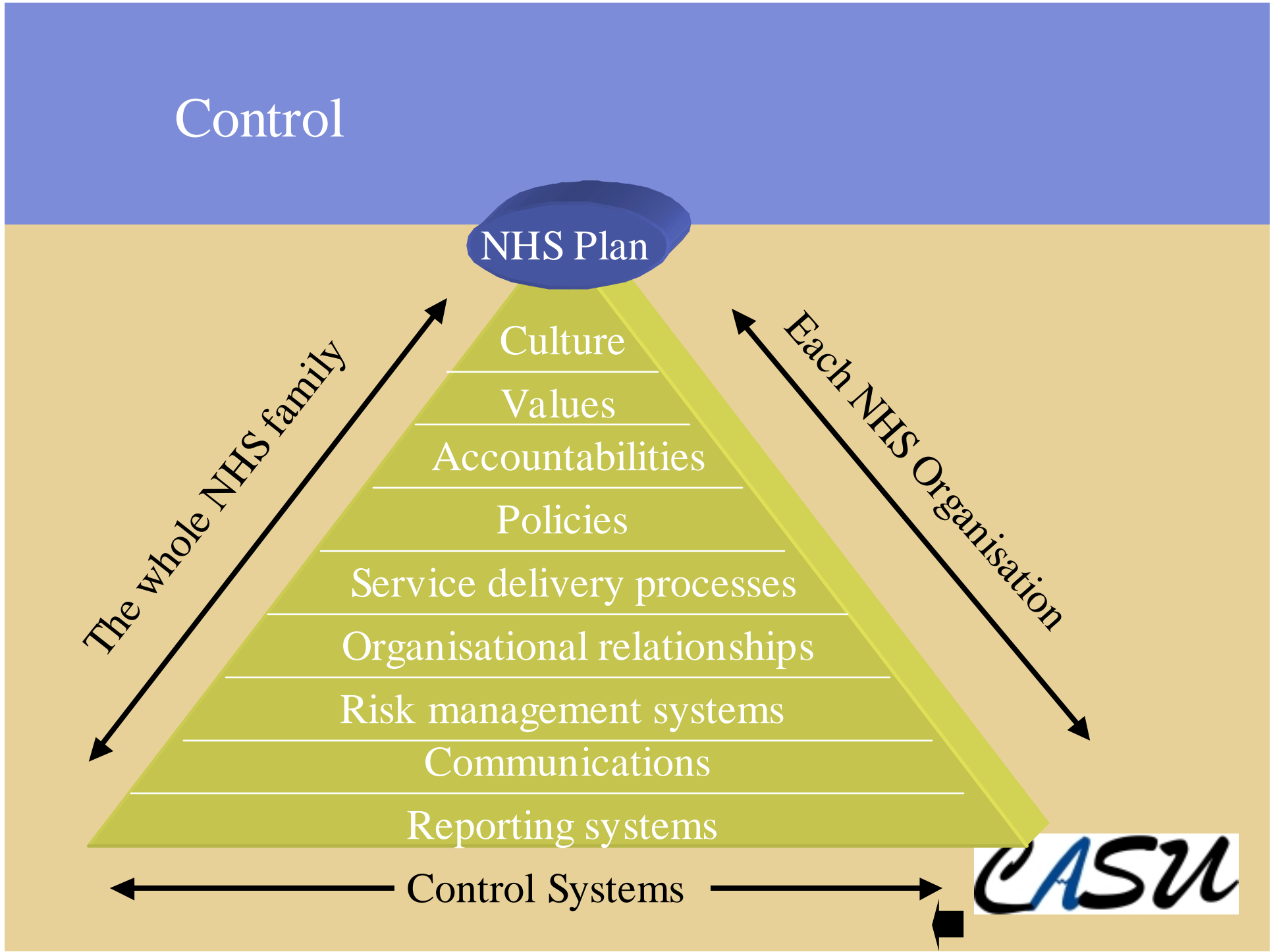
Risk management systems

Communications

Reporting systems

The whole NHS family

Each NHS Organisation

Control Systems

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Risk Management

Universal concern about Improved Governance

Treasury Statement on Internal Control

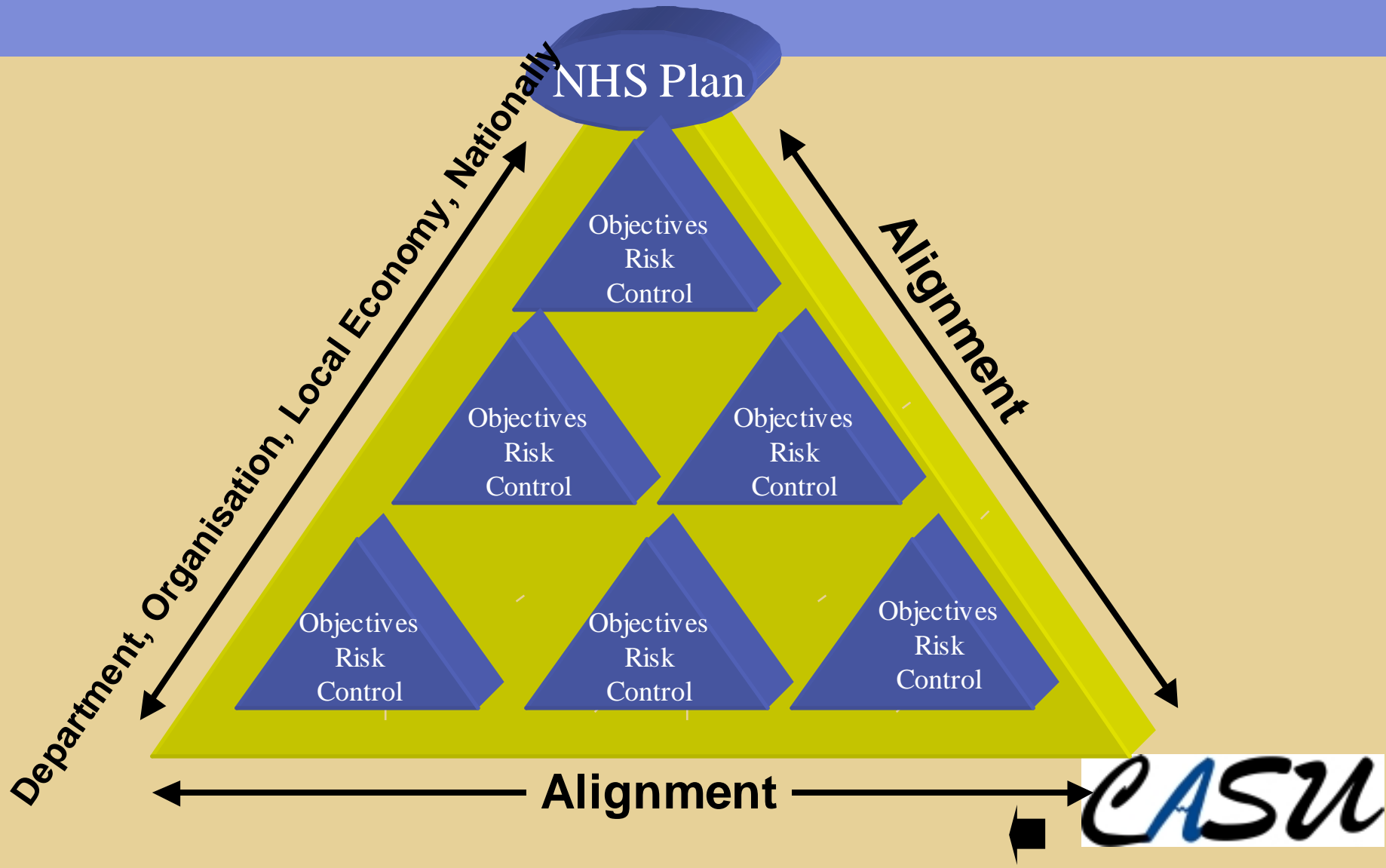NHS duty to Protect Patients, staff and other stakeholders

Organisation-Wide Risk Management

Alignment

Objectives

Risk

Control

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Risk Management in the NHS

"Risk is any issue that impacts the achievement of an organization's objectives"

NHS objective – to promote population health incurs Risks to which individuals respond by establishing Controls and assuring Alignment of all processes with the objective in order to minimise the risks.

