

HSC	Controls Assurance Standard	Risk Management
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RISK MANAGEMENT

Statement of Standard

An independently assured risk management system is in place that conforms to the principles contained in AS/NZS 4360:2004, and which meets HPSS/HSC and other requirements in respect of managing risks, hazards, incidents, complaints and claims.

Overview

This Standard is principally concerned with ensuring that all HPSS/HSC bodies have the basic building blocks in place for managing risk through development and implementation of a comprehensive risk management system.

This Standard, together with the Governance and Financial Management Standards, provides the basis for statutory reporting for the Statement on Internal Control as set out by the Department of Finance and Personnel in DAO(DFP) 05/01 and DAO(DFP) 25/03. Requirements for reporting on internal controls for HPSS bodies in 2003/04 was issued to the service in February 2004 under cover of Circular HSS(F) 02/04.

Risk management should be recognised within an organisation as an integral part of good practice and should be part of the organisation's culture. It should be integrated into its philosophy, practices and business plans, and not be viewed or practiced as a separate programme. When this is achieved, risk management becomes the business of everyone in the organisation.

Whilst this standard does address key issues, it does not purport to be exhaustive. The boards of HPSS/HSC bodies should satisfy themselves that all relevant internal control and risk management requirements incumbent upon them, including those associated with the duty of quality, are properly identified and suitably addressed. When addressing risks to the organisation, in particular those which the organisation deems high/extreme to the achievement of key objectives, the risk and actions identified across other organisational controls assurance standards need to be considered.

The design of a risk management system will be influenced by and tailored to the existing structure of the HPSS/HSC body, the services provided and the processes and specific practices followed. A specific risk management approach applicable to all organisations is, therefore, unlikely to be servicable. However, common principles can be identified and used to form the basis for the Standard. These in large part originate from the Australia/New Zealand Standard on risk management, which defines a set of generic principles for establishing a risk management system in any organisation. The Standard has been licensed for the HPSS/HSC and the full Standard has been made available to all HPSS/HSC bodies, which are encouraged to make good use of the information and guidance contained in AS/NZS 4360:2004.

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Circular HSS (PPM) 13/2002 – Governance in the HPSS – Risk Management

<http://www.dhsspsni.gov.uk/hss/governance/guidance.asp>

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INDEX OF RISK MANAGEMENT CRITERIA

Criterion 1 (*Board accountability*)

Board level responsibility for risk management is clearly defined and there are clear lines of individual accountability for managing risk throughout the organisation, leading to the board.

Criterion 2 (*Organisation-wide risk management processes*)

The organisation's senior management has defined and documented its strategy for managing risks, including objectives for, and its commitment to, risk management. The risk management strategy is relevant to the organisation's strategic context and its goals, objectives and the nature of its business. Management ensures that the strategy is understood, implemented and maintained at all levels of the organisation.

Criterion 3 (*Organisation-wide accountability*)

A committee structure is in place, which supports the risk management accountability arrangements within the organisation and ensures that all significant risks are properly considered and communicated to the board.

Criterion 4 (*Adverse incidents*)

An agreed process for reporting, managing, analysing and learning from adverse incidents is in place, in accordance with HPSS/HSC guidance.

Criterion 5 (*Complaints and claims*)

An agreed process for reporting, managing, analysing and learning from complaints and claims is in place, in accordance with HPSS/HSC guidance.

Criterion 6 (*Risk management process*)

A risk management process, based on the requirements of AS/NZS 4360:2004 and covering all risks, is embedded throughout the organisation at all levels, including the board, with key indicators being used to demonstrate performance. The whole system of risk management is continuously monitored and reviewed by management and the board in order to learn and make improvements to the system.

Criterion 7 (*Capability*)

All employees, including members of the board, clinical and social care professionals, managers, bank, locum and agency staff, together with, where relevant, contractors and volunteers are provided with appropriate risk management training.

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Criterion 8 (*Independent assurance*)

The board receives independent assurance(s) that a risk management system is in place that meets the requirements of this standard.

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CRITERION 1

Board level responsibility for risk management is clearly defined and there are clear lines of individual accountability for managing risk throughout the organisation, leading to the board.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular HSS(SM) 4/2003 – Code of Conduct for HPSS Managers. DHSSPS(2003): Code of Conduct for HPSS Managers

Guidance

Implementation of risk management programmes at all levels, especially at the corporate level, is a challenge for all managers. Its success will depend largely on the support of the Chief Executive and senior management team. Critical to this process is the involvement of clinical and social care professionals – nursing, medical, social services and allied health professionals.

