

**Board Meeting in Public  
Tuesday, 25 July 2023**

<b>Title of Report</b>	Audit, Risk and Governance Committee Report	<b>Agenda No.</b>	3.5.1
<b>Nature of Report</b> (tick one)	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
<b>Author(s)</b>	Piers White, Chair of Audit, Risk and Governance Committee		
<b>Lead Executive</b>	Carl Vincent, Chief Financial Officer		
<b>Non-Executive Director Sponsor</b> (if applicable)	Piers White, Chair of Audit, Risk and Governance Committee		
<b>Presented for</b> (tick all that applies)	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Assurance	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Update	
<b>Purpose of the report and key issues</b>			
This report is submitted to the Board to draw attention to the main items discussed at Audit, Risk and Governance Committee on Thursday 13 July 2023.			
<b>Previously Considered by</b>			
N/A			
Recommendation	The Board is asked to note the report.		
<b>Risk(s) identified (Link to Board Assurance Framework Risks)</b>			
<b>Strategic Objective(s) this paper relates to: [Click on all that applies]</b>			
<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			
<b>Appendices:</b>	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 13 July 2023

## 2. Risk

### GIAA Risk Audit Update

The Committee received a report on progress and the management of actions arising from the recommendations made in the GIAA Risk Management Audit in April 2023. The audit had had been assigned a limited opinion. Twelve recommendations had been made and management response contained twelve actions which were being monitored by the Risk Management Committee.

### Risk Management Policy

The Committee received the Risk Management Policy which laid out the approach to risk management, the roles and responsibilities and the organisation's risk appetite. The policy was aligned with the Treasury Orange Book and compatible with risk management best practice. The Committee discussed the policy and requested further amendments before approval by the Board. The Committee also requested an overview of the policy framework and the policy management process.

### ISO22301 Re-audit

The Committee discussed a report on the re-audit of the Business Continuity Management System (BCMS) against ISO22301. The British Standards Institute conduct an audit every year in December and the audit in December 2022 had identified that that the Risk Management System was deficient in a number of ways that led to a major non-conformity being noted. The re-audit in June 2023 had established that all recommendations had been actioned and agreed to close the major non-conformity and open a minor non-conformity.

### Board Assurance Framework

The Committee received the newly developed Board Assurance Framework following the Workshops in March. The BAF had been changed in structure and appearance, there was a realignment of some risks and new risks being added to the list of principal risks. Risks 2A and 2B had been merged into a single service disruption risk owned by the Director of Quality. Risk 10 had been added to cover service disruption related to IT systems and services. Risks 5A and 5B had been merged into a single risk 5 (Finance) which is owned by the Chief Financial Officer. Risks 10 (Service Disruption - Loss of Critical ICT), 11 (Reputation), 12 (Commercial Exposure) and 13 (Governance Failure) had also added to the BAF and more work would be done to provide information into these risks. The Committee also approved a schedule of deep dives into each risk

### Deep Dive Principal Risk 02 Service Disruption

The Committee noted that the risk had a score of 16, mainly driven by the threat of an Irradiation Enforcement Notice. There are six main contributory risks, and the main concern was the risk of power outage.

### Compliance with Functional Standards

The Committee noted that the GIAA internal audit outcome into compliance with the functional standards had come back as limited, which meant that NHSBT had not developed an effective plan for the management or the proportional implementation of the functional standards. The report had been discussed by the Executive Team and a gap analysis was being done, and an appropriate and proportionate action plan put together.

### Insurance and financial risk

The Committee received a report outlining the gaps in insurance and a proposed schedule of reviews for each area, which will help to develop an understanding of the level of financial risk and whether 'self insurance' was the right approach.

### Update on Business Continuity and Disaster Recovery

The Committee received a verbal update on the work currently underway in DDTS and the business continuity and disaster recovery.

## **3. Audit**

### Review of Internal Audit Report and Opinion

The Committee noted a report outlining the response from the Executive Team to the Internal Audit Report and Opinion.

### GIAA Audit Actions

The Committee noted the report outlining progress with GIAA audit actions and the approach to managing the actions going forwards.

### Internal Audit

The Committee received a report on progress with the internal audit. Good progress had been made and one final report had been issued on the DSPT. The GIAA Assurance Opinion was Unsatisfactory, meaning that there were fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail. The Committee discussed the findings and the considerable amount of work required in the area, plus the concern that about the organisation being able to access the resources it needs to deliver the workload.

### External Audit Report

The Committee noted the signed External Audit Report and also noted the Management responses to the audit. It was noted that most actions were now complete.

#### **4. Governance**

##### NHSBT-wide Audit Schedule

The Committee received a report outlining the NHSBT-wide Audit Schedule, comprising the internal audit, supplier audit, quality audit and clinical audit plans and assurance that the plans are being managed effectively.

##### Annual Health, Safety & Wellbeing Report

The Annual Health, Safety & Wellbeing Report outlining the HS&W progress in the 2022/23 financial year, including information on accident / wellbeing performance and the strategy.

##### Risk Management Committee Terms of Reference

The Committee approved the Risk Management Committee Terms of Reference.

#### **5. Other**

The committee received an update on Counter Fraud, losses, and waivers.

#### **6. Items for escalation to the Board**

- The development of the risk management policy.
- The deep dive into a risk Principal Risk 02 and the identified risk of power outages
- The findings of the DSPT audit report and the considerable amount of work required in the area, plus the concern about this organisation being able to access the resources it needs to deliver the workload.
- The Annual Health and Safety Wellbeing Report.