

**Governance and Audit Committee
Annual Report 2016/17
23/06/2017**

1 Status – Public**2 Executive Summary**

This paper summarises the work of the NHSBT Governance and Audit Committee (GAC) for 2016/17. The GAC has complied with its existing terms of reference in 2016/17 during which it has:

- reviewed and approved the financial statements for 2016/17 (subject to approval at June GAC meeting);
- reviewed the Governance Statement for 2016/17 and confirmed that it is consistent with the GAC assessment of control ;(subject to approval at June GAC meeting);
- reviewed the Integrated Governance Framework;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate;
- reviewed NHSBT plans to achieve financial stability.

3 Action Requested

The GAC is asked to;

- note the content of the report;
- agree the final version, subject to approval at the June GAC, including the review and approval Annual Report and Accounts and the Governance Statement for 2016/17.

4. Purpose of the report

The GAC has prepared this report for the NHSBT Board. It sets out how the GAC has satisfied its terms of reference during 2016/17, and seeks to provide evidence relevant to its responsibilities for the Governance Statement.

5. Background

5.1 An independent GAC is the central means by which a Board ensures effective control arrangements are in place. Including an independent check upon the executive arm of the Board.

5.2 The GAC independently reviews, monitors and reports to the Board on the attainment of effective control systems and financial reporting processes. In particular, the Committee's work focuses on the framework of risk, control, and related assurances that underpin the delivery of the organisation's objectives.

5.3 The GAC receives and considers reports from both Internal and External Auditors and the Annual Report and Accounts.

6. Membership

The GAC membership in respect of the financial year 2016/17 comprises of four non-executive directors:

Roy Griffins	Non-Executive Director Chair of the GAC
Shaun Williams	Non-Executive Director – until 3 March 2017
Keith Rigg	Non-Executive Director
Charles StJohn	Non-Executive Director – from June 2016
Jonny Oates	Non-Executive Director – from March 2017

with Rob Bradburn (Finance Director) and Gail Mifflin (Medical and Research Director) supporting the GAC as lead Directors.

7. Compliance with Terms of reference

Meetings during 2016/17 have been quorate with 100% attendance, apart from January 2017 with 50% attendance of members (2).

The Committee has ensured that its terms of reference are in line with those recommended in the NHS Audit Committee Handbook, and its terms of reference have been approved by the Board and are reviewed annually by the GAC.

The GAC has regular attendees, including:

- Ian Bateman Director of Quality
- Rob Bradburn Finance Director
- Denise Dourado Assistant Director Business Transformation
- David Evans Director of Workforce and Transformation Services
- Linda Haigh Assistant Finance Director
- Sally Johnson Director Organ Donation and Transplantation (or deputy)
- Peter Lidstone Director of Blood Manufacturing and Logistics (until Nov 2016)
- Gail Mifflin Medical and Research Director
- Ella Poppitt Assistant Director Governance and Clinical Effectiveness
- Aaron Powell Chief Digital Officer
- Richard Rackham Assistant Director Governance & Resilience
- Ann Smith Secretariat to the GAC and Senior PA (Minutes)
- Mike Stredder Director of Blood Donation (or deputy)
- Andrew Weal Clinical Quality and Compliance Manager
- Huw Williams Director of Diagnostic and Therapeutic Services (or deputy)

The GAC is regularly attended by representatives from both Internal and External Audit. Members meet separately with Internal and External Auditors during the year.

8. Meetings

Five meetings were held during the financial year: -

14 June 2016	13 September 2016
8 November 2016	17 March 2017
20 January 2017	

9. Audit Provision

Internal Audit was provided by Pricewaterhouse Coopers and External Audit by the National Audit Office (in partnership with Deloitte for June 2017 and then Mazars from September 2016-March 2017).

Internal and External Auditors submitted annual audit plans, which were agreed and monitored by the GAC. Regular updates on the progress and outcomes of these were presented during the year.

10. Governance and Audit Committee Opinion

The Board recognises that assurance given can never be absolute. The highest level of assurance that can be provided to the Board is a reasonable assurance that there are no major weaknesses in the Authority's risk management, control, and governance processes.

11. Duties and Findings

The GAC terms of Reference comprise five main areas of responsibility. They are due for review in September 2017.

