

Developing an integrated approach to risk management

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**LONDON CENTRE FOR
CORPORATE GOVERNANCE
AND ETHICS**



Overview.....

- Developing a holistic risk management process that incorporates clinical, non clinical, financial and organisational risk
- Taking a pro-active approach to risk to ensure services are high quality, safe, and free of unnecessary risks
- Integrating risk into management, clinical and corporate governance and improvement agendas
- Gaining board level buy-in to raise the profile of risk across your organisation

Overview.....

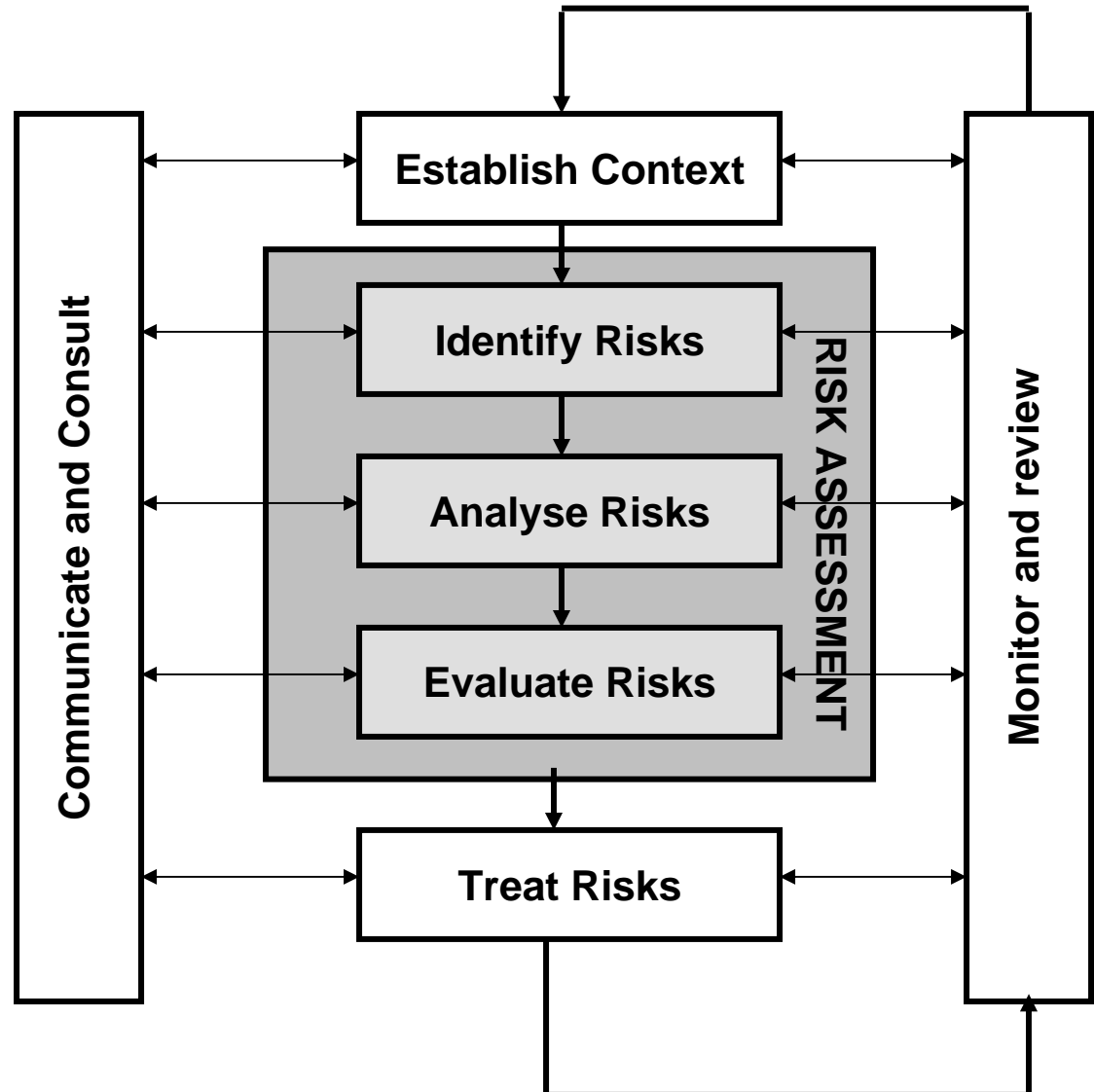
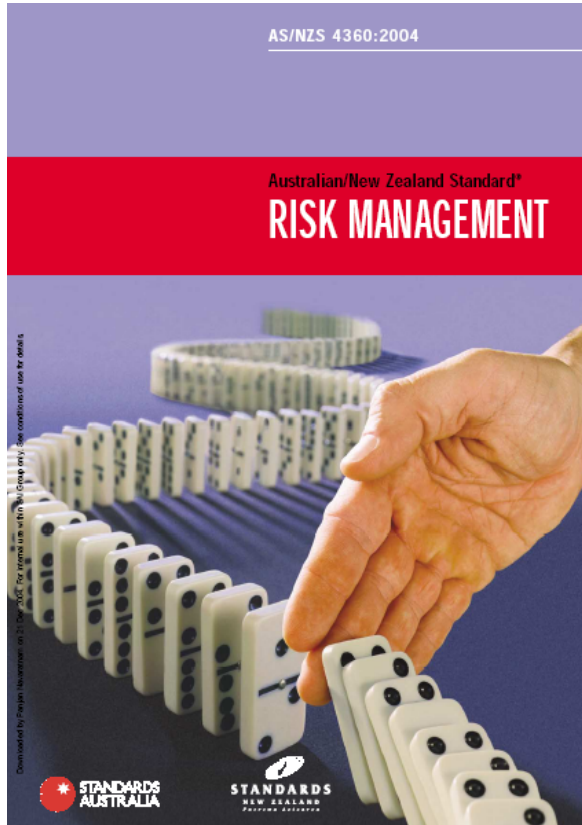
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Statement on Internal Control (System of Internal Control)

