

**Board Meeting in Public  
Tuesday, 24 September 2024**

<b>Title of Report</b>	Audit, Risk and Governance Committee Report	<b>Agenda No.</b>	5.2.1
<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 (ARGC) on Thursday 12 September 2024.			
<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>			
Collaborate with partners	Invest in people and culture	Drive innovation	
x Modernise our operations	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 12 September 2024.

## 2. Risk

### Risk Workshops

The Committee noted plans to hold a Board risk workshop on 25 November 2024 in Manchester, ahead of the November Board meeting the following day. The first part of the session will be delivered by GIAA and aims to provide an external view of risks being considered by similar Boards and Audit and Risk Committees, and the remainder of the session will focus on NHSBT's risk maturity, risk appetite and risks (both identified and potential).

### Board Assurance Framework (BAF)

The Committee reviewed the BAF. There are three risks at risk limit: P-02 (service disruption), P-03 (Service Disruption - Loss of Critical ICT) and P-05 (Finance). P-02 is driven by the Amber alert for O Negative blood stock. The score for P-03 is driven by the risk of cyber-attack. P-05 is driven by an assessment of the financial position. It was noted that contributory risks for P-11 have been assessed and the Risk team will ensure these are included in the next version of the BAF.

### BAF P-04 Number and Diversity of Donors Deep Dive

The Committee received an update on the overall status of Principal Risk P-04 – Number and Diversity of Donors. The overall risk is now scored at 16, (4 for impact and 4 for likelihood), as a result of four contributory risks which had been reviewed and their scores increased. An additional financial contributory risk covering budget and spend challenges for donor experience is planned as this is not addressed by existing contributory risks. The ARGC reviewed the changes and updates to P-04 and the associated actions to reduce the risks back to the tolerance range, and agreed with the increase in risk score.

### BAF P-09 Non-Compliance with Current/Emerging Regulations Deep Dive

The Committee received an update on the overall status of Principal Risk P-09. The risk that NHSBT may become non-compliant with current or emerging regulations is due to its ability to maintain and develop its existing Quality Management System (QMS) – processes and systems, identify and successfully implement variations to, or new standards and regulations that impact its service areas. The Committee noted that the principal and contributory risks had been reviewed and had been maintained at 12 – (4 for impact and 3 for likelihood) from its last increase in June 2024. This is within the judgment zone for risk. The increase in June 2024 was primarily driven by an increase in the residual score for the contributory risk – QA-01 (QMS) due to identified deficiencies leading up to a regulatory inspection. The other contributory risk (Regulatory Horizon Scanning: QA-02) has remained stable since it was raised in January 2021. The Committee took assurance from the deep dive and noted the action plan for monitoring and/or mitigating the risks.

Insurance Arrangements Review – Cellular and Molecular Therapies

The Committee received a further paper in relation to financial risk and indemnity, this paper specifically related to risk relating to cellular and molecular therapies (CMT). The Committee noted that save for certain caveats set out in the report, the CMT area of the organisation has cover under the Liabilities to Third Parties Scheme (LTPS) confirmed by NHS Resolution (NHSR). It was agreed that this and earlier reviews undertaken have provided sufficient information to enable discussions with DHSC to ensure understanding of the overall level of risk and cover, and to seek alignment on the level of risk that NHSBT can independently bear. A paper will now be prepared for DHSC and consideration will be given to the level of future reporting for the Board to ensure awareness of increases or decreases in indemnity levels.

**3. Audit**NHSBT-wide Audit Schedules

The Committee received a report setting out the audit schedules covering internal audit, supplier audit, quality audit and clinical audit for 2024/2025 and took assurance from the plans in place.

Internal Audit Progress and Actions

The Committee received an update from GIAA on the status of the audit plan. It was confirmed that the audit programme was on a much stronger footing following completion of the mid-year refresh. All engagement topics had been agreed with Executive Team sponsors. The Committee noted that there had been significant progress in the last two months following concerted efforts and dialogue between action owners, the Risk Team, and Internal Audit. Together, 37 actions (including 6 High and 18 Medium risk items) had been closed. This represents a 41% reduction in the number of tracked open actions.

External Audit Report / Annual Report and Accounts

The Committee was pleased to note that the 2023/24 Annual Report and Accounts had been laid before Parliament on 11 September. NAO and Forvis Mazars presented their final report in relation to the external audit. The Committee and management thanked the audit team for the flexibility afforded during the audit. The Committee noted action that the Finance team were planning to take to address some areas of improvement highlighted through the audit.

**4. Governance**Corporate Governance Improvement Programme

The Committee received an update in relation to the corporate governance improvement programme and noted the progress being made across internal audit, assurance mapping, risk management, corporate governance and policies including functional standards.

The pilot of assurance mapping was noted to be progressing well with insight being gained from this that will benefit the longer run programme of mapping. Good progress is also being made with ensuring records of compliance and action plans are in place for Functional Standards. Amongst the internal audit actions being completed, are those from the corporate governance internal audit, with the majority of these now validated as closed by GIAA.

### Assurance Mapping

The Committee received a progress report in relation to work to complete assurance mapping. It was noted that a simplified template had been developed with guidance from GIAA's Head of Central Insights and was being used within a pilot with OTDT. Learnings from the pilot are being considered and a realistic timeframe for delivery of a complete mapping of assurance is underway. Reporting is being developed with the use of Power BI and the Committee viewed examples of the approach it was hoped to develop. The risks to the project in terms of Risk team resource and system capability were noted.

### Policies

The Committee noted that a Delegation Letter had been received from DHSC, including a small number of relatively modest changes to our delegations from the DHSC. The six changes were noted and will now be reflected in NHSBT's Schedule of Delegations. Proposed amendments will be presented to the Board for approval.

The Committee considered amendments to the following policies and approved each subject to additional agreed information being included prior to them being recommended for approval to the Board:

- Environmental and Sustainability Statement
- Risk Management Policy

The Committee also supported the formation of a Net Zero Group to monitor performance and risk in relation to NHSBT meeting its Net Zero 2040 strategic objective. Terms of Reference and composition of the group to be determined at a later date.

In line with ARGC's request, the Records Management Policy was presented to the Committee. The policy has been updated to modernise and improve NHSBT's approach to the management of records and obligations under The Public Records Act. The Committee approved the proposed Policy and noted the considerable amount of work required to demonstrate effective implementation.

### Mandatory Training

The Committee noted the progress made in relation compliance with mandatory training requirements. In view of the significant progress made it was agreed that there was no further need for ARGC to monitor the position, particularly as the Terms of Reference of the People Committee includes review of mandatory training.

## **5. Reports**

The Committee reviewed the following Reports:

- Losses and Special Payments
- Counter Fraud
- Debt Management
- Waivers
- Q1 Management Quality Review

## **6. Sub-Committee Reports**

The Committee received reports/minutes from the following sub-committees:

- Risk Management Committee
- Information Governance Committee
- Security Governance Committee

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

- Approval of the following documents is recommended:
  - Environmental and Sustainability Statement
  - Risk Management Policy
- Amendments to the Schedule of Delegations as per DHSC Delegation Letter to be presented to Board for approval.