

The background of the entire page is a photograph of a surgical team. Several pairs of hands wearing white latex gloves are visible, holding various surgical instruments like forceps and scissors. The scene is lit with a strong blue light, creating a clinical and focused atmosphere. A semi-transparent white rectangle is centered over the image, containing the title text.

**RISK CULTURES
IN HEALTHCARE:
THE ROLE OF
ACCOUNTANCY**

About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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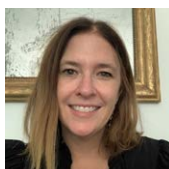
RISK CULTURES IN HEALTHCARE: THE ROLE OF ACCOUNTANCY

Risk Cultures in Healthcare: The Role of Accountancy is part of a series exploring how ACCA members' attitudes and approaches towards risk management are evolving in today's fast-changing world. Following on from [Risk Cultures: Building Resilience and Seizing Opportunities, A Special Report on Corporate Governance at China's SOEs](#), and [Risk Cultures in Banking: Where Next?](#), this report delves into how building a strong risk culture enables healthcare organisations to navigate today's threats and opportunities, and what the role of accountancy can be in the process.

It includes case studies, action points, as well as a [podcast series](#) to empower risk awareness, accountability, and better-informed decision-making in a sector that is pivotal for the global economy and society at large.

The research, conducted between March and October 2024, is based on engagements with ACCA members and other professionals and partners working in healthcare around the world. Most of the professionals who offered their insights work in finance roles across hierarchies and in various types of organisations. Nearly 100 participants contributed in all, coming from national healthcare systems, charities and private providers, as well as pharmaceutical, medical discovery, procurement and insurance companies.

Through regional roundtables, one-on-one meetings and coordination of new ACCA communities, we discussed what financial professionals can do to assess and build risk cultures. The consensus was that creating continuous learning environments and collaborating both internally and externally on risk management are essential to achieving the shared goals of quality patient care, financial sustainability and regulatory compliance.



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Guest preface



Mark Millar

Past ACCA president,
and non-executive director
at East Suffolk & North East
Essex NHS Foundation Trust

I am delighted to write a short introduction to this important study around risk cultures in healthcare. Having worked in healthcare for nearly 40 years as an executive and 10 as a non-executive and audit and risk committee chair, I have first-hand experience of the evolution of the perception, identification and mitigation of risk, as well as the culture which surrounds it.

Understand that risk in healthcare is far more than a financial issue. It is about life and death. Healthcare also has much in common with commercial organisations where human contact at scale is part of their operations, for example, the airline industry which arguably has a longer history of a positive, 'no-fault', culture. A product or service that has to have watertight failover systems and always be 'on' cannot succeed without staff being willing to call out errors. Of course, all organisations have to consider human factors and the impact of their products potentially causing harm, including pharmaceuticals, so we are talking emphasis here, not absolutes.

Also recognise the differences that stem from clinical risks, whether those be to individuals, groups of patients or the corporate entity itself. The awareness of clinical risks has improved steadily over the years, and we have seen the development of new systems, as well as greater understanding and engagement.

In dealing with risk, I have seen the National Health Service (NHS) in the UK move from a place where risk assessment is a tick-box exercise to something more engaging and useful through the [Board Assurance Framework](#) (BAF) approach, which is updated regularly (Baker Tilly 2015). Combined with clarity about risk appetite and dynamic integration with risk registers at all levels, there is now an opportunity to engage staff much more and encourage a far more positive and open risk-conscious culture, but huge challenges remain.

Audit committees have a responsibility to drive the risk management. A good audit committee also promotes the right risk culture and sets an example. There's a 'tone' issue here: the need to be non-judgemental. Old cultural attitudes viewed people who raised the profile of risk as admitting to failure and they were therefore subject to criticism or censure. A more helpful culture is one that encourages the sharing of information willingly to address challenges and make improvements.

Healthcare is inherently a team game. We all depend on each other in clinical teams at an individual patient level and across the wider team at the corporate level. In my own organisation I have seen staff become ever more willing to share their experience and support each other.



New challenges will emerge. In banking, artificial intelligence (AI) can be seen as enhancing customer experience and making services more efficient and productive. AI is being used more and more in diagnostics, and for reading scans and producing results more quickly and potentially more accurately than humans. We have now moved to robotic surgery where the surgeon is not at the bedside during a procedure but at a computer screen. I am sure more will follow. That said, healthcare is essentially a human contact enterprise. To what extent do I want to be cared for by a robot? What is the risk of AI failure and what are the consequences should that happen? Aside from the impact on the patient, where does the liability fall? Does it sit with the provider, the AI, the user?

Doctors are as nervous about AI as accountants. In both cases, the nature of the roles will change, much of the routine will disappear and the need for interpretation and judgement will increase. The world will still need both doctors and accountants just as much as it did before.

Risk management is all about understanding the challenges and working to get as many upside-gains as possible by making the right choices. Accountancy skills, such as scenario analysis and financial planning, will continue to be key and valued attributes. Our leadership in audit committees will be key in promoting the right culture. I commend this report to you as a hugely powerful resource in your work.

**UNDERSTAND THAT
RISK IN HEALTHCARE
IS FAR MORE THAN
A FINANCIAL
ISSUE. IT IS
ABOUT LIFE
AND DEATH.**



Executive summary

Accountancy plays a central role in cultivating strong risk cultures in healthcare organisations by providing the financial and behavioural insights, controls, and accountability mechanisms needed to identify, assess, and mitigate risks. Healthcare is a resource-intensive and highly regulated sector where effective risk management depends on reliable data, ethical oversight, and sound financial stewardship – all areas where accountancy professionals can excel.

The complexity of healthcare

The healthcare sector is complex, and building effective risk cultures is challenging, not least for finance teams. The sector must proactively manage a multitude of risks, including cost pressures, patient safety, cyber issues, and supply disruption. Unfortunately, there is no one 'right answer' to the multitude of challenges faced; organisational goals often compete, and there is constant pressure to continually reassess and re-evaluate new delivery and operational opportunities.

One of the few upsides of the global pandemic was that it served as a real testing ground for change and innovation across the sector, but this change will only intensify further in the future. It all ultimately begs the question of how healthcare organisations can address these challenges through strengthening their risk cultures and understanding what the role of finance professionals can be within all of this. Our research has revealed several key themes that are pertinent to finance teams and accountants' aspirations.

Understanding the common purpose

In healthcare, we found a strong common denominator – the purpose of patient safety. Purpose is the cornerstone of a strong risk culture. It unifies individuals and teams, instills accountability, and creates a shared vision that inspires proactive and ethical risk management. By embedding it into every aspect of the risk culture, organisations can navigate complexities with integrity, ensuring that their actions consistently serve patients, staff, and stakeholders. But you cannot get purpose right when support functions lead. Major decision-makers need to be on the front lines or surround themselves with those who are. This is critical in healthcare given the life-or-death situations. It means boards, senior management, and the finance professionals that support them can create an environment where purpose permeates the culture of the organisation, aligning behaviours, risk attitudes and decision-making across all levels.

ACTION POINT: Financial professionals are key to translating the purpose into a common language across the organisation but also distilling it, making sure their organisation edits down their essence to all fundamentals; otherwise, purpose will become misaligned and meaningless.

Developing effective supplier partnerships

From cyberattacks and corruption losses to geopolitical disruptions and soaring costs of materials, the threats to healthcare supply chains are enormous. The fast-changing landscape is fuelling a new evolution of third- and fourth-party risk management in the sector, particularly given the amount of outsourcing. This involves enhanced due diligence and more creative negotiating where finance teams play a leading role. This is also relevant given the number of SMEs across the healthcare supply chain and considering that their levels of resources around risk governance and response capabilities to complex disruptions and emerging cyber and data risks may naturally be more limited. This higher level of engagement and collaboration with partners will help bring faster visibility to the vast range of risks. It also presents new strategic opportunities for the sector as a whole to be more sustainable.

ACTION POINT: It's an unmissable opportunity for finance teams to take more practical actions in forging new partnerships with suppliers, sharing risks and driving greater transparency across supplier agreements.

Collaborating and finding the common language

To effectively manage risks in the healthcare sector, organisations need to promote greater cooperation at all levels, making people feel empowered and more involved in matters that ultimately will affect them. Improving risk culture all around requires better communication of complex ideas and technical language across teams and value chains. More formal collaboration with policy makers and other industry leaders can also lead to positive change. By proactively building relationships, simplifying complex information, and advocating with a unified voice, finance leaders can help shape policies that are more responsive, practical, and aligned with the actual needs of the healthcare ecosystem. Accountants should encourage more open dialogue for comprehending the direction of policies for their organisations too.

ACTION POINT: Finance bosses should be visible and lead discussions on key issues, while also supporting structured engagement between chief medical officers, administrators, and finance teams that allows them to find common ground and collaborate towards shared goals.

Driving integrated risk assessments

The healthcare sector is facing considerable challenges in balancing money and resource allocations, particularly due to tight funding constraints. While clinical governance should lead on clinical risk, better coordination is required between clinical, financial, and operational teams in risk assessments due to the interconnectedness of risks. An integrated approach helps get to the root of the problems and has led to improvements in operational metrics such as cost savings and patient loyalty. Risk assessments should be more multi-dimensional and therefore make a greater difference by including cultural and human-centric nuances. Qualitative conversations are also essential for improving risk assessment processes, and the insights gained from these can inform better decision-making, secure board buy-in and help leaders understand the critical thinking needed to meet their goals.

ACTION POINT: To build a supportive risk culture, finance must create the right metrics and KPIs through risk and performance management systems, using both quantitative and qualitative information.



Assessing and embracing AI

AI is revolutionising the healthcare sector through new solutions for drug discovery, virtual clinical consultations, disease diagnosis, prognosis, medication management, and health monitoring. The promise is still, for the most part, some way off in terms of operational impact, but we do see more limited forms of automation across clinical workflows in nursing and pharmacy. As laws and regulations continue to evolve, organisations cannot be complacent and depend on these alone. Finance professionals play a critical role in building a risk culture to anticipate and mitigate potential risks of AI adoptions. We continue to see how AI is also impacting risk assessments, making them more multi-dimensional, predictive, proactive, personalised, and impactful. AI-led risk assessments provide deeper insights for better-informed decision-making, accountability, and risk ownership. This results in quality conversations that can help improve patient care, financial sustainability, and public health by considering the bigger picture.

ACTION POINT: Accountants can foster trust and transparency, ensuring that whatever operational change that is driven by AI is debated, assessed and embraced responsibly.



ACCOUNTANTS CAN FOSTER TRUST AND TRANSPARENCY, ENSURING THAT WHATEVER OPERATIONAL CHANGE THAT IS DRIVEN BY AI IS DEBATED, ASSESSED, AND EMBRACED RESPONSIBLY.



Understanding risk governance

We discuss how risk culture and governance are essential for effective healthcare management and contingent on each other. The Board Assurance Framework (BAF) in the UK serves as an industry standard for tracking risks, controls, and assurance sources. However, its implementation varies depending on the institution and jurisdiction, and internal audit plays a crucial role in assessing its effectiveness. Many boards worldwide are working to improve governance across functions and the healthcare ecosystem, with a focus on the audit committee's role in reviewing and reassessing governance, risk management, and control. Modernising and diversifying healthcare boards is also necessary, especially in terms of backgrounds and generational shifts. Stakeholder representation can address technological and social movements accelerated by the pandemic and lead to financially sound and socially responsible strategies.

ACTION POINT: Accounting professionals are crucial in helping to establish and monitor a strong risk governance system that motivates employees to take calculated risks to achieve their goals.

Aligning risk appetite with risk culture

Making sure risk appetite is consciously thought about by everyone, everyday, cannot be underestimated in healthcare. Finance teams can help major decision-makers employ risk appetite more efficiently, guaranteeing the identification and management of the 'right' risks. This means spending less time on deciding scores and recording them into the register, and more time asking the 'right' questions. We all need to look beyond the numbers to understand the underlying issues. Otherwise, the risk framework itself becomes an additional risk through its inaccuracy. The traditional matrix approach using numerical scores can be misleading given today's risk landscape because it will fail to capture risks that are even more behaviour-driven. Consequently, emerging and operational risks are often overlooked. Understanding risk appetite can transform risk management from being a reactive discipline to a value-added that contributes to far greater resilience across the organisation and crucially with partners and other third-parties.

ACTION POINT: Accountancy professionals are key to communicating what is and what is not acceptable up and down the organisation, making sure the risk appetite is understood on all levels. As decisions around budgets influence the pace and quality of patient outcomes, it also is crucial for accountancy professionals to ensure that appropriate resource allocation is aligned with risk appetite.

Deepening the focus on cyber risk

Healthcare companies have become especially vulnerable to data theft crimes and ransomware attacks, with 2024 expected to be the worst on record. AI-enhanced incidents are surging as criminal activities become more scalable and targeted. These threats are not just an issue for IT but also a risk to every function in the organisation. Clinical and financial teams must confront these threats together; they must be more cognisant of their organisation's vulnerabilities, evaluate the effectiveness of their defences, and, most importantly, determine how they would continue operations in the event of a cyber attack while minimising the impact on patients. CFOs should recognise it is as much their responsibility as any other leader in the organisation to identify parties that the organisation is reliant on and understand the extent of their defences.

ACTION POINT: Boards must make tough decisions on where to invest scarce financial resources, as bolstering cybersecurity measures inevitably detracts from available funding for the prime objective of patient care. These are significant judgement calls for financial leaders in assessing the relevant trade-offs. The big question is how much do you spend versus all the damage from a cybersecurity attack?

Helping combat fraud and corruption

Fraud, bribery, and corruption present more major global challenges in healthcare, costing billions of US dollars annually. This diverts resources from patient care, increases insurance premiums, and intensifies inequity. COVID-19 exposed systemic bias, opaque accounting, and uncontrolled pricing in procurement processes. However, increased opportunity through faster-moving technological power, new working practices, growing personal and financial pressures, and questions on declining ethical standards create a perfect storm for rising fraud and corruption. Effective control frameworks and thorough risk assessments are crucial in tackling these risks. Increased regulation and personal accountability for business leaders will also help. However, a 'controls and compliance approach' alone is not sufficient to address this complex issue. Deeper aspects of organisational culture, such as incentivisation and reward structures that exacerbate risk, require broader detection ecosystems.

ACTION POINT: Finance teams should accept that fraud exists and take responsibility for implementing measures that actively look for it. They also can help by promoting more open, transparent cultures where concerns about all these acts are communicated cooperatively up and down the organisation.

Driving accountability and ethical decision-making

One of the common issues that most healthcare organisations face, given the multifaceted, complex nature of their operations, is what is called the ‘accountability sink’, where responsibility for decisions, outcomes or actions effectively become lost. It’s an inherent risk in the healthcare sector, owing to multiple layers of authority, intricate supply chains, a fast-moving regulatory landscape and often competing strategic goals. The accountability sink ultimately is a direct consequence of the absence of the management team and board taking responsibility for creating a fair, transparent and open culture. And it’s here that finance leaders and their teams, given their professionalism and ethical disposition, can go to greater lengths to support boards in promoting transparency and continuous improvement in processes.

ACTION POINT: Our profession can take a leading role in creating policies that promote a ‘just culture’ – one which is more accountable – and championing ethical decision-making that supports this.



Understanding how character influences decisions

Interviewees recognised the importance of effective decision-making in healthcare, as it involves high stakes and individual patient care; they emphasised that accountancy professionals can ensure true enterprise risk management by making sure teams across the organisation understand this. Everyone agreed that it makes sense to elevate character to the same level of importance as competencies and commitment to the job, as it enhances awareness and the ability of all employees to navigate critical situations successfully. Awareness facilitates the identification of active and passive character imbalances and their manifestation, especially in the context of making sensible judgement calls. We also discussed the importance of understanding one’s vocalisations and self-awareness and how this relates to the professional development of both medical and financial leaders. Continuous learning is essential for everyone working in healthcare, but it is important to be collaborative.

ACTION POINT: It is vital that financial professionals become more aware of their surroundings and biases when determining the appropriate course of action, especially as AI inputs become increasingly relied on.



IT IS VITAL THAT FINANCIAL PROFESSIONALS BECOME MORE AWARE OF THEIR SURROUNDINGS AND BIASES WHEN DETERMINING THE APPROPRIATE COURSE OF ACTION, ESPECIALLY AS AI INPUTS BECOME INCREASINGLY RELIED ON.

1. The complexity of risk in healthcare

With healthcare, as much as any other sector, we see how emerging threats continue to diversify and grow at a faster pace. We expect these to have a long-lasting impact on the entire healthcare model, and for some organisations, the economic implications will threaten their very existence.