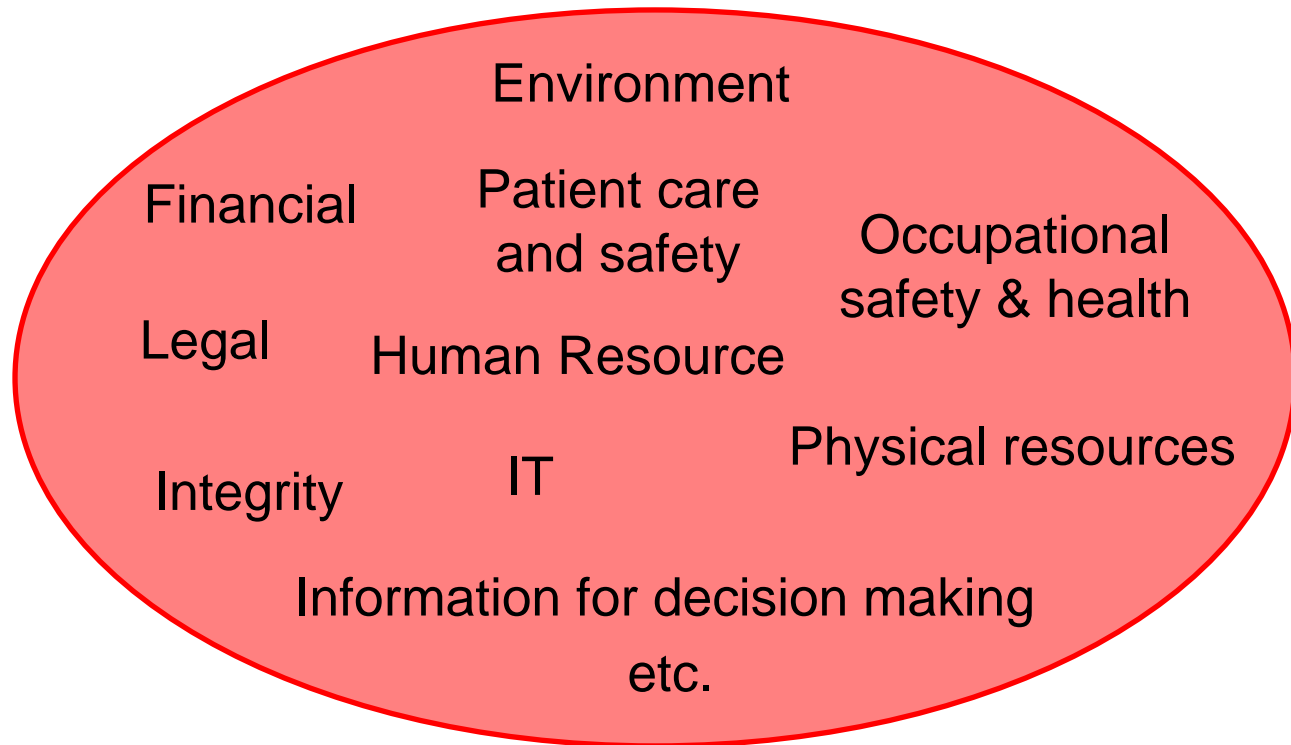
All NHS Chief Executives are required to sign a Statement on Internal Control on behalf of the Board. To provide this Statement, Boards need to be able to demonstrate that they have been properly informed through assurances about the totality of their risks, not just financial, and have arrived at their conclusions based on all evidence presented to them.

