RISK MANAGEMENT POLICY

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Documents to read alongside this Policy	Governance Framework Health and Safety Policy Risk Assessment and Risk Register Procedure Incident, Hazard and Near Miss Reporting Policy and Procedure

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Author:	Head of Corporate Risk and Governance
Executive Lead:	Deputy Chief Executive
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Version Number	Date of Review Approved	Date Published	Summary of Amendments
1	25 January 2011	28 January 2011	New policy to replace and update documents from pre-decessor organisations.
1.1	9 July 2013	26 November 2013	Interim review of document to reflect change to Statement of Intent, revised management arrangements, changes to executive responsibilities, references to the Annual Governance Statement (previously the Statement on Internal Control), minor amendments to Section 12 and amendment of document title regarding incident reporting.

RISK MANAGEMENT POLICY

CONTENTS

1. INTRODUCTION

The purpose of this document is to state the policy and set the scene for the effective management of risk within the Cardiff and Vale University Health Board (UHB).

In fulfilling its ambition to “Care for People and Keep People Well” it must ensure that it:-

- Puts systems in place so that effective risk management is integral to the day to day operation of the organisation;
- Has clear lines of accountability to ensure the management of risk;
- Has defined its level of risk tolerance and is clear as to the appetite that it has. This is essential if the UHB is to acknowledge that the taking of calculated risks may be justified in some circumstances when trying to encourage innovation;
- Has arrangements in place to identify the risks that may threaten the achievement of the objectives of the UHB. This will include arrangements for reporting incidents and raising concerns;
- Responds when unacceptable risks are identified and takes appropriate action;
- Has clearly defined structures for providing assurance to the Board that risks are being managed.

Putting the above arrangements in place will enable the organisation to:-

- Become proactive rather than reactive;
- Identify and treat risk throughout the organisation;
- Improve identification of opportunities and threats;
- Comply with relevant legal and regulatory requirements;
- Improve financial reporting and the effective allocation of resources;
- Improve corporate governance;
- Establish a reliable basis for decision making and planning;
- Improve incident management and prevention;
- Improve organisational learning; and
- Improve organisational resilience.

2. POLICY STATEMENT

The Cardiff and Vale University Health Board (UHB) recognises that effective risk management is a key component of corporate and clinical governance and is integral to the delivery of its objectives. The UHB will seek to ensure that risks, untoward incidents and mistakes are identified quickly and acted upon in

a positive and constructive manner so that any lessons learnt can be shared, appropriate action taken and resources prioritised.

This will be achieved by:-

- Developing an organisational culture of openness, which will aim to reduce, and where practicable eliminate risks to which the UHB is exposed;
- Aligning all risk management activity to the corporate aims, objectives and organisational priorities of the UHB, to protect and enhance the reputation and standing of the organisation;
- Ensuring that risk analysis forms part of organisational strategic planning, business planning and investment/project appraisal procedures;
- Putting in place processes for routine risk assessment in order to identify, evaluate, control and monitor all risks which have a potentially adverse effect on the quality and safety of the service provided. (Refer to Risk Assessment and Risk Register Procedure.)
- Having effective systems for communicating risk related issues throughout the organisation and to other stakeholders where this is appropriate.
- Maintaining an effective incident reporting system in order to monitor and reduce or alleviate the occurrence of incidents and subsequent claims or complaints which may result.
- Demonstrating to patients, staff, the general public and other stakeholders that the UHB manages risk in such a way as to meet its objective of providing safe, high quality care, at the right time, in the right place;
- Promoting an innovative, less risk averse culture in which the taking of calculated and managed risks in pursuit of opportunities to benefit the organisation is encouraged.
- Providing a sound basis for integrated risk management and internal control as components of good corporate governance.
- Monitoring the effectiveness of the management of risk by ensuring that performance indicators are established and implemented via the performance management and balanced scorecard approach.

3. AIM

The aim of this document is to outline the commitment of the UHB to ensure the effective management of risk and identify how this will be achieved. It will specify who is responsible at each stage of the process.

4. OBJECTIVES

The objective of this policy is to define the framework and procedures for the implementation of adequate arrangements to manage risk within the UHB and establish:-

- The objectives of the Risk Management arrangements;
- Definitions of relevant terms;
- Characteristics of effective risk management;
- Risk management principles;
- Relative responsibilities;
- The "Risk Tolerance" of the UHB;
- How Risk Management contributes to providing an Assurance Framework and the interface with other initiatives; and
- The Risk Management procedures.

