

RISK MANAGEMENT STRATEGY

NO.RM01

Applies to:	ALL EMPLOYEES
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Risk Management Strategy

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1. INTRODUCTION

All actions contain inherent risks. Risk management is central to the effective running of any organisation. At its simplest, risk management is good management practice. It should not be seen as an end in itself, but as part of an overall management approach. The NHSLA will ensure that decisions made on behalf of the organisation are taken with consideration to the effective management of risks. There is a legal requirement for all employers to ensure that assessments of health and safety risks to employees and the organisation are carried out, which should be reviewed at regular intervals to ensure that they remain accurate and valid. The Management of Health and Safety at Work Regulations 1999 and the Workplace (Health, Safety and Welfare) Regulations 1992 (As Amended 2002) require that employers should

carry out assessments of the risks created by their operations, which may affect their employees, or anyone else who might be affected. Furthermore, the Corporate Manslaughter and Corporate Homicide Act 2007 highlights the commitment required of senior management to take reasonable steps to protect employees, or anyone else who might be affected where risks are created by their operations; the implementation of robust risk management systems is of paramount importance. The Data Protection Act (DPA) 1998, the Freedom of Information Act (FOI) 2000 and other legislation requires organisations to comply with rules relating to the handling of information.

2. AIMS

The aims of this Risk Management Strategy are to ensure that:

- risks to the appropriate management of liability claims against the NHS and claims arising from NHS property losses are minimised;
- risks to the adequacy of financial provisions in place to meet agreed liabilities are minimised;
- risks to the appropriate management of the NHSLA programme of risk management standards and assessments and related training are minimised;
- risks associated with the provision of a Human Rights Act Information Service for the NHS, providing data and other responses to enquiries under DPA and FOI, and all external communications are minimised;
- risks to the determination of appeals in connection with the work of the FHS AU are minimised; and
- the employees, reputation, finances and business continuity of the NHSLA are protected through the process of risk identification, assessment, control and elimination.

3. THE BOARD'S INTENT

The NHSLA Board is committed to leading the organisation forward to deliver a quality service and achieve excellent results, thereby ensuring that the very best possible use is made of public funds. The Board intends to use the risk management processes outlined within this Strategy as a means to help achieve these goals.

Definitions of the terms used within this Risk Management Strategy are included in Appendix 1.

The purpose of the Risk Management Strategy is to create a culture that supports and encourages employees to use RM16 - Procedure for Risk Assessment and RM06 – Policy for the Management of the NHSLA Assurance Framework and Risk Register in order to:

- identify and control risks which may adversely affect the NHSLA's operational ability;
- compare one risk to another using the grading system explained in RM17 – Risk Grading Tool;
- where possible, eliminate or transfer risks or reduce them to an acceptable and cost effective level;
- otherwise ensure the organisation openly accepts the remaining risks.

4. WHO THIS STRATEGY APPLIES TO

This Strategy is intended for use by all employees and contractors engaged on NHSLA work in respect of any aspect of that work. As noted in Paragraph 1, all actions contain inherent risks. Although the management of key strategic risks is monitored by the NHSLA Board, operational risks are managed on a day to day basis by employees throughout the NHSLA. In order that progress in managing all risks can be acknowledged, the NHSLA Assurance Framework and Risk Register (see RM06 – Policy for the Management of the NHSLA Assurance Framework and Risk Register) provides a central record of all risks to the organisation.

5. WHAT THE NHSLA MUST ACHIEVE

The Board is responsible for driving the NHSLA forward to achievement of certain organisational objectives. These overarching objectives are agreed by the Secretary of State for Health and outlined within the NHSLA Framework Document and subsequent Directions and Regulations. The annual NHSLA Business Plan sets out how the principal objectives of the organisation will be achieved each year.

The Department of Health (DH) requires the Chief Executive to sign a Statement on Internal Control annually on behalf of the Board. This describes how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed. To support achievement of the organisational objectives and in order to fulfil its responsibilities, the Board has developed a management system which allows decisions to be taken in a structured and equitable way. The NHSLA Business Plan and Risk Management Strategy are key components of that management system.

