HTA
Human Tissue Authority

Audit and Risk Assurance Committee Agenda

Date   16 June 2020
Time   10:00 – 12.15
Venue   Zoom meeting

Private Members Session:
ARAC Members private session (9:40 – 10:00)

Meeting:
Main ARAC meeting (10:00 – 12.15)

Agenda

1.	Welcome and apologies	
2.	Declarations of interest	Oral
3.	Minutes of 30 January 2020	(AUD 01/20)
4.	Matters arising from 30 January 2020 and forward plan	(AUD 02/20)
5.	ARAC Chair's Update	Oral
	Internal Audit (Confidential)	
6.	Internal Audit update	(AUD 03/20)
	• Payroll Audit	Annex A
	• Anti-fraud Audit	Annex B
	• Annual Assurance Statement	Annex C
	• Internal Audit plan	Annex D
	NAO	
7.	Approval of 2019/20 Annual Report and Accounts	(AUD 04/20)
	• 2019/20 Annual Report	Annex A
	• External Auditor's opinion	Annex B
	• Management Letter	Annex C

	Audit Tracking	
8.	Audit Tracker Update	(AUD 05/20)
	Risk Update	
9.	Risk Update	(AUD 06/20)
	• HTA Strategic Risk Register	Annex A
	• EU Exit	Oral
	• HTA Office Re-location update	Oral
	Cyber Security and Records Management	
10.	Data, Technology and Development update (including cyber security strategy)	(AUD 07/20)
	• Cyber Security Strategy	Annex A
11.	Information Risk Management-SIRO report	(AUD 08/20)
	White Space	
12.	*White space*	*For discussion*
	Regular reporting and updates	
13.	Reports on grievances, disputes, fraud and other information	Oral
14.	Topics for future risk discussions	Discussion
	Any other business	
15.	AOB	Oral

Meeting close- 12.15pm

Minutes of Audit and Risk Assurance Committee

Date	30 January 2020
Venue	Viceroy Suite, The Amba Hotel, Grosvenor, 101 Buckingham Palace Road, SW1W 0SJ
Protective Marking	OFFICIAL

Present	
Members	**In attendance**
Amanda Gibbon (AG, Chair) Prof. Andrew (Andy) Hall (AH) Dr. Stuart Dollow (SD William (Bill) Horne (BH)	Lynne Berry (LB, HTA Chair) Prof. Gary Crowe (GC) Allan Marriott-Smith (AMS, Chief Executive) Richard Sydee (RS, Director of Resources) Louise Dineley (LD, Director of Data, Technology and Development) Nicolette Harrison (ANH, Director of Regulatory Delivery) Morounke Akingbola (MA, Head of Finance and Governance) David Thomson (DT, Head of Business Technology) Nima Sharma (NS, Board Secretary) Dr. Amy Thomas, Head of Development (AT)

Apologies	External Attendees
Glenn Houston	Jeremy Nolan (JN, Government Internal
	Antony Stanley (AS, Government Internal)
	Audit Agency) Jill Hearne (JH, National Audit Office) Mike Surman (MS, National Audit Office) Roger Wallis (phone) (RW, DHSC)

Item 1	**Welcome and apologies**
	1. Amanda Gibbon (the Chair) welcomed Members, HTA staff, and colleagues from the Department of Health and Social Care (DHSC), Government Internal Audit Agency (GIAA) the National Audit Office (NAO). 2. The Chair noted JN's contribution to ARAC and thanked him for his support as he would be retiring in March. The Chair also extended her thanks to BH for his work for ARAC as he would be coming to the end of his tenure in July and is unable to attend the June ARAC meeting. 3. The Chair noted apologies from GH.

Item 2	**Declarations of Interest (Oral)**
	4. The Chair asked Members to declare any personal or pecuniary interests in regard to the meeting's agenda; none were declared.
Item 3	**Minutes of 22 October 2019 (AUD 22/19)**
	5. The Chair asked ARAC Members for comments on factual accuracy of the minutes. No further comments were made, however there were a few minor typographical errors that would be communicated to the Board Secretary to note and amend.
Item 4	**Matters arising from minutes of 22 October 2019 and forward plan (AUD 23/19)**
	6. The Chair asked the Committee if there were any comments about the matters arising from the previous meeting. No other comments were raised on the matters arising from the 22 October meeting. 7. The Committee noted the content of this update.
Item 5	**ARAC Chair's Update (Oral)**
	8. The Chair (AG) confirmed that, since the last meeting, she had: - Attended the GIAA conference at the Oval with BH; - Met with the Chair of the Staff Forum and - Had telephone conversations with MS and JM. 9. The Committee noted the content of this update.

Item 6	**External Audit Update (AUD 24/19)**
	10. JH provided the Committee with an update. 11. She drew the Committee's attention to the identified audit risks for the coming year and in particular the areas of audit focus. 12. JH highlighted that the presumed risk of management override of controls and of fraud in revenue recognition remain. 13. The NAO has identified in addition three areas of audit focus: - EU Exit; - The introduction of the IFRS 16 accounting standard for leases - Office re-location. 14. JH reminded the Committee that there would be a 5% increase in the audit fee to reflect increases in NAO pension costs. 15. The Committee were referred to page two of the report which makes standard enquiries of the Committee to seek views on whether the assessment of risk is complete or whether anything additional should be brought to the attention of NAO. 16. The Chair asked the Committee if there is anything further to add. There were no further points raised in this regard. 17. The Committee noted the content of this paper.
Item 8	**Assesment of the Likely Impact of IFRS 16 on the HTA's Financial Statements (AUD 25/19)**
	18. MA introduced the paper to the Committee which contained an estimate of the likely effect on the HTA's financial position following the introduction of IFRS 16. 19. MA confirmed that the HTA is well prepared for this change. Since the lease at 151 Buckingham Palace Road has less than 12 months to run it does not fall within the provisions of IFRS 16 and so no restatement would be required. MA noted that a review of all other lease or similar commitments has demonstrated that there are no other items in the HTA financial statements that would need to be restated were IFRS 16 to be applied in the current year. The Committee noted that once the

	HTA moves to Stratford then the lease for that property will require restatement under the new standard.
	20. The Committee noted the content of this paper.
Item 9	**Internal Audit Update (AUD 26/19)**
	21. JN presented his report to the Committee and noted that the 2020/21 internal audit plan had yet to be agreed.
	22. The Committee agreed that Internal Audit and Senior Management Team (SMT) should draw up the 2020/21 audit plan and this should be approved by ARAC via correspondence rather than waiting for the June meeting.
	23. JN provided an update to the Committee with regards to two audits completed in quarter three; Business Continuity and Critical Incident Management.
	24. JN informed the Committee that the Business Continuity audit had resulted in an opinion of moderate assurance. He noted that the recommendations included that a regular cycle of testing the plan should be in place and any lessons learnt should be formally recorded. He confirmed that the HTA should strengthen its existing controls that are in place and that all staff should receive business continuity training.
	25. The Chair asked the Committee if they are content with the dates set out in the Audit Tracker to complete the actions arising from the business continuity audit as some of the staff assigned the actions will also be involved in the office relocation project. Those in attendance confirmed that they would be able to complete these actions despite involvement in other areas of work.
	26. JN noted that the Critical Incident Management audit had also resulted in an overall opinion of moderate assurance. He confirmed that a detailed response plan is in place and that there is robust senior management oversight in place. Despite

	this, he informed the Committee that there are areas of weakness that require further work, for example, the Operational risk register should be mapped more closely with the Strategic Risk Register and needs further development to record controls and mitigations for identified risks.
	27. The Chair questioned colleagues from Internal Audit over their opinion of limited assurance in relation to one of the sub points relating to the adequacy of existing controls and mitigations to prevent or manage a critical incident (i.e. management of risk), particularly, in view of the manner in which recent critical incidents had been managed. JN agreed that they would review this finding and reconsider their final position with regards to this report and that it would be brought back to the June meeting. The Committee also noted the recommendation of the audit which was to separate Critical Incident Response Plan and Business Continuity Plans.
	28. The Committee noted the content of this paper.
	Action 1: Delegation schedule in the Decision Making Framework to be reviewed by ARAC at its meeting in June.
	Action 2: ARAC to approve the internal audit plan for 2020/21 via email before the start of the next business year.
Item 10	**Audit Tracker Update (AUD 27/19)**
	29. MA provided an update to the Committee.
	30. The Committee was provided with an update on audits and progress against the actions for each.
	- Key Regulatory processes- actions against this are now complete. Internal Audit confirmed that they would like to see evidence to support this before it can be removed from the audit tracker. MA agreed to liaise with AS and ANH to confirm what evidence is required.
	- Cyber Security- BCC will support the HTA's forensic readiness. In terms of leavers and starters, Internal Audit confirmed during the meeting that they would like to see evidence from the HTA that confirms the manual system for managing this process is

sufficient. The HTA should identify the possible risks that may exist in the manual system.

- Utilisation of Capabilities - the committee noted that progress had been made with many of the recommendations of this audit. However SMT had decided to halt further work on the recommendation to use assurance mapping as sufficient controls were deemed to be in place already. The Committee agreed that it would be appropriate for this work to be paused at present.

- Records Management – following the earlier work to implement the recommendations of this audit, SMT now propose to pause any further work until after the move to Stratford has been completed. The Committee agreed with the need to prioritise resources and that the implementation of these actions were lower priority than other current work: the actions will be picked up as part of a longer term business solution. The Committee agreed that Records Management will remain on the tracker and the HTA will carry out a scoping exercise in quarter four which focusses on the requirements of an electronic document records management system.

31. The Chair requested that Internal Audit colleagues work with MA in order to confirm evidence they require for some of the audit actions, relating to FOI guidance and the DRO role to be closed and removed from the tracker.

32. The Committee noted to content of this paper.

Action 3: The 'Leavers and starters' process to be reviewed at the June ARAC meeting.

Action 4: MA and TS to work together to remove outstanding actions that can be closed on the audit tracker. Closed actions to be reviewed at the June meeting.

Item 11	**Risk Update (AUD 28/19)**
	33. RS presented this update to the Committee.

34. He confirmed that the risk assessment for risk four (failure to utilise our capabilities) has increased, primarily due to a number |

	of vacancies that the HTA has not been able to fill, which means the HTA has reduced resource.
	35. The Committee agreed that the HTA should review its assured position with regards to risk two and ensure that this is reflected in the next iteration which is presented at ARAC.
	36. ANH provided an update on EU exit planning, informing the Committee that the HTA has stood down their no deal exit plans. The Committee was informed that the HTA would not be involved in any meetings with EU countries unless prior approval is obtained from the Cabinet Office.
	37. The Committee noted the content of this paper.
Item 12	**Draft Cyber Security Strategy (AUD 29/19)**
	38. DT presented the draft Strategy to the Committee.
	39. He sought the views of the Committee on the draft Strategy document. The Committee ageed that the strategy document in its current format is an acceptable framework and supported its use at the HTA. They asked DT to move ahead with the preparation of more detailed policies to underpin the Strategy.
	40. The Committee asked DT to explore whether the Minimum Cyber Security Standard is also being used to develop a Strategy by other Arms Length Bodies (ALBs).
	41. The Committee noted the content of this paper.
	Action 5: DT to provide the Committee with detailed cyber security policies at the June ARAC meeting.
Item 13	**Preliminary Assesment of Cyber Security, Data Protection and Records Management Issues (Oral)**
	42. LD provided an oral update on this item.
	43. LD outlined to the Committee her reflections following the first three months in her role as Director of Data, Technology and Development.

	44. The Committee was provided with a high level account of the HTA's operating environment in relation to information technology and project management. LD noted the quantity of information and data which the HTA handles and the need to streamline the number of different systems which the organization currently uses. She highlighted the importance of ensuring that the HTA's systems support the level of growth and development in the areas of data, information and records management. 45. The Committee was informed that an independent review has been completed by external advisers for the Executive to assess the HTA's current opportunities and threats at the interfaces between technology, processes and people. 46. In terms of work to be delivered, the Committee were informed that initial cloud migration is expected to be completed by the end of quarter four. It is also anticipated that an intranet will be procured with basic functionality in place by the end of the quarter. 47. It was agreed that LD would provide an update on progress and outputs at the June ARAC meeting. 48. The Committee noted the content of this update. **Action 6:** An update to be provided on progress made in relation to work which has been delivered at the June meeting.
Item 14	**HTA Office Relocation (AUD 30/19)**
	49. RS presented a paper and supporting documentation demonstrating the planning in relation to the forthcoming office relocation to Stratford.The Committee thanked RS for the helpful detail provided in these papers. 50. The Chair questioned the Executive's preparedness for the physical move and noted that this re-location would be managed as a delivery project with a dedicated project manager whose appointment had taken place after the papers had been circulated for the ARAC meeting. The Committee noted that the Resource Directors representing the relocating bodies meet quarterly to discuss the move and any issues arising or which require escalation. Much of the detailed work around the

preparation of the building itself rests not with the HTA but with the overarching programme.

51. The Committee also noted that the IT work is paramount in the weeks before the move to ensure the smooth transition of services to the new location.

52. The Committee was informed that the relocation could be completed without moving to the cloud. It was also noted that a new Business continuity plan will be required at the new offices to reflect the particular arrangements in place there.

53. The Committee discussed the alignment of excess fares arrangements between each Arms Length Body (ALBs) locating to Stratford. The Executive confirmed that, as other ALBs have many different terms and conditions, alignment in such circumstances is impossible to achieve. The Committee requested that the Executive gives some thought to how this will be communicated to HTA staff.

54. The Executive highlighted that business critical roles have been identified and the Committee agreed that it is important to ensure that such staff roles are protected and also invited to test their commute into the new offices. The Committee emphasised the importance of ensuring that each staff Member has a one to one meeting with the Senior Management Team (SMT) to better understand the impact of the move on their individual personal circumstances. The Committee also agreed that extra safeguards should be put in place and consider training back up staff in case critical role staff leave the organization.

55. The Executive provided an update on home working contracts (the consultation on which would be launched shortly). The Committee noted that SMT should bring this back to the June ARAC meeting and should update the Board at its meeting in February.

56. The Committee enquired about the Executive's progress in relation to managing paper records at the HTA's current offices. The Committee was informed that progress is being made, with initial quotes received for scanning documents. It was highlighted to the Committee that as the paper records are linked to site visit inspections, Regulation Managers will be required to review records currently stored to identify the extent to which records should be retained.

57. The Committee were informed that LB will be discussing joint working and collaboration when she meets with other Chairs of organisations who will also be moving to the new location.

	58. The Committee noted the content of this update. **Action 7**: To provide progress about salary caps for staff on home working contracts and an update about the consultation on home working contracts, to the June meeting.
Item 15	**Policy and Procedure Update (AUD 31/19)**
	59. MA provided an update for this item. 60. The Committee was asked to note that this update is an annual review of documents and that key policies had been included. The Committee were asked if they had questions. 61. The Committee discussed the Declaration of Interests, Gifts and Hospitality policy. It asked that the policy on publication of the Members' Register of interests should be clarified as paragraph six of the policy conflicts with paragraph two of the annex. 62. The Committee commented that paragraph 22 of the Anti- fraud policy should refer to the HTA and that paragraph 27(a) should state how often a regular review is. 63. The Chair asked for an update about the status of the Anti-fraud strategy which was presented at the October ARAC meeting. The Executive confirmed that no response has been received from the Cabinet Office following submission of the Strategy. In the meantime the Executive would follow up on the numbers of HTA staff who have completed the anti-fraud training. 64. The Committee were content with this policy along with the Whistle blowing policy. 65. The Committee noted the content of this update.

Item 16	Risk Management Policy Update (AUD 32/19)
	66. MA provided an update on this item.

67. The Chair asked the Committee for any comments on the policy. The Committee asked for a statement to be included in the policy which indicates that the HTA's consideration of risk is dynamic and that the policy should include procedures for de-escalation.

68. Members noted that it would be helpful for ARAC to be given an indication of how different ALBs look at risk to enable comparisons to be made with how the HTA does this.

69. The Committee noted the content of this update.

Action 8: The updated Risk Management Policy to be presented at the May Board meeting. |
| Item 17 | ARAC Handbook (AUD 33/19) |
| | 70. MA provided an update of the changes made to the ARAC handbook following the October meeting.

71. The Committee accepted the amendments made and provided some observations in relation to annual fraud assessment which should go into the workplan.

72. The Committee requested that the ARAC minutes are circulated to Board Members.

73. The Committee noted that although paragraph 18, which relates to the chairing arrangements for ARAC, had been amended, this would revert to the original wording. Any changes to the ARAC Terms of Reference would require agreement of the Board.

74. The Committee noted the content of this item. |

Item 18	Reports on Grievances, disputes, fraud and other information (Oral)
	75. RS provided an update on this item.
	76. The Committee was updated about a case of fraud which had affected the HTA and which was promptly reported through the appropriate channels for investigation. The Committee was reassured that the fraud did not result in financial loss to the HTA and that appropriate measures had been put in place to prevent something similar happening again.
	77. The Committee noted that Board Members were briefed on this at the time it happened and that a follow up on adequacy of the response would be carried out by Internal Audit colleagues.
	78. RS confirmed that the HTA received two complaints. As complaints to the HTA are uncommon, a lessons learnt exercise was undertaken and an action plan for improvement put in place.
Item 19	Topics for future discussion (Discussion)
	79. The Committee agreed that a deep dive on Licensed Establishment Engagement Programme project should be arranged for the June ARAC meeting but agreed that final determination of the risk area would be made following the forthcoming Board meeting.
Item 20	Topics for future training (Discussion)
	80. The Committee agreed that future training could include management of risk (tolerance and appetite), or fraud prevention.

Item 21	Any Other Business (Oral)
	81. There was no other business raised.

The next meeting will take place on 16 June 2020.

Item 21	Any Other Business (Oral)

HTA Audit and Risk Assurance Committee

Matters arising and forward plan

Tuesday 16 June 2020

Meeting	Action	Responsibility	Due date	Progress to date	Status
19 June 2018	Action 10: ARAC to review a copy of the HTA's Assurance map at its meeting in February 2019.	Director of Regulatory Development	June 2019	This item has been added to the Added to the ARAC forward plan. Training session to take place at June 2019 meeting. **Ongoing.**	Live
12 June 2019	Action 2: To review and sign off the Records Management Policy at the October 2019 meeting.	Director of Resources	01 October 2019	An update to be provided during the October ARAC meeting. **Ongoing.**	Live
22 October 2019	Action 6: HA risk update and progress with remaining actions to be provided at the June ARAC meeting.	Head of Regulation (HA	15 October 2020	This action will be presented at the June 2020 meeting. **Ongoing to be presented at October 2020 meeting.**	Live
22 October 2019	Action 8: The ARAC handbook to be reviewed at the January ARAC meeting.	Head of Finance	30 January 2020	This should now be presented at the October meeting. **Ongoing.**	live
30 January 2020	Action 1: Delegation schedule in the Decision Making Framework to be reviewed by ARAC at its meeting in June.	ARAC	15 October 2020	This will be reviewed at the October meeting. **Ongoing.**	live
30 January 2020	Action 3: The leaver's and starters process to be reviewed at the June meeting.	Head of Finance	15 June 2020	An update to be provided during the June meeting.	live
30 January 2020	Action 4: MA and TS to work together to remove outstanding actions that can be closed on the audit tracker. Closed actions to be reviewed at the June meeting.	Head of Finance	15 June 2020	An update to be provided during the June meeting at agenda item 8.	live
30 January 2020	Action 5: DT to provide the Committee with detailed cyber security policies at the June ARAC meeting.	Director of Data, Technology and Development	15 June 2020	An update to be provided during the June meeting at agenda item 10.	live
30 January 2020	Action 6: An update to be provided on progress made in relation to work which has been delivered at the June meeting.	Director of Data, Technology and Development	15 June 2020	An update to be provided during the June meeting at agenda item 10.	Live
30 January 2020	Action 7: To provide progress about salary caps for staff on home working contracts and an update about the consultation on home working contracts, to the June	Director of Finance	15 June 2020	An update to be provided during the June meeting.	live
30 January 2020	Action 8: The updated Risk Management Policy to be presented at the May Board meeting.	Head of Finance	16 July 2020	To be presented at the Board Meeting in November. **Ongoing.**	live

Risk exploration topics

Topic	Meeting	Progress
Risks posed by sectors and the HTA's approach to protect public confidence • The HTA Inspection Rationale	February 2017	On the agenda for the February 2017 meeting. **Complete.**
Risks posed by sectors and the HTA's approach to protect public confidence Breadth of activity, regulatory approach and risk assessments for various aspects of the Human Application Sector – Follow-up from Authority seminar in February 2017.	May 2017	This item has been scheduled to occur as a follow up to the authority member seminar scheduled for the morning of the February Authority Meeting. **Complete.**
HTA interaction with DIs/DI Training and Recruitment	November 2017	Due to competing work priorities within the Regulation Directorate, The Chair of ARAC has agreed replace this topic with an item looking at the recommendations arising the from the Risks in the Human Application Sector project. We will seek another date for the DI work deep dive, but the meeting after next is likely to look at recruitment and retention risks.
Risks in the Human Application Sector project.	November 2017	Complete.
Management and succession arrangements to assure the continuity of licensing and regulation activity	February 2018	Complete.
Risks associated with Cyber Security	June 2018	Complete. To be added as Standing Item.
Risks associated with the HTA's Licensed Establishment Relationship programme	TBC	As agreed at the 1 February 2018 ARAC Meeting. At 19 June 12018 ARAC Meeting, the Committee agreed to postpone its investigation of the HTA's Licensed Establishment Relationship Programme, which was scheduled for 23 October 2018 ARAC meeting. The Committee elected instead, to explore the risks and assurance associated with the HTA's staff induction process.
The risks and assurance associated with the HTA's staff induction process.	October 2018	At 19 June 12018 ARAC Meeting, the Committee elected to explore the risks and assurance associated with the HTA's staff induction process.
HTA continuous business planning arrangements for the triaging of business planning activity	TBC	Originally scheduled for 19 June 2018 but postponed by the ARAC committee at its meeting on 1 February 2018. New date TBC.
Media handling- Critical incident handling	TBC	Subject to Internal audit
Risks posed by sectors and the HTA's approach to protect public confidence.	TBC	HA and PM done. Poor risk profile with some of the other sectors.
Post Mortem sector (due at Authority Meeting 04 May 2017)	TBC	This was done at the Authority meeting- will need to consider doing this at ARAC.
Fraud in Public Sector and lack of Board oversight	June 2020	
HTA Office re-location	30 January 2020	

Future training

Topic	Meeting	Provider	Progress
Joint ARAC Member/Management Team training seminar – undertaking risk assurance mapping and interdependency across the wider health group	February 2017	Internal Auditor/Director of Resources	To focus on wider suggested best practice in accordance with the Risk Management Policy and Strategy and consideration of wider interdependence across the health group. **Complete.**
Value for money auditing and the optimal deployment of resources		NAO	NAO have been invited to host a training session on 18 May 2017. **Complete.**
A NAO perspective on the risks emerging within the health sector	February 2018	NAO Catherine Hepburn	**Complete**.
Observation and feedback from another ARAC Chair	June 2018	Anne Beasley, formerly Director General of Finance and Corporate Services at the UK Ministry of Justice	Rescheduled to occur after the ARAC meeting in June 2018 but postponed until 23 October due to the availability of the observing Chair.
Observation and feedback from another ARAC Chair	October 2018	Anne Beasley, formerly Director General of Finance and Corporate Services at the UK Ministry of Justice	Rescheduled to occur after the ARAC meeting in June 2018 but postponed until 23 October due to the availability of the observing Chair.
NAO presentation the issues and challenges experienced by other ARACs.	February 2019	George Smiles,(NAO)	At the ARAC meeting on 01 February 2018, Members invited George Smiles to provide them with a presentation at the October ARAC meeting on the issues and challenges experienced by other ARACs. **Postponed**
Training and/or discussion on risk updates - ensuring Members gain assurance on how risks are recorded and managed.	June 2019	Jeremy Nolan, (GIAA)	At the ARAC meeting on 23 October, Members invited Jeremy Nolan to facilitate discussion on risk management and how Members can assure themselves that risks are being managed and recorded correctly.
No training	October 2019	Not applicable	No training
IFRS training	January 2020	NAO	Complete.
Fraud Awareness	June 2020	TBC	

Forward Plan

Standing items	Assurance reports from Internal Audit Audit recommendations tracker report Risk update includes strategic risk register review and **update on UK exit from the EU.** Polices/procedures updates Cyber security (as requested by the ARAC on 19 June 2018)
Meeting	
January 2020	Review and approval of the Internal Audit proposed Audit plan for the financial year 2019/20 Review of the Audit & Risk Assurance Committee's performance including Members' skills and training Hold confidential joint meeting with both sets of Auditors (agenda item at start or end of meeting) Review gifts and hospitality register Update on the review of the risk management policy and strategy
June 2020	Approval of the Annual Report and Accounts Review of the External Auditors ISA 260 report (management letter) Consider key messages for the Audit & Risk Assurance Committee's report on its activity and performance (to the Authority) Review and approval of the Internal Audit proposed Audit plan for the financial year Internal Audit Annual statement. (Draft Note: RS to discuss the approach to this with PF, invite Information Risk management - SIRO report Annual review of the Operational Risk Register
October 2020	Review of HTA Reserves Policy Review of ARAC Handbook- Annual refresh Review of Gifts & Hospitality Register Risk in the Human Application Sector- general update to be provided Operation risk register to be reviewed.
January 2021	Review and approval of the Internal Audit proposed Audit plan for the financial year 2020/21 Review of the Audit & Risk Assurance Committee's performance including Members' skills and training.

Internal Audit Update- Confidetial

Audit and Risk Assurance Committee paper

Date	16 June 2020	**Paper reference**	AUD (04/20)
Agenda item	7	**Author**	Richard Sydee
			Director of Resources

Protective Marking	OFFICIAL

Approval of Annual Report and Accounts 2019/20

Purpose of paper

1. To provide an overview of the HTA Annual Report and Accounts for 2019/20.

Decision-making to date

2. This paper was approved by Senior Management Team (SMT) on 11 June 2020.

Action required

3. Members of ARAC are required to consider the External Auditors annual statement at Annex B and ISA 260 report (management letter) at Annex C and approve the HTA Annual Report and Accounts 2019/20 for Accounting Officer sign off (Annex A).

Background

4. The content and format of the report remains consistent with that published for the 2018/19 financial year.

5. Total operating income was £4,315k (licence fees and other income) £135k higher than the previous financial year, due to increased licence fees and other income relating to the sub lease of our office space.

Year end position

6. The statement of comprehensive net expenditure shows net expenditure of £1,060k. The Grant in Aid we receive from the Department of Health and Social Care is treated as financing within the statutory accounts and is not included in this statement. We provide a reconciliation on page 17 of the annual report and once GIA (£822k) and non-cash funding (Ring Fenced RDEL of £198k) we report a small deficit for the financial year of £40k.

7. This deficit is due to a significant increase in the provision for credit losses (Bad Debt provision) which has increased by £69k compared to the 2018/19 accounts. This calculation is based on an agreed formula which forms part of the HTA's accounting policies, as the level of outstanding debt over 12 months has increased so does the amount we set aside for credit losses – we believe this figure is higher as many organisation did not settle invoices as we would have expected by year end.

8. Cash reserves stand at £3,696k at the end of March 2020 an increase of £246k from March 2019.

Material changes from previous financial year

9. Note three to the accounts provides a breakdown of HTA expenditure for the 2019/20 financial year. There are a number of areas of expenditure that are materially different to the figures provided in last year's accounts, explanations for which are set out below.

