

Audit and Risk Assurance Committee (ARAC)

Minutes Matters Arising

# Minutes of the Audit and Risk Assurance (ARAC) meeting

**Date:** 26 January 2023

**Time:** 10.00 – 12.00

**Venue:** Virtual

**Protective Marking:** OFFICIAL

## Attendees:

#### ARAC Members

Professor Gary Crowe (GC), Chair Helen Dodds (HD)

Dave Lewis (DL)

#### Observers

Dylan Parrin (DP), Senior Policy Manager, Department of Health and Social Care

Mohit Parmar (MP), National Audit Office

James McGraw (JMcG) National Audit Office

Dean Gibbs (DG), KPMG Eric Sibisi (ES), KPMG

Joanne Charlton (JC) Government Internal Audit Agency

Rebecca Jones (RJ) Government

Internal Audit Agency

#### In Attendance

Dr Colin Sullivan (CS), CEO

Louise Dineley (LD), Director of Data Technology and Development Richard Sydee (RS), Director of Resources

Nicolette Harrison (ANH), Director of Regulation

John McDermott (JMcD), Deputy Director for Performance & Corporate Governance

Morounke Akingbola (MA), Head of Finance and Governance

Alison Margrave (AM), Board Support (*minute taker*)

#### HTA observers

Anjeli Kara (AK), Head of Policy Uwaila Osawe (UO), Information Governance Lead *(item 6 only)*

Debra Smith (DS), Lead of the Private Office

Karen Wright (KW), Customer Service

### Item 1 – Welcome and apologies

1. The Chair welcomed Members, the Executive team and colleagues from the Department of Health and Social Care (DHSC), Government Internal Audit Agency (GIAA), the National Audit Office (NAO), KPMG and HTA staff observers.

### Item 2 – Declarations of interest

1. The Chair asked Members if there were any declarations of interest to be made; none were declared.

### Item 3 – Minutes of 6 October 2022 meeting [AUD 01/23]

1. The Chair introduced the report and highlighted the proposed amendments to the minutes which are shown in red in the report.
2. The proposed amendments were accepted, and the revised minutes were agreed to be an accurate record of the meeting on 6 October 2022.

### Item 4 – Matters arising from 9 June 2022 meeting [AUD 28/22]

1. The Chair introduced the revised matters arising report which he hoped was more concise with the status of each action clearly shown. The Committee asked that the colour key be shown on the footer of each page of the report.
2. The Committee noted the report.
3. **ACTION: Executive to amend the matters arising report to include colour key.**

### Item 5 – Internal Audit [AUD 03/23]

1. Jo Charlton (JC) introduced the reports and provided a number of highlights to the Committee.
2. In response to a question the Chief Executive spoke about the process for agreeing and signing off the terms of reference for the proposed audits.
3. The Committee discussed that some historical recommendations, if not delivered could be risk accepted as the mode of operation and the environment in which HTA was operating in had changed since those recommendations were made.
4. JC referred to the proposed 23/24 Internal Audit Plan and stated that this has been presented and agreed by HTA’s Executive. In response to a question, she explained how the audits would consider capacity and capability to deliver the projects which were being audited.
5. **ACTION:** The Committee agreed the proposed 23/24 Internal Audit Plan and noted the October 2022 GIAA supplementary report.

### Item 6 – Data Security and Protection Toolkit [AUD 04/23]

1. Louise Dineley (LD) introduced the reports and informed the Committee that since preparing these reports a number of actions have been further completed and she provided details of these.
2. LD spoke about the progress made since the last Committee meeting and that a dedicated staff member was appointed in November which has provided additional rigour around this project. LD informed the Committee of the monthly check and challenge meetings.
3. The Committee discussed the progress made to date and expressed that this momentum must continue. The Committee discussed the level of rating which could be achieved and the importance that evidence submitted must be realistic, relevant and reasonable.
4. The Committee noted the report.

### Item 7 – Cyber Security Update [AUD 05/23]

1. Louise Dineley (LD) introduced the report and reminded the Committee that this report supports HTA’s Cyber Security Policy and provides information on the main themes of identify, protect, detect, respond and recover.
2. LD provided the Committee with several highlights including the fact that 100% of viruses were intercepted and 100% staff had completed the required training.
3. The Committee discussed how this report could be developed to provide additional assurance against related items such as data management, GDPR and reportable incidents. If the report could be revised to include these items, then it could provide the Committee with greater assurance in this field.
4. The Committee noted the Cyber Security report.
5. **ACTION**: Executive to consider the format of the report.

### Item 8 – Audit Tracker [AUD 06/23]

1. Morounke Akingbola (MA) introduced the report and informed the Committee that the Executive were on track to complete the outstanding actions due by 31 March 2023.
2. The Committee discussed the processes which had been put in place to ensure greater clarity around ownership of actions and clear timelines for completion.
3. **ACTION**: The Committee noted the report and accepted the recommendations on page 2 and 3 of the report.