6. STRATEGIC RISKS

Strategic and other risks confronting the organisation, and associated action plans, are recorded using the NHSLA Assurance Framework and Risk Register, a complete, updated version of which is submitted to each meeting of the NHSLA Board.

7. THE WAY WE WORK

All employees have an important role to play in identifying, assessing and managing risk. To support employees in this role the NHSLA seeks to provide a fair, consistent environment, encouraging a culture of openness and a willingness to admit mistakes. All employees are encouraged to report any situation where things have, or could have gone wrong. Balanced with this approach is the need for the NHSLA to provide information, counselling, support, and training for employees in response to any such situation.

At the heart of this policy is the desire to learn from events and situations in order to continuously improve management processes. Where necessary, changes will be made to the NHSLA's systems to enable this to happen.

In the interest of openness and the process of learning from mistakes, formal disciplinary action will not usually be taken as a result of a risk management investigation. However, a serious breach of health and safety regulations and serious negligence causing loss or injury are examples of gross misconduct described in HR10 - Disciplinary Policy, Procedure and Rules. Disciplinary action may, therefore, be appropriate where it is found that an employee has acted:

- illegally - against the law; or
- maliciously - intending to cause harm which s/he knew was likely to result; or
- recklessly - deliberately taking an unjustifiable risk where s/he either knew of the risk or s/he deliberately closed his/her mind to its existence.

Should disciplinary action be appropriate, this will be made clear as soon as the possibility emerges and the investigation modified as necessary to ensure compliance with appropriate policies.

8. ACCOUNTABILITIES, RESPONSIBILITIES AND ORGANISATIONAL FRAMEWORK

8.1 Accountabilities and Responsibilities

The Chief Executive has overall accountability and responsibility for risk management within the NHSLA. This is expressed formally in Annex B of the NHSLA Framework Document. Operationally, the Chief Executive has delegated responsibility for implementation of risk management as outlined at Appendix 2.

8.2 Organisational Structure

An organisational structure, to help manage the delegated responsibility for implementing risk management systems within the NHSLA, is illustrated and explained at Appendix 3. The Terms of Reference for the Committees which contribute to the assurance process are included as Appendix 4 – Risk Management Committee, Appendix 5 – Health & Safety Committee and Appendix 6 – Audit Committee.

8.3 Assurance Framework

The organisational structure is supported by the NHSLA Assurance Framework & Risk Register. Through this Framework the NHSLA Board gains assurance from others that risks to the achievement of organisational objectives as set out within the NHSLA Business Plan are being appropriately managed throughout the organisation. The process for creating and maintaining this Register is described in RM06 - Policy for the Management of the NHSLA Assurance Framework and Risk Register.

9. SYSTEMS AND PROCESSES FOR MANAGING RISK

The NHSLA operates two major systems to facilitate the management of risk throughout the organisation. These are:

- proactive risk management, via the risk assessment process described in detail within RM16 – Procedure for Risk Assessment and RM06 – Policy for the Management of the NHSLA Assurance Framework and Risk Register; and
- reactive risk management, via the near-miss and incident reporting process described in detail within RM05 – Incident Reporting Policy and Procedure.

Both the risk management and incident reporting systems use the same risk grading process in order to assess risks consistently across the organisation in terms of frequency and severity of outcome. This process is described fully within RM17 – Risk Grading Tool.

10. SYSTEMS FOR MONITORING THE EFFECTIVENESS OF THE STRATEGY

The NHSLA will monitor and review its performance in relation to the management of risk and the continuing suitability and effectiveness of the systems and processes in place to manage risk. Risk Management at the NHSLA, which includes the effective implementation of this Strategy, is monitored through the organisational programme of internal audit. Furthermore, an annual report on risk management within the NHSLA, including sources of risk management process assurance based on all available relevant information, will be produced by the Risk Management team in the first quarter following the end of the financial year, for Board review. This report, together with performance

against the Key Performance Indicators (KPIs) within Appendix 7, will be reviewed by the Risk Management Committee and used to inform the development of future Strategies.