5. SCOPE

This Policy is applicable across the whole of the UHB. It should also be referred to when ensuring effective risk management arrangements are in place when working with contractors, partner organisations e.g. Local Authorities and other stakeholders.

6. DEFINITIONS

A full list of definitions for words and phrases used throughout this document are listed in Appendix 1. Some of the common ones are shown below:-

Risk Management – A systematic process by which potential risks are identified, assessed, managed and monitored in a way that will enable organisations to minimise losses and maximise opportunities

Hazard – Something that may cause harm, damage or loss, e.g. chemicals, manual handling

Risk – The chance of suffering harm caused by a hazard, loss or damage or the possibility that the UHB will not achieve an objective

Risk Assessment – The overall process of identifying risk and evaluating whether acceptable or not taking into account best practice and the appetite of the organisation.

Risk Appetite – the amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.

7. METHODS OF MANAGING RISK

Effective risk management aims to anticipate and where possible, avoid risks rather than deal with their consequences. However, this approach is not practicable for all risks. The intention should always be to reduce the risk by all reasonably practicable means. Once it has been reduced to the lowest level possible then it must be carefully managed.

It is necessary to manage risks in the most efficient and effective manner. The most common forms of risk management are:-

Risk avoidance – taking the decision not to take a risk.

Risk reduction – by reducing the probability of the risk occurring or by reducing the impact.

Risk acceptance – an informed decision to accept (tolerate) the consequences and the likelihood of a particular risk, for example where the probability or consequence is so low that the cost of managing it would be prohibitive, compared to the benefit or it is not within the remit of the organisation to prevent the risk e.g. emergency situations. For such situations Contingency Plans will need to be developed, e.g. Business Continuity Plans. This will allow the UHB to contain the negative effect of unlikely events that might occur.

Risk transfer – Risk managed/mitigated by another organisation, for example insurance or contracting out (although still need to have regard of legal responsibilities which cannot be transferred).

8. RISK TOLERANCE

8.1 The Chief Executive and the Board encourage the taking of controlled risks, the grasping of new opportunities and the use of innovative approaches to further the interests of the organisation and achieve its objectives, provided the resultant exposures are acceptable.

8.2 When deciding if a risk should be tolerated it is necessary to consider a number of factors, e.g. legislation, clinical governance, patient experience, requirements of commissioners, etc.

8.3 The Risk Assessment and Risk Register Procedure will help to determine if a risk is tolerable or if further action is required.

8.4 Organisational policies and written control documents define where there are mandatory processes and procedures, e.g. the Equality and Human Rights Policy, etc. Non-compliance with prescribed policies and

procedures constitutes an unacceptable risk and possibly a contravention of legislation.

8.5 Some risks are tolerable provided the prescribed organisational process is followed, e.g. expenditure proposals, staff recruitment, and designated responsibilities/authorities are adhered to.

8.6 Managers may take risk management decisions on the basis of their delegated financial authority and the devolved responsibilities set out in the Scheme of Delegation.

9. ROLES AND RESPONSIBILITIES

This policy affects all UHB employees as everyone in the UHB has some responsibility for risk management and internal control in order to achieve their individual objectives and the aims, objectives and priorities of the UHB. Everyone should be aware of the risks they are empowered to take, those which should be avoided and those which should be reported upwards. Further guidance is available in specific UHB policies and procedures e.g. Health and Safety Policy, Incident, Hazard and Near Miss Reporting Policy and Procedure.

9.1 The Board

The Board is responsible for ensuring that strategic and corporate risks are properly managed. They will require evidence of this and adequate measurement of results/findings. Other Board responsibilities are:-

9.1.1 Setting policies on internal control based on the organisation's risk profile, its ability to manage the risks identified and the cost/benefit of related controls.

9.1.2 Developing and communicating organisational policy and information about the risk management programme to all staff and where appropriate to our stakeholders and partners.

9.1.3 Defining the organisation's risk tolerance (the overall level of exposure and nature of risks which are acceptable to the organisation).

9.1.4 Seeking regular assurance that the system of internal control is effective in managing risks in accordance with the Board's policies.

9.1.5 Individual members of the Board will assume ownership and champion the management of specific corporate risks e.g. child protection, violence and aggression.