Controls Assurance

NHS duty to Protect Patients, staff and other stakeholders

Treasury Statement on Internal Control

Universal concern about Improved Governance

Organisation-Wide Risk Management

Alignment

Objectives

Risk

Control

Controls Assurance

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Controls Assurance

- "……a process designed to provide evidence that NHS bodies are doing their reasonable best to manage themselves so as to meet their objectives and protect patients, staff, the public and other stakeholders against risks of all kinds. Fundamental to the process is the effective involvement of people and functions within the organisation through application of self-assessment techniques."

Reasonable Best

Not a counsel of perfection

But

Intolerant of sloppy management

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Management Failings

- "All concerned in management, from the members of the board of directors down to the junior superintendents, were guilty of fault in that all must be regarded as sharing responsibility for the failure of management. From the top to the bottom the corporate body was infected with the disease of sloppiness."

Herald of Free Enterprise Inquiry 1987

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Controls Assurance

- "……a process designed to provide evidence that NHS bodies are doing their reasonable best to manage themselves so as to meet their objectives and protect patients, staff, the public and other stakeholders against risks of all kinds.
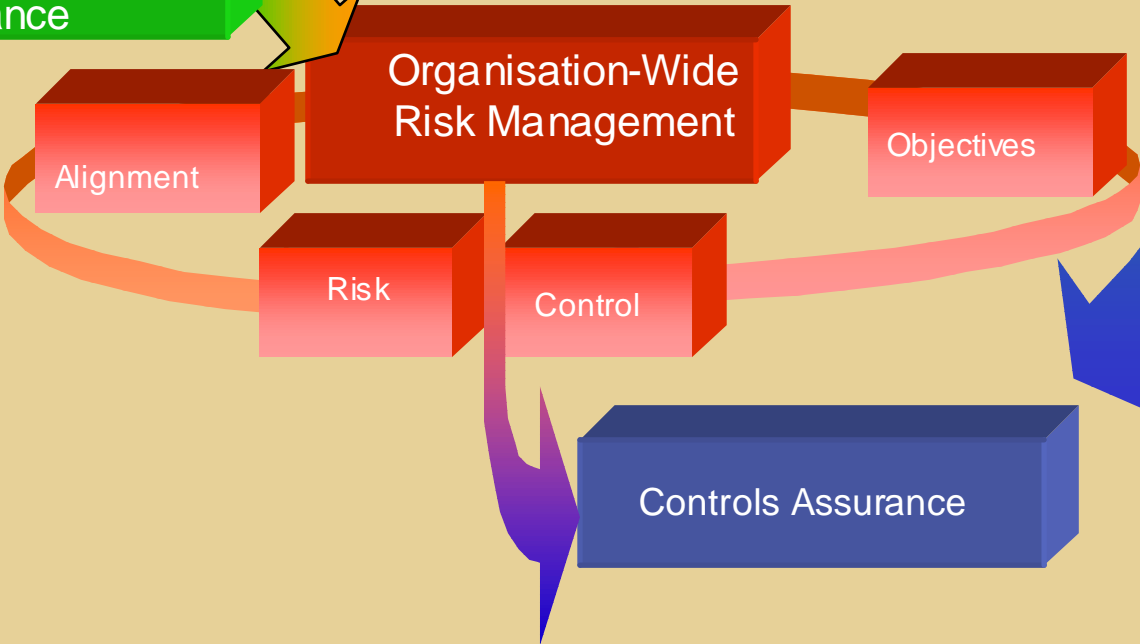
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Governance

Universal concern about Improved Governance

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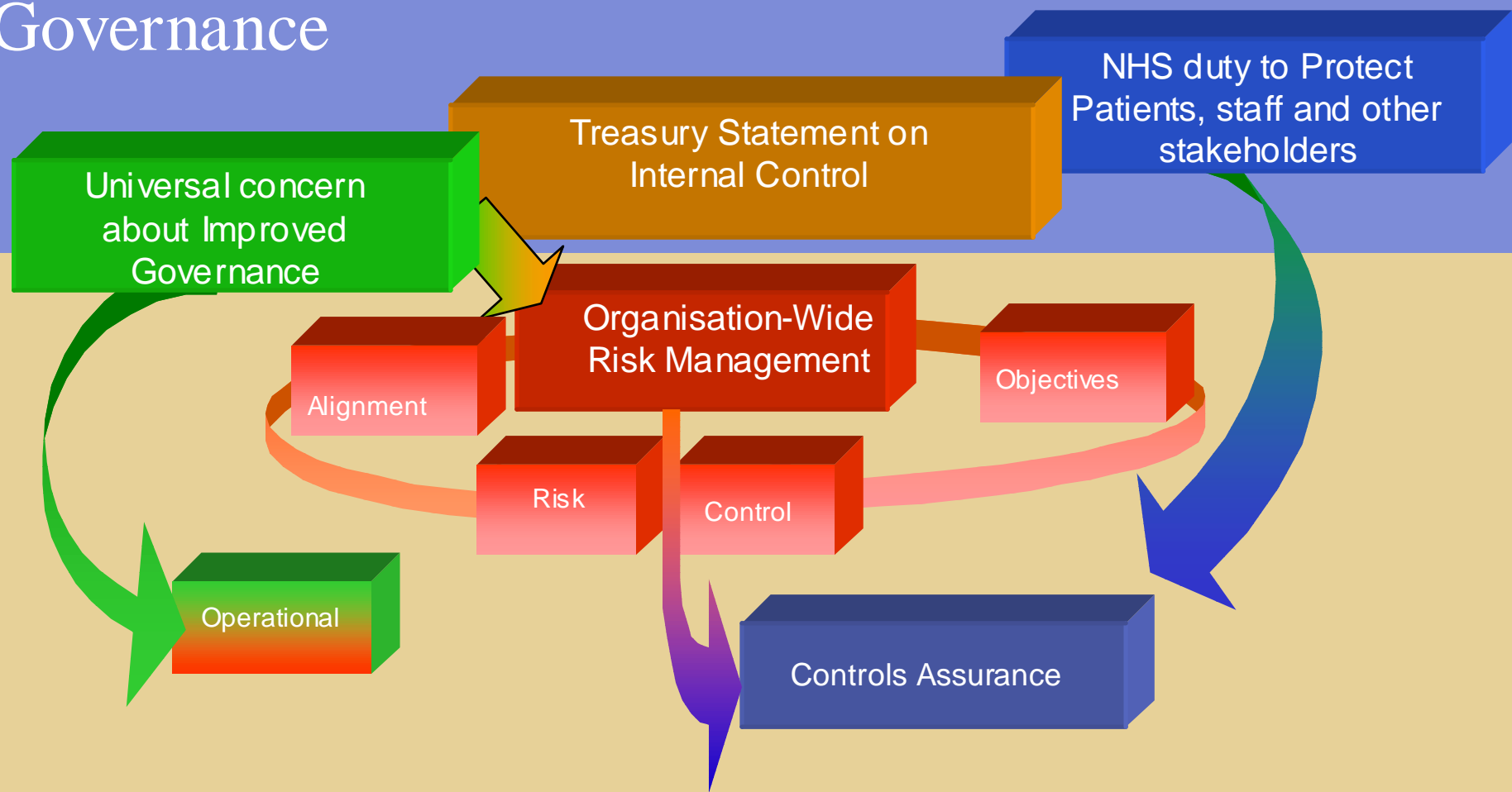
NHS duty to Protect Patients, staff and other stakeholders

