Health Service Executive

Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Framework for the
Corporate and Financial Governance of the
Health Service Executive

Integrated Risk Management Policy

Document 2.4

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1.   Purpose

The purpose of this document is to set out the HSE board policy on the management of risk within the HSE.

The key messages are:

1. Management of risk is the concern of everyone,
2. Management of risk is part of normal day to day business, and
3. The process for managing risk is logical and systematic and should be implemented on a routine basis and integrated with the business planning cycle.

The HSE will ensure that risk management:

-   is an integral and ongoing part of its management process
-   is as simple and straightforward as possible
-   structures and responsibilities are clearly defined.

In addition the HSE will:

-   repeat the process of risk identification at least once a year
-   assess identified risks at least once a year
-   determine an appropriate method for addressing identified risks
-   provide for monitoring and reporting at various levels of management.

This Framework for the Corporate and Financial Governance of the HSE was first approved by the HSE Board at its meeting held on 7th September 2006 and version 2 was approved at the Board meeting held on 1st November 2007. The Framework was approved by the Minister for Health and Children on 26th March 2008.

2.   Definitions

Risk: The chance of something happening that will have an impact on objectives.

Note 1:	A risk is often specified in terms of an event or circumstance and the consequences that may flow from it.
Note 2:	Risk is measured in terms of a combination of the consequences of an event and their likelihood.
Note 3:	Risk may have a positive or negative impact.
Note 4:	See ISO/IEC Guide 51, for issues related to safety.

Risk management The culture, processes and structures that are directed towards, realising potential opportunities whilst managing adverse effects.

Integrated risk management: A continuous, proactive and systematic process to understand, manage and communicate risk from an organisation-wide perspective. It is about contributing to strategic decision making in the achievement of an organisation's overall corporate objectives.

Risk management Process: The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Risk Assessment: The overall process of risk identification, risk analysis and risk evaluation.

Risk Register: A risk register is a database of risks that face an organisation at any one time. Always changing to reflect the dynamic nature of risks and the organisation's management of them, its purpose is to help managers priortise available resources to minimise risk and target improvements to best effect.

Monitor: to check, supervise, observe critically or measure the progress of an activity, action or system on a regular basis in order to identify change from the performance level required or expected.

Safety: The state of being safe, the condition of being protected against physical, social, spiritual, financial, political, emotional, occupational, psychological or other types or consequences of failure, damage, error, accidents, harm or any other event which could be considered not desirable.

Quality: Doing the right thing consistently to ensure the best outcomes for patients, satisfaction for all customers, retention of staff and a good financial performance.

Risks may be categorised as:

- **Strategic risks** These concern the long term strategic objectives of the HSE. These may be external or internal to the organisation.

- **Operational risks** These relate to the procedures, technologies and other factors relating to the short to medium term objectives of the HSE.

In order to manage risk on an integrated basis i.e. inclusive of all risk whether to do with the management or service delivery processes, the following have been identified as risk areas to be addressed.

- **Risk of Injury to Patient/Staff/Public**

- **Professional Standards Risks**

- **Patient Experience Risks**

- **Financial risks**

- **Reputational Risks**

- **Environmental Risks**

- **Objective and Project risks**

- **Audit/Inspection/Accreditation/Standards/Legislative risks**

- **Business Continuity Risks**

3.   Risk management policy

The HSE will pursue an organisational philosophy that ensures risk management is an integral part of corporate objectives, plans and management systems. Compliance with legislative requirements is only a minimum standard. The core function of risk management is to assist the HSE to meet its objectives.

The use of risk management methods to provide a consistent approach to these issues, such as those described in the AS/NZS 4360: 2004, and adopted for use in the HSE is now widely accepted as mandatory.