   - Staff costs – an increase of £441k (15%) from the previous year. 6.2% is a direct result of the increase in NHS Employer Pension contributions, average staff numbers over the period were 5% higher than 2018/19. A pay award of just over 2% was also granted in 2019/20. More detail is provided at note 3.1 of the accounts.
   - Staff expenses - £42k (29%) lower than the previous year due to a reduced number of site visits and changes to employee expenses rates.
   - IT costs – Computer and IT running costs were ££112k (37%) higher than for 2018/19. This is the result of additional licences and consultancy costs relating to our cloud migration and other work in support of our digital transformation project.
   - Provisions – Ahead of our planned relocation to new offices in the 2020/21 business year we created a provision for the additional travel costs that staff will incur as a result of this relocation. In March 2020 we formally agreed that the HTA would meet any additional travel costs of staff employed at the time of the move. This was calculated to be £120k for the three-year commitment. Since making this provision the HTA has involuntarily adopted home working

for all employees, it is accepted that the organisation will likely consider different working practices in the future which may mean that this provision may not be used in its entirety. However, at this time there is no better data on which to base the calculation and we have therefore made no retrospective adjustments.

Next steps

10. After signing by the Accounting Officer, the Controller and Auditor General will sign the Annual Report and Accounts and they will be laid before Parliament. We will delay the Accounting Officer sign off until we have received a revised timeline from NAO; this ensures that the accounts are reviewed in light of any material developments prior to final sign off and before being passed to NAO. Should an update be necessary, ARAC will be informed.

AUD 04/20 Annex A

Annual report and accounts 2019/20

Human Tissue Authority

Annual report and accounts 2019/20

Presented to Parliament pursuant to Schedule 2(16) of the Human Tissue Act 2004.

Ordered by the House of Commons to be printed on **DD MMMM 2020**

HC 417

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Contents

Chief Executive's foreword

During this, the second year of our three-year strategy, the HTA has made significant progress towards realising our vision of becoming a more agile, sustainable and resilient organisation. While limited resources have constrained us, there is growing evidence of excellent progress towards the achievement of this vision.

The events of the last few weeks of the business year required the HTA to complete a rapid move to full remote working, while undertaking core regulatory business and also making significant progress in development activities. This was achieved without any loss of business continuity.

Over the course of the year our regulatory oversight, the mainstay of our activity, continues to provide confidence to our stakeholders and the public in the sectors we regulate. We have undertaken more than 190 site visits this business year and although we continue to identify issues and areas for improvement, we are pleased that our stakeholders are responsive to findings and committed to returning to regulatory compliance.

We have continued to support wider Departmental and Government objectives, successfully delivering guidance and a Code of Practice ahead of the implementation of the Deemed Consent legislation later in May 2020 and providing continued support and advice to the Department as we prepared to leave the European Union.

Outside of our core regulatory work we have concentrated on implementing the first phase of our transformation programme. Ahead of our move to new offices in the next business year we have implemented a number of operational and system improvements to ensure we are ready for the future both in our response to the sectors we regulate and, in the systems, and processes our staff have available to support our delivery. We have implemented significant improvements to our IT infrastructure to support remote working and significantly enhanced our business planning and project management capability. In preparation for further improvements we have undertaken an in-depth review of our use of database and records management systems to inform the next stages of our transformation journey.

Our recent staff survey demonstrated the high levels of engagement and commitment from our staff and we will look to build on these excellent results over the coming year. As ever, for an organisation of our size, staff retention poses a risk to our operational capacity. We took some time this year to assess our approach to induction and how we assess and deliver the training and development needs across the organisation. The HTA continues to attract and retain hugely talented staff which contributes significantly to the organisation's reputation as a responsive and expert regulator.

In this transformational year we engaged in a number of workshops and events to revitalise our organisational Values to guide us over the coming years. Our new Values of Professionalism, Respect, Expertise and Agility are those that the whole organisation thought best reflected how we interact with stakeholders, the pubic and each other and help us in delivering our vision and strategy.

It is a tribute to all colleagues in the HTA, supported by the management team and the Board, that HTA is now in a stronger position and ready to face the challenges ahead. I would like to end by thanking them for all of their hard work over these past 12 months in delivering both our core business, an ambitious programme of change and responding to the challenges that the last few weeks of the business year have brought.

Allan Marriott-Smith
Chief Executive

Performance

Overview

We are a Non-Departmental Public Body (NDPB) sponsored by the Department of Health and Social Care (DHSC), established and domiciled in England. Our registered office is 151 Buckingham Palace Road, London, SW1W 9SZ. We were established under the Human Tissue Act (HT Act) 2004 – which covers England, Wales and Northern Ireland – to regulate activities relating to the removal, storage, use and disposal of human tissue.

What we do

Our overall goal is to maintain public confidence by ensuring that the removal, storage and use of human tissue and organs are undertaken safely and ethically, and with proper consent, in accordance with the provisions of the Human Tissue Act 2004, Human Tissue (Quality and Safety for Human Application) Regulations 2007 (as amended) and the Quality and Safety of Organs Intended for Transplantation Regulations 2012 (as amended).

We also have a role in maintaining professional confidence; by assuring that human material being used by professionals has been obtained with the proper consent and is managed with appropriate care.

Our role:

- We license organisations that remove, store and use human tissue for certain activities under the Human Tissue Act 2004;
- We license organisations involved in preparing tissues and cells for use in patient treatment as required by the Human Tissue (Quality and Safety for Human Application) Regulations 2007 (as amended);
- We license organisations involved in organ donation and transplantation as required by the Quality and Safety of Organs Intended for Transplantation Regulations 2012 (as amended);
- We monitor and inspect or audit organisations to ensure they comply with the requirements of the legislation and our Codes of Practice;
- We use our powers to take regulatory action where we identify non-compliance;
- We assess living organ donation to ensure donors are protected from duress or coercion, and that no reward is offered or given;
- We provide information, advice and guidance to the public and professionals about the nature and purpose of activities within our remit;
- We monitor developments relating to activities within our remit and advise Government on related issues.

In addition to our statutory role we are increasingly called upon to provide advice on areas related to, but not specified in, our legislation. This is particularly important in areas of emerging technology and cutting-edge research not originally envisaged when the Human Tissue Act was established.

Our remit

- Removal, storage and use of human tissue and organs for a number of activities and scheduled purposes as set out in the Human Tissue Act 2004, such as post-mortem examination, anatomical examination, research, transplantation and public display.
- Procurement, testing, preservation, processing, storage, distribution, import and export of tissues and cells for use in patient treatment (human application).
- Donation, testing, characterisation, procurement, preservation, transport, transplantation and disposal of organs for transplantation.

Our remit under the Human Tissue Act 2004 extends to England, Wales and Northern Ireland; however, we also carry out some activities in relation to the approval of living organ donations on behalf of the Scottish Government. Our remit as the Competent Authority for the quality and safety of tissues, cells and organs used in transplantation extends to the whole of the UK.

We license approximately 855 premises across the six sectors that we regulate and publish standards and requirements that those working within the regulated fields must meet.

Whilst the HTA has a statutory duty to superintend compliance and an influential role in promoting good practice, public confidence in the use of human tissue cannot be safeguarded by the HTA alone. Public confidence is also dependent on individuals and organisations undertaking activities within the HTA's remit to act within the standards and requirements of the legislation.

Four **guiding principles** continue to drive our work and underpin our regulatory framework. They should be followed in dealing with human bodies, tissue and organs:

- *Consent* – and the wishes of the donor (or in some cases, their nominated representatives or relatives) are the primary consideration when removing, storing and using human tissue.
- *Dignity* – is paramount in the treatment of human bodies and tissue.
- *Quality* – must underpin the management of human bodies and tissue.
- *Honesty and openness* – are the foundation of communications in matters pertaining to the use of human tissue and bodies.

The Authority – the HTA's non-executive board – is currently made up of: a chair and twelve Members who are appointed by the Secretary of State for Health and Social Care; one Member appointed by the Welsh Government's Cabinet Secretary for Health, Well-Being, and Sport and; one by the Minister for Health in Northern Ireland. The professional Members of our board come from medical and scientific backgrounds linked to our work, and the lay Members bring a wide range of business, commercial and public sector experience.

The board's primary role is to ensure that the HTA discharges its statutory responsibilities effectively. It achieves this by setting the HTA's strategic direction and providing both support and challenge to our Executive team, which is responsible for the delivery of these responsibilities on a day-to-day basis.

Below are our strategic aims for 2019-2022

Strategic Aims	High level objectives are to continue to:
Delivery – To deliver the right touch and in line with the principles of better regulation and the Regulators' Code.	• Deliver a right touch program of licensing, inspection and incident reporting, targeting our resources where there is most risk to public confidence and patient safety; • Deliver effective regulation of living donation • Provide high quality advice and guidance in a timely way to support professionals, Government and the public in matters within our remit; • Be consistent and transparent in our decision-making and regulatory action, supporting those licence holders who are committed to achieving high quality and dealing firmly and fairly with those who do not comply with our standards; • Inform and involve people with a professional or personal interest in the areas we regulate in matters that are important to them and influence them in matters that are important to us; • Maintain our strategic relationships with other regulators operating in the health sector.
Development – To ensure the HTA's regulatory approach remains relevant, we actively prepare for the future.	• Use our data and information to provide real-time analysis, giving us a more responsive, sharper focus for our regulatory work and allowing us to target our resources effectively • Make continuous improvements to systems and processes to minimise waste or duplicated effort, or address areas of risk; • Provide an agile response to innovation and change in the sectors we regulate, making it clear how to comply with new and existing regulatory requirements • Begin work on implementing a future operating model, which builds agility, resilience and sustainability as an organisation.
Deployment – To make the most effective use of people and resources in pursuit of our goals	• Manage and develop our people in line with the People Strategy; • Ensure the continued financial viability of the HTA while charging fair and transparent licence fees and providing value for money;

	- Provide a suitable working environment and effective business technology, with due regard for data protection and information security; - Plan and prioritise our resources to carefully balance activity across the organisation.

Key issues in 2019/20

COVID-19

The impact of COVID-19 has resulted in the HTA reviewing its ways of working, with all staff currently working remotely. This has led to the challenge of achieving oversight of the sectors we regulate whilst being unable to follow our usual process and practices.

The implementation of our Critical Incident planning process has enabled us to respond to situations quickly; notably in the administration and quick turnaround of emergency mortuary licence applications. Our usual regulatory oversight regime is being adapted to include desk-based assessment and the continued use of reporting mechanisms and establishment data.

At this time, we are working through the recovery phase of our plan and reviewing how and when we might return to usual regulatory activity.

Organ Donation (Deemed Consent) Act 2019

Work on revisions to the Code of Practice F were completed reflecting feedback from the consultation that ended in the autumn of 2019. The Code will become live with commencement of the Organ Donation Deemed Consent Act in May 2020.

Office relocation

The HTA is one of several ALBs that are relocating to Stratford. Construction of the site is on-going and teams from across the ALBs have been created to look at various aspects of the project. This has required additional staff resource but is manageable. In addition, the impact of the move, including the financial impact, on our staff is being considered. A staff consultation was conducted and completed in February and the outcomes included arrangements for more flexible working and financial compensation to staff to cover additional travel costs. There is a risk that this move could affect staff retention. This is being mitigated with the introduction of a flexible working policy.

EU Exit

Plans for no deal have been fully developed. This involved redeployment of Regulation Managers (impacting on our business as usual activity). This phase lasted until the beginning of October after which point, we stepped down our no deal plans. We continue to horizon scan for

emerging issues and liaise with DHSC to ensure that the correct resources can be put in place in the run up to and beyond the end of the transition period.

Development Programme

The HTA is committed to a 2-year transformation programme where the benefits include improvements to systems and processes that facilitate a more targeted, risk based, approach to regulation. Additional funding for this could not be secured, so the modest investments made in 2019/20 were made from within existing budgets. The HTA will undertake further work funded in the same way and linked to the office relocation in the coming year.

The risk of non-delivery of this programme could impact on the organisation both financially and reputationally. In mitigation, we continue to engage and communicate with staff. Where funds are available, small pieces of work are undertaken to improve our processes and systems. Examples include migration to Cloud services and moving to Office 365 which facilitates remote working and collaboration.

Risks as at 31 March 2020

The HTA aims to take all reasonable steps in the management of risk with the overall objective of achieving strategic and business objectives and protecting staff, stakeholders, the public and assets.

As at 31 March 2020, the HTA had six strategic risks:

Risk associated with Development	Mitigations
• Failure to regulate in a manner that maintains public safety and confidence and is appropriate	• HTA Strategy clearly articulates HTA's regulatory model; • Regulatory decision-making framework; • Annual scheduled review of Strategy; • Approved HTA Business Plan which identifies a balanced programme of regulatory activity and continuous improvement; • Well established processes support our core regulatory business • HTA People Strategy substantially amended and approved by the Authority • Training and development of professional competence • Specialist expertise identified at recruitment to ensure a broad range of knowledge is

	maintained across all sectors and developing areas; • Use of existing regulatory model to manage the outcomes from EU exit
• Inability to manage an incident that impacts upon the delivery of HTA strategic objectives.	• Critical incident response plans are regularly reviewed and communicated to staff who are trained annually; • Plan to develop and strengthen the relationship with Designated Individuals (DIs) • Media handling policy and guidance in place, including regular media training for key staff and Members with relevant scenarios, to supplement media releases and enquiries Standard Operating Procedures (SOPs); • IT security controls and risk management in place and Business Continuity is annually reviewed and tested.
• Failure to manage public and professional expectations of human tissue regulation in particular stemming from limitations in current legislation or misperception of HTA regulatory reach	• Log of issues with respect to the existing legislation is maintained and discussed with DHSC; • Active management of issues raised by the media and public; • Regular reporting to DHSC (Sponsors and Policy teams) on matters which risk public and professional confidence; • Legal advice is, and will continue to be, used to clarify regulatory powers and provide guidance where appropriate.
• Failure to utilise people, data and business technology capabilities effectively	• Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle; • Revised People Strategy 2019-21 • Regular review of organisational structure and job descriptions; • Established annual Performance Development Planning and regular 1 – 1 meetings with all staff and mid-year reviews; • IT systems protected and assurance received from third party suppliers that protection is up to date; • Staff training in key business systems

	• Data relating to establishments securely stored within our Customer Relationship Management system; • HTA Management Group (HTAMG) Development schedule in place.
• Insufficient, or ineffective management of financial resources	• Budget management framework exists to control, and review spend and take early action where necessary; • Financial projections, cash flow forecasting and monitoring are reviewed monthly by executive team; • Reserves policy and levels are reviewed frequently and reported to the executive team and Authority; • Internal audit and annual external audit of finance are undertaken each year; • Fee modelling which provides cost/income information for planning; • Credit control – debt recovery process in place.
• Failure to achieve the benefits of the HTA Development Programme	• SMT expertise in organisational change, programme and project management; • Procurement and contract management experience; • Established corporate governance and financial controls. • Existing mechanisms for engaging staff

Against risk one, we have identified the risk of continuity as several of our Board Members are due to step down in the latter part of the 2020 business year. We are in constant contact with our Departmental Sponsors to ensure this risk is mitigated. The need to recruit to these posts becomes critical as the HTA enters a transitional period that sees not only the effects of Britain leaving the EU but also the impending relocation of the organisation in quarter three of the 2020/21 business year.

Further information on the HTA's approach to managing risk can be found in the Annual Governance Statement.

Going concern

The impact of COVID-19 has resulted in the HTA reviewing its ways of working, with all staff currently working remotely. This has led to the challenge of achieving oversight of the sectors we regulate whilst being unable to follow our usual process and practices.

The implementation of our Critical Incident planning process has enabled us to respond to situations quickly; notably in the administration and quick turnaround of emergency mortuary licence applications. Our usual regulatory oversight regime is being adapted to include desk-based assessment and the continued use of reporting mechanisms and establishment data.

At this time, we are working through the recovery phase of our plan and reviewing how and when we might return to usual regulatory activity.

Based on the above and on our business planning and control procedures, the Authority has reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Authority continues to adopt the going concern basis for preparing the financial statements.

Performance analysis

Measuring performance

Each year, we agree a business plan with the Department of Health and Social Care (DHSC) that includes strategic aims, high level objectives and key performance indicators (KPIs) covering delivery of our statutory remit and public accountability.

The HTA records achievement of key performance indicators monthly and reviews achievement and action needed at the HTA Management Group (HTAMG) meeting. Our KPIs detailed below measure non-financial performance to provide a comprehensive view of our activities.

Each quarter a report is made to the Authority and DHSC providing assurance.

Analysis of performance over the year

Performance indicators 2019/20

Performance indicators	Target 2019/20	Performance 2019/20	Target 2018/19	Performance 2018/19
Delivery				
Undertake a risk-based inspection/audit program	180 site visits	177 site visits[1]	200 site visits	222
Take appropriate action for all regulatory non-compliance[1]	100% of Corrective and Preventative Actons (CAPAs) implemented within 28 days	100%[2]	100% of Corrective and Preventative Actions (CAPAs) implemented within 28 days	72%
Make appropriately evidenced decisions to agreed quality standard	100% of non-panel cases turned around with 5 working days	100%	100% of non-panel cases turned around with 5 working days	100%
Respond to enquiries in a timely way	95% of enquiries answered within 10 working days	94%[3]	95% of enquiries answered within 10 working days	95%
Deployment				
Reduce attrition rates through improved selection and targeted measures to retain staff	Attrition rate to be no more than 18%	29%[4]	Attrition rate to be no more than 18%	20%

[1] 3 inspections were deferred due to the COVID-19 pandemic.

[2] 15/15 major and critical shortfalls

[3] Over the 2019/20 business year, there were periods of greater pressure on our enquiries system, such as around deadlines regarding the UK's exit from the EU, which saw a greater volume of more complex enquiries, affecting the overall percentage of cases closed within 10 days.

[4] An increase in the number of leavers compared to last year. Due to our size, a small movement in numbers causes a larger increase in percentages.

Financial review

We have generated the income needed to cover the cost of licensable activities and delivered within the budget set for the year. We have a comprehensive fees model that enables us to set our fees according to the regulatory workload and allocate our costs according to our activities as set out in legislation.

Summary position as at 31 March 2020

	Note	2019/20 £'000s	2018/19 £'000s
Income			
From devolved Governments		134	131
Licence fees		3,728	3,654
Other income	(a)	453	394
Total Income[5]		**4,315**	4,179
Expenditure			
Staff costs		3,343	2,901
General administrative and non-cash costs		2,032	2,086
Total expenditure[5]		**5,375**	4,987
Net (expenditure)/income for the year	(b)	**(1,060)**	(808)

(a) Other income is made up of rental income from NHS Resolution and seconded staff costs.

(b) Net expenditure for the year reflects our financial position excluding the Grant-in-aid (GIA) funding received from Department of Health and Social Care. The table below reflects the revenue GIA received from DHSC, to arrive at the Net operating surplus for HTA.

Net expenditure)/income for the year	**(b)**	**(1,000)**	**(808)**
Revenue Grant in Aid	(c)	**693**	703
Pension contribution increase	(d)	**129**	0
Ring-fenced RDEL	(e)	**198**	178
Surplus/(deficit) for the year		**(40)**	73

(c) GIA is treated as financing within statutory accounts and it is a requirement to report it this way. GIA is therefore excluded in the Statement of Comprehensive Net Expenditure (SoCNE) on page 57 within the financial statements and included in the Statement to Changes in Taxpayers Equity (SoCTE) on page 60.

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[5] Figures differ from financial statements due to rounding in both financial years

(d) This represents payments made to the NHS Pension Scheme by DHSC on the HTAs behalf.

(e) In addition, the HTA received cover for its non-cash expenditure (depreciation and amortisation) of £198k. It is not cash and therefore not shown in the accounts. Had it been, it would move us from the deficit of £178k to an operating deficit of £40k.

Against the above surplus our operating expenditure is £5.3m. Our staff costs at £3.3m were 15.2% more than last year due to the inclusion of the 6.3% increase in pension costs and close to a full complement of staff for a significant part of the year.

Income from contracts with customers (Licence fee income) of £3.7m is 2% higher than our 2018/19 fee income (just over £3.6m), but 2% below the budget.

During 2019/20 the HTA managed its income to ensure drawdowns were kept within the DHSC's cash allocation. The total available cash allocation for revenue and capital expenditure was £693,000 and £100,000 respectively, (2018/19 £703,000 and £100,000).

Supplier payments

The HTA is committed to the Better Payment Practice Code. We aim to pay suppliers within ten days of receipt of a valid invoice. No interest payments were made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

HTA Target	2019/20	2018/19
90% of payments made within 10 days of receipt of undisputed invoice. (Better Payment Practice Code Target is 95% in 30 days)	**813 invoices received of which 806 (99.1%) were paid within 10 days**	891 invoices received of which 887 (99.6%) were paid within 10 days

Counter fraud and corruption

In January 2019 the Cabinet Office launched a revised Functional Standards for Counter Fraud Bribery and Corruption (GovS 013) and announced its extension to all Arm's Length Bodies (ALBs). These standards set expectations for the management of fraud, bribery and corruption risk in government organisations. The standards represent the minimum that organisations should have in place and will evolve over time. The Cabinet Office assesses the performance of organisations against these standards and assigns a maturity level indicating how sophisticated they are in their approach.

The HTA has conducted an initial assessment and believes itself to be on course for meeting the basic maturity level. In quarter three of 2019/20, work began to ensure we are able to meet the standards in full. A number of actions have been put in place which will increase staff awareness.

This includes review of the Counter Fraud Strategy, counter fraud online training, regular risk assessments and an Action Plan that is reviewed quarterly.

In the new business year, the results of the Cabinet Office assessment will be published in its Fraud Landscape Review.

Staff involvement and wellbeing

The HTA keeps all members of staff informed about organisational, management and policy issues. There is a weekly briefing for all staff and in addition all-staff meetings are held at least every three months. Directorate team meetings are also held regularly. Members of staff can raise any issues with a member of the SMT during the weekly "SMT drop-in" session.

The HTA staff survey, last undertaken in November 2019, had participation rates of 88%, well above the Civil Service average of 62%. The HTA is committed to engaging staff and strives to maintain and build on high staff engagement and satisfaction scores from the staff survey year on year.

The HTA has a staff forum to ensure that all staff have their say and have an opportunity to raise issues, make suggestions and give opinions. The chair of the staff forum is also the staff Freedom to Speak Up champion, to provide a secure mechanism for staff to raise any concerns. An Authority Member, the chair of the Audit and Risk Assurance Committee (ARAC), also acts as a Freedom to speak up champion and meets with the chair of the staff forum at least three times a year coinciding with ARAC meetings.

This year has seen activity increase in preparation for our office relocation to Stratford increase. Staff were consulted on changes to their work patterns. The consultation on remote working commenced in quarter three of the financial year and completed in February 2020.Staff were given an opportunity to view the new offices and floor designs of the new offices were shared with all staff.

The HTA maintains an up-to-date health and safety policy and we set out our responsibilities in the Statement of Intent. The HTA has appointed first aiders and fire wardens and has online training modules and assessments to ensure staff are working in a safe environment that protects their health. No health and safety incidents were reported in the year.

In July of 2019, we trained and appointed our first Mental Health First Aiders (MHFAs) who act as a point of contact for any member of staff who is feeling or experiencing any form of mental health or emotional distress.

Learning and development
The HTA actively promotes the development of staff by offering a wide range of corporate and specific training. Individual needs are set out in personal development plans and are met through training events, participation in projects, observing activities the HTA oversees and shadowing. This year has seen a significant investment in staff training events that has been welcomed

across the organisation. Feedback is always sought from staff, with most attendees indicating that the skills and knowledge gained at such events are relevant to their roles.

Our Career Investment Scheme launched over eight years ago, to assist staff members to obtain professional qualifications or undertake training to enhance their skills and knowledge to aid their career, continues to be used. In 2019/20 four members of staff benefitted from the scheme, in addition to the 32 previous beneficiaries since the scheme began. We also have access to the Civil Service Learning portal which provides training resources for public sector staff.

Equality Act 2010 – equality and diversity and human rights

The HTA is committed to providing equal opportunities for all staff. Our aim is to ensure that all staff are aware that any form of discrimination against people, because of their race, disability, gender, gender identity, religion/belief, age, sexual orientation or any other protected characteristic is prohibited within the HTA, and to ensure that the Authority abides by the statutory regulations regarding human rights and discrimination. We periodically monitor our performance in this area with reports discussed at management meetings. Any new policies and those subject to review are considered from an equality impact assessment perspective.

Disabled employees

We have a specific policy of inviting to interview any candidate with a disability who meets essential criteria. Support is provided for all staff who have, or develop, a disability including making any reasonable adjustments to the workplace or work processes and having advice available through the occupational health service.

An analysis of gender mix for the headcount as at 31 March 2020 is provided below. The figures exclude the Shared Director who is accounted for within the Human Fertilisation and Embryology (HFEA) and temporary staff.

Gender mix as at 31 March 2020

Gender	Male	Female	Total 2019/20	Total 2018/19
Authority Members	8	5	**13**	11
Directors	1	2	**3**	3
Total staff (including Directors, excluding Members)[6]	12	35	**47**	48

Of the 22 staff who declared, one reports themselves as disabled. An analysis of other characteristics of all staff, as at 31 March 2020, is provided below.

Age range	2019/20	2018/19
< 34	**11**	13
35-44	**21**	21
45-54	**10**	10
>55	**5**	4

Ethnicity	2019/20	2018/19
White British	**29**	30
Other Ethnicity	**18**	18

Social, community, sustainability and environmental issues

The HTA recognises the work-related benefits of staff joining together outside work for various events. We encourage a social committee to organise informal and more formal gatherings.

During 2019/20 HTA staff have, on their own initiative, engaged in events to raise funds for charities. The HTA has supported staff in these endeavours.

The HTA occupies space within a multi tenanted building on Buckingham Palace Road. We share floor space with NHS Resolution. This co-habitation has enabled us to achieve the 2014 Government Estates Strategic target for space utilisation of 8 sqm / full-time equivalent (FTE) staff member.

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[6] Last year (Male 11/Female 37)

Our landlords, the Government Property Agency, provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities. HTA performance is not monitored separately.

Whilst the HTA may be exempt from formal reporting on a number of Greening Government Commitments, as it has fewer than 250 FTE staff, we still consider environmental and sustainability issues when procuring goods and services. Staff and Members are encouraged to travel on HTA business in the most sustainable and cost-effective way.

The HTA is a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use cycles to travel to work.

We are aware of the green agenda in relation to procurement and we use the Crown Commercial Service and other frameworks which have sustainability factored in.

The HTA regulates organisations located throughout the United Kingdom. Our staff travel as part of their duties and where possible, we encourage the use of public transport.

During this extraordinary time of the COVID-19 pandemic The HTA has successfully relied on its technology to enable us to collaborate and conduct our business seamlessly.

Allan Marriott-Smith
Chief Executive
Accounting Officer   **DD MMMM 2020**

Accountability

Corporate governance report

Directors' report

The Authority

Our Authority is made up of 13 Members (including the Chair) appointed through an open public process. Authority Members during 2019/20 are set out below. Biographies for each can be found on our website.

Authority member	Type	Appointment start date	Appointment end date
Lynne Berry OBE (Chair)	Lay	18 November 2019	17 November 2022
Nicola Blackwood (Chair)	Lay	13 March 2018	12 March 2021 (resigned 9 January 2019)
William Horne[7]	Lay	1 August 2014	31 July 2020 (re-appointed May 2017)
Professor Andy Hall	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
Hossam Abdalla	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
Amanda Gibbon	Lay	20 October 2014	19 October 2020 (re-appointed August 2017)
Professor Anthony Warrens	Professional	20 October 2014	19 October 2020 (re-appointed August 2017)
Glenn Houston	Lay	5 May 2015	4 May 2021 (re-appointed March 2018)
Dr Lorna Williamson OBE	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
Professor Penney Lewis	Lay	1 April 2016	31 March 2022 (re-appointed February 2019)
Dr Stuart Dollow	Professional	1 April 2016	31 March 2022 (reappointed February 2019)
The Right Reverend Graham Usher	Lay	1 April 2016	31 March 2022 (reappointed February 2019)
Professor Dame Sally Macintyre	Lay	5 May 2016	4 May 2019 (term ended)

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[7] William Horne became acting Chair from 10 January to 18 November 2019

Authority member	Type	Appointment start date	Appointment end date
Professor Gary Crowe	Lay	1 September 2019	31 August 2022
Dr Charmaine Griffiths	Lay	1 September 2019	31 August 2022

Member biographies are on the HTA website https://www.hta.gov.uk/about-us/our-people

Senior Management Team

Our Chief Executive and Directors during 2019/20 are set out below.