Organisation-Wide Risk Management

Alignment

Objectives

Risk

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Operational

Compliance

Controls Assurance

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NHS Risk and Control

NHS duty to Protect Patients, staff and other stakeholders

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Internal Control Model

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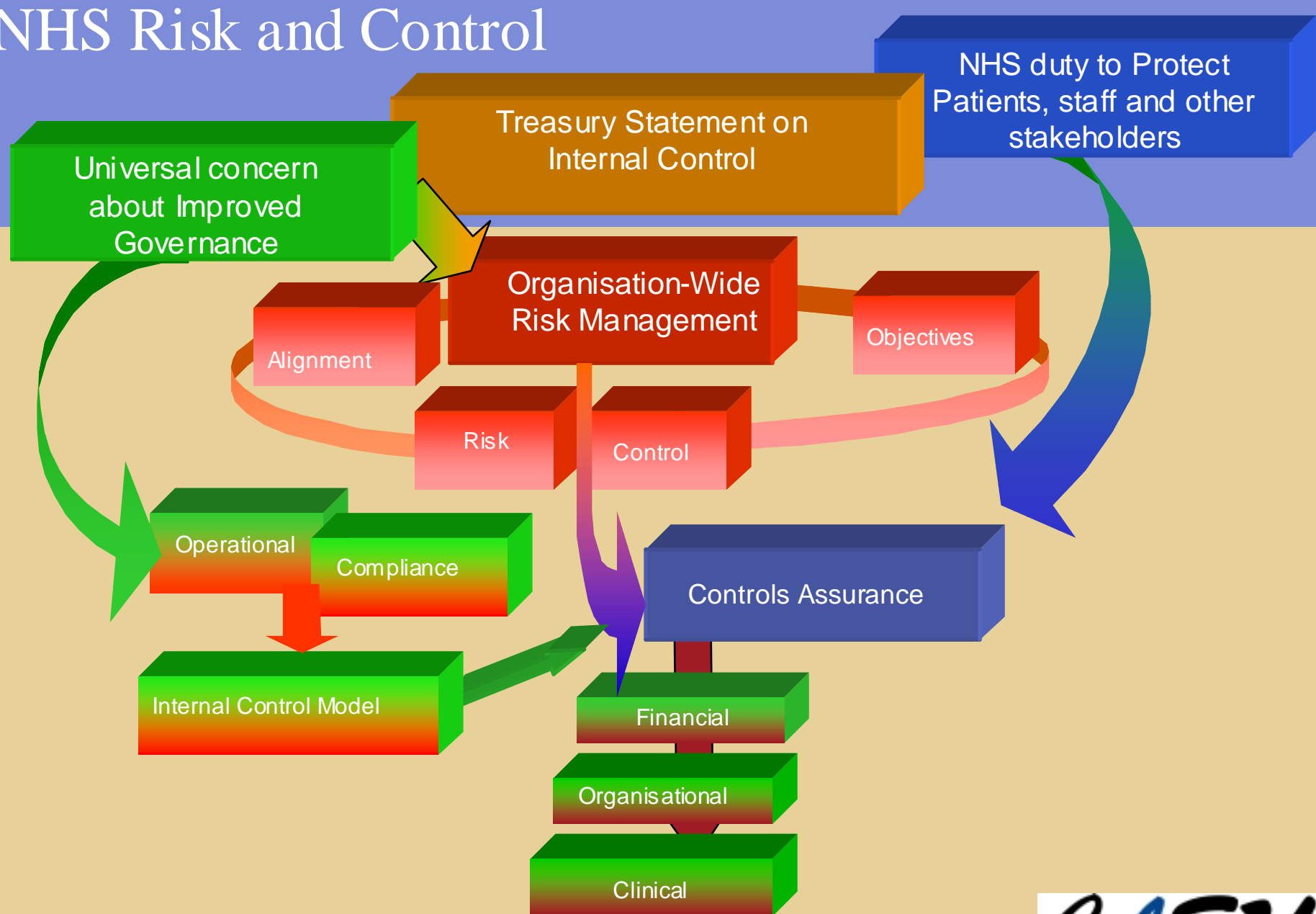Financial

Organisational

Clinical

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NHS Risk and Governance

NHS Risk and Standards

NHS duty to Protect Patients, staff and other stakeholders

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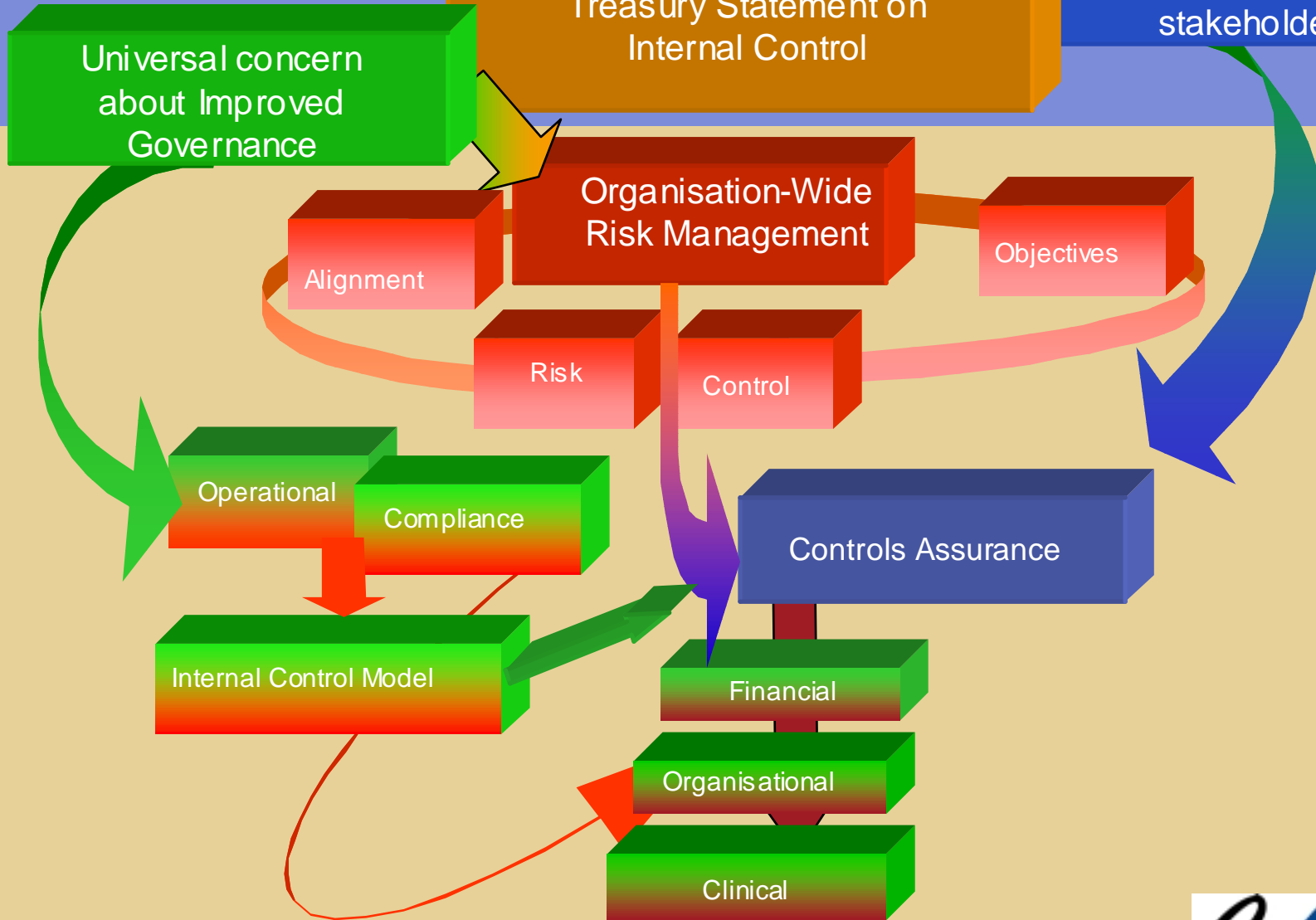Risk

