

Board Meeting in Public

Tuesday, 22 July 2025

Title of Report	Audit, Risk and Governance Committee Report	Agenda No.	5.2.3
Nature of Report	<input checked="" type="checkbox"/> Official <input type="checkbox"/> Official Sensitive		
Author(s)	Silena Dominy, Company Secretary		
Lead Executive	Carl Vincent, Chief Financial Officer		
Non-Executive Director Sponsor	Ian Murphy, Chair of Audit, Risk and Governance Committee		
Presenter	Ian Murphy, Chair of Audit, Risk and Governance Committee		
Presented for (tick all that applies)	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Assurance <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) meetings held on 26 June 2025 and 4 July 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]			
<div style="display: flex; justify-content: space-between;"> Collaborate with partners Invest in people and culture Drive innovation </div> <div style="display: flex; justify-content: space-between;"> x Modernise our operations Grow and diversify our donor base </div>			
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) meetings held on 26 June 2025 and 4 July 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). P-02 has been updated in relation to the articulation of risk and the linked contributory risks. P-11 has seen a reduction in risk to a tolerable level due to the completion of actions related to contributory risks. The Committee confirmed that challenges with blood supply were now sufficiently reflected in P-02. The format of the BAF report is under review and will change in the future and are intended to provide risk on one page. The Committee requested that greater detail be provided in the responsible manager summaries in the future to create evidence to support risk levels and actions.

Principal Risk Deep Dive Reviews

The Committee completed two reviews as follows:

P-09 Non-compliance with current or emerging regulations - The deep dive reported that over the past 12 months the risk score has mainly been stable (at 8, which is its optimal score). A temporary increase in the risk score (up to 12 – judgment zone) between July – September 2024 was due to an MHRA regulatory non-compliance. At its current optimal score, there is a low likelihood that NHSBT will be unable to maintain service and product safety and efficacy and a low risk of NHSBT losing its regulatory authorisations and licences, which would inhibit its ability to maintain service/product provision. It was noted that whilst the risk level was currently at its optimal level, there would be a need to consider the findings of a recent gap analysis undertaken by the operational team which had provided only partial assurance against regulatory fundamental standards. It was noted that the partial assurance may be related to how evidence is presented, and that complimentary information may be able to help. It was noted that a piece of work has been agreed to address the findings. The Committee noted actions that were planned to continue to manage the P-09 risk and acknowledged the reduction in QI incidents, and the target of zero outstanding actions. It was reported that the overall incident management process was under review, and work to simplify processes and improve engagement aimed to ensure that good outcomes were achieved.

P-10 Scale and pace of the NHSBT Change Programme – The deep dive reported that the residual score of the risk that has been refocused since the Board's risk workshop, is 12, which is within the tolerance range for the risk. The Committee noted that progress had been made in addressing a number of contributory risks. As P-10 remains higher than optimal, additional actions are planned. The Committee also noted that new contributory risks relating to slow mobilisation and portfolio finances have been added and actions to control these risks were noted. The Committee noted that Reporting is being improved and a tool kit introduced to help embed a focus on benefit realisation. Business cases are now required to show the value add from the proposed programme.

Departmental Security Health Check 2025

The Committee received a paper that considered security in NHSBT, specifically personnel security, physical security, governance and response. The Committee noted the current risks facing NHSBT, and those more generally within the UK. The Committee also noted that NHSBT was required to submit a Government return providing a detailed analysis of compliance with four security standards across various Government organisations. The Committee noted the lessons learnt from the return, and the areas of investment which would be of benefit to the organisation and improve security. It was explained that there had been a change to the standards which resulted in a decline in year-on-year performance. The risk of non-compliance with the standard was discussed by the Committee. It was noted that the standard had been written for central government but also applied to NHSBT as an ALB of the DHSC. Physical security standards in particular had disparity between central government expectations and NHS expectations and some elements were not reflective of the operational reality of NHSBT. In order to give assurance to the Committee it was agreed that there was benefit in articulating a long-term goal of compliance with appropriate standards, and that steps as to how this might be achieved should be set out taking what is known today as a starting point.

