Terms of reference

Audit and Risk Committee (ARAC) Terms of Reference

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Owner: Colin Sullivan, CEO	**Distribution:** HTA Executive, HTA Board, HTA public website
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Constitution

1. The Authority has established an Audit and Risk Assurance Committee (ARAC) to support it in its responsibilities for risk management and governance. The ARAC will achieve this by advising the Board 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 Board regarding the adoption of the Annual Report and Accounts.

Duties and functions

3. The ARAC will advise the Accounting Officer and Board 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) assurances relating to corporate governance requirements for the HTA;
f) ensuring that the remuneration report for staff in the Annual Report and Accounts reflects the approach to remuneration agreed 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 Board; 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 strategic risks and a copy of the strategic/corporate risk register;
b) a progress report (written or verbal) from the head of internal audit summarising:
   - work performed (and a comparison with work planned);
   - key issues emerging from Internal Audit work;
   - Management response to audit recommendations
   - Changes to the agreed internal audit plan; and
   - details of any resourcing issues affecting the delivery of Internal Audit objectives.

c) Requests for work and reports received will be channelled through the Accounting Officer, to whom Internal Audit reports;
d) a progress report (written or verbal) from the external audit representative summarising work done and emerging findings (this may include, where relevant to the HTA, aspects of the wider work carried out by the National Audit Office, for example, Value for Money reports and good practice findings;
e) 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 Board 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 Board after each of its meetings.

10. The ARAC will provide the Board 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 and the Audit and Risk Assurance Committee effectiveness tool - NAO insight 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 Board Member, who is not the Authority Chair, and who preferably has relevant experience and expertise.

13. All other members of the Committee should be Board Members, but not the Board Chair. Including the ARAC Chair, there will be a minimum of three Board Members and a maximum of five Board Members on the Committee at any time.

14. At least one Board Member, who is not the ARAC Chair, must be a member of both the ARAC and the Remuneration Committee, to provide assurance over remuneration and people matters.

15. Recruitment of Board Members to the ARAC will be through ‘expressions of interest’ with personal statements in application. The applications will be reviewed by the Board 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 Board 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 may be extended or renewed in accordance with business need, or revoked in line with Standing orders of the HTA Board (“Review and Revocation of Board or Committee Membership) but which will not exceed their tenure as Board Members.

17. In line with the principles set out in the *Code of Conduct for HTA Board members* Members will comply at all times with the HTA’s Policy on conflict of Interest and Gifts and Hospitality. 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 (including 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 via the ARAC

secretary in advance of the meeting. Further absence will be addressed in line with Standing Orders of the HTA Board (Review and revocation of Board or Committee Membership).

20. Board Members who are not members of the ARAC have the right of attendance at Committee meetings, but in no case shall they be entitled to vote.

21. If the ARAC Chair is not present at a meeting, an alternative Board member will be co-opted to chair that meeting.

22. The Chair of the Board may attend Committee meetings, at the discretion of the ARAC Chair and not so frequently as to compromise the independence of the Committee.

23. A Board 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.

24. The Chief Executive in their role as Accounting Officer (as defined in the Framework Agreement with the sponsor Department of Government), the Director of Finance and 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.

25. Up to two observers from the Department of Health and Social Care will normally be invited to attend meetings of the Committee.

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 Board.

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 Board may ask the ARAC to convene further meetings to discuss particular issues on which the Committee's advice is sought.

Secretariat responsibilities

31. The Private Office 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 five working days 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 provide a summary note of each ARAC meeting for internal HTA circulation.

Version history

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

Version history

Latest version	Date	Comments	Reviewed by	Approved by

16.0	26 June 2025	Updated under scheduled review of aggregated Board Standing orders and Committee terms of Reference document (HTA TOR 006). No substantive changes to governance arrangements but a number of updates; points of clarification and removal of duplication. ARAC and RemCo Terms of reference, Code of conduct and supporting annexes have been disaggregated from the combined Standing orders documents (but remain clearly cross referenced) and will be updated as separate documents going forward.	Colin Sullivan (CEO) and ARAC	HTA Board (Board paper HTA 20-25 and minutes of meeting of 26 June 2025 refer)
15.6	21 September 2023	Updated under scheduled review of aggregated Board Standing orders and Committee terms of Reference document (HTA-TOR-006). Minor amendments	Colin Sullivan (CEO) and ARAC	HTA Board (Board Paper HTA 22-23 and minutes of meeting of 21 Sept 2025 refer).
15.4	10 February 2022	Updated under scheduled review of aggregated Board Standing orders and Committee terms of Reference document (HTA-TOR-006). Minor amendments	Richard Sydee (Director of Resources), agreed by ARAC	HTA Board (Board Paper HTA 04-22 and minutes of meeting of 10 February 2022 refer).
15.0	27 January Feb 2015	Routine update: Amendments to ensure factual accuracy, update membership information and add version control.	Sue Gallone Director of Resources / Amy Gelsthorpe-Hill (Governance and Quality Manager).	HTA Board (paper presented at meeting of 27 January 2025, and minutes of that meeting refer)