9.1.6 The Committees of the Board will be responsible for monitoring and managing specific areas of risk on behalf of the Board. The Audit Committee will have the overarching responsibility for ensuring that sound systems of risk management and governance are in operation in the UHB. Further information with regard to key Committees including the Audit Committee are detailed in Sections 9.15, 9.16 and 9.17 below.

9.2 Chief Executive

As Accountable Officer the Chief Executive is ultimately accountable for the effective management of the business of the UHB and in particular for ensuring that there are adequate risk management arrangements and a sound system of internal control. The Chief Executive will sign an annual Governance Statement outlining the level of compliance and this will be published in the annual report.

9.3 Deputy Chief Executive

The Deputy Chief Executive has delegated responsibility for ensuring that the UHB is provided with competent advice and support in the development of effective systems and arrangements to help facilitate the management of risk. These arrangements will include the development of procedures to support this policy e.g. the Risk Assessment and Risk Register Procedure, the maintenance of the Corporate Risk Register, communication of these requirements and training and development.

9.4 Executive Directors

In addition to the specific duties of the Deputy Chief Executive, all Executive Directors must ensure management of risk within their particular area of responsibility. In addition to this they may also have responsibilities for ensuring the management of risk in a specific subject area on behalf of the Chief Executive. A summary is detailed below:-

Key Risk Area	**Executive Lead**
Corporate Governance	Board Secretary
Child Protection / Vulnerable Adults Infection Prevention and Control Concerns - Incident Reporting, Complaints and Claims Management Patient Safety and Quality Patient Experience	Director of Nursing
Information Governance	Medical Director

Key Risk Area	Executive Lead
Caldicott Guardian Clinical Audit Research and Development Governance	
Workforce including Human Resources Equality and Human Rights	Director of Workforce and Organisational Development
Civil Contingencies and Emergency Planning Estates and Strategic Planning Health and Safety Partnership working Public Relations and Reputation Management Violence and Aggression	Director of Planning
Financial Risk Charitable Funds Information Technology Data Quality Procurement	Director of Finance
Ionising and Non-Ionising Radiation Protection	Director of Therapies and Health Sciences

This list may not be exhaustive and reference should also be made to the Scheme of Delegation.

9.5 Clinical Board Directors and Assistant Directors

Clinical Board Directors and Assistant Directors of Corporate Directorates are responsible for the management of risk within their Clinical Boards/ Directorates. They must ensure, in association with their Senior Management Teams, that they have effective arrangements in place to identify and manage risk.

When risks are identified which are outside their control, or when they require that the Directors or the Board are aware of emerging risks which need to be managed/tolerated, they must ensure that this is communicated effectively.

Clinical Board Directors and Assistant Directors of Corporate Directorates should ensure that everyone in their Clinical Board/Directorate understands their risk management responsibilities and must make clear the extent to which staff are empowered to take risks.

Each Clinical Board should have a clearly defined structure to ensure the appropriate management of risk and this should be communicated to all staff within the Clinical Board.

9.6 Heads of Operations and Delivery

Heads of Operations and Delivery are responsible, in association with the Clinical Board Director and Clinical Board Nurse for the management of risk within their Clinical Board. They will ensure that:-

9.6.1 Risk management is a key component of operational planning and management within the Clinical Board.

9.6.2 Risks are identified, assessed and appropriate actions taken;

9.6.3 Risk registers are populated and utilised to inform the management of risk at Clinical Board and Clinical Directorate level.

9.6.4 Clinical Board Directors are informed of all areas of strategic and operational risk.

9.7 Clinical Board Nurses

As indicated above Clinical Board Nurses are responsible, in association with the Clinical Board Director and Head of Operations and Delivery for the management of risk within their Clinical Board. They will:-

9.7.1 Provide nursing and clinical input into the development and implementation of strategies and systems for the continual improvement of services including clinical governance, risk management and health and safety.

9.7.2 Ensure that robust systems of governance and risk management are in place.

9.7.3 Ensure that clinical risk is assessed within the Clinical Board in accordance with the Risk Assessment and Risk Register Procedure.

9.7.4 Advise on the development of Directorate and Clinical Board risk registers.

Note: Where a Clinical Board does not have a Clinical Board Nurse the Clinical Board Director and Head of Operations and Delivery will ensure that the responsibilities detailed above have been appropriately discharged.

