

Audit and Risk Assurance Committee (ARAC) meeting AGENDA

Time and date: 10.00 - 12.00 11 February 2025

Venue: In Person Meeting, Wandle 40/41, 2RP

Time	Item	Subject and paper number	Lead
1. OPENING ADMINISTRATION			
10:00	1.1	Welcome and Apologies	Chair
	1.2	Declaration of Interests	Chair
	1.3	Minutes of the previous meeting (AUD 01-25)	Chair
	1.4	Matters arising from previous meetings (AUD 02-25)	Chair
2. AUDIT /REPORTING			
10:10	2.1	Review and approval of the Proposed Internal Audit Plan for FY 2025-26 (AUD 03-25)	GIAA
10:25	2.2	Internal Audit update (oral item and supplementary pack (AUD 04-25)	GIAA
10:35	2.3	Audit Tracker Update (AUD 05-25)	Head of Finance and Governance
10:45	2.4	External Audit Update (AUD 13-25)	NAO/KPMG
3. UPDATES			
11.05	3.1	Cyber Security Update (AUD 06-25)	Director of Data, Technology and Development
11.15	3.2	Cyber Assessment Framework (CAF) Update (AUD 07-25)	Director of Data, Technology and Development
4. RISK UPDATE			
11.30	4.1	Strategic Risk Register Update (AUD 08-25)	Director of Resources
5. REGULAR REPORTING: Policies and Procedures			
11.45	5.1	Interests and Gifts and Hospitality Policy and Register (AUD 09-25)	Head of Finance and Governance
	5.2	Reports on grievances, disputes, fraud, counter	Head of Finance

		fraud, bribery, corruption and other information (AUD 10-25)	and Governance
	5.3	Procurement and Budgetary Control Policies (AUD 11-25)	Head of Finance and Governance
6. CLOSING ADMINISTRATION			
11.50	6.1	ARAC Effectiveness Review (oral item)	Chair
	6.2	Accounting Policies and Judgements (AUD 12-25)	Chair
	6.3	Any Other Business	As required
12:00	Finish (Date of next meeting: 11 Jun 2025)		

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

Date: 17 October 2024

Time: 10.00 – 12.00

Venue: Virtual Microsoft Teams

Protective Marking: DRAFT

ARAC Members

Gary Crowe (GC), Chair
Helen Dodds (HD)
David Lewis (DL)
Jessica Watts (JW)

Observers

Nicholas Doran (ND), NAO
Dean Gibbs (DG), KPMG
Ria Mukherji (RM) Senior Policy Adviser,
Human Tissue Policy and Ethics of
Consent
Jo Charlton GIAA, Item 2.1
Victoria Askew, Policy manager (*HTA
staff observer*)

In Attendance

Colin Sullivan (CS), CEO
Louise Dineley (LD), Director of Data
Technology and Development
Tom Skrinar (TS), 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
Sam Mortimer (SM), Data and Technology
Project Officer (*for item 3.2*)
Debra Morgan (DM)), EA Private Office
(*minute taker*)

1. Opening Administration

Item 1.1 – Welcome and apologies

1. The Chair welcomed Members, the Executive team and HTA colleagues, and attendees from the Department of Health and Social Care (DHSC), Government Internal Audit Agency (GIAA), the National Audit Office (NAO), and KPMG. Victoria Askew was observing the meeting.
2. All members were attending. CS offered apologies for NH.
3. No comments or requests for other business items had been submitted to the Committee Chair in advance of the meeting.

Item 1.2 – Declarations of interest

4. No new interests were declared additional to those already registered, and no conflicts were identified by members in relation to matters under discussion.

Item 1.3 – Minutes

5. ARAC AGREED the minutes of the ARAC meeting of 12 June 2024 (Paper AUD 24-24) subject to inclusion of a revision that in the June meeting “ARAC noted and approved the 23/24 Head of Internal Audit annual opinion.” at paragraph 13.

Item 1.4 – Matters Arising)

6. ARAC reviewed the Actions Log (Paper AUD 25-24) and was content that all actions were now complete or in hand. ARAC was content with the further presentational recommendation to remove the closed actions from future iterations.