Emerging threats are evolving faster

From rising labour costs and severe talent shortages to never-ending inflationary pressures, including spiralling drug and supply prices, as well as changing regulatory environments and unprecedented cyber and fraud disruptions, the sector is vulnerable to every risk in the universe. Participants in our research said they are trying to gain a better understanding of how all these risks transform.

‘Since the pandemic, new risks have emerged from so many different perspectives, infrastructure, being one. If you have fewer private rooms than before, you’re facing an immediate risk since new standards require you to have more,’ recalled the chief financial officer (CFO) at a provider network in Canada.

‘Changes that are not necessarily healthcare related also have consequences. For example, the government is capping international students, and if universities cannot generate international student revenue, they’re going to rely more on government funds and that has a big financial impact on future healthcare workforce numbers,’ she continued.

‘The important piece for building an effective risk culture is how do you stay ahead? How do you have the foresight to anticipate, not react?’

Chief financial officer (CFO) at a provider network in Canada

Lessons learned from the poly-crisis

The ability to pivot in response to the accelerating effects of the pandemic proved to be the most important thing healthcare organisations needed to do; from adopting new technology and care delivery models to dealing with sudden regulatory changes. But those pressures and the different ways of working that were forced upon them also exposed areas of improvement and provided invaluable learning opportunities.

Making sure *‘the left hand always knows what the right hand is doing’* stood out as an area of weakness and interestingly remains the hardest part to change today, they said. At the same time, if successful, they acknowledged

it would have a huge impact, not least on the efficiencies it would bring in helping them navigate the ongoing economic fallout of today’s poly-crisis environment.

Improving professionalism across all functions was another key lesson learned. *‘We’re looking forward to receiving the [Joint Commission International Accreditation](#). It has been the driving force for us to integrate clinical and financial risk management in our processes, so that we are able to deliver higher quality care and of course the important 64-million-dollar question of how to maintain financial sustainability,’* noted a CFO from a hospital in Africa.

By addressing the increasing nursing shortages as the situations worsened, she said the pandemic also forced them to turn crisis into opportunity. *‘The first thing we did was open a nursing school for capacity reasons, but what COVID really did was fast track our digital journey and help us automate workflows for nurses and other workers. We had already been thinking about moving towards telemedicine and teleradiology for disease prevention and control, because we have Ebola and other diseases not just COVID, but the pandemic pushed us to another level of urgency. We knew we couldn’t get through these multiplying crises unless we focused on our workforce. We worked with the government and spent a lot of time on incentives, training and pushing for more public and private cooperation.’*

Addressing challenges is more multi-faceted

There are so many variables to consider and an overwhelming amount of information available for processing, but there’s also the prospect that things will only get more difficult as factors like climate change, geopolitics, societal polarisation, and technology interact.

‘There are ways in which healthcare organisations can start to make meaningful shifts, and this starts with a recognition that the only thing we can do in the face of complexity and uncertainty is to make the best decisions possible based on what we know. Rather than simply judging a decision by its outcome, which can be produced by luck as well as skill. “Decision quality” is all about how decisions are made, knowing full well that not all of them will lead to desired outcomes,’ Ben Cattaneo, founder of the Decision-Making Studio, told ACCA members.

Another key way in which organisations seek to address the complexities is by using various Quality Improvement methods to understand what is going on in their environments; identifying the problems and the opportunities so they can better get to the root cause of risks. For example, see [Fostering an Improvement Culture: Learning from East London NHS Foundation Trust's Improvement Journey Over 10 Years](#) (Institute for Healthcare Improvement 2024).

The complexities run through the value and supply chains, and we found many health insurance companies significantly increasing their engagement with stakeholders to ensure greater resilience.

'We cannot control what providers do, but there are ways we can better support them, get them to map risk, look at critical risk factors and check they have the methodologies to deal with crises. We have to act like a partner because in the end these providers are crucial for saving our clients' lives.'

Participant from a health insurance company



CASE STUDY: Viewing the challenges from the finance front line



The complex challenges facing healthcare raise the importance of the role of finance teams in helping address both the risks and the opportunities. Here is an account from an ACCA member who has worked in the sector for 15 years.

From my 15 years in the sector, I have seen some overlap between financial and operating risks, but most of us in finance are not involved enough. Risk primarily pertains to the potential of non-performance given the extreme risks posed to patients and staff. The challenge lies in the lack of cohesive governance, making documentation particularly daunting. Legal compliance is also a significant issue, and from a risk perspective, one may ask, 'Do leaders want it this way to cover their backs?'

Technology cannot progress fast enough, but implementation ultimately hinges on funding and investment. Healthcare as a sector heavily relies on resources, including consumables, equipment, and staff.

Government-funded entities consistently struggle to generate revenue. They strive to enhance efficiency, often assuming unanticipated risks. CEOs are aware that they must take risks to balance funding and resource allocation, but prioritising is a problem, and I think this is where we, as a profession, could do more.

Additionally, we must recognise that corruption plagues healthcare providers. They want to be tight on procurement, but 'deals' still happen. Financial professionals face challenges unless leaders acknowledge that we need to handle corruption more responsibly by analysing and communicating this issue more thoroughly. This is where we need to empower ACCA members in healthcare.

2. Understanding the common purpose

An important common denominator across the healthcare sector is the organisational purpose of patient safety. By aligning this with strategy, governance, and daily operations, financial leaders can help create an environment where purpose permeates the culture, guiding behaviours and risk attitudes across all levels and systems.

We found that our profession could do more to highlight improvements in outcomes, cost savings, or patient loyalty, and, most importantly, position purpose as a competitive advantage in their communications.

'At the end of each quarter, we align key resources with our purpose, based on an individual's performance and priorities. This allows us to assess whether individuals have fulfilled their roles, thereby ensuring proper governance throughout the entire organisation,' commented one member in Africa.

Another member in that roundtable added:

'When it comes to understanding our purpose in healthcare, you could say the best accountants are the ones acting like COOs [chief operating officers]. We must walk around and ask employees what they think their purpose is and how it affects the way they work and act. It must mean something to them if we are going to achieve intended results.'

Participant in the Africa roundtable

Linking purpose with risk and objectives

Interviewees also said that while there is a mission-focused context for improving risk management, people often do not have the capacity to engage in areas that contribute to patient safety over the longer term so they become more prone to box-ticking rather than strategic thinking.

We could see from the start how the nature of risk management in healthcare is inherently compliance-driven, with numerous lengthy forms and reports that do not necessarily create effective insights from which meaningful change can be made. One member who used to work in the NHS, pointed to procurement as an example of where improving patient care was being undermined by a failure to adhere to sustainability and efficiency objectives. They questioned whether financial professionals overseeing procurement understood if products bought were being used or wasted, what the impacts of their purchases were and whether they'd checked if the beds purchased could be moved safely if there is an incident such as a flood or another outbreak. How do these decisions align with our overall purpose of improving patient care and safety, they asked?

'Everyone talks about there being teamwork in hospitals aligned to a common purpose but from a management position it's hard to say if this is really happening, partly because there are capacity challenges but also there's a visceral fear of getting things wrong. This means that improvements to achieve common goals get swept under the carpet. The "reported" teamwork conversations are often unrelated to what's actually happening on the ground,' he explained.

Leading with purpose

What did, however, stand out more than in our banking research, [Risk Cultures in Banking: Where Next?](#), was the consistency of our members in executive roles across the healthcare sector understanding why their organisation exists and how important leading with purpose is to navigating today's risks (ACCA 2024).

'We have to remember what we are here for, and we certainly cannot overlook that given the macro risks we are facing today.'

CFO of a hospice

An organisation can easily get steered off track during times of significant change if it's not clear about where it is going and why. We could see how aligning to a clear mission or purpose helps organisations navigate these shifts by keeping them laser-focused on making decisions in support of the organisation's 'why'.

Another ACCA member who sits on an NHS Trust England board concluded that it pays to take a step back and ask ourselves what we really want to achieve. She said it's important that our profession considers how we frame purpose and mission-driven operations.

'Do we just want to tick a box that says we're overseeing risks, or do we actually care about what comes out of our risk documentation efforts: improving people's lives?'

ACCA member, NHS Trust England board

FIGURE 2.1: Putting risk into context helps align risk culture with purpose



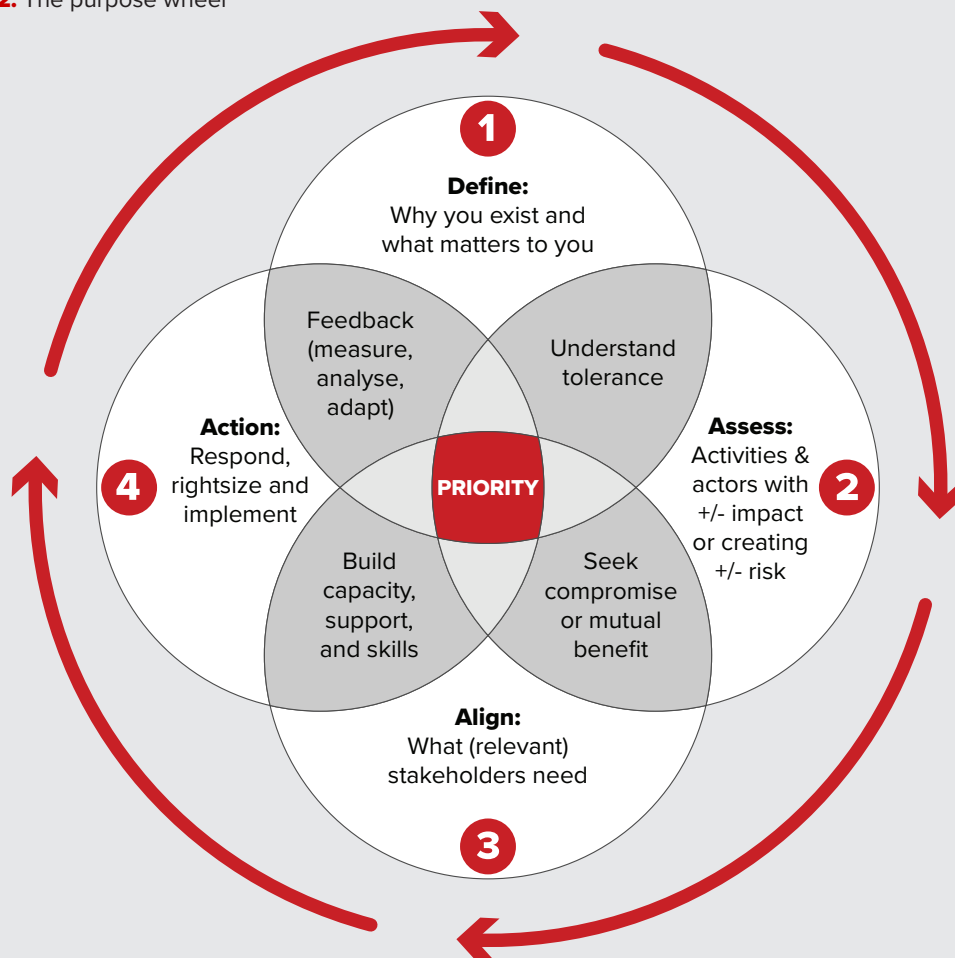
Source: Adapted from RSM





CASE STUDY: Aligning risk and sustainability with purpose pays

FIGURE 2.2: The purpose wheel



Source: Adapted from [Ethics Insight](#)

Rupert Evill, a risk management consultant who helps private equity and venture capitalists select the 'right' investments, created the 'purpose wheel' in Figure 2.2 after running a risk assessment for a client.

With a never-ending list of regulatory and stakeholder expectations, it's challenging for organisations, particularly start-ups, to satisfy everyone without sacrificing risk for mere compliance. The solution is to align risk and sustainability issues with your organisation's purpose. Measuring impact on or from your organisation becomes more straightforward when those issues are relevant when focused on your core operations. From there, you can align risk and sustainability with strategy, capacity and stakeholder needs.

The company that encouraged me to create this was disrupting the sub-Saharan African pharmacy sector with a blend of telemedicine (the right prescription) and a meticulously data-driven supply chain (the correct medication). The company's investors had mandated rigorous environmental, social and governance (ESG) and financial crime standards without considering operational relevance.

We asked how they managed political risk in markets where telemedicine legislation remains nascent, patchy, or contested. One key market had just changed the law, mandating that doctors provide telemedicine from a registered medical facility. The company reacted to these regulations as if it were a game, for example, designating a warehouse as a medical facility as a loophole.

Without the telemedicine piece, the business model falters. World-class medication is useless in a rural pharmacy with no one qualified to diagnose or prescribe. But by taking the mission-focused approach, the company realised it needed to focus on the telemedicine framework first. It focused on rightsizing risk, aligning political and governance challenges in telemedicine with strategic planning and, therefore, saving wasted time reacting to and potentially falling foul of issues that could imperil the whole operation.

3. Developing strategic supplier partnerships

No industry is immune to the myriad of issues pressurising supply chains today and we found interviewees from all angles in the healthcare sector prioritising supply chain risk management.

Navigating the web of supply chain woes

From cyberattack and corruption losses to intensifying geopolitical disruptions and soaring costs of materials, the lack of visibility around the interconnectedness of these issues continues to raise tough questions for all organisations. See ACCA's [Supply Chains: A Finance Professional's Perspective](#) (ACCA/CIPS/IMA 2022).

Interviewees said it is about building trustworthy relationships and proving how that improves healthcare delivery in terms of patient care and saving money. *'It's not only about higher prices and shipping route disruptions. It's working through a web of risks, deciding what we need to do and how to achieve that,'* a finance manager at a private-public French provider explained.

'We're more focused on building a robust end-to-end supply chain route, something a lot of businesses, particularly in healthcare, have had to prioritise quickly,' a financial manager at a private provider in the UK attested, adding that third-party risk management and contingency planning have become a formal part of his remit.

The conflict in the Red Sea on top of the ongoing wars in Ukraine and the Middle East has fuelled a new evolution of supply chain risk management involving enhanced due diligence and more creative negotiating. He explained how his team concentrates on a combination of new priorities. *'Do we get extra staff? Do we have the budget? Do we rewrite the contracts? Do we invest in a warehouse?'*

How do we buy additional stock up front? Where do we keep it? The conversations are getting harder because the answers are not straightforward.'

We also found how pervasive fraud and corruption acts have become, requiring more proactive approaches to supply chain risk management. Organisations face tough choices when it comes to managing partner relationships. A head of operations at a non-profit organisation in Kenya, explained how he is teaching his team to look at managing risk as a value-added part of strategy. *'People ask more about what could go wrong, but we also emphasise what we will gain if we do this or that. We're involved in shared programmes with partners, and therefore import risks from them, so we need to be aware of potential threats of working with certain groups or individuals in particular locations and how these prevent us from getting medicines to designated places. Not just on time but also making sure they're not stolen, past expiration or affected by other corrupt acts.'*

An ACCA member in China, who works for a cell therapy company, talked about peeling away the different layers of vulnerabilities. *'Both the finance and business teams need to do more on analysing the long-term life cycle of the product; predict its target population and evaluate the product's performance under different scenarios. Technological progress and supply chain integration are vital factors in reducing costs, but if we can't work these things out, we can't guarantee that advanced therapies will benefit a greater number of patients.'*

THE CONFLICT IN THE RED SEA ON TOP OF THE ONGOING WARS IN UKRAINE AND THE MIDDLE EAST HAS FUELLED A NEW EVOLUTION OF SUPPLY CHAIN RISK MANAGEMENT INVOLVING ENHANCED DUE DILIGENCE AND MORE CREATIVE NEGOTIATING.

More cooperation with SMEs in the healthcare supply chain is needed

As we met a growing number of ACCA members around the world working at small-to-medium-sized enterprises (SMEs) in healthcare, it was clear how vital these companies are to developing medicines and progressing patient outcomes, and thus their central role in healthcare supply chains. They explained the day-to-day pressures and gaping holes in risk governance holding them back, calling out unpreparedness for data risks and clarifying roles and responsibilities as particular concerns. We also found gaps between strategy and operations that were exacerbated by ineffective due diligence on transactions, supply chain management and other areas. See ACCA's [SMEs: Business Challenges and Strategic Innovation Opportunities](#) (ACCA 2024).