Senior Management	Post
Allan Marriott Smith	Chief Executive
Richard Sydee[1]	Director of Resources
Louise Dineley (appointed 28 October 2019)	Director of Data, Technology & Development
Hazel Lofty (resigned 15 September 2019)	Director of Regulatory Development
Nicolette Harrison	Director of Regulation

[1] Director of Resources is shared and seconded 2.5 days a week from the Human Fertilisation and Embryology Authority (HFEA)

Interests of Authority Members and senior staff

The HTA maintains a Register of Interests. All Authority Members and staff declare any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities. The register can be made available on request.

Members' interests are published on the HTA's website.

Pensions

Pension benefits are provided by the National Health Service (NHS) Pension Scheme. The HTA recognises the contributions payable for the year. Full details are set out in the remuneration report and note 1.11 to the accounts.

Data incidents

Arrangements for data security and any personal data-related incidents are set out in the annual governance statement.

Our auditors

The Comptroller and Auditor General is the external auditor for the HTA's accounts. The external auditor's remuneration in 2019/20 was £27,800. No fees were incurred for non-audit work.

Statement of Accounting Officer's responsibilities

Under the Human Tissue Act 2004, the HTA is required to prepare a statement of accounts in the form and basis set out in the Accounts Direction for each financial year, in conformity with the Secretary of State's direction Schedule 2 (paragraph 16), detailing the resources acquired, held or disposed of during the year and the use of resources by the HTA during the year. The Annual Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HTA, the income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, I as the Accounting Officer am required to comply with the requirements of the Government Financial Reporting Manual prepared by HM Treasury, and in particular to:

- observe the Accounts Direction issued by DHSC, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;

- prepare the accounts on a going concern basis;

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the DHSC has appointed the Chief Executive as Accounting Officer for the Human Tissue Authority with responsibility for preparing the HTA's accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for which the Accounting Officer is answerable, for keeping proper records and safeguarding the HTA's assets, are set out in the Accounting Officers' Memorandum, issued by the DHSC, and in Managing Public Money published by HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the HTA's auditors are aware that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

During the audit of these financial statements my staff and I have co-operated fully with the Comptroller and Auditor General. I have taken all feasible steps to ensure that I am fully aware of all information pertinent to the audit and to ensure that this information is notified and made available to the auditors. Consequently, as far as I am aware, there is no relevant information that has not been available to the National Audit Office's audit team.

Accounts direction

The Annual Accounts have been prepared and issued by the HTA, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with Schedule 2 (paragraph 16) of the HT Act. The Accounts report the resources that have been used by the HTA to deliver its objectives. These Annual Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FReM) 2019/20.

Authority statement

The Senior Management team (SMT) of the HTA and the ARAC, on behalf of the Authority, has reviewed the Annual Report and Accounts.

Governance statement

Introduction

This statement sets out the governance and control framework at the HTA and the risks to HTA performance. It explains how I have discharged my responsibility, as Accounting Officer, to manage and control the HTA's resources in 2019/20.

During 2019/20 the Authority met all but three of its key performance indicators (see page 17), with strong performance from the Board, Board Committees and satisfactory outcomes from individual internal audits. There have been some changes within the SMT, which have been managed with staff playing an interim role therefore providing continuity. This year some issues in relation to records management have been identified through the internal audit process and these are being addressed.

Governance framework

The Authority

The Authority (the HTA's statutory non-executive board) comprises 13 Members including the Chair who are appointed by the Secretary of State for Health and Social Care, with the exception of one Member appointed by the Welsh Government Cabinet Secretary for Health, Well-Being and Sport and one by the Minister of Health in Northern Ireland. Members are appointed for a three-year term of office initially. At the end of 2019/20 there were 12 Members plus the Chair who come from a variety of medical, scientific, legal, administrative and ethical backgrounds. This ensures that the Authority draws on a wide range of experience relevant to the governance of the HTA. By law, at least half must be lay Members.

In January 2019 the former Chair Nicola Blackwood resigned her post and the new Chair Lynne Berry OBE was appointed in November 2019. William Horne was acting Chair of the Authority during the interim period. There were no re-appointments during the year, however two new Authority Members were appointed in September 2019, Professor Gary Crowe and Dr Charmaine Griffiths.

The Authority's primary role is to ensure that the HTA's statutory responsibilities are met. It achieves this by setting the HTA's strategic direction and providing both support and challenge to an executive that is responsible for the discharge of these responsibilities on a day-to-day basis. At every meeting the Authority receives reports aligned with our strategic themes of Delivery, Development and Deployment and these include reports on our financial priorities and an updated assessment of strategic risk.

Over the year the Authority has considered a wide variety of issues. A particular focus in the year has been the consultation on the Code of Practice F: Donation of solid organs and tissue for transplantation which is now closed. Reports on other matters are provided on a periodic or as required basis. The Authority questions the executive and explores aspects of work with staff (for example Records Management) to assure themselves that they can rely on the quality of data

and information in the reports. The Authority has been satisfied with the quality and scope of the reports made. Authority Members also have an executive role in assessing applications for living organ donation for transplants and participating in the emergency out of hours on-call rota. The Authority reviewed its business continuity arrangements alongside the process.

The Authority ensures that statutory functions are delivered appropriately, in line with the Harris review. It has a clear understanding of the statutory basis of work undertaken by the HTA, ensuring there is direction or clarification from the DHSC where required.

The HTA is committed to transparency and public accountability and therefore Authority agendas, papers and minutes are published on our website, along with other policies and reports.

The Authority met 5 times during the year, with one of those meetings being open to the public. The Chief Executive and Executive Directors (the SMT), attend Authority meetings. Representatives from the DHSC also attend, and other HTA staff attend as required. Member attendance at ordinary Authority meetings in 2019/20 is listed below.

Authority Member	Number of meetings attended
Lynne Berry OBE[8]	2/2
William Horne	5/5
Professor Andy Hall	4/5
Hossam Abdalla[9]	2/5
Amanda Gibbon (ARAC Chair)	5/5
Professor Anthony Warrens	5/5
Glenn Houston	4/5
Dr Lorna Williamson OBE	5/5
Professor Penney Lewis	5/5
Dr Stuart Dollow	5/5
The Right Reverend Graham Usher	4/5
Professor Dame Sally Macintyre[10]	1/1
Professor Gary Crowe	3/3
Dr Charmaine Griffiths[11]	0/3

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[8] Lynne Berry joined the HTA after the November meeting
[9] Hossam Abdalla was unavailable to attend three meetings due to ill health
[10] Term ended May 2019
[11] Unable to attend meetings due to prior commitments

Committees and groups

The Authority is supported in its work by Committees and groups involving Members. Committees review the work of the HTA and make decisions or recommend a decision to the full Authority where necessary. Groups include stakeholders and provide input to emerging strategies and approaches. The following committees and groups were in place in 2019/20.

Committees of Members:

- Audit and Risk Assurance Committee (ARAC)
- Remuneration Committee

Groups consisting of Members with external stakeholder representation:

- Transplantation Advisory Group (TAG)
- Histopathology Working Group (HWG)
- Stakeholder and Fees Group

Having external stakeholder representation on groups enables the Authority to work directly with stakeholders to review developing issues and advise the Executive. These discussions improve Member understanding of operational activity which enhances the Authority's ability to scrutinise the actions of the Executive. Groups also provide Members and stakeholders with the chance to contribute views to the early stages of significant regulatory policy development, resulting in better decision making.

TAG is a forum for the discussion of issues arising in living and deceased organ donation. In particular, the Group considers new policy issues and emerging novel areas in transplantation; identifies revisions required to current HTA or NHS Blood and Transplant (NHSBT) policies; discusses the complex ethical issues in transplantation; and reviews guidance on issues surrounding Independent Assessors (IAs), including recruitment and performance issues identified during the reaccreditation process.

HWG exists to maintain a positive and long-lasting impact on the delivery of post-mortem services, working with the sector to help drive up standards. Consultation with HWG helps ensure that advice provided by the HTA remains current and in line with professional guidance. In addition, the HWG considers on an on-going basis issues facing post-mortem sector establishments, in order to inform the continued development of HTA regulatory policy affecting the sector and its overlap with the research sector.

The Stakeholder and Fees Group provides a forum for regular consultation on our approach to regulatory activities, including fee-setting and an opportunity for stakeholders to make their views known to the Authority. The Stakeholder and Fees Group was established to ensure the HTA continues to improve transparency and accountability and maintain effective working relationships with establishments we license.

The ARAC met three times in 2019/20. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HTA's external and internal auditors and a representative of the Department of Health and Social Care attend meetings. Other Directors and staff are asked to

attend to discuss particular risk areas that the ARAC wishes to explore, or other topics depending on the ARAC's business. The ARAC's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular, providing scrutiny to support the agreement of the Governance Statement. Member attendance at ARAC meetings in 2019/20 is listed below.

ARAC member attended	Number of meetings
Amanda Gibbon (Chair)	3/3
William Horne[12]	3/3
Professor Andy Hall	3/3
Glenn Houston	2/3
Dr Stuart Dollow	3/3

In addition, the Chair of the Authority, Lynne Berry, and Professor Gary Crowe attended the January meeting and Dr Charmaine Griffiths observed at the October ARAC meeting.

Our internal auditors are the Government Internal Audit Agency who are in the third year of their appointment with the HTA. The Head of Internal Audit (HIA), Jeremy Nolan, oversaw the programme of audit work which focused on Critical Incidents, Business Continuity Planning, Utilisation of Capabilities, Payroll and Expenses and Anti-Fraud.

During 2019/20, ARAC reviewed strategic risks at each meeting, approved or noted (as appropriate) updated policies on an annual cycle, took reports of audit findings from external and internal auditors and reviewed the HTA's progress in implementing audit recommendations. In January 2020, ARAC held their annual meeting in private with external and internal auditors to assure themselves there were no other matters of which they should be aware of

The Remuneration Committee met twice in 2019 to agree the principles for the 2019 pay award. The Chief Executive, the Director of Resources and the Head of HR attend the Remuneration Committee as appropriate. Members and their attendance are as follows:

Member	Number of meetings attended
William Horne (Chair)	2/2
Hossam Abdalla	1/2
Glenn Houston	2/2
Penney Lewis	2/2

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[12] William Horne was not a member of the Committee whilst acting Chair of the Authority till the end of October

Authority Members may also chair and participate in HTA conferences, events, and workshops for stakeholders; participate in working groups covering the work of the Directorates and provide advice to the executive. The Welsh Member has also liaised with the Welsh Government.

The Chair of ARAC also attends networking meetings of audit committee chairs. In November 2019, Amanda Gibbon attended the Government Internal Audit Agency (GIAA) event with Bill Horne.

Effectiveness of the Authority

The HTA complies with the *Corporate Governance Code for Central Government Departments*. Members' terms and conditions include adherence to the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, and these are demonstrated in Authority meetings.

The Chair of the Authority assesses the performance of each member annually. DHSC forms a view on the effectiveness of the Authority by attending meetings and of the HTA's performance through quarterly accountability meetings. No significant issues have been raised.

ARAC makes a self-assessment of its performance annually. This was undertaken in June 2019 and resulted in a positive evaluation against the NAO Audit Committee checklist with some recommendations in relation to succession planning as a result of members' terms ending and a review of the timetable of meetings. Training sessions are scheduled at the end of ARAC meetings to aid understanding of current topics. The ARAC members attended a training session on International Financial Reporting Standards: Leases (IFRS 16) conducted by the National Audit Office. This was to facilitate the Members understanding of how the updated standard affected the HTA's balance sheet.

Potential conflicts of interest are managed by all Authority Members, and staff, declaring in a register of interests any company directorships and other significant interests held by them or their close family and friends which may conflict with their HTA responsibilities.

Members also declare their interest in any items being discussed at Authority and ARAC meetings. The Chair decides whether there is a conflict of interest and whether the Member concerned should remain involved in the discussion.

The executive

The executive implements the policy and strategic goals set by the Authority. It is led by the SMT consisting of the Chief Executive and three Directors.

The SMT meets weekly to consider a regular programme of business, ad hoc items and to exchange information. The SMT provides leadership to the staff of the HTA and makes decisions on how the strategies agreed by the Authority are to be implemented. The regular programme of business includes finance reports and reviews of the strategic risk register.

The HTA Management Group (HTAMG) consists of the SMT and the Heads of functions (the next level of management). This group normally meets monthly to review performance and operational risk, agree business plans and projects. Every quarter HTAMG considers operational risks alongside strategic risks.

The Accounting Officer follows the requirements of *Managing Public Money* and the delegations issued by the DHSC. To ensure compliance with the Framework Agreement agreed with DHSC the HTA ensures:

- the provision of the HTA's strategic and business plans for approval by the DHSC
- that the HTA submits quarterly performance and risk reports to the timetable outlined by the DHSC and other returns (e.g. finance and headcount) as required
- participation in quarterly accountability reviews held between the HTA's SMT and the senior department sponsor

Whistleblowing arrangements

The HTA's Whistleblowing policy sets out how any concerns can be raised by staff and what action would be taken. It aims to reassure staff that they should raise concerns openly and that there will be no repercussions for them if they raise concerns in good faith. The policy has been communicated to staff through newsletters and all staff meetings.

As well as line management and HR channels, the HTA has both a staff and Authority Member Freedom to Speak Up champion with whom staff can raise concerns. The Authority Member is the Chair of ARAC who meets the staff member before each ARAC meeting to review what has been discussed at staff forum meetings and give the staff Freedom to Speak Up champion an opportunity to discuss any concerns that she or any other staff member may have. Contact details for the DHSC, National Audit Office (NAO) and the Whistleblowing Helpline are also provided.

During the year, there have been no concerns raised under the whistleblowing arrangements. The position is reported to ARAC at each meeting. Staff raise issues and make suggestions as part of day to day working in line with the culture at the HTA.

The control framework

The HTA understands the importance of risk management and internal control. All Members of the Authority and the executive have responsibility for risk management.

The Authority is ultimately responsible for overseeing management of the HTA's strategic risks. The Authority is supported by the ARAC and monitors risks through reports from the executive and quarterly updates of the strategic risk register. The Chief Executive is responsible for providing leadership for management of risk within the organisation, supported by the Director of Resources, and all members of the SMT are responsible for managing the strategic risks that may impact the delivery of policies and objectives in their areas of work. Heads of functions

manage the operational risks to the delivery of their areas of work and are required to report to the HTAMG on how they manage/mitigate particular risks.

There is an ongoing process designed to:

- identify and prioritise the risks to the achievement of HTA policies and aims and objectives
- evaluate the likelihood of those risks being realised, the possibility of new risks emerging, and the impact should they be realised
- manage them efficiently, effectively and economically

The HTA Risk Management Strategy and Policy set out the principles and approach to managing risk at the HTA. In quarter three of the business year, a significant review of the Risk Management Policy alongside the Strategic Risk Register commenced. Training on management of risk has now been deferred to the early part of 2020/21 to ensure existing and new Heads of function are aware of both the policy and process.

In order to ensure proper procedures are consistently followed, the control framework also includes policies and standard operating procedures that are reviewed and updated regularly. During the 2019/20 business year a detailed review of the governance structure around our policies continued. There is also training and oversight by line managers.

This framework has been in place in the HTA for the year ended 31 March 2020 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance. The framework will continue to be refined and enhanced in order to ensure the HTA meets best practice for an established public body. The HTA will build on advice from our external and internal auditors as well as other professional sources to ensure it remains fit for purpose to meet the changing nature of our business.

The HTA is aware of the Macpherson report but does not use analytical models that inform government policy.

Risk assessment

The HTA has six strategic risks, five which have been present for some time and the sixth was newly added in the latter part of the 2018/19 business year. The focus, causes and effects and seriousness of the original five risks have varied. The sixth risk relates to benefits achieved from the impending development programme which was formerly the transformational programme. However, progress on this the programme has been slowed down while other areas of the business take priority and as a result of current DHSC policy which has resulted in our being unable to secure agreement to use our reserves to fund the programme. Four strategic risks are amber rated, and two are yellow[13].

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[13] Used in risk prioritisation. Risks are scored and fall into one of four groups (Primary, Contingency, House-keeping and Negligible). The Amber risk falls into the Contingency group which means immediate action is taken and are regularly monitored. The yellow risk (house-keeping group) are monitored by management.

The first amber risk is failure to regulate appropriately, which had been a yellow risk till February but was raised in March as the Coronavirus pandemic took hold. The risk became amber as we felt that COVID-19 could limit our ability to undertake our statutory inspection regime within the Human Application sector and limit oversight of other sectors.
The second amber risk is failure to manage expectations of regulation, which has been assessed at that level throughout the year. This risk arises through the public's expectation of the HTA's regulatory reach, and where these expectations may be at variance with our remit under the current legislation. We continue to communicate our remit to stakeholders and the public and advise where appropriate. There is ongoing dialogue with DHSC and stakeholders about emerging issues and we provide clear lines to the media when necessary. Communicating on an issue which is not within remit, but which may adversely impact on public confidence is challenging. The rate of growth in the number of perimeter issues shows no sign of decreasing.

Failure to utilise our capabilities effectively is also an amber rated risk. This risk concerns how we deploy our staff and use data and business technology. We are mitigating against this risk through the appointment of a Regulation Manager dedicated to training, learning and development. The release of some funding from the resolution of a longstanding VAT issue has enabled us to support smarter working initiatives and improved data use. A recent internal audit highlighted areas of focus that arose from a skills audit mapped against our capability needs and documented handover processes. We are addressing these by identification of training needs from our PDP process and development of handover checklists capturing role specific key deliverables. We have also revised our People Strategy which has been approved by the Authority.

Failure to achieve the benefits of the HTA Development Programme as mentioned above is at amber and had been throughout the year. Assessing this risk as amber reflects aspects of the programme in particular IT related that could have significant impact on the business should service be disrupted. Also, the impact of the office move will be reflected within this risk. Finally, the effect of COVID-19 on this risk has been logged in the new business year and will be managed through the ALB programme Board.

The remaining strategic risks are failure to manage an incident and insufficient financial resource and were all rated yellow at the end of the financial year.

Assurance sources are identified for all risks and these reports and feedback provide assurance to the SMT and the Authority that the controls in place are as expected and that the risks are as stated.

Pensions

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer contributions and payments into the Scheme are in accordance with Scheme rules, and that member Pension

Scheme records are accurately updated in accordance with the timescales detailed in regulations.

Data security

In accordance with our responsibilities under Schedule 2 (paragraph 16) of the HT Act and the provisions of the Human Tissue (Quality and Safety for Human Application) Regulations 2007, the HTA has in place various robust and specific arrangements to maintain high standards of information security, including data protection. These include an information governance and cyber risk policy that applies to all staff, Members and contractors. There were no reportable personal data losses in 2019/20

A Cyber Security follow-up audit was carried out in 2018/19 by internal audit. Recommendations from the original audit in 2017 of which there were six, were followed up. As of this year, only one recommendation remains outstanding which relates to the systems and permissions around staff changes. Whilst a manual process exists which is robust and can be demonstrated, we intend to automate the process as part of the wider development programme.

Last year an internal audit review of GDPR preparedness was conducted with a follow-up audit undertaken in February 2019.The follow-up audit provided assurance that we have robust and effective governance and risk management arrangements in place, and they demonstrate our high level of compliance with GDPR. We received a moderate assurance rating for this audit and have addressed with ARAC the outstanding recommendations and associated actions. There is one outstanding recommendation from this audit that was deferred as it is part of the Records Management work being undertaken and relates to the records retention document policy.

The internal audit review of our Records Management undertaken last year made eight recommendations, of which five were high priority. These were the finalisation of a records management policy, the linking of the policy to the Information Asset Register, the development of a risk assessment methodology, the provision of training for staff and the appointment of a Departmental Records Officer. The remainder related to retention of records and led to an overall opinion of Limited Assurance. Of the eight recommendations, three are outstanding and have been deferred to be picked up as part of the development and upgrading of our existing Records Management system and are considered at present a low priority.

The Director of Resources holds the role of Senior Information Risk Owner (SIRO). This is one of the requirements to strengthen controls around information security set out in the report of the Data Handling Review, which was carried out in 2008 for the Cabinet Office. The SIRO makes an annual report of compliance with the requirements for protecting information and an assessment of information risk management to the Accounting Officer and the ARAC which contributes to this Statement.

Historically the HTA has conducted the annual review of its arrangements against the Cabinet Office's mandatory requirements using the Security Policy Framework and 10 steps to cyber security and reports compliance to the ARAC and DHSC. This year we used the National Cyber Security Centre (NCSC) Minimum Cyber Security Standard to assess compliance. The overall

assessment from the SIRO is that there are no areas of non-compliance that put information security at risk and that there are appropriate processes in place to minimise the risk to our information.

Accounting Officer Responsibilities and assurance

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive directors within the organisation who have responsibility for the development and maintenance of the internal control framework, risk management reports and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the reviews of the effectiveness of the system of internal control by the Authority's ARAC and appropriate plans to address any weaknesses and ensure continuous improvement of the system are in place.

Following an immediate internal review, an instance of mandate fraud was identified in October 2019. Although the funds were ultimately fully recovered, we did report the incident to the DHSC Anti-Fraud unit. We have implemented a number of changes to protect against this type of fraudulent activity in the future and the Internal Audits of our Anti-Fraud Controls and Payroll & Expenses processes that were undertaken after this event have been reviewed and provided further recommendations to enhance our control regime. Two of the recommendations were implemented immediately which saw a change to how payroll changes are requested and by what means.

During the year, the HTA engaged its internal auditors to review the areas of Business Continuity Planning, Critical Incidents, Utilisation of Capabilities, Payroll and Expenses and Anti-Fraud. Internal Audit made 2 high priority recommendations in relation to Payroll and Expenses and the Anti-Fraud audits and these have been implemented. We received moderate assurance from both the Payroll and Anti-Fraud audits but recognize there is further work around communication of changes relating to payroll and the provision of further awareness of anti-fraud measures for staff. These are actively being addressed.

Where high, medium or low priority recommendations have been made I am assured that appropriate action plans are in place and good progress is being made against the agreed actions. The Head of Internal Audit has concluded that they can give "moderate assurance to the Accounting Officer that the HTA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2019/20".

From this, internal audit's annual opinion of moderate assurance, and the other sources stated on the risk registers (Authority reports, reviews with staff and feedback from DHSC and stakeholders), I am confident that the necessary assurances have been gained over the key areas, as set out above.

This enables me to confirm that the HTA's systems are effective and working, to ensure that we have fulfilled and continue to fulfill our remit and our objectives.

There have been no significant internal control problems in the HTA up to 31 March 2020 and up to the date of this report.

Allan Marriott-Smith
Accounting Officer
Human Tissue Authority   **Date: DD MMM 2020**

Remuneration report

This report contains details on the remuneration of members of our Authority and the Executive for the year ended 31 March 2020. It is based upon the provisions contained within the Government Financial Reporting Manual 2019/20. It also provides an analysis of staff and sickness absence data.

Audit

Specific areas of the Remuneration report are audited by NAO, the HTA's external auditors. These sections cover salary and pension data in the tables, non-cash benefits and amounts payable to third parties for services of senior staff.

Salary and benefits in kind of Authority Members

Members of the Authority receive an annual remuneration that is agreed by the Secretary of State for Health. This remuneration does not include any pension entitlements. Any increase or change to the remuneration is notified to the HTA by its sponsor department, the DHSC. Members also receive travel and subsistence expenses which are deemed a benefit in kind (see later section).

Overleaf are the payments made to Members in the financial year 2019/20 and those benefits in kind that are subject to tax and national insurance.

Trade Unions

Under the Facility Time Publication Requirements Regulations of 2017, the HTA is required to disclose the number of staff, cost and time spent on facility time by an employee who is a relevant union official if it meets certain criteria.

The HTA does not employ any staff who devote time to a trade union.

The Authority (Audited)

Authority Member		2019/20			2018/19		
Name	Role/Type	Salary range	Expenses (to nearest £100)[14]	Total	Salary range	Expenses (to nearest £100)	Total
		£'000s	£	£'000s	£'000s	£	£'000s
Lynne Berry OBE	Chair (Lay)	15-20 Fte (40-45	0	15-20 (Fte 40-45)	N/a	N/a	N/a
Nicola Blackwood[15]	Chair (Lay)	N/a	N/a	N/a	30-35	0	30-35
William Horne[16]	Lay	25-30	3,500	30-35	15-20	3,200	15-20
Amanda Gibbon	Chair of ARAC (Lay)	10-15	0	10-15	10-15	0	10-15
Hossam Abdalla	Professional	5-10	0	5-10	5-10	0	5-10
Professor Andy Hall	Professional	5-10	3,000	10-15	5-10	2,000	5-10
Professor Anthony Warrens	Professional	5-10	0	5-10	5-10	100	5-10
Glenn Houston	Lay	5-10	2,700	10-15	5-10	3,200	10-15
Dr Lorna Williamson	Professional	5-10	400	5-10	5-10	200	5-10
Professor Penney Lewis	Lay	5-10	0	5-10	5-10	200	5-10
Dr Stuart Dollow	Professional	5-10	0	5-10	5-10	0	5-10
The Right Reverend Graham Usher	Lay	5-10	500	5-10	5-10	700	5-10
Professor Dame Sally Macintyre	Lay	0-5	0	0-5	5-10	2,200	10-15
Professor Gary Crowe	Lay	0-5	1,000	5-10	N/a	N/a	N/a
Dr Charmaine. Griffiths	Lay	0-5	0	0-5	N/a	N/a	N/a

[14] Members' expenses relate solely to their attendance at HTA committees, meetings and training events. Since our Authority members are located across the UK, the disparity in expenses paid to individual Authority members reflects their geographic location and the number of committees and meetings they have attended during 2019/20.

[15] Nicola Blackwood resigned her post on 9 January 2019

[16] William Horne became acting Chair from 10 January 2019 to November 2019

The Senior Management Team

Name	Position	Appointed	Until
Allan Marriott Smith	Chief Executive	6 July 2015	N/a
Richard Sydee[17]	Director of Resources	1 November 2016	N/a
Nicolette Harrison	Director of Regulatory Delivery	4 June 2018	N/a
Hazel Lofty	Director of Regulatory Development	8 April 2018	Resigned 15 September 2019
Louise Dineley	Director of Data, Digital and Technology	28 October 2019	N/a

The remuneration for SMT is agreed by the HTA Remuneration Committee and DHSC, following the very senior managers' pay framework and in-line with HM Treasury requirements.

Later sections provide details of the remuneration, pension interests and benefits in kind of SMT.

These details are shown in accordance with the Financial Reporting Manual (FReM). 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation

Staff remuneration policy

The HTA provides for staff salaries to be uplifted annually in August. Any uplifts are in line with HM Treasury pay guidance and approved by DHSC. The HTA have made awards each year to eligible staff who are performing satisfactorily that do not exceed 1% of the pay-bill.

Duration of contract, notice periods and termination payments on contracts of employment

Members of staff in Bands 1 – 2 (Assistants and Officers) are required to give the HTA six weeks' notice for termination of contract. Members of staff in Bands 3 – 4 (Managers and Heads) and Directors are required to give three months' notice. The HTA is required to give the notice period of between one and twelve weeks in line with the Employment Rights Act 1996.

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[17] Richard Sydee is shared with the HFEA and is seconded to HTA 2.5 days per week.