Control

Operational

Compliance

Controls Assurance

Standards

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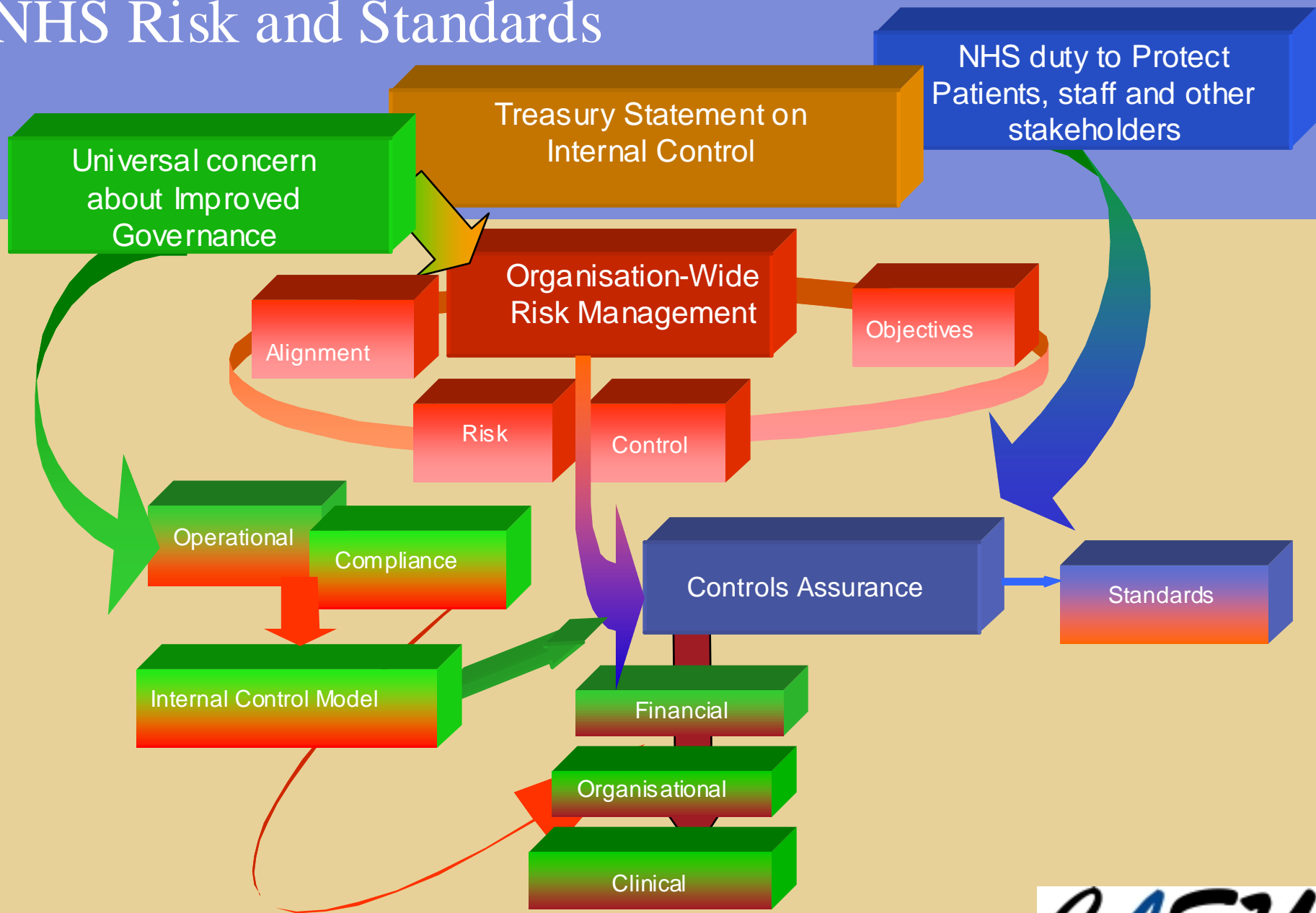Standards

Internal Control Model
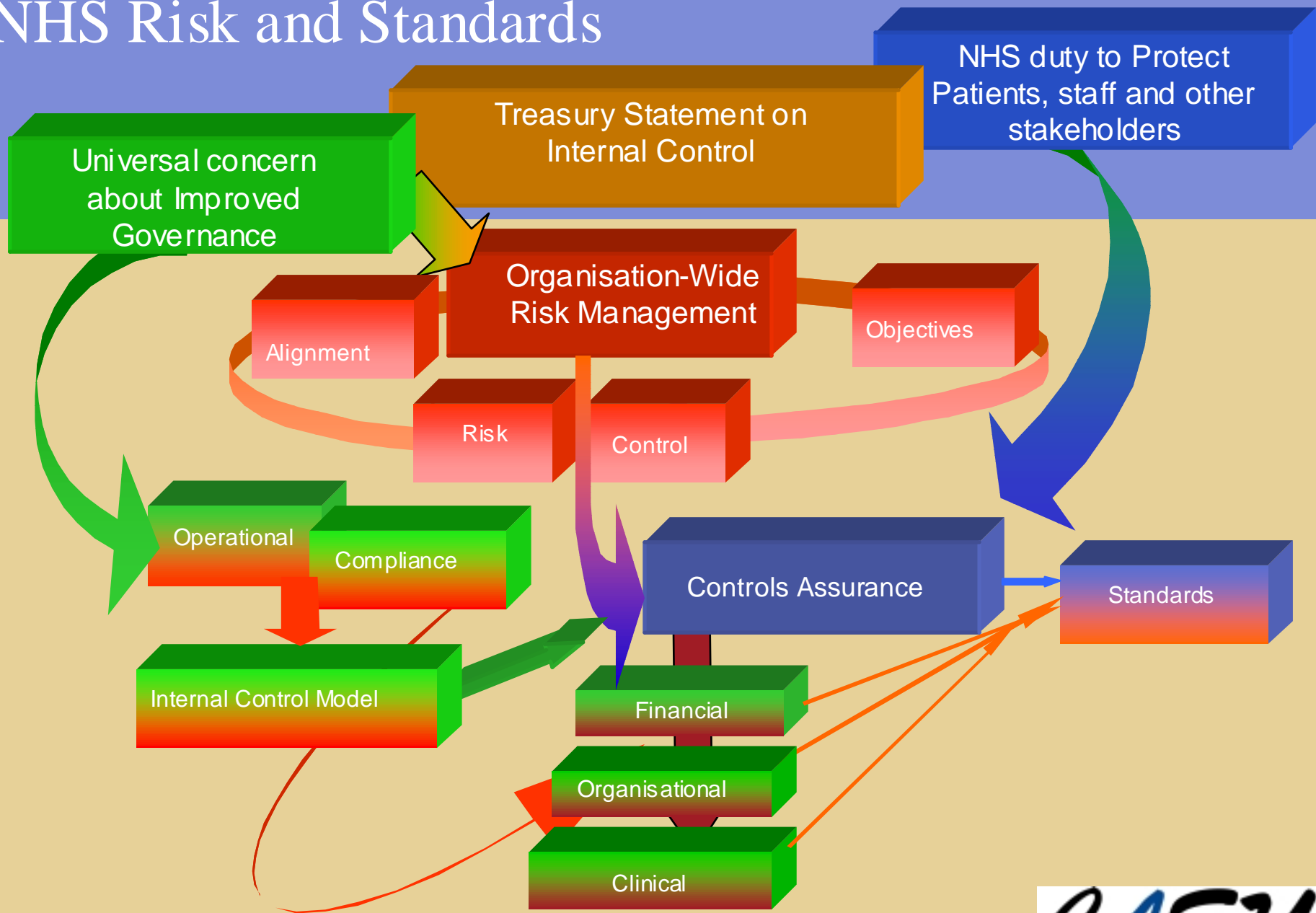
Financial

Organisational

Clinical

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Compliance and Standards in the NHS