A CFO from a life sciences start-up company commented on the complacency she sees in her organisation and in its supply and value chains, and suggested greater cooperation internally and externally would help address the escalating data security challenges in healthcare. *'I ask our CIO [chief information officer] where certain data is stored because it is uncertain where it is. We're trying to develop breakthrough medicines, and we do not appreciate the vulnerability of our data.'* She added:

'If suddenly, one of our clinical trial partners comes looking for data which we can't hand to them, that could mean the difference between a medicine being approved or not. I just think everyone [in healthcare] is still catching up with exactly how exposed we are with our data.'

CFO from a life sciences start-up company

Sometimes the challenges appeared to go deeper than individual areas such as data. One participant who works with impact investors in healthcare shared a story of culture clashes whereby people in a research-based biotech SME had differing views of why the firm exists. Another example of how we found better cooperation is needed before these debilitating disconnects lead to failure, for example, how these risks can impact their investment cycle.

'Researchers are incentivized to be meticulous and on track to make sure that they're bang on the money, that their studies are correct and what they produce does what it's meant to do, but the business developers are incentivized by something else, financial short-termism.'

For SMEs in healthcare, it wasn't just the reactive nature of their risk management. We also found less consideration of integrity risks and how these can hinder progress.

By learning from failures and successes and implementing those findings, they could devise a risk management strategy that better protects and boosts performance. Figure 3.1 illustrates how our profession can help organisations gain trust with partners by digitalising and optimising their supply chain operations. Software solutions can enhance efficiency, reduce costs, improve visibility, and mitigate risks.

FIGURE 3.1: Digitalising and optimising supply chain management



Source: Adapted from [Manideep Patel](#) (2024)

FOR SMEs IN HEALTHCARE, IT WASN'T JUST THE REACTIVE NATURE OF THEIR RISK MANAGEMENT. WE ALSO FOUND LESS CONSIDERATION OF INTEGRITY RISKS AND HOW THESE CAN HINDER PROGRESS.



4. Collaborating and finding the common language

Collaboration in healthcare might seem obvious especially given the common purpose, but through our conversations we found that it is not happening as much as people expect. Healthcare intrinsically is very siloed, and this was especially evident when it comes to attitudes and approaches to risk.

Patient safety requires collaboration

Most of the chief risk officers (CROs) whom we interviewed had clinical rather than business or financial backgrounds whereas a combination of these skills for true enterprise-wide risk management was what increasingly made sense.

A CRO at a children's hospital in the US, who is also a nurse, was quick to respond that today's world proves why effective financial management is a necessary foundation for ensuring the shared goals of patient safety, operational stability and regulatory compliance.

'If you're not paying your nurses enough because you don't have the budget, then they run [or strike] and you're on a downward spiral. Your financial processes must be efficient and effective to drive the operations and patient care you need. They are entirely interconnected and need full cooperation from all sides of the organisation.'

CRO at a children's hospital in the US

This is easier said than done. It was clear from our discussions that while those responsible for clinical governance should quite rightly lead on risk – because *'only medics or scientists can tell you what a good patient outcome is'* as many put it – there also logically needs to be more coordination between the clinical, financial and operational areas to navigate today's challenges. The question for many was how to do this given the range of different functions involved in healthcare.

The CFO at a hospice in the UK shared how they have dealt with existential funding issues by aligning financial insights with clinical governance, underlining how vital healthcare services to society, such as end-of-life care, hinges on seamless collaboration among teams and stakeholders.

'We could not have survived [the poly-crisis environment] unless everyone came together in more structured ways to discuss the risks. So, we are working not only with our fundraising teams and portfolio manager, but also with suppliers, foundations, caseworkers, the NHS and not least the board to ensure we are taking on the right risks.' It was clear that those organisations creating a more open dialogue were the ones able to weather the storms better.



Breaking down the silos

With providers, public or private, we saw many situations where risk management is disjointed. The clinical side would have very few clear lines of collaboration with the CFO or finance director when gathering and analysing risk insights that may affect the organisation's broader performance.

But the burning issue for financial professionals on the healthcare provider side especially was concern around how coherently management was at managing strategic risks. Most were quick to point to the challenges of disconnects, such as patient information not electronically linked inside healthcare systems, let alone to any meaningful risk data that could positively influence outcomes.

In a roundtable with ACCA members in Ireland, the idea of aligning risk management across the Health Service Executive (HSE) was deemed too theoretical given its size and multifaceted services, with 150,000-plus employees across the country. Yet we also found that financial professionals working in national health systems said their leaders typically looked up to the UK's National Health Service (NHS) where even greater size would make the same task more difficult. As the sixth largest employer in the world, the NHS is more complex than most national systems and itself trying to deal with productivity and many other issues, including better aligned risk management. Despite all the challenges, participants pointed to the fact that there was no lack of trying. What needed to be done was clear and some said it was inevitable that somehow these different areas would be pulled together:

'Pulling together a combined or composite view of metrics across financial and clinical risk would be beneficial and more efficient in the larger scheme of things but I don't think anyone has really done the enterprise risk thing successfully. That said, I suppose it is the direction of travel and I think the multitude of challenges [in healthcare] will force this to evolve a lot faster.'

Financial director from a mental health division in Ireland's HSE

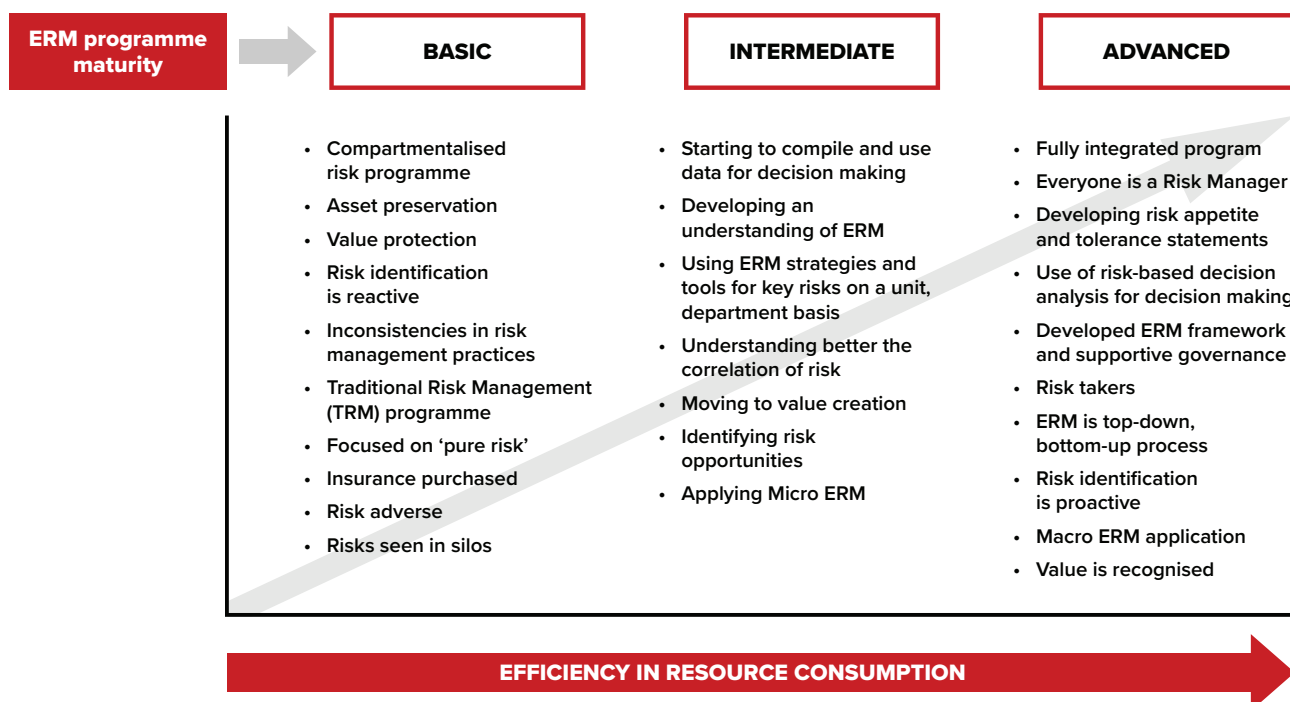
Figure 4.1 illustrates how the American Society for Healthcare Risk Management is encouraging more enterprise-wide approaches to threats and opportunities in healthcare organisations.

Fostering mutual interests

As healthcare providers try to keep up with technological transformations and stakeholder demands, including pressure from regulators, important areas where the accountancy profession could do more to promote greater collaboration come to light. From streamlining the flow of critical safety information, as is done in other high-reliability industries, such as aviation and nuclear power, to enhancing transparency of patient outcomes, the tasks are sizeable.

All these factors brought us back to the calls to action published in our umbrella risk culture report (ACCA 2023), particularly the first one on *'sharing knowledge across functions and value chains in a clear and concise language that others can relate to'*. Central to success is that financial

FIGURE 4.1: Breaking down the silos



Source: Adapted from [The American Society for Healthcare Risk Management \(ASHRM\)](#)

leaders within an organisation should be visible, physically moving around and engaging with people, and when they do so talk about the mutual interests that are critical to the organisation and its key stakeholders. It's about making people feel empowered and more involved in matters that ultimately will affect them.

Interviewees said that sharing knowledge and discussing mutual interests concisely also requires strategic use of technology and digital resources. *'We could not be where we are today without ensuring everyone sees our KPIs [key performance indicators] as their personal responsibility,'* a CFO at a health charity explained.

Addressing the language gaps

Speaking a common language has its challenges given the different specialist skills and range of stakeholders involved.

The impact of getting a common language right is not just in clear messaging, it reaches deep into building a cohesive and proactive risk culture. Interviewees stressed that building a common ground where people feel heard and valued, not just for what they do but also who they are, boils down to creating a common language.

Financial professionals can be instrumental in establishing mutual understanding between different departments. Having more structured engagement between chief nursing or medical officers, administrators, consultants and finance teams can help people find common ground where they are able to support one another's actions successfully. It's about basing individual and collective decisions on the same information flow and taking into account the needs and preferences of others so that requirements align, and teams operate more harmoniously.

This notion brought us back to the umbrella report when we referred to the '12-year-old test', meaning *'how do you explain what just happened in that operating room to your 12-year-old?'* with the trick being to frame the question in a way that's more engaging than it is authoritative or technical. The question was derived from a leadership forum the NHS conducted in 2014 about moving the social barriers between surgeons and nursing staff.

The process of listening, understanding and finding common ground is most important where topics are both critical and contentious. We found that conversations about the risk and ethics of AI can be a strong starting point for facilitating positive change. For example, many AI solutions aim to solve global problems such as the shortage of nurses and pharmacists, but how to do that, when to invest, what the impact will be are as unsettling as they are urgent and potentially transformational.

'We need to discuss all these risks and how we embrace co-pilots and other AI solutions with the nurses, doctors, radiologists and other professionals because without them, the specialised patient care we provide would cease to exist,' the head of strategic planning, performance and project management at one of the largest hospitals in the Caribbean said.

Regulatory changes require more collaboration

Members said more formal collaboration with policy makers and other industry leaders would make a big difference. By proactively building relationships, simplifying complex information, and advocating with a unified voice, ACCA leaders in healthcare could help shape policies that are more responsive, practical, and aligned with the actual needs of the healthcare system.

Accountants in all their different roles can act like leaders by encouraging more open dialogue for comprehending the direction of policies for their organisations. For example, with the unpredictability around regulations for AI and data protection or the rapid development of telemedicine, we see financial professionals moving towards a more integrated approach to assessing the potential for fines or other ways violations can hinder progress.

'There's a lot of diversity in the implementation and interpretation of different Chinese policies [across industries and provinces], so we actively cooperate with relevant departments to clarify and understand them. At the same time, we conduct necessary internal training across teams and reporting lines to interpret policy content, ensuring that when formulating corporate strategies, these risks are fully considered.'

Financial professional in China



CASE STUDY:

Collaboration happens when contributors add value and problems are solved

An ACCA member in Poland explained that collaboration involves more than just seeking input from additional individuals. It's also about showing what we can bring to the table as risk managers.

Addressing complex issues requires diverse viewpoints and critical thinking to be effective, so it is also important to map out key stakeholders, both internal and external. Root cause analysis can be game-changing if public and private sector leaders work together more to assess and solve the problems in our system.

As the shortage of personnel is the biggest risk we face in our country, we have been working on scholarships and financial support to encourage more people to train for different specialisations, especially nurses.

We need to take care of our increasing elderly population, pandemic or not, and are working closely with the National Health Fund and the Ministry of Health in Poland on this.

We're also working with key opinion leaders, such as leading doctors, to show them the wider problems. Telemedicine can be super-efficient by reducing the need for a doctor to visit a patient every week so we as a profession need to assess and explain how we adapt to the changing behaviours in the right way.



5. Driving integrated risk assessments and greater risk awareness

There was no denying that conducting robust risk assessments is central to ensuring quality care, and that financial professionals could do more to help by identifying both good and bad scenarios as new technology transforms the sector.

Rethinking risk assessments

Organisations need to understand their reference point – where they are on the risk maturity curve – to enable them to plan for future risks and opportunities. See ACCA's five levels of risk culture maturity in the [Appendix](#).

A risk culture expert in Canada said that many of the global problems in healthcare stem from patient outcomes not being recorded by the organisations' risk oversight systems and that more integrated risk assessments could help get to the root of the problems. *'We know there are patients leaving [without treatment] due to unduly long wait times but we don't capture the impact on employees who are demoralised by this, let alone the costs, both financial and on patient health. What we often find is that proposals to bolster talent retention address the wrong problem and allow the root causes to fester and grow.'*

While interviewees showed keen interest in how risk cultures impact patient outcomes, we found that healthcare providers usually conduct risk assessments through only compliance or ethics lenses. Risk assessments could be more multi-dimensional and therefore useful by including cultural and human-centric nuances. This would allow organisations to better identify problems before they blow up and understand why they are occurring, not just what is happening.

We also saw how organisations that have been ahead on analysing sustainability are also the ones doing their homework on AI-driven outcomes by gaining a more holistic view of the risks. A Kuala Lumpur-based CFO for a regional healthcare provider network provided further evidence of the benefits of a fully multi-dimensional approach to complex challenges.

'Assessments allow us to evaluate and prioritise risks, but they must be collaborative to make sure we are consistent and accurate. For example, our decarbonisation efforts must be consistent with everything we do, so I work with our sustainability head and chief risk officer on our climate

risk assessments but that's one part of it. We have physical and transition risks that need to be considered, plus goals on the social side, which is why we come together with clinical colleagues on the microbial resistance stewardship programme to ensure that we are not causing antimicrobial resistance,' she explained.

Getting risk culture into the conversations

As we concluded before in this series, getting risk conversations elevated up and cascaded down the organisation is the secret sauce of a successful risk culture. When we held a 'risk culture assessment workshop' for ACCA members working in healthcare around the world, most attendees said they were beginning that journey by being more focused on raising awareness and that rather than assessing risk culture, they have become more concentrated on getting it into the conversations. [Figure 5.1](#) illustrates what the presenters in the workshop showed ACCA members. The responses were telling.

'If you ask us whether we're formally doing any kind of measurement of risk culture, we aren't at this point in time, but what we are doing is looking at how we create a risk-aware culture, so everybody knows what they need to look for in their area of operations because in healthcare this just isn't something that's truthfully managed centrally,'

Head of enterprise risk and privacy initiatives at a large provider in India

Dr. Roger Noon, a risk culture expert who led the virtual workshop mentioned above, discussed how to use the Pan-Industry Risk Culture Model, a new maturity model for assessing both risk cultures and what good looks like. He developed the model with his colleagues at Contextis, a London-based company that also built a pan-industry risk culture index based on the idea that employees who own the culture are motivated to protect the organisation from risk. ACCA members from both financial services and healthcare have participated in the research.

Participants in the workshop said that it makes sense to make risk culture a bigger priority because when you start the conversation on culture you automatically understand that risk is a natural dimension of culture and not something separate when it comes to patient care.

'My big takeaway is that like all things culture, if you're asking me for a formula about how you achieve that constant interest, then I will say I haven't got a formula. What I will say is it's hard and you have to keep at it long-term,' said one NHS board member.

Some members in the discussion said that improving risk cultures and raising risk awareness must extend to patient behaviour and how to engage with them. The feedback was about how mindsets need to shift towards more preventative outcomes. *'The newest trend for us is trying to involve patients in their treatment, to educate them on where to go for what type of symptoms or treatment, so we can reduce wasted time and readmissions, ultimately making the healthcare system sustainable. We need to make patients responsible for their health. Society is getting older and if we don't succeed the healthcare system will collapse,'* the head of internal audit at a provider in Europe.