11. KEY PERFORMANCE INDICATORS

The KPIs for risk management in 2009/2010 are listed within Appendix 7. The Risk Management Committee will monitor achievement against these indicators on an ongoing basis.

12. IMPLEMENTATION, TRAINING AND SUPPORT

The effective implementation of this Risk Management Strategy will facilitate the delivery of a quality service, alongside employee training and support to provide an improved awareness of the measures needed to prevent, control and contain risk. Together with this Strategy, HR08 – Induction Policy and Procedure, HR21 – Learning and Development Policy and the organisational Learning Needs Analysis and Prospectus form the action plan for the delivery of identified training across the organisation. The organisational Learning Needs Analysis and Prospectus is co-ordinated by the Risk Management Team in consultation with the Director of Human Resources and NHSLA Managers, in order to identify the learning needs of permanent employees, along with the frequency of any updates required.

The NHSLA will:

- ensure all employees and stakeholders have access to a copy of this Risk Management Strategy;
- produce registers of risk across the NHSLA which will be subject to routine review;
- communicate to employees any action to be taken in respect of risks identified;
- develop policies, procedures and guidance based on the results of assessments and all identified risks to assist in the implementation of this Strategy;
- provide new employees with induction training in health & safety, incorporating the risk management, incident reporting and risk assessment process, and fire and manual handling training, as required in line with the NHSLA Learning Needs Analysis and Prospectus; attendance will be co-ordinated, recorded and non-attendance followed up by the Risk Management Team;
- provide all employees with update training in health & safety, incorporating the risk management, incident reporting and risk assessment process, and fire and manual handling training, as

required in line with the NHSLA Learning Needs Analysis and Prospectus; attendance will be co-ordinated, recorded and non-attendance followed up by the Risk Management Team;

- provide all employees with online training in and risk assessment of their workstation, as required in line with the NHSLA Learning Needs Analysis and Prospectus; completion of the training and risk assessment will be co-ordinated, monitored and followed up by the Risk Management Team as necessary;
- provide relevant risk management awareness training, including the reporting and management of concerns, complaints and claims, for all Board members and managers, as required in line with the NHSLA Learning Needs Analysis and Prospectus; attendance will be co-ordinated, recorded and non-attendance followed up by the Risk Management Team;
- enable all employees to attend risk management training relevant to them, as required in line with the NHSLA Learning Needs Analysis and Prospectus, and HR21 – Learning and Development Policy;
- monitor the effectiveness of risk management training through review of training evaluation sheets and attendance records;
- ensure that training programmes raise awareness throughout the NHSLA of the importance of identifying and managing risk; and
- ensure that employees have the knowledge, skills, support and access to expert advice necessary to implement the policies, procedures and guidance associated with this Strategy.

13. EQUALITY IMPACT ASSESSMENT

As part of its development, this policy and its impact on equality have been reviewed in consultation with trade union and other employee representatives in line with the NHSLA's Equality Scheme and Equal Opportunities Policy. The purpose of the assessment is to minimise and if possible remove any disproportionate impact on employees on the grounds of race, sex, disability, age, sexual orientation or religious or other belief. No detriment was identified.

14. GOOD CORPORATE CITIZEN

As part of its development, this policy was reviewed in line with the NHSLA's Good Corporate Citizen Action Plan. Risk management makes a positive contribution to the development and maintenance of a healthy and safe workplace for employees, other workers and visitors, thereby assisting the NHSLA in meeting its obligations as a good corporate citizen.

