

Governance and Audit Committee Annual Report 2019/20

1 Status – Official

2 Executive Summary

This paper summarises the work of the NHSBT Governance and Audit Committee (GAC) for 2019/20. The GAC has complied with its existing Terms of Reference (ToR) in 2019/20 during which it has:

- reviewed and approved the financial statements for 2019/20;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate.
- Overseen the Risk and Governance review.

Overall the Head of Internal Audit reported Moderate assurance to the Accounting Officer that NHSBT has had adequate and effective systems of control, governance and risk management in place for the reporting year 2019/20. This is an improvement following the significant weaknesses in governance, risk management and control highlighted in 2018/19 however work continues to further embed this improvement into NHSBT.

Towards the end of the reporting year Covid19 presented many challenges and pressures to the organisation and delivery of planned work. The GAC has supported the organisation in reviewing reprioritised plans for audit and improvements to risk management.

As part of the organisational wide Governance Review the GAC ToRs were updated and the role of the Committee clarified., The Committee will now be known as the Audit, Risk and Governance Committee (ARGC) and more details are in the report below. The Central Secretariat team led by the Company Secretary will now be secretariat to the committee.

5. Background

- An independent GAC is the central means by which a Board ensures effective control arrangements are in place. Including independent oversight of the executive arm of the Board.
- 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.
- The GAC receives and considers reports from the Executive, Internal and External Auditors including the Annual Report and Accounts.

6. Membership

The GAC membership in respect of the financial year 2019/20 comprises of three non-executive directors:

Piers White	Non-Executive Director and Chair of GAC.
Keith Rigg	Non-Executive Director
Lord Jonny Oates	Non-Executive Director (meetings March, June, September, November)

Jeremy Monroe Non-Executive Director (meetings January and March)

Rob Bradburn (Finance Director) and Gail Mifflin (Chief Medical Officer) and Ian Bateman (Director of Quality) support the GAC as lead Executive Directors.

7. Compliance with Terms of reference

All meetings during 2019/20 have been quorate and attendance is strong. The ToRs were redrafted in year making, subject to Board approval, the following changes:

- Name change to Audit, Risk and Governance Committee
- Emphasising the responsibility to ensure that adequate systems are in place for the identification and management of risks. This is a clear distinction from what the Executive Risk committee will be responsible for, the GAC reviews assurance not risk detail, grading and management this will be the risk committee's responsibility,
- The committee will ensure that the Internal audit programme is informed by the risk agenda and consistent with strategic aims of the Board
- The obligation to of the committee to ensure the risk agenda is appropriately resourced and has appropriate standing within the organisation, including direct access to the board
- Stronger focus on the committee's responsibility to review findings of other assurance functions, both internal and external to the organisation
- Greater focus on forward planning, looking at the risk agenda, strategic and transformational aims of the Board and using this to structure the governance and audit program.

The GAC has regular attendees, including:

- Ian Bateman Director of Quality
- Rob Bradburn Finance Director
- Anthony Clarkson Director Organ Donation and Transplantation (or deputy)
- Linda Haigh Assistant Finance Director
- Wendy Clark Chief Information Officer
- Greg Methven Director of Manufacturing & Logistics (or deputy)
- Dr Gail Mifflin Chief Medical Officer
- Richard Rackham Assistant Director Governance & Resilience
- Katherine Robinson People Director
- Mark Rodgers Assistant Director, Business Transformation Services
- Katrina Smith Company Secretary
- Mike Stredder Director of Blood Donation (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;

2019 – June, September and November
2020 – January and March.

9. Audit Provision

Internal Audit was provided by Price Waterhouse Coopers (PWC) 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. The GAC also received reports on the overdue high and medium priority recommendations from previous Internal audits.

10. Governance and Audit Committee Opinion

The Board and the GAC recognise that assurance given can never be absolute. The highest level of assurance that could 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.