DH, 1999

AS/NZS 4360:2004 - Risk management



The healthcare risk 'universe'



Some common sources of information used to populate a healthcare risk register



A common risk language

Environment risk

Government funding / policy . Laws and Regulations . Economy . Demographics . Technology . Market share . Other providers . Customer needs and expectations . Public awareness . Suppliers . External disasters . External relations . Labour market

Process risk

Empowerment risk

Purpose . Structure . Leadership . Accountability . Authority . Boundary . Compliance . Resource allocation . Communication . Rate of change . Performance measurement

Integrity risk

Fraud
Corruption Unauthorised
use Unethical practice
Illegal acts Reputation
Conflict of interest

Legal risk

Regulatory
compliance Litigation
Contractual

Financial risk

Cash flow
Budget control
Cash collection
Bad debts
Payment
Investment
Insurance
Currency
Misappropriation
Value for money

IT risk:

System failure /
Availability
Technology
Integrity
Unauth. access/use
Loss of data
Cost / time overruns
User needs not met

Patient Care and Safety Risk

Patient and family rights

Information & Consent
Confidentiality
Security
Satisfaction/complaints
Privacy
Participation
Comfort / Convenience

Access and continuity

Availability / Access
Appropriateness
Timeliness / delay
Continuity
Over / under utilisation
Volume / capacity
Interfaces

Assessment of patients

Adequacy of assessment
Error (laboratory / reporting /
interpretation)
Appropriateness

Care planning

Care of patients

Standard of care/Bolam
Competence
Safety
Care/Treatment accident Prescribing
accident
Drug admin. accident
Efficacy
Nosocomial Infection
Clinical trial / new treatment

Patient /family Educ.

Clear Communication
Patient compliance

Other

Documentation /
recording
Service development

Physical resource risk

Facilities / Equipment

Capacity
Availability
Breakdown / Interruption Utilisation
Performance
Efficiency / Economy
Compatibility
Misuse / Impairment
Loss
Operator
Technology
Utilities failure

Environment

Environmental Impact
Conservation
Waste

Supplies

Defective products
Product /service failure
Economy
Supplier
Stock-out
Obsolescence /shrinkage

Health and safety

Act of God
Buildings / Equipment / Grounds
Fire / Explosion /Flooding
Hazardous substances/ Radiation
Medical equipment and supplies
Food hygiene
Security
Infectious Disease
Insects and rodents
Contractor

Human resource risk

Staff capabilities and education

Qualifications /registration
Proficiency
Professional development

Maintaining a quality workforce

Loss of key staff
Turnover
Recruitment
Remuneration
Industrial relations
Workforce planning
Performance
Productivity
Efficiency
Teamwork
Performance Incentives Coverage
/ skill-mix
Absence / attendance
Staff morale

