

Terms of reference

Audit and Risk Assurance Committee (ARAC)

Constitution

1. The Authority has established an Audit and Risk Assurance Committee (known to Human Tissue Authority (HTA) staff as ARAC) to support it in its responsibilities for risk management and governance. The ARAC will achieve this by advising the Authority and the Accounting Officer on the exercise of their responsibilities, ensuring the comprehensiveness of assurances that these responsibilities are being met and reviewing the reliability and integrity of these assurances.
2. The ARAC will make recommendations to the Authority regarding the adoption of the Annual Report and Accounts.

Duties and functions

3. The ARAC will advise the Accounting Officer and Authority on:
 - a. the strategic processes for risk, control and governance and the Annual Governance Statement;
 - b. the accounting policies, the accounts, and the annual reports of the HTA. This includes the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to External Audit;
 - c. the planned activity and results of both Internal and External Audit;
 - d. adequacy of management response to issues identified by audit activity, including External Audit's audit completion report;
 - e. assurance relating to corporate governance requirements for the HTA;
 - f. ensure that the remuneration report for staff and Members in the annual report and accounts reflects the strategy (permanently delegated to ARAC by the Remuneration Committee);

- g. (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non–audit services from contractors who provide audit services; and
- h. where necessary, anti–fraud policies, whistle–blowing processes, organisational culture and arrangements for special investigations.

Rights

- 4. The ARAC has the following rights:
 - a. it may co-opt additional participants, for a period not exceeding a year, to provide specialist skills, knowledge and experience (these additional participants must be recruited in line with paragraph 15 of this document);
 - b. it may procure independent specialist ad–hoc advice, at the expense of the HTA, subject to budgets agreed by the Authority; and
 - c. it may seek any information it requires from HTA staff, who are expected to assist the Committee in the conduct of any enquiries.

Access

- 5. Internal and External Audit will have free and confidential access to the Chair of the ARAC. In addition, a confidential session with Internal and External Auditors for ARAC members will be scheduled each year.

Information requirements

- 6. As appropriate to the meeting the ARAC will be provided with:
 - a. a report summarising any significant changes to the organisation’s Risk Register;
 - b. a progress report from Internal Audit summarising: work performed (and a comparison with work planned); key issues emerging from Internal Audit work;
 - c. management response to audit recommendations;
 - d. changes to the Internal Audit Plan;
 - e. details of any resourcing issues affecting the delivery of Internal Audit objectives. Requests for work and reports received will be channelled through the Accounting Officer, to whom Internal Audit reports;

- f. a progress report from the External Audit representative summarising work done and emerging findings; and
 - g. progress reports from the Executive, including periodic in-depth reports on areas of potential uncontrolled risk as identified by the ARAC.
7. As and when appropriate the ARAC will also be provided with:
- a. the Internal Audit Plan;
 - b. Internal Audit's annual opinion and report;
 - c. External Audit's annual report and opinion
 - d. the draft accounts of the organisation;
 - e. the draft Annual Governance Statement;
 - f. a report on any changes to accounting policies;
 - g. a report on any proposals to tender for audit functions;
 - h. a report on co-operation between Internal and External Audit; and
 - i. a report on any fraud or financial misdemeanour and any whistleblowing.

Reporting to the Authority

- 8. The Authority will receive the minutes of meetings of the ARAC for information. The circulation of any confidential minutes will be at the discretion of the Committee Chair.
- 9. The ARAC will formally report back (either verbally or in writing) to the Authority after each of its meetings.
- 10. The ARAC will provide the Authority with an Annual Report, timed to support the finalisation of the accounts and the Annual Governance Statement. The report will summarise the conclusions from the work it has undertaken during the year.

Reviewing effectiveness

- 11. The ARAC will use the National Audit Office's [self-assessment checklist for Audit Committees](#) in order to undertake annual reviews of its own

effectiveness and agree actions for improvement. The ARAC will report the results of the review to the Authority.

