



# **Risk Management and Control Assurance Framework**

**Date reviewed – 21<sup>st</sup> January 2021**

## Contents

1.	Introduction .....	3
2.	Mission and objectives .....	3
3.	Policy statement .....	4
4.	Board review, training and development.....	5
5.	Appointment of new Board Members.....	6
6.	Chair and Committee’s Chairs .....	6
7.	Committee’s .....	7
8.	Payment of Board Members.....	7
9.	Senior staff.....	7
10.	Risk management .....	8
11.	Risk Appetite.....	8
12.	Registers (Risk, Fraud, Contract & Assets & Liabilities) .....	9
13.	Business planning .....	9
14.	Internal control assurance.....	9
15.	Performance management.....	10
16.	Regulation.....	10
17.	Governance review.....	10

## 1. Introduction

1.1 As a key element of governance for Trinity HA (THA) has developed this risk management and control assurance framework, the purpose of which is to:

- Provide a framework that helps deliver good governance and secures high quality services and outcomes for residents;
- Ensure residents and stakeholders are clear about the mission, objectives and values of THA;
- Demonstrate that the Board and organisation have effective risk management policies and procedures;
- Provide an understanding of the governance arrangements the organisation has in place;
- Ensure transparency in the relationships between THA and its residents, members and other stakeholders including the wider community;
- Deliver effective business planning and control assurance;
- Ensure THA's Board follows the highest standards of governance, accountability and probity.

## 2. Mission and objectives

2.1 Our mission is:

- For every individual who wants to live more independently, to regard Trinity HA as their first choice provider of housing, care or support services.

2.2 Our objectives are:

- **Governance:** To ensure we are governed effectively, controlling and managing the statutory and regulatory compliance of THA through a strong independent Board of Directors with the skills, abilities and experience to determine our strategic direction;
- **Residents:** To make a positive difference to the lives of the people we provide homes for. Our aim is to help them build their skills so they can look after themselves more independently, learn to manage their money, claim benefits and pay bills and help them improve their health and wellbeing;
- **People:** To involve, develop and empower the people who deliver our services. To continuously improve through strong leadership, effective process management and delivering positive outcomes;

- **Community:** To continue developing strong and effective relationships within the communities where we work;
- **Improvement:** To ensure continuous improvement through effective performance monitoring mechanisms which clearly define goals and objectives with measurable outcomes.

### 3. Policy statement

- 3.1 THA believes it has a risk management and control assurance framework which helps deliver good governance and excellent leadership for the organisation from its Board. It believes its governance arrangements will make accountability real to residents and potential residents, regulators and external stakeholders. This enables THA to make well informed, well-judged and transparent decisions and to monitor the performance of its service delivery.
- 3.2 The following governance documents and processes provide the basis of this framework:
- **The Articles of Association and the Standing Orders & Financial Regulations** provide rules for the running of THA, for the appointment and renewal of the Board and for regulating the proceedings of general meetings and Board meetings;
  - **The Business Plan** establishes the financial aspirations of the organisation and sets key operational parameters that the Board expect to be delivered;
  - **A Code of Governance** based on National Housing Federations (2015) (“the Code”) Excellence in Governance has been selected by the Board. This sets out good practice guidance on how good governance can be delivered. Its provisions include an annual review of the Board’s skills, knowledge and experience to identify gaps against current and future requirements including consideration of equality strands;
  - **A Code of Conduct and Ethics** sets out the principles, values, standards, or rules of behaviour that guide the decisions, procedures and systems of THA and its Board; including expected behaviour at meetings as well as how conflicts of interest and gifts and hospitality are to be dealt with;
  - **Risk management** is delivered through identification, monitoring and mitigating key risks;
  - **Annual appraisal system of the Boards Performance** including that of the Chair and of Individual Members.
- 3.3 A hallmark of good governance is the development of shared values, which become part of the organisations culture, underpinning policy and behaviour throughout the organisation, from the Board to all staff. These shared values are established by the Board. Good Governance also means promoting those values throughout the whole of

THA and demonstrating the values of good governance through leadership and behaviour.

- 3.4 The effectiveness of THA's Board in achieving good governance is therefore crucial to the overall performance of the organisation. THA has adopted this risk management and control assurance framework to assist in delivering good governance.

## 4. Board review, training and development

- 4.1 THA has in place systems for an annual review of the Boards performance, that of the Chair and of individual Board Members. This appraisal system will look to:

- Review how well the Board performs its key tasks;
- Review how well each Board Member performs;
- Review the effectiveness of Board relationships;
- Review the composition of the Board, the skills and contributions of its individual members and THA's ability to recruit and retain the balance of Board Members it needs;
- Assess Training and development needs;
- Identify succession planning areas.