The ultimate goal of any risk management programme is to make the effective management of risk an integral part of everyday practice. This can only be achieved if there is a comprehensive and cohesive risk management system in place, underpinned by clear accountability arrangements throughout the management organisational structure.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- The Chief Executive has overall responsibility for risk management.
- An Executive Director, who may be the Chief Executive, has been designated accountable for the implementation of risk management and controls assurance
- A risk management strategy has been approved by and is owned by the board.
- Clear lines of accountability for risk management have been established throughout the organisation.
- One or more persons are charged with the responsibility for advising on and co-ordinating risk management activities. The designated Executive Director should be consulted on the strategic direction of all such activities.

Examples of Verification

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- Risk management strategy has been approved by the board;
- Job descriptions for executive directors and senior managers;
- Job descriptions for specialist risk management advisors or governance managers;
- Risk management organisational chart;
- Assurance Framework in place;
- Terms of reference for the audit committee;
- Minutes of the audit committee;
- Terms of reference of the board sub-committee(s) responsible for overseeing risk management;
- Minutes of the board sub-committee(s) responsible for overseeing risk management;
- Minutes of the board;
- Copy correspondence or minutes of meetings of the executive directors with responsibility for risk management;
- Audits/checks of compliance with risk management objectives, financial, organisational and clinical and social care.

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CRITERION 2

The organisation's senior management has defined and documented its strategy for managing risks, including objectives for, and its commitment to, risk management. The risk management strategy is relevant to the organisation's strategic context and its goals, objectives and the nature of its business. Management ensures that the strategy is understood, implemented and maintained at all levels of the organisation.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04;
- Assurance Framework in place.

Guidance

Management of risk should be integrated into the philosophy of an organisation. A risk management strategy should be developed, which provides the organisation with strategic direction.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- There is a board-approved strategy for risk management, which is reviewed annually.
- The risk management strategy includes a list of key objectives for managing risk and is relevant to the organisation's strategic aims and objectives and the nature of its services.
- The strategy takes a holistic approach to the management of risk across the organisation and sets out the organisation's attitude to risk.
- The strategy clearly describes the process for reviewing the organisation's performance with regard to the management of risk.
- The strategy contains guidance on acceptable risk and for the management of situations in which control failure leads to material realisation of risk.
- The strategy includes reference to other risk management policies/procedures.
- Individual directorates/departments maintain local strategies that reflect their individual risk profile.
- The strategy specifies how new activities should be assessed for risk and incorporated into risk management structures.
- The strategy makes reference to and considers appropriately shared risks and those owned elsewhere (eg by independent contractors)

Examples of Verification

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- Risk management strategy;
- Minutes of the board;
- Assurance Framework in place;
- List of internal and external stakeholders;
- Evidence of the risk management strategy being linked to the strategic/corporate plan;
- Specialist risk management policies and procedures;
- Risk management organisational chart;
- Evidence of strategy distribution to staff and its availability to other stakeholders;
- Local risk management strategies

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CRITERION 3

A committee structure is in place, which supports the risk management accountability arrangements within the organisation and ensures that all significant risks are properly considered and communicated to the board.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular HSS(SM) 4/2003 – Code of Conduct for HPSS Managers. DHSSPS(2003): Code of Conduct for HPSS Managers
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04
- Audit Committee Handbook, March 2007 – HM Treasury

Guidance

The full benefit of risk management will only be achieved if there is a comprehensive and cohesive system in place, underpinned by an organisation-wide risk management structure.

To ensure that all significant risks are properly considered and communicated to the board, boards of HPSS/HSC bodies should ensure that they have a sub-committee for overseeing risk management within their organisations.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- There is a board sub-committee(s) responsible for overseeing all aspects of risk management.
- The role and responsibilities of the committee(s) responsible for overseeing risk management activities are clearly defined to ensure that any separations of clinical and social care, financial and organisational risks are kept under review.
- The Executive Director designated with responsibility for specific aspects of risk management must be a member of the committee.
- There is at least one Non-Executive Director as a member of the committee.
- The Committee's responsibility includes organisation-wide co-ordination and prioritisation of risk management issues.
- The committee(s) responsible for risk management issues oversee the work of any specialist risk management groups, and these specialist groups report directly to it.
- The role of the Audit Committee in reviewing and providing verification on the systems in place for risk management is clearly defined.