Recruitment and membership

12. The ARAC will be chaired by a lay Authority Member, who is not the Authority Chair, and who preferably has relevant experience and expertise.
13. All other members of the Committee should be Authority Members, but not Authority Chair. Including the ARAC Chair, there will be a minimum of three Authority Members and a maximum of five Authority Members on the Committee at any time.
14. At least one Authority Member, who is not the ARAC Chair, must be a member of both the ARAC and the Remuneration Committee, to provide assurance over remuneration matters.
15. Recruitment of Authority Members to the ARAC will be through 'expressions of interest' with personal statements in application. The applications will be reviewed by the Authority Chair and the Chief Executive, who will decide on the appointments. Should an insufficient number of expressions of interest be received to fill an available role, the Authority Chair will appoint the Member who has the most appropriate skills and experience to the role.
16. The ARAC Chair and the other ARAC members will be appointed for a set term of three years, which will not exceed their tenure as Authority Members. It should be noted that Authority Members may be reappointed to the ARAC in accordance with the HTA's business needs.
17. Members of the ARAC must disclose the existence and nature of any personal or material interest before the discussion of that interest at any meeting. They must be free of any relationship that may compromise their independence or interfere with the exercise of their judgement.

Attendance

18. A minimum of two members of the ARAC (excluding the ARAC Chair) will be present for the meeting to be deemed quorate.
19. Committee members will be expected to attend every meeting. If a member is not able to attend a meeting they must provide apologies to the Secretary in advance of the meeting if possible. If a member does not attend more than two consecutive meetings the Committee Chair will arrange a meeting with the member to discuss their attendance and whether they wish to continue their membership of the Committee.
20. Authority Members who are not members of the ARAC have the right of attendance at Committee meetings. Authority Members attending meetings

shall be entitled to speak with the permission of the Chair of the meeting, but in no case shall they be entitled to vote.

21. If the ARAC Chair is not present at a meeting, an alternative Authority member will be co-opted to chair that meeting.
22. The Chair of the Authority may attend Committee meetings, say once per year and not so frequently as to compromise the independence of the Committee. An Authority Member who is not a member of the ARAC may be co-opted as a member of the ARAC for a specific meeting if necessary to ensure a meeting is quorate.
23. The Chief Executive in his or her role as Accounting Officer (as defined in the Framework Agreement), the Director of Resources, and any other officer (at the discretion of the Chair) and Internal and External Audit (or equivalents) will also attend meetings of the Committee.
24. Up to two observers from the Department of Health and Social Care will normally be invited to attend meetings of the Committee.
25. The ARAC may ask any other officials of the Authority to attend to assist it with its discussions on any particular matter.
26. The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters by the Committee.

Frequency of meetings

27. The ARAC will meet three times per calendar year, with meetings timed to ensure effective and timely conduct of business and reporting to the Authority.
28. The Chair of the ARAC may convene additional meetings as they deem necessary.
29. External Audit may request a meeting of the Committee if they consider one necessary.
30. The Accounting Officer or the Authority may ask the ARAC to convene further meetings to discuss particular issues on which the Committee's advice is sought.

Secretariat responsibilities

31. The Board Secretary will have secretariat responsibility for the Committee.

32. The Secretary must ensure Committee meeting dates are scheduled, meeting venues are booked and that Committee members are invited to attend all meetings.
33. The Secretary will liaise with the Committee Chair to create the agenda and will be responsible for collating and distributing the papers relating to the meeting. The agenda, minutes from the last meeting and the meeting papers for consideration will be distributed to the Committee one week before each meeting.
34. The Secretary will be responsible for taking minutes of meetings and recording action points. The draft minutes and action points from each meeting will be circulated as soon as possible, within one month of the meeting. Committee members will be asked to provide any comments on accuracy of the minutes by email within a time frame set by the ARAC Chair. This will ensure the key areas of discussion and action points are captured accurately.
35. The minutes will be approved by the ARAC Chair prior to being published on the HTA website. The Secretary will be responsible for ensuring that minutes are published on the website no later than two months after each meeting.
36. The Secretary will write a short summary of the issues discussed at each meeting for publication in the next staff newsletter and e-newsletter. This note will be drafted within one week of each meeting and approved by the Committee's Chair prior to being sent to the Head of Communications for publication.

Version history

37. These Terms of Reference will be reviewed annually by the ARAC and will be approved by the Authority following that review.