FIGURE 5.1: The pan-industry risk culture (PIRC) model: assessing risk culture



Source: Adapted from Contextis

PARTICIPANTS IN THE WORKSHOP SAID THAT IT MAKES SENSE TO MAKE RISK CULTURE A BIGGER PRIORITY BECAUSE WHEN YOU START THE CONVERSATION ON CULTURE YOU AUTOMATICALLY UNDERSTAND THAT RISK IS A NATURAL DIMENSION OF CULTURE AND NOT SOMETHING SEPARATE WHEN IT COMES TO PATIENT CARE.

6. Assessing and embracing AI

Many of the light bulb moments in our discussions with participants were when AI and generative AI (GenAI) came up because if a thorough analysis of ‘what risk culture is’ wasn’t on their radars before, they agreed that now was the time it is given the perils and promises of AI applications in healthcare.

AI presents opportunities to develop collective attitudes about risk

The potential use cases mentioned were not only about improving workflow efficiencies but included several seemingly incredible physical and mental health related solutions. Examples were in drug discovery, virtual clinical consultations, disease diagnosis, prognosis, medication management and health monitoring.

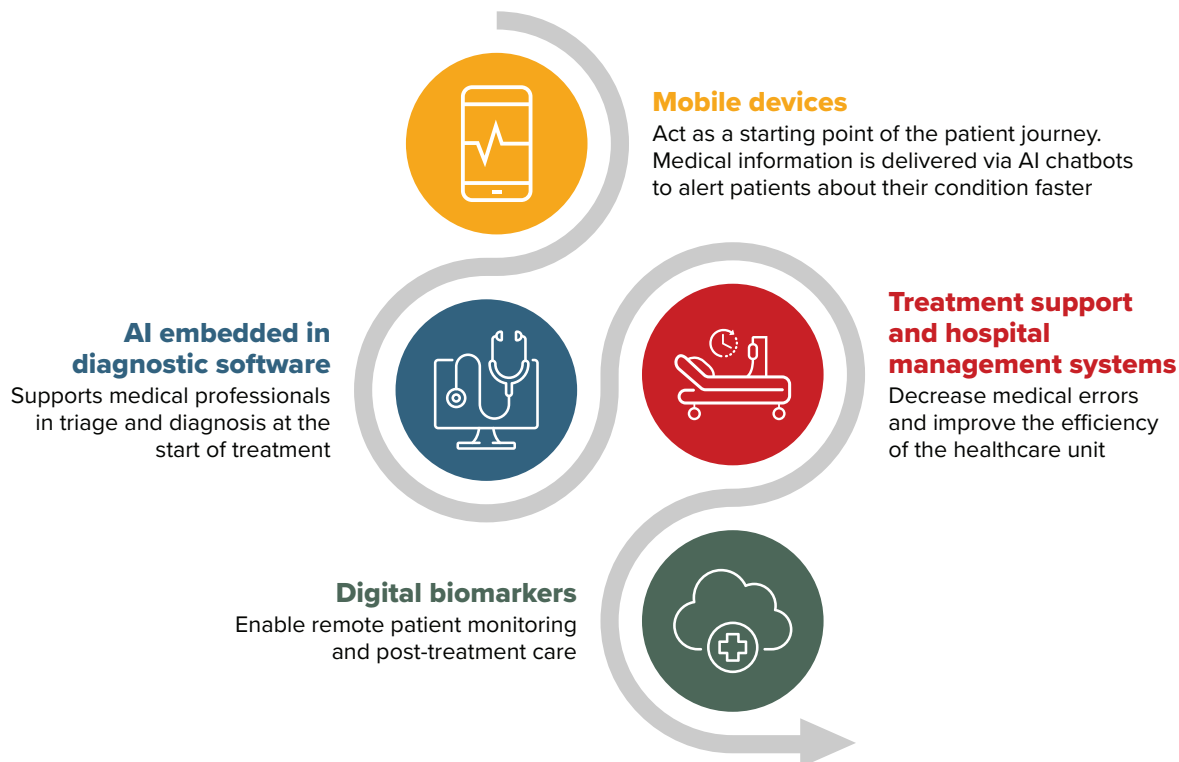
Figure 6.1 illustrates points from a 2024 report by the World Economic Forum, [Boosting Healthcare Capacity Through AI](#), which explains why a consistent approach to

the effective use of AI in healthcare is key. The report talks about how AI adoption in healthcare so far has been elusive but by embracing a system-wide approach organisations can reap the benefits, for example, in coping with stress, avoiding waste and improving inequity (WEF 2024).

‘These tools will not replace doctors in the foreseeable future but will support and augment decisions made by healthcare professionals. By reducing the potential for human mistakes, AI can help avoid medical errors, reduce inefficiency and save lives.’

WEF, 2024

FIGURE 6.1: Prescribing AI to mend healthcare



Source: Adapted from World Economic Forum (WEF)

Building transparency and trust

When it comes to building a risk culture that can help organisations better anticipate and mitigate the potential and unintended risks of these technologies, the clear message was that accounting has an indispensable role in fostering trust and transparency so that adoption can be assessed, debated and embraced responsibly. Laws and regulations around continue to evolve, with many taking a ‘pro-innovation’ approach, but as AI solutions develop fast, complacency is not an option.

‘In healthcare, you cannot be in charge of safeguarding finances and allocating constrained resources without understanding that bigger picture. That’s why you’re going to see accountancy professionals not only driving risk-conscious cultures but looking for the right balance between prudence and caution on one hand and innovation and accountability for AI [adoption] on the other,’ explained the CFO at a health technology company in North America. See ACCA’s [Finance Evolution: Thriving in the Next Decade](#) (ACCA/Chartered Accountants ANZ/PwC 2024).

An episode in our risk culture podcast series, involving academics from the Jameel Clinic at Massachusetts Institute of Technology (MIT), explores how accountants can help progress the positive impacts of AI in healthcare by running effective risk assessments and audits. The key for our profession is to proactively engage with the healthcare technology community to understand the unique challenges and develop appropriate financial and risk management frameworks that facilitate sound decision-making across all sides; clinical, financial, legal and the many stakeholders on the front-lines.

‘AI is transforming many industries, but healthcare has lagged behind others. The accounting profession can be instrumental in progressing things in the right direction by conducting careful risk assessments and setting the boundaries. Insurance companies, investors, governments and all stakeholders, including the hospitals’ own accounting departments and medical staff, require comprehensive disclosure on the use of algorithms and their impacts, primarily due to the regulatory nature of healthcare,’

Frank Schuller, the external collaborations lead at MIT’s Jameel Clinic

Establishing parameters and ensuring ethical issues are addressed

When talking about developing appropriate guardrails for new AI technologies participants agreed that the accounting profession must actively engage on establishing standards and communicating ethical issues to the regulators, ensuring a clear understanding of what parameters are needed. Schuller said: *‘It’s important that the accountants help define what the parameters are going to be and use the data that they collect to help inform those parameters.’*

Accountants must also examine the data to ensure it is free from bias, as the population used to train the algorithm may possess unique characteristics not found in other areas.

One participant used an example of an ineffective process to demonstrate the ethical consequences of leaping to conclusions with misleading data. A 2009 study of functional magnetic resonance imaging (fMRI) had called out the danger of false positives. The researchers used a salmon to test the scanners. In a nutshell, the fMRI analysis suggested that the salmon’s brain trace could correlate with the detection of human emotions. There was just one problem, the salmon was dead. The title of the paper speaks for itself – [Neural Correlates of Interspecies Perspective Taking in the Post-Mortem Atlantic Salmon](#) (Bennet et al. 2009).

‘The early days of fMRI saw many exaggerated claims as to the technology’s power to “see” new patterns in its data. Before rushing to celebrate any breakthrough, the accountancy profession should think about how we apply parameters when looking at experimental data, such as correcting for false discovery rates,’ a member of the special interest group asserted.

A finance director at the HSE was quick to add: *‘There is a push to use AI because it’s seen as a holy grail for saving money and making us more efficient when in reality it’s not ready to be used in an array of healthcare situations. It’s now ready to be used in image pattern recognition, radiology and ophthalmology for retinal scans, but beyond that we need appropriate oversight and still don’t have it.’*

Participants talked about operationalising AI capabilities that not only address organisational inefficiencies but also align multiple activities in a way that fits with the risk appetite of the organisation. The desired outcome is to make risk assessment processes more predictive, proactive, and personalised. This leads to quality conversations that not only address the technological side of AI but also the ethical and cognitive impacts, for example, when integrating AI chat bots in daily routines and how an overreliance on them could lead to risky cognitive decline (Dergaa et al 2024).

‘I meet regularly with directors from clinical operations, HR, ICT and others to discuss the risk factors together; how we embrace these innovations and AI automation where it makes sense to,’ the CFO at a hospital in North America said.

THE DESIRED OUTCOME IS TO MAKE RISK ASSESSMENT PROCESSES MORE PREDICTIVE, PROACTIVE, AND PERSONALISED. THIS LEADS TO QUALITY CONVERSATIONS THAT NOT ONLY ADDRESS THE TECHNOLOGICAL SIDE OF AI BUT ALSO THE ETHICAL AND COGNITIVE IMPACTS.

7. Understanding risk governance roles and responsibilities

Risk culture and governance are intrinsically interconnected and contingent on each other. Accountancy professionals, when building risk culture and governance frameworks, need to think about how they ensure everyone is responsible for risk because a better understanding of risk ownership – ‘you are what you risk’ (Wucker 2021) – enhances working relationships and job satisfaction, which was often cited as an underestimated risk in our discussions.

Financial professionals play an important part in fostering a risk ecosystem that encourages every employee across the organisation to take calculated risks to achieve their objectives. See also ACCA's [Calculated Risk: An Introduction to Finance Professionals' Role in Understanding Risk and Building Resilience in the Public Sector](#) (ACCA 2023).

Be clear about board's duty of risk oversight

Good risk governance starts with the board and its fiduciary duty of risk oversight. For healthcare providers, particularly government-funded entities, the Board Assurance Framework (BAF) is widely recognised as an industry standard. It is a tool that has been mandatory for every NHS Trust board in England since 2001 and over the years used by other types of healthcare organisations around the world to monitor and manage key risks. It's meant to provide boards with a structured approach to tracking risks, controls and sources of assurance to support effective decision-making, but like all frameworks, implementation varies depending on the institution and jurisdiction (Baker Tilly 2015).

Some participants in our research referred to it as a ‘long spreadsheet’ suggesting that most boards cannot properly execute it mainly owing to regulatory fragmentations and legal requirements for procurement that are often not enforced and therefore unhelpful for smaller suppliers. As one person who has sat on NHS boards explained:

‘People will tell you that the outcomes they’re looking for are often compromised by a “let’s-keep-our-head-under-the-radar” attitude, so not telling anybody when things go wrong. There’s also a kind of “not-invented-here syndrome”, so whilst you can find pockets of excellence, the transfer of best practice to places that aren’t as innovative is very slow.’

NHS board member

Increased focus on integrating governance

The internal audit function is another story in and of itself with some participants calling it a blind spot in healthcare. The audit committee together with internal audit support, must have the competence and capacity to focus on the core business of the organisation, which in the case of healthcare should be both financial and clinical. *‘I would always try and make friends with the audit department and do two things. Firstly, encourage them to be more proactive. Secondly, combine financial audit with clinical audit. Otherwise, this is again divorcing finance from patient safety and quality outcomes,’* one participant from the UK said.

Nonetheless, we could see how much boards worldwide are working to improve all of this by integrating governance across functions and the wider health ecosystem. COVID-19 forced boards to recognise that they are accountable to the public population, not only regulators, and there were mentions of several initiatives helping to pave the way for greater integration and information-sharing.

[System Risk Management Key Considerations for Evolving Arrangements](#), a joint briefing by the Healthcare Financial Management Association (HFMA) and the Good Governance Institute addresses the cultural and behavioural challenges of system-risk management for NHS bodies, helping them to share information and work through solutions together following the [Health and Care Act 2022](#). (HFMA and GGI 2023). The HFMA's governance and audit committee also published an updated audit committee handbook with the NHS to help NHS governing bodies and audit committees as they review and continually reassess governance, risk management and control to ensure that it remains effective and ‘fit for purpose’, while also ensuring that there is a robust system of assurance to evidence it. The handbook had a complete rewrite in 2024 and replaces previous editions (HFMA, NHS 2024).

The case for integrated early warning signal and response systems

We also consulted with the founders of the Centre for Quality in Governance (CQG), which provides interactive training for public and private entities. Its view is that there should only be one system of governance and the fragmentation of systems supporting specialist teams can only cause confusion and a lack of focus by the board.

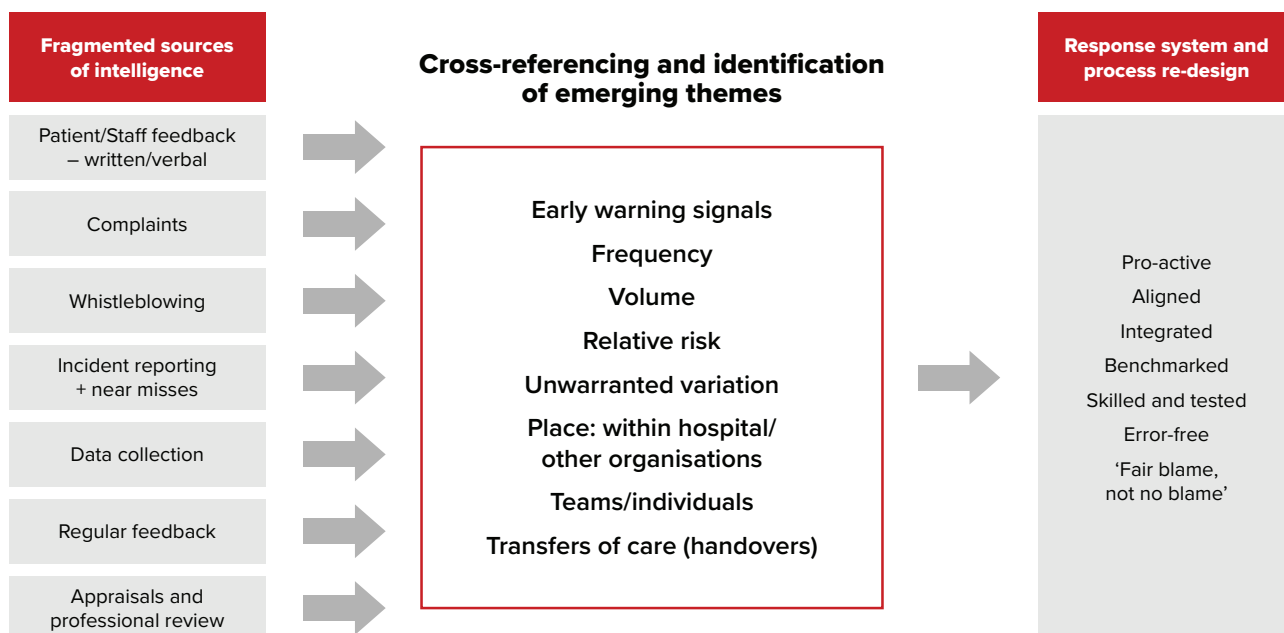
'We deliberately made this a principle-based approach to avoid being constrained by any administration or organisational structures that would make it difficult, so it's for all organisations, public or private, as well as suppliers, partners and local government. Organisations around the world have used it to their advantage, so we've seen the model make a difference in Lithuania, Hungary, Australia and New Zealand.'

Dr John Bullivant, co-founder of CQG

The CQG recognised the benefit of focused attention to specialist issues such as IT, but challenged the absence of a single coherent signal and response system. It has created a framework, as illustrated in Figure 7.1, here as an example for hospitals, where multiple sources of fragmented intelligence are often treated in isolation and by different members of staff responsible for each aspect.

This is not to say that the NHS and other systems around the world do not have incident reporting systems in place, it is about creating a more integrated platform. As the CQG states: *'Current systems are too fragmented; even praiseworthy initiatives such as the creation of a new national Patient Safety Incident Management System (PSIMS) in NHS England misses the need to assure boards that all signals and responses are comprehensively aligned and integrated. The problem further escalates when we seek to work with service delivery partners in local government, voluntary and private sectors who will have developed their own risk, signalling, response and reporting systems. The new integrated service delivery reforms in England need to look closely at how to respond to these dilemmas and the CQG framework can help inform design of an early warning signal and response system.'*

FIGURE 7.1: The CQG Framework for an Early Warning Signal and Response System



Source: Adapted from CQG 2022

'THE NEW INTEGRATED SERVICE DELIVERY REFORMS IN ENGLAND NEED TO LOOK CLOSELY AT HOW TO RESPOND TO THESE DILEMMAS AND THE CQG FRAMEWORK CAN HELP INFORM DESIGN OF AN EARLY WARNING SIGNAL AND RESPONSE SYSTEM.'

