

**Governance and Audit Committee
Annual Report 2017/18****1 Status – Public****2 Executive Summary**

This paper summarises the work of the NHSBT Governance and Audit Committee (GAC) for 2017/18. The GAC has complied with its existing terms of reference in 2017/18 during which it has:

- reviewed and approved the financial statements for 2017/18 (subject to approval at June GAC meeting);
- reviewed the Governance Statement for 2017/18 and confirmed that it is consistent with the GAC assessment of control; (subject to approval at June GAC meeting);
- reviewed the Integrated Governance Framework;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate;

3 Action Requested

The GAC is asked to;

- note the content of the report;
- agree the final version, subject to approval at the June GAC, including the review and approval of the Annual Report and Accounts and the Governance Statement for 2017/18.

4. Purpose of the report

The GAC has prepared this report for the NHSBT Board. It sets out how the GAC has satisfied its terms of reference during 2017/18, and seeks to provide evidence relevant to its responsibilities for the Governance Statement.

5. Background

5.1 An independent GAC is the central means by which a Board ensures effective control arrangements are in place. Including an independent check upon the executive arm of the Board.

5.2 The GAC independently reviews, monitors and reports to the Board on the attainment of effective control systems and financial reporting processes. In particular, the Committee's work focuses on the framework of risk, control, and related assurances that underpin the delivery of the organisation's objectives.

5.3 The GAC receives and considers reports from both Internal and External Auditors and the Annual Report and Accounts.

6. Membership

The GAC membership in respect of the financial year 2017/18 comprises of four non-executive directors:

| | |
|------------------|---|
| Roy Griffins | Non-Executive Director and Chair of the GAC |
| Keith Rigg | Non-Executive Director |
| Charles St John | Non-Executive Director |
| Lord Jonny Oates | Non-Executive Director |

Rob Bradburn (Finance Director) and Gail Mifflin (Medical and Research Director) support the GAC as lead Executive Directors.

7. Compliance with Terms of reference

All meetings during 2017/18 have been quorate. Three have had 100% attendance, and one, September 2017, had 75% attendance of members (3).

The Committee has ensured that its terms of reference are in line with those recommended in the NHS Audit Committee Handbook. Its terms of reference have been approved by the Board and are reviewed every two years by the GAC. The terms of reference were last reviewed in September 2016 and are due for review in September 2018, as outlined on the GAC workplan.

The GAC has regular attendees, including:

- Ian Bateman Director of Quality
- Rob Bradburn Finance Director
- Louise Cheung Assistant Director Governance and Clinical Effectiveness
- Linda Haigh Assistant Finance Director
- Sally Johnson Director Organ Donation and Transplantation (or deputy)
- Greg Methven Director of Manufacturing & Logistics (or deputy)
- Gail Mifflin Medical and Research Director
- Aaron Powell Chief Digital Officer
- Richard Rackham Assistant Director Governance & Resilience
- Katherine Robinson People Director
- Mark Rodgers Assistant Director, Business Transformation Services
- Ann Smith Secretariat to the GAC and Senior PA (Minutes)
- Mike Stredder Director of Blood Donation (or deputy)
- Huw Williams Director of Diagnostic and Therapeutic Services (or deputy)

The GAC is regularly attended by representatives from both Internal and External Audit. Members meet separately with Internal and External Auditors during the year.

8. Meetings

Five meetings were held during the financial year: -

| | |
|------------------|-------------------|
| 23 June 2017 | 15 September 2017 |
| 24 November 2017 | 19 March 2018 |
| 16 January 2018 | |

9. Audit Provision

Internal Audit was provided by Pricewaterhouse Coopers and External Audit by the National Audit Office in partnership with Mazars.

Internal and External Auditors submitted annual audit plans, which were agreed and monitored by the GAC. Regular updates on the progress and outcomes of these were presented during the year.

10. Governance and Audit Committee Opinion

The Board recognises that assurance given can never be absolute. The highest level of assurance that can be provided to the Board is a reasonable assurance that there are no major weaknesses in the Authority's risk management, control, and governance processes.

11. Duties and Findings

The GAC terms of Reference comprise five main areas of responsibility. They are due for review in September 2018.