9.8 Assistant Medical Directors

Assistant Medical Directors are responsible for ensuring implementation of agreed service strategies throughout the UHB. They are not aligned to any particular service area but will take on themed initiatives such as Clinical Effectiveness and Patient Safety, Research and Development and Undergraduate and Postgraduate Education. They are responsible to the Medical Director.

9.9 Clinical Directors/Community Directors

Clinical Directors/Community Directors are responsible for the effective implementation of clinical and corporate governance and clinical risk within their Clinical Directorate/Locality. They are also responsible for ensuring that all clinical incidents are reviewed, complaints are appropriately managed and that health and safety (including mandatory training) compliance is maintained.

9.10 Directorate/Locality Managers

Directorate/Locality Managers are ideally placed to pick up on those early warning indicators which might identify where problems are developing and this is an important responsibility.

They must ensure that risks are effectively identified, managed and recorded in accordance with the Risk Assessment and Risk Register Procedure.

All risks which are outside their control, or which require ownership by the Clinical Board/UHB must be communicated to the Head of Operations and Delivery.

9.11 Directorate/Locality Lead Nurses

The Directorate/Locality Lead Nurses are responsible in association with the Clinical Director and Directorate/Locality Managers for the development and implementation of strategies and systems of continued improvement. This includes clinical governance and risk management. They will also advise on the production and content of Directorate Risk Registers.

Note: Where a Directorate/Locality does not have a Lead Nurse the Clinical Director and Directorate/Locality Manager will ensure that the responsibilities detailed above have been appropriately discharged.

9.12 Specialist Functions

Specialist Central Functions such as the Patient Safety Advisors, Health and Safety Advisors, Finance Directorate, Workforce and Organisational Development Directorate etc. will assist clinicians and managers by providing advice and support in relation to their specific area of responsibility. The Head of Corporate Risk and Governance will provide advice where it is of a more general nature.

9.13 Internal Audit Service (IAS)

The Internal Audit Service provides assurance informed by the Corporate Risk Register and Assurance Framework. For corporate and strategic risks identified by the Board, IAS will evaluate the effectiveness of the existing controls and risk management responses. The IAS assurance will include an assessment of the reliability and effectiveness of the organisation's overall Risk Management arrangements. They will also review the effectiveness of risk management arrangements as part of their programme of audits and reviews, reporting findings to the Audit Committee as appropriate.

9.14 Local Counter Fraud Service

The Health Boards Nominated Local Counter Fraud Specialist (LCFS) provides assurance to the organisation regarding risks relating to fraud and/or corruption. The Health Boards Annual Counter Fraud Work Plan, once agreed by the Director of Finance, also identifies the arrangements for managing and mitigating risks as a result of fraud and/or corruption. Where such issues are identified they are investigated by the LCFS and then reported to the Audit Committee as appropriate.

The LCFS meets with the Head of Corporate Risk and Governance at regular intervals to review any fraud or corruption risks, which are identified and recorded on the Corporate Risk Register.

9.15 Audit Committee

The Audit Committee will advise and assure the Board and the Accountable Officer, on the effectiveness of the arrangements that are in place to support them in their decision taking, and carrying out their responsibilities. This will include the management, monitoring and review of risk on behalf of the Board, including the review of the Corporate Risk Register. It will also advise on ways to strengthen and further develop the assurance framework.

9.16 Quality, Safety and Experience Committee

The Quality, Safety and Experience Committee will provide advice to the Board to ensure the quality and safety of healthcare. It will monitor and manage clinical risks on behalf of the Board and provide assurance to the Board around the organisations arrangements for protecting and improving the quality and safety of patient centred healthcare.

9.17 Health and Safety Committee

Under the Health and Safety at Work, etc Act 1974 an organisation must establish a suitably constituted Safety Committee in compliance with the Safety Representatives and Safety Committee Regulations which should report directly to the UHB Board. The Health and Safety Committee will be chaired by an Independent Member who will inform the Board of any matters that require their attention and provide appropriate assurance.

10. INCIDENT REPORTING

High standards of Incident Reporting are essential to understand the full extent of the risks to which the UHB is exposed. The information provided by the reporting system will enable the UHB to correct specific faults, and identify, track and monitor trends of incidents and accidents.

10.1 Staff must report *adverse incidents* (any unplanned event that resulted in, or had the potential to result in, an injury or ill health of any person, or the loss of, or damage to property) and *near misses* (which for lack of skilful management would in all probability have become an incident).