The GAC can give reasonable assurance that product safety and financial controls are operating effectively. Moderate assurance can be given to risk and governance whilst these are developing areas.

11. Duties and Findings

The GAC Terms of Reference comprise five main areas of responsibility:

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

A standard agenda covers the following areas:

- Clinical Governance
- Quality Assurance
- Business Continuity
- Audit (Internal and External)
- Risk Management and Board Assurance Framework
- Information Technology (IT) Governance
- Committee Business
- Chair's Actions (for discussion only as required)

11.1 Governance, Risk Management and Internal Control

The Committee continues to receive regular updates on the progress of the governance review, including summaries of the changes to the redrafted Terms of Reference for Board subcommittees and proposed governance structures.

The Committee has delegated authority from the Board to oversee the organisations Board Assurance Framework and Risk Management and has approved the redesigned BAF.

GAC has continued with reviewing key risks within NHSBT, with Directors presenting their key risks and updating the committee on how these risks are mitigated and managed. This work commenced with the review of strategic risks, including blood donation and the provision of blood and blood components. These reviews were conducted under the new risk review process, which will be included within the revised Terms of Reference. As well as instigating an update of organisational regulatory and legal requirements as part of a compliance review

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

For 2020/21 GIAA will replace PWC in undertaking internal audit function for NHSBT.

11.3 External Audit

The GAC has overseen the delivery of the external audit plan for 2019/20 and supported the process given the impacts of Covid19.

11.4 Financial Reporting

The GAC has reviewed the Annual Report and Accounts for 2019/20 and is assured that the accounts comply with legal requirements. This was confirmed at the Meeting with the auditors on the 8th June and the Meeting of the GAC on the 18th June 2020.

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 Information Security (including Ransomware cyber-attacks).

Information Technology –The GAC and Board have received reports on the IT environment, the cyber readiness, understands the need to update core systems and is aware of the failure to deliver a major programme to update our core blood systems pulse. GAC will continue to focus on the ICT risks and ensure they are sufficiently governed controlled and managed..

12. Governance

The GAC Committee workplans were reviewed and amended during 2019/20 to reflect emerging risks and consequently 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 Asset Ownership
- Information Technology and Cyber
- Information Governance
- Data Centre Hosting/Contracts
- DH Group Assurance
- Directorate risk overviews by Specialist Services, Tissue Services, Organ Donation & Transplantation
- Draft and final accounts
- Equality and Diversity Annual Report
- Financial Governance- losses and special payments, waivers
- Fraud
- Information Governance Reports including regular General Data Protection Regulations (GDPR) updates
- Integrated Governance Framework
- Health and Safety Reports
- Infected Blood Inquiry (IBI)
- Infection Control
- Information Technology (IT) risks
- Internal Audit
- IT Governance
- Losses and Special Payments
- Mandatory Training Annual Report
- Medical Device Regulatory Changes
- Organ Donation Register (ODR)
- Quality Management
- Risk Management
- Security Management Report
- Site Resilience
- Serious Incidents (SIs)
- Strategic risks within the Blood Supply chain
- Stock Target/mass casualty Report
- Sustainability Annual Report
- Whistleblowing Annual Report

The Committee has received risk presentations related to:

- Business Continuity (BC)
 - Loss of Key Facility
 - Manufacturing and Logistics
 - Stem Cell Services
- The GAC reviewed its third Serious Incident (SI) deep dive in November 2019 on INC 77867 - Transposition of non-invasive fetal typing samples in the International Blood Group (IBGRL)
 - . The GAC agreed to continue to undertake one SI deep dive per year.

13. Conclusion

The GAC has:

- reviewed and approved the financial statements for 2019/20;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate.
- Overseen the Risk and Governance review
- Revised its Terms of Reference
- Undertaken a deep dive review of 1 serious incident and 4 strategic risks.

Piers White

Chair of Governance and Audit Committee, NHSBT

July 2020