Item 1.5 – Annual Review of ARAC Governance including the ARAC Handbook and Terms of Reference

7. ARAC received and considered recommendations for minor amendments and additions to HTA’s ARAC Handbook (AUD 26-24) in line with HMT ARAC Committee Handbook guidance (provided for members’ information as paper AUD 35-24). Members requested that future revised copies should be presented with tracked changes. Following discussion, the committee AGREED the recommended minor changes in the paper but felt that further enhancement of the HTA ARAC Handbook was not necessary.
8. ARAC also received and considered the ARAC Terms of Reference and recommendations for minor additions and amendments made based on the revised HMT Audit and Risk Assurance Committee Handbook. Members requested addition of “...and people matters more widely” to paragraph 14 (requiring one ARAC member of the ARAC to also sit on HTA’s Remuneration Committee)” to reflect that Committee’s wider remit.’ ARAC AGREED the recommended minor changes and additions in the paper which would be submitted to the Board for approval.

Action: MA to make further amendments to the ARAC TOR and submit to Board for approval in line with wider Standing Orders review schedule.

2. Audit / Reporting

Items 2.1 and 2.2 – Internal Audit Update, Internal Audit Supplementary Pack and Final Opinion 2023/24

9. JC introduced Papers AUD 28-24, AUD 28a-24 and AUD 28b-24. She highlighted that:
 - 20% of the Internal Audit Plan for the forthcoming year was now in draft report stage.
 - Following a mid-year review with management there were no proposed changes as management believed the plan continued to focus audit activity on the right areas of risk.
 - the DSPT report in respect of the 23/24 submission had been finalised with 'Moderate' assurance.
 - The GIAA audit of Licencing in Q2 had been delayed in discussion with Management. Due to sickness absence in the GIAA team, a decision had been made to await the return of the auditor given her knowledge of the HTA before starting fieldwork. It was hoped that the review would be conducted in Q3.
10. During discussion on whether the moderate assurance for DSPT/CAF reflected improvements on last years 'Moderate' assurance rating LD and JC advised members that the assessment was not the same every year so it was difficult to compare like with like. JC added that the DSPT had looked at different assertions while the CAF framework was outcomes focussed.
11. In response to enquiries around Health and Safety Policy progress TS reported that HTA's Health and Safety Policy was moving along well, with particular attention now being given to further development areas for homeworkers and vulnerable colleagues, but TS was not able to give full assurance that it would be possible to clear all of the recommendations with GIAA by 31 October. Due to work time pressures, the Staff Forum had been paused while arrangements for protected time to attend and participate were put into place. There had, however, been engagement and conversations with colleagues within the HTA and those from other similar sized ALBs to look at where it was practicable to adopt best working practices, particularly in the Regulation areas.

Item 2.3 –Audit Tracker Update

12. ARAC noted the Audit Tracker (Papers AUD 29-24). MA spoke to the item and highlighted revisions to the tracker that communicated better the interim

steps and set out a clearer chronology, providing explanations around resources and expected closure dates.

13. In response to questions regarding the close date for implementation of the Finance system MA and TS reported that the Committee should consider that CRM upgrades will need to have completed prior to the finance system upgrade. This was currently due end March 2025 and due to the volume and pressure of work in the production of end of year accounts and reports and resourcing in the Resources and Finance Directorate, it would not be possible to commence upgrading the finance system straight away and the end of the summer was more realistic. They added that there had already been preparatory discussion with suppliers to ascertain the best fit product that would allow migration of current HTA processes and information. CS also noted that next year's business planning priorities would be brought before the Board to give the whole picture of HTA priorities including this item and that would be the point at which timelines for specific 25/26 project activity would be confirmed.
14. The Committee discussed extending the date for implementation of the Finance system to FY 2025/26 and updating ARAC as and when progress was made in line with Business planning delivery times. The Committee gave consideration to and discussed resources and explanations supporting the recommendations for extending closing times for DSPT, Payables and Receivables, and the Health and Safety Policy implementation, following which all recommendations were AGREED.

Item 2.4 – External Audit

15. DG gave an oral update, highlighting:
 - HTA Accounts had been presented ahead of the Government recess
 - The 2024/25 plan would be presented at the next ARAC meeting in February 2025
 - There were no significant changes expected that would affect the audit.
16. ARAC NOTED the update and the Chair thanked all involved for their work.

Action: NAO to bring Audit Plan to February 2025 meeting.

