

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

<b>Title of Report</b>	Audit, Risk and Governance Committee Report	<b>Agenda No.</b>	5.2.3
<b>Nature of Report</b> (tick one)	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
<b>Author(s)</b>	Silena Dominy, Company Secretary 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 14 November 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 14 November 2024.

### 2. Risk

#### Board Assurance Framework (BAF)

The Committee reviewed the BAF. Three risks were noted to be at risk limit: P-02 (Service Disruption), P-03 (Service Disruption - Loss of Critical ICT) and P-04 (Donor Numbers & Diversity). P-02 is driven by the Amber alert for O Negative blood stock. The rating for P-03 is driven by the risk of cyber-attack. P-04 is driven by the failure to attract and retain donors. Contributory risks have now been competed in relation to P-11 (Corporate Governance). The Committee noted progress in identifying reputational impacts related to each principal risk and discussed the risks and actions to mitigate them. A Board Risk Workshop on 25 November provided a further opportunity for discussion of the organisation's principal risks. The Committee received details of the content and approach planned for the workshop.

The Committee received reports from the Clinical Governance Committee following their deep dive reviews of P-01 (Donor and Patient Safety) and P-06 (Clinical Outcome of Patients).

#### Supplier Management – Cyber Assessment

In recognition that cyber risk can arise from an organisation's supply chain, the Committee received a report in relation to supplier management risk, specifically looking at NHSBT's suppliers selected on the basis of three criteria:

- Importance to the provision of IT based services into NHSBT, including direct IT provision, and services provided by the supplier through their own digital offering,
- Concern – based on current or previous issues of note, and
- Interest – in terms of the maturity of the supplier into NHSBT and reliance upon their offering for the continued growth of the business.

The Committee supported the future approach for contract specifications, scrutiny and testing. It was noted that a review was to be undertaken post the Cyber Security and Resilience Bill 2025 to validate challenges and assumptions on legislative impact.

The Committee will receive a follow-up paper in due course.

#### Annual Cyber Stocktake

The Committee received the annual review of NHSBT's Cyber Security position. The paper provided a synopsis of:

- The threat environment in which NHSBT operates.
- Key areas of cyber risk and how NHSBT is mitigating them.
- The Cyber Security Strategy 2024
- Future work and focus.

The paper builds on previous work undertaken, and outlined current risks and future improvement, focusing on technologies within the estate, our people, behaviours, capabilities and challenges.

## Insurance Arrangements Review

The Committee reviewed a draft note intended for DHSC colleagues regarding the areas of financial risk faced by NHSBT that have no, or limited, indemnity. The note aimed to ensure DHSC are sighted on the broad quantum of risk and to confirm that the correct policy on commercial insurance is being applied (ie that it is only used where required by legislation or where there is a commercial requirement). Over the last 18 months the Committee has reviewed the NHSBT financial exposure in a number of areas where there is no indemnity

### **3. Audit**

#### Internal Audit Progress and Actions

The Committee received an update from GIAA on the status of the audit plan. The Committee noted that there continued to be progress in delivering the current year's audit programme and in closing actions from completed reviews.

#### External Audit Report / Annual Report and Accounts

The Committee discussed the expected significant risks and areas of focus, and anticipated timing for the 2024/25 external audit.

### **4. Governance**

#### Corporate Governance Improvement Programme

The Committee received an update in relation to the corporate governance improvement programme and specifically noted progress in relation to assurance mapping and plans for compliance with mandatory Government Functional Standards. The Committee also noted that 56 of 72 actions identified from Board and Committee effectiveness reviews and reviews against Committee delegations had been completed, and the remaining 16 were on track to be completed.

#### ARGC Skills and Capability

The Committee reviewed the skills and capabilities relevant to the ARGC and noted the current level of skills for NED membership and Executive regular attendees for the Committee. It was noted that there were no skills gaps to address. The opportunity was also taken to consider any training and development that would be beneficial for Committee members.

### **5. Performance against Budget and 5 Year Plan**

The Committee noted that terms of reference for a sub-group of ARGC were being drafted for consideration of the Committee. It has been agreed with the Board that ARGC would carry out high level reviews of performance against annual budget, business plan and strategy, including progress in developing these. The ARGC sub-group would undertake regular review meetings with the finance team reporting back to ARGC following each review. In particular, the Committee received a report of a meeting which had taken place on 7 November between two members of ARGC and the finance team.

**6. Reports**

The Committee reviewed the following Reports:

- Losses and Special Payments
- Counter Fraud
- Debt Management
- Waivers

**7. Sub-Committee Reports**

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

- Risk Management Committee
- Information Governance and Security Governance Committees

**8. Items for escalation to the Board or Board Committees**

- Summary of outstanding salary overpayments to be shared with People Committee to give the Committee awareness of the work of the ARGCC in monitoring recovery of such.
- Principal risks and NHSBT's risk appetite to be considered further at the Board Risk Workshop on 25 November 2024.
- Meeting the Challenge of Delivering Blood and Group Savings and Efficiencies 2025-30 paper is scheduled for the November Board meeting.