Occupational safety and health

Safe systems of work
Instructions / training /supervision
Security / Violence
Stress
Hazardous exposure

Information for decision making risk

Access . Availability . Accuracy . Timeliness . Completeness . Usability . Utilisation

Clinical . Operational . Financial . Strategic



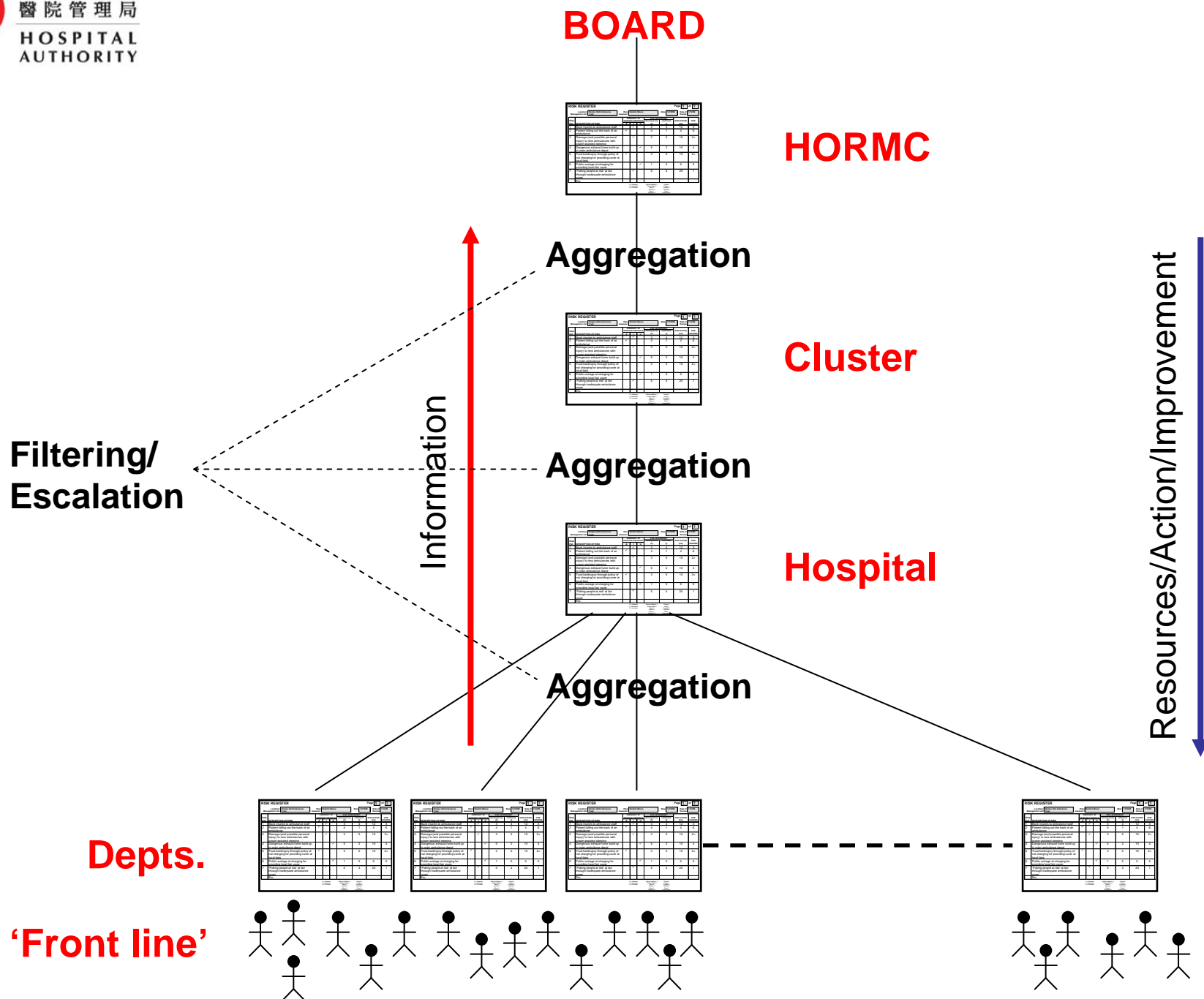
RISK QUANTIFICATION MATRIX

Likelihood	Consequence				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost certain - 5	5	10	15	20	25
Likely - 4	4	8	12	16	20
Possible - 3	3	6	9	12	15
Unlikely - 2	2	4	6	8	10
Remote - 1	1	2	3	4	5

