

Board Meeting in Public Tuesday, 31 January 2023

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	3.3.1
Nature of Report (tick one)	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
Author(s)	Piers White, Chair of Audit, Risk and Governance Committee		
Lead Executive	Carl Vincent, Chief Financial Officer Janet Kidd, General Counsel and Company Secretary		
Non-Executive Director Sponsor (if applicable)	Piers White, Chair of Audit, Risk and Governance Committee		
Presented for (tick all that applies)	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Update		
Purpose of the report and key issues			
This report is submitted to the Board to draw attention to the main items discussed at ARGC on January 12 th , 2023.			
Previously Considered by			
N/A			
Recommendation	The Board is asked to note the report.		
Risk(s) identified (Link to Board Assurance Framework Risks)			
Strategic Objective(s) this paper relates to: [Click on all that applies]			
<input checked="" type="checkbox"/> Collaborate with partners <input checked="" type="checkbox"/> Invest in people and culture <input checked="" type="checkbox"/> Drive innovation <input checked="" type="checkbox"/> Modernise our operations <input checked="" type="checkbox"/> Grow and diversify our donor base			
Appendices:	None		

1. Background

This report is submitted to the Board to draw attention to the main items discussed at Audit, Risk and Governance Committee (ARGC) on January 12th, 2023.

2. Governance

The Committee reviewed the **updated Standing Orders** and discussed the need for an agreed **Scheme of Delegation**. This was still under discussion with the Department of Health and Social care (DHSC). At this late stage in the financial year, it has to be assumed that the same delegation rules apply as the prior year.

The Committee considered and agreed to recommend to the Board for adoption its **revised Terms of Reference**. It was noted that Clinical regulatory matters would be addressed by the Clinical Governance Committee. The Board and Executives were asked to reflect on:

- The importance of offline Budget and Blood Pricing reviews by financially minded Non-Executive Directors (NEDs)
- The same for major procurements
- The same for Business Cases and Benefits realisation reviews

and the need for these to be scheduled by the Executives so the NEDs knew when they would be asked to assist.

The Committee discussed the good work identified in the **Annual Information Governance Report**. For the next report, we are keen to see more focus on what is to be achieved in the next reporting period. It was pleasing to note the progress on Information Commissioner's Office (ICO) cases and Subject Access Requests (SAR) and Freedom of Information (FOI) requests. It was noted the Data Protection Impact Assessment (DPIA) work would be completed on the core systems by May 2023 when a report would be made to ARGC. Progress with Records management plans would also receive more attention at that meeting.

3. Risk

The Committee were encouraged to hear that the Risk team were now properly resourced.

The discussion on the **Board Assurance Framework** included the consideration of system recovery times and data points. In summary there is more work to be done and the committee requested a high level, RAG rated, view of where the business risks lie for the May meeting.

The Director of Donor Experience gave a very good presentation on **Strategic Risk 4, Donor Engagement**. It was clear how the risk arises and the components of it. The plans to address the risk were clear and resourced. Given the external factors which affect this risk, the Committee's attention was drawn to the need to continually refine the mitigations and to note that even when fully implemented the actions might not return the risk to a low level.

The Chief Financial Officer and Assistant Finance Director presented on the **Finance Strategic risks, 5a and 5b**. The risk work was less mature than for Donor Engagement and whilst the papers were very informative there is more to be done to identify the actions that need to be taken and tracked to reduce these risks. It might also be appropriate to re-define the risk description and the Committee were open to such an

Blood and Transplant

idea. The committee encouraged the team to give years 2-5 of the financial plan more consideration from a financial risk perspective.

The Committee received a short report from the People Committee outlining the discussion of **strategic risks 7&8**. It was identified that a few more questions could be added to the standard template that will be used by Committees to report back to ARGC. The Template questions will be enhanced to assist understanding of how well the risk is being managed.

Further encouragement was given to the risk team on **Assurance Mapping** as it was proving hard to see much progress, especially with a need to focus on evidencing the effective mitigation of **Legal risk**. On a brighter note, after some considerable time there was real movement on resolving Mandatory training issues and compliance. For the next meeting, % compliance would be provided by named accountable Executive, colour coded as appropriate.

A very good summary of the **Cyber Security** exercise was shared with the Committee. There is clearly work to do on the basics to ensure timely recovery were an attack to be effective. The Committee recommended that the Board should participate in the next such exercise.

4. Audit

Internal Audit

As previously reported, the plan is again running very late. That said, the Government Internal Audit Agency (GIAA) are confident that they can complete sufficient work to inform their opinion. In a separate session we concluded that the key to improving our execution of the plan is executive responsiveness. For the period to Christmas, only six executive reports had been finalised. Of those 2/3rds were offering Limited Assurance, 1/3 moderate. On the information available, it is hard to see how GIAA will have much positive to say about our Risk, Governance and control environment come the end of the current financial year.

Plans for 2023/24 are in the process of being drawn up and will be considered and agreed on behalf of the Board at the March meeting.

External Audit

It was a frustration to everyone that at the date of ARGC we were not in a position to sign off our Annual Report and Accounts for 2021/22. **Post meeting**, we have now heard that we have the necessary support from the Cabinet Office to complete our Annual Report and Accounts. The Finance team will draw up and agree a timetable for completion of the work, submission of the final draft to ARGC such that it can recommend that the Board approves the content by email. With help from the Department, we can then ensure the Accounts are laid before Parliament.

The Audit plans for the current year end 2022/23 will be presented for approval at the next meeting. Karen Murray has taken over from Lucy Nutley as our Mazars lead on behalf of NAO.

The committee received a good update on our Counter Fraud strategy and the extent to which it met the **Functional Standard**. A fuller report showing and gaps against all Functional standards would be presented at the next meeting.