

**Board Meeting in Public
Tuesday, 26 March 2024**

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	5.3.1
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		
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 14 March 2024.			
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 14 March 2024.

2. Risk

Board Assurance Framework (BAF)

The Committee received the report on the BAF. There had been no changes to the risk scores, however two risks remained outside the tolerance limit. 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. Work was in progress to add further roof support to reduce the risk further and this would be completed in the coming month. The irradiator had also been moved from the site. The Principal Risk P-03 Loss of Critical ICT was driven by the red status of Cyber Security contributory risk. Controls and actions were in place to contain and/or limit the damage that could occur in the event of a cyber-attack.

Assurance Mapping

The Committee received a report outlining NHSBT's approach to developing and implementing the assurance mapping of statutory, regulatory and Government directives applicable to NHSBT. A phased approach had been developed and was being managed by the Risk Team working in conjunction with the Directorates. The Committee endorsed the recommendation to have the assurance list externally validated. The Committee noted the importance of this work. If done well, it would greatly enhance our understanding of the control environment and allow for a much more complete assessment of the effectiveness of key controls.

Risk Deep Dive NHSBT Principal Risk - 05 Finance

The Committee received the report on the deep dive into the Principal Risk - 05 Finance. The risk had a score of 16 and the Committee noted each contributory risks and their management. Whilst the short term picture had improved, the risk was about long term sustainability. The Committee discussed the risk and the importance of striking a balance between productivity and developing the resilience. The Non-Executives were very supportive of the Executive developing productivity improvement options/investment scenarios which went well beyond the mooted 2-4%. It was noted there could be opportunities to secure additional funds specifically targeted at productivity improvement enabled by IT.

Indemnity cover and financial risk – Property Expenses Scheme (PES)

The Committee received a report on Indemnity cover and financial risk – Property Expenses Scheme (PES). It was noted that our understanding and use of the support in place via NHS Resolution was insufficient. It was agreed to continue to operate under a self-insurance model while further information is gathered. A further report would be considered in 6 months' time.

DSPT Update Approach

The Committee received a report on the progress to address Audit findings from 2022/23 DSPT submission. Progress had been made and NHS England had amended NHSBT's status to 'Approaching Standards' in December 2023. The team were encouraged to develop a longer term improvement plan against which funding could be provided and progress monitored on a 6 monthly basis.

Audit

Internal Audit Progress Report

The Committee received a report on progress with internal audit. 73% of the 2023/24 plan had been delivered to at least draft report stage as at 1 March 2024, with a further 20% currently in fieldwork. Progress had been made in evidencing actions closed and the outstanding recommendations were being monitored at the Executive Team meeting.

Developing the Internal Audit Plan for 2024/5

The Committee received a report on the approach being taken by GIAA and the NHSBT senior management team to finalise the NHSBT Internal Audit Plan covering 2024-25. The Committee agreed that the Final Audit Plan will be approved at the meeting in May and Quarter 1 plan approval done by email in the first week of April. It was noted that in future Internal Audit Plans, to include Clinical Audit needed to be set out over a 3-5 year timeframe to ensure a good coverage of risk issues, strategic and operational, with adjustments being made each year to reflect priorities.

For 2024/25 NHS BT would have a new Head of Internal Audit, Stephen Wright, who has prior experience of conducting this role in other NHS organisations audited by GIAA.

External Audit Report

The Committee noted the proposed approach for the audit of the 2023-24 financial statements, the expected significant risk areas of focus in the 2023/24 and approved the audit timetable. The Committee delegated the approval of the final Audit Fees to the Chief Financial Officer. The Committee noted the implementation IFRS 17 and the new requirements for the disclosure of climate-related financial information in the public sector. The Committee requested a Gap analysis be presented no later than July 2024 to enable us to address the new work required effectively.

3. Governance

ARGC Self-Effectiveness Review plan

The Committee approved the Self-Effectiveness Review Action plan. A review of the plan will be undertaken in July to gauge progress.

Documents for approval

The Committee reviewed and subject to some minor suggestions recommended the following documents for approval by the Board.

- Scheme of Delegation
- Standing Financial Instructions
- Confidentiality and Data Protection Policy.

Information Governance Committee Terms of Reference

The Committee approved the Information Governance Committee Terms of Reference.

4. Other

The Committee noted the Losses, special payments and Waivers to date. No unexplained trends were showing. The Committee also discussed Debt Management and the Internal Audit recommendations that were not being progressed and agreed to accept these modest risks.

5. Items for escalation to the Board

- Approach to developing the Assurance Mapping.
- Deep dive into NHSBT Principal Risk - 05 Finance.
- The approach in Developing the Internal Audit Plan for 2024/5
- The timetable for the Annual Report and Accounts.
- Disclosure of climate-related financial information in the public sector.
- Approval of the following documents
 - Scheme of Delegation
 - Standing Financial Instructions
 - Confidentiality and Data Protection Policy