Health care systems

Clinical activities

Management

Regulations and requirements

All Businesses

Health Care Busi...
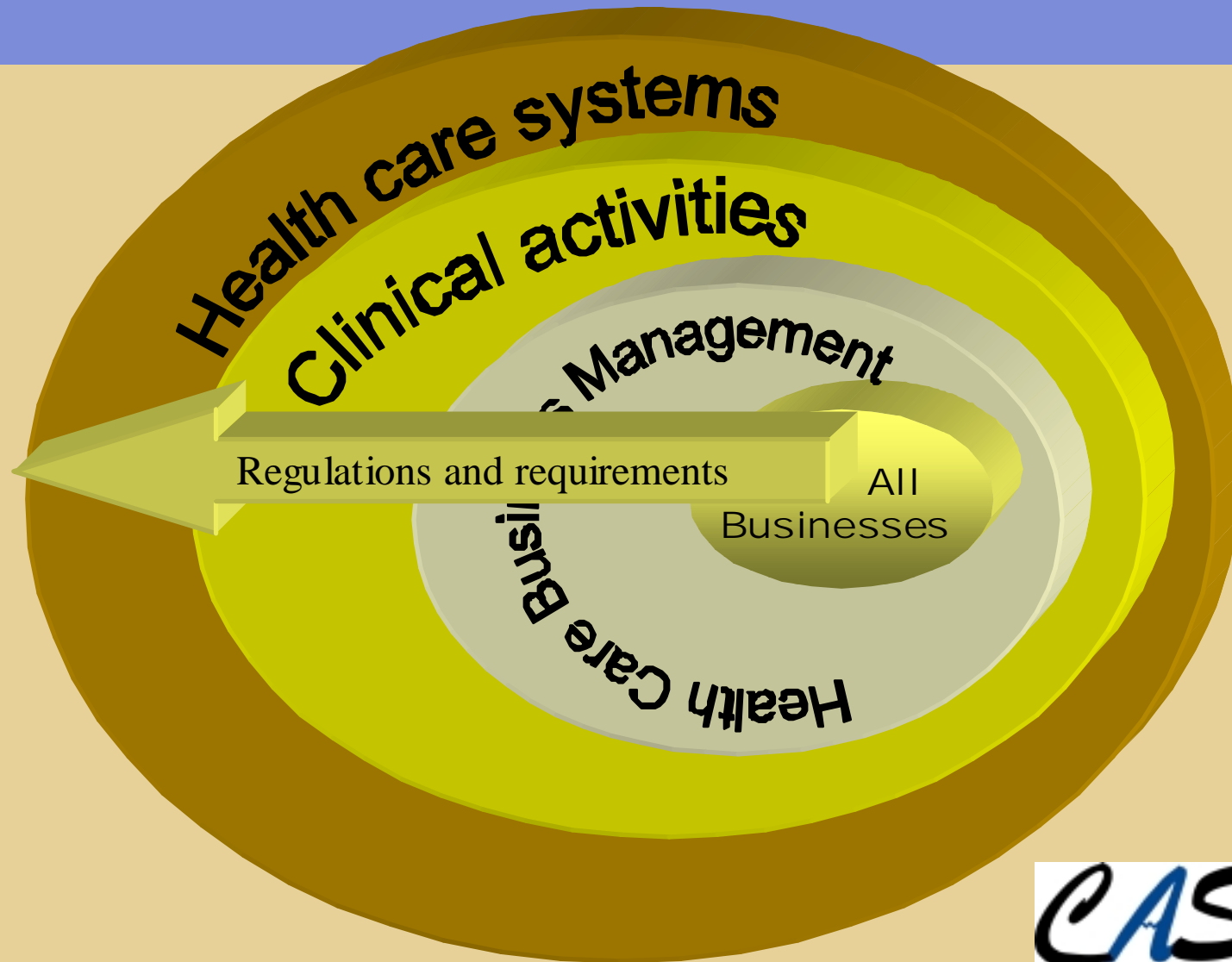
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Standards Development Cycle

Policy Changes UK and Europe

Expert Groups (23)

Governance Group

Policy Makers

Consultation
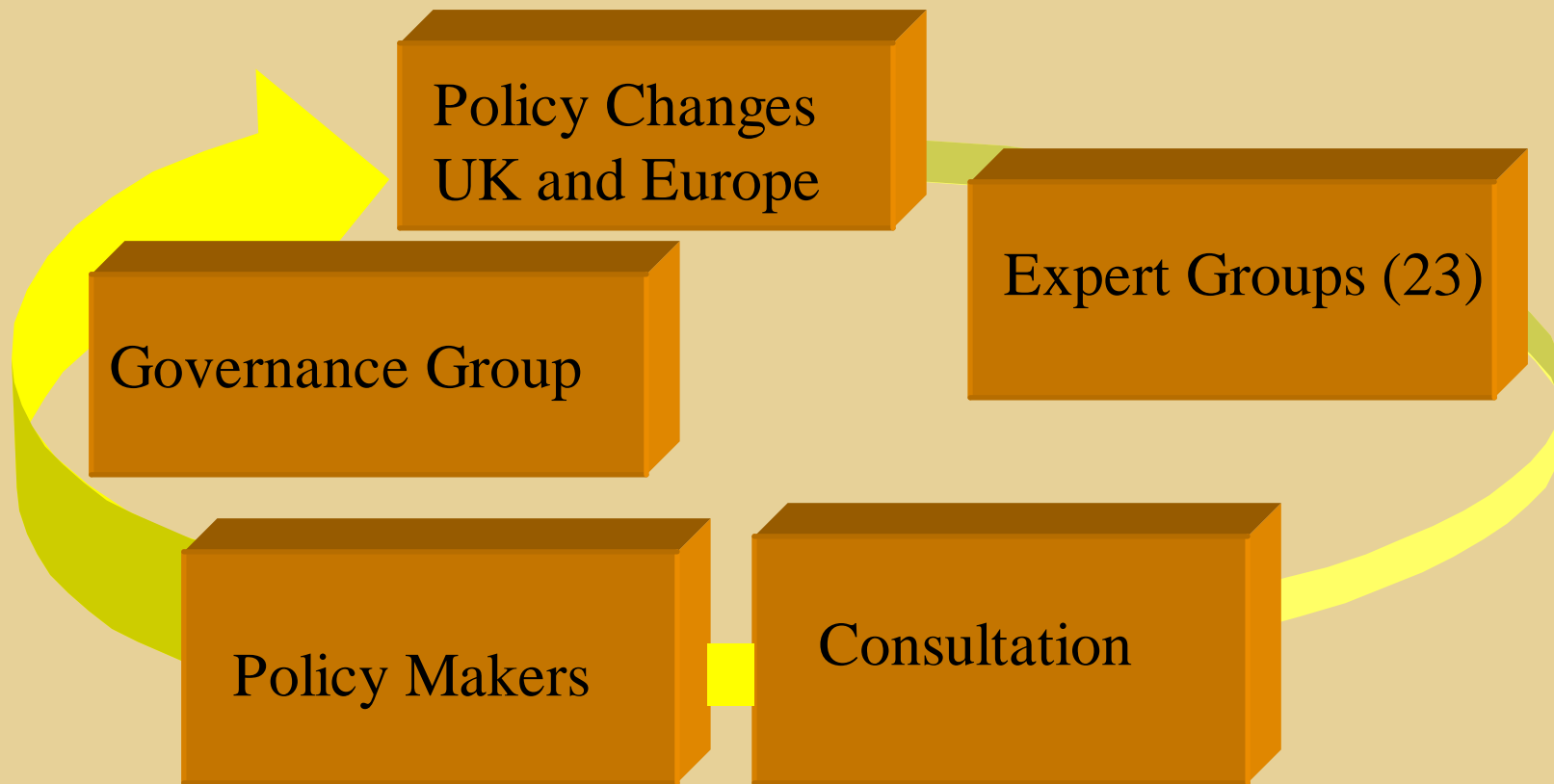
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Standards in Controls Assurance