RISK Low Medium High



醫院管理局
HOSPITAL
AUTHORITY





Operational risk issues identified by Clusters for 2004/05

1. Infection control
2. OSH
3. Medication error
4. Resuscitation
5. Transfer of patients
6. Documentation of medical records, including consent
7. Patient identification (during consultation, blood sampling, operation & for investigations)
8. Wrong site surgery
9. Improper use of infusion pumps
10. Medico-legal risk (open disclosure)



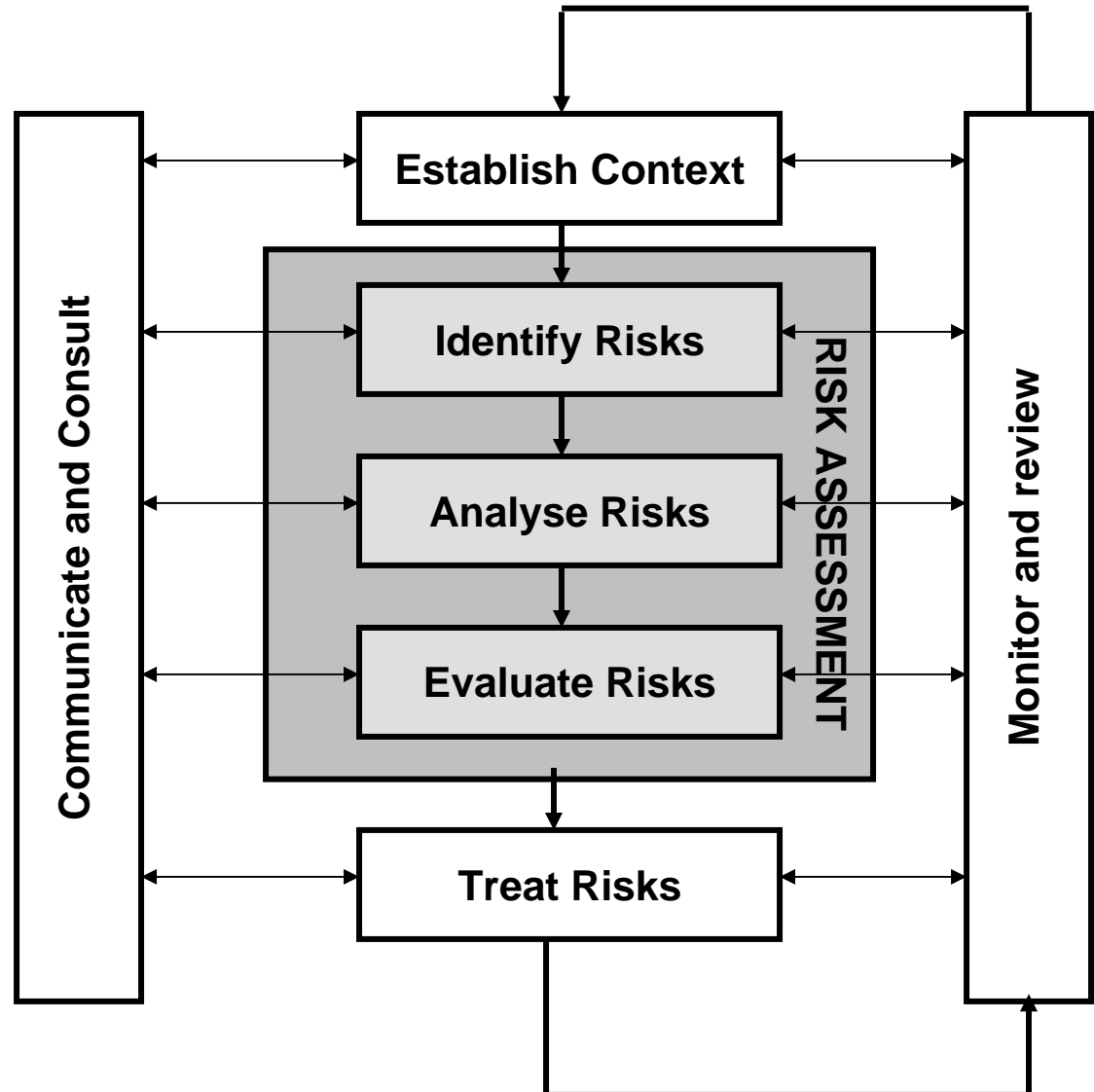
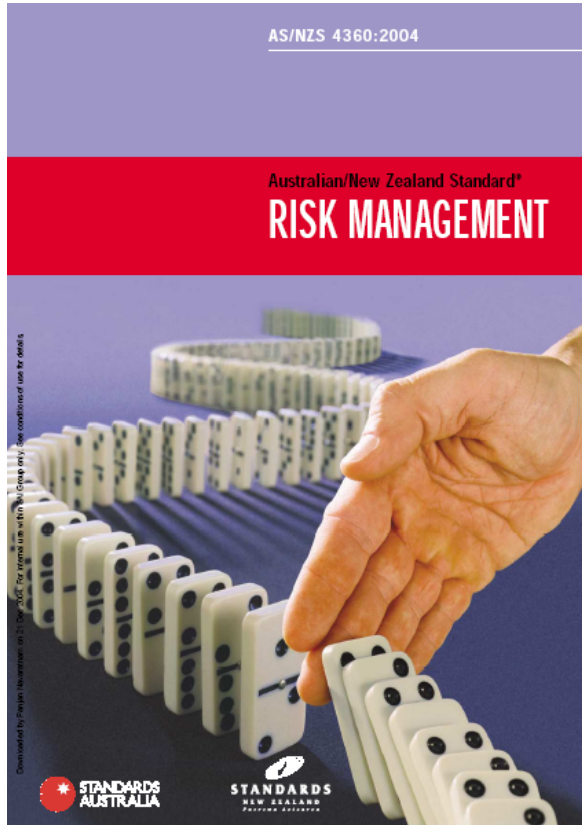
Strategic 'challenges' for Hospital Authority 2004/05