- 4.2 The Board will, through its annual review, agree its ongoing training and development programme for the year. The Training and Development Programme is designed to build on current skills and develop other essential skills and knowledge. As the Board is made up of individuals with diverse backgrounds and experience, a training need's analysis will be carried out for each Board Member and an Individual Development Plan for each will be agreed.

- 4.3 The overall aim of the training and development programme is to continuously develop a professional and effective Board that can manage the business successfully. The main objectives of the training and development programme are:

- For THA to have a strong, independent, integrated and effective Board;
- To continue developing strong and effective relationships within the Board;
- To equip Board Members to make 'wise' decisions and address challenging problems;
- To ensure the Board works within its legal framework;
- To achieve the expectations of the residents and the regulator.

Identified as potentially able to be removed in the future as possibly to much detail

## **5. Appointment of new Board Members**

- 5.1 On appointment, Board members will be required to sign up to all the terms as per the Board membership and renewal policy.
- 5.2 Board Members will normally be appointed for a three-year term of office and no NED may serve on the Board for more than nine years (Article 11.4 / Code: D2). This is usually three terms of three years.
- 5.3 When a vacancy arises the most recent annual performance review will be used to establish any key areas of knowledge or experience that are lacking. Expert external support will be used to advertise and/or head-hunt for suitable replacement Board Members.

## **6. Chair and Committee's Chairs**

- 6.1 The role of chair includes responsibilities to:
  - Agree in discussion with the Board of Directors the number and organisation of Board meetings;
  - Ensure Board Members receive clear, accurate and timely information;
  - Set the agenda of the Annual and any Extra-Ordinary meetings;
  - Undertake annual appraisals of Board Members including identifying training needs and encouraging individuals to engage in professional and informal training;
  - Be the main point of contact for communications with shareholders on issues such as corporate governance and strategy, ensuring this is an on-going and not just an annual relationship;
  - Ensure shareholder's views are made clear to the Board and that other Board Members have the opportunity to meet with shareholders.
- 6.2 The role of Committee chairs includes responsibilities to:
  - Ensuring the Committees operate within the terms of reference approved the THA Board and in accordance with the Standing Orders and any adopted code of Conduct / Governance protocols approved by the Board;
  - Ensuring the efficient conduct of the Committees business
  - Ensuring that the Committee members are given an opportunity to express their views before a decision is taken;
  - Reporting to the THA Board the work of the Committee on a regular basis;
  - Representing THA where appropriate;

## **7. Committee's**

- 7.1 The Audit & Risk Committee and the Remuneration & Governance Committee will be the standing committees of the THA Board and shall comprise of at least three NEDs. The chair of each committee will be determined by the THA Board.
- 7.2 The chair of the THA Board may not sit on the Audit & Risk Committee and may not be the chair of the Remuneration & Governance Committee
- 7.3 The creation of any new committees or dissolution any existing committees will be determined by the THA Board. The number of NEDs and Co-optees on a committee will be determined by the THA Board

## **8. Payment of Board Members**

- 8.1 THA, having received external advice, has adopted a board remuneration policy. The annual pay for THA Board Members is set at a gross level per annum and based on the advice received externally.
- 8.2 THA Board Members will review their payments annually using external support if considered appropriate.
- 8.3 For clarity there should be no linking of non-executive payments to company performance.
- 8.4 Board remuneration is an issue for full Board consideration and will not be delegated to any sub-committee or individual Board Member.

## **9. Senior staff**

- 9.1 The Board will be responsible for the selection and appointment of a Chief Executive Officer and for supporting the Chief Executive Officer in the selection and appointment of other executive team members.
- 9.2 Annually the Board should receive a report from the Chief Executive Officer considering the skills of existing senior staff and any succession planning that can be usefully undertaken.
- 9.3 No individual member of staff, including the Chief Executive Officer, should determine their own remuneration.

## 10. Risk management

- 10.1 Risk management is a key part of good governance and the Board is responsible for ensuring it identifies, monitors and where possible mitigates risk within the operation of its business.
- 10.2 THA has developed a risk register based on its approach to the provision of specialised supported housing and temporary accommodation. The risk register considers the probability of a risk occurring (on a score of 1 to 5) and the impact should a risk materialise (on a score of 1 to 5). These scores are in most cases a subjective judgement and will vary from time-to-time depending on issues such as changes to finance, market conditions, governance and staffing. The two scores are multiplied together giving a maximum of 25. Any score of 13 or more should be considered as a significant risk necessitating intervention by senior staff and/or Board to mitigate or resolve.
- 10.3 The Board has considered the initial version of the risk register and because of the developing nature of the organisation updates will be provided at each committee meeting on existing high level and any new risks, medium risks will be considered by the Board twice a year with a full review of the risks, including low level risks, facing the organisation will be considered by the Board on an annual basis.
- 10.4 Key risks are used within the association's business planning to stress test THA's ability to overcome individual or combined risks materialising