15. OTHER RELEVANT PROCEDURAL DOCUMENTS

All documents listed within the NHSLA Policies and Procedures Register are relevant to the risk management process, as these are in themselves risk management mechanisms; those of particular relevance are:

- ITFA04 - Health & Safety Policy
- RM05 - Policy for the Reporting and Management of Incidents
- RM06 - Policy for the Management of the NHSLA Assurance Framework and Risk Register
- RM07 - Concerns, Complaints and Claims Policy and Procedure
- RM16 - Procedure for Risk Assessment
- RM17 - Risk Grading Tool
- HR03 - Whistleblowing Policy
- HR10 - Disciplinary Policy, Procedure and Rules

16. NHSLA STAKEHOLDERS

Key stakeholders include:

- Employees (directly employed and agency)
- Contractors including panel solicitors, risk management contractors, actuaries, etc
- Department of Health
- Other national agencies
- Partner organisations
- Member NHS Trusts and Primary Care Trusts and other NHS organisations, including Strategic and Special Health Authorities
- Independent sector providers of NHS care when covered by the NHSLA
- FHSAU panel members
- Public (including claimants and their representatives)

17. REPUTATIONAL RISK - COMMUNICATION WITH STAKEHOLDERS

It is important that the reputation of the NHSLA is protected through the process of reputational risk identification, assessment, control and elimination. Robust systems of communication with stakeholders are important in reducing reputational risk.

Systems of communication with external stakeholders that contribute to minimising risk are in place, including the NHSLA website (www.nhsla.com), regular meetings, a two-yearly customer satisfaction

survey, publications, the annual open meeting, and the public Board meetings. However, as identified above, the NHSLA has a large and diverse range of external stakeholders and during 2009/10 the NHSLA will seek to improve the effectiveness of its engagement with each group and as a whole by the development and implementation of a new communications strategy.

Communication with employees is particularly important and is mainly effected via line management at team meetings. Any urgent or particularly important messages are communicated by email. Health & Safety Committee representatives feed back to and support employees locally in relation to specific relevant issues. An employee satisfaction survey is carried out every two years.

This Risk Management Strategy is available to all employees via the NHSLA intranet and to other stakeholders via the NHSLA website. The introduction of new or significantly revised risk management policies is supported by employee training as appropriate.

18. REFERENCES

- The Risk Management Process, Federation of European Risk Management Associations (FERMA), 2005
- A Risk Management Standard, The Association of Insurance and Risk Managers, (AIRMIC), 2002
- International Organisation for Standardisation (ISO)/IEC Guide 73:2002 Risk Management
- Risk Management Model (HSG65), Successful Health & Safety Management, HSE Books, 1997
- Australia New Zealand Standard 4360:2004 Risk Management
- Five Steps to Risk Assessment, HSE, 2006
- Corporate Manslaughter and Corporate Homicide Act, 2007

