

**Board Meeting in Public
Tuesday, 30 January 2024**

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	5.1.1
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 (ARGC) on Thursday 11 January 2024.			
Previously Considered by			
N/A			
Recommendation	The Board is asked to; a) Note the report. b) Approve the ARGC Terms of Reference.		
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 11 January 2024.

2. Risk

Board Assurance Framework (BAF)

The Committee received the report on the BAF. A risk management manual setting out the processes by which risks were identified, managed and reported had been developed. The Principal Risk P-02 Service Disruption had a score of 20 driven by the RAAC construction affecting the structural integrity of the building at the Southampton site. The current operational activity at the site was restricted to propped up and boarded working areas that had been certified by a structural engineer as safe. Assurance was provided that the physical and mental wellbeing of staff at the site was being managed and there was a dedicated Health and Safety Manager on site. It was noted that all the NHSBT buildings had been assessed for risk of RAAC and no further concern had been identified.

Compliance with Functional Standards

The Committee received and approved the Functional Standards ambition statements and the framework outlining the components for the management of the functional standards. The framework and ambition statements were developed in response to the GIAA audit recommendations. The Committee will monitor progress with implementing planned improvements annually.

Risk Deep Dive NHSBT- Principal 04 Donor Numbers & Diversity

The Committee received the report on the deep dive into the Principal Risk P04 Donor Numbers & Diversity. The Risk had a residual score of nine and the Committee noted the main contributory risks. All donor experience contributory risks had taken place over the last few months and the descriptions, impact area, controls, actions, and scoring had all been discussed and updated. The Committee noted that the plan to grow donor numbers and diversity was a long-term strategic risk. It would remain hard to measure progress with mitigation unless there was a strategic target for the donor base composition and size and then we would require yearly targets. It was noted that a lot of work had gone into the shaping of the risk and there was a 3-to-5-year plan to mitigate the risk, retain active donors and targeting new donors.

Commercial transformation Part 1: Supplier Management

The Committee received the report outlining how NHSBT's supplier management was transforming to achieve the Government Commercial Functional Standard and the suppliers proposed to be subject to the Strategic Supplier Relationship Management processes. The Committee noted the practices and behaviours being adopted to engage more collaboratively with strategic suppliers.

Blood and Transplant

The Committee remained interested in Supply Chain Risk Management and all its constituent parts and asked for a report on how this was being done and would be improved.

Indemnity cover and financial risk – Data Protection

The Committee received a report on Indemnity cover and financial risk - Data Protection. The Committee noted that NHSBT had limited cover, via NHS Resolution's (NHSR) Liabilities to Third Parties Scheme (LTPS), for breaches of the data protection legislation. However, the available cover would potentially not satisfy a breach of legislation if there were multiple individuals whose data had been compromised in a single incident. In addition, there was no cover offered for any fines, penalty or statutory payment ordered by the Information Commissioner's Office (ICO). The Committee noted that a research of how other NHS organisations handled the cover had not produced a clear strategy and the NHSBT were not an outlier in self-insuring. Other ALBs were also self-insuring and the Committee agreed to continue to operate under a self-insurance model for claims above the cover offered by NHSR. The financial and reputational risks would need to be communicated to the Board.

Post Infected Blood Inquiry (IBI) Data Retention/Records Management Approach

The Committee received a report on the proposed approach of handling data Post the IBI. The Committee noted that it was likely that the IBI retention hold would be lifted in 2024. If no preparatory action was taken, there was a risk of potential non-compliance with the UK GDPR storage limitation principle, and non-compliance with the Public Records Act. The lifting of the IBI retention would present two main risks; the deletion of data in an uncontrolled way, including records that must be legally retained and those records that NHSBT retained data beyond legal permissibility. In both scenarios, NHSBT would be in breach of regulations.

The Committee agreed to support the proposal to continue the freeze on data deletion until both the IBI retention hold notice was lifted and NHSBT remediation plans were agreed and communicated, which would enable the safe and compliant deletion of data. It was noted that the amount of physical and digital data stored was considerable. Based on experience, it was noted that any project to fully address the issues described above would cost several £m and take a number of years.

Audit

GIAA follow up Audit Actions

The Committee noted the progress with GIAA Audit Actions.

Internal Audit Progress Report

Progress had been made and 51% of the 2023/24 plan to were to draft report stage as at 15 December 2023, with a further 25% in fieldwork. Two draft report Draft reports have been issued for Corporate Governance and the Clinical Audit process and GIAA are working with NHSBT to finalise. The Committee approved a request to defer the audit of mandatory training to Q1 of 2024/25 to allow for further work to be undertaken prior to the audit and to also allow for the risk maturity workshop to take place.

External Audit Report

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

3. Governance

ARGC Self-Effectiveness Review

The Committee received the results from the ARGC Self-Effectiveness Review. A good amount of time was given over to identifying the actions most likely to bring about improvement in effectiveness in 2024/25. An action plan has been developed in response to the comments made and would be shared with the Board separately.

The Committee also considered a paper showing the extent to which the work undertaken in 2023/24 has covered the items required by the Terms of Reference. There were still some gaps, and the Executives would provide a plan to demonstrate when the work would be done to close the gaps in 2024/25.

Documents for approval

The Committee reviewed and subject to some minor suggestions recommended the following documents for approval:

- Anti-fraud, Bribery and Corruption Policy
- ARGC Terms of Reference (ToRs)
- NHS BT Standing Orders.

4. Other

The Committee noted the Losses, special payments and Waivers to date. No unexplained trends were showing.

5. Items for escalation to the Board

- Indemnity cover and financial risk – Data Protection
- Post Infected Blood Inquiry (IBI) Data Retention Approach
- Compliance with Functional Standards
- Commercial transformation Part 1: Supplier Management
- Anti-fraud, Bribery and Corruption Policy
- ARGC Terms of Reference
- NHS BT Standing Orders