CENTRE FOR QUALITY IN GOVERNANCE

Connecting hindsight with foresight

Another vitally important way of making parts of a system responsible for each outcome and getting them to work together more effectively is to ensure past lessons are learned and that they genuinely contribute to enhanced foresight, so connecting hindsight with foresight as it were.

We found that the central challenge for financial professionals is getting to the heart of these deeper insights and then presenting them clearly to boards and senior management. *‘Drawing out insights in patient care risks – which will be different for every case – needs to be cross functional for it to really get to the nub of issues, and that takes time and effort. Only then can you properly estimate and plan for future outcomes,’* one explained.

Figure 7.2 illustrates the relationship and timing between issues related to performance in the past, and risks which are related to strategic objectives in the future. An article in AB magazine, [Four lines of sight](#) by Jane Walde, a member of ACCA’s risk culture special interest group and our global forum for governance risk and performance, explains how this model can help healthcare organisations oversee risk more effectively.

‘The four-line model acknowledges that a single role may be responsible for multiple disciplines, and each “line of sight” faces in a different direction to improve risk understanding and internal controls. “Insight”, “foresight” and “hindsight” are three of those lines, with the fourth line of “oversight” clarifying how those in governance roles can look at risk.’

Walde 2024

Investing in management training

Participants in our research discussed how healthcare leaders should stay more focused on the effectiveness of governance, culture and regulation, rather than obsessing how they are designed. This means allocating more attention to developing good and consistent leadership.

‘People come and go too frequently in the top jobs. A new CEO is going to have his or her own preferences on where to focus resources, depending on what the Ministry of Health is throwing at them, and that affects risk culture as much as anything else,’ a member in Ireland said.

A related *Financial Times* article, *‘NHS Managers Need Better Regulation, Not More of It’* echoed the need for greater transparency following various scandals and cover-ups in healthcare. *‘Partly because of the existing regulatory regime, the turnover of senior leaders is high — nearly two-thirds of current NHS Trust leaders are first-time CEOs. And while bureaucrat-bashing is a popular pastime, the weight of evidence suggests many of the NHS’s challenges reflect a lack of investment in good management.’*

Interviewees pointed to change and project management upskilling as a relatively low-cost means to navigating challenges such as organisational disconnect, slow innovation, and increasingly low morale. Investing in managers ensures they have the necessary skills to navigate budget constraints and manage changes due to new technologies, demographic shifts, and workforce demands. [The Management Mission: How better Leaders Improve Public Services](#) (Chartered Management Institute 2024).

FIGURE 7.2: Past performance and experience / future strategy and uncertainty



Source: Adapted from Walde (2024)

WE FOUND THAT THE CENTRAL CHALLENGE FOR FINANCIAL PROFESSIONALS IS GETTING TO THE HEART OF THESE DEEPER INSIGHTS AND THEN PRESENTING THEM CLEARLY TO BOARDS AND SENIOR MANAGEMENT.

Beware of confirmation bias

The consensus was also that the composition of boards in healthcare can do more to modernise and diversify, not only in terms of backgrounds but also across generations. While this applies to all organisations, healthcare boards have faced exceptional challenges due to the pandemic and the technological and social changes that it accelerated. See ACCA's [Global Economics Conditions Survey Q3 2024](#) (ACCA/IMA 2024).

A member who sits on the board of one of the biggest hospitals in the United Arab Emirates, discussed how important it is to get the 'golden' mix between experience and expertise, and how that can lead to breakthrough strategies that are both financially sound and socially responsible.

'Everyone is looking for this kind of representation on boards and, given the government's significant investment in AI in healthcare, they are seeing the improvements that different perspectives can bring.'

ACCA member, United Arab Emirates

We continue to see how shadow boards and mid-level risk committees can make profound differences when it comes to training and raising awareness. From cybersecurity to rolling out new patient care delivery models, we saw how cross-functional input in healthcare leads to better understanding of risk and, therefore, better outcomes all around.



Case study: A success story of finance supporting a strong risk culture



Purnima Mishra, the Global Fund's chief accountant, talks about the evolution of the Global Fund's approach to risk management.

Founded in 2002, the Global Fund's purpose is to provide grants to defeat HIV, tuberculosis and malaria, ensuring a healthier, safer, more equitable future for all. In 2012, it nearly went under due to a breakdown of controls and a lack of understanding of the risk inherited from principal recipients. That was when the board realised how crucial risk oversight is and it created their own version of the three-line model.

All activity needs to be evidence-based, and this is where the finance role stands out. Before any external auditor comes in, there are many small self-audits and analytics to ensure the CFO we are going in the right direction. Similarly, there are additional second-line functions in areas such as supply operations and procurement, which are overseen by the risk department.

After years evolving, most staff can distinguish between residual risk and target risks. They know what controls are in place and how effective they are. While such things come naturally to accountants and risk professionals, they may not be as obvious to some of our first-line staff working as risk managers. That's why investment in change management and analysing the risks collectively have been important for good judgement. The independence and impartiality of the second line are crucial to maintaining objectivity, but ultimately, we need to consider the full context of what is happening.

That's why it is important to constantly monitor our environments and adapt our risk architecture by introducing new risk areas. Health financing is a new focus, for example, given the macro issues we face today. We constantly work to improve our risk assessments to help the Global Fund achieve the best outcomes possible.

8. Aligning risk culture with risk appetite

Finance teams need to employ risk appetite more efficiently, guaranteeing the identification and management of the ‘right’ risks.

Richard Mackie, associate director of RSM UK Risk Assurance Services, conducts Institute of Risk Management (IRM) training for healthcare organisations and talks about empowering financial professionals to use risk appetite as a guide for ensuring ‘the right risks are identified and managed in the right way’. This means spending less time on deciding scores and recording them into the register, and more time asking the right questions. ‘Death and injury are not the risks. It’s not about assessing the outcome

– understanding what actually causes the outcome to happen. That’s what’s often missing.’

‘Take talent retention and what healthcare providers can do to overcome their challenges. Is it that they don’t have the right strategies for in-house training or succession planning? Are they providing adequate rest periods or flexible hours? Is there a staffing model for distributing workloads more evenly?’ he added.

FIGURE 8.1: Bringing risk appetite to life



Source: Adapted from GGI 2020

Traditional methodologies don't work in today's risk landscape

Where should one begin when looking beyond numbers to understand the underlying issues? Firstly, financial professionals should resist the easy path of over-reliance on risk scoring methodologies. Secondly, risk frameworks should be simple enough for all stakeholders to understand.

Without these two initial steps the risk framework itself becomes an additional risk through its inaccuracy. Take, for example, the challenge of comprehending threats around cyber and corruption losses which have become unescapable in healthcare. The traditional matrix approach using numerical scores can be misleading given today's risk landscape because it will fail to capture risks that are more behaviour driven. Consequently, operational risks fall through the cracks.

It also pays to be more qualitative and narrative-based when understanding assurance levels and whether risks are being managed effectively. Shifting a number-crunching conversation to how controls and processes can be improved is far more productive. It was agreed that how prevalent these conversations are is a good barometer of whether an organisation is likely to have a good or bad risk culture.

Drilling down through quality conversations and creating a risk register based on the real questions and issues at the bottom of the pile is paramount for today's risks. And there's another benefit, through those conversations people become engaged and committed to action in a way that a document with a dormant set of numbers can never achieve.

When further controls are identified, the risk can either be managed by the team identifying the risk, or if they lack resources or a mandate to manage the risk, it should be escalated with the specific request for what is needed. When escalated to the right level of the organisation, the decision can be made in line with risk appetite.

Helping the board drive risk appetite

Making sure risk appetite is something that is consciously thought about by everyone, everyday cannot be underestimated in healthcare. This is a job of the board but support from accountancy professionals in communicating it is the key to effectiveness.

In the absence of a clearly defined risk appetite, decision-making will ultimately be reduced to personal judgement, which can depend dangerously on inference and is subject to bias. This leads to a culture of inconsistent behaviours within the organisation, which in turn leads to mistakes and fragility.

A board director at a global pharmaceutical company stressed the importance of systematic risk identification and aggregated reporting, saying this cannot be accomplished resolutely without engaging all departments about what risk appetite means for them.

'You need to open your door, bring people together from different functions and across teams. They look at things with a different lens and from a different perspective, finance, legal, medical, regulatory, sales, manufacturing; they all have important and varying insights. And then when you bring these groups together and they agree on a system and the priorities, this is something which is very powerful.'

He explained why financial professionals are the ones who should be tasked with ensuring that everyone shares a common understanding of terminology and practices when it comes to risk appetite.

'You need to have a lexicon. You can't just have a workshop on risk appetite. You need to align the training with the definitions of what you're talking about, so that there is a good way to guide risk appetite in these discussions. The more often you do them, the more solid the output will be and it could be what saves you when faced with a problem.'

Board director at a global pharmaceutical company

'WE'VE HAD NEAR MISSES WHEN IT COMES TO DATA LEAKS THAT COULD HAVE BECOME MAJOR REPUTATIONAL RISKS, BUT HOW WE USE THOSE WAKE-UP CALLS AS OPPORTUNITIES TO LEARN WHETHER A PARTICULAR CONTROL IS FAILING [TO DO WHAT IT WAS DESIGNED TO DO] IS THE BIG QUESTION.'

ACCA MEMBER FROM A MEDTECH FIRM

Defining what is and not acceptable

Another one of our ‘calls to action’ (ACCA 2023) resonating in our healthcare research is the importance of aligning risk culture with risk appetite. Both risk culture and risk appetite are essential components of effective risk management. Exactly what both are and how they connect are often poorly understood and communicated.

In healthcare, where risks have direct impacts on people’s lives, a clearly defined and well-communicated risk appetite facilitates sound decision-making and opens the door to a culture of accountability because there is a clearer idea of what the right versus wrong behaviour looks like. Financial professionals must help translate an organisation’s purpose into practice by explaining which risks are and are not acceptable.

‘Risk appetite helps staff navigate decisions in the organisation, but it’s the risk culture that determines how they finally act, how they make that all important final call after weighing up the dilemmas presented by difficult issues and conflicting motivations,’ the Asia-Pacific CRO at an international healthcare insurance company explained.

By understanding and adhering to a risk appetite that is aligned with risk culture, teams can work together to strengthen defences against emerging risks as well, for example making it tougher for cyber criminals to exploit weaknesses. Risk appetite and culture working together can transform risk management from being a reactive discipline to one that’s proactive and contributes to far greater resilience across the organisation, and with partners and other third-parties.

FIGURE 8.2: Emerging risk radar

Societal and Community

- 1.1 Availability and effectiveness of public services are reduced.
- 1.2 Increasing awareness of mental health and physical well-being issues.
- 1.3 Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.
- 1.4 Homelessness and poor housing conditions.

Governance

- 8.1 Tick box governance. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability and trust.
- 8.2 Maintaining board member capacity and capability – fitness for future.

People resources

- 7.1 Shortages in skills and experience – reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career.

Economic and financial

- 6.1 Shifts in inflation, interest rates, salaries and wages, energy costs.
- 6.2 Availability of supplies leading to increased costs across all ranges of materials.
- 6.3 Access to and availability of finance and funding including cost of finance and funding changes.

Political, policy and regulation

- 2.1 Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 Geo-political instability, including fall-out from and expansion of conflicts and the influence on society.

Environmental

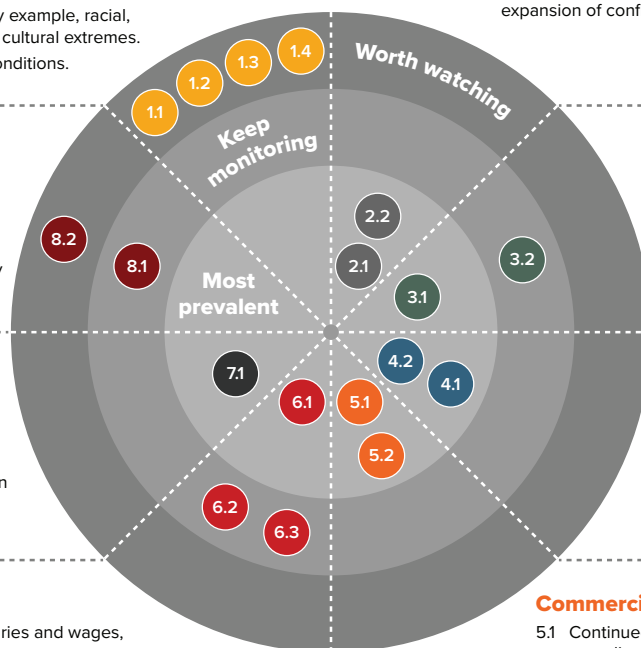
- 3.1 Ability to effectively engage and leverage off the sustainability agenda.
- 3.2 Increasing weather pattern shifts / extreme weather impacting the UK (and globally).

Technological

- 4.1 Cyber-attacks increasing in frequency and complexity.
- 4.2 Impact of artificial intelligence both positive and negative implications.

Commercial

- 5.1 Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.
- 5.2 Reduced investment in research and development due to macro-economic conditions.



Source: Adapted from RSM

9. Deepening the focus on cyber risk

With nearly 400 cyberattacks in the US alone reported for the year by the time this report was launched in December 2024, data theft crimes and rampant ransomware against healthcare organisations and their third-party providers are on the rise and even more so than in 2023, the worst year on record.

Addressing the cultural risks

As the Change Healthcare ransomware attacks showed, the scope and impact of cybercrimes in 2024 is becoming much harder hitting as compute power intensifies. Patients struggled to get timely access to care, and providers were left with billions of dollars in losses. See HFMA's [Lessons learned from the Change Healthcare Experience](#) (Wilensky 2024).

As organisations use more data technology, they need to think more deeply about how to secure it. While firewalls and other security measures are crucial defences, hackers continue to find even more success by preying on people. Human error remains the greatest of all vulnerabilities, but changing behaviours is becoming even harder to do. See [Appendix](#) for guide on culture questions fit-for-purpose today.

'Hospitals are open spaces, allowing people to wander in and access resources. This leads to sensitive areas being compromised, for example, where people are not immediately logging out of their computer screens. But getting people to log out is not a simple task of awareness. Staff worry, understandably, that those extra seconds might slow operations down and negatively impact patient care,' commented one financial executive at NHS England. See ACCA's [Cyber and the CFO](#) (ACCA/Chartered Accountants ANZ/McQuarrie University/Optus 2019).

Technological and cultural resilience has taken on a new meaning with the use of GenAI to generate realistic synthetic content and the fact that many threat actors are backed by state-owned initiatives. As one participant put it: *'Five years ago it was about getting the key in the door, but today it's more like we're already in the door and it's about how we get people to just hand it [the sensitive data] over voluntarily because it [technological capability] has been supercharged'.* See [Risk Management in Healthcare: How to Build Organisational Resilience](#) (Bonnie 2024).

Cyber risk is not only for IT

The extent of today's attacks has become not just an issue for IT but rather a risk to every function in the organisation and, crucially, all of its partners, as so many incidents in healthcare have proved. Hacks today are designed to undermine medical record systems and cause maximum disruption to patient care. AI-powered incidents are surging as criminal activities become more scalable and sophisticated, while at the same time AI-driven SOC co-pilots can help security teams prioritise threats and turn overwhelming amounts of data into actionable intelligence (Checkpoint 2024).