### Item 9 – External Audit [07/23]

1. Dean Gibbs (DG) introduced the report and highlighted to the Committee the main area of focus for the audit work. He reminded the Committee of the new accounting standards and how these will affect the preparation of the audited accounts, especially with regard to IFRS 16 and the treatment of leases.
2. DG spoke to the summary of risks and highlighted the changes in how these are assessed. In response to a question the Committee confirmed that there were no additional risks to be identified.
3. DG referred to the timeline for undertaking this work and the team from KMPG which would work with the HTA Executive to deliver this. The Committee

discussed the “ask” of the Committee outside the normal meeting structure in reviewing the draft accounts and asked that this be documented for them.

1. The Committee noted the report with thanks to Dean Gibbs for preparing and presenting it.
2. **ACTION**: Director of Resources to provide a timeline note for the Committee regarding the preparation and review of the audited accounts.

### Item 10 – Risk Update [AUD 08/23]

1. Richard Sydee (RS) introduced the reports and informed the Committee that 5 of the 7 risks are above tolerance and spoke about the actions taken to mitigate these. He informed the Committee that a test of HTA’s Critical Incident Response Plan would be conducted within the next 10 days. He reminded the Committee that monitoring of these reports had been moved into the monthly Business Portfolio meetings.
2. The Committee discussed the impact of the spending constraints imposed by the Department and how these are impacting on several areas of work.
3. The Committee discussed whether it was necessary to redefine the tolerance threshold on a number of risks, especially with regard to the objectives which will be contained in the Business Plan being presented to the Board in March.
4. The Committee noted the progress made and the update provided to the Committee.

### Item 11 – Sector Risk Assessment [AUD 09/23]

1. Nicolette Harrison (ANH) introduced the report and provided the Committee with more information with regards to the segmented risk approach to the different sectors. She spoke about the use of data and how this guides this type of work.
2. The Committee discussed the paper in-depth, noting the different risks and therefore approach for each sector and how this insight will allow HTA to respond to emerging situations.
3. The Committee noted that the use of data is very important but that it must be multidimensional. Further information was provided to the Committee by the Executive on the proposed data management project and the ability to learn from other organisations’ experiences.
4. The Chief Executive spoke about the importance of the use of data and how this guides HTA’s proposals for its business plans and approach to the pattern of inspection visits. He agreed with the Committee’s proposal that this report should be brought to them on an annual basis.
5. The Chair drew the discussion to a close and asked that the Committees thanks be given to all staff who contributed to this report.
6. **ACTION**: Lead of the Private Office to ensure that Sector Risk Assessment is on the Committee’s work plan for January 2024.

### Item 12 – Consideration of risk appetite and tolerance within the HTA [AUD 10/23]

1. Richard Sydee (RS) introduced the report and stated that the Board had requested that ARAC should review the risk statements for risk 2, 3 and 7 as the Board felt that the statements as drafted may be too restrictive given the pressures facing the organisation and the plans for organisational change.
2. The Committee discussed each risk in detail and proposed a number of amendments to differentiate between actions which could be taken to mitigate risks and the proportionality of these related to the risk tolerance level. The difference between the risk tolerance levels was discussed and it was agreed that a key to these would be a useful addition to the report.
3. **ACTION:** The Executive to redraft wording for risks 2, 3 and 7 and circulate to Members for review and approval. The Executive to include a key to the levels of tolerance within the revised document.

### Item 13 – Summary of Policies [AUD 11/23]

1. Morounke Akingbola (MA) introduced the report.
2. The Committee noted the report.

### Item 14 – Whistleblowing Policy and Procedure [AUD 10/23]

1. Morounke Akingbola (MA) introduced the report and informed the Committee of the proposed amendments.
2. **ACTION**: The Committee agreed the amended Whistleblowing Policy.

### Item 15 – ARAC Handbook [AUD 13/23]

1. Morounke Akingbola (MA) introduced the report and in response to a question confirmed that it follows templates provided by NAO.
2. The Committee agreed the ARAC Handbook.
3. **ACTION**: Lead of the Private Office and ARAC Chair to develop a more detailed workplan for the Committee.

### Item 16 – ARAC Terms of Reference [AUD 14/23]

1. Morounke Akingbola (MA) introduced the report and stated that the Executive had reviewed the Terms of Reference for the Audit and Risk Assurance Committees and were not proposing any changes.
2. The Committee discussed whether section 18 should be amended to include the Chair in the quorum, due to the reduced number of Committee Members. The Committee also noted that section 31 may need to be amended to reflect the secretarial support from the Private Office
3. **ACTION**: The Executive to amend section 18 and 31 as per the Committee’s discussion and present to the Board for approval.

### Item 17 – Gifts and Hospitality Register [AUD 15/23]

1. Morounke Akingbola (MA) introduced the register, which was noted by the Committee.
2. **ACTION:** Reminder to be sent to staff that all offers of gifts and hospitality must be reported in a timely manner.