APPENDIX 1

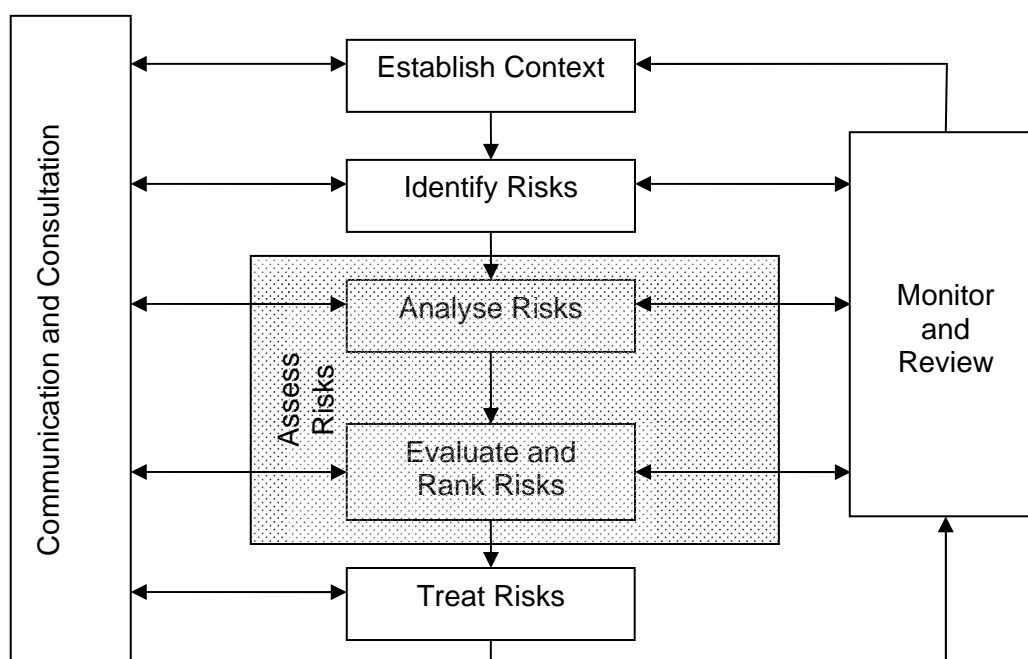
DEFINITIONS

(Adapted from the Australian/New Zealand standard AS/NZS 4360:1999.)

Risk is the chance that something will happen that will have an impact on achievement of the NHSLA’s aims and objectives. It is measured in terms of likelihood (frequency or probability of the risk occurring) and severity (impact or magnitude of the effect of the risk occurring). See RM17 - Risk Grading Tool

Risk Management describes “the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects”.

Risk Management Process describes “the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk”. It is described in the following diagram:



Risk Management Overview from AS/NZS 4360:1999

APPENDIX 2 Operational Responsibility for Risk Management

Chief Executive

The Chief Executive is personally involved in the management of complaints and claims against the NHSLA. Operationally, the Chief Executive has delegated responsibility for risk management as outlined below:

Employees

Management of risk is a fundamental duty of all employees whatever their grade, role or status. Employees are required to follow NHSLA policies and procedures, which explain how this duty is to be undertaken. In particular, employees must ensure that identified risks and incidents are dealt with swiftly and effectively, reported to their immediate line manager and, if appropriate, their health & safety representative, in order that further action may be taken where necessary. All such issues must also be reported in line with RM05 – Incident Reporting Policy and Procedure. All employees are accountable for achievement against agreed personal objectives which contribute to organisational objectives. Health and safety is a core element of each employee's KSF (Knowledge and Skills Framework) outline, which sets the basis for learning activity.

Contractors

Specific risks identified by the NHSLA will be shared with any other relevant organisation working in partnership with the NHSLA. Likewise, the NHSLA expects that any relevant risks identified by partners will be shared with the NHSLA.

Director of Finance

The Director of Finance is the executive director designated as the accountable and responsible officer for implementing the system of internal control, including this Risk Management Strategy. This responsibility extends to co-ordinating finance based reviews of the NHSLA by internal audit and external agencies and action taken as a result.

Risk Management Director

The Risk Management Director is responsible for advising on and co-ordinating risk management activities within the NHSLA. In particular, the Risk Management Director is responsible for co-ordinating all other (i.e. non financial) risk based reviews of the NHSLA by external agencies and action taken as a result. The Risk Management Director chairs the Risk Management Committee and is responsible for ensuring that appropriate reports are created from the NHSLA Assurance Framework and Risk Register, incident report and risk management training databases, and that these are presented to the Committee. The Risk Management Director is supported by risk manager(s).

Facilities Officer with Responsibility for Health and Safety

The Facilities Officer with Responsibility for Health and Safety (Health and Safety Lead) is the appointed competent person to ensure compliance with all relevant legal obligations under health & safety legislation. In addition, the Health and Safety Lead provides advice and support to managers and other employees in the practical application of such legislation, including training.

Managers

Managers within the NHSLA are accountable for the day-to-day management of risks of all types within their area of responsibility. They are charged with ensuring that risk assessments are undertaken throughout their area of responsibility on a proactive basis and that preventative action is carried out where necessary. Managers are responsible for the ongoing maintenance and review of their Team Risk Register in line with RM06 - Policy for the Management of the NHSLA Assurance Framework and Risk Register and RM16 – Procedure for Risk Assessment. The Team Risk Register and relevant incident reports should be reviewed at team meetings, in order to raise awareness of issues and the actions required to reduce risk, and share lessons learned. Managers are also responsible for setting objectives relevant to Board objectives, for their own team employees, and monitoring employee achievement against them.