10.2 All staff must feel comfortable about reporting incidents and safety issues. They need to feel confident that the information they share will be treated with respect and acted upon appropriately for the improvement of safety and quality of health services provided to patients and the working environment for staff and visitors.

To achieve this, the incident investigation process must be:-

- Fair and equitable;
- Focused on learning and change;
- Focused on identifying contributory and root causes.

10.3 However, the UHB will act on information to protect the safety of other staff, patients and visitors where appropriate. Disciplinary action *may* result from incidents such as those relating to:-

- Criminal activity (e.g. theft, assault);

- Malicious activity (e.g. malicious reporting of untrue allegations against a colleague);
- Patient care or treatment contrary to the relevant professional code of conduct;
- Repeated unreported errors or violations of policies and other written control documents.

10.4 Advice relating to the reporting of incidents is available from the Patient Safety Advisors and the Health and Safety Advisors. Reference should be made to the UHB Incident Reporting and Investigation Procedure for a full explanation of the procedures to be followed.

10.5 The UHB is also required to report adverse incidents externally to the National Patient Safety Agency (NPSA), who will utilise the information from healthcare organisations to provide National learning and guidelines relating to environmental, system, organisational management and clinical practice changes.

11. RISK ASSESSMENT AND RECORDING

11.1 The risk management approach will inform and direct our work to gain an assurance on the reliability of organisational systems and will form the key means by which the Board gains its direct assurance. The Board will agree the Corporate Risk Register of Extreme Risks. It will also agree the Assurance Framework on an annual basis. It will receive regular assurance via the Audit Committee and other Board Committees against this framework at frequencies dependant on the level of risk presented.

11.2 In order to develop a Corporate Risk Register it is necessary for each individual ward/department to establish the risks to which they are exposed. A mechanism is then required to ensure that this can feed into the corporate picture. The Risk Assessment and Risk Register Procedure details the arrangements that the UHB has in place for identification and management of risks. The Procedure will be supported by a number of other, more specific, procedures which will develop over time.

11.3 Heads of Operations and Delivery and Assistant Directors must ensure that appropriate Executive Directors and Clinical Board Directors are informed of all high and extreme risks (as defined in the Risk Assessment and Risk Register Procedure) which may impact on the safety of patients, employees or on the organisations objectives.

11.4 Heads of Operations and Delivery are required to maintain:

- A Clinical Board Risk Register which details the risk rating (consequence and likelihood) and ownership within the Directorates/Localities;
- Action plans detailing how risks will be managed/mitigated;
- Evidence that the risk register/action plans are monitored and reviewed, e.g. meeting minutes;
- Evidence that risks have been communicated appropriately.

11.5 To help to meet their responsibilities to identify, evaluate and manage operational risks, Directorate/Locality Managers are required by the UHB to maintain:

- A Directorate/Locality Risk Register which details the risk rating (consequence and likelihood) and ownership within the Directorate;
- Action plans detailing how risks will be managed/mitigated;
- Evidence that the risk register/action plans are monitored and reviewed, e.g. meeting minutes;
- Evidence that moderate, high and extreme risks have been communicated to the Head of Operations and Delivery.

12. ASSURANCE FRAMEWORK

The Assurance Framework provides organisations with a simple but comprehensive method for the effective and focused management of the principal risks to meeting objectives. It also provides a structured assessment to support the Annual Governance Statement. This simplifies Board reporting and the prioritisation of action plans, which, in turn, allow for more effective performance management.

The Board will agree its Assurance Framework an integrated component of the Business Plan. The Audit Committee monitors the Assurance Framework on behalf of the Board and advises if there are any gaps in assurance.

13. RISK MANAGEMENT POLICIES AND OTHER WRITTEN CONTROL DOCUMENTS

As the effective management of risk is integral to the operation of the organisation it will be inherent in all of the organisations policies and written control documents. Some documents will, however, be clearly identifiable as supporting risk management e.g. the Risk Assessment and Risk Register Procedure, the Health and Safety Policy.

14. RESOURCES

No additional resources were identified as a result of approval of this policy.

15. TRAINING

15.1 The UHB Board will receive training in risk management at appropriate intervals.

15.2 Risk Management will form an integral part of training provided to managers and employees.

15.3 Where a specific training need is indentified this will be assessed and an action plan will be developed to identify how the need can be met. If it is not possible to fulfil the need, the risk as a result of not providing the training will be assessed and communicated as appropriate.