- SARS and review reports
- Resources availability
 - Funding
 - Beds
 - Staffing
- People capacity
- Service expansion/demand
- New technology
- Evolution of cluster management

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AS/NZS 4360:2004 - Risk management



Principles of Good [Corporate] Governance

“All [organisations] should maintain a sound **system of internal control.**”

“The directors should, at least annually, conduct a review of the effectiveness of the [organisation’s] **system of internal control** and should report to the [stakeholders] that they have done so. The review should cover **all controls**, including financial, operational and compliance controls and **risk management.**”

“[Organisations] which do not have an internal audit function should from time to time review the need for one.”

Combined Code of Practice on Good Governance D.2

London Stock Exchange

Governance, control and assurance in the NHS



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FTSE et al on boards....

“The role of boards is to govern, not to manage. It is about setting overall direction, establishing boundaries and controls, recruiting and motivating talented [chief] executives and overseeing their operation of the business.”

FTSE et al.
‘Rewarding Virtue’

From The Times

June 9, 2009

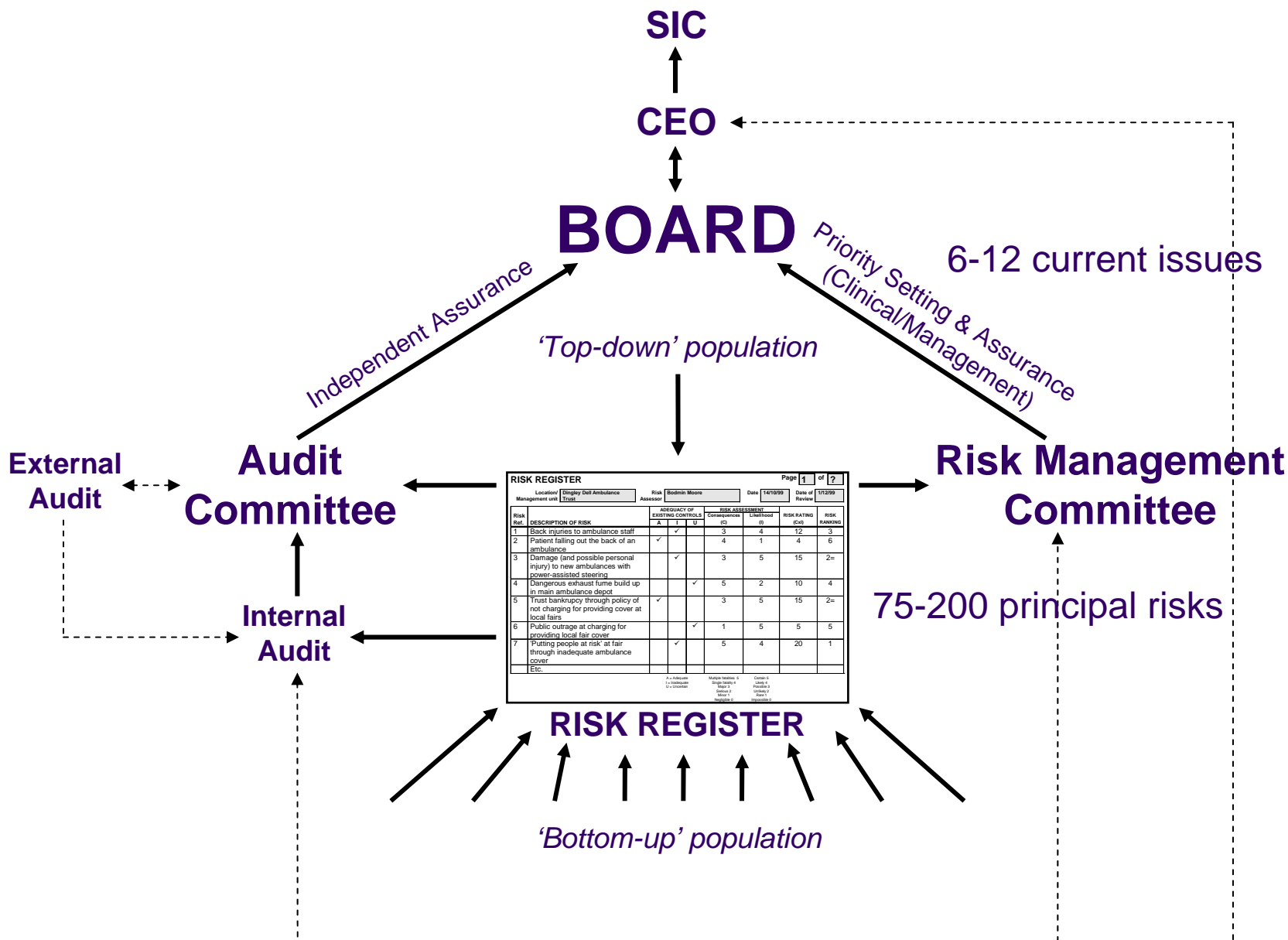
Boards should wake up to their responsibilities over risk

David Wilson

There is an assumption in too many boardrooms that, as long as one of the board committees has looked into a particular issue, the directors can be discharged of their responsibilities for critically appraising the risks associated with achieving the business plan.

“Risk needs to be given a higher profile at board level and directors need to be aware that it is their responsibility to be alert to new and emerging risks.....the board should be responsible for agreeing the risk parameters within which the company should operate. This is a matter for the board acting collectively: it is not one that can be delegated to a board committee.”

David Wilson, The Times, 9 June 2009



Summary.....

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