The following ten key factors are considered essential for the successful implementation of an integrated risk management strategy:
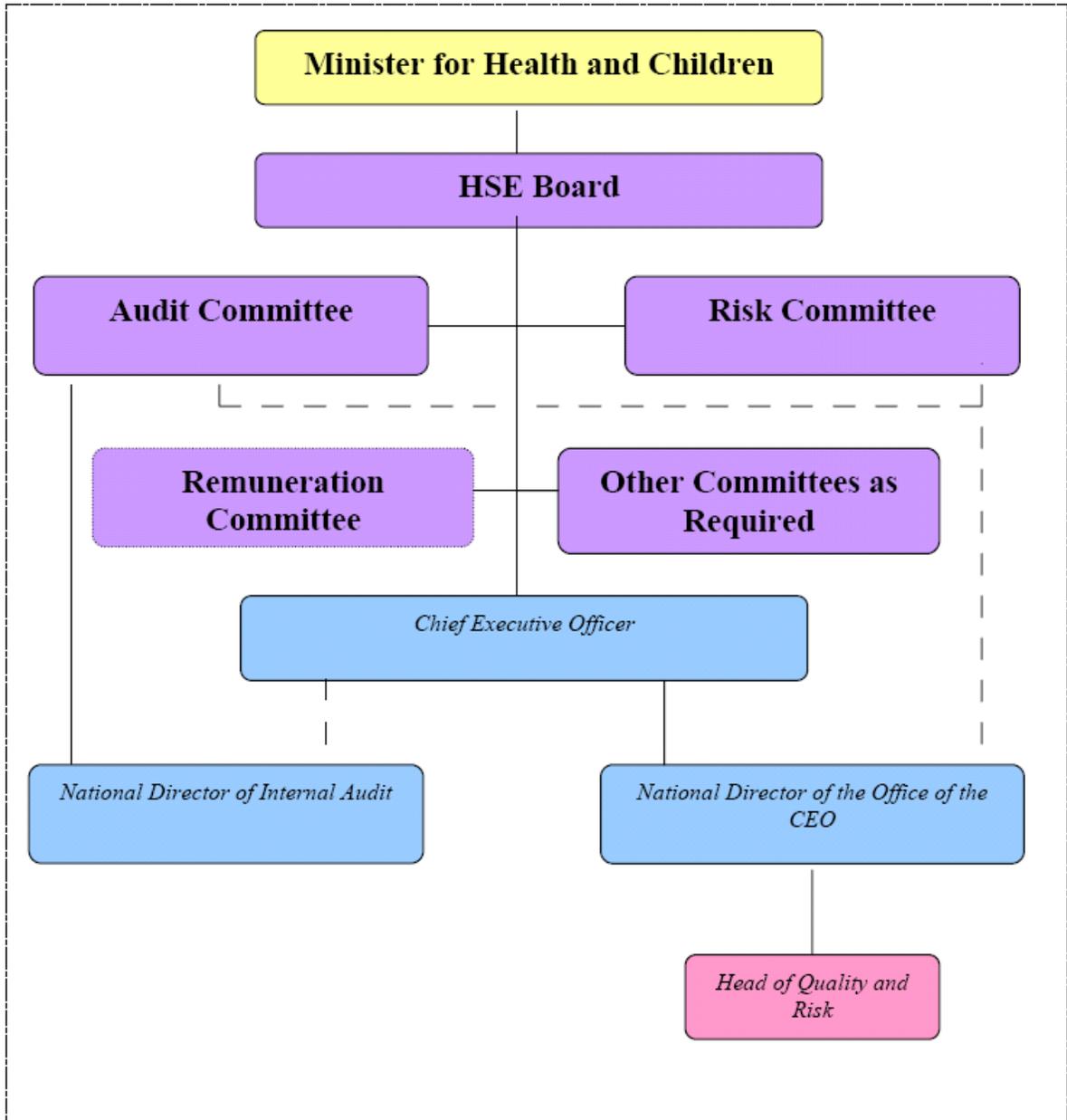
1. Board and management commitment to risk management.
2. Management of risk in an integrated way incorporating clinical, non-clinical, and financial risks.
3. Employees and management partnership in risk management processes.
4. Formal mechanisms in place to measure the effectiveness of risk management strategies, plans and processes against industry standards.
5. All incidents are immediately reported, categorised by their potential consequences and investigated to determine system failures, without assigning blame.
6. Preventive maintenance risk management processes are applied to the management of facilities, amenities and equipment.
7. Systems of work are designed to reduce the likelihood of human error occurring.
8. Risk Management processes are applied to contract management especially when acquiring, expanding or outsourcing services to ensure that only reasonable risks are accepted and that those risks are transferred to an insurance underwriter.
9. Safe systems of work are in place to ensure the safety of patients, visitors and staff.
10. Emergency preparedness, emergency response and contingency plans established and implemented.

The HSE is committed to the protection and well being of its staff, service users and the population which it serves, as well as demonstrating openness and transparency in all matters relating to management and legislative compliance. To this end the HSE is committed to promoting a culture of Risk Management based on a practical application of best practice. The HSE will establish the necessary structures, processes, training, information systems and communication mechanisms to ensure that this is achieved, along with, where necessary, financial and other resources.

The HSE seeks the commitment of all staff in supporting this initiative. To this end the HSE will promote an environment within which individuals/groups are encouraged to report adverse events promptly within the framework of a 'just' culture which does not seek to apportion blame.