Termination payments are made only in appropriate circumstances and may arise where staff are not required to work their notice period. No payments were made in 2019/20 (and nil in 2018/19).

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument. The HTA has agreed a PAYE Settlement Agreement (PSA) with HMRC for taxable emoluments of HTA Authority Members. This covers travel and subsistence.

Information regarding travel and subsistence claimed by Authority Members and senior management has been published on the Authority's website www.hta.gov.uk

No benefits in kind were received by senior staff members in 2019/20 or 2018/19.

Senior Management remuneration (Audited)

Senior Manager	Salary	Bonus	B-i-K	Pension Benefits [18]	Total	Salary	Bonus	B-i-K	Pension Benefits	Total
			2019/20					2018/19		
	£000s	£000s	£	£000s	£000s	£000s	£000s	£	£000s	£000s
Allan Marriott-Smith	110-115	0-5	0	12.5-15	130-135	115-120	0-5	0	50-52.5	165-170
Nicolette Harrison	95-100	0-5	0	22.5-25.0	120-125	75-80 (Fte 90-95)	0	0	12.5-15.0	90-95 (Fte 90-95
Christopher Birkett[19]	0	0	0	0	0	60-65 (Fte 90-95)	0	0	0	60-65 (Fte 85-90)
Richard[20] Sydee	45-50 (Fte 90-95)	0	0	N/a	45-50 (Fte 90-95)	45-50 (Fte 90-95)	N/a	N/a	N/a	45-50 (Fte 90-95)

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[18]The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less the contributions made by the individual.
[19] In 2018/19, staff were seconded into these roles part way through the year and this is reflected in the tsalary shown.
[20] Richard Sydee is seconded to the HTA from the HFEA for 2.5 days a week and this is reflected above. His full salary and pension are accounted for by the HFEA

| Hazel Lofty | 45-50 (Fte 90-95) | 0 | 0 | 0 | 45-50 (Fte 90-95) | 90-95 | 0 | 0 | 65-67.5 | 155-160 |
| Louise Dineley | 40-45 (Fte 90-95 | 0 | 0 | 0-2.5 | 40.0-45.0 (Fte 90-95) | N/a | N/a | N/a | N/a | N/a |

The factors used to calculate CETV increased on 29 October 2018. This has affected the calculation of the real increase in CETV.

Median pay and multiples (Audited)

Band of highest paid director's gross salary only	2019/20 (£'000) 110 -115 (full year equivalent)	2018/19 (£'000) 115 - 120 (full year equivalent)
Median remuneration of staff	45.0	43.0
Ratio	2.72	2.73

Under reporting requirements, public sector bodies are required to disclose the relationship between the total remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce including temporary staff.

The highest paid Director for this comparison was the Chief Executive. The increase in the median remuneration of staff and subsequent reduction in the ratio is due in part to recruitment of new staff members towards the higher end of the pay-band for managers. We are a London-based small expert organisation whose work requires scientific and other professional or graduate-level skills. Consequently, median pay remains higher than that for a number of other public sector bodies.

In 2019/20, no employees (2018/19, 0) received remuneration in excess of the highest paid director. Remuneration ranged from £110k to £115k.

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff costs (Audited)

The HTA is structured as follows: thirteen Authority Members including the Chair and an Executive of 51 staff. For 2019/20, the HTA staff costs were:

	Permanently employed staff	Members	Seconded Staff	Temporary staff	**Total 2019/20**	Total 2018/19
	£'000s	£'000s	£'000s	£'000s	**£'000s**	£'000s
Wages and salaries	2,315	131	114	67	**2,627**	2,375
Social security costs	259	5	14	0	**278**	253
Pension costs	414	0	24	0	**438**	273
Subtotal	2,988	136	152	67	**3,343**	2,901
Less recoveries in respect of outward secondments	0	0	(47)	0	**(47)**	(91)
Total net costs	2,988	136	105	67	**3,296**	2,810

For 2019/20 all contributions were paid to the NHSPS at rates prescribed by HM Treasury. The current employer's rate for the NHSPS is 20.68% of pensionable pay according to salary level. However, this year, 3.8% of the increase was centrally funded, with the balance (2.5%) funded through a reduction in our grant-in-aid

Average number of persons employed (Audited)

The average number of whole-time equivalent (Wte) persons employed or outwardly seconded during the year was as follows.

	Permanently employed staff	Seconded Staff	Total 2019/20	Total 2018/19
SCS	3	0	3	3
Other	46	1	47	45
Total staff	**49**	**1**	**50**	**48**
Temporary staff	0	0	**1**	**1**

Staff reported in the above table are only those directly employed by the HTA. During the year, one staff member was on secondment to the HFEA for approximately half of their time. As at 31 March 2020, the HTA employed 47 WTE staff (2018/19, 50).

Expenditure on consultancy

During the year we spent £210,513 on consultancy services which includes legal fees, technical consultancy and HR consultancy.

Sickness and absences

During the year ended 31 March 2020 the total number of whole-time equivalent days (Wte) lost to sickness absence was 143 days (2018/19 112 days). This information is disclosed in accordance with the *Government Financial Reporting Manual* (FReM).

Off-payroll assurance statement

The HTA seeks to ensure that any engagements of more than six months in duration, for more than a daily rate of £245, include contractual provisions that allow us to seek assurance regarding the income tax and National Insurance Contribution obligations of the person engaged, and to terminate the contract if that assurance is not provided. During 2019/20 there were no engagements of this nature.

Staff pensions

Since 1 December 2009, employees have been covered by the provisions of the National Health Service (NHS) Pension Scheme.

NHS pension scheme

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In 2019/20 HTA employer's contributions were £294,991 (2018/19 £273,376) at a rate of 14.38% of pensionable pay. This excludes the 6.3% increase as detailed in the staff costs section.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Pension Benefits – Senior Management Team (Audited)

Name of Officer	Real increase in pension at age 60 (a)	Real increase in pension lump sum at age 60 (b)	Pension at 31/03/2020 (c)	Lump sum at age 60 at 31 March 2020 (d)	CETV at 31/03/2020 (e)	Real increase in CETV as funded by employer 2019/20 (f)	CETV at 31/03/2019 (g)	Employers contribution to stake-holder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£,000
Allan Marriott Smith	0-2.5	N/a	20-25	N/a	269	6	240	0
Nicolette Harrison	0-2.5	N/a	0-5	N/a	47	13	20	0
Hazel Lofty	-2.5-0	N/a	5-10	N/a	107	0	139	0
Richard Sydee[21]	N/a	N/a	N/a	N/a	N/a	N/a	N/a	0
Louise Dineley	0-2.5	-2.5-0	30-35	65-70	513	0	487	0

The factors used to calculate a CETV increased on 29 October 2018. This affects the calculation of the real increase in CETV but does not affect the real increase in pension benefits.

Cash equivalent transfer value (CETV)

Column (f) reflects the increase in cash equivalent transfer value effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A cash equivalent transfer value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity, to which disclosure applies. The cash equivalent transfer value figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the National Health Service Pension Scheme /Principal Civil Service Pension Scheme arrangements and for which, the Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed.

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[21] Richard Sydee is a member of the Civil Service Pension Scheme and is accounted for with the financial statements of the HFEA

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Cash equivalent transfer values are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, as advised by the actuary to the Principal Civil Service Pension Scheme.

The real increase in the value of the CETV

This takes account of the increase in accrued pension due to inflation and contributions paid by the officer and are calculated using common market valuation factors for the start and end of the period.

Allan Marriott-Smith
Accounting Officer
Human Tissue Authority   **Date: DD MMM YYYY**

Parliamentary accountability and audit report

Accountability (the details below are subject to audit)

Fees charging and cost allocation

Our licence fees are set to recover the full cost incurred in the granting of licences and regulation. The table below shows the income from each sector, other income for licensing activities and the costs of licensing activities. The income shown is that which relates to licensable activities and therefore excludes an element of rent and income from secondments.

We confirm that we have complied with the cost allocation and charging requirements as set out in HM Treasury's guidance.

SECTOR	31 March 2020	31 March 2019
	£'000s	£'000s
Applications	84	65
Anatomy	98	93
Post-Mortem	1,174	1,152
Public Display	22	20
Research	671	640
Human Application	1,382	1,395
Organ Donation/ Transplantation	298	290
Other income for licensing activities[22]	473	347
Total Income from contracts with Customers[23]	**4,202**	**4,002**
Costs allocated to licensing activities	(4,233)	(3,935)
Surplus/(Deficit) on activities	**(31)**	**67**

In addition, there are elements of our work that do not relate directly to the cost of regulating the sectors above. The DHSC accordingly contributes to the funding of these activities through the provision of Grant-in-aid.

Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

There were no losses or special payments of £300,000, either individually or in aggregate, made in 2019/20.

Remote contingent liabilities

There were no remote contingent liabilities in 2019/20.

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[22] Figure includes income from Devolved Governments, staff secondments and rental of excess office space.
[23] This is the total income allocated to licensable activities and therefore differs from that on page 18.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Human Tissue Authority ("the Authority") for the year ended 31 March 2019 under the Human Tissue Act 2004. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Authority's affairs as at 31 March 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Human Tissue Act 2004 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Human Tissue Act 2004.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004;
- in the light of the knowledge and understanding of the Human Tissue Act 2004 and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies   **Date   DD MMM YYYY**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019/20 £	2018/19 £
Income from sale of goods and services			
Revenue from contracts with customers	4	3,727,964	3,654,410
Other Operating Income	4	587,097	525,559
Total operating income		4,315,061	4,179,969
Expenditure			
Purchase of goods and services	3	918,760	893,144
Staff costs	3.1	3,342,708	2,901,294
Depreciation, amortisation and impairment charges	3	294,198	187,231
(Gain)/Loss on disposal of fixed assets	3	825	(1,350)
Provision expense	3	120,060	-
Reversal of accrued income	3	-	86,254
Other operating expenditure	3	698,435	921,065
Total operating expenditure		5,374,986	4,987,638
Net (Income)/Expenditure		**1,059,925**	**807,669**

There are no items of expenditure that should be shown as Other Comprehensive Expenditure.

Notes 1 to 14 form part of these financial statements

Statement of Financial Position as at 31 March 2020

	Note	31-Mar-20 £	31-Mar-19 £
Non-current assets:			
Property, plant and equipment	5	203,946	319,848
Intangible assets	6	91,195	145,378
Total non-current assets		**295,141**	**465,226**
Current assets:			
Trade and other receivables	8	413,637	480,944
Cash and cash equivalents	9	3,696,467	3,448,075
Total current assets		**4,110,104**	**3,929,019**
Total assets		**4,405,245**	**4,394,245**
Current liabilities			
Trade and other payables	10	763,421	634,206
Provisions	12	40,020	0
Total current liabilities		**803,441**	**634,206**
Total assets less current liabilities		3,601,804	3,760,039
Non-current liabilities			
Provisions	12	80,040	0
Total Non-current liabilities		80,040	0
Total assets less total liabilities		**3,521,764**	**3,760,039**
Taxpayers' Equity			
I&E Reserve		3,521,764	3,760,039
Total equity		**3,521,764**	**3,760,039**

Notes 1 to 14 form part of these financial statements

The financial statements on pages 57 to 60 were signed on behalf of the Human Tissue Authority by:

(Signed) ………………………………………
Allan Marriott-Smith
(Accounting Officer)

DD/MM/YYYY

Statement of Cash Flows for the year to 31 March 2020

	Note	2019/20 Total £	2018/19 Total £
Cash flows from operating activities			
Net operating expenditure	SoCNE	(1,059,925)	(807,669)
Adjustment for depreciation and amortisation	3	214,270	175,841
Adjustments for non-cash transactions	3.1	128,650	3,102
Adjustment for loss/(gain) on disposal of property, plant and equipment and adjustment to accruals	3	825	(1,350)
(Increase)/Decrease in trade and other receivables	8	67,307	(297,402)
Increase/(Decrease) in provision	12	120,060	0
Increase/(Decrease) in trade payables	10	129,215	293,389
Net cash (outflow) inflow from operating activities		(399,598)	(634,089)
Cash flows from investing activities			
Purchase of non-financial assets	5	(45,060)	(30,063)
Purchase of intangible assets	6	-	(3,960)
Proceeds of disposal of non-financial assets		50	1,350
Net cash outflow from investing activities		(45,010)	(32,673)
Cash flows from financing activities			
Grants from sponsor department	1.8	693,000	703,000
Net financing		693,000	703,000
Net increase/(decrease) in cash and cash equivalents in the period		248,392	36,238
Cash and cash equivalents at the beginning of the period	9	3,448,075	3,411,837
Cash and cash equivalents at the end of the period		**3,696,467**	**3,448,075**

Notes 1 to 14 form part of these financial statements

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2020

	Note	I & E Reserve £
Balance at 1 April 2018		**3,864,708**
Changes in taxpayers' equity for 2018/19		
Retained surplus/(Deficit)		(807,669)
Total recognised Income and expense for 2018/19		(807,669)
Grant from sponsor department		703,000
Balance at 31 March 2019		**3,760,039**
Changes in taxpayers' equity for 2019/20		
Retained surplus/(Deficit)		(1,059,925)
Total recognised Income and expense for 2019/20		(1,059,925)
Grant from sponsor department	1.8	821,650
Balance at 31 March 2020		**3,521,764**

Notes 1 to 14 form part of these financial statements

Notes to the accounts

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Statement of accounting policies

These financial statements have been prepared pursuant to the Human Tissue Act 2004, Schedule 2 (paragraph 16) and in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM). The accounting policies contained in the GAM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the GAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Human Tissue Authority (HTA) for the purposes of giving a true and fair view has been selected. The particular policies adopted by the HTA for the year ended 31 March 2020 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Going concern

Based on normal business planning and control procedures, the Authority has reasonable expectation that the HTA has adequate resources to continue in operation for the foreseeable future. For this reason, the Authority continues to adopt the going concern basis for preparing the financial statements (please see Annual Report page 16).

1.2 Accounting convention

The accounts have been prepared under the historical cost convention.

1.3 Accounting Policies and estimates

The following Accounting policies have been applied to the accounts for 2019/20.

1.4 Non-current assets

Non current assets are property, plant and equipment and intangible assets including the costs of acquiring or developing computer systems and software. Only items or groups of related items costing £5,000 or more are capitalised. Items costing less are treated as revenue expenditure in the year of acquisition.
All property, plant and equipment and intangible assets held by the HTA at 31 March 2020 are carried in the Statement of Financial Position at depreciated (property, plant and equipment) or amortised (intangible assets) historical cost. The depreciated or amortised historical cost is used as a proxy for fair value, for the classes of assets listed below, since the useful life over which the asset class is depreciated or amortised is considered to be a realistic reflection of the consumption of that asset class. Depreciation and amortisation are provided on a monthly basis from the date of deemed economic benefit, at rates calculated to write off the costs of each asset evenly over its expected useful life.

Plant and Equipment		**Intangible assets**	
Information Technology	4 years	Information Technology	5 years
Furniture and fittings	3 or 5 years	Websites	3 years
Refurbishment Costs	5 or 10 years		

1.5 Assets under Construction (Development expenditure)

These are the costs related to the upgrade of HTA systems whether that be the hardware or applications that are yet to be deployed. These assets are not depreciated.

1.6 Impairments

IFRS 9 requires the recognition of impairments on a forward looking expected credit loss model. HMT has interpreted the provisions in the standard for calculating the expected credit loss to mandate the use of the simplified approach. This means that loss allowance at initial recognition is equal to the lifetime expected credit loss.
An assessment of all of the HTA's financial assets has resulted in movement in the value of the impairment of receivables. In carrying out the assessment of licence fee debtors, account is taken of the sector, economic climate (past and future) and previous losses. A default rating (weighted) is applied to debts aged over period of 28, 42 and 56 days. An impairment for expected credit loss of £79,928 was charged to the SoCNE.

1.7 Critical accounting judgements and key sources of estimation uncertainty

In the application of the HTA accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed annually. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future period.

1.8 Government Grants and Grant-in-aid

Grant-in-aid (GIA) received is used to finance activities and expenditure which support the statutory and other objectives of the HTA. Grant-in-aid is treated as financing and credited to the income and expenditure reserve, because it is regarded as contributions from a controlling party.

1.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease. Rents for those leasehold properties which are held under operating leases are charged to expenditure.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10 Income

Our main source of income takes the form of fees for licences from establishments who have human tissue on their premises and fixed fees from devolved administrations, for work on policies and transplants.

There is a contractual arrangement between the HTA and its establishments as per IFRS 15 and the 5-step model. The underlying legislation is deemed to enforce contractual obligations on both parties, and thus these arrangements are viewed as contracts under IFRS 15. Performance obligations exist between the HTA and its establishments, where the establishments are obligated to comply with certain standard conditions and in return the HTA will grant them a licence for a fixed period of 1 year. A transaction price (licence fee) is chargeable which is different for each type of licence. Licences fees are charged for the financial year April through March reflecting regulatory activity being carried out. We recognise this income in the financial year it is invoiced, this being the point in time at which the performance obligation (the work undertaken by HTA to grant a licence) is satisfied.

Other income received by HTA relates to rental income and seconded staff. Income is recognised on an accruals basis, with the performance obligation deemed to be the point at which these goods or services are delivered.

1.11 Employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.12 Pensions

Past and present employees are covered by the provisions of the NHS Pensions Scheme (NHSPS). Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme's assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the HTA of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

1.13 Financial assets

Financial assets are recognised when HTA becomes party to the financial instrument contract or, in the case of contract receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Under IFRS 9 a new approach to classification and measurement of financial assets was introduced. Under the new classification, our receivables are classified according to how they are subsequently measured in this case at amortised cost using the 'business model test'.

1.14 Financial liabilities

Financial liabilities are recognised on the statement of financial position when HTA becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been paid or expired.

1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents would be investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.16 IFRS issued but not yet effective

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2019/20. The application of the Standards as revised would not have a material impact on the accounts in 2019/20, were they applied in that year.

IFRS 16 Leases replaces IAS 17 and is effective for the public sector from 1 April 2021. The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of most leases which last more than 12 months to be recognised on balance sheet. The known effect of applying IFRS 16 has not been applied as it is unlikely to have an effect as our lease term ends when IFRS 16 comes into force for FReM bodies.

The HTA has one operating lease see note 11.1, for the occupation of its premises at 151 Buckingham Palace Road. This lease will come to an end in November 2020 when the HTA re-locates. The lease is therefore less than 12 months and will have no impact on the Statement of Finance Position. The new lease is likely to have a material impact on the accounts.

1.17 Provisions

Provisions are recognised when the HTA has a present legal or constructive obligation as a result of a past event, it is probable that the HTA will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

2. Analysis of Net Expenditure by Segment

Under the definition of IFRS 8 the HTA is a single operating segment whose objectives are the licensing and inspection of premises involved in the storage and use of human tissue for purposes such as research, patient treatment, post-mortem examination, teaching and public exhibitions.

The HTA also gives approval for organ and bone marrow donations from living people.

The HTA charges fees for its licensing activities which, along with Grant-in-aid from the DHSC, its sponsoring body, are applied in pursuit of these objectives.

3. Other Expenditure

	Notes	2019/20 £	2018/19 £
Staff Costs	3.1	3,342,708	2,901,294
Purchase of goods and services			
Computer running costs	(a)	416,509	304,315
Staff recruitment, training and welfare		145,186	134,965
Consultancy		15,538	50,199
Office and administration costs		42,823	40,806
Maintenance Contracts		52,404	50,973
Travel subsistence and hospitality		102,887	144,568
Conferences & Events		32,754	30,359
Stationery and publications		21,947	25,285
Auditors Remuneration	(b)	65,878	46,068
Provision for bad debts		-	(3,654)
Legal and professional fees	(c)	22,834	69,260
		918,760	893,144
Other operating costs			
Accommodation	(d)	578,182	823,272
Project Costs		90,636	68,077
Telecommunications		29,617	29,716
		698,435	921,065
Non-cash items			
Depreciation and amortisation	5,6	214,270	175,841
Expected credit losses	8	79,928	11,390
(Gain)/Loss on disposal of non-current assets		825	(1,350)
Reversal of accrued income		-	86,254
Provision provided/(released) in year	12	120,060	-
		415,083	272,135
Total		**5,374,986**	**4,987,638**

Notes

(a) Computer running cost include costs incurred for cloud-based working which is part of the Development Programme (formerly the Transformation Programme)

(b) Audit fees			
	Internal	38,078	19,568
	External	27,800	26,500
		65,878	46,068

(c) Legal costs are lower due to requirement for legal advice being low this year

(d) Accommodation costs include the rent payments for 151 Buckingham Palace Road. Resolution of a VAT issue has resulted in reversal of accruals impacting on the reduction in spend.

3.1 Staff numbers and related costs

Staff costs comprise:

	Permanently Employed Staff	Members	Seconded Staff	Temporary Staff	Total	Total
					2019/20	**2018/19**
	£	£	£	£	£	£
Wages and salaries	2,315,135	131,081	113,660	67,250	2,627,126	2,374,709
Social security costs	258,547	5,172	13,987	0	277,706	253,209
Pension costs	413,961	-	23,915	0	437,876	273,376
Sub Total	2,987,643	136,253	151,562	67,250	3,342,708	2,901,294
Less recoveries in respect of outward secondments	0	0	(46,753)	0	(46,753)	(91,403)
Total net costs	**2,987,643**	**136,253**	**104,809**	**67,250**	**3,295,955**	**2,809,891**

Details of remuneration paid to Members and the Senior Management team are given in the Remuneration Report.

For 2019/20 contributions of £294,991 (2018/19, £273,376) were paid to the NHS Pensions (NHSPS) at rates prescribed by the Treasury. The current rate for the NHSPS is 20.68% of pensionable pay according to salary level. The HTA paid 14.38% with the remaining 6.3% (£128,650) funded in part by a reduction of our grant-in-aid drawn down and centrally by the DHSC.

Average number of persons employed

The average number of whole-time equivalent (Wte) persons employed or seconded during the year was as follows.

Number	Permanently Employed Staff	Seconded Staff	**2019/20**	**2018/19**
			Total	**Total**
Directly Employed	49	1	50	48
Subtotal	**49**	**1**	**50**	**48**
Temporary staff			**1**	**1**
Total			**51**	**49**

All staff are directly employed by HTA. During the year, one staff was on secondment for part of their time to the HFEA for two and a half days per week. As at 31 March 2020 the HTA employed 47 Wte staff (2018/19, 49).

4. Income

	2019/20 £	2018/19 £
Revenue from contracts:		
Licence Fee Income	3,727,964	3,654,410
Income from devolved administrations	133,571	131,081
	3,861,535	3,785,491
Other Operating Income	453,526	394,478
	4,315,061	**4,179,969**

The HTA's remit is to regulate the removal, storage, use and disposal of human organs and tissue from the living and deceased. In accordance with section 16, schedule 3, paragraph 2 (4) (f) and paragraph 13 of the Human Tissue Act 2004, the HTA may grant licences to other organisations and charge fees for those licences.

4.1 Other Operating Income

	2019/20 £	2018/19 £
Other Income - Rent	406,773	303,075
Other Income - Outward secondees	46,753	91,403
	453,526	394,478

Other income - outward secondees relates to a single member of staff who worked for another organisation part-time.

5. Property, Plant and Equipment

	Information Technology Hardware £	Furniture & Fittings £	Assets Under Construction £	Refurbishment Costs £	Total £
Cost or valuation					
At 1 April 2019	306,798	147,732	24,928	1,093,661	1,573,119
Additions	45,060	0	0	0	45,060
Disposals	(16,816)	0	0	0	(16,816)
Reclassifications and transfers	24,928	0	(24,928)	0	0
At 31 March 2020	359,970	147,732	0	1,093,661	1,601,363
Depreciation					
At 1 April 2019	221,856	129,611	0	901,804	1,253,271
Charge for the year	38,187	9,455	0	113,320	160,962
Disposals	(16,817)	0	0	1	(16,816)
At 31 March 2020	243,226	139,066	0	1,015,125	1,397,417
Net book value at 31 March 2020	**116,744**	**8,666**	**0**	**78,536**	**203,946**
Net book value at 1 April 2019	84,942	18,121	24,928	191,857	319,848
Asset financing:					
Owned	116,744	8,666	0	78,536	203,946
At 31 March 2020	**116,744**	**8,666**	**0**	**78,536**	**203,946**
Cost or valuation					
At 1 April 2018	262,879	147,732	82,864	1,093,661	1,587,136
Additions	5,135	0	24,928	0	30,063
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications	79,762	0	(82,864)	0	(3,102)
At 31 March 2019	306,798	147,732	24,928	1,093,661	1,573,119
Depreciation					
At 1 April 2018	241,935	120,156	0	788,484	1,150,575
Charge for the year	20,899	9,455	0	113,320	143,674
Disposals	(40,978)	0	0	0	(40,978)
Reclassifications	0	0	0	0	0
At 31 March 2019	221,856	129,611	0	901,804	1,253,271
Net book value at 31 March 2019	**84,942**	**18,121**	**24,928**	**191,857**	**319,848**
Net book value at 1 April 2018	20,944	27,576	82,864	305,177	436,561
Asset financing:					
Owned	84,942	18,121	24,928	191,857	319,848
Net book value at 31 March 2019	**84,942**	**18,121**	**24,928**	**191,857**	**319,848**

6. Intangible Assets

	Information Technology	Websites	Assets Under Construction	Total
	£	£	£	£
Cost or valuation				
At 1 April 2019	1,156,155	58,350	0	1,214,505
Additions	0	0	0	0
Disposals	0	(58,350)	0	(58,350)
At 31 March 2020	1,156,155	0	0	1,156,155
Amortisation				
At 1 April 2019	1,011,652	57,475	0	1,069,127
Charged in year	53,308	0	0	53,308
Disposals	0	(57,475)	0	(57,475)
At 31 March 2020	1,064,960	0	0	1,064,960
Net book value at 31 December 2019	**91,195**	**0**	**0**	**91,195**
At 1 April 2019	144,503	875	0	145,378
Asset financing:				
Owned	91,195	0	0	91,195
At 31 March 2020	**91,195**	**0**	**0**	**91,195**
Cost or valuation				
At 1 April 2018	1,080,255	58,350	71,940	1,210,545
Additions	0	0	3,960	3,960
Adjustments/Transfers	75,900	0	(75,900)	0
At 31 March 2019	1,156,155	58,350	0	1,214,505
Amortisation				
At 1 April 2018	981,535	55,425	0	1,036,960
Charged in year	30,117	2,050	0	32,167
At 31 March 2019	1,011,652	57,475	0	1,069,127
Net book value at 31 March 2019	**144,503**	**875**	**0**	**145,378**
Net book value at 1 April 2018	98,720	2,925	71,940	173,585
Asset financing:				
Owned	144,503	875	0	145,378
Net book value at 31 March 2019	**144,503**	**875**	**0**	**145,378**

The gross cost of our Customer Relationship Management(CRM) system is £1,118k and it's Net book value is £86k. The CRM is an internally generated asset and has a remaining useful life of two years.

7. Financial instruments

IFRS 7 Financial Instruments Disclosure requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk at the HTA than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the HTA in undertaking activities.

Liquidity risk

The HTA receives the majority of its income from annual licence fees payable by establishments mainly in the public sector. Other revenue resource requirements are financed by a grant from the DHSC. These, together with a robust debt recovery, cash flow forecasting and payment process, ensure that the HTA is not exposed to significant liquidity risk.

Market and interest rate risk

At 31 March 2020 the HTA's financial liabilities carried nil rates of interest. The HTA's financial assets relate to receivables and cash balances held at 31 March 2020 within the Royal Bank of Scotland bank account and Barclays commercial current account, which are not interest bearing. Interest on cash balances are set by the banks. The HTA is therefore not exposed to significant interest-rate risk.

Credit risk

The HTA receives most of its income from licence fees from within both the NHS and non-NHS market. It has in place and operates a fit for purpose credit control policy and, where applicable, provides for the risk of debts not being discharged by those establishments it licenses. The HTA is therefore not exposed to significant credit risk.