ACCA members said that while training is a top priority, concerns over talent gaps and how attackers exploit skills shortages compound the risks. There are far reaching financial challenges too, and with new legislative and reporting requirements mounting, financial professionals know they have an expanding part to play in preparing their organisations for the inevitable. (Riggi 2024)

'It's hard enough getting suppliers to put reasonable levels of cyber liability into contracts. Everything is moving towards self-insurance but for smaller organisations like us being able to defend ourselves against a big incident is tricky. Some of the events happening today would wipe us off the planet. We have long meetings with both the board and audit committee about the declarations we need to make regarding our cybersecurity arrangements and just when we find the assurances we need, we unearth more evidence of weaknesses,' admitted the CFO of a SME working on new oncology treatments. She added:

'There's also the challenge of accurately assessing the trade-offs and getting the buy-in to invest in what we need to mitigate these risks. How much we would spend versus the loss from an attack? We don't, for example, want to drain money from innovation priorities, so we have to get the balance right as best we can,'

CFO of a SME working on new oncology treatments

FIGURE 9.1: The FAIR Materiality Assessment Model (MAM)

INFORMATION PRIVACY 4 SUB COST CATEGORIES	PROPRIETARY DATA LOSS 2 SUB COST CATEGORIES	BUSINESS INTERRUPTION 3 SUB COST CATEGORIES	CYBER EXTORTION 1 SUB COST CATEGORY	NETWORK SECURITY 2 SUB COST CATEGORIES	FINANCIAL FRAUD 2 SUB COST CATEGORIES	MEDIA CONTENT 2 SUB COST CATEGORIES	HARDWARE BRICKING 2 SUB COST CATEGORIES	POST BREACH SECURITY IMPROVEMENTS 2 SUB COST CATEGORIES	REPUTATIONAL DAMAGE 6 SUB COST CATEGORIES
Sensitive PII Event Response and Management P-RC	Loss of Estimated Future Net Revenue S-CA	Direct Business Interruption P-PL	Ransom P-RC	Network Event Response and Recovery P-RC	BEC P-PC	Media Event Response P-RC	Server Replacement P-PC	Legally-Mandated Improvements S-RC	Customer Retention S-RD
PCI-DSS Liability P-RC	Proprietary Data Loss Liability S-RC	Contingent Business Interruption (Supply Chain Attack Victim - 3P failure to provide IT services) P-PL		Network Security Liability (Supply Chain Attack Source) S-RC	Funds Transfer Fraud P-PC	Media Liability S-RC	Computer/Laptop Replacement P-PC	Voluntary Improvements S-RC	Future Projects S-RD
Information Privacy Liability S-RC		Business Interruption Liability S-RC							Market Value S-RD
Regulatory Liability S-FJ									Cyber Insurance S-RD
									Cost of Capital S-RD
									Employee Churn S-RD

Legend

P - Primary Cost
S - Secondary Cost
RC - Response Cost

FJ - Fines & Judgements
CA - Competitive Advantage
PL - Productivity Loss

PC - Replacement Cost
RD - Reputation Damage

 [Click to view the full size chart online](#)

Source: The FAIR Institute

Our podcast episode with Nick Sanna, the founder of the FAIR Institute in Washington DC, talks about the cyber nuances specific to healthcare and how to manage and account for losses. *‘There’s a lot of outsourcing in healthcare so that means the attack surface is not limited to the internal system. They cannot just think about cybersecurity in the confines of the services they manage. They need to look at cyber from a holistic perspective because ultimately the regulator is going to hold them accountable.’*

‘Healthcare needs to be more proactive, but you can only do that when you look the problem in the eye and decide how much you want to mitigate versus invest in dealing with it. That’s not possible without a financial loss model. The CFOs have to join up with the CISOs [chief information security officers]. Otherwise, you’re left guessing and managing risks crisis-to-crisis, and therefore losing more,’ he added.

An episode that followed, with James Packer, the chair from January 2025 of ISC2, the world’s largest cybersecurity professional certification body, looks at lessons learned from other attacks, including the 2017 WannaCry ransomware attack on the UK’s NHS. He talked about the personal liability clauses incorporated into new regulations around the world that will force boards, CFOs, CROs, chief operating officers (COOs), CIOs and CISOs to make more concerted efforts to understand how well cybersecurity is working or not in both their organisations their supply chains.

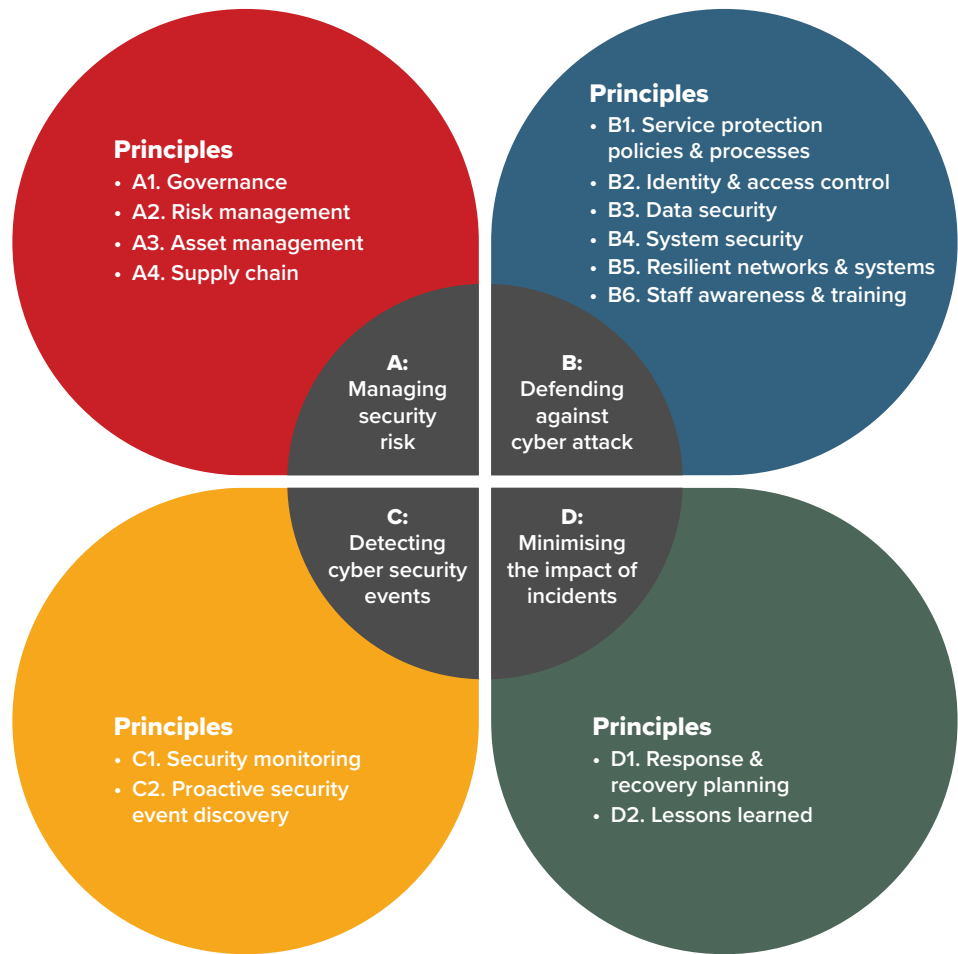
‘Many roles are dragged into working with cybersecurity today even if they don’t want to be, and it’s the general councils that I am thinking about. We see a new level of knowledge sharing being forced upon people because of the deeper impacts of these cyber threats.’

James Packer, chair from January 2025 of ISC2

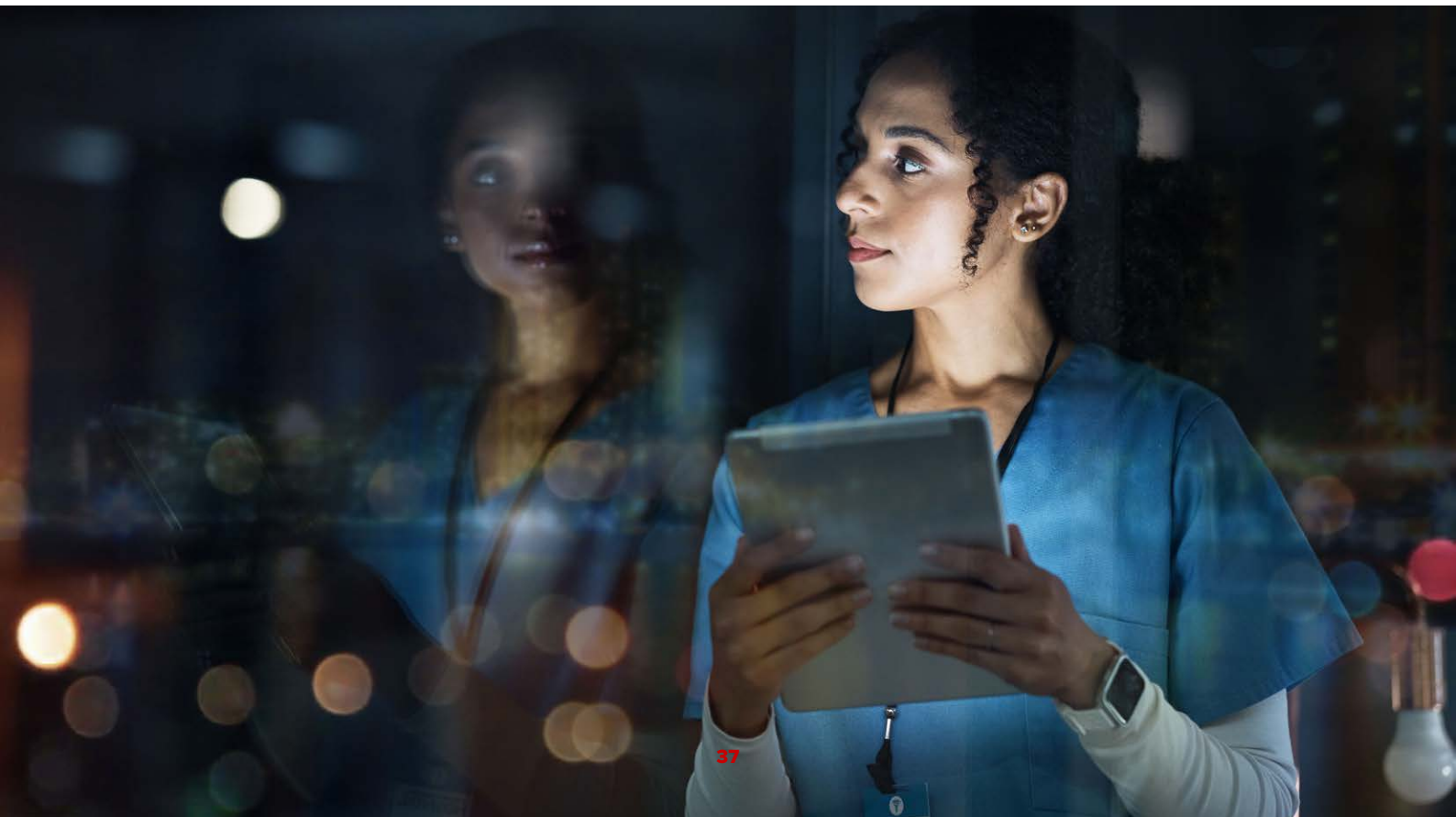
‘HEALTHCARE NEEDS TO BE MORE PROACTIVE, BUT YOU CAN ONLY DO THAT WHEN YOU LOOK THE PROBLEM IN THE EYE AND DECIDE HOW MUCH YOU WANT TO MITIGATE VERSUS INVEST IN DEALING WITH IT. THAT’S NOT POSSIBLE WITHOUT A FINANCIAL LOSS MODEL.’

NICK SANNA, FOUNDER OF THE FAIR INSTITUTE

FIGURE 9.2: Cyber Assessment Framework (CAF)



Source: Adapted from UK National Cyber Security Centre



10. Helping combat fraud and corruption

Fraud is a major global challenge for healthcare costing the sector billions of US dollars each year, thereby diverting resources from patient care, increasing insurance premiums, and intensifying inequity.

Finding fraud is the only way to tackle it

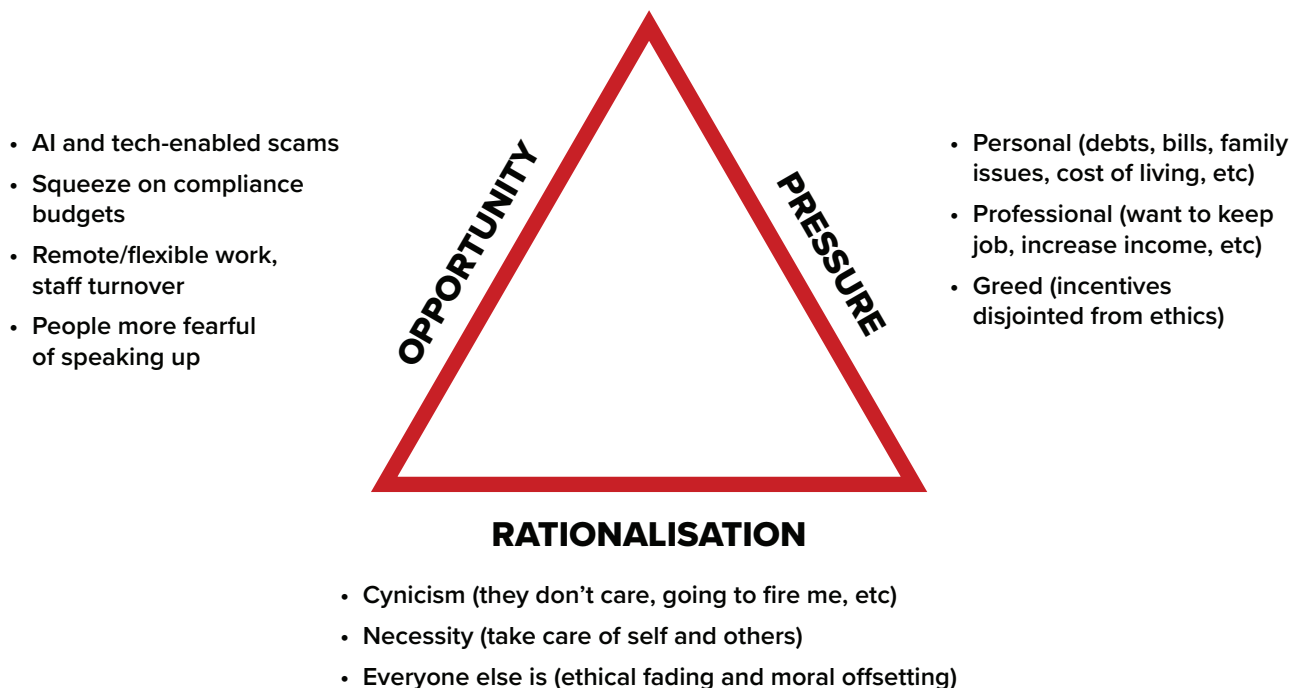
Fraud in healthcare can take many forms from billing for unprovided services and falsifying patient records to misrepresenting diagnoses to justify unnecessary procedures and as we have already addressed, bribery in procurement. The impacts extend beyond financial losses. Fraud also risks patient safety and erodes trust.

'Mature organisations might think cyber is something that will cost them money, a financial risk, but from my experience when I was a CEO, I could see how widespread the fraud risks were becoming so I was worried about catastrophic reputational damage to the whole system and beyond. Some of the African and Caribbean nations say their biggest worry is foreign corruption. I'm not sure the UK gets a clean bill of health on corruption. Corruption is universal and it can infiltrate governments, corporates,

even your neighbour. Bribery and corruption are pervasive in healthcare supply chains, so none of us can think we're alone on this,' another NHS executive added. See ACCA's [Bribery and Corruption – The Hidden Social Evil on Your Doorstep](#) (ACCA 2024).

A September 2024 report by Transparency International (2024), *Behind the Masks: Corruption Red Flags in COVID-19 Public Procurement*, identified systemic bias, opaque accounting and uncontrolled pricing in the handling of COVID-19 procurement during the pandemic, raising corruption questions over billions of pounds in public spending. By analysing publicly available data on UK public contracting, official reports, litigation in the courts, and public interest journalism, researchers identified 135 high-risk contracts with a value of £15.3bn that had three or more corruption red flags.

FIGURE 10.1: The classic fraud triangle reimaged



Source: Adapted from [Ethics Insights](#)

The three main fraud risks in healthcare

Our podcast episode with, Alex Rothwell, the CEO of the UK's NHS Counter Fraud Authority, discussed the three main fraud risks the healthcare system faces and what accountancy professionals can do to help better manage them:

- internal insider fraud;
- external collaboration;
- and supply chain fraud.

He described the significant fraud risks faced by a large workforce with complex operations, adding that the Authority has identified 124 different fraud types.

'One of our founding principles is accepting that fraud exists. It's one of the first cultural hurdles that we have as fraud professionals. If you're a finance director in a healthcare body, part of your responsibility is to put in place measures to address and mitigate fraud. If fraud is found, it's seen as a failure of control, but it should also promote the concept that fraud exists ... because in our experience if you don't look for fraud, it's very unlikely you're going to find it.'

Alex Rothwell, CEO of the UK's NHS Counter Fraud Authority

See also [Fraud, Error and Loss Strategy 2024-2027](#) (NHS 2024).