15.4 An introductory level of risk management training will be provided as part of the Mandatory Training e-learning programme.

15.5 Induction training will be provided to all new staff in a number of risk related areas e.g. health and safety, infection control.

16. IMPLEMENTATION

Due to the nature of risk management and the fact that it should be embedded in all systems and practices this policy will not be implemented via a single plan. Plans will be developed when new initiatives/objectives need to be achieved e.g. the introduction of a new method for reporting incidents. Risk management awareness and training will be taken forward through the Clinical Board and Directorate team meetings.

17. REFERENCES

Details of the documents referred to in the development of this Policy are shown in Appendix 2.

18. EQUALITY IMPACT ASSESSMENT

The UHB is committed to ensuring that, as far as is reasonably practicable, the way it provides services to the public and the way it treat its staff reflects their individual needs and does not discriminate against individuals or groups. The UHB has undertaken an Equality Impact Assessment and received feedback on this policy and the way it operates. The UHB wanted to know of any possible or actual impact that this policy may have on any groups in respect of gender (including maternity and pregnancy as well as marriage or civil

partnership issues), race, disability, sexual orientation, Welsh language, religion or belief, transgender, age or other protected characteristics. The assessment found that there was **no impact** to the equality groups mentioned. Where appropriate the UHB will make plans for the necessary actions required to minimise any stated impact to ensure that it meets its responsibilities under the equalities and human rights legislation.

19. MONITORING AND AUDIT

19.1 The Board and Audit Committee will annually conduct a formal review of the effectiveness of risk management processes and internal controls prior to the end of the financial year and will approve the Corporate Risk Register, action plans and internal audit programme.

19.2 Regular reports will be provided to the Audit Committee during the year advising of compliance with this policy.

19.3 Regular reviews and monitoring of the Assurance Framework and Risk Assessment and Risk Register Procedure will be undertaken.

19.4 Performance indicators will be developed and monitored via the performance management arrangements to ensure the effective management of risk and implementation of this policy.

19.5 Internal Audit will review the Risk Management systems and controls and provide regular reports to the Audit Committee.

19.6 Clinical Audits will review the quality of healthcare provided, including the procedures used for diagnosis, treatment and care, the use of resources and the resulting outcome of the quality of life for patients. The findings of clinical audits are used to inform and improve clinical risk management and reports will be provided to Clinical Board Quality and Safety Groups and the Quality, Safety and Experience Committee.

19.7 Compliance will also be monitored by external agencies as part of the periodic reviews/inspections which are undertaken e.g. Community Health Councils, Wales Audit Office, Health and Safety Executive, Health Inspectorate Wales, Welsh Risk Pool, Human Tissue Authority, Human Fertilisation and Embryology Authority.

20. REVIEW

The Risk Management Policy will be reviewed no later than 3 years after the date of the last review.

Appendix 1

RISK MANAGEMENT DEFINITIONS

Annual Governance Statement	A document which provides a high level account of the structures in place to support governance and review of their effectiveness. It should be produced at the same time as the annual accounts.
Assurance	Confidence, based on sufficient evidence, that internal controls are in place, operating effectively and objectives are being achieved
Assurance Committee	A board level committee with overarching responsibility for ensuring appropriate assurance is gained on the management of all principal risks. This function will be performed by the Audit Committee.
Assurance Framework	A structure within which boards identify the principal risks to the organisation meetings its principal objectives and map out both the key controls in place to manage them and also how they have gained sufficient assurance about their effectiveness
Board Assurance Action Plan	An action plan approved by the board to improve its key controls to manage its principal risks, and gain assurances when required
Board Assurance Reports	Key information reported to the board on the assurance framework, providing details of positive assurances and significant gaps in internal controls and assurances relating to principal risks. In addition to providing information leading to a board assurance action plan this will also provide evidenced to support the annual Statement on Internal Control
Effective Control	A control that is properly designed, and delivers the intended objective