The aged debtor report for NHS and non-NHS receivables at the 31 March 2020 was:

	£'000s
Not past due	266
Past due 0-28 days	0
Past due 29 days	158

Foreign currency risk

There were no foreign currency transactions conducted by the HTA during the period ended 31 March 2020. There was therefore no significant foreign currency risk during the year.

Financial instruments held by the HTA

By category	Receivables and other financial assets
	31-Mar-20
Financial assets measured at amortised cost	£
Contract receivables (net of provisions)	332,402
Other receivables	81,235
Cash at bank and in hand	3,696,467
Total at 31 March 2020	**4,110,104**
Contract receivables (net of provisions)	238,330
Other receivables	242,614
Cash at bank and in hand	3,448,075
Total at 31 March 2019	**3,929,019**

The cash balances as at 31 December

Financial liabilities

By category	Other financial liabilities
	31-Mar-20
Financial liabilites measured at amortised cost	£
Contract payables	40,020
Other payables	6,703
Accruals	716,698
Total at 31 March 2020	**763,421**
Contract payables	48,242
Other payables	11,239
Accruals	574,725
Total at 31 March 2019	**634,206**

As at 31 March none of the HTA's liabilities carried a floating rate of interest.

Fair values

The fair value of the financial assets and liabilities was equal to book value.

8. Trade receivables and other current assets

	31-Mar-20	31-Mar-19
	£	£
Amounts falling due within one year:		
Contract receivables (contracts with customers)	423,720	249,720
Impairments for credit losses	(91,318)	(11,390)
Other Receivables	6,882	9,941
Prepayments and contract assets	74,353	232,673
	413,637	**480,944**

Amounts falling due after more than one year:

There are no debtors falling due after more than one year.

9. Cash and cash equivalents

	£
Balance at 31 March 2019	3,448,075
Net change in cash and cash equivalent balances	248,392
Balance at 31 March 2020	3,696,467

	31-Mar-20	31-Mar-19
	£	£
The following balances were held at:		
Commercial banks	3,363,556	3,082,227
Government Banking Services	332,911	365,848
	3,696,467	**3,448,075**

10. Trade payables and other current liabilities

	31-Mar-20	31-Mar-19
	£	£
Amounts falling due within one year		
Contract payables	40,020	48,242
Other payables	6,703	11,239
Accruals	716,698	574,725
	763,421	**634,206**

The cash balances as at 31 March 2020 carried a floating rate.

There are no creditors falling due after one year.

11. Commitments under leases

Operating leases

11.1 Operating Lease Payments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given below, analysed according to the period in which the lease expires.

A Memorandum of Terms of Occupation (MOTO) exists between the HTA and the Government Property Agency (GPA) for rental of space at 151 Buckingham Palace Road. The lease expires at the point at which the HTA vacates the premises, currently expected to be November 2020.

Total future minimum lease payments	Buildings £	Other £	31-Mar-20 Total £	31-Mar-19 Total £
Payable:				
Not later than one year	458,338	2,484	460,822	460,705
Later than one year not later than five years	0	0	0	460,576
After 5 years	0	0	0	0
Total	**458,338**	**2,484**	**460,822**	**921,281**

11.2 Sub-lease receipts recognised as revenue

Total future minimum lease receivables	31-Mar-20 £	31-Mar-19 £
Receivable:		
Not later than one year	367,790	303,174
Later than one year not later than five years	0	303,174
Total rental revenue	**367,790**	**606,348**

12. Provisions

Total future minimum lease payments	Office Relocation(Travel) £	Total £
Balance at 1 April 2019	0	0
Provided in year	120,060	120,060
Provisions utilised in year	0	0
Release of provision for the period	0	0
Balance at 31 March 2020	**120,060**	**120,060**

Analysis of expected timing of cashflows

	Office Relocation(Travel) £	Total £
Not later than one year	40,020	40,020
Later than one year and not later than five years		
	80,040	80,040
	120,060	**120,060**

The provision provided this year reflects the cost of additional travel the HTA has committed to reimburse its staff over a three year period as a result of the office relocation. It is expected that the provision will be released equally each year, however this may change when the next annual review takes place.

The relocation of HTA to new offices is a constructive obligation under IAS 37. The HTA has consulted its staff and expects there to be a transfer of economic benefits. The estimate of the provision is based upon a percentage of staff who currently are not cat an appropriate point in the 2020/21 financial year.

13. Related party transactions

The DHSC is regarded as a related party and had various transactions totalling £998,843 (2018/19 £771,270) with the HTA during the year. This mainly related to grant-in-aid of £921,650 (of which £693,000 was drawn down). The remaining balance was non-cash grant-in-aid to cover increased pension costs of £128,650 and Capital grant-in-aid of £100,000. £38,078 was for the provision of Internal Audit Services. At 31 March 2020 the HTA owed the DHSC £1,486 for internal audit services and contributions to Civil Service HR.

The HTA has also had material transactions with other entities for which the DHSC is regarded as the parent department:

NHSBT – transactions totalled £275,871 (2018/19 £216,685) and were fees for the provision of licences in the human application and post mortem sectors and invoices for the provision of assisted functions to the HTA. The balance outstanding as at 31 March 2020 was £Nil (2018/19 £850 for licence fees paid).

The NHS Resolution occupies part of our office space and had transactions totalling £406,973 (2018/19 £303,174).

HFEA - transactions totalled £113,859 (2018/19 £107,682) and were mainly for fees charged for shared resources and seconded staff during this financial year.

The HTA has also had material transactions with the Government Property Agency (GPA) throughout the year.

During 2019/20 no Authority Member or senior manager or other related parties undertook any material transactions with the HTA.

14. Events after the reporting period

In accordance with the requirements of International Accounting Standard 10, reports after the accounting period are considered up to the date the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

National Audit Office

Human Tissue Authority ('HTA')
Audit completion report (including management letter) on the 2019-20
FINANCIAL STATEMENT AUDIT

Report to those charged with governance
12th June 2020

This report presents our findings from the audit of the 2019-20 financial statements

Dear Audit and Risk Assurance Committee ('ARAC') Members:

We anticipate recommending to the Comptroller and Auditor General ('C&AG') that he should certify the 2019-20 financial statements with an unqualified opinion, without modification in respect of both regularity and the true and fair view on the financial statements. The draft audit certificate is presented in Appendix 2 – Audit Certificate.

At the date of this report our audit of the financial statements is substantially finalised subject to completion of the areas detailed on the "Key audit findings – status of our audit" slide on page 5. The audit work is also still subject to our full internal review process, which is ongoing as at the date of this report.

The total audit fee charged for the year is £27,800; in line with that set out in our Audit Planning Report presented in January 2020. There are no contingent fees in respect of the HTA.

Actions for the ARAC

The ARAC is invited to:

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendix 1 and 2 respectively; and

- Consider whether the unadjusted misstatements, set out in the unadjusted misstatements section (page 11), should be corrected. The ARAC minutes should provide written endorsement of management's reasons for not adjusting misstatements..

We would like to thank Richard Sydee, Morounke Akingbola and Nicola Fookes for their assistance and continued engagement during the audit process, particularly following the move to homeworking and the additional challenges this has presented in undertaking the required work.

Yours Sincerely,

Mike Surman

Engagement Director

National Audit Office

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Audit risks (pages 5 to 8)

Significant Audit Risks

R1: Management Override of Controls:

Under International Standards on Auditing (UK), there is a presumed risk of material misstatement due to fraud arising from management override of controls.

Conclusion: No indication of management override has been identified.

R2: Revenue Recognition:

Under International Standards on Auditing (UK), there is a rebuttable presumed risk of material misstatement due to fraud in revenue recognition.

Conclusion: No indication of fraud in revenue recognition has been identified.

Areas of Audit Focus

A1: Exiting the European Union

A2: Implementation of IFRS 16 Leases

A3: Office relocation to Stratford

A4: Impact of COVID-19

NEW

Materiality

£101,000

- There has been no change to our materiality to that at planning.
- We have reported all misstatements above £2,000

Audit adjustments (page 10)

£60k

The net effect of adjustments on the financial statements is £60k.

Unadjusted misstatements (page 11)

£Nil

The net effect of unadjusted misstatements on the financial statements

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Key audit findings
Status of our audit

At the date of this report, our audit of the financial statements is substantially complete subject to completion of the areas detailed below. The following items must be resolved prior to completion of the audit:

Name	Actions to resolve	Owner of action
Property, Plant and Equipment (PPE) – Existence testing	As a result of the COVID-19 lockdown and subsequent move to home-working, we have been unable to physically verify the existence of three assets in our sample test for fixed asset existence. The assets we have been unable to verify are classified as Fixtures and Fittings and Information Technology Hardware in Note 5 of the financial statements. At present it is too soon to estimate a date when it will be safe to verify the existence of these assets.	NAO / HTA
Cash	We are awaiting receipt of external confirmation from Barclays over the completeness and existence of cash held in commercial bank accounts.	NAO
Review of the Annual Report and Financial Statements	We continue to review the draft Annual Report and Accounts, following receipt of Version 2 on 5th June 2020, to confirm that requested amendments/corrections have been made. We are querying updated disclosures in the remuneration report to ensure these are supported by sufficient evidence and will suggest any further corrections we believe are necessary. We are in the process of closing down any other outstanding queries on account balances and disclosures, as part of which we may note further minor corrections.	NAO / HTA
NAO internal review of audit work	All audit work completed to date is undergoing full internal review by the engagement manager and director. During this process, further issues or questions may arise.	NAO

Following resolution of the issues listed above, the Accounting Officer will sign the annual report and accounts together with a letter of representation, the proposed wording of which is included in Appendix 1.

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Findings from our work on significant risks

The risks identified during the course of our audit and not previously communicated are presented below.

R1: Presumed risk of management override of controls required by ISA (UK) 240

Details and audit response

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by using its position to override controls that otherwise appear to be operating effectively. Under International Standards on Auditing (UK), there is a presumed risk of material misstatement due to fraud arising from management override of controls.

We have reviewed the design and implementation of controls over management account processes; journal entries, accounting estimates and significant or unusual transactions. This has been supplemented by substantive testing.

Audit findings and conclusion

Our work performed over the duration of the audit has considered the following:
- a review of the design and implementation of controls over journal entries and a review of the management accounts process;
- the appropriateness of journal entries and other adjustments processed in preparing the financial statements;
- a sample test of journals based on a risk criteria approach;
- any accounting estimates presented in the financial statements for evidence of management bias; and
- any significant transactions outside of the HTA's ordinary business activities or that otherwise appear to be unusual.

Our findings from the work performed confirm that controls were designed and implemented as expected; and that all journals tested had appropriate supporting evidence and did not indicate management override of controls; with the controls in place deemed appropriate.

No significant transactions outside ordinary business activities have been identified.

We have noted one minor finding in relation to accounting estimates used in the preparation of the financial statements around the Useful Economic Life (UEL) of fixed assets. We have identified that several items which are fully depreciated with a nil Net Book Value continue to remain in use on the Fixed Asset Register, suggesting they are being written down too quickly. While we do not consider this to be a result of management override or bias, a reassessment of UELs may be appropriate for these particular asset classes. This finding is also detailed as part of our Internal control observations on page 13.

National Audit Office

Findings from our work on significant risks

The risks identified during the course of our audit and not previously communicated are presented below.

R2: Presumed Risk of Fraud in Revenue Recognition

Details and audit response

Under International Standards on Auditing (U), the Auditor's responsibilities relating to fraud in audit of financial statements cover a presumed risk of fraud in revenue recognition, albeit rebuttable in all entities. As the HTA's main income stream is licence fees from customers, there is a risk that not all organisations are invoiced or that organisations are invoiced incorrectly. Therefore this risk has not been rebutted. This significant risk relates only to the fraud element of revenue recognition – other elements of revenue recognition are not considered a significant risk.

We have reviewed the design and implementation of controls in place over the HTA's income streams and have performed substantive testing of income.

Audit findings and conclusion

Our interim and final audit work performed has considered the following:
- Review of the design and implementation of controls in place over the management accounts production process; and of the controls in place over the HTA's various income streams;
- Testing the operating effectiveness of the controls over the licence fee income and the CRM licence system;
- Substantive analytical review of the HTA licence data stored within the CRM database and review of the reconciliations performed for accuracy and completeness;
- Consideration of any new income streams for the 2019-20 financial year;
- We have formed a predication for the licence fee revenue based on information derived from the CRM database and confirmed that the revenue recognised is consistent with this prediction.

From our audit work performed we have obtained sufficient assurance that there is no material misstatement in the accounts in respect of income recognition and we have found no evidence of fraud in revenue recognition.

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Other areas of audit focus

The following are matters which we considered had a direct impact on the financial statements but did not represent significant risks of material misstatement as defined by ISA (UK) 315.

Title	Audit response	Audit findings and conclusion
A1: Exiting the European Union	Although the UK has now left the European Union, uncertainties remain around the future relationship. As part of our audit enquiries we will review management considerations of the impact of EU exit and any disclosures that may be required in the accounts.	We have considered managements response to Brexit and have concluded that no additional disclosures were required in the HTA's accounts, other than those which have already been made within the draft accounts.
A2: Implementation of IFRS 16 Leases	The standard is applied by HM Treasury in the FReM, and by DHSC in the Group Accounting Manual, for the 2020-21 accounting period. Implementation of IFRS 16 will affect the disclosure required in the 2019-20 accounts, where bodies are required to assess the impact that future accounting standards would have in the current year. Assessment of all operating leases held by the HTA will be required in 2019-20 as part of the assessment of the impact, and in preparation for 2020-21.

We will discuss this with the HTA during the course of the audit to ensure that they are prepared for the implications of the new accounting standard, and are taking appropriate actions. | As a result of the COVID-19 pandemic, the adoption of IFRS 16: Leases for public sector bodies applying the FReM has been postponed to the accounting period commencing 1st April 2021. As a result of this the DHSC has also revised the implementation timetable for bodies that prepare accounts in accordance with the DHSC Group Accounting Manual. We have considered management's response to this and the required disclosures have been made within the HTA's accounts and consider these to be appropriate. |
| **A3: Office relocation to Stratford** | The HTA aim to relocate to their new Stratford premises in December 2020. Discussions with the other ALBs moving to the same site will progress over the next year. This should be considered as part of disclosures for the 2019-20 accounts. | The HTA have made appropriate disclosures as part of the 2019-20 accounts in respect of the office relocation. As a result of the office relocation, the HTA have recognised a provision at the year-end to cover the excess travel costs for its staff over the next three years. We have assessed this provision and the management judgements in the calculation and have not identified any issues. |
| **A4: Impact of COVID-19** | **New.** We were required to consider whether the COVID-19 pandemic represented a significant risk to the 2019/20 audit opinion, particularly with regards to the going concern assessment. We did not consider that we required a further significant risk; but have recognised a new risk factor; since this is expected to impact on various areas of the audit for both the NAO and the HTA. We would also expect to see sufficient consideration given to the impact on HTA within the accounts disclosures. | Remote working requirements as a result of the COVID-19 pandemic have impacted on our ability to perform verification of the existence of fixed assets (as noted on page 5).

The HTA have adequately considered the impact of COVID-19 on the going concern assessment and have made appropriate disclosures in the annual report. |

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Areas of management judgement

The following are the matters which we did not consider to represent significant risks to the financial statements but that the ARAC should be aware of, as they are areas of management judgement:

Description	Management's judgment	Our view
Office Relocation Provision For 2019-20 a provision has been provided for to reflect the cost of additional travel that the HTA have committed to reimburse its staff over a three year period as a result of the office relocation to Stratford.	The total value of the provision is £120k and has been calculated by making assumptions including: • the number of staff who will incur additional travel costs; • the number of travel days per employee per year; and • the estimated cost of the excess travel (via tube) per day.	We have performed a review of the provision disclosed in the financial statements and the assumptions used. We have deemed these to be reasonable and supported by appropriate evidence.
Recoverability of Trade & Other Receivables balances As part of our testing of receivables balances, we confirm whether payment has been received post year end. For 13 items (out of 16) tested, payments had still not been received, totalling £302,682. The majority of this figure related to one large item of £242k (relating to rental payments receivable), however this may an indicator as to difficulties in recovering debts under the current economic circumstances.	Management have undertaken an assessment of expected credit losses and have disclosed these as part of the Trade & Other Receivables balances in Note 8 of the draft accounts. These are estimated at £91,318 for 2019/20, which has been calculated taking into account: • the age of debtors; • estimated default percentage based on the age of the balance • consideration of the current economic climate on debt recoverability, including the impact of Covid-19.	We have reviewed HTA's calculations with regard to the expected credit loss disclosed in the accounts, and concluded that this is based on reasonable assumptions. However the high numbers of outstanding receipts in our sample may indicate a further concern as to recoverability of debt, which management should continue to monitor, considering whether the expected credit loss as currently estimated is sufficient, or whether there is further doubtful debt that should be recognised.

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List of adjusted misstatements

Adjusted misstatements

Misstatements that have been identified by either ourselves or the HTA, have been adjusted and are above our clearly trivial threshold of £2,000.
The net effect of these adjustments on the financial statements is a **£60k** increase in expenditure and current liabilities.

Title	Error type	Description	Account Line	Unit	SOCNE		SOFP	
					DR	CR	DR	CR
Expenditure Cut-Off Error	Known	A transaction that was missed from year end accruals listing which cause both accruals and expenditure to be understated by £48k	Expenditure	£'k	48			
			Accruals	£'k				48
Expenditure Cut-Off Error	Known	A transaction that was missed from year end accruals listing which caused both accruals and expenditure to be understated by £12k	Expenditure	£'k	12			
			Accruals	£'k				12
		Cumulative misstatements:	**Debits and credits**	**£'k**	**60**			**60**
			Net impact on financial statements		**60**			**60**

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List of unadjusted misstatements

Unadjusted misstatements

Misstatements that we have identified, which have not been adjusted and are above our clearly trivial threshold of £2,000. Uncorrected misstatements would have a nil net impact on the accounts.

We request that the Committee review these uncorrected misstatements and confirm they are content for these to remain uncorrected

Unadjusted misstatements								
Title	**Error type**	**Description**	**Account Line**	**Unit**	**SOCNE**		**SOFP**	
					DR	**CR**	**DR**	**CR**
Classification Error	Extrapolated	Through our accruals testing we identified a sample item of £825 which was disclosed as an accrual but should have been classified as a payable.	Payables	£'k				7
		Although trivial by value and having a nil net impact on the accounts, we have extrapolated this error across the accruals population which has given a projected total error amount of £7,260.	Accruals	£'k			7	
		Cumulative misstatements:	**Sum of debits and credits**	**£'k**			**7**	**7**
			Net impact on financial statements					**nil**

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Financial statement disclosures

We have challenged management over the adequacy of disclosures in the financial statements in the following areas:

- Provisions (relating to IAS 37 disclosures)
- Financial Instruments (relating to the language used in IFRS 15 and IFRS 7 disclosures)

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the DHSC Group Accounting Manual and other relevant guidance.

We are content with the overall neutrality, consistency and clarity of the disclosures in the financial statements as well as judgments made in formulating particularly sensitive financial statement disclosures.

Accounting policies and financial reporting

We have performed the following procedures with regards to the appropriateness of the judgements made by the entity on accounting policies, particularly new or changed policies:

- We have reviewed management judgement used in future application of IFRS 16

We have performed the following procedures on the appropriateness of the judgements made by the entity on the required accounting estimates:

- We have reviewed the expected credit loss model applied by management
- Reviewed the useful economic life of fixed assets
- Reviewed the appropriateness of the assumptions behind the in year provision for excess travel costs for staff

We are content that the accounting policies are complete, accurate and compliant with the relevant standards and have been appropriately applied

Regularity, propriety and losses

We found no issues of irregularity or impropriety during our audit

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Internal control issues

During the course of our audit we identified the following control observations that we would like to report to you as those charged with governance.

Accruals		Low risk
Finding	**Our recommendation**	**Management response**
Two transactions were missed from the year end accruals listing. These items can be seen disclosed on page 10 within the adjusted misstatements.	At the year-end period it is recommended for future years that a more thorough review is performed over accruals to ensure that the accruals balance reported at year end is complete.	*It was an unusual oversight but was fortunately discovered whilst reviewing the month end accounts.*

Useful Economic Life (UEL) of Fixed Assets		Low risk
Finding	**Our recommendation**	**Management response**
Within the Fixed Asset Register as at 31 March 2020 there are several items that are fully depreciated with a nil NBV but still remain in use. Most notably this relates to the Fixtures and Fittings asset class and Intangible Information Technology.	We note that some of these items may no longer be in use once HTA locate their current office premises in November 2020. Going forward, HTA should review and reassess the UEL of fixed assets for appropriateness on an annual basis, considering whether any adjustments are required.	*Agreed. These are to be reviewed prior to our relocation when we expect many items to be written out of the books. We will also review the UEL of newer assets.*

High risk: major issues for the attention of senior management which may have the potential to result in a significant deficiency in internal control	**Medium risk:** important issues to be addressed by management in their areas of responsibility.	**Low risk:** problems of a more minor nature which provide scope for improvement

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Follow up to recommendations made in the previous year

In 2018-19 we made the below recommendations to the HTA and throughout this year's audit we have followed up with management on progress in implementing the accepted recommendations. Below is an update on the status of these recommendations.

Classification		Low risk
Finding As reported in the adjusted error schedule we found evidence that items had been incorrectly classified as intangible assets. Although this had no net impact on the statement of financial position, the note in the accounts was incorrect in the first version of accounts provided to us.	**Our recommendation** We appreciate the tight timetable for the production of the HTA's accounts, which limits time available for detailed management review. However, HTA should consider whether they are applying sufficient checks of non-current asset balances prior to finalisation of the accounts as part of their high level review.	**Management response** Agreed. The error was not in the source (i.e. Great Plains) but in the note that is provided in excel. The assumption was that the additions related to CRM (intangibles). **NAO assessment** **Closed.** We have not identified a repeat of this issue in 2019-20.

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Appendices

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Appendix 1: Draft letter of representation

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
LONDON
SW1W 9SP

LETTER OF REPRESENTATION: Human Tissue Authority, 2019-20

I acknowledge as Accounting Officer of the Human Tissue Authority my responsibility for preparing accounts that give a true and fair view of the state of affairs, net expenditure, changes in tax payers equity and cash flows of the Human Tissue Authority for the year ended 31st March 2020.

In preparing the accounts, I was required to:
• observe the accounts direction issued by the Secretary of State with the approval of HM Treasury, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
• make judgements and estimates on a reasonable basis;
• state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
• make an assessment that the Human Tissue Authority is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31st March 2020:
• neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
• having considered and enquired as to the Human Tissue Authority's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Human Tissue Authority to conduct its business or on the results and financial position disclosed in the account
• all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Human Tissue Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and

• the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in Note 1 to the accounts.

INTERNAL CONTROL
I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with HM Treasury guidance on the Governance Statement.

FRAUD
I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Human Tissue Authority and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

ASSETS
General
All assets included in the statement of financial position were in existence at the reporting date and owned by the Human Tissue Authority and free from any lien, encumbrance or charge, except as disclosed in the accounts. The statement of financial position includes all tangible assets owned by the Human Tissue Authority.

Non-Current Assets
All assets over £5,000 are capitalised. They are valued at historic cost. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Human Tissue Authority's operations.

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Other Current Assets

On realisation in the ordinary course of the Human Tissue Authority's operations the other current assets in the statement of financial position are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Human Tissue Authority which are known, or may be expected, to be irrecoverable.

LIABILITIES
General
All liabilities have been recorded in the statement of financial position. There were no significant losses in the year and no provisions for losses were required at the year-end.

Provisions
Provision is made in the financial statements for:

• The cost of additional travel over a three year period as a result of the office relocation.

Contingent Liabilities
I am not aware of any pending litigation which may result in significant loss to the Human Tissue Authority, and I am not aware of any action which is or may be brought against the Human Tissue Authority under the Insolvency Act 1986.

OTHER DISCLOSURES
Results
Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Human Tissue Authority, or circumstances of an exceptional or non-recurring nature.

Unadjusted Errors
There was one unadjusted error brought to my attention:

• £7k extrapolated error based on a misclassification between accruals and payables. This has a nil net impact on the Statement of Financial Position.

Events after the Reporting Period
Except as disclosed in the accounts, there have been no material changes since the reporting date affecting assets, liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

Allan Marriott-Smith
Accounting Officer
Date:

National Audit Office

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Human Tissue Authority for the year ended 31 March 2020 under the Human Tissue Act 2004. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:
• the financial statements give a true and fair view of the state of the Human Tissue Authority's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
• the financial statements have been properly prepared in accordance with the Human Tissue Act 2004 and Secretary of State directions issued thereunder.

Opinion on regularity
In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions
I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Human Tissue Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern
I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:
• the Human Tissue Authority's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the Human Tissue Authority have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Human Tissue Authority's ability to continue to adopt the going concern basis.

Responsibilities of the Accounting Officer for the financial statements
As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements
My responsibility is to audit, certify and report on the financial statements in accordance with the Human Tissue Act 2004.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:
• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

National Audit Office

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Human Tissue Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Human Tissue Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Human Tissue Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Human Tissue Authority to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information
The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters
In my opinion:
- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Human Tissue Act 2004
- in the light of the knowledge and understanding of the Human Tissue Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception
I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report
I have no observations to make on these financial statements.

Gareth Davies

Date

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

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Pending the outstanding issues on slide 5, we have substantially completed our audit of the 2019-20 financial statements in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council and with the audit planning report presented to the Audit and Risk Assurance Committee in January 2020.

We have also read the content of the draft annual report and the governance statement to confirm that:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the directions given by the Secretary of State for Health and Social Care, with approval of HM Treasury, made under the Human Tissue Act 2004.

- in the light of the knowledge and understanding of the HTA and its environment obtained in the course of the audit, we have not identified any material misstatements in the Performance Report or the Accountability Report;

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the governance statement has been prepared in accordance with HM Treasury guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the HTA's circumstances and have been adequately disclosed;

- the reasonableness of significant accounting estimates made by the Accounting Officer; and

- the overall presentation of the financial statements.

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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Appendix 4 - Other matters for consideration

Independence

We are independent of the HTA in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities/public interest entities. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

Information on NAO quality standards and independence can be found on the NAO website: https://www.nao.org.uk/about-us/our-work/governance-of-the-nao/transparency/.

International standards on Auditing (UK)

We consider that there are no additional matters in respect of items requiring communication to you, per International Standards on Auditing (UK), that have not been raised elsewhere in this report or our audit planning report. Items requiring communication cover:
- Fraud
- Going concern
- The HTA's compliance with laws and regulations
- Significant difficulties completing the audit
- Disagreements or other significant matters discussed with management

Cooperation with other auditors

Internal Audit

Discussion with Internal Audit at the planning stage of our audit informed our risk assessment. In addition, we have read the reports of Internal Audit during the 2019-20 year and, although we have not placed direct reliance on the results of any of their work performed, it has informed our consideration of the adequacy of the disclosures in the Governance Statement.

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Management of personal data	During the course of our audit we have had access to personal data to support our audit testing.
	The General Data Protection Regulations (GDPR) came into force in May 2018. These regulations make no difference to the C&G's access rights.
	The Data Protection Act provides the C&AG with an exemption from the individual rights provisions where to apply the provisions would be likely to prejudice the proper discharge of the C&AG functions. For example this would mean that we would not need to inform an individual about processing nor could an individual object to processing of their information for audit purposes where that would disrupt an efficient audit.
	We take our obligations under GDPR seriously. We have appointed a Data Protection Officer and all our staff are required to comply with formal data protection policies, guidelines and procedures designed to keep third party data secure and support privacy by design. We will destroy, return, or store personal data as necessary on completion of our work.
	We confirm that we have discharged those responsibilities communicated to you in the NAO's Statement on Management of Personal Data.
	The statement on the Management of Personal Data is available on the NAO website: http://www.nao.org.uk/freedom-of-information/publication-scheme/how-we-make-decisions/our-policies-and-procedures/policies-and-procedures-for-conducting-our-business
Communication with the NAO	Organisations we audit tell us they find it helpful to know about our new publications, cross-government insight and good practice.
	We share this through our e:newsletter, Round-up for Audit Committees and email notifications about to our work on particular sectors or topics. If you would like to receive any of these, please sign up at: http://bit.ly/NAOoptin. You will always have the option to amend your preferences or unsubscribe from these emails at any time.