Failure to prevent fraud

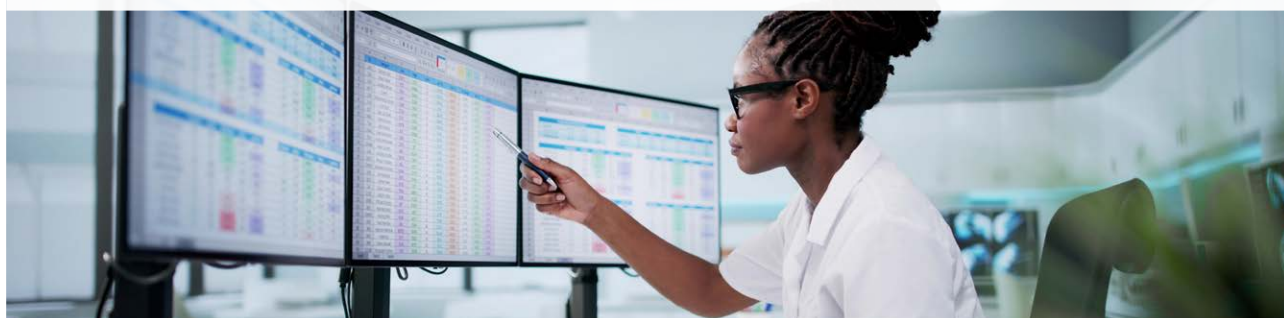
In the private sector, new legislation, such as the Economic Crime and Corporate Transparency Bill in the UK, defines failure to prevent fraud as an offence. Similar legislation for bribery is also now in place. *'Having risk assessments in place and proactively testing their effectiveness is one of the most important routes for us. Many people think that when auditing is done, the process is tested, but in our experience, you often have to dig a little deeper to actually uncover instances of fraud,'* he explained.

One member referred to the old adage, 'a fish rots from the head', suggesting we need more push from the top if we are to progress from reactive, compliance-driven approaches. To combat fraud and corruption in healthcare, we as a profession should move towards more thorough investigations and proactive detection ecosystems where 'return on investment' (ROI), reward and incentives are aligned. Participants also agreed that 'public inquiries' are no substitute for change, and that cooperation between healthcare bodies at home and abroad needs more formalising.

'With hospital incidents, you can check on the CQC [UK's Care Quality Commission] site and see how the same ones with the same inquiries tell you that the same bad outcomes will happen again. So, I think we need to ask ourselves where is the accountability? How can we encourage even more private-public sector cooperation?' one member on a board pointed out.



Case study: Empowering financial professionals to combat fraud and corruption



The director of a government state-owned enterprise (SOE) in Africa, who's also on the board of a health insurance company and previously the chief accounts executive at his country's Health Ministry, says our profession has a big role to play in combatting fraud and corruption.

There are areas where I've taken action before and one is controlling overtime. Occasionally, doctors arrive and clock in when they're on call even though their presence isn't essential. I monitor cases where pay more than doubles the basic salary and was able to reduce overtime costs by creating proper controls.

Additionally, during the pandemic some individuals manipulated the system by giving away free laboratory machines in return for contracts to supply testing kits,

which were extremely costly, and certain companies made significant financial gains. There should have been open bidding instead. Measures also should have been taken to ensure the quality of the tests themselves.

To address fraud, people must be trained as leaders and have courage to speak up and communicate the risks. Our profession must voice our concerns and communicate them, addressing these issues wherever we can and making our team members aware of these risks.

11. Fostering a culture of accountability and ethical decision-making

As we turn our heads and ask what's next for healthcare, one area demanding more attention given today's risk landscape is accountability.

The accountability sink

There is a lot to be said about how Dan Davies' book, *The Unaccountability Machine*, relates to healthcare and where accountancy professionals fit in. (Davies 2024)

As with the dead salmon's brain and collective safeguarding with AI mentioned earlier, Davies uses relatable situations to illustrate what he means by the 'accountability sink' – incidents or structures within an organisation where responsibility for decisions, actions, or outcomes becomes 'lost' or absorbed without clear ownership.

In these 'sinks', accountability becomes diffused across departments or individuals, meaning that no single person or team is ultimately held responsible, making it difficult to follow through, address issues, or make improvements. The organisation ultimately loses all resilience. In healthcare, accountability sinks can manifest because of large, complex systems with multiple layers of authority and oversight as well as interdepartmental interactions that are subject to overlaps such as with patient admissions, billing and care coordination. Such diffusion can lead to inefficiencies, failure to meet compliance or regulatory standards, and unfortunately cause damage to people's lives.

Promoting a just culture

We could not talk about accountability without understanding what a just culture in healthcare is and how financial professionals are involved in cultivating it. Participants emphasised that a just culture is a culture that balances accountability with learning. The aim is to promote transparency and continuous improvement by understanding mistakes and addressing underlying system issues rather than blaming individuals. Accountancy professionals contribute significantly by aligning financial accountability with ethical standards. As the high-stakes environment of healthcare demands both accuracy and a culture of safety to prevent harm and improve patient outcomes, they can start by identifying areas where resources can be allocated to support safety and reduce operational risks.

- **Focus on learning and improvement:** Mistakes and near misses are used as learning opportunities to improve processes and prevent future issues.
- **Balanced accountability:** There is a fair assessment of incidents, distinguishing between human error, at-risk behaviour, and reckless behaviour, with each category treated appropriately.
- **Psychological safety:** Employees feel secure in reporting errors without fear of undue punishment, fostering open communication and trust.



Getting right tone from the top

A 2019 paper, [Learn to Build an Error Management Culture](#), (Steenbergen, et al. 2019) highlights one of the distinctive aspects of healthcare that some ACCA members agreed has merits. It focuses on a concept called appreciative inquiry, which is about expanding and changing an organisation by focusing on its strengths. Rather than focusing on departments that lag, a regular visit from top managers to departments that score high on error management culture is more effective, and sharing their best practices can set a positive example to which employees then want to conform. This approach also provides clarity around desired behaviours. (Steenbergen, et al. 2019)

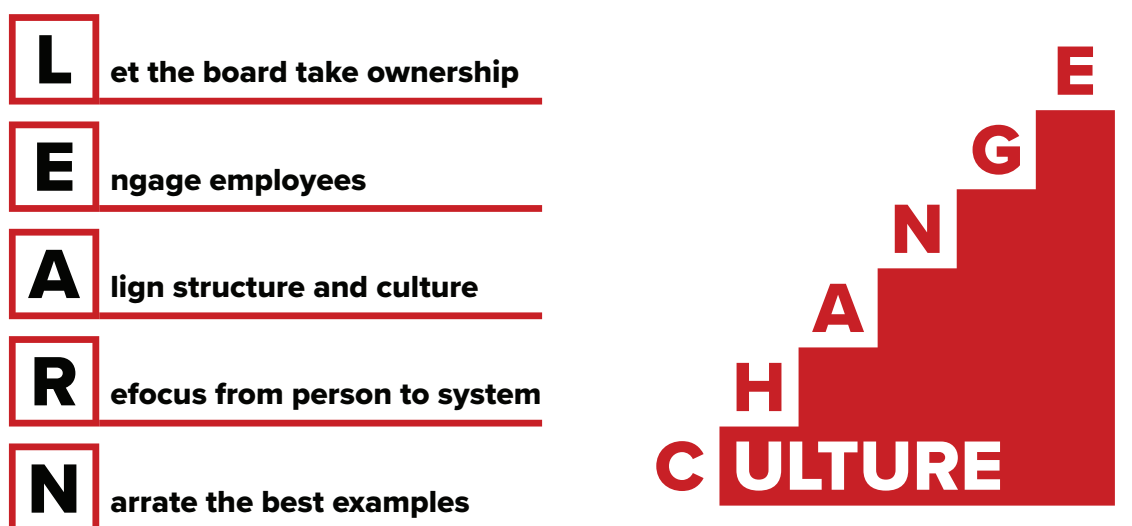
It's the board's job to define and commit to a social licence, modelling the behaviours needed to influence and achieve strategic goals. This includes promoting a 'just culture' for reporting errors and near misses. Accountancy professionals must promote policies that treat error reporting as a learning opportunity rather than grounds for punishment, creating a culture where staff feel safe to speak up. When employees are not afraid to report mistakes, the organisation can learn from errors and improve practices, ultimately leading to safer patient care and a more resilient organisation. Shifting to a just culture is not straightforward. One member in Singapore referred to a report published by Aon, [Managing Risk Through a Just Culture](#), (Aon 2021) that explains how to make this cultural shift happen and how it can prevent avoidable deaths or clinical harm.

Keeping ethics at the core

Members stressed the importance of ethics in guiding a culture of accountability and putting it at the heart of all decision-making rather than treating it as something separate. *'I tend to approach everything from an ethical perspective. If there's something that's got to be done because the regulations or policy state it's necessary, it helps to also think strategically and understand where the organisation is going, thereby putting the task into context. You must look at everything – the costs, benefits, and ethical dimensions – and I find my ACCA background is a significant help in this, with its training in strategic planning, performance, and project management.'* See [Just Business: Business Ethics in Action](#) (Sternberg 2000).

Some participants, especially those from multinational organisations, also discussed how it makes sense to address today's complexities by formalising the role of ethics in their roles and responsibilities. *'I am both internal controller, risk manager, and ethics correspondent for our activities, and I can say that the combination of these three functions works really well because you have better knowledge of how these different areas are interrelated, hence a more accurate pulse on what's happening on the ground,'* said one member from a European provider group. *'Risks are driven by individuals and as such they become local multi-faceted initiatives,'* he added. See ACCA's [A New Era for Ethical Challenges for Professional Accountants](#) (ACCA 2024).

FIGURE 11.1: LEARN framework: Creating an error management culture



Source: Adapted from AMF

'RISKS ARE DRIVEN BY INDIVIDUALS AND AS SUCH THEY BECOME LOCAL MULTI-FACETED INITIATIVES.'

ACCA MEMBER FROM A EUROPEAN HEALTHCARE PROVIDER GROUP

New generation of MI

In terms of finding the sink holes, accountancy professionals can help assess the broader culture, the behaviours it breeds, and the risks they might augment. This involves a next generation of management information (MI) reporting, which as we have explained throughout the risk culture series is invaluable, if used strategically, for identifying weaknesses in an organisation's risk culture and governance.

MI comes from observing, engaging across functions, taking notes and telling the story. It's a systematic approach to presenting data-linked evidence to support better decision-

making and planning within an organisation. It looks at KPIs, risk metrics and potential threats but analyses this alongside qualitative information that brings it all to life. For example, if MI reports in a healthcare organisation show that staff members rarely report near-misses, this could suggest a culture where employees are either unaware of potential risks or discouraged from reporting because of time constraints or a fear of taking responsibility. MI helps reveal such situations and this is where the clinical and financial sides can come together in helping an organisation aggregate and manage the 'right' risks but also seize opportunities that achieve the goals of all stakeholders.



Case study: How optimising JCI accreditation helps foster a just culture



Ajith Tudawe, the chairman of Ceylon Hospitals Sri Lanka, a division of Durdans Healthcare Group, explained how the Joint Commission International (JCI) framework has encouraged his organisation to consider how a just culture is aligned with purpose, risk appetite and risk culture.

Let's take infection control. It's of utmost importance, but we don't punish non-compliance because that would lead to a blame-based approach that does not align with our country's cultural norms. If people make mistakes, we engage with them and work to ensure that such mistakes are not repeated.

We value the comprehensive detail in the JCI framework. There are 1,200 measurable elements, which we need to comply with. It's a holistic, enterprise-wide system, from governance at board level down to those doing the most basic tasks. Therefore, we have established processes to monitor and adhere to these standards, encompassing the clinical and managerial aspects: finance, patient safety and quality among others, including regulatory compliance.

We implement the JCI framework and all its well-defined processes while maintaining a human and tailored approach. Healthcare is different, more diverse, and more personal than other industries. In our governance structure we have a committee dedicated to Culture and Patient Safety and seven other committees, such as the Pharma Therapeutic Committee, which handles all medication-related matters. But we try to minimise the overhead.

Healthcare delivery is not like a production line in an automobile factory producing identical cars: each patient is different, and caregivers change on a rota. We aim to minimise errors and raise our standards – this is an integral part of our own mission.

A woman with short, grey hair and glasses, wearing a white lab coat over a light blue shirt, is looking down at a tablet computer she is holding with both hands. The background is blurred with bokeh lights in shades of blue and green. A vertical red line is positioned to the left of the text block.

**PARTICIPANTS
EMPHASISED THAT
A JUST CULTURE
IS A CULTURE
THAT BALANCES
ACCOUNTABILITY
WITH LEARNING.**

12. Understanding how character influences decisions

Participants in our healthcare research were adamant about how risk is or must become ingrained in decision-making given the high stakes of saving lives and the complexity of individual patient care.

Thus, if there's one note to end on, it's to underline what effective enterprise risk management is all about – sound decision-making. It's imperative that we, as a profession, make sure that this is understood throughout the organisation as well as in the value and healthcare supply chains.

As our members who work in the sector shared stories about leadership training initiatives, we found growing interest in refining the processes for decision-making and how different industries can learn from each other when attention turns to driving effective risk cultures. [Leadership character: A holistic approach](#) (Linkletter, 2023). One member referred to a case where HSBC piloted the NHS's '[Freedom to Speak Up Guardians](#)' initiative as part of a 15-month cultural change programme it started in 2020. (FSCB 2020)

Elevating character with competence and commitment

In September 2024, Ted MacDonald, from the UK's Financial Markets Standards Board and an advocate for Ivey Business School's [Leader Character Framework](#), introduced it to ACCA's global forum for governance risk and performance and one of our healthcare members roundtables. He described how the framework restores a natural balance by elevating character to the same level as competence and commitment. It's becoming widely used to empower everyone in the organisation to be more aware and able to navigate the circumstances of a situation. (Crossan, M., Seijts, G., Gandz, J. 2015)

[Figure 12.1](#) illustrates the framework's eleven dimensions of character and the behaviours that evidence whether certain attributes are in balance or not. For example, courage in its virtuous state is quite different if too weak (timid) or too strong (reckless).

'You can think of character dimensions like muscles. Without exercise, muscles atrophy. Similarly, if you don't exercise conscious awareness of character, it too becomes weaker and narrower due to neglect. Awareness helps you recognise which traits are active and which might be less so. It helps to reflect on how they manifest in your own life and in others around you, especially in the process of making a judgment call. You don't need super-strength in these dimensions, but an appreciation if one or more are in overdrive (or the opposite) and not effectively counter-balanced by other dimensions. When dimensions are compromised in this way, it affects decision making and behaviour' he explained.

The framework is taught in leading business schools and other faculties, such as Western University (home of Ivey), Wake Forest University and now as part of the undergraduate curriculum at Oxford University's Medical School. It is also actively used by the military, professional sports teams, financial services and major government organisations.

By encouraging everyone at all levels to embody the spirit of character awareness, teams become more aligned, which leads to more cohesive decision-making and people acting in concert with shared values. It has been applied to decision-making training, performance assessments, hiring and promotions criteria. See [Make Leader Character Your Competitive Edge](#) (MIT, Crossan, Furlong, Austin 2022).

'Tone from the top is designed to help you develop and refine your own "tone from within", which reflects your own approach to how you would respond to a problem, especially at pace. Often, when we're about to make a significant decision and have only a few minutes to make the call, a variety of factors can influence the decision-making process.'

Ted MacDonald, Financial Markets Standards Board

FIGURE 12.1: The Ivey Leader Character Framework

1. Universal across context, culture, time.
2. All dimensions are inter-connected.
3. All are equally important
4. Any virtue can be a vice if strong/weak.
5. Judgement plays a central role.
6. Balance strengths don't weaken them.
7. Elevates performance **and** wellbeing.

