

Board Meeting in Public

Tuesday, 20 May 2025

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	5.3.3
Nature of Report	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
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Presenter	Ian Murphy, 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 Friday 2 May 2025.			
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]			
Collaborate with partners Invest in people and culture Drive innovation x Modernise our operations 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 2 May 2025.

2. Risk

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-04 (Donor Numbers & Diversity). All risks are under review following the Board risk workshop.

Principal Risk Deep Dive Reviews

The Committee completed two reviews as follows:

P-03 Critical IT System Failure - the deep dive outlined the continued risks and threats to the stability and operational continuity of NHSBT's digital and data assets and technologies that could result in service disruption to NHSBT's core purpose and objectives. The Committee noted the activities and strategic approach aimed at reducing the current cyber risk. Contributory risks have been reviewed which has led to a slightly different grouping which reflects the challenges ahead. A third party cyber security review had made improvement recommendations and had supported the direction of travel and work already in train. The review confirmed that all bases covered were as expected. The Committee supported the recommendations from a recent disaster recovery internal audit in relation to business continuity and exercising.

P-05 Financial Stability – The deep dive set out the contributory risks, the most significant of which were the risk of insufficient funding and financial systems risk. The Committee noted the controls and actions in place to manage the risks and other contributory risks. The Committee considered the risk appetite and agreed that this should remain set at 'open' to provide sufficient flexibility for improvements to patient safety and service delivery alongside reduction of risk and achieving financial stability through productivity improvement and cost reduction.

NHSBT-wide Audit Schedules

The Committee noted the schedules for audits across quality assurance, clinical audit and supplier audits and were assured by the coverage planned.

3. Audit

Internal Audit Progress and Actions

GIAA presented their Internal Audit update report. The Committee noted that all 2024-25 audits had been completed, a notable achievement given business priorities and the timing of Easter and a clear improvement on the prior year. The 2025-26 Audit Plan was presented for approval and it was noted that to maintain momentum three of the engagements were already at the scoping stage.

GIAA presented their draft Annual Opinion for 2024-25 which had been confirmed by the GIAA Chief Executive. The Committee were pleased that the opinion proposed a 'moderate' rating acknowledging a marked improvement on the 'limited' rating given in the prior two years. GIAA advised that public bodies were rated based on a 4 point scale. It was noted that very few organisations achieved the highest rating of 'substantial' as to do so could suggest that a disproportionate level of effort was being spent on governance. A rating of 'moderate' was considered to be a sound position for NHSBT and forward focus would be on maintaining this.

The Committee noted that there continued to be good progress in closing actions from internal audits, with no overdue actions that have not already submitted evidence of closure to GIAA.

External Audit and Annual Report and Accounts Updates

The Committee considered and approved the Audit Plan for the audit of the 2024-25 financial statements and also noted the progress achieved to date.

4. Governance

Conflicts of Interest Assurance

The Committee received the Annual Assurance Report in relation to management of conflicts of interests. The report provided an update on actions to address gaps in compliance and set out proposals for consideration in relation to the 2025 review of the Conflicts of Interest Policy. The Committee noted the current level of compliance with staff in roles 8a and above making annual declarations of their interests. It was agreed that there remained a need for improvement and further action would be taken to enhance compliance, with a further report on progress being made at the July ARGC meeting alongside consideration of amendments to the Conflicts of Interest Policy.

Fraud Annual Report and Workplan

The Committee received the Annual Fraud Report aimed at providing a summary of activity during the year. It was noted that there has been an increase in cases compared to the prior year, with cases of staff working elsewhere whilst on sick leave from NHSBT the most common cause. It was noted that work to raise the profile of the Counter Fraud team was having positive effect. Good progress has been made against the objectives for the year, although work on some objectives will continue into 2025-26.

5. Reports

The Committee reviewed the following Reports:

- Losses and Special Payments
- Counter Fraud
- Debt Management
- Waivers
- Management Quality Review (Q3, 2024-25)

6. Sub-Committee/Sub-Group Reports

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

- Risk Management Committee
- Information Governance and Security Governance Committees

In addition, the Committee received Annual Assurance Reports from both the Information Governance Committee and Security Governance Committee setting out their activities during the 2024-25 financial year.

7. Items for escalation to the Board or Board Committees

The Audit, Risk and Governance Committee considered and approved the contents of an Annual Assurance Report setting out their activities over the last year, and demonstrating how they have delivered on the delegations set out in their Terms of Reference. This report will be received by the Board at their public meeting on 20 May 2025.

The Committee also received the similar Annual Assurance Reports of the Board's other Committees (Clinical Governance Committee, People Committee, Trust Fund Committee) and these will also be received by the Board at the same meeting.