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Accounting standard	Detail	Future direction for HTA
IFRS 16: Leases Effective from 2020-21 (for bodies that follow pure IFRS and specific bodies agreed by HM Treasury effective date was 2019-20)	IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short term (<12m) leases. The proposals arise partly from the IASB's view that: • disclosures around operating lease commitments have lacked prominence and tended towards understatement; and • even in leases where the underlying asset is not acquired for its whole useful life, the lessee nevertheless acquires an economic right to its use, along with obligations to make good on minimum lease payments. These will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments. The lease liability will be measured at initial recognition as the value of future lease payments, with the asset additionally including any initial direct costs incurred by the lessee, plus an estimate of any dismantling/restoration costs. Subsequent measurement of both asset and liability will need to respond to any changes in lease terms. Successful transition will depend on organisations pro-actively capturing additional information about leases – new and existing – which they expect to remain in place at the date of adoption of IFRS 16, especially regarding future minimum lease payments. Organisations should also ensure systems for capturing cost information are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices. There are no changes to the accounting requirements where you are acting as a lessor but disclosure requirements around risk exposure are required	As a result of the COVID-19 pandemic IFRS 16 Leases for bodies applying the FReM has been postponed in the public sector to 1 April 2021.As a result of this the DHSC has also revised the implementation timetable for bodies that prepare accounts in accordance with the DHSC Group Accounting Manual. We have considered managements response to this and the required disclosure have been made within the HTA's accounts. From this date the new lease associated with the Stratford office relocation will be required to be disclosed as it will meet the definition of a lease per the requirements of the standard. The HTA will need to recognise a right of use asset and a corresponding lease liability within the financial statements.

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HTA
Human Tissue Authority

Audit and Risk Assurance Committee paper

Date	16 June 2020	**Paper reference**	(AUD 05/20)
Agenda item	8	**Author**	Morounke Akingbola Head of Finance and Governance
Protective Marking	OFFICIAL		

Audit Tracker Update

Purpose of paper

1. The purpose of this paper is to update the Audit and Risk Assurance Committee on the progress made in response to external and internal audit recommendations.

Decision-making to date

2. Two audits have been undertaken and completed since the January 2020 meeting and both remain outstanding.

3. This paper was reviewed and approved by Senior Management Team (SMT) on the 11 June 2020.

Action required

4. Members of ARAC are required to:

   a) Consider the HTA's overall progress on the delivery of actions arising from internal and external audit recommendations.
   b) Note the Records Management recommendations remain on the tracker to ensure they are factored into the bigger piece of work to commence in 2020/21.

Summary of all recommendations

Recommendation Source	Total	Completed as planned	Completed later than expected	In progress as planned/on going	In progress with some delay	Removed as directed by Committee	Deferred/No further action being taken	Not started or N/a
IA – GDPR Compliance	3	2	1	0	0	0	0	0
IA – Key Regulatory Processes	2	1	1	0	0	0	0	0
IA – Records Management	8	0	0	0	0	0	8	0
IA - Cyber security	2	0	2	0	0	0	0	0
IA – Utilisation of Capabilities	6	0	1	0	5	0	0	0
IA – Critical Incident Management	6	0	0	0	0	0	3	3
IA – Business Continuity Management	7	1	0	0	0	5	0	1
IA – Payroll and Expenses	10	7	0	0	1	0	0	2
IA – Anti-Fraud Controls	3	2	0	0	0	0	0	1
COUNT	47	13	5	0	6	5	11	7

IA – Internal Audit – GIAA

EA – External Audit - NAO

Detail - outstanding recommendations

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
2018/19			
GDPR Compliance	Accountability and governance - appropriate technical and organisational measures are not in place and management is unable to demonstrate the steps it has taken to protect individual rights. The lack of these measures mean that it may not be possible to offer effective mitigation in the event of enforcement action. (Governance)		
HTA to develop a comprehensive RRD policy and update retention periods on the Privacy notice and PDI accordingly	Agreed. ~~Target date – July 2019~~	**June 2019** Work is ongoing to finalise the records retention document, it is anticipated this will be complete by July 2019. **October 2019** Resource required to co-ordinate work that will need to be done across the organisation, prior to release of RRD. **January 2020** This is now incorporated into the records management policy (to be discussed with ARAC).	Richard Sydee Director of Resources **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
2018/19			
Key Regulatory Processes	Where policies and procedures are not adhered to, the Authority may not identify non-compliance and cannot take action to prevent its		
The HTA should carry out a review of the SOPs to identify any opportunities to streamline and condense the information, to ensure they are as user friendly and functional as possible.	The HTA will define the approach it will take to incorporating this into existing business-as-usual activity to review governance documents and streamline processes to improve efficiency and aid induction. **Target date – December 2019**	**June 2019** Heads of Regulation are continuing to review SOPs in line with the Quality Management schedule and Head of Regulation are considering how best to undertake a more coordinated cross-sector approach to the core regulatory delivery SOPs. The HTA Quality and Corporate Governance Manager has also established a Quality Forum with representatives from across the business, which will provide another mechanism for improving our approach to managing and updating SOPs. **October 2019** We have done an audit of what needs to be updated and drafted to a consistent format, and the Quality Forum looking at how to develop a framework for prioritising work on SOPs based levels of risk. **January 2020** We have: •introduced a new user-friendly SOP template and moved a couple of key regulatory SOPS into the new template (with positive feedback so far); •mapped out the resource requirement to move all regulatory SOPs onto this template, aiming to do this by their next review (broadly ~35 SOPs, 0.5 days work/short SOP and 1.5 days work/complex SOP); •produced a SOP map for all regulatory SOPs allowing better collective management;	Nicolette Harrison Director of Regulation **COMPLETE**

		•Developed a review schedule for regulatory SOPs and developed proposals for updating and sign-off; •moved documents onto the new template as they are being reviewed.	
The HTA should provide formal training on the Human Tissue Act to ensure that all Regulation Managers are familiar with all relevant legislation.	The HTA will include training in the HT Act (and training in other legislation under which we regulate, such as those governing use of tissue for Human Application or organ donations and transplantation) in the updated approach to induction and training that it is already developing and which will be led by the newly created posts of RM-Training. ~~Target date – December 2019~~ **Revised target date – March 2020**	**June 2019** A new 12-month post of Regulation Manager (Training) has been developed with a RM (Caroline Kerridge) being appointed to the role with effect from 1st May. She has already developed an initial outline plan for taking forward the findings from the recent work on RM induction as two project streams, which includes incorporating training in legislation. **October 2019** The RM (Training), Caroline Kerridge, worked with the Head of HR, Sandra Croser, to organise an initial workshop with colleagues on 2 October 2019, to identify the scope of the training need and use that to develop a training plan. **January 2020** An initial training requirements workshop was held in Autumn 2019 and used to develop a training brief from which an appointment has been made for a supplier for a full day training event before the end of March 2020. Areas to be covered include: key principles and terminology of UK law; the HTA's role within the UK legal framework and that of the HT Act; the HTA's remit and powers; how to use the legislation effectively and the principles of public law; using the legislation; working effectively with lawyers; and regulating the regulators. We are also commissioning a training manual. **June 2020** Training completed but after March due to COVID-19.	Nicolette Harrison Director of Regulation **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Records Management – Risk 1	HTA's records management strategy and policy are not sufficient to ensure compliance with statutory obligations		
The Records Management policy currently in draft should be finalised and signed off by senior management as a matter of urgency. This policy will complement existing policies, with a clear focus on records management requirements, roles and responsibilities and should cover such topics as retention and disposal. This policy should be signed off by the Senior Management Team and the Audit and Risk Assurance Committee. Once agreed, this should be circulated to all HTA staff.	Following work undertaken by Information Governance consultants the Records Management policy has now been finalised. This will be reviewed and signed off by the SMT ahead of June ARAC meeting **Target date – May 2019**	**June 2019** Draft has been attached to Annual SIRO assessment. **October 2019** Policy in place, retention schedule to be released when resource available to co-ordinate the work required prior to release **January 2020** The Executive to discuss all the records management recommendations/actions with ARAC.	Richard Sydee Director of Resources **COMPLETE**
Records Management	HTA's records management strategy and policy are not sufficient to ensure compliance with statutory obligations		
The FOI guidance should be reviewed and updated as soon as possible	Completed as part of GDPR work	N/a **October 2019** Evidence of completion to be provided to GIAA	**COMPLETE**
RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Records Management - Risk 2	The systems in use to facilitate information retention, storage and retrieval do not promote compliance with legislative requirements of HTAs records management strategy and policy		
The revised records management guidance should include specific references to the use and updating of the Information Asset Register, linking to the roles and responsibilities in the Information	We accept this recommendation and believe it has been covered in the finalisation of the records Management policy as outlined in our response to recommendation 1	**June 2019** As per response to recommendation 1. **October 2019** Evidence to be provided to GIAA	Richard Sydee Director of Resources **COMPLETE**

Governance Policy, to ensure this is being used and updated on a consistent basis, so that reliance can be placed on the information on there.	**Target date – May 2019**		
Records Management	HTA's records management strategy and policy are not sufficient to ensure compliance with statutory obligations		
The Senior Responsible Officer (SIRO) should ensure periodic checks are carried out on the Information Asset Register, to ensure IAOs are fulfilling their responsibilities and the register is up to date	We will implement quarterly checks as part of SIRO oversight, to be included as part of annual assurance statement to ARAC. Following this audit we have reviewed our Information Asset Register and ensured that the register contains all relevant and up to date information as well as links to relevant policies. **Target date – May 2019**	**June 2019** Review has been undertaken at year end and IAR is now up to date. **October 2019** Evidence of completion to be provided to GIAA	Richard Sydee Director of Resources **COMPLETE**
RECOMMENDATION	**AGREED ACTIONS**	**PROGRESS**	**OWNER / COMPLETION**
Records Management - Risk 3	Risks and Issues are not appropriately identified and mitigated		
The revised records management guidance should include specific references to the use and updating of the Information Asset Register, linking to the roles and responsibilities in the Information Governance Policy, to ensure this is being used and updated on a consistent basis, so that reliance can be placed on the information on there.	We believe it should be the risk policy that provides the risk assessment methodology for the records management risk and will update this document appropriately **Target date – May 2019**	**June 2019** Additional objective has been drafted and will be added to the objectives of IAOs and all relevant staff for the 2019/20 reporting year. **October 2019** Evidence of completion to be provided to GIAA	Richard Sydee Director of Resources **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Records Management - Risk 4	The accountability and oversight arrangements used to monitor delivery of records management policy and progress are not effective		
HTA should carry out structured training and awareness for all staff with records management responsibilities	Agreed – will be included in induction training and as part of annual refresher training for all staff in relation to cyber security and information governance. **Target date – June 2019**	**June 2019** This is part of the agenda for the All staff away day in July **October 2019** Evidence of completion to be provided to GIAA	Diane Galbraith Head of HR **COMPLETE**
A DRO should be appointed/nominated, and the roles and responsibilities of this position incorporated into the job description.	Given the size of the organisation it is not possible to simply add a further responsibility to an existing staff member without fully understanding the resource implications. Director of Regulatory Development and Head of Business Technology to discuss requirement and advise SMT of appropriate response **Target date – June 2019**	**June 2019** Definition for DRO and local records managers have been drafted. We would like to discuss the practicalities of implementing this with ARAC **October 2019** Evidence of completion to be provided to GIAA	Hazel Lofty Director of Regulatory Development **COMPLETE**
Records Management – Risk 4	The accountability and oversight arrangements used to monitor delivery of records management policy and progress are not effective		
Any individuals with specific Records Management responsibilities should have these responsibilities clearly included in their job descriptions	Agree – although would challenge urgency as links to recommendation 6. Will be completed as part of Recommendation 6, relevant IAO's will be identified and a standing IAO objective added to the PDP of those with IAO responsibilities **Target date – June 2019**	**June 2019** Job descriptions to be updated in line with drafted PDP objective. **October 2019** Evidence of completion to be provided to GIAA	Richard Sydee **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Cyber security	Security – lack of forensic readiness That in the event of an external or internal attack or information security incident on HTA's IT infrastructure, there is an inability to effectively secure appropriate digital evidence to ensure there is a robust audit trail, and for use in support of any resulting legal or disciplinary action.		
We recommend that HTA develops and applies a system of forensic readiness which ensures they can provide an appropriate level of capability to collect, preserve, protect and analyse digital evidence of any unwanted or unforeseen event impacting its IT systems. We further recommend this should be in accordance with the NHS Digital 'Forensic Readiness Good Practice Guide'.	David Thomson to create a forensic readiness specification that can be agreed with a number of providers *Target date - January 2018* ~~*New target date – Difficult to say as work is complex*~~	**May 2018** – Forensic readiness policy has been written into the HTA's contract with BCC. The next stage is to compose a plan to implement the policy. **October 2018** - Contract has been re-tendered. On award, work will begin on forensic readiness spec. **February 2019** Contract variation with BCC is to be finalised by the end of February. **June 2019** Contract variation has been agreed and signed with BCC and includes the Forensic Readiness Policy. **October 2019** Evidence of completion to be provided to GIAA	David Thomson **COMPLETE**

Cyber security	Policy – notification of access permission changes That staffing changes such as leavers and role changes are not made known by Human Resources to IT services to allow the timely amendment or termination of access permissions on the effective date of the change. Where an appointment is made to a post which has access to HTA's most sensitive information there is no form of enhanced vetting		
We recommend that HTA Human Resources develop and implement a formal system which notifies IT services of staff leaving or moving roles so that any required amendments to access permissions can be made in a timely manner.	David Thomson and Diane Galbraith to agree a pro forma for all starters, leavers and job role changes to ensure that accounts are created, suspended or amended as their employment with HTA changes or ends *Target date – January 2018* **New target date – March 2019**	**May 2018** – This has been included as part of the GDPR work scheduled over the next six months **October 2018** -Documentation has been drafted and process agreed. Documentation awaiting sign-off **February 19** Implementation and communication plan to be agreed in February with target launch of new process in March **June 2019** Our last Civil Service fast streamer designed a Joiner/Mover/Leaver process which we have been working to, albeit in a manual way, over the past few months. Once we have completed the implementation of the new HR system, due by the end of June, we will systematise that process allowing us to have a centralised control with notifications and authorisations distributed to relevant parties *via automated workflows.* **October 2019** New HR system is in place however, we continue to work to the manual process whilst reviewing options (Service Desk or using HR System – Cascade workflows). **January 2020**	~~Diane Galbraith~~ David Thomson **COMPLETE**

		In light of Chair's comments (see October minutes), the recommendation is to be re-defined or closed. **June 2020** A new starters/leavers/movers notification process has been developed and is currently being piloted. Finance and IT will then implement their own process to suit the departmental needs.	

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Utilisation of Capabilities (Risk 1)	Lack of clarity surrounding organisational strategy regarding capability and knowledge management		
(1) The strategic and operational Risk Registers need to be developed to fully articulate the controls/mitigations in place to address the risks, as well as including contingency measures where appropriate.	Will review the Risk Registers to address this were possible. Target date – End September 2019 **Revised target date – End December 2019** **Revised target date – Q1 2020/21**	**October 2019** Review of this risk began with a deep-dive and proposed restructure of the risk at the September HTAMG. This has not yet been written up but will be completed by the end of the calendar year. **January 2020** This work became an organisation-wide project to review operational risks and mitigations as part of the annual business planning round. The work is ongoing to be completed by end June. **June 2020** A project to review indicators across all functions has been implemented. It was interrupted by the COVID-19 emergency; however, a revised operational risk register is now in pilot and led by Head of Planning and Performance.	Sandra Croser Head of HR & SMT **IN PROGRESS W/DELAY**
(2) The strategic risk register could be strengthened by utilising assurance mapping (across the 3 lines of defence) to gain greater assurances over some of the risk and control areas.	Will review the Risk Register and strengthen the controls for risk and control where possible. Target date – End September 2019 Revised target date – End December 2019 **Revised target date September 2020**	**October 2019** As recommendation 1 **January 2020** At its meeting on 9 January, SMT took the decision not to undertake further assurance mapping in this business year. SMT is content that adequate controls are in place, and that further mapping is not sufficiently value-adding given other current priorities. **June 2020** A project to review risk register across all functions has been implemented. It was interrupted by the COVID-19 emergency; however, a revised strategic risk register is now in pilot and led by Head of Finance.	Sandra Croser Head of HR & SMT **IN PROGRESS W/DELAY**

(3) We recommend that the handover process is formalised (a checklist for example) to ensure all corporate knowledge is retained and the development of standard operating procedures for all key roles.	A handover checklist will be developed to capture role specific key deliverables, key stakeholders and contacts based on the Capability Framework when developed. Target date – End November 2019 Revised target date – End March 2020 **Revised target date end September 2020**	**October 2019** Work has not yet commenced and we suggest a revised target date of end of March 2020. **January 2020** There is currently a small pilot currently underway. A template covering key contacts and the main interfaces between functions and teams should be available by end of March 2020. **June 2020** This work was interrupted by the COVID-19 emergency. Should now be available by end of Q2	Sandra Croser Head of HR & SMT **IN PROGRRSS W/DELAY**
Utilisation of Capabilities (Risk 2)	Resourcing plans do not effectively identify, present or articulate current skills and new skills requirements		
(4) A skills audit should be undertaken and documented in a matrix to capture current skills in the organisation against the capability needs of the organisation. This should be reviewed and kept up to date in line with the PDP process and learning and development to identify individuals with potential for upskilling and development.	Corporate and individual training needs are currently identified from the PDP output which then drives the individual and corporate training agenda. To strengthen this process, a comprehensive training needs assessment was conducted across the organisation and specifically looking at the RM roles in April. This included the self-assessment of current skills and experiences. This document will also be used in building the development agenda for 2019/2020 From this a documented skills matrix will be shared and updated on Impact with a purpose of peer to peer learning and upskilling.	**October 2019** Work has not yet commenced and we suggest a revised target date of end of March 2020 to tie in with the next PDP round. **January 2020** A training needs audit was carried out following the PDP process in the summer. A training programme was designed to meet the needs identified, this is ongoing. A data team of internal experts has been created to share knowledge and experience by developing short How To Videos which will be shared across the HTA. A Q&A session was arranged to better understand the needs for more training in the HT Act. A small team is building a programme to deliver sustainable training and awareness sessions which will also be delivered by external HT Act expert (Field Fisher). The Lunch and Learn programme is well supported and has covered a wide range of topics from 'How to	Sandra Croser Head of HR & SMT **IN PROGRESS W/DELAY**

	In addition, a bi weekly Lunch and Learn has been initiated to enable the sharing of skills and experience along with general information sessions. ~~Target date – End November~~ ~~Revised target date – End March~~ ~~2020~~ **Revised Target date end of Q3**	get more from Excel' to better 'Understanding Diversity and LGBTQ+'.All staff have been asked for approval to use and share their output from the Skills audit, only one has so far refused this. An 'Ask Me' template will be developed for staff to better utilise the internal skills to build their own. **June 2020** A new skills audit will be conducted following the redesign work for return following the COVID-19 emergency**.**	
Utilisation of Capabilities (Risk 3)	**Resourcing plans do not effectively identify, present or articulate current skills and new skills requirements**		
(5) A forum such as a workforce subcommittee should be established with terms of reference to look holistically at people and staffing issues across the organisation focussing on short and long term impacts and deliverables.	The SMT and Head of HR will develop a short and longer term People plan based on current and future needs as part of our strategy to move to more remote working. A regular assessment of key role / key people development needs will be made with a view to both development and succession planning. We are not in the position to create a succession plan for all roles as a number are standalone or the department is too small to support a full succession plan. The headcount limitation is unlikely to change in the foreseeable future. ~~Target date – End November 2019~~	**October 2019** Work has not yet commenced and we suggest a revised target date of end of March 2020 to tie in with the start of the new business year. **January 2020** Head of HR and SMT regularly review the current skill set and the expected skills set before backfilling any vacancies (most recently 9 January SMT meeting). This process assesses the most appropriate use of headcount given the goals and priorities as they evolve. Assessment of the relative priority of key roles and succession planning is taking place as part of business planning for 2020/21. **June 2020** This is an ongoing 'business as usual' activity.	Sandra Croser Head of HR & SMT **To be considered as complete now?**

	Revised target date – End March 2020		
(6) Consideration should be given to the development of a key roles register which would identify key posts and the contingency arrangements in place should an emergency arise including a nominated deputy and comprehensive job instructions.	A capability framework will be developed which will also identify the key people and key roles across the organisation. Knowledge and experienced required for each role will be documented along with training expectations for that role. Where possible a nominated deputy will be identified. However, given the size of the organisation and the recent stress audit, workload and overstretch will need to be carefully considered. ~~Target date – End November 2019~~ ~~Revised Target date – July 2020~~ **Revised Target date end Q3 2020**	**October 2019** Further work has not yet commenced. An SMT discussion will be scheduled to agree what further action should be taken in light of our comments in Agreed Actions**.** **January 2020** Head of HR and SMT will review all Key Roles and Key People with a view to Succession Planning during Q1 2020/21 (Subject to relative prioritisation) The number of stand-alone roles and small teams reduces the opportunity for meaningful internal succession planning, however to better support this a recruitment strategy will be developed which will include a Preferred Supplier List of Agencies that can help to build the right skill set as it evolves across the HTA. This work will not be completed until end of Q1 2020/21. **June 2020** Due to the redesign work being led by Director for Data, Technology and Development, for the return following COVID-19 this work cannot be completed until organisational design work has been completed and a skill assessment has been made for the support of the HTA going forward.	Sandra Croser Head of HR **IN PROGRESS W/DELAY**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management – Risk 1	The existing risk mitigations and controls in place are inadequate in reducing the risk of critical incidents taking place, or managing the impact of incidents once they occur.		
1.1 We recommend that HTA review the strategic risk register and consider the type of controls listed as the control framework should have a balance of preventative, directive and detective controls.	Agreed – we will review the SRR where relevant and consider which preventative, directive and detective controls are or can be put in place. ~~Target date – March 2020~~ **Revised target date – end Q2 2020**	**June 2020** We have undertaken a review of our SRR with Accenture and will be moving forward with a change project over this Business year – this will now be incorporated into that change work.	Richard Sydee Director of Resources **DEFERRED**
RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management – Risk 1	The existing risk mitigations and controls in place are inadequate in reducing the risk of critical incidents taking place, or managing the impact of incidents once they occur.		
1.2 HTA to include all SOPs which are linked to the management of a critical incident as links or separate annexes in the critical incident response plan.	Not fully agreed– although we accept this would be good practice there is limited resource available for this type of activity at present and the identification of a Critical Incident within the HTA would likely be indicative if the relevant SOPs. We will include this work within the scope of the review process currently being undertaken of SOPs by the Quality forum **Target date December 2020**	**June 2020** Not due	Richard Sydee Director of Resources **NOT STARTED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management	The existing risk mitigations and controls in place are inadequate in reducing the risk of critical incidents taking place, or managing the impact of incidents once they occur.		
1.3 We recommend that management review the actions outstanding on the CIRP alongside the operational risk register with the purpose of either completing or closing the actions to ensure that they have considered and evaluated risks relating to business continuity arrangements.	Not fully agreed– we are concerned that recommendations 1.3 and 1.4 represent collectively a significant piece of work that, although useful, would not add significantly to the level of assurance. We will feed these recommendations into any work we may undertake to as part of our annual review of the operational risk register **Target date – December 2020**	**June 2020** Not due	Quality and Governance Manager – when appointed **NOT STARTED**
1.4The operational risk register requires development to demonstrate how the controls/mitigations in place address the strategic risk of failing to manage an incident. It should outline contingency arrangements and the date of the latest management review and/or testing of the control	See above **Target date December 2020**	**June 2020** Not due	Quality and Governance Manager – when appointed **NOT STARTED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management – R2	HTA's critical incident response plan is not reviewed or tested on a regular basis and "lessons learned" from any incidents are not incorporated into the plan or reported to senior management.		
1.5 We recommend that management consider developing a testing programme which outlines what they plan to test annually, with a clear caveat that this may be superseded by live critical/major incidents.	Agreed – although we will limit this to documenting the requirement for an annual test, which would be designed to test areas not previously explored by testing or live events in the previous three years. ~~Target date – March 2020~~ **Revised date – end Q2 2020**	**June 2020** This has been overtaken by recent events. The requirements of responding to COVID19 in terms of Business Continuity and Critical workload increase has been tested thoroughly in our response to the pandemic.	Richard Sydee Director of Resources **DEFERRED**
RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management – R3	HTA staff are not be aware of, and therefore do comply with, the organisation's critical incident response plan. This could lead to delays in the recovery of key services or inappropriate action being taken by staff in the event of a disaster		
See risk 4			
RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Critical incident management – R4	There is a lack of capacity or capability to effectively deal with any critical incidents which occur, including undertaking appropriate communications during any major incidents.		
1.6 We recommend that appropriate training is identified and implemented for role owners and delegated role owners with critical incident responsibilities.	Agreed – we will identify relevant Business Continuity Management System (linked to ISO 22310) foundation and Implementer courses for our CIRP administrator and programme manager ~~Target date – June 2020~~ **Revised date – end Q2 2020**	**June 2020** This work has been delayed. Our response to COVID19 has required some reprioritisation. Given our successful reliance on our plans during the pandemic we are confident that they remain sufficiently robust.	Richard Sydee Director of Resources & Sandra Croser Head of HR **DEFERRED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Business Continuity Management – R1	BCPs are not adequate and have not been updated to reflect improvements and changes proposed and agreed at the ARAC. This could lead to delays in the timely recovery and provision of critical business process and functions.		
1.1 We recommend that a separate BCP is produced, or as a minimum, a separate annex is added to the CIRP which specifically covers discrete business continuity arrangements.	Agreed – we will draft a separate BC plan based on the existing BC elements of the Critical Incident Response plan. This will be drafted for our current location with a commitment to review and update post our relocation to new offices **Target date – March 2020** **Revised date – end Q3 2020**	**June 2020** We have relied heavily on our existing single plan successfully over the past three months. We will look to revisit this as part of a review policies that will need to change when we re-locate, but for now propose to not undertake the earlier phase of this work.	Richard Sydee Director of Resources **DEFERRED**
1.2 We recommend that the HTA review the BCP elements of the CIRP against the Civil Contingencies Secretariat's toolkit to strengthen HTA's approach to business continuity planning. In particular, HTA would benefit from undertaking a business impact analysis, and refining and clarifying the documentation of its communication strategy within the CIRP.	Agreed – Previously our CIRP was developed in line with the relevant Civil Contingencies Secretariat's toolkits extant in 2012. We will review the new standards for material changes. **Target date – March 2020** **Revised date – end Q3 2020**	**June 2020** Again, events have overtaken us. In line with recommendation 1.1 we will consider this as part of a review of BC and CIP ahead of our relocation.	Richard Sydee Director of Resources **DEFERRED**
Business Continuity Management – R1	BCPs are not adequate and have not been updated to reflect improvements and changes proposed and agreed at the ARAC. This could lead to delays in the timely recovery and provision of critical business process and functions.		
1.3 HTA should formally agree and document the contingency arrangements in the event that the current building is not available to staff for any length of time.	Agreed – this will from part of our new BC plan. **Target date March 2020** **Revised date – end Q3 2020**	**June 2020** Our existing plan has coped well with the closure of 151BPR. We will consider this in line with the above responses.	Richard Sydee Director of Resources **DEFERRED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Business Continuity Management – R2	BCPs are not tested on a regular basis and "lessons learned" from live drills are not incorporated into the BCPs or reported to senior management.		
1.4 We recommend that management document the BCP testing programme which outlines what they plan to test annually, with a clear caveat that this may be superseded by live business continuity events.	Agreed – although we will limit this to documenting the requirement for an annual test, which would be designed to test areas not previously explored by testing or live events in the previous three years. ~~Target date – March 2020~~ **Revised date – end Q3 2020**	**June 2020** In line with the above responses we have not considered this given the need to respond to COVID19.	Richard Sydee Director of Resources **DEFERRED**
Business Continuity Management – R2	BCPs are not tested on a regular basis and "lessons learned" from live drills are not incorporated into the BCPs or reported to senior management.		
1.5 We recommend that HTA formalise the process to record lessons learned and follow-up of actions by management.	Agreed – will be detailed in the new BC plan ~~Target date – March 2020~~ **Revised date – end Q3 2020**	**June 2020** As outlined above this work will be delayed and considered as a part of the policy revision ahead of our relocation.	Richard Sydee Director of Resources **DEFERRED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Business Continuity Management – R3	HTA staff may not be aware of, and therefore may not comply with, the organisation's BCPs. This could lead to delays in the recovery of key services or inappropriate or ineffective action being taken by staff in the event of a disaster/emergency.		
1.6 HTA to document any BCP training carried out by staff, including dates when refresher training is needed.	Agreed – Agreed – we will look to identify individuals an ensure this is part of 2020/21 training plans were pertinent to an individual's role **Target date – June 2020**	**June 2020** Members of the critical incident response team attended training January 2020 to ensure they were aware of their responsibilities in event of a critical incident. Additionally, we are launching a new quarterly 'compliance' training programme with an external provider to ensure all staff are regularly trained with timely refreshers courses**.**	Sandra Croser Head of HR **COMPLETED**
Business Continuity Management – R2	HTA staff may not be aware of, and therefore may not comply with, the organisation's BCPs. This could lead to delays in the recovery of key services or inappropriate or ineffective action being taken by staff in the event of a disaster/emergency.		
1.7 HTA to ensure any induction as part of the office relocation includes training and awareness on BCP for all staff.	Agreed **Target date – November 2020 (or date of relocation)**	**June 2020** Not due	Richard Sydee Director of Resources **NOT STARTED**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Payroll and Expenses	Inadequate policies and procedures		
1.Payroll and expenses Standard Operating Procedure should be enhanced to include all HR and employee stages in the process with emphasis on: storage and retention of employee documents and verification	Agreed and that HR requires and SOP detailing process of providing payroll information **Target date – April 2020**	**June 2020** The Payroll SOP has been updated and makes specific reference to how information is submitted to HR and Finance. The SOP is for HR and Finance use only. Staff have been made aware of how they should inform payroll of changes to their details which is via email only.	Morounke Akingbola Head of Finance **COMPLETE**
Payroll and Expenses	Inadequate policies and procedures		
2. Policy and procedures regarding appointment of secondments: temporary promotions and additional duties should be enhanced as follows: • Secondment Policy and Pay Policy to include reference to mandatory reviews at the end of the term and rationale behind extensions • The Cascade Go HR system will be utilised to diarise review dates of secondments and additional duty allowances for HR, Line Management, Director/Budget Holder and the employee • In the event a future end date or review date cannot be determined, HR to review with the Director/Budget Holder proportionate intervals (no more than annually).	Agreed **Target date – June 2020**	**June 2020** Secondment policy has been updated accordingly. On-going. On going	Sandra Croser Head of HR **COMPLETE**