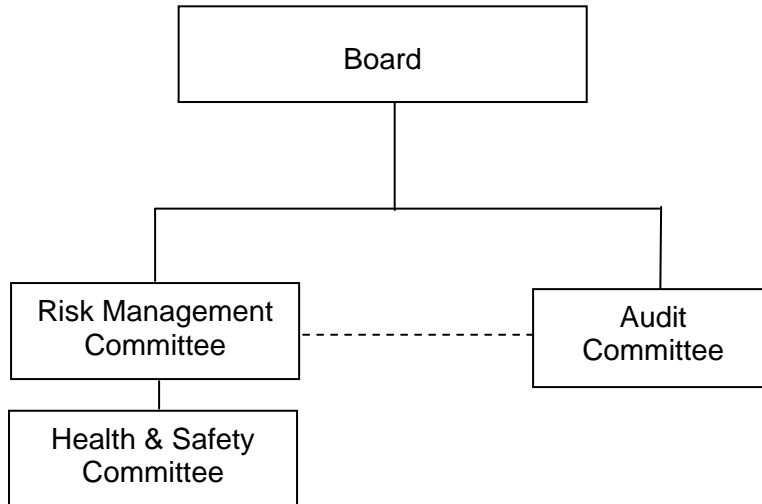
Managers are responsible for seeking advice about implementation of risk reduction plans from the Risk Management Team, Facilities Officer with Responsibility for Health and Safety, Health & Safety Committee or Risk Management Committee as appropriate.

Health & Safety Representatives

Health & safety representatives support managers in respect of health and safety matters within their area/floor. Their particular roles are listed in ITFA04 – Health & Safety Policy.

APPENDIX 3

ORGANISATIONAL STRUCTURE FOR RISK MANAGEMENT AND ASSURANCE



Board

The Board is accountable and responsible for ensuring that the NHSLA has an effective programme for managing all types of risk which is achieved via the Assurance Framework. The Board is chaired by a non-executive director and meets every two months. In order to verify that risks are being managed appropriately and that the organisation can deliver its objectives, the Board receives and considers reports from the Audit Committee and the Risk Management Committee. In particular, the Board reviews the NHSLA Assurance Framework and Risk Register, a complete, updated version of which is submitted to each meeting of the NHSLA Board, for consideration of risk reduction plans, and to monitor progress on action plans.

Risk Management Committee

The Risk Management Committee monitors all areas of non financial risk management so that it can assure the Board that risks are being managed according to organisational policies and procedures. The Committee is responsible for approving the presentation of risks from the NHSLA Assurance Framework and Risk Register to the Board. It is also responsible for monitoring the implementation of treatment plans as appropriate and reporting progress to the Board. The Risk Management Committee ensures that Key Performance Indicators (KPIs) are set and monitored in relation to risk management. A non-executive director chairs the Committee. It normally meets three times every year and reports directly to the Board. The Terms of Reference for the Risk Management Committee are at Appendix 4.

Health & Safety Committee

The Health & Safety Committee meets three times every year and is chaired by the Facilities Officer with Responsibility for Health and Safety. It reports to the Risk Management Committee. The role of the Committee is to review health & safety arrangements within the NHSLA and put forward recommendations with the objective of continually seeking to improve health & safety by eliminating or minimising risk wherever possible. The Terms of Reference for the Health & Safety Committee are attached at Appendix 5.

Audit Committee

The Audit Committee is chaired by a non-executive director. It meets at least four times a year and reports directly to the Board. It ensures that an effective system of internal control for all risks is maintained. The Committee reviews the results of audit work completed on the NHSLA's risk management system and performance. The Committee also agrees the annual audit plan with reference to the NHSLA Assurance Framework and Risk Register. The Terms of Reference for the Audit Committee are attached at Appendix 6.

