



Through the Audit Committee Lens

Board Assurance Framework

July 2023

Through the Audit Committee Lens – Board Assurance Framework

1. Introduction & Background

An efficient and effective Board Assurance Framework (BAF) is a fundamental component of good governance, providing a tool for the Board to identify and ensure that there is sufficient, continuous and reliable assurance, organisational stewardship and the management of the major risks to organisational success.

The principles of assurance frameworks have been in place for a number of years, and there has been a continued focus on ensuring the embeddedness of these processes and the extent they are used by the Board.

Whilst traditionally the BAF focused on risks, controls and assurances within the organisation, we are starting to see a wider focus across organisation boundaries and an increase in external risks to reflect the environment within which organisations are operating.

2. Required Actions and Next Steps

This Insight provides information to support audit committees in review of their organisation's approach to the BAF.

This is the first in a series of briefings we will issue on the BAF this year.

3. The Audit Committee's Role and the BAF

In the NHS the role of the audit committee is to 'review and report on the relevance and rigour of the governance structures in place and the assurances the board receives'¹.

The BAF is key mechanism for the Board in assessing the effectiveness of the organisation's risk management, control and assurance arrangements. Audit committees need to satisfy themselves that the systems and processes underpinning the BAF are effective.

4. MIAA review of BAFs

Every financial year internal auditors are required to review NHS organisation's BAF arrangements.

Overall, we find that BAF's are structured to meet NHS requirements, are regularly reported to the Board and are reflective of organisations' and wider NHS risk environment.

Whilst structural requirements and overarching governance arrangements are often well established for the BAF our 22/23 BAF reviews did identify a number of thematic areas for focus:

- Controls, assurances and actions for BAF risks not linked.
- Assurances not formulated using the 'three lines of assurance model'.

¹ NHS Audit Committee Handbook, HFMA, 2018

- Actions to mitigate risks not specified or not adequately detailed to demonstrate how the risk will be mitigated.
- Action owners and deadline dates not documented.
- Lack of clarity on the BAF on how existing controls would reduce the impact of crystallised risks.
- Risk scores not aligned to the controls/assurances.
- Risk appetite: No overall risk appetite statement in place.
- Risk appetite – target risk scores not aligned with risk appetite statement.
- Lack of consistency in the level of challenge, scrutiny and debate of the BAF at sub-committees of the Board.
- Lack of clarity on how the BAF drives all board agenda items.

This Insight provides information to support audit committees in reviewing their organisation's BAF processes. It is intended to prompt and inform discussions.

1. Does your BAF drive the Board agenda?
2. Is your BAF regularly reviewed by management and the content challenged and updated?
3. Does your BAF reflect your risk appetite?
4. Are controls and assurances documented on the BAF distinct, clearly articulated and appropriately linked?
5. Do assurances on the BAF reflect the three lines of assurance?
6. Are you assured that controls documented on the BAF mitigate the stated risk?
7. Are actions to mitigate BAF risks SMART?
8. How are system risks being recorded, measured and managed?

Find out more: If you have any queries or feedback on this briefing, please contact: Sarah Dowbekin, Head of R&D, QA & Professional Standards at MIAA (M: 07788 308 155; E: sarah.dowbekin@miaa.nhs.uk)