- Governance, Risk Management and Internal Control
- Internal Audit
- External Audit
- Other Assurance Functions
- Financial Reporting

The agenda is arranged under the following headings:

- Clinical Governance
- Quality Assurance
- Business Continuity
- Information Technology
- Transformation Programme/ Transformation Project Board (TPB)
- Audit (Internal and External)
- Risk Management
- Information Technology (IT) Governance
- Integrated governance – other governance matters/ assurance streams
- Committee Business
- Chair's Actions (for discussion only as required)

11.1 Governance, Risk Management and Internal Control

The Committee can give significant assurance that controls are being applied consistently through quality and thoroughness of investigations based on work that has been undertaken in 2017/18.

The Committee continued to seek assurance of the effectiveness of the governance arrangements across the organisation and reviewed written governance reports and sought further clarification as required.

The GAC reviewed changes to the risk management process and continually monitored progress during 2017/18.

The Transformation Programme Board (TPB), remained a priority standing item. throughout 2017/18.

11.2 Internal Audit

The GAC receives all unsatisfactory or limited opinion audit reports and receives any advisory reports it has commissioned. The reports are provided to GAC at the meeting following agreement by management. The GAC also receives a report on all the outstanding Medium and High internal audit recommendations at each meeting and GAC approval is required to extend any timescales for delivery. The Committee has overseen and supported the work of Internal Audit through:

- Agreeing an audit plan
- Reviewing the reports with a less than moderate assurance
- Reviewing all medium and high audit points not completed on time
- Reviewing and agreeing the Head of Internal Audit Opinion

11.3 External Audit

The GAC is satisfied with the delivery of the external audit plan for 2017/18.

11.4 Financial Reporting

The GAC has reviewed the Annual report and Accounts for 2017/18 and is assured that the accounts comply with legal requirements, subject to confirmation at the Meeting of the GAC on the 18 June 2018.

11.5 Other Assurance Functions

Business Continuity – The GAC continued to review the Business Continuity function at each meeting. The GAC sought assurance on NHSBT’s response and management of mass-casualty incidents and the Ransomware cyber-attack.

The areas of responsibility of the Transformation Project Board (TPB) are presented to the GAC as standing agenda items at each meeting. This ensured the GAC maintained regular awareness of progress and the risk factors within the TPB.

12. Integrated Governance

The GAC have reviewed, updated and approved the Integrated Governance Framework during 2017/18, subject to endorsement at the June GAC.

The GAC Committee workplans were reviewed and amended during 2017/18. The Terms of Reference will be reviewed in September 2018 as scheduled in the workplan.

During the year the GAC has examined governance arrangements for:

- Board Assurance Framework
- Board Committee self assessments and annual reports
- Board Performance Report
- Clinical Audit
- Clinical Governance issues
- Committee workplan
- Commercial Insurance
- Information Governance
- DH Group Assurance
- Directorate risk overviews by Specialist Services, Tissue Services, Organ Donation & Transplantation
- Draft and final accounts
- Equality and Diversity Annual Report
- External Audit
- Financial Governance- losses and special payments, waivers
- Focus of the GAC in respect of Blood Supply/ODT

- Fraud
- Information Governance Reports including regular General Data Protection Regulations (GDPR) updates
- Integrated Governance Framework
- Health and Safety Reports
- Infection Control
- Intellectual Property Annual Report
- Internal Audit
- IT Governance
- Losses and Special Payments
- Mandatory Training Annual Report
- Organ Donation Register (ODR)
- Quality Management
- Risk Management
- Security Management Report
- Site Resilience
- Serious Incidents (SIs)
- Sustainability Annual Report
- Transformation Programme/Information Technology (IT) risks
- Whistleblowing Annual Report

The Committee has received risk presentations related to:

- Blood Supply Chain – Blood Manufacturing and Logistics
- Clinical
- Research and Development
- Stem Cell Services
- Tissue and Eye Services (TES)

The GAC reviewed its first Serious Incident deep dive on Organ Donation Transplantation in November 2017. The GAC agreed to review one deep dive per year.

13. Conclusion

The GAC has complied with its existing terms of reference and has:

- reviewed and approved the financial statements for 2017/18 (subject to approval at June GAC meeting);
- reviewed the Governance Statement for 2017/18 and confirmed that it is consistent with the GAC assessment of control; (subject to approval at June GAC meeting);
- reviewed the Integrated Governance Framework;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate;
- reviewed NHSBT plans to achieve financial stability.

The GAC will ensure that the Governance Framework supports NHSBT's agenda and deliberations over the coming twelve months as NHSBT moves towards delivering the next stages of its service strategy.

Roy Griffins
Chair of Governance and Audit Committee, NHSBT