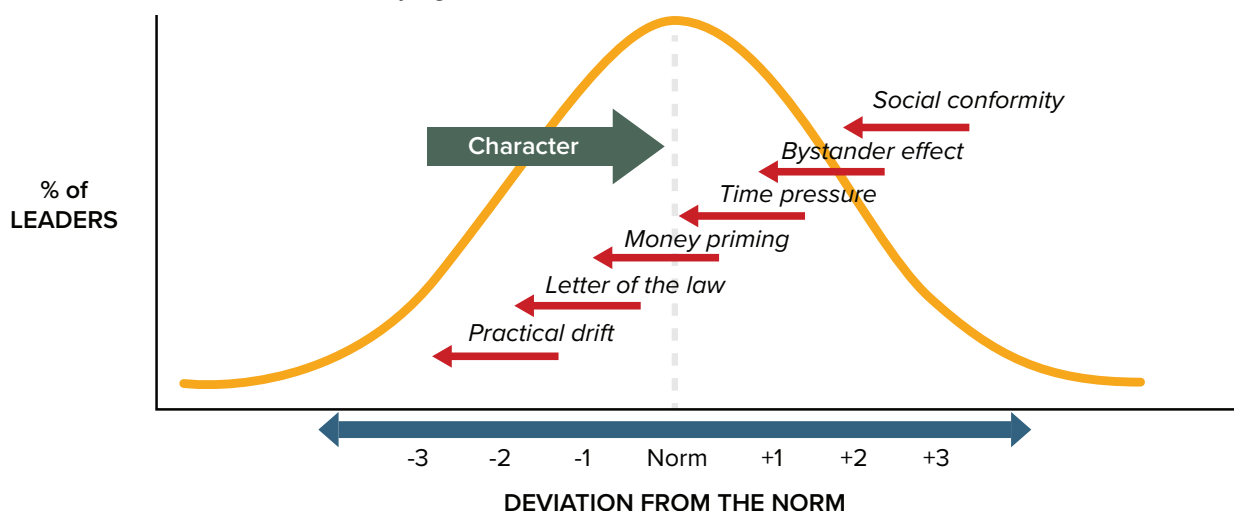
Source: Adapted from Ivey Business School (Crossan et al, 2017)

Figure 12.2 depicts how getting used to ‘*this is the way we do it around here*’ can weigh against good judgment calls. In fast-moving, complex settings, such as hospitals, people may be prone to cut corners and normalise that behaviour. This can be a blind spot that could be a matter of life and death in healthcare, but character awareness can help keep that in check.

We also looked at how the framework aligns with the Royal College of Physician’s seven areas of focus for professional development because the character trait of continuous learning is central to those who work in

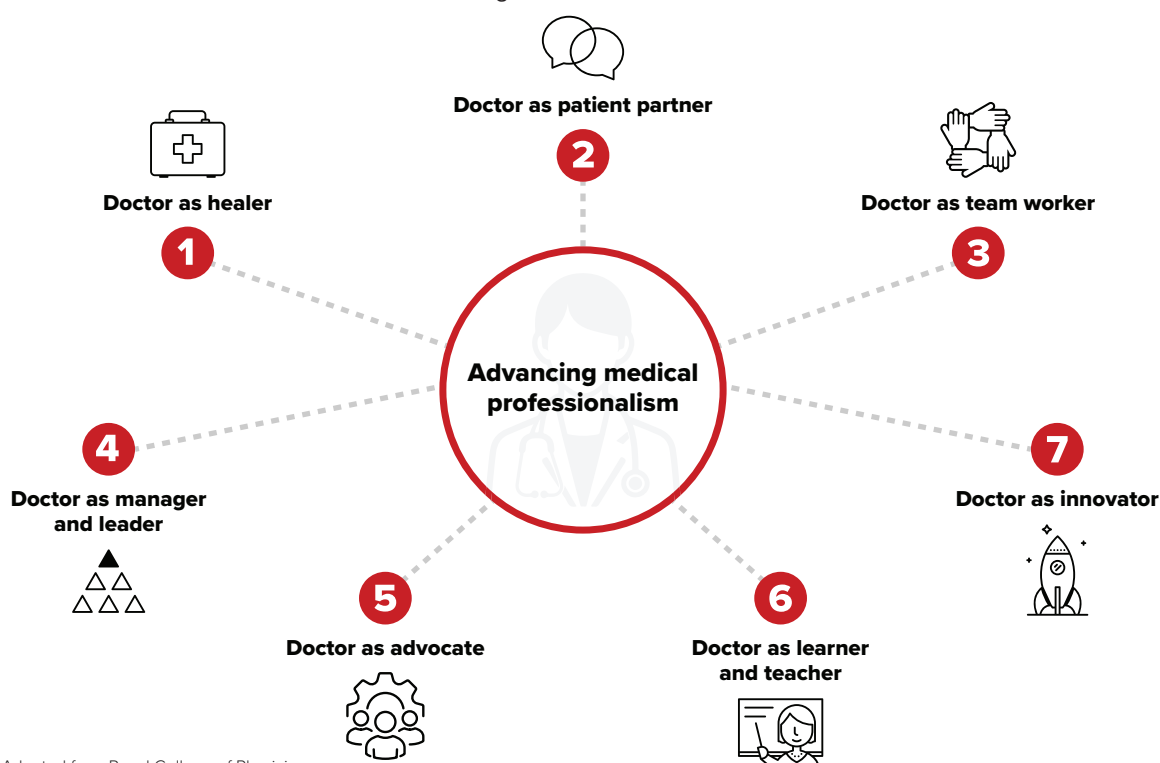
healthcare. In Figure 12.3, trait number seven is largely about AI automation and how we adopt new machine learning solutions and the proliferation of advanced diagnostic tools. Doctors, support staff and finance departments need to think together about how all these various technologies are going to be used to achieve better outcomes. Medical science is a constantly evolving environment, and instilling collaborative learning as an ongoing character strength that is aligned with purpose is essential for all functions. *Advancing Medical Professionalism* (Royal College of Physicians), *Role of the NHS Chief Financial Officer* (Robertson, Day, 2024).

FIGURE 12.2: Social rules can override judgement



Source: Adapted from Ivey Business School

FIGURE 12.3: Character traits behind decision-making



Source: Adapted from Royal College of Physicians

What drives a good decision?

We already discussed how leading with purpose provides the ‘why’ in decision-making and how critical that is to achieving goals. But being purpose-driven can mean different things to different people within the organisation and purpose can feel overpowering, considering that lives are literally at stake.

Financial professionals said prioritising and deciding ‘what to do’ requires being aware of bias and of those around us. For example, one cannot ignore profitability in pharmaceuticals, but as members from this space attested, all sides of the business must remember why the company exists – to ensure the medicine does what it says it does – otherwise no one will trust the company and it will fail. The consensus was that we as a profession need to instil character strengths into the priorities that shape our

decisions, and that has to be a collective exercise. If the context of purpose is not understood across the different functions of the organisation – for example, legal, finance, marketing, HR, and research & development – it becomes misaligned, and therefore meaningless.

‘I love tying purpose in with character to have a deeper understanding of your own character as a financial professional. You might understand where you have blind spots diplomatically, but then that’s what you really need to lean into and team up with other people who have something that you don’t exactly understand.’

ACCA member

See [The Power of Purpose](#) (White 2024) from the Arthur D Little community.



Case study: Understanding the impact of decision-making processes



Li Shengnan, senior manager of finance and business management at Wanfu Bio in China, explains how decision-making processes affect performance.

My company was poised to produce nucleic acid testing products but missed the window of opportunity during the pandemic because of lengthy decision-making in the investment and development cycles. The company seized the chance to sell antigen products instead.

The lengthy decision-making process became a significant challenge in our ‘repurposing’ response. We gradually transformed our reliance on the boss’s decisions to establishing a team for collective decision-making. This ‘reflection’ was fascinating because it enabled us to understand the need to adjust management methods to different stages of corporate growth while also taking into account fluctuating market demands.

I’ve seen how SMEs find innovation constrained by long-term budgeting, while some start-ups struggle to implement budgets effectively owing to rapid changes in their environment. The changes show that no one management method is suitable for all stages of development.

We eventually integrated risk management by ensuring more clarity in processes. Internal audit now reports directly to the board instead of the CEO and comprises inspection and audit. Inspection focuses mainly on fraud issues, while audit focuses more on analysing risks and strengthening management. The leaders in charge of risk management now come from the finance department, and they’re continuously learning and working with both external consultants and internal staff to carry out their work.

Closing remarks

Joachim A. Adenusi, PhD
Conrad Clark and IRMS Ltd UK



‘LET’S AS A PROFESSION COMMIT OURSELVES TO A NEW STANDARD OF EXCELLENCE IN HEALTHCARE RISK MANAGEMENT, CREATING A CULTURE OF RESILIENCE THAT NOT ONLY SAFEGUARDS BUT ALSO LEADS US TO A FUTURE WHERE PATIENTS, HEALTHCARE PROFESSIONALS, AND ORGANISATIONS ALIKE CAN THRIVE.’

JOACHIM A. ADENUSI, PHD

When I joined the NHS as a corporate risk manager, coming from financial services and my work advising political leaders, I was deeply inspired by the dedication to patient safety I encountered. Every month, my updates on high-risk issues went straight to the senior team, underscoring how essential incident management was. Yet, despite the commitment, I sensed a reactive culture shaped by compliance demands from the NHS Litigation Authority (now NHS Resolution). While important, compliance alone could only get us so far. Real change meant evolving beyond ‘checking the boxes’ to a culture that actively anticipates and manages risk in a way that protects and empowers.

Today, risk management in the NHS has broadened, pulling in expertise from finance, information systems, and strategy. This transformation is promising – but it’s incomplete. Fragmented practices across NHS trusts sometimes create confusion. Imagine the impact we could achieve by unifying clinical and non-clinical risk management. This would bring sharper focus to decision-making, enhanced performance, and stronger financial foundations, ultimately lifting the standard of care for everyone.

Healthcare organisations must rise above compliance and reactive practices. We need a proactive, organisation-wide model for managing risk. This shift can be led by accounting and financial professionals who champion a culture of enterprise risk – one that is grounded in integrity, transparency, and foresight. As Daniel Bruce, CEO of Transparency International UK, warned, ‘The scale of corruption risk in the former government’s approach to spending public money during the COVID pandemic was profound...more than £15bn of contracts flagged red.’ These issues are a call to action for us as a profession to protect the trust and resources of those we serve.

After the Ebola crisis, I advocated for a new approach to risk management in African healthcare, beginning with Nigeria, where governance issues have been an enduring challenge. During the 2014-2016 West Africa Ebola epidemic – the largest and deadliest Ebola outbreak to date – over 11,000 lives were lost across Guinea, Liberia, and Sierra Leone. In Nigeria, the response was swift and decisive, effectively containing the virus with only 20 cases and 8 deaths. But this tragedy showed the importance of readiness and proactive risk management in healthcare. Nigeria’s experience demonstrated that when healthcare systems work hand-in-hand with risk management strategies, they can safeguard lives even in the face of global crises. With the right support and preparation, lives can be saved, high maternal and child mortality rates can be reduced, and the quality of healthcare can be lifted for families across Nigeria and Africa.

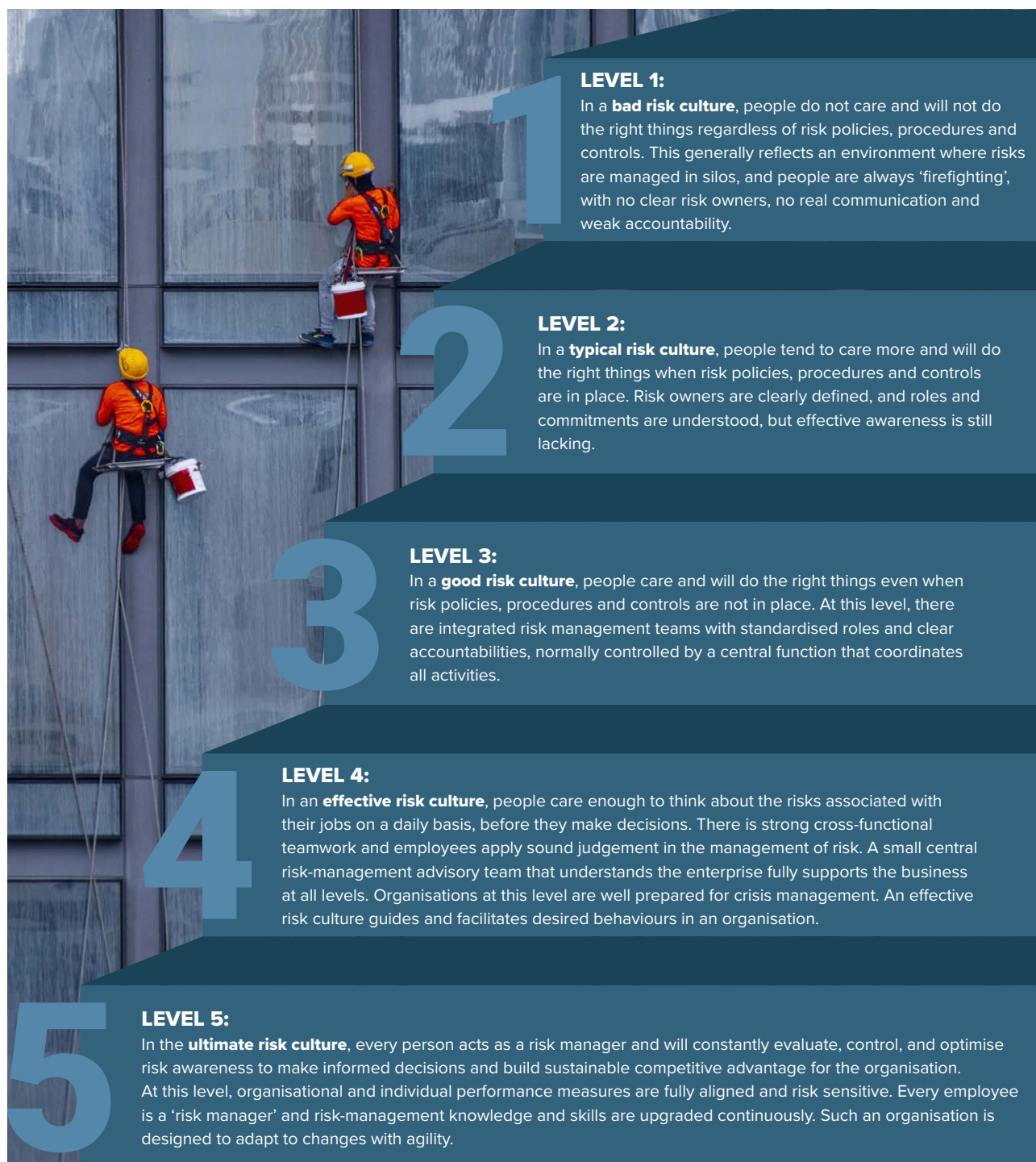
Creating an effective risk culture isn’t just about maintaining risk registers or ticking boxes on incident reports. It’s about cultivating a shared mindset that understands and anticipates risks in a way that aligns with our goals. It’s about uniting our organisations around a vision, where risks are not just “managed” but strategically used to protect and advance what we believe in.

Strong, purpose-driven leadership is the backbone of this transformation. Leadership means partnering with our teams to shape a shared path forward, solve problems together, and inspire resilience. That’s what “risk leadership” is all about: a journey where leaders and teams align on purpose, trust, and action.

Let’s as a profession commit ourselves to a new standard of excellence in healthcare risk management, creating a culture of resilience that not only safeguards but also leads us to a future where patients, healthcare professionals, and organisations alike can thrive.

Appendix A

Levels of risk culture maturity



Appendix B

Deciphering the cultural aspects of cyber risks

WE CALL IT...	HOW IT WORKS (MO)	HOW IT SOUNDS / LOOKS	EFFECT (WHY IT WORKS TO DROP DEFENCES)
AI deepfaking	voice/face/writing, of family member or boss	<i>'It's me, I'm out of cash, can you send me some?'</i>	personalised, informal, emotional appeal
Pretexting	present as familiar, insider ('blag')	<i>'How's your mum, is she better now?'</i>	personal, seems I probably know you, just can't quite remember...
Phishing	request 'legitimate' verification, with deadline	<i>'It's Sam from Compliance, can you just quickly help me with...?'</i>	I want to be helpful and I'll defer to (apparent) authority
Whaling	direct note from SM to CFO asks for quick transfer	<i>'I'm on holiday but...'</i>	I want to be helpful and I'll defer to (apparent) authority
Note-gathering	casing the joint: phishing, observe, build up a picture, then impersonate	<i>'I know you're very busy with / planning to... [X, Y, Z – all quite correctly], so could you just help me to...'</i>	you know so much about me, you must be a trusted colleague
Baiting	helpful app, left-behind USB device	<i>Try this easy-to-use productivity tool...</i>	that's handy, easy to use
Helpdesk	offers (in-house) tech help or sweepstake / free pen etc	<i>'Dave from IT – could you just key in..'</i>	oh good, better use this help than try to fix it myself
Ransomware	providing 'necessary' help (message / link / app)	<i>'Follow the instructions for upgrade...'</i>	seems necessary, so I'll do it
Tailgating	just walk on in	Person walks in then around, with apparent purpose	fair enough, they're obviously here to do something useful

Source: Adapted from [DrRMiles.com](https://www.drRMiles.com) (November 2024)

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