4. Where does Risk Management fit in?

The following organogram sets out where the Risk Management Function of the HSE sits in the context of the overall HSE organisation:

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                    Minister for Health and Children

                              HSE Board

   Audit Committee                              Risk Committee

          Remuneration              Other Committees as
          Committee                      Required

              Chief Executive Officer

 National Director of Internal Audit    National Director of the Office of the
                                                      CEO

                                            Head of Quality and
                                                   Risk
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5. Board monitoring and management of the risk environment

The Board expects that an operational risk management approach will be in line with that described in the AS/NZS 4360:2004, and adopted for use in the HSE. A detailed description of the HSE operational approach is available in the HSE Risk Management Process document and it's accompanying Guidance for Application document. The use of a consistent approach to risk management such as is described in these documents is essential to successfully embed risk management at all levels and areas within the HSE.

The HSE process for risk management seeks to support the values which we all share in promoting service user, staff and community well-being. Consequently, and in keeping with best practice, the HSE will manage clinical and non-clinical risks together using an integrated approach.

5.1 Audit and Risk Committee (extracts from the Audit Committee and Risk Committee Terms of Reference)

The Board has responsibility to ensure that appropriate risk management policies are put in place and implemented by management. The board will be assisted in the discharge of this responsibility by its Audit and Risk Committees.

The Audit Committee focuses principally on financial matters:

- financial reporting process;
- process related to the HSE's financial risks, corruption and waste and system of internal control;
- internal and external audit processes; and
- promotion and auditing of Value for Money Management (VFM) throughout the health system.

The Risk Committee focuses principally on non-financial matters in particular:

- processes related to the identification, measurement, assessment and management of risk in the HSE
- promotion of a risk management culture throughout the health system

The Committees' terms of reference have been drafted accordingly and mechanisms established to ensure that the HSE's overall approach to risk management is comprehensive and co-ordinated. Both committees will report regularly to the board

(See Document 1.3 Audit Committee Terms of Reference and Document 1.6 Risk Committee Terms of Reference) and close co-operation will exist between the committees.

5.1.1   Internal control and risk management

The board will ensure that systems of internal control and risk management operate effectively and through the Audit Committee and the Risk Committee:

- ensure that executive management maintains and promotes a control culture that enables compliance with best practice in corporate governance;

- periodically review and, if necessary, propose changes to the HSE's Code of Standards and Behaviour; Policy on Fraud and Policy on Good Faith Reporting;

- review reports, at least annually, produced by Management (VFM unit), Quality and Risk and Internal Audit on the effectiveness of the systems for internal control, financial reporting and risk management;

- review reports, at least annually, produced by Management, Quality and Risk and Internal Audit on the effectiveness of Value for Money management;

- review the statement in the annual report and accounts on the HSE's internal controls and risk management framework;

- assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks (including clinical/medical risk);

- receive, as required, reports from clinical experts on the appropriateness and adequacy of clinical risk management systems;

- review annually the Statement on Internal Controls (SIFC) as required under the Code of Practice for the Governance of State Bodies, report its outcome to the main board and make appropriate recommendations.

5.2   Chief Executive Officer and his/her management team

In relation to its remit the Risk Committee can direct, as appropriate, the National Director of the Office of the CEO (who has responsibility for the Quality and Risk function) to examine any aspect of risk management or monitoring and report on same.

The implementation of appropriate risk management policies is the responsibility of the CEO and his/her management team. The CEO has delegated day-to-day operational risk management to the relevant National Directors. The National Director of the Office of the CEO has been delegated the primary responsibility for reporting on:

- the effectiveness of processes and systems;

- the promotion of an integrated approach to risk management;

- the outcomes of risk monitoring and risk management to the board/committees.

The National Director of the Office of the CEO will attend meetings of the board's Audit and Risk Committees.

A Risk Management Steering Group, chaired by the National Director of the Office of the CEO, will, in order to ensure that effective integrated and efficient risk management systems are operated by the HSE:

- review the operation of the risk management systems
- the priorities of risk management programmes
- the organisational structures relating to risk management
- the processes and protocols relating to the recording of risks (financial and non-financial) in the risk register.

In addition to the National Director of the Office of the CEO, membership of this Steering Group will include, the designated managers with responsibility for risk management in the National Hospitals Office, Primary, Community and Continuing Care, Population Health, Finance, HR and Quality and Risk.

The National Director of the Office of the CEO will provide reports and make recommendations to the CEO and the management team on reported risk management issues. The CEO and his/her management team will identify the priority risk management issues and ensure that the corporate and service planning processes have regard to the priority risk management issues so identified.

The CEO and National Directors will commit to and promote a risk management culture which ensures the safe delivery of services.