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Examples of Verification

- Risk management strategy;
- Terms of reference for committees;
- Risk management organisational chart;
- Minutes of meetings;
- Annual risk management reports;
- Schemes of delegation;
- Annual report;
- Committee objectives;
- Agendas and supporting documentation

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CRITERION 4

An agreed process for reporting, managing, analysing and learning from adverse incidents is in place, in accordance with HPSS guidance.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004.
- Circular HSS (F) 20/2002 - Clinical Negligence: Prevention of Claims and Claims Handling.
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- Safety Notice SN(NI) 2003/01: Health Estates, Northern Ireland Adverse Incident Centre (NIAIC), Reporting Adverse and Disseminating Warning Notices Relating to Medical Devices, Non-Medical Equipment, Buildings and Plant
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- Safety First: a framework for sustainable improvement in the HPSS
- Circular HSS(PPM) 05/2005 – Reporting of Serious Adverse Incidents within the HPSS
- Circular HSS(PPM) 02/2006 – Reporting and Follow-up on Serious Adverse Incidents
- Circular HSS(MD) 12/2006 – Guidance Document – “How to Classify Incidents and Risk”
- Circular HSS(SQSD) 18/2007 – Conducting Patient Safety Reviews/Lookback Exercise
- Circular HSS(SQSD) 18/2007 – Guidance Document – A Practical Guide to Conducting Patient Safety Reviews or Lookback Exercises
- Circular HSS(SQSD) 19/2007 – Reporting and Follow-up on Serious Adverse Incidents: and Reporting on Breaches of Patients Waiting in Excess of 12 Hours in Emergency Care Department
- Circular HSS(SQSD) 19/2007 – 3 Guidance Documents
- Circular HSS(SQSD) 34/2007 – HSC Regional Template and Guidance for Incident Review Reports
- Circular HSS(SQSD) 34/2007 – Guidance Document

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Guidance

Incident reporting is a fundamental tool of risk management, the aim of which is to collect information about adverse incidents, including near misses and hazards, which help to facilitate wider organisational learning.

Incidents and their consequences, if not properly managed, may result in loss of public confidence in the organisation, loss of assets and unnecessary proliferation of loss.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- There is a board-approved policy/procedure for recording, reporting, analysing and managing incidents and serious adverse incidents are treated in accordance with DHSSPS guidance.
- The policy/procedure is based upon a standard definition of incidents
- The policy/procedure promotes a positive and non-punitive approach towards incident reporting.
- The policy/procedure states that all incidents must be reported promptly and an incident form completed and submitted to the risk manager (or equivalent).
- The policy/procedure contains clear guidance to be followed on incident investigation and root cause analysis.
- The policy/procedure states that management actions and preventative measures taken must be recorded.
- For serious adverse incidents that could have an impact or 'adverse effect' upon staff, users or the public, the policy/procedure requires a mechanism to be in place to inform the board. Furthermore the senior manager at board level who has overall responsibility for the reporting and management of adverse incidents within the organisation should consider the incident against the criteria set out in paragraph 16 of HSS(PPM) 6/2004 and, if applicable, submit a report to the DHSSPS using the appropriate proforma.
- All incidents are reported on a standard form(s), which may be paper-based or electronic, and which captures a 'minimum dataset' of information in accordance, where relevant, with HPSS guidance.
- All reported incidents are graded according to severity of outcome and potential future risk to users and/or the organisation.
- Based on the grading, reported incidents are subject to an appropriate level of local investigation and causal analysis and, where relevant, an improvement strategy is prepared, implemented and monitored.
- All reported incidents and causal factors are classified and categorised in accordance with a standardised classification scheme.

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- Aggregate reviews of local incident data/information are carried out on an ongoing basis and the significant results are communicated to local stakeholders.

Examples of Verification

- Incident reporting policy/procedure;
- Incident report form and guidelines for completion;
- Incident investigation reports;
- Trend analysis reports;
- Minutes of the committees responsible for overseeing risk management;
- Copies of relevant reports to the DHSSPS and to other external bodies and stakeholders;
- Induction training programmes;
- Completed incident report forms;
- Relevant correspondence;
- Action plans and follow up reports;
- Major incident policy.

