

*Room 107
Dundonald House
Stormont
BELFAST
BT4 3SF
Tel No: (028) 90524920
Fax No: (028) 90524122
e-mail: ray.martin@dhsspsni.gov.uk*

To: Chief Executives, HSS Boards
Chief Executives, HSS Trusts
Chief Executive, CSA
Chief Executives, HSS Special Agencies
Chief Officers, HSS Councils (for information)

6 December 2002

GOVERNANCE IN THE HPSS: RISK MANAGEMENT

1. The purpose of this circular is to remind Accountable Officers of the importance of implementing an organisation-wide system of risk management in all HPSS bodies by 31 March 2003 and to seek a further report on progress towards that objective.
2. Circular DAO (DFP) 5/2001 introduced the requirement for a wider Statement of Internal Control (SIC) in the accounts of the Department and of HPSS bodies. The Circular referred to the Turnbull Report conclusion that a sound system of internal control must be based on a thorough and regular evaluation of the extent and nature of the risks to which an organisation is exposed. The HRRI Review into risk management in the HPSS, which was conducted in 1999, concluded that, while good work was being done, the approach across the HPSS and within individual bodies tended to be fragmented and inconsistent.
3. In recognition of the importance of a sound system of risk management to the maintenance of effective internal control, the Department announced in June 2002 that it had entered into a licence agreement with Standards Australia for the use of their internationally recognised risk management standard AS/NZS 4360:1999. The adoption of a common model for the Department and all of its associated bodies is seen as an important step in addressing the shortcomings identified in the HRRI Report and more latterly in the NIAO Report on Compensation Payments for Clinical Negligence, which was considered by the Public Accounts Committee of the Assembly in September 2002. The application of an internationally recognised approach to risk management is also seen as an important piece of evidence in support of a Statement of Internal Control.
4. The objective for 2002/03 is to ensure that all of the building blocks in terms of structures and processes are in place to allow risk management to be taken forward in the HPSS within the model set out in AS/NZS 4360:1999, a copy of which has now been provided to all HPSS bodies. HPSS bodies engage in a range of different activities and must therefore develop risk management systems appropriate to the nature of their

business objectives. Whatever the system, however, it must conform to the principles set out in AS/NZS 4360: 1999 and it must embrace all aspects of the body's activity, whether they be financial, organisational, clinical or social care. This requirement is now reflected in the Department's Public Service Agreement.

5. The attached proforma should allow HPSS bodies to report on progress in establishing and consolidating the fundamental structures and processes necessary to underpin a sound system of risk management. **I should be grateful if you would arrange to have the proforma completed to reflect the position in your organisation at 31 December 2002 and returned to me at the e-mail address above by 10 January 2003.**

Controls assurance

6. I would also like to take this opportunity to clarify some confusion that seems to have arisen around the Department's decision to develop controls assurance standards in respect of the HPSS. Some HPSS bodies have been assessing their current arrangements against the standards that have already been developed for the NHS. Since the Department intends to use those standards as blueprints for the HPSS equivalents, this may prove to be helpful in the long run. It was made clear, however, in Circular HSS (PPM) 8/2002 that there are very important structural, legislative and service differences between the NHS and the HPSS. It is not possible, therefore, to simply lift the NHS controls assurance standards and apply them in Northern Ireland. The important work of developing our own is already underway and the HPSS will be fully engaged in that process. In the meantime, there is no formal requirement upon HPSS bodies to comply with NHS standards.
7. If you have any queries about the content of this circular, please contact me on 028 90524920.

RAY MARTIN
Deputy Director
Planning and Performance Management Directorate

HPSS RISK MANAGEMENT OBJECTIVES 2002/03 - SELF-ASSESSMENT TABLE

Score: Not in place = 0; Partially in place = 1; Fully in place = 2 (scores of 0 or 1 must be supplemented by comments on what is being done to ensure that the objective is met by 31 March 2003).

Objective	Assessment	
	Score	Comment
Does your body have a strategy, agreed by a relevant committee of the board, to identify a picture of risk across its financial, organisational and clinical/social care systems?		
Has your body developed action plans for the implementation of the strategy and the evaluation and control of the risks identified?		
Has your body designated an executive board member with specific responsibility for risk management?		
Has your body established a multi-disciplinary steering team and local facilitators, where appropriate, to oversee the implementation of your risk management strategy?		
Has your body developed an agreed approach and structure that will ensure co-operation between the key stakeholders in all areas of your business?		
Has your body identified the training needed to raise awareness and provide staff with the skills necessary to carry out risk management?		
Has your body developed a mechanism to ensure that risk reports are brought to the attention of senior management and a relevant committee of the board and that agreed action plans are subsequently implemented?		
Has your body developed mechanisms for reviewing and reporting the extent to which agreed controls are being effectively and consistently applied?		