Governance Standard

Finance standard

Risk Management System Standard

All standards

All standards

Clinical Management Standard

Patient Equity Standard
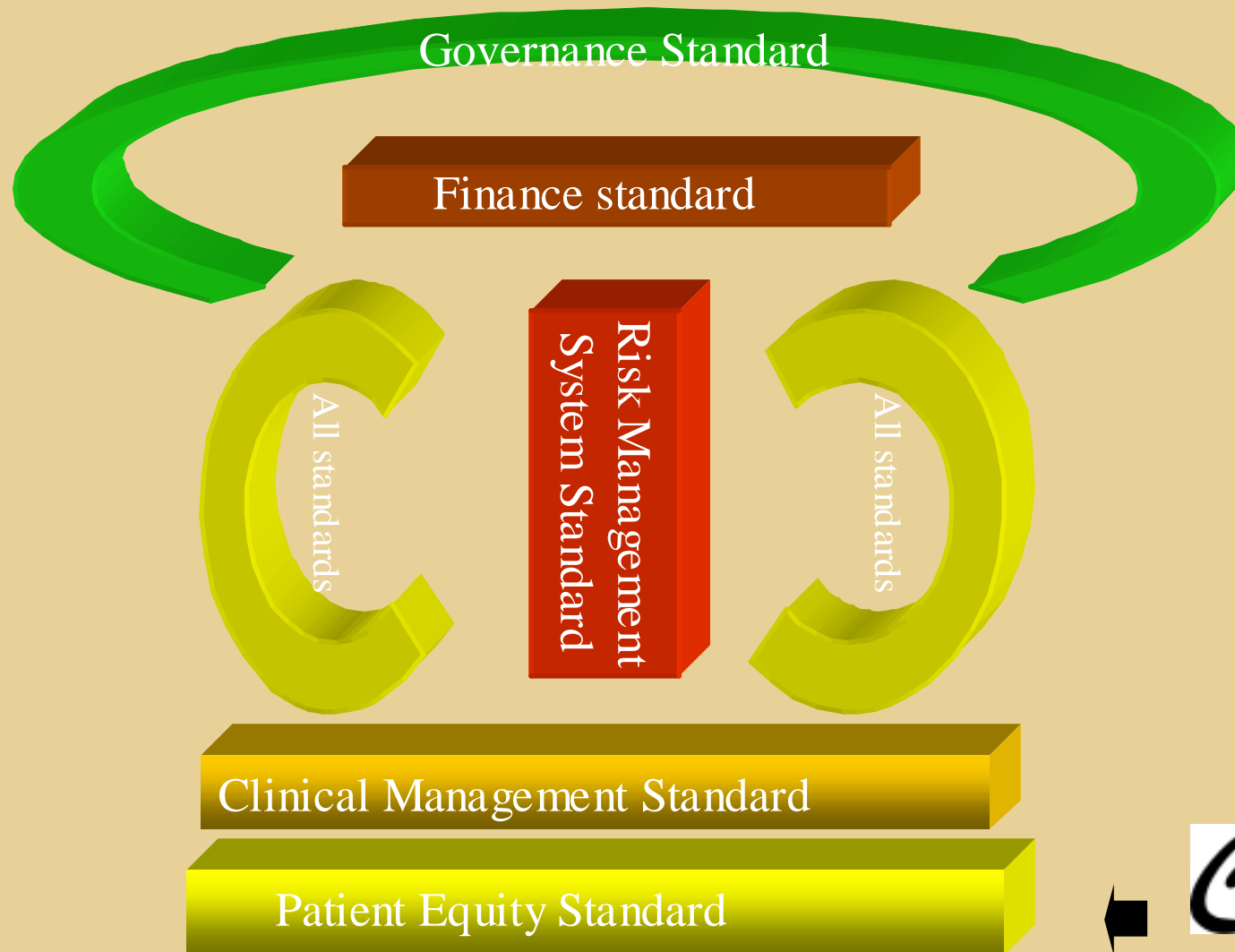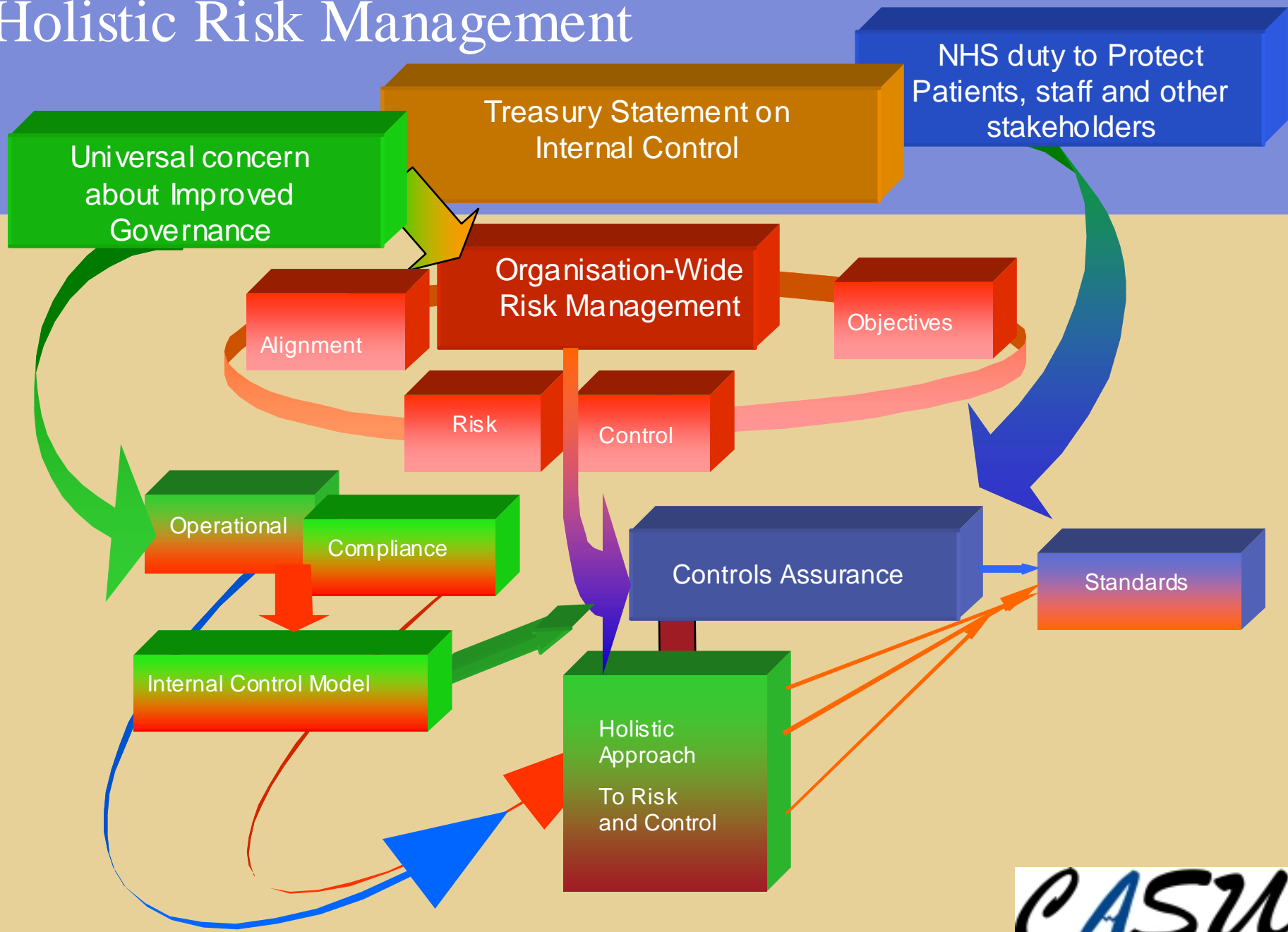
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Standards are only a small part of the risk and control environment