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CRITERION 5

An agreed process for reporting, managing, analysing and learning from complaints and claims is in place, in accordance with HPSS guidance.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004.
- HPSS (March 1996) Guidance on Implementation of the HPSS Complaints Procedure (revised April 2000) **[The revised HPSS Complaints Procedure, entitled Complaints in Health and Social Care – Standards and Guidelines, has been issued for implementation by April 2009]**
- Circular HSS (F) 20/2002 - Clinical Negligence: Prevention of Claims and Claims Handling
- Circular HSS (PPM) 10/2002 – Governance in the HPSS: Clinical and Social Care Governance - Guidance on Implementation.
- NPSA (2003): The Patient Safety Journey: Seven Steps to Patient Safety. The National Patient Safety Agency, London
- DHSSPS (2004): Guidance Note – Implementing the Equality Good Practice Reviews
- Safety First: a framework for sustainable improvement in the HPSS
- Circular HSS(F) 67/2006 – Payments in Respect of Litigation and Legal Services – Implementation of Controls

Guidance

Competent handling of complaints can assist in improving the quality of care and minimising claims by listening to the voice of service users and using this as an opportunity for the organisation to learn from complainants. Complaints and claims when examined in conjunction with reported incidents, accidents and near misses allow trends to be identified at both a local and regional level. This leads to prevention of recurrence or of more serious incidents and complaints occurring.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- There is a documented complaints procedure, which meets HPSS requirements and is approved by the board.
- There is a designated complaints manager responsible for handling all complaints.
- The arrangements for making complaints are publicised to service users.
- Front line staff receive training and guidance on the complaints procedure to enable them to deal with complaints on the spot.

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- The organisation has an effective system for the recording of formal and informal complaints.
- Independent review panels, when they are required, are established in full accordance with the HPSS complaints procedure (To be abolished from 1 April 2009).
- All reported complaints are graded according to severity as well as potential future risk to users and/or to the organisation.
- One or more persons are charged with the responsibility for the management and co-ordination of claims.
- There is a documented claims management procedure, which meets HPSS requirements and is approved by the Board.
- All reported claims are graded according to severity as well as potential future risk to users and/or to the organisation.
- Information on complaints is reported to and considered by a relevant sub-committee of the Board.

Examples of Verification

- Complaints policy/procedure;
- Claims handling policy/procedure;
- Evidence of dissemination within the organisation and use of the Equality Good Practice Review on the handling of complaints
- Job descriptions;
- Board reports;
- Reports of the committee responsible for overseeing risk management;
- Complaints committee reports
- Training needs analysis;
- Training programmes;
- Training evaluation forms;
- Induction programme;
- Complaints leaflets and posters;
- Complaints files;
- Independent review reports;
- Evidence of claims management training;
- Evidence of claim settlement negotiations.

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CRITERION 6

A risk management process, based on the requirements of AS/NZS 4360:2004 and covering all risks, is embedded throughout the organisation at all levels, including the board, with key indicators being used to demonstrate performance. The whole system of risk management is continuously monitored and reviewed by management and the board in order to learn and make improvements to the system.

Source

- Circular HSS (PPM) 8/2002 – Risk Management in the Health and Personal Social Services.
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04;
- Assurance Framework in place;
- Standards Australia Risk Management AS/NZS 4360: 2004.

Guidance

The organisation must be aware of its risk profile across its entire range of activities. Specific risk assessments will have been undertaken but in order to prioritise action an organisation-wide review is necessary to ensure that all exposures are duly considered.

“Key risks”, sometimes termed “principal risks”, are those which have significant potential to impair or affect the operational or financial ability of the organisation to deliver services and meet objectives, and may be strategic or operational in nature.

A comprehensive assessment of risks should be carried out, creating a continuum of risk assessments across the length and breadth of the organisation, encompassing all risks.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- Risks are systematically identified, recorded, assessed and analysed on a continuous basis.
- A comprehensive risk register is maintained on an ongoing basis for all units, (eg directorates, departments, functions or sites) for significant projects and for the organisation as a whole. The corporate/organisation-wide risk register is ‘owned’ and regularly reviewed by the board.