3. Finance Management to introduce a documented overpayment recovery process that clearly defines actions will be taken in the event that individual agreements with employees cannot be made and clearly defines the circumstances in which write-offs will be considered	Agreed – however we will address this at the next review date. **Target date – September 2020**	**June 2020** Not due	Morounke Akingbola Head of Finance **NOT STARTED**
4. The existing code of conduct to be reviewed and where appropriate updated and communicated to all staff.	Agreed. Code to be reviewed and link to revised values will be conducted. **Target date – September 2020**	**June 2020** Not due	Sandra Croser Head of HR **NOT STARTED**
Payroll and Expenses	Incorrect payments to starters and leavers		
5. HTA should revise the processes around instructing changes to the payroll as follows: • Any changes are signed off (and officially recorded) by the individual and line manager prior to HR and CEO sign-off, to ensure there is appropriate checks and segregation of duties; • HR to scan source documents and upload emailed documents into a secure electronic folder with appropriate HR and employee only access; • A standard template should be introduced for employees and managers to record Payroll change information with suitable prompts for all eventualities and boxes to record	Agree – changes to pay/hours should be signed off by the Director and HR on a separate form **Target date – Ongoing** This is usually what happens but agree to reiterate to HR going forward. **Target date – Ongoing** Agree that the Contract Variation form will be designed to facilitate changes to pay/hours only.	**June 2020** New forms have been designed and agreed between HR and Finance **COMPLETED** On going New forms being piloted with agreement between Finance and HR	Sandra Croser Head of HR Morounke Akingbola Head of Finance **COMPLETED**

dates and signatures of those reporting changes and approving (where necessary). • Changes should be emailed to HR and subsequently emailed to a Finance group mail box. • Where changes of bank details are reported, email trails should be attached	**Target date – June 2020** Agree changes to be emailed, but do not agree to a Finance group mailbox **Target date – Ongoing** Agreed. Generally, staff have emailed this type of change. A reminder to staff was done via the staff newsletter in January 2020.	This is happening now. Staff are emailing changes and receive confirmation change has been received.	
Payroll and Expenses	Incorrect payments to starters and leavers		
6. HR Manager to issue the contract to the new starter where the contract is not signed and encourage prompt signing.	Agreed **Target date – N/a**	**June update:** None	Sandra Croser Head of HR **COMPLETE**
Payroll and Expenses	Inappropriate expense claims paid		
7. Management to discuss the duplicate expense claim with the employee and Finance Management to initiate recovery of the duplicate expense claim from the employee.	Agreed. This has been done and funds recovered **Target date – N/a**	**June update:** This was discussed and the reasons for the duplicate are mitigated now with a submissions system that is conducted via email.	Morounke Akingbola Head of Finance **COMPLETE**
Payroll and Expenses	Inappropriate expense claims paid		
8. The expenses claiming process should be undertaken through emailing the new/current template with a clear record of the audit trail of key stages including initial application, submission to approver (and decision), and; submission to finance for recording in the batch transactions ledger.	Not agreed. We will be exploring the option to move to an online system in the medium term.	**June 2020** We have introduced a process of receiving expenses via email only and from Line Managers who must state within the email that the expenses are approved. This is temporary till an online solution can be procured.	Richard Sydee Director of Resources **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Payroll and Expenses	Failure to identify and recover overpayments		
9. Management to perform an independent sample checks to assess the accuracy of payroll data and the validity of expenses on a quarterly basis.	Agreed. **Target date – February 2020** **Revised target date – September 2020**	**June 2020** Payroll data checked monthly. However, the checking of expenses should be quarterly, but March quarter missed due to other priorities. The revised target date reflects the lack of inspection activity and thus expenses submitted.	Morounke Akingbola Head of Finance **ON-GOING**
10. Finance Team to provide the monthly itemised invoice of travel and accommodation to all budget holders to assess for reasonableness, accuracy and consideration of value for money.	Agree to share the itemised invoice with approvers. We believe the controls around booking and the expense policy ensures consideration is given to value for money. **Target date – N/a**	**June update** None as this action was implemented.	Nicola Fookes Finance Manager **COMPLETE**

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Anti-Fraud Controls	Specific fraud risk management policies are not in place, regularly reviewed and communicated to support staff awareness and reporting.		
1.1. HTA should put in place mandatory Fraud Awareness Training as soon as practicable and ensure all staff complete the training on a timely basis and that this is recorded and reviewed periodically.	Agreed. Training identified and rolled out in December with completion in January 2020. **Target date – January 2020**	**June update** Fraud awareness training provided by Civil Service Learning. All staff completed this training by the due date	Morounke Akingbola Head of Finance **COMPLETE**
Anti-Fraud Controls	Specific fraud risk management policies are not in place, regularly reviewed and communicated to support staff awareness and reporting		
1.2. HTA should agree a set of expected values and behaviours consistent with the Nolan Principles and the Civil Service Code of Conduct and promote and communicate them to staff.	Not agreed – the HTA has a set of values which were recently reviewed. Agree that the Staff Code of conduct should be updated and aligned with updated values. ~~**Target date – June 2020**~~ **Target date – end Q3 2020**	**June update** A HTA Handbook will be designed and delivered by later in the year due to the impact of COVD-19.	Sandra Croser Head of HR **NOT STARTED**
RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Anti-Fraud Controls	A lack of effective fraud risk oversight and control at local and senior management level, with risks not fully captured and actions not taken to mitigate risks.		
1.3. HTA should carry out additional fraud awareness activity for all staff and ensure that fraud guidance and procedures is prevalent on electronic platforms, as well as discussed at team meetings.	Agreed – we will ensure this is added to our new intranet when it is complete and update staff annually. **Target date – June 2020**	**June update:** Staff have accessed training and when available, content is added to the intranet informing staff of current fraud to be aware of particularly during the COVID-19 pandemic.	Morounke Akingbola Head of Finance **COMPLETE**

HTA
Human Tissue Authority

Audit and Risk Assurance Committee paper

Date	16 June 2020	**Paper reference**	AUD (06/20)
Agenda item	9	**Author**	Richard Sydee
			Director of Resources

Protective Marking	OFFICIAL

Risk Update

Purpose of paper

1. To provide ARAC with an update on HTA's strategic risks and proposed mitigations at June 2020.

Decision-making to date

2. This paper was approved by the Senior Management Team (SMT) on 11 June 2020.

Action required

3. ARAC Members are required to comment on the strategic risks and assurances within the HTA Strategic Risk Register attached to this paper at Annex A.

Background

4. The strategic risks are reviewed by the SMT monthly, and the register is updated. The strategic risk register that was updated at the beginning of January.

5. In January, we reported that three risks were amber rated: failure to manage regulatory expectations (risk three); failure to utilise our capabilities (risk four) and failure to achieve the benefits of the organisational transformation programme (risk six). Since the last ARAC meeting COVID-19 emerged as a potential and then substantive risk to

HTA operations and objectives and this has led to significant changes to the assessment and scoring of all risks. A summary of all risks is provided below.

6. Risk 1 – Failure to regulate appropriately (Yellow to Amber). The risk level was raised to 5/3 in March in response to the escalating COVID-19 position. The inability to undertake on site inspections clearly poses an increased risk to regulation and oversight and we have and continue to develop assurance processes that will meet some of these requirements. SMT believe that the work undertaken since March has stabilised this risk position, although it remains escalated.

7. Risk 2 – Failure to manage an incident (remained Yellow). Although this was judged initially to be slightly heightened in March the response to COVID-19 restrictions and our continued ability to operate has been assessed as evidence that this risk as not increased in the current circumstances.

8. Risk 3 – Failure to regulatory expectations (remained Yellow). This saw a slight uptick but no change to the overall rating. Issues such as the need to maintain EU regulations for Northern Ireland continue to require significant resource and this risk remains medium.

9. Risk 4 - Failure to utilise capabilities effectively (remains Amber). This has seen a uptick in perceived risk since January 2020. The risk saw increases during March and April as we considered the both potential impact of COVID-19 on staff availability and the possibility that cessation of some activity may leave some colleagues under utilised. The last three months have not resulted in materially increased staff absences, although caring responsibilities have led to very different work patterns for a number of colleagues.   SMT are of the view that the trend in this risk now stabilised and have not increased the risk rating or scoring.

10. Risk 5 – Insufficient, or ineffective, management of financial resources (remains Yellow). This was assessed to have increased slightly as we recognise the potential medium-term impact of licence fees should all our sectors not return to activity at pre COVID-19 levels. We will continue to monitor this area and expect to have a much clearer position once the licence billing process is undertaken in September

11. Risk 6, failure to achieve the benefits of the organisational transformation programme (down from Amber to Yellow). The delivery of a number of work packages at the end of the 2019/20 business year, including the remigration to the cloud for a number of our IT services, has led to this risk being downgraded. Plans are being developed for 2020/21 business year and the risk status will be re-assessed once those are finalised.

12. As discussed at January's ARAC meeting we embarked on some initial work to re-evaluate our approach to risk management and the suitability of our current policy and templates that track and record our risk position. Although we have not yet taken and

action to change current processes we felt it important to highlight the key recommendations and agree our plans to transform our approach to risk management moving forward.

13. Key recommendations and proposed timelines for introduction are set out below:

Risk Appetite:

14. HTA did not have a defined Risk Appetite at a Group or 'Tactical' (primary risk) level but were eager to explore how this could be applied to their business. Proposal - Finalise tactical Risk Appetite Statements, before bringing them together to write an overarching strategic Risk Appetite Statement. This output should be presented to the Board for approval. Ensure that Risk Appetite Statements are reviewed on a regular basis and adjusted in response to market events or a change in risk landscape.
Proposals to be drafted for September 2020

Risk Assessment:

15. As outlined in the (draft) 'HTA Risk Management Policy' HTA have adopted a Risk Matrix supported by a 5 point rating system. Proposal - Provide additional guidance for the definitions of 'likelihood' and 'impact', helping support consistent Risk Assessment (examples included in report body)
Proposals to be drafted for September 2020

Risk Register:

16. Strategic Risks are written in relation to how they may impede strategic objectives, whilst Operational Risks are captured at a category level. Proposal - Present risks in a manner which places primary emphasis on the risk, impact and likelihood, with secondary emphasis on the Strategic Objectives which may be impeded. Consider scoring risks on an individual basis, rather than at a 'category' level. This would in turn allow 'Top 5 Operational Risks' or 'Top Risk per Category' view to be produced, enabling HTAMG (HTA Management Group), SMT and the Board to spend more time discussing the most pressing risks.
Activity to be scoped and considered for introduction 2021/22 business year.

Risk Controls:

17. Risk Controls are outlined in the Strategic and Operational Risk Registers, alongside an indication of how assurance is gained, and any open actions to improve mitigation. The HTA employs a combination of Preventative, Detective and Monitoring controls. Most, if not all, controls appear to be driven by governance, processes or documentation. **Proposal** - Consider adopting increased data driven controls, e.g. A system

based preventative control which prohibits emails being sent to personal email domains, or data reconciliation on salary payments to detect potential errors, or the monitoring of the financial health of regulated companies using data.
Activity to be scoped and considered to understand cost/benefit for HTA.

18. ARAC are invited to discuss these recommendations and the proposed timelines for further work.

Audit and Risk Assurance Committee paper

Date	16 June 2020	**Paper reference**	AUD (07/20)
Agenda item	10	**Author**	Louise Dineley
			Director of Data, Development and Technology
Protective Marking	OFFICIAL		

Data, Technology and Development update (including cyber security)

Purpose of paper

1. This paper aims to provide an update to the committee on:

    a. The outputs of projects and commissions delivered in quarter four 2019/20
    b. Our approach to development in 2020/21
    c. Proposed development opportunities in quarter two 2020/21

Decision-making to date

2. The committee is asked to note this report.

Action required

3. ARAC is asked to:

    a. Note the update on the development programme and proposals
    b. Agree the Cyber Security Strategy

Background

4. The DDAT strategy has identified a number of opportunities to strengthen and develop our approach to the use of data and technology to support the delivery of the HTA Strategy and effective regulation.

5. Progress in delivering the strategy has been influenced by a number of factors including the financial constraint to invest in large scale change.

6. In January, ARAC members received a reflective update on the development programme to date specifically systems, processes and the strategic vision. Over the last six months and looking forward, the programme has been reframed and refocused to take into account this learning for example the importance of system interoperability, collaboration and co-production in projects and business needs to inform and drive solutions.

7. Looking forward the principle of a common and core set of business requirements against which development opportunities can be assessed and proposals specified is essential.

Developments in Quarter Four 2019/20

8. A number of projects supporting and setting the foundations for the HTA Strategy 2019/20 were identified for delivery and successfully completed in quarter four. These included:

    - Development of the HTA Intranet
    - Adoption of O365 & Cloud Migration
    - Website accessibility development (phase 1)

9. In addition to the development projects there were two pieces of work commissioned in quarter four. These commissions included an independent review to support the organisation develop its understanding of its data and intelligence systems and the future requirements of an electronic document and record management system. In addition to the development commissions, the HTA also commissioned the evaluation of its stakeholders. This work will be reported to the Board in July.

10. Collectively these pieces of work have provided valuable insight to the development opportunities and the sequencing of projects to maintain incremental progress and foundations that strengthens our use of technology in a safe and secure way.

Safeguarding our Systems

11. The increased use of technology, the adoption of O365 and cloud migration has required assurance that our systems and processes are protected from the threat of cyber security.

12. The management of the risks associated with cyber security requires a blended approach of policy, process and behaviours. Annex A contains the Cyber Security Strategy that has been drafted in line with national standards around the principles of identify, protect, detect, respond and recover.

13. The developments completed in quarter four have also supported the strengthening of organisational resilience to the threat of attack and tightening of controls through regular testing and the ability to report on incidents where controls have been triggered such as potentially suspicious emails. The strategy also outlines the importance of organisational behaviours. Our current focus remains in highlighting and developing the understanding of all staff on what we can do as individuals in the way that we work to protect against cyber security threats.

14. ARAC is asked to note and agree the Cyber Security Strategy.

Development Proposals 2020/21

15. The HTA's contingency arrangements in response to the coronavirus emergency adopted a five-phase plan. Phase five has focused on the HTA's return to a new normal way of working. This "return" provides an opportunity to reframe and refocus our strategy, recognising this time as a valuable resource to progress developments that had previously been constrained.

16. In scoping an updated development programme, the current strategy and regulatory model continue to be valid and provide clear strategic direction. There are three distinct themes to development opportunities; systems and processes; technology and people.

17. In quarter one we have collated the insight and intentions from past strategies to develop an initial set of priority projects. These include:

- **Operating Model -** Define current operating model and update purpose of functions specifically licensing, use of data and intelligence and inspection.
- **Data & intelligence -** Develop the data and intelligence capability and capacity of internal systems and processes to support the use of insight as a core function of the regulatory model

- **Horizon scanning -** Identify priority areas to test with DHSC for future development and progression.
- **HTA IT Strategy**
    - **Electronic Document & Record Management System -** Scope recommendations for EDRMS solution
    - **Optimising O365 Functionality -** Systematic review of current use and functionality offered by O365 and opportunities to adopt based on core business requirements.
- **Organisational Preparedness -** Change and development awareness programme.

18. These projects represent foundations for further developments and realisation of the strategic direction as well as sitting independently as examples of ongoing continual improvements across operational activities and the HTA's ongoing effectiveness as a regulator.

19. To strengthen the alignment of projects and reflecting on previous learning we have supplemented these developments with a core set of business requirements. These include:
- Contributes to the delivery and maintenance of **strategic objectives** and overall strategy
- Supports delivery of the HTA's **statutory obligations** as a regulator and in meeting its statutory organisational requirements.
- A common and **core set** of HTA policy positions and organisational requirements.
- Delivery to **wider organisational need** as well as a solution to the specific function. **Interoperability** of systems, processes and technology are key requirements for any change or development. Interoperability is a requirement end to end from proof of concept through to delivery.
- **Data and intelligence driven** organisation with insight used to inform decision making and provide an evidence base to explore opportunities for improvement and development.
- Functionality assumes **remote working** as the primary requirement
- Seeks opportunities to **align** and work with partners and stakeholders
- Upholds the **HTA values and principles** of agility, sustainability and resilience

Next steps

20. Delivery of the development programme has identified a number of actions for quarter two. These deliverables represent targeted, standalone improvements as well as providing foundations for future strategic developments.

21. By the end of quarter one we will have developed the following for each of the six identified project areas:

- High level project proposal detailing scope of the project, interdependencies, key activities and milestones.
- Resource requirements and deployment plan for quarter two
- Investment plan
- Indicative phasing of projects
- Longer term opportunities

Author(s)	David Thomson	**Next review due**	Date approved above plus review period
Reviewed by	Add name(s)	**Owner**	Head of Business Technology
Approved by	Add job title	**Distribution**	SMT, Authority
Protective Marking	OFFICIAL		

HTA Cyber Security Strategy

Our vision for cyber security

This strategy provides a vision for the development and delivery of the operational controls to safeguard and strengthen the HTA's resilience to cyber security risks. This document sets out the approach that we will take in response to the threat from cyber security risks. These operational controls and practices are critical in developing resilience to HTA activities, how we work internally and with our external stakeholders and how we continue to develop the use of technology and digital solutions as part of our overall strategy.

In 2019/20 we made significant progress towards our objective of reducing reliance on any one location for our IT architecture through the adoption of cloud services. We carried out reviews of our data and intelligence processes and use of systems to capture and process data, and our Electronic Document and Records Management System (EDRMS) requirements. As part of our response to the Covid-19 pandemic we moved the whole organisation to remote working. These strategic and operational changes have helped to build confidence and capability for the further developments and adoption of technology as part of the HTA's future ways of working.

The increased use of technology and the changes that we have made and plan to make in the future bring with them new risks alongside existing risks. These risks can and need to be mitigated through holistic and consistent management.

By following the principles and approaches in this strategy we can design with security in mind from the outset, be alert to developing threats, respond to a realisation of cyber security risk and recover quickly from any incident whilst protecting key assets.

Details

The core objective of the HTA Cyber Security Strategy is to implement measures to achieve the mandatory protective security outcomes of the Minimum Cyber Security Standard ("the Standard") and to exceed them wherever practicable.

The Standard defines a set of mandatory outcomes. To support this, and to ensure that mandatory measures are implemented appropriately, this strategy will also define a Cyber Risk Assessment methodology.

This strategy will be reviewed annually and updates to it will be brought to SMT and the Audit, Risk and Assurance Committee for approval. Assurance reports will be brought to those same groups on a quarterly basis and provide an update on progress.

Target state

A successful implementation of this strategy will mean that we have the appropriate measures in place to identify the information and services which need the greatest levels of protection, to protect the information and services from exploitation of known vulnerabilities and common cyber-attacks, to detect ongoing common cyber-attacks, to respond to cyber security incidents and to recover from service failure or compromise.

Delivery of the strategy will mean that we can demonstrate the following outcomes:

Identify
- We have in place appropriate cyber security governance processes.
- We have identified and catalogued the sensitive information we hold.
- We have identified and catalogued the key operational services we provide.
- The need for users to access sensitive information or key operational services is understood and continually managed.

Protect
- Access to sensitive information and key operational services is only provided to identified, authenticated and authorised users or systems.
- Systems that handle sensitive information or key operational services are protected from exploitation of known vulnerabilities.
- Highly privileged accounts are not vulnerable to common cyber-attacks.

Detect
- We take steps to detect common cyber-attacks.

Respond
- We have a defined, planned and tested response to cyber security incidents that impact sensitive information or key operational services.

Recover
- We have well defined and tested processes in place to ensure the continuity of key operational services in the event of failure or compromise.

Objectives, outcomes and actions

Over the last 12 months we have enhanced our overall cyber security resilience capabilities through a number of targeted projects, including the introduction of continuous vulnerability scanning and regular system maintenance and patching. Further attention is now required to prepare for and respond to the cyber security risks anticipated in the coming years, such as a rise in the use of machine learning and artificial intelligence used by attackers to develop faster and more difficult to detect malware, the increasing prevalence of ransomware and email based exploits, and an increase in the use of computer worms (a worm is a type of malware that can spread copies of itself from computer to computer without any human interaction).

The cyber security programme is defined by the following objectives:

Objective 1 – Identify

We will effectively manage people, risk, resources, and governance to address cyber security risks. This objective is all the more important as we develop our data and intelligence program, improve our management reporting capability and design new ways of working such as Desk Based Assessments. We will have the governance and information we need to identify, manage and oversee cyber security risk. SMT and Heads will be required to help develop risk scenarios, acceptable risk responses and mitigations.

Intended outcomes:

- Governance and risk management processes enable effective management and oversight of cyber security risks and risk-based decision making

- Cyber security risks to critical operations, including those from third parties, are understood and effectively managed

- We have the right cyber skills and talent at the right time

Strategic actions 2020 – 2023

To achieve these outcomes, we will continue to develop our governance and risk management framework to include:

- An updated risk appetite and metrics to support risk-based decision making, e.g. Key Risk Indicators, Key Performance Indicators, and Maturity Targets

- Enhanced reporting tools to support effective program oversight

- Clear cyber security roles and responsibilities across the three lines of defence

- Consistent and rigorous risk assessments of third parties throughout the lifecycle

- Planning for the procurement of cyber resources to meet future cyber security skills and talent needs

Objective 2 - Protect

We will establish a proactive posture against cyber-attacks with a focus on protecting the HTA's mission critical and critical assets. All members of staff will have a role to play in helping us to deliver the Protect objective. System and asset owners will need to take responsibility for ensuring that the right people have access to the systems and assets under their control and for maintaining the list of authorised users, informing Business Technology when a staff member joins or leaves their team. Every member of staff will need to ensure that the data and information they work with is appropriately classified so that the information protection and rights management systems know what protections to use and that they engage with the cyber security training and awareness program. Project teams will need to involve the Head of Business Technology as cyber security subject matter expert from the outset to ensure that systems and solutions are secure by design and we make the right technology choices. This is particularly important as we develop our data and intelligence capability and change internal and externally facing systems, including the HTA Portal, and processes.

Intended outcomes:

- Access to assets and systems is effectively managed and limited to authorised users and usage

- Vulnerabilities are rapidly identified, impact is understood, and appropriate mitigations are applied

- Data is appropriately categorised and safeguarded

- Employees' cyber security awareness is enhanced

- Cyber security services are updated, and security is built-in to system designs and technology choices

Strategic actions 2020 – 2023

To achieve these intended outcomes, we will:

- Develop and strengthen our Identity and Access Management capabilities to include effective, centralised control of privileged identities and manage the secure access of external partners to our systems

- Develop a security testing program to support more systematic assessments of the effectiveness of cyber defences (people, processes, and technology) and identification of vulnerabilities and exposure to malware, and assessments of the cyber security risks of technology and development choices

- Enhance processes and tools to categorise sensitive data and measures to prevent and detect data loss, to reduce data security risks

- Strengthen our cyber security awareness program, including training and testing on preventive measures (e.g. effective password management) and new capabilities to detect and respond to cyber-attacks (i.e. through malicious emails)

Objective 3 - Detect

We will strengthen systems to identify a cyber security event. This will require a mix of applying technical policies to detect anomalous activity and layering data collection and analysis tools over activity and event logs. We now have more of our data in the cloud than ever before and this brings new risks. The "detect" objective is also about detecting anomalous behaviour by staff, whether maliciously or accidental, this is known as the insider threat. We will configure our cloud services to enable staff to easily be compliant with cyber security and information protection requirements. This objective will be supplemented with clear policy statements informing staff of collection and analysis activities, the behaviours that may be detected and the potential repercussions for them.

Intended outcomes:

- Cyber-attacks are rapidly detected and appropriately managed

- Security configurations are consistently applied and monitored

- Threat intelligence supports effective cyber incident management

Strategic actions 2020 – 2023

To achieve these intended outcomes, we will:

- Implement security monitoring tools and processes, such as real-time analysis and behaviour analytics, to rapidly detect malicious activities and understand the potential impact of events

- Augment detection processes and procedures, such as expanded end-point detection and data analysis capabilities

- Implement strong standards for security configuration and continuously monitor for configuration changes

- Improve processes to handle threat intelligence information

Objective 4 - Respond

We will enhance measures to limit the impact of a potential cyber security incident. We will ensure we have what we need to respond effectively when an incident occurs. SMT and all Heads will be required to help develop our response plans and all staff will be involved to varying degrees in the exercising of the response plans. Cyber security incident response plans will feed into the Critical Incident Response Plan.