Self Assessment

NHS duty to Protect Patients, staff and other stakeholders

Treasury Statement on Internal Control

Universal concern about Improved Governance

Organisation-Wide Risk Management

Alignment

Objectives

Risk

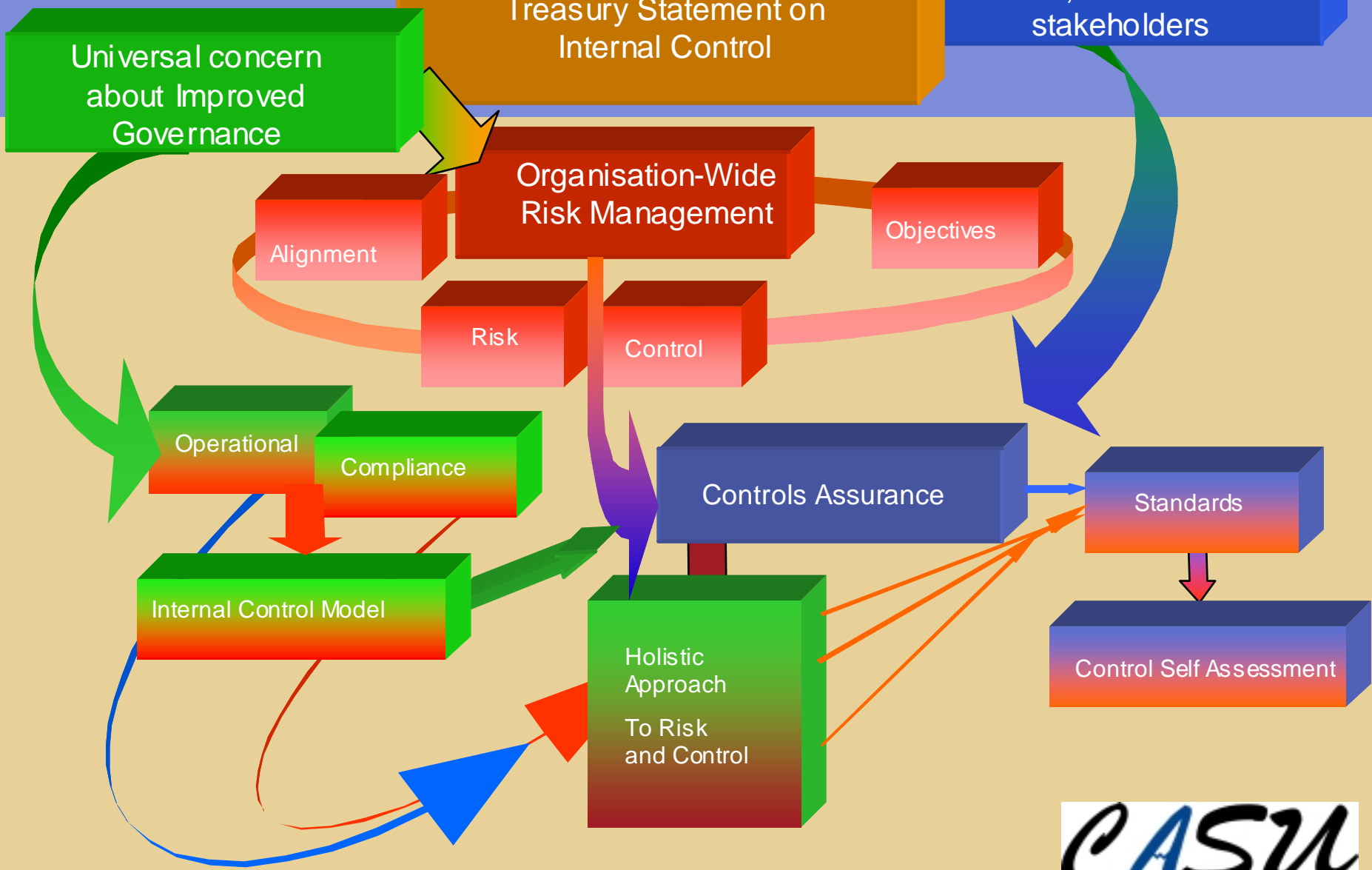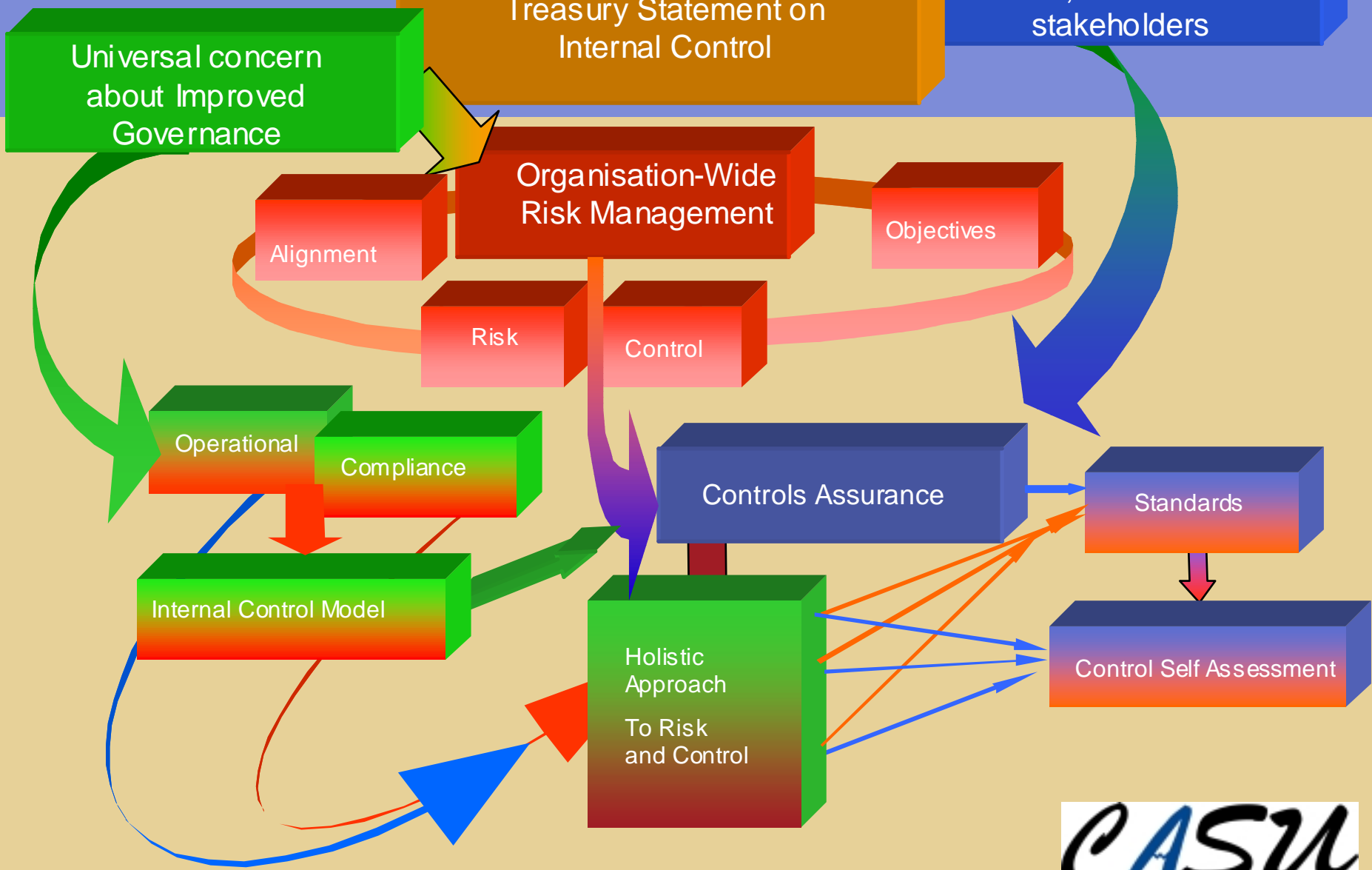Control