APPENDIX 4

RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

Responsibilities

1. To ensure that the NHSLA has an appropriate, up to date and co-ordinated range of systems, policies and procedures in place to manage all risk.
2. To ensure that risks are identified, assessed, evaluated and managed according to the Risk Management Strategy and associated policies.
3. To ensure that the Board is notified of any significant risk issues as required by the Risk Management Strategy and associated policies.
4. To agree and monitor annual risk management key performance indicators.
5. To be informed of all relevant visits by external enforcing or inspection bodies, and requests for information from such bodies, and to be briefed on the outcome of these visits and requests.
6. To oversee the management of the Assurance Framework and Risk Register.
7. To ensure that physical inspections of NHSLA premises are carried out annually.
8. To obtain full briefings on any matter of risk management concern that cannot be satisfactorily resolved elsewhere.
9. To receive reports of incidents and complaints and ensure that appropriate follow-up action has been taken.
10. To receive information on risk issues identified as a result of claims and ensure that appropriate follow-up action has been taken and learning implemented.
11. To promote the implementation of effective risk management practices throughout the NHSLA and with stakeholders.
12. To review the NHSLA's Risk Management Strategy and these Terms of Reference at least annually, monitoring the effectiveness of these Terms of Reference.

Membership

- Non-Executive Director (Chair)
- Risk Management Director
- Risk Manager
- Head of IT and Facilities
- Facilities Officer
- Head of Clinical Claims, Head of Non-Clinical Claims or Technical Claims Director (on rotation)
- Finance Controller
- Office Services Manager, Harrogate

All members should attend a minimum of two meetings per year and send a nominated deputy when this is not possible. In addition, other directors, senior managers and advisers may be invited to attend Committee meetings as and when required. A quorum is four members which must include the Non-

Executive Director (or other Board member) and the Risk Management Director.

Accountability

The Risk Management Committee reports to the Board. For expediency, draft minutes of Committee meetings are reviewed at the following Board meeting, and once approved by the Committee, where significant changes have been made, a final copy of the minutes is later circulated to the Board by email. The minutes of the Committee are made available to all employees via the NHSLA intranet. The Risk Management Committee receives regular reports from the Health & Safety Committee, including a copy of the minutes of all meetings.

Frequency of Meetings

The Committee will normally meet three times every year or more frequently if necessary.

Attendance

Attendance will be recorded and published annually.

Version 11 – January 2009

APPENDIX 5

HEALTH & SAFETY COMMITTEE TERMS OF REFERENCE

Responsibilities

1. To ensure that the NHSLA's Health & Safety policies and procedures are reviewed and updated.
2. To consult with, and bring forward concerns of, employees of all grades regarding health & safety issues.
3. To review health & safety arrangements within the NHSLA and advise management on recommendations and corrective actions with the objective of continually seeking to improve health & safety by eliminating or minimising risk wherever possible.
4. To study statistics and trends on accidents and notifiable diseases so that recommendations for corrective action can be made.
5. To arrange for the development of performance indicators relating to health & safety.
6. To monitor the results of audits and inspections, paying particular attention to performance indicators.
7. To consider reports submitted by the Health & Safety Representatives.
8. To review the effectiveness of safety training.
9. To monitor the adequacy of health & safety communication.
10. To develop and promote a safety culture and raise employee awareness.
11. To maintain links with team leaders and senior managers.
12. To consider reports and letters from appropriate personnel involved in health & safety issues including the Health & Safety Executive (HSE), local government inspectors and specialist appointed advisers.
13. The Committee shall produce an annual report which will be made available to all employees.