Intended outcomes:

- Cyber defence and response plans and processes are regularly exercised

- Incident response actions are consistently handled and automated when appropriate

- Forensic investigation is performed effectively

- Response activities are effectively coordinated with internal and external stakeholders

Strategic actions 2020 – 2023

To achieve these intended outcomes, we will:

- Increase the frequency and coverage of cyber security tests to assess our defence capabilities and response to an event. This includes developing response plans and testing activities using a coordinated approach with external stakeholders where appropriate

- Enhance tools and processes to contain or limit the impact of a cyber security incident.

- Implement processes and tools and procure the services of cyber forensic and technical experts, to conduct effective investigations.

Objective 5 - Recover

We will build resilience to recover from a cyber event to ensure that we can restore normal business operations. Cyber security recovery plans will feed into Business Continuity planning and will be informed by business area continuity planning from across the HTA.

Intended outcomes:

- Recovery from a cyber-attack is exercised regularly and plans are continuously improved

- Protection and maintenance of core business activities

- Recovery from cyber incidents occurs within an appropriate timeframe including proper communications with both external and internal parties

Strategic actions 2020 – 2023

To achieve these intended outcomes, we will:

- Test cyber security incident recovery capabilities with internal and external stakeholders to ensure approaches are consistently used in all scenarios. Incident response processes will be developed or updated

- Manage cyber security issues efficiently through co-ordination and communication with all stakeholders affected. Cyber recovery playbooks and tabletop exercises will be used to test recovery preparation and speed.

- Test our ability to respond and recover from a ransomware attack will be enhanced and tested

Cyber Security Strategy 2020 – 2023 – Internal Plan

For the remainder of the 2020/2021 business year we will focus our efforts on securing our cloud services, implementing technical policies in the cloud environment and developing our incident detection capability. We will also develop our plans for 2021 - 2023 for delivering the remaining outcomes.

Objectives	Identify	Protect	Detect	Respond	Recover
Outcomes	Governance and risk management processes enable effective management and oversight of cyber security risks and risk-based decision making, utilising existing organisational structures such as SMT and HTAMG wherever possible and report on risk and performance indicators and progress against this strategy through monthly HTAMG and SMT assurance reporting	Access to assets and systems, including any new systems as they are developed e.g. Desk Based Assessments is effectively managed and limited to authorised users and usage	Cyber-attacks and policy violations are rapidly detected and appropriately managed	Cyber defence and response plans and processes are regularly exercised	Recovery from a cyber-attack is exercised regularly and plans are continuously improved
	Cyber security risks to critical HTA operations, including those from third parties, are understood and effectively managed	Vulnerabilities are rapidly identified, impact is understood, and appropriate mitigations are applied	Security configurations are consistently applied and monitored	Incident response actions are consistently handled and automated when appropriate	Recovery from cyber incidents occurs within an appropriate timeframe including proper communications to both external stakeholders and internally
	The HTA has the right cyber skills and talent at the right time	Data is appropriately categorised and safeguarded	Timely threat intelligence supports effective cyber	Forensic investigation is performed effectively	

			incident management	Response activities are effectively coordinated with internal and external stakeholders	
		Employees' cyber security awareness is enhanced			
		Cyber security services are updated, and security is built-in to system designs			
ACTIVITIES ROADMAP 2020–2023	Understand the Authority's cyber security risk appetite and thresholds and develop targets	Categorisation and Safeguarding of Data and Information	Enhanced Security Tools	Cyber Security Testing Program	Cyber Recovery exercises
	Refined Standards, Policies, Processes	Expanded Vulnerability Management	Security Configuration Management	Effective Forensic Investigations	Recovery Planning and Remediation, Playbook Development and Incident Response Exercises
	Roles, responsibilities, skills and the expected behaviours for staff are clearly defined	Enhanced Cyber Awareness through our online learning systems, Monday briefings and lunch and learn sessions	Security event monitoring program		
		Identity and Access Management Program			

Cyber Security Risk Management

Cyber security risk management is the foundation for the assessment of the effectiveness and resilience of the cyber security program and infrastructure. Cyber security risks will be managed under a framework of:
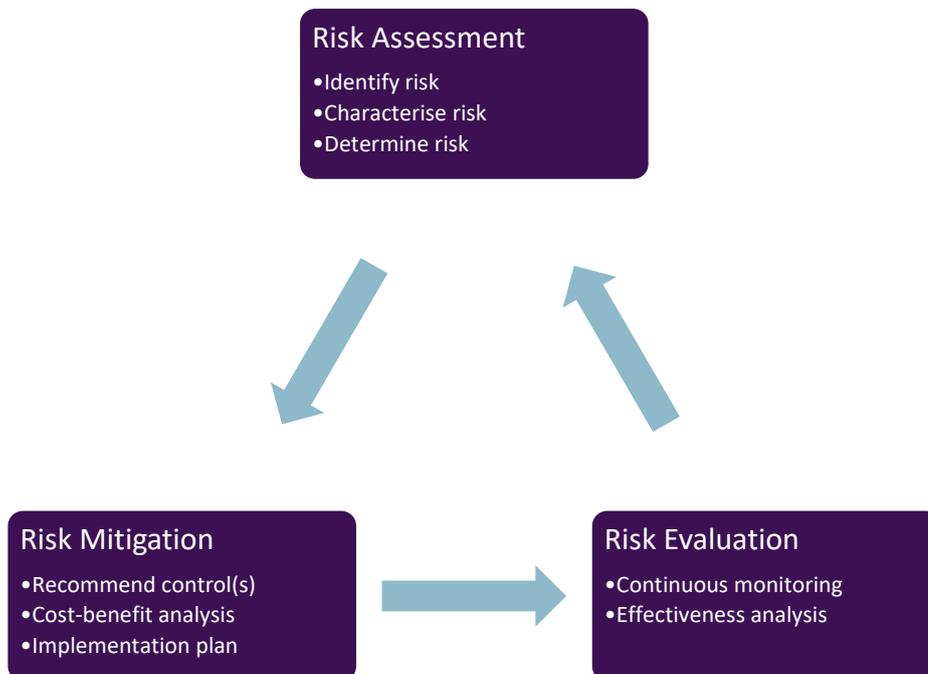
1. Risk Assessment
   In the Risk Assessment phase, we will seek to understand where weaknesses lie, identify vulnerabilities and characterise risks

2. Risk Mitigation
   In the Risk Mitigation phase, we will recommend cost-effective controls, expected behaviours, identify metrics for control performance measurement and present control implementation plans.

3. Risk Evaluation
   In the Risk Evaluation phase, we will continuously monitor and analyse the effectiveness of risk mitigation controls.

Risk Assessment
- Identify risk
- Characterise risk
- Determine risk

Risk Mitigation
- Recommend control(s)
- Cost-benefit analysis
- Implementation plan

Risk Evaluation
- Continuous monitoring
- Effectiveness analysis

One of the main outputs of the risk assessment step will be a detailed risk scenario that will describe in detail the risk, the positive or negative impact of the scenario and description of the threat type. A Risk Scenario template is included in Annex A.

Enabling set of capabilities

Effective cyber security risk management will be supported by ensuring that we develop capability in the following key areas:

- Enterprise Governance of Information & related Technologies (EGIT)
- Information Assurance
- Risk Management
- Continuity Management
- Security Administration
- Incident Management

The level of capability required will be dependent on the role performing any given risk management task however there should be a basic level of capability in all relevant roles and an awareness of these roles across the organisation. A description of each capability area is included in Annex B.

Conclusion

Reducing risk and promoting resilience is a key theme of the HTA's approach to cyber security.

We will promote resilience in our own operations. To achieve this, cyber security efforts will be integrated through collaboration with public and private sector system partners. The vision, mission, goals and intended outcomes are deliberately ambitious, given the critical nature of cyber security. Building on the HTA's cyber security foundation, the strategy defines how the HTA will respond to the threat environment ahead. A measurement framework will be developed to track and report progress, including cyber security testing and posture assessments. The Cyber Security Strategy will help the HTA realise its cyber security vision, mission, and goals.

Annex A - Risk Scenario Template

Risk Scenario Template

Risk Scenario Title:	

Risk Scenario Category *High-level description of the scenario category*	☐ 01 - Portfolio establishment and maintenance ☐ 02 - Programme/project life cycle management ☐ 03 - IT investment decision making ☐ 04 - IT expertise and skills ☐ 05 - Staff operations ☐ 06 – Information ☐ 07 - Architecture ☐ 08 - Infrastructure ☐ 09 - Software ☐ 10 - Business ownership of IT ☐ 11 - Suppliers ☐ 12 - Regulatory compliance ☐ 13 - Geopolitical ☐ 14 - Infrastructure theft or destruction ☐ 15 - Malware ☐ 16 - Logical attacks ☐ 17 - Industrial action ☐ 18 - Environmental ☐ 19 - Acts of nature ☐ 20 - Innovation

Risk Scenario
Describe the risk/opportunity scenario, including a discussion of the negative and positive impact of the scenario. The description clarifies the threat/vulnerability type and includes the actors, events, assets and time issues.

Risk Scenario Components

Threat Type *The nature of the event*	☐ Malicious ☐ Accidental ☐ Error ☐ Failure ☐ Natural ☐ External requirement
Actor *Who or what triggers the threat that exploits a vulnerability*	☐ Internal ☐ External ☐ Human ☐ Nonhuman
Event *Something that happens that was not supposed to happen, something does not happen that was supposed to happen, or a change in circumstances. Events always have causes and usually have consequences. A consequence is the outcome of an event and has an impact on objectives.*	☐ Disclosure ☐ Interruption ☐ Modification ☐ Theft ☐ Destruction ☐ Ineffective design ☐ Ineffective execution ☐ Rules and regulations ☐ Inappropriate use
Asset *An asset is something of either tangible or intangible value that is worth protecting, including people, systems, infrastructure, finances, and reputation.*	☐ Process ☐ People and skills ☐ Organizational structure ☐ Physical Infrastructure ☐ IT Infrastructure ☐ Information ☐ Applications
Resource *A resource is anything that helps to achieve a goal.*	☐ Process ☐ People and skills ☐ Organizational structure ☐ Physical Infrastructure ☐ IT Infrastructure ☐ Information ☐ Applications

Time		Timing Duration Detection Time lag	☐ Noncritical ☐ Short ☐ Slow ☐ Immediate	☐ Critical ☐ Moderate ☐ Moderate ☐ Delayed	☐ Extended ☐ Instant

Risk Type
Describe the consequences resulting from the event. Include whether the risk type is primary or secondary.

Risk Type	P/S	Risk Description
IT Benefit/Value Enablement		
IT Programme and Project Delivery		
IT Operations and Service Delivery		

Possible Risk Responses

Risk Avoidance:
Risk Acceptance:
Risk Sharing/Transfer:
Risk Mitigation:

Risk Mitigation

Principles, Policies, and Frameworks

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Process

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Organisational Structures

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Culture, Ethics, and Behaviour

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Information

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Services, Infrastructure and Applications

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

People, Skills, and Competencies

Reference	Contribution to Response	Effect on Frequency	Effect on Impact	Essential Control

Key Risk Indicators (KRIs) Related to IT Goals

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Key Risk Indicators (KRIs) Related to Process Goals

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Annex B - Cyber Security enabling capabilities

Enterprise Governance of Information & related Technologies

The establishment and oversight of an organisation's approach to the use of Information systems and digital services, and associated technology, in line with the needs of the principal stakeholders of the organisation and overall organisational corporate governance requirements. The determination and accountability for evaluation of current and future needs; directing the planning for both supply and demand of these services; the quality, characteristics, and level of IT services; and for monitoring the conformance to obligations (including regulatory, legislation, control, and other standards) to ensure positive contribution of IT to the organisation's goals and objectives.

Information Assurance

The overall governance of how all types of information, structured and unstructured, whether produced internally or externally, are used to support decision-making, business processes, and digital services. Encompasses development and promotion of the strategy and policies covering the design of information structures and taxonomies, the setting of policies for the sourcing and maintenance of the data content, and the development of policies, procedures, working practices and training to promote compliance with legislation regulating all aspects of holding, use and disclosure of data.

Risk Management

The planning and implementation of organisation-wide processes and procedures for the management of risk to the success or integrity of the business, especially those arising from the use of information technology, reduction or non-availability of energy supply or inappropriate disposal of materials, hardware or data.

Continuity Management

The provision of service continuity planning and support, as part of, or in close cooperation with, the function which plans business continuity for the whole organisation. The identification of information systems that support critical business processes. The assessment of risks to critical systems' availability, integrity and confidentiality. The co-ordination of planning, designing, testing and maintenance procedures and contingency plans to address exposures and maintain agreed levels of continuity.

Security Administration

The provision of operational security management and administrative services. Typically includes the authorisation and monitoring of access to IT facilities or

infrastructure, the investigation of unauthorised access and compliance with relevant legislation.

Incident Management

The processing and coordination of appropriate and timely responses to incident reports, including channelling requests for help to appropriate functions for resolution, monitoring resolution activity, and keeping clients appraised of progress towards service restoration.

HTA
Human Tissue Authority

Audit and Risk Assurance Committee paper

Date	16 June 2020	**Paper reference**	AUD (08/20)
Agenda item	11	**Author**	Richard Sydee
			Director of Resources

Protective Marking	OFFICIAL

Information Risk Management- SIRO Report

Purpose of paper

1. To provide an annual update to the Audit and Risk Assurance Committee (ARAC) on the annual assessment of the HTA's information risk management.

Decision-making to date

2. Reviewed by the HTA Senior Management Team (SMT) on 11 June 2020.

Action required

3. To note the SIRO's assessment of the management of information across the HTA including compliance with the NCSC Minimum Cyber Security Standards 2018.

Background

4. The Senior Information Risk Officer's (SIRO) holds responsibility to manage the strategic information risks that may impinge on our ability to meet corporate objectives, providing oversight and assurance to the Executive and Authority of the HTA. It is a Cabinet Office (CO) requirement that Boards receive regular assurance about information risk management. This provides for good governance in its own right, ensures that the Board is involved in information assurance and informs the ARAC's consideration of the Annual Governance Statement (AGS).

5.   This report is my annual report to the Accounting Officer and ARAC to inform the AGS. The SMT have also reviewed this report.

6.   Her Majesty's Government (HMG) Security Policy Framework (SPF) has historically provided a suitable format for the HTA's report. At the last ARAC meeting it was proposed that moving forward the HTA should assess its cyber security management to the outcome based National Cyber Security Centre (NCSC) Minimum Cyber Security Standard – this was agreed.

Report

7.   The HTA routinely assess the risks to information management across the organisation, through its assessment of the risk of data loss, cyber security and the inclusion of guidance on creating and managing records throughout its Standard Operating Procedures (SOPS).

8.   We have undertaken a number of activities to bolster our approach to information risk management. In particular:

- We have reviewed our Information asset register (IAR), ensuring all assets have owners and linking records through to the relevant documentation on the assets purpose and use. This has provided a good level of assurance to me as SIRO that our current IAR is up to date.

- We have previously circulated our draft Records Management and Retention Policy. This provides an overview of our approach to RM and specifically the roles and responsibilities of staff across the organisation as well as our approach to record retention and deletion.

- Moving through into the next business year information asset owners (IAOs) now have a specific objective in the personal development plans to ensure they undertake regular review of their assets to ensure compliance with our policies on retention. They will provide assurance to the SIRO that they have undertaken this review on an annual basis. IAOs will be provided with guidance and training on their responsibilities as part of the introduction of this process.

9.   We have also reviewed our process for assessing our approach to capturing and tolerance of information risk. Given the size of the HTA there is very limited resource to provide continuous oversight of this issue, as such our approach is proportionate and looks to embed the consideration of information risks within the broader assessment of organisational risks.

10. Overall, we have a low tolerance of risk for information that falls within the auspices of GDPR and/or is business critical, and the focus of our resource will continue to be the secure and compliant storage of these records. We have attached the additions to the risk policy relating to records management and information governance at Appendix A in this document.

11. This is the first year I have considered the HTAs compliance with the NCSC Minimum Cyber Security Standard. The requirements have been applied proportionately and matched to the HTA's organisational risks. Not all of the areas apply to the HTA in their entirety. My assessment is contained at Appendix A in this document.

12. In line with the Office of the Government SIRO handbook I have also considered a number of the factors that underpin the management of the HTA's information risks.

    - I believe the HTA have an effective Information Governance framework in place and that the HTA complies with all relevant regulatory, statutory and organisation information security policies and standards.
    - I am satisfied that the HTA has introduced further processes to ensure staff are aware of the need for information assurance and the risks affecting corporate information.
    - The HTA has appropriate and proportionate security controls in place relating to records and data and that these are regularly assessed.

13. In conclusion I believe the HTA has progressed in its approach to data, information and records management over the past year and is in a stronger position, in terms of its governance in this area as a consequence. As SIRO I believe the HTA takes issues relating to information risk seriously and has appropriate processes in place to assess and minimise these risks. We will continue to maintain and improve processes over the coming year and ensure we consider how we can maximise the use of our information as a business asset.

Appendix A – NCSC - Minimum Cyber Security Standard

| 1 | **IDENTIFY**

Departments shall put in place appropriate cyber security governance processes. | a) There **shall** be clear lines of responsibility and accountability to named individuals for the security of sensitive information and key operational services.

b) There **shall** be appropriate management policies and processes in place to direct the Departments overall approach to cyber security.

c) Departments **shall** identify and manage the significant risks to sensitive information and key operational services.

d) Departments **shall** understand and manage security issues that arise because of dependencies on external suppliers or through their supply chain. This includes ensuring that the standards defined in this document are met by the suppliers of 3rd party services. This could be achieved by having suppliers assure their cyber security against the HMG Cyber Security Standard, or by requiring them to hold a valid Cyber Essentials[1] certificate as a minimum. Cyber Essentials allows a supplier to demonstrate appropriate diligence with regards to standard number six but the Department **should**, as part of their risk assessment, determine whether this is sufficient assurance.

e) Departments **shall** ensure that senior accountable individuals receive appropriate training and guidance on cyber security | Yes the HTA has named individuals: Head of BT, DPO, Director DTD, SIRO and IAOs

The HTA has a strategy and policy (in draft) in place

We have identified limited patient data held and documents that contain other personal data.

We have considered d under our GDPR preparedness activity and have contractual GDPS compliance with our supplier BCC.

We will explore how we might ask BCC/other IT suppliers to incorporate HMG cyber security assessment in their requirement in future. |

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[1] Cyber Essentials helps guard against the most common cyber threats and demonstrates a commitment to cyber security. It is based on five technical controls but does not cover the entirety of the HMG Cyber Security Standard.

| | | and risk management and **should** promote a culture of awareness and education about cyber security across the Department. | In Q2 the HTA will be rolling out a similar package as part of annual refresher training for staff– this could be beneficial to ARAC.

We will explore other training options for ARAC over the coming months given the number of new members joining. |
|---|---|---|---|
| **2** | **Departments shall identify and catalogue sensitive information they hold.** | a) Departments **shall** know and record:
    I.   What sensitive information they hold or process
    II.   Why they hold or process that information
    III.   Where the information is held
    IV.   Which computer systems or services process it
    V.   The impact of its loss, compromise or disclosure | I believe we do know this and have documentation to support it in the HTA's Personal Data Inventory |

3	*Departments shall identify and catalogue the key operational services they provide.*	a) Departments **shall** know and record:
		    I. What their key operational services are
		    II. What technologies and services their operational services rely on to remain available and secure
		    III. What other dependencies the operational services have (power, cooling, data, people etc.) IV. The impact of loss of availability of the service
			This is known but not well documented – a number of operational flows and systems sit with BCC and some infrastructure assurance is provided via Building Management at 151 BPR (server room)

4	*The need for users to access sensitive information or key operational services shall be understood and continually managed.*	a) Users **shall** be given the minimum access to sensitive information or key operational services necessary for their role. b) Access **shall** be removed when individuals leave their role or the organisation. Periodic reviews **should** also take place to ensure appropriate access is maintained.	I believe we do know this and this is set out in our policies The HTA has a implemented a checklist process for starters, leavers and those changing roles.

| 5 | **PROTECT**

 Access to sensitive information and key operational services shall only be provided to identified, authenticated and authorised users or systems. | a) Access to sensitive information and services **shall** only be provided to authorised, known and individually referenced users or systems.

 b) Users and systems **shall** always be identified and authenticated prior to being provided access to information or services. Depending on the sensitivity of the information or criticality of the service, you may also need to authenticate and authorise the device being used for access. | As above access is provided on a needs basis and set out in policies

 We have a number of password protected systems, some with MFA and complex password requirements.

 We currently undertake some Auditing in CRM – not across the board. We would like to review where currently applied and consider whether this remains appropriate. |

| 6 | *Systems which handle sensitive information or key operational services shall be protected from exploitation of known vulnerabilities.* | This section covers four main areas of technology.

a) To protect your enterprise technology, you <u>shall</u>:
I. Track and record all hardware and software assets and their configuration
II. Ensure that any infrastructure is not vulnerable to common cyber-attacks. This **should** be through secure configuration and patching, but where this is not possible, then other mitigations (such as logical separation) **shall** be applied.
III. Validate that through regular testing for the presence of known vulnerabilities or common configuration errors.
IV. Use the UK Public Sector DNS Service to resolve internet DNS queries.
V. Ensure that changes to your authoritative DNS entries can only be made by strongly authenticated and authorised administrators.
VI. Understand and record the Departmental IP ranges.
VII. Where services are outsourced (for example by use of cloud infrastructure or services), you **shall** understand and accurately record which security related responsibilities remain with the Departments and which are the supplier's responsibility.

b) To protect your end user devices, you <u>shall</u>:
I. Identify and account for all end user devices and removable media.
II. Manage devices which have access to sensitive information, or key operational services, such that technical policies can be applied and controls can be exerted over software that interacts with sensitive information. | We do have such a list

We do this regularly monthly – reported by material by exception only

We do this regularly

This is undertaken

I am confident that we do this and this was reviewed as part of GDPR compliance |

			III. Be running operating systems and software packages which are patched regularly, and as a minimum in vendor support. IV. Encrypt data at rest where the Department cannot expect physical protection, such as when a mobile device or laptop is taken off-site or on removable media. V. Have the ability to remotely wipe and/or revoke access from an end user device.	The HTA utilise Bitlocker functionality to ensure data is secure at rest on lHTA hardware. Screen out times and locks are controlled centrally. HTA Mobile phone data is also encrypted When using personal mobile devices a secure "segment" is created which can be wiped. On all HTA devices this can be done completely.

		c) To protect email, you <u>shall</u>: I. Support Transport Layer Security Version 1.2 (TLS v1.2) for sending and receiving email securely.	The HTA complies with this
		II. Have Domain-based Message Authentication Reporting and Conformance (DMARC), DomainKeys Identified Mail (DKIM) and Sender Policy Framework (SPF) records in place for their domains to make email spoofing difficult. III. Implement spam and malware filtering, and enforce DMARC on inbound email.	Monitor mode – our email domain being spoofed
		d) To protect digital services, you <u>shall</u>: I. Ensure the web application is not susceptible to common security vulnerabilities, such as described in the top ten Open Web Application Security Project (OWASP) vulner-abilities[2].	The HTA complies with this. Scan for OWASP and Droopal annually
		II. Ensure the underlying infrastructure is secure, including verifying that the hosting environment is maintained se-curely and that you have appropriately exercised your re-sponsibilities for securely configuring the infrastructure and platform. III. Protect data in transit using well-configured TLS v1.2. IV. Regularly test for the presence of known vulnerabilities and common configuration errors. You **shall** register for and use the NCSC's Web Check service.	We subscribe to iv and NCSC and mailcheck – service ensure our systems are checked multiple times a day.

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[2] https://www.owasp.org/index.php/Category:OWASP_Top_Ten_Project

7	*Highly privileged accounts should not be vulnerable to common cyberattacks.*	a) Users with wide ranging or extensive system privilege **shall** not use their highly privileged accounts for high-risk functions, in particular reading email and web browsing.	All Admin account holder hold a separate normal user account
		b) Multi-factor authentication **shall** be used where technically possible, such as where administrative consoles provide access to manage cloud based infrastructure, platforms or services. Multi-factor authentication **shall** be used for access to enterprise level social media accounts.	The HTA does utilise MFA for system access – we are exploring controls on social media accounts
		c) Passwords for highly privileged system accounts, social media accounts and infrastructure components **shall** be changed from default values and **shall** not be easy to guess. Passwords which would on their own grant extensive system access, **should** have high complexity.	The HTA complies with this

8	<u>**DETECT**</u> *Departments shall take steps to detect common cyberattacks.*	a) As a minimum, Departments **shall** capture events that could be combined with common threat intelligence sources e.g. Cyber Security Information Sharing Partnership (<u>CISP</u>) to detect known threats.	I am confident we do this and we provide regular alerts from NHS careCERT which are circulated and incorporated in our practices.
		b) Departments **shall** have a clear definition of what must be protected and why (based upon Standard 1), which in turn influences and directs the monitoring solution to detect events which might indicate a situation the Department wishes to avoid.	This is established in SOPS and policies
		c) Any monitoring solution **should** evolve with the Department's business and technology changes, as well as changes in threat.	It will – we will look at this as part of our transformation work.
		d) Attackers attempting to use common cyber-attack techniques **should** not be able to gain access to data or any control of technology services without being detected.	Our supplier- BCC hold analytics and 365 analytics (cloud app security, azure active directory)

			e) Digital services that are attractive to cyber criminals for the purposes of fraud **should** implement transactional monitoring techniques from the outset.	We believe this is not relevant to HTA systems
9	**RESPOND** *Departments shall have a defined, planned and tested response to cyber security incidents that impact sensitive information or key operational services.*	a)	Departments **shall** develop an incident response and management plan, with clearly defined actions, roles and responsibilities. A copy of all incidents **shall** be recorded regardless of the need to report them.	These are set out in our current/proposed policies?
		b)	Departments **shall** have communication plans in the event of an incident which includes notifying (for example) the relevant supervisory body, senior accountable individuals, the Departmental press office, the National Cyber Security Centre (NCSC), Government Security Group (Cabinet Office), the Information Commissioner's Office (ICO) or law enforcement as applicable (not exhaustive).	The HTA has a Data breach policy
		c)	In the event of an incident that involves a personal data breach Departments **shall** comply with any legal obligation to report the breach to the Information Commissioner's Office. Further information on this can be found here.	This is set out in our policies.
		d)	The incident response and management plan **should** be tested at regular intervals to ensure all parties understand their roles and responsibilities as part of the plan. Post testing findings **should** inform the immediate future technical protection of the system or service, to ensure identified issues cannot arise in the same way again. Systemic vulnerabilities identified **shall** be remediated.	This is not explicit in our policies. We will consider undertaking annual table top exercises – will ensure we consider this as we evolve our systems and include assessments in a all change management through change request
		e)	On discovery of an incident, mitigating measures **shall** be assessed and applied at the earliest opportunity, drawing on expert advice where necessary (e.g. a Cyber Incident Response (CIR) company or NCSC).	This is complied with

		f) Post incident lessons **shall** be assessed and lessons implemented into future iterations of the incident management plan.	
10	**RECOVER** *Departments shall have well defined and tested processes in place to ensure the continuity of key operational services in the event of failure or compromise.*	a) Departments **shall** identify and test contingency mechanisms to continue to deliver essential services in the event of any failure, forced shutdown, or compromise of any system or service. This may include the preservation of out of band or manual processes for essential services or CNI. b) Restoring the service to normal operation **should** be a well-practised scenario. c) Post incident recovery activities **shall** inform the immediate future technical protection of the system or service, to ensure the same issue cannot arise in the same way again. Systemic vulnerabilities identified **shall** be remediated.	We have a number of contingency plans, some of which we have implemented recently in response to COVID 19 – I think we can assess this as being met.