Data Security and Protection Toolkit – Cyber Assurance Framework

The Committee received an update in relation to the annual Departmental Security Protection Toolkit and Cyber Assessment Framework return (DSPT-CAF) that measures NHSBT in terms of its security and ‘trustworthiness’ in relation to the protection of data and systems. This report set out the likely output of NHSBT’s 2024/2025 submission and the audit assurance outcomes on it. The Committee noted the improvement work which had already been started. The annual GIAA audit of the DSPT-CAF self-assessment confirmed that identified actions from the 2023/24 submission had been resolved.

Supplier Management

An update paper in relation to supplier management was received by the Committee. The approach adopted on management of third-party risks in relation to cyber security, through the lifecycle of engagement, commercial agreement, due diligence and ongoing contract management was noted.

3. AuditInternal Audit Progress and Actions

The Committee received GIAA’s Annual Opinion Report in relation to the 2024/25 year, confirming a ‘moderate’ rating that acknowledged marked improvement on the ‘limited’ rating given for the prior two years. A ‘moderate’ rating was considered to be a sound position for NHSBT and forward focus would be on maintaining this.

The Committee also agreed the Audit Plan for 2025/26 and progress made in delivering this was noted.

There continues 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

At its meeting, called specifically for the purpose on 26 June 2025, the Committee considered the National Audit Office Audit Completion Report on the 2024-2025 Financial Statements audit that had been prepared and presented by Forvis Mazars on their behalf. The Committee also reviewed the draft Annual Report and Accounts for the 2024/25 financial year.

At their subsequent meeting on 4 July, the Committee received updates on the audit process and preparation of the Annual Report and Accounts, noting that the audit work had been completed and final disclosure wording agreed with management for the report. Arrangements were in place for the signing of the Annual Report and Accounts to allow laying them before Parliament ahead of the Summer recess.

4. GovernanceAnnual Risk and Business Continuity Report

The Committee received an annual assurance report in relation to activity within the scope of the Risk Management Committee and also provided assurance on compliance with the HM Treasury Orange Book and ISO22301 in relation to business continuity. It was noted that the Corporate Risk Teams objectives during 2024/25 aligned to support the Corporate Governance Improvement Programme. These formed four workstreams: Risk Management, Internal Audit, Assurance Mapping and Policies, Processes and Procedures. All objectives set were achieved within the relevant timeframes supporting NHSBT's ambition to improve its internal audit opinion and boosting stakeholder confidence.

Policies

The Committee considered and approved the content of the following Board level policies that will now be presented to the Board at their July meeting for final approval:

Modern Slavery Statement/Policy - The policy outlines NHSBT's commitment to eradicating modern slavery and human trafficking across its operations and supply chains, in line with the Modern Slavery Act 2015.

Conflicts of Interest Policy – This policy is to ensure that NHSBT has robust procedures and processes in place for the effective management of conflicts of interest and supports an organisational culture that proactively and positively manages any conflicts. The policy also aims to protect the organisation, its decision-making and stewardship of public funds from any impropriety and reflects the requirements of the Bribery Act 2010.

Business Continuity Policy - The policy states the intention of NHSBT to have a robust Business Continuity Management System certified to ISO22301 which ensures that the organisation can continue as far as reasonably practicable to maintain the supply of key products and services to the wider NHS in the event of a disruption.

In addition, the Committee agreed amendments to its Terms of Reference which will be presented to the Board for approval.

5. Reports

The Committee reviewed the following Reports:

- Losses and Special Payments
- Counter Fraud
- Debt Management
- Waivers
- Management Quality Review (Q4, 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

7. Items for escalation to the Board or Board Committees

The following items were agreed to be presented to the Board and People Committee:

Board – for approval

- Modern Slavery Statement
- Conflicts of Interest Policy
- Business Continuity Policy
- ARGC Terms of Reference

People Committee – for discussion

- DOTS team to share plans related to the Personnel Security Standard for oversight.
- Counter Fraud team to provide awareness of approach for dealing with incidences of staff working whilst in receipt of sick pay.