Exposure	The consequences, as a combination of impact and likelihood, which may be experienced by the organisation if a specific risk is realised.
External Assurance	Assurances provided by reviewers, auditors and inspectors from outside the organisation, such as Wales Audit Office, Health Inspectorate Wales
Gap in Assurance	Failure to gain sufficient evidence that policies, procedures, practices or organisational structures on which reliance is placed are operating effectively
Gap in Control	Failure to put in place sufficient effective policies, procedures, practices or organisational structures to manage risks and achieve objectives
Hazard	Something that may cause harm, damage or loss, e.g. chemicals, manual handling
Horizon Scanning	Systematic activity designed to identify, as early as possible, indicators of changes in risk.
Independent Assurance	Assurances provided by (a) reviewers external to the organisation and (b) internal reviewers working to government standards, such as Internal Audit
Inherent Risk	The exposure arising from a specific risk before any action has been taken to manage it.
Internal Control	Any action, originating within the organisation, taken to manage risk. These actions may be taken to manage either the impact if the risk is realised, or the frequency of the realisation of the risk

Key Control	A control to manage one or more principal risks
Positive Assurance	Evidence that shows risks are being reasonably managed and objectives are being achieved
Principal Objectives	Objectives set at strategic level
Principal Risk	A risk which threatens the achievement of Principal Objectives
Prioritisation of Risk	A process by which risks are graded in order based on the likelihood of their occurrence and the severity of their consequences
Residual Risk	The exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective
Risk	The chance of suffering harm caused by a hazard, loss or damage or the possibility that the UHB will not achieve an objective
Risk Appetite	The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time
Risk Acceptance	An informed decision to accept (tolerate) the consequences and the likelihood of a particular risk, for example where the probability or consequence is so low that the cost of managing it would be prohibitive compared to the benefit or it is not within the remit of the organisation to prevent the risk e.g. emergency situations.
Risk Assessment	The overall process of identifying risk and evaluating whether acceptable or not taking into account best practice and the appetite of the organisation.

Risk Avoidance	Taking the decision not to take a risk
Risk Management	A systematic process by which potential risks are identified, assessed, managed and monitored in a way that will enable organisations to minimise losses and maximise opportunities
Risk Reduction	By reducing the probability of the risk occurring or reducing the impact
Risk Strategy	The overall organisational approach to risk management as defined by the Accounting Officer and/or Board. This should be documented and easily available throughout the organisation
Risk Register/Profile	A documented and prioritised log of the overall assessment of a range of risks faced by the organisation
Risk Transfer	see definition for Transfer below
Strategic Objectives	An overall goal of the organisation
Strategic Risk	Risk which may have a significant impact on the organisation and could affect the ability to achieve strategic objectives
System of Internal Control	A system, maintained by the board, that supports the achievement of the organisation's objectives. This should be based on an ongoing risk management process that is designed to identify the principal risks to the organisation's objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically
Terminate	Take a decision not to take a risk
Tolerate	A decision is taken to accept a risk
Transfer	Risk managed/mitigated by another organisation, for example insurance or

	contracting out (although still need to have regard of legal responsibilities which cannot be transferred)
Treat (or mitigate)	Take action to manage the risk. This is the most common action taken
Working Risk	the current level of risk with existing control measures in place

Appendix 2

REFERENCES

Building the Assurance Framework: *A Practical Guide for NHS Boards* (Department of Health, Gatelog Ref 1054, March 2003)

Doing Well, Doing Better – Standards for Health Services in Wales (Welsh Assembly Government, April 2010)

Draft BS ISO 31000 Risk management – Principles and guidelines on implementation (British Standards Institute, DPC/30182164 DC, May 2008)

Getting the Assurance you need:A guide to Boards – Draft (Welsh Assembly Government, November 2009)

Identifying risk, taking action: Monitor's approach to service performance in NHS foundation trusts (Monitor, IRREP 02/03,)

Integrated Governance Handbook – A handbook for executives and non-executives in healthcare organisations (Department of Health, Gateway Reference 5947, February 2006)

Leading health and safety at work – Leadership actions for Directors and Board Members (Institute of Directors and Health and Safety Executive, INDG417, 09/09)

Risk Assessment Framework:a tool for departments (HM Treasury, ISBN 978-1-84532-625-8, July 2009)

Risk Essentials – A Risk Management Framework (Welsh Assembly Government, Version 2, October 2006)

Risk Management in the NHS (NHS Management Executive, December 1993)

Risk Management Policy and Strategic Framework (Cardiff and Vale NHS Trust, Reference No 34, Version 6, November 2008)

The Orange Book: Management of Risk – Principles and Concepts (HM Treasury, ISBN 1-84532-044-1-1, October 2004)

Your Risk & Assurance Framework:A structured approach – Draft (Welsh Assembly Government, December 2009)