Operational

Compliance
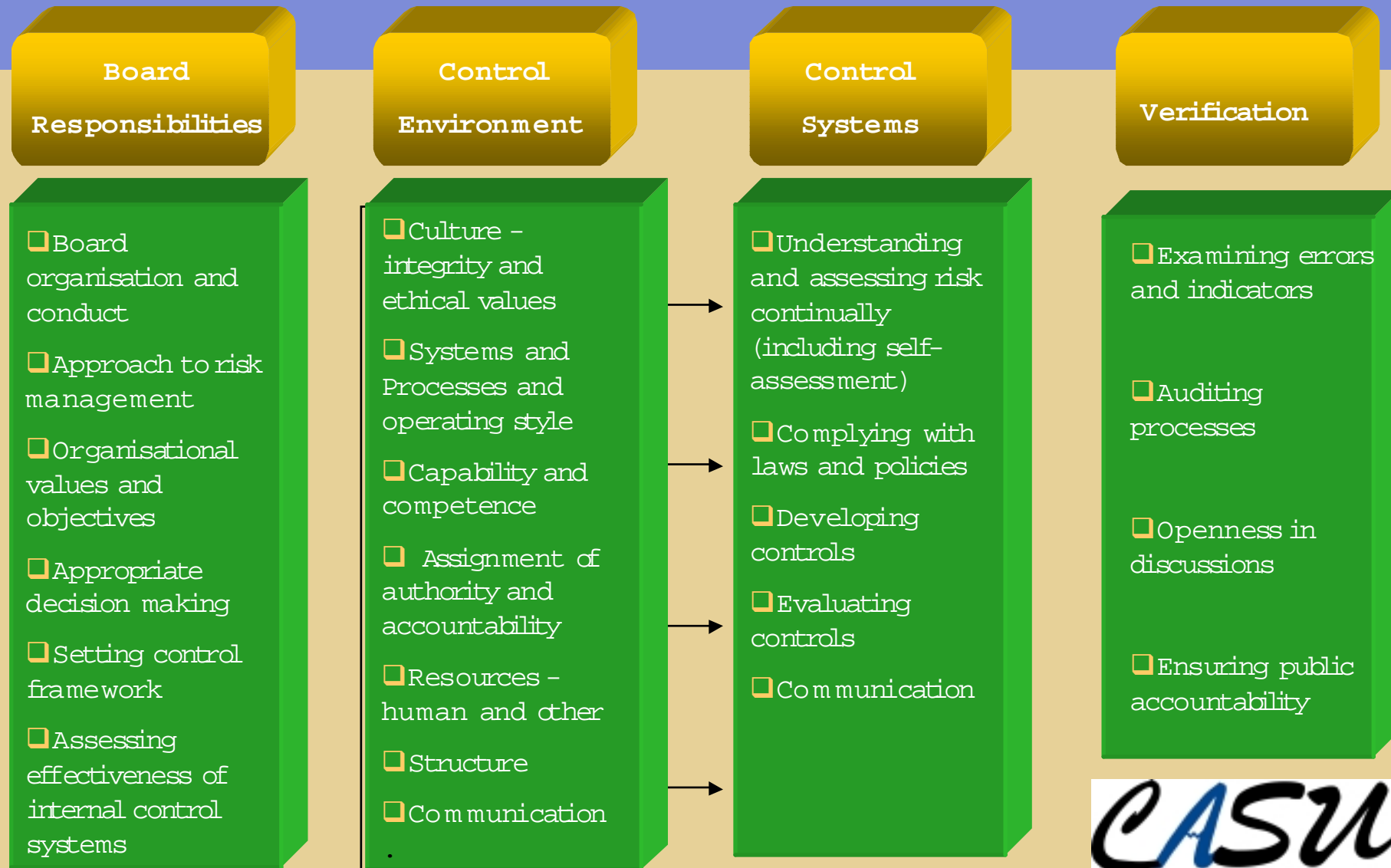
Controls Assurance

Standards

Internal Control Model

Holistic Approach

To Risk and Control

Control Self Assessment

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Implementing Governance, Risk and Control

Board Responsibilities

- ❑ Board organisation and conduct
- ❑ Approach to risk management
- ❑ Organisational values and objectives
- ❑ Appropriate decision making
- ❑ Setting control framework
- ❑ Assessing effectiveness of internal control systems

Control Environment

- ❑ Culture – integrity and ethical values
- ❑ Systems and Processes and operating style
- ❑ Capability and competence
- ❑ Assignment of authority and accountability
- ❑ Resources – human and other
- ❑ Structure
- ❑ Communication .

Control Systems

- ❑ Understanding and assessing risk continually (including self-assessment)
- ❑ Complying with laws and policies
- ❑ Developing controls
- ❑ Evaluating controls
- ❑ Communication

Verification

- ❑ Examining errors and indicators
- ❑ Auditing processes
- ❑ Openness in discussions
- ❑ Ensuring public accountability

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The Assurance Process

NHS Plan

Department, Organisation, Local Economy, Nationally

Consolidated Assurance

Assurance

Assurance

Assurance

Assurance

Assurance

Assurance

Assurances

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Assurance of the Effectiveness of Internal Control and Risk Management.

Assurance

Internal Control

Risk Management

A sound system of internal control is in place, that is based on a system designed to manage risk in order to achieve organisational objectives.

A comprehensive system of risk management used to manage and direct all organisational activity.

No review of soundness of system of internal control

No organisational ability to systematically assess and manage risk..

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Implementing Controls Assurance

Step 1 - Board level commitment

Step 2 - Accountabilities clearly defined

Step 3 - Risk Management Process throughout the NHS emphasising control self assessment

Step 4 – Open communication of risks

Step 5 - Training

Step 6 – Measurement and monitoring

Final Step – Risk management embedded at every level of the organisation

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Implementing Controls Assurance

Step 1 - Board level commitment – researching and training

Step 2 - Accountabilities clearly defined – standards, management and clinical governance

Step 3 - Risk Management Process throughout the NHS emphasising control self assessment CSA pilots

Step 4 – Open communication of risks – culture

Step 5 – Training – identification and management of risks

Step 6 – Measurement and monitoring – returns and performance management

Final Step – Risk management embedded at every level of the organisation – Levels 1 2 and 3

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Mission: to assist the NHS improve risk management and quality in its services through the provision of standards and through acting as a facilitator for identifying and sharing good practice in risk management and control activities.