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- The risk register should identify risks in a consistent and structured way, show dependencies, and ensure linkage between principal and other key risks.
- There should be a reasonable mechanism for managing relationship risk, ie service partners/key suppliers taking into account the behaviour and risk priorities of those partners.
- Common terminology for risk activities, taking into account DHSSPS guidelines, is applied throughout the organisation.
- For all risks identified as requiring treatment, actions are determined, appropriately recorded and implemented in order of priority using, where relevant, appropriate decision-making tools (e.g. risk ranking or cost-benefit analysis)
- The board is informed of and, where necessary, consulted on all principal/significant risks and associated risk treatment plans on a continuous basis. Any risk exposure should be recorded and exposure justified. Adequate contingency plans should be in place.
- All relevant stakeholders are kept informed and, where appropriate, consulted on the management of risks faced by the organisation.
- All relevant staff are kept informed of the management of significant risks faced by the organisation.
- Key indicators capable of showing improvements in management of risk and/or providing early warning of risk are used at all levels of the organisation, including the board, and the efficacy and usefulness of the indicators are reviewed regularly.
- An annual report is produced for the board to demonstrate the risk management system's continuing suitability and effectiveness in satisfying the organisation's risk management policy and strategy.

Examples of Verification

- Risk management strategy;
- Risk identification tools;
- Hazard reporting policy and forms;
- Risk assessment tools and forms;
- Completed risk assessments;
- Risk treatment options;
- Evidence of risk treatment;
- Business plans;
- Annual report;
- Risk registers;
- Minutes of committees;
- Job descriptions;
- Training programmes;
- Action plans;
- Evidence of communication with stakeholders;
- Evidence of communication with staff;
- Assurance Framework in place;
- Monitoring and review procedure;

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- Performance indicators;
- Evidence of monitoring and review;
- Board minutes;
- Patient surveys;
- Incident, complaints and claims analysis.

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CRITERION 7

All employees, including members of the board, clinical and social care professionals managers, bank, locum and agency staff, together with, where relevant, contractors and volunteers are provided with appropriate risk management training.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04

Guidance

This contributes to the organisation's risk management culture, which needs to be embedded at all levels throughout the organisation.

An appropriate training programme is an important means of achieving competence and helps to ensure compliance with safe working practices. All job descriptions for employees within the organisation should contain reference to their risk management responsibilities.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- The organisation has assessed and delivered the level of risk management training that is needed throughout.
- Training records are kept, monitored and reviewed and inadequate attendance rectified.
- Induction for all new starters includes risk management training.
- The organisation can demonstrate that risk management training is effective through monitoring and review.
- Employees with responsibility for co-ordinating and advising on aspects of risk management have adequate training and development to fulfil their role.

Examples of Verification

- Training needs assessment;
- Training prospectus;
- Local training needs assessment;
- Training records (risk management training in the *wider* sense such as training on fire safety, health & safety, first aid/CPR, management of needle stick injuries, management of aggression, records management, etc.);

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- Reports on attendance levels;
- Induction programme;
- Local induction procedures;
- Training objectives;
- Evidence of review of training objectives;
- Training course evaluations.

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CRITERION 8

The board receives independent assurance(s) that a risk management system is in place that meets the requirements of this standard.

Source

- Standards Australia Risk Management AS/NZS 4360: 2004;
- Assurance Framework in place;
- Circular HSS (PPM) 5/2003 – Governance in the HPSS: Risk Management and Controls Assurance
- Circular HSS (F) 2/2004 - Statement on Internal Control – Full Implementation for 2003/04

Guidance

Reviews by independent bodies will assist organisations in demonstrating performance, and also in highlighting areas that need to be addressed. This will give the organisation assurance that controls are working satisfactorily and that local and national targets are being met. In due course, RQIA will have direct access to controls assurance information and reports on performance produced by the Authority should be given due consideration.

The following sub-criteria will help in deciding whether the key requirements of the main criterion are being met:

- The role of the Audit Committee in reviewing and providing assurance on the risk management systems in place is clearly defined.
- The role of the internal audit function in reviewing and providing verification on the systems in place for risk management is clearly defined.
- The internal audit function, aided as necessary by relevant technical specialists, carries out periodic reviews to provide assurances to the organisation that a suitable risk management system is in place and working properly taking into consideration reviews by other review bodies.
- The organisation has a system in place to ensure that reviews carried out by external agencies are effectively co-ordinated and any recommendations implemented within the context of available resources.
- Reports are presented to the Audit Committee and copied to the overarching committee(s) responsible for risk and any other relevant committee/group.

Examples of Verification

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- Assurance Framework in place;
- Internal Audit reports;
- Internal audit statement to Chief Executive;
- Audit Committee minutes;
- Minutes of the committee(s) responsible for overseeing risk management;
- Minutes of the committee(s) responsible for overseeing Clinical and Social Care Governance;
- Reports from RQIA and other review bodies;
- Reports from external audit (NIAO);
- Reports from multi-professional audit.