

**Board Meeting in Public
Tuesday, 28 November 2023**

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	4.1.1
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		
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"/> Assurance	<input checked="" type="checkbox"/> Information <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 Audit, Risk and Governance Committee on Thursday 16 November 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 16 November 2023.

2. Risk

Compliance with Functional Standards

The Committee received the report on compliance with Functional Standards. An action plan had been developed and the framework and the ambition would be discussed at the next meeting. The Committee supported the approach and received assurance that the timelines for staged implementation were manageable.

Board Assurance Framework (BAF)

The Committee received the report on the BAF and noted that the Risk P-02 had been increased in score from 12 to 15, mainly due to the issues at the Southampton site. It was noted that there was no risk of concern to patients, staff and contractors at the site. Further mitigating actions were being taken to reduce the risk associated with RAAC in the building.

Proposed Principal Risks Review

The Committee received a report on the outcome of the discussions on the proposed risks P-11, P-12 and P-13, Reputation, Commercial and Governance respectively. The proposals were discussed at the Executive Team meeting on 24 October.

The Committee agreed to endorse the recommendation made by the Executive team that a principal risk for Reputation should not be added as a separate risk. However, numerous examples of how reputational risk could affect the risk scoring of Strategic risks were noted. It was therefore requested that a report be submitted to the meeting in January updating the Committee on any further considerations for the Reputational Risk, the impact on other Principal Risks and how this would be managed.

The Committee discussed the Commercial Activity Risk, noting the linkage with performance. The Committee agreed to endorse the recommendation that a principal risk for Commercial Activity is not added to the system as a separate risk.

The Committee also agreed that a principal risk for Governance be presented to the Executive and Risk Management Committee in December, to include Board and Executive skills. The January ARGC will then consider the recommendation that comes out of this work.

Risk Deep Dive NHSBT-03 Critical IT System Failure

The Committee received the report on the deep dive into the Principal Risk P03, Loss of Critical ICT. The current residual score was 16 and the Committee noted the contributory

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risks, mitigating controls for each contributory risk and their effectiveness. The Committee also noted the work undertaken to reduce the risk to date and areas of focus for the next 12 months. There has been an enormous amount of progress over the last 2-3 years but there remains a long way to go on this improvement journey and funding resilient, recoverable, IT would remain an important priority for NHS BT. It was not evident the extent to which funds had been earmarked for this work over the medium term.

NHSBT-10 Scale and pace of the NHSBT change programme.

The Committee received an update on the deep dive on Principal Risk P-10, Change Programme Scale and Pace. The risk had a residual score of 16 which was outside of the tolerance range and mainly driven by the organisational ambitions. The Committee noted the four contributory risks assigned to Principal Risk P10 and it was noted there were good controls in place. The key question was whether the scale of the programme would enable delivery of the strategy within the planned timescales. It appeared to be the case that most of the spend was on replacing legacy IT but little was directed toward business improvement.

Data Security and Protection Toolkit Plan

The Committee received a report on the Improvement Plan and remedial activities since the GIAA audit which had received a rating of “Below Standards”. The Committee noted that NHSBT were upgraded to a Category 1 organisation for the 2023 audit and were presently unable to comply with some mandatory standards. The Committee also noted that some remedial action specifically related to the use of out of support technology required significant time to resolve and the delivery of the Improvement Plan actions was constrained due to the scale of some of the key modernisation activities required. The Committee endorsed the remedial activities and the Improvement Plan noting it would take 2-3 years to complete the work required to reach the standard.

Indemnity cover and financial risk - NHSBT Liveried Fleet vehicles

The Committee received a report on the risk relating to NHSBT Liveried Fleet vehicles. Further investigation was required before a final recommendation can be made regarding the long-term insurance position for NHSBT Liveried Fleet vehicles. The Committee agreed to continue to operate under a self-insurance model for NHSBT Liveried Fleet vehicles in the short term.

3. Audit

Internal Audit and GIAA follow up Audit Actions

The Committee received a report on progress with the internal audit. Good progress had been made, and 30% of the 2023/24 plan had been delivered to draft report stage as at 3 November 2023. The Committee approved the request to defer the Disaster Recovery for Key Systems audit to 2024/25. Whilst the programme was broadly on track, issues remain with the quantity of overdue and outstanding follow up actions. It also seems likely that some of the Audits near finalisation may come back with little more than Limited Assurance.

External Audit Report

The Committee noted the expected significant risk areas of focus in the 2023/24 and the audit timetable.

4. Governance

ARGC Self-Effectiveness Review Template

The Committee noted the ARGC Self-Effectiveness Review Template. Committee members would be asked to complete their individual assessments shortly. Some Executives present felt that the length of the NAO recommended document was such that they might not have the time to fill it out. The outcome and recommended improvement actions would be discussed at the meeting in the meeting in January 2024.

5. Other

The Committee approved the Counter Fraud Strategy. The very good work on Counter Fraud is likely to mean this is the first Functional Standard that will be fully achieved by NHS BT. the Losses, special payments and Waivers to date were noted with no unexplained trends showing.

6. Items for escalation to the Board

As the March Board risk workshop had suggested we might introduce three more strategic risks, the Board are asked to endorse:

- The recommendation from the executive and ARGC that we do not have a separate Reputational risk
- Likewise, we do not specifically need a Commercial risk.

The executive and Committee will consider further whether we might have a separate Governance strategic risk and revert in January 2024 with a recommendation.