### Item 18 – Reports on grievances, disputes fraud and other information

1. No reports of grievances were discussed.
2. There was nothing to report to the Committee under fraud or dispute.

### Item 19 – DAO Letter regarding internal audit reports [AUD 16/23]

1. Richard Sydee (RS) introduced the report, regarding the protocol for sharing internal audit reports within government. He stated that this was brought to the Committee for information only.
2. The Committee noted the report.
3. The Chair thanked the Executive for sharing these updates from DAO.

### Item 20 – ARAC Effectiveness Review

1. The Chair informed the Committee that the Lead of the Private Office would shortly be issuing the National Audit Office template for ARAC Effectiveness Review to Members and the Executive. He urged all to complete it, as this would help to form the work of ARAC and the support provided to the Committee from the Private Office.
2. The Chief Executive remarked that the responses from the Executive should be segregated so that any training needs for Committee Members can be clearly identified.

### Item 21– Any other business (AOB)

1. There being no further business the Chair thanked all for their participation and drew the meeting to a close. He reminded all that the next meeting was scheduled for 8 June at the HTA Offices in Redman Place.



# Audit and Risk Assurance Committee (ARAC)

**Date:** 8 June 2023 **Paper reference:** AUD 18/23 **Agenda item:** 4

**Author:** Heather Troy

**Protective marking:** OFFICIAL

## Matters arising from previous ARAC meetings

### Purpose of paper

1. To provide an update to ARAC on the actions arising from previous Meetings. Colour coding used is blue = completed, green = on target and amber = at risk of not meeting target date.

### Decision making to date

1. The Director of Resources agreed this paper on 31 May 2023 for submission to ARAC.

### Action required

1. ARAC is to note the report.

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| **Number** | **Date Added** | **Action** | **Assigned to** | **Target date** | **Revised date** | **Status** |
| ARAC-2022\_07 | Jan 22 | **Change Programme**  Executive to investigate Fraud  Awareness training opportunities for the Autumn meeting. | Director of Resources and Head of Finance &  Governance | Oct 22 | Oct 23 | **Completed.** |
| ARAC\_2022\_28 | Jan 23 | **Matters arising from 9 June 2022** Executive to amend the matters arising report to include key colour. | Board Support | Feb 23 |  | **Completed** |
| ARAC\_2023\_02 | Jan 23 | **Internal Audit**  The Committee agreed the proposed 23/24 Internal Audit Plan and noted the October 2022 GIAA supplementary  report | Director of Resources and Head of Finance & Governance | Feb 23 |  | **Completed** |
| ARAC\_2023\_03 | Jan 23 | **Cyber Security Update**  Executive to consider the format of the cyber security report. | Director of Data, Technology & Data | May 23 |  | **To be presented at 8 June meeting - Completed** |
| ARAC\_2023\_04 | Jan 23 | **HTA Summary of Audit Recommendations**  The Committee noted the report and  accepted the recommendations on page 2 and 3 of the audit tracker report. | Head of Resources | May 23 |  | **Completed.** |

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| **Number** | **Date added** | **Action** | **Assigned to** | **Target date** | **Revised date** | **Status** |
| ARAC\_2023\_05 | Jan 23 | **External Audit**  Director of Resources to provide a timeline note for the Committee regarding the preparation and review of  the audited accounts. | Director of Resources | Feb 23 |  | This will be provided after the interim audit (commences 20/02/23) |
| ARAC\_2023\_06 | Jan 23 | **Sector Risk Assessment**  Lead of the Private Office to ensure that Sector Risk Assessment is on the  Committee’s work plan for January 2024. | Lead of the Private Office | May 23 |  | **Completed** |
| ARAC\_2023\_07 | Jan 23 | **Consideration of risk appetite and tolerance within the HTA**  The Executive to redraft wording for risks  2, 3 and 7 and circulate to Members for review and approval. | SMT | Feb 23 |  | **Completed** |
| ARAC\_2023\_08 | Jan 23 | **Consideration of risk appetite and tolerance within the HTA**  The Executive to include a key to the  levels of tolerance within the revised document. | Director of Resources | May 23 |  | **Completed.** |
| ARAC\_2023\_09 | Jan 23 | **Whistleblowing Policy and Procedure**  The Committee agreed the amended Whistleblowing Policy | Head of Finance & Governance | April 23 |  | **Completed.** |

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| **Number** | **Date Added** | **Action** | **Assigned to** | **Target date** | **Revised date** | **Status** |
| ARAC\_2023\_10 | Jan 23 | **ARAC Workplan**  Lead of the Private Office and ARAC  Chair to develop a more detailed workplan for the Committee | Lead of the Private Office | May 23 |  | **Completed.** |
| ARAC\_2023\_11 | Jan 23 | **ARAC Terms of Reference**  The Executive to amend section 18 and  31 as per the Committee’s discussion and present to the Board for approval. | Director of Resources and Head of Finance &  Governance | March 23 |  | **Completed.** Amendment made 06-02-23 and presented to Board March  2023. |
| ARAC\_2023\_12 | Jan 23 | **Gifts and Hospitality Register** Reminder to be sent to staff that all offers of gifts and hospitality must be reported  in a timely manner | Director of Resources and Head of HR | May 23 |  | **Completed.** Item included in February staff newsletter. |