3. Updates

Item 3.1 – 2024/25 Q2 Cyber Security Update

17. LD spoke to paper AUD 30-24. She reported that there were no significant

issues or organisational threats and that the HTA continued to investigate suspicious activity, taking appropriate steps to counter incidents before they became issues.

18. In response to Committee discussion LD highlighted:

- There had been changes to MS algorithms filtering suspicious activity and detecting threats to safeguard HTA systems, which should be taken into account while not becoming complacent about potential attacks;
- Progress on directorate resourcing with the appointment of a fixed term appointee and planning for future permanent appointments;
- Developments as interdependent systems were updated, and current unsupported areas moved back into support, included in the business planning process with other priorities within identified projects;
- Work around early detection of significant threats, development of CAF real time testing, and work on remedial measures for manual processes for disaster recovery to support critical core activities and business.

19. The Chair thanked LD for her update and report and requested, that the Cyber report be presented going forward as a dashboard linked to the SRR, to allow consideration of key system vulnerabilities, the trajectory to return systems to support, and how the HTA was addressing interdependent vulnerabilities.

ACTION: LD to prepare Cyber update dashboard linked with SRR for presentation at the next meeting of ARAC February 2025.

Item 3.2 – CAF/DSPT Update

20. ARAC RECEIVED the CAF/DSPT paper (AUD 31-24) and SM provided a progress update for the annual online self-assessment tool maintained by the NHS that allows organisations to measure their performance against [national data guardians] 10 data security standards. As of Sep 24, the HTA was no longer assessed against the Data Security Standards. As an Arm's Length body the HTA had been included in the first tranche of organisations who were being assessed against the Cyber Assessment Framework (CAF), which had been developed by the National Cyber Security Centre (NCSC) and will eventually replace the DSPT. The framework is more cyber security and information government focussed and will assess compliance against Objectives, Principles and Outcomes. The outcomes of the CAF assessment will not align with previous DSPT assurance ratings. We were still awaiting guidance from the GIAA what the Terms of Reference will be for the GIAA CAF Internal Audit.

21. SM offered assurance to ARAC reporting that the HTA hoped to achieve a

moderate assurance rating (albeit against fewer substantial rated items this year than last). She reported that discussions were still ongoing with GIAA colleagues around the standards and evidence submitted.

22. JC reported that the guidance was under development and was not expected until the end of December 2024 which would mean that the terms of reference would not be available until April 2025 approximately.
23. SM talked the committee through an overview of the structure, its purpose and expected outcomes and that while DSPT had been mapped across to CAF there were now 240 lines of information to try to process and understand and to achieve, partially achieve or not achieve. Each outcome had a series of statements and, if not met, the HTA would have to provide an explanation and action plan on how it would try to fulfil the statements.
24. In response to Committee questions about the level of detail to be reported for assurance to ARAC, LD responded that issues would be flagged by exception at future meetings. She also informed the Committee that in the current round of assessment even though the HTA was a small organisation it was, in its initial assessments, exceeding expectations in the process, doing more than expected and to a high standard.
25. The Committee NOTED the CAF/DSPT update.

ACTION: LD to continue reporting.

Item 3.3 – HTA Health and Safety Update

26. GA spoke to paper AUD 37-24 which provided an update on the HTA's arrangements and management of Health and Safety.
27. ARAC discussed and highlighted:
 - How they found collaborative working of the HTA with CQC and the food standards Agency to adopt best practice encouraging;
 - Satisfaction with how arrangements for vulnerable workers, expectant mothers and creating menopause awareness were developing;
 - Confidence taken from the planned training and the suite of courses and individual personal development opportunities and tailored support that were being explored and would be offered to colleagues;
 - Committee assurance from regulatory compliance and timely delivery and implementation of the Health and Safety Policy and organisational procedures.

28. Following which ARAC NOTED the management reporting process on key Health and Safety matters at paragraphs 19-23, with the first cycle of the management reporting to be included within the Performance report for the Board meeting of 5 December 2024.

4. Risk

Item 4.1 – Strategic Risk Register - Risk Update (Paper AUD 32-24)

29. ARAC RECEIVED the Risk Update and TS spoke to the item and to the work of the executive to map out new risks and mitigations for 24/25. He reported that