5.3   Quality and Risk Function

The Head of Quality and Risk should:

- be aware of and promptly advise the National Director of the Office of the CEO of significant risks within the remit of the Risk Committee. Any such risks, will be notified to the Committee by the National Director of the Office of the CEO.
- report systematically and promptly to senior management about risk management issues - ensure employees understand their accountability for risks.
- ensure employees report systematically and promptly to senior management on any perceived new risks or failures of existing controls.

5.4   Head of Quality and Risk

5.4.1   General Summary/Context

The Quality and Risk function is within the remit of the Office of the CEO.

The Office of the CEO has responsibility for developing the existing quality and risk programmes into a single consistent system (acknowledging the role of the service delivery system) and to provide assurance to the board/committees and the CEO that high quality safe services are delivered.

The Head of Quality and Risk works, under the direction of the National Director of the Office of the CEO, to ensure the development and implementation of quality programmes and risk management systems.

5.4.2   Reporting Relationship

The Head of Quality and Risk will report to the National Director of the Office of the CEO.

The Head of Quality and Risk will also have the right of direct access to the CEO if substantial concerns arise in relation to risk management.

The National Director of the Office of the CEO will attend meetings of the Risk Committee and provide any support deemed necessary by the committee in the discharge of its functions. The Head of Quality and Risk will assist the National Director in this work.

5.4.3   Principal Duties and Responsibilities - Head of Quality and Risk

- Development of a national integrated quality and risk management strategy and standards for the HSE;
- Design an effective and efficient quality and risk management system for the HSE with an appropriate performance management system (including standards and Key Performance Indicators);
- Support the implementation of these quality and risk management systems throughout the HSE including the implementation of standards and local key performance indicators for the system;
- Work with designated officials with lead responsibility for quality and risk management in each service directorate;
- Monitor and evaluate the efficiency and effectiveness of the system;
- Provide assurance to the CEO, the board, the public and consumers that the HSE's quality and risk management systems are systematically and consistently applied across the organisation;
- Engage with relevant statutory and non-statutory regulatory and support agencies (e.g. HIQA, HSA, ISQSH).

5.5   Risk Management process

The Risk Management Process outlines a standardised approach to the identification, analysis, evaluation, treatment, communication and monitoring of risk. All Directorates will use this standardised approach and record the outcome in a series of Risk Registers. These Risk Registers will be collated at key organisational levels allowing for risks to be managed at the most appropriate level in the organisation i.e. risks that fall outside the control of a line manager may be escalated to the appropriate level of management. See Figure 1 below. Individual Risk Registers must be signed off at the relevant organisational level by the line manager.

It is essential that action plans for the risks contained in the Risk Register are identified and an action person assigned. These Risk registers must be under active consideration and be the subject of regular review.

The effectiveness of and adherence to the risk management process will be monitored in a number of ways i.e. by compliance with the Quality and Risk Management Framework Standard and through reporting against key performance indicators.

The Quality and Risk Team will play a critical role in facilitating and monitoring performance at an Area Administration and National Level

5.6   Reporting on Risks to the Board

The board will expect that a reporting system be maintained which will allow capture of risk information from the "bottom-up" within the HSE. It will, therefore, expect a risk register be maintained. The register will be a primary tool for risk tracking, containing the overall system of risks, and the status of any risk mitigation actions. This will facilitate the capture of risk information along the following lines:
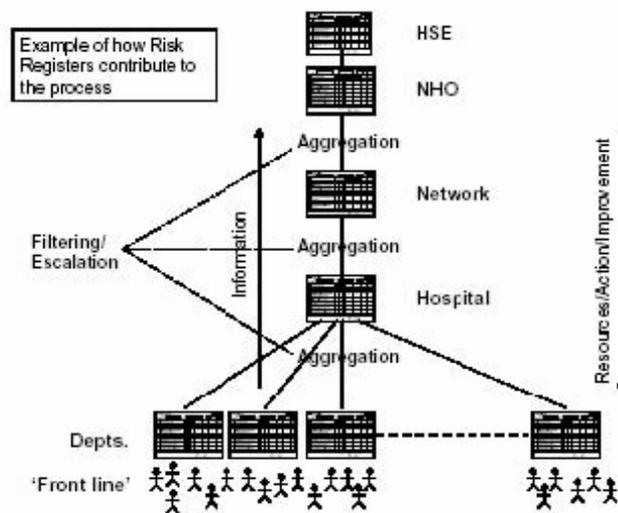

Figure 1: Reporting Risks to the Board

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For details about the work of the Office of Quality and Risk please use the link:
External: www.hse.ie
Internal: http://hsenet.hse.ie/HSE_Central/Office_of_the_CEO/Quality_and_Risk/