- Governance, Risk Management and Internal Control
- Internal Audit
- External Audit
- Other Assurance Functions
- Financial Reporting

The agenda is arranged under the following headings:

- Clinical Governance
- Quality Assurance
- Business Continuity
- Information Technology
- Transformation Programme/ Transformation Project Board (TPB)
- Audit (Internal and External)
- Risk Management
- Integrated governance – other governance matters/ assurance streams
- Chair's Actions (for discussion only as required)
- Committee Business

11.1 Governance, Risk Management and Internal Control

The Committee can give significant assurance that controls are being applied consistently through quality and thoroughness of investigations based on work that has been undertaken in 2016/17.

The Committee continued to seek assurance of the effectiveness of the governance arrangements across the organisation and reviewed written governance reports and sought further clarification as required.

The GAC reviewed and approved the organisational changes to the risk management process and continually monitored progress during 2016/17.

The Transformation Programme Board (TPB), remained a priority standing item throughout 2017.

11.2 Internal Audit

The GAC Committee receives recent internal audit work.

The Committee has overseen and supported the work of Internal Audit through:

- agreeing an audit plan;
- reflect the results of internal audit reviews;
- reviewing and agreeing the Head of Internal Audit Opinion

11.3 External Audit

The GAC is satisfied with the delivery of the external audit plan for 2016/17.

11.4 Financial Reporting

The GAC has reviewed the Annual report and Accounts for 2016/17 and is assured that the accounts comply with legal requirements, subject to confirmation at the Meeting of the GAC on the 23 June 2017.

11.5 Other Assurance Functions

Business continuity – The GAC continued to review the Business Continuity function at each meeting. The GAC sought additional assurance regarding NHSBT locations which had a potential for a single point of failure. In addition, the GAC sought assurance on NHSBT's response and management of mass-casualty incidents.

The areas of responsibility of the Transformation Project Board are presented to the GAC as standing agenda items at each meeting. This ensured the GAC maintained regular awareness of progress and the risk factors within the TPB.

The GAC maintained a similar approach to the governance of the IT systems change programme. Regular updates were provided to the GAC for oversight and scrutiny.

12. Integrated Governance

The GAC have reviewed, updated and approved the Integrated Governance Framework during 2016/17, subject to endorsement at the June GAC.

The GAC Committee workplans were reviewed and amended during 2016/17. The Terms of reference will be reviewed in September 2017 as scheduled in the workplan.

During the year, the GAC has examined governance arrangements for:

- Board Assurance Framework and Map
- Board Committee self assessments and annual reports
- Board Performance Report
- Clinical Audit
- Clinical Governance issues
- Committee workplan
- Commercial Insurance
- Information Governance
- DH Group Assurance
- Directorate risk overviews by Specialist Services, Tissue Services, Organ Donation & Transplantation
- Draft and final accounts

- External Audit
- Financial Governance- losses and special payments, waivers
- Focus of the GAC in respect of Blood Supply/ODT
- Fraud
- Integrated Governance Framework
- Health and Safety Reports
- Infection Control
- Intellectual Property Annual Report
- Internal Audit
- IT Governance
- Losses and Special Payments
- Mandatory Training
- Organ Donation Register (ODR)
- Quality Management
- Risk Management
- Site Resilience
- Serious Incidents (SIs)
- Sustainability
- Transformation Programme/Information Technology (IT) risks
- Whistleblowing

The Committee has received risk presentations related to:

- Business Continuity
- Specialist Therapeutic Apheresis Services (TAS)
- Blood Supply Chain (Blood Donation and Blood manufacturing and Logistics were presented separately in 2017)
- Tissue and Eye Services (TES)
- Organ Donation Transplantation (ODT)

13. Conclusion

The GAC has complied with its existing terms of reference and has:

- reviewed and approved the financial statements for 2016/17 (subject to approval at June GAC meeting);
- reviewed the Governance Statement for 2016/17 and confirmed that it is consistent with the GAC assessment of control ;(subject to approval at June GAC meeting);
- reviewed the Integrated Governance Framework;
- reviewed reports prepared by Internal and External Auditors along with the ensuing management actions, where appropriate;
- reviewed NHSBT plans to achieve financial stability.

The GAC will ensure that the Governance Framework supports NHSBT's agenda and deliberations over the coming twelve months as NHSBT moves towards delivering the next stages of its service strategy.

Roy Griffins
Chair of Governance and Audit Committee, NHSBT