Constitution of the Committee

Membership of the Health & Safety Committee comprises:

- A Health & Safety Representative from each working floor at Napier House
- A representative from Harrogate
- Facilities Officer with responsibility for health & safety (Chair)
- Risk Manager
- Claims Inspector
- IT & Facilities Operations Manager
- Claims Team representative
- Facilities Assistant
- A representative nominated by the Joint Negotiating Committee (who may also be member of the Health & Safety Committee on other grounds e.g. Health & Safety Representative)

The Committee is chaired by the Facilities Officer with responsibility for health & safety or, in the unexpected absence of such a member, a Risk Manager.

In addition, other individuals will be invited to attend Committee meetings as and when required. A quorum is five members which must include the Facilities Officer with responsibility for health & safety and/or Risk Manager, a member of the Claims Team and either the IT & Facilities Operations Manager or his nominated deputy.

Accountability

The Committee reports to the Risk Management Committee which in turn provides reports to the Board. The minutes of the Committee will be made available to all employees.

Frequency of Meetings

The Committee will normally meet three times every year or more frequently if necessary.

Attendance

Attendance will be recorded and published annually.

Version 7 – February 2009

APPENDIX 6

TERMS OF REFERENCE NHSLA AUDIT COMMITTEE

The Board has established an Audit Committee as a Committee of the Board to support them in their responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

MEMBERSHIP

- The members of the Audit Committee are:
 - A minimum of three non-executive Board members;
 - Independent External members: None.
- The Audit Committee will be Chaired by the non executive appointed by the Appointments Commission in that role;
- The Audit Committee will be provided with a secretariat function by the Finance Department.

REPORTING

- The Audit Committee will formally report in writing to the Board and Accounting Officer after each meeting;
- The Audit Committee will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Statement on Internal Control, summarising its conclusions from the work it has done during the year.

RESPONSIBILITIES

The Audit Committee will advise the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Statement on Internal Control;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;

- The Audit Committee will also periodically review its own effectiveness and report the results of that review to the Board.

RIGHTS

The Audit Committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

ACCESS

- The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chairman of the Audit Committee.

MEETINGS

- The Audit Committee will meet at least four times a year. The Chairman of the Audit Committee may convene additional meetings, as deemed necessary;
- The quorum will be two members of the Audit Committee;
- Audit Committee meetings will normally be attended by the Finance Director and the Accounting Officer whenever he requests or the Committee deems appropriate, the Head of Internal Audit, and a representative of External Audit
- the Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- the Board or the Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

INFORMATION REQUIREMENTS

For each meeting the Audit Committee will be provided with:

- a report summarising any changes to relevant Risk Register items regularly reviewed and managed by the Board;
- a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to audit recommendations;
 - changes to the Periodic Plan;
 - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate the Committee will also be provided with:

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality Assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft Statement on Internal Control;
- a report on any changes to accounting policies;
- external Audit's management letter;
- the external audit strategy;
- external Audit's ISA 260 report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit.

March 2008

APPENDIX 7

**KEY PERFORMANCE INDICAT
ORS 2009/2010**

These indicators have been devised to ensure a safety culture through the promotion of good risk management practice:

Target	Key Performance Indicator
Monitor compliance with NHSLA policies to manage risk	Through internal audit programme and other mechanisms, where monitoring identifies deficiencies, ensure that action plans are developed and changes implemented accordingly
Continue to embed a safety culture across the organisation through:	
Proactive risk management - regular review, update and maintenance of team risk registers and overarching assurance framework and risk register	Routine review of team registers at team meetings
	Routine review of team registers and the overarching assurance framework and risk register by the Risk Management Committee and Health & Safety Committee
	Routine review of the overarching assurance framework and risk register by the Board
Reactive risk management - completion of incident reports, including investigation and analysis of incidents reported and sharing of lessons learned	Routine review of incident reports at team meetings
	Routine review of incident reports and quarterly incident report summaries by the Risk Management Committee and the Health & Safety Committee
Employee support - provision of support and training to all employees, as required, in carrying out risk management processes	Completion of online training (includes both Proactive and Reactive risk management modules) by all relevant employees at induction and thereafter every two years
	Sharing quarterly incident report summaries via the NHSLA Intranet
	Provision of risk management training for managers