## 11. Risk Appetite

- 11.1 The Institute of Internal Auditors defines 'risk appetite' as "The level of risk that an organisation is willing to accept". The appropriate level will depend on the nature of the work undertaken and the objectives pursued.
- 11.2 Precise measurement is not always possible and risk appetite may be defined by a broad statement of approach. The Board has an appetite for some types of risk and may be averse to others, depending on the context of the risk and the potential for losses or gains.
- 11.3 The Board will develop measures for different categories of risk to define the impact and likelihood of risks, this can be used to define the maximum level of risk tolerable before action should be taken to lower it.
- 11.4 By defining its risk appetite, The Board can arrive at an appropriate balance between uncontrolled and excessive caution. It can be used to guide managers on the level of risk permitted and encourage consistency of approach, and ensure that resources are not spent on further reducing risks that are already at an acceptable level.



## **12. Registers (Risk, Fraud, Contract & Assets & Liabilities)**

- 12.1 The Board will ensure that all appropriate registers are maintained, reviewed and report on a regular basis to the Audit & Risk Committee.

## **13. Business planning**

- 13.1 The Regulatory Framework within which we operate continues to place strong importance on Board understanding of Value for Money, whilst also placing an emphasis on increasing the number of specialised supported housing and temporary accommodation units. To achieve this THA has developed a business plan that sets out the key business planning requirements of the organisation.
- 13.2 To assist the association in managing its financial affairs it produces annually a financial plan and budget setting out its expectations for income and expenditure, capital investment and other external funding. The plan/budget sets out the association's assumptions in this regard and reflects the association's aspirations as set out in more detail in the business plan.
- 13.3 The financial plan seeks to support the association's achievement of its corporate objectives whilst ensuring that it does not become unduly exposed to any of the financial risks inherent in its operating environment.
- 13.4 Through the approach of THA to risk management the Board has identified key risks and stress testing has been undertaken as part of the association's financial planning. This allows the Board to understand the individual and combined effects of key risks on the financial viability of the organisation. The Board has reviewed risk mitigation as part of the stress testing exercise and engagement with RSM's restructuring division.

## **14. Internal control assurance**

- 14.1 The internal control assurance framework is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.
- 14.2 The Board will assess and review its internal control systems on an annual basis and make a statement in the organisation's annual review regarding the effectiveness of internal control systems. This will include an assessment of the need to establish an internal control and risk management function.
- 14.3 Key elements of the control framework in place during the year include:

- Board approved Standing Orders & Financial Regulations including delegated authorities for Board, Board Members and senior staff;
- A process of internal control reviews through external audit and compliance review;
- Clearly defined procedures for the identification, evaluation and control of significant risks;
- A well-defined management structure with clear lines of responsibility;
- Regular provision of management information to senior staff, executive directors and the Board on at least a quarterly basis;
- Where practical, separation of functions involving financial processes;
- External audit of financial accounts.
- Internal audits being performed by an appointed third party (TIAA)

## **15. Performance management**

- 15.1 The Board is ultimately responsible for the performance of THA. The Board will monitor staff, contractors and supplier's performance in relation to on-going service provision and the process of continuous improvement, ensuring corrective action is taken if problems are identified.
- 15.2 The Board will need to ensure that it receives sufficient and timely reports from staff and advisers about performance. Board Members can request additional information from any relevant member of the executive team relating to any element of performance or any other area of the operation of the organisation.
- 15.3 The Board is responsible for making sure that staff provide services to residents to the required standard.

## **16. Regulation**

- 16.1 We will work with our residents and the community in which they are placed to ensure our compliance with the regulatory framework on co-regulation and the development of standards that deliver high quality services to our residents. A key focus is the delivery of value and efficiency to ensure resources are used in the best way possible.

## **17. Governance review**

- 17.1 In order to ensure THA's approach to governance is as relevant as possible:

- The Board will assess performance annually against the NHF Code of Governance and all elements of this framework to ensure it is delivering effective governance and meeting or exceeding the requirements of the RSH Regulatory Framework wherever possible;
- There will be an annual review of Board effectiveness, which will be externally facilitated every second year and the outcome included in the annual report;
- There will be specific reviews annually of the association's delivery of value for money and compliance with the HCA's Governance & Viability Standards, which will be reported in the annual report and accounts;
- The organisation will access the experience and support of external compliance resources to review compliance across financial and governance areas;
- The Board will report on its self-assessment in its annual report. It will report on its compliance against the Code of Governance, the Regulatory Framework and the Regulatory Standards and explain any areas where it has not complied with these and best practice in governance;
- The Board will report to residents in its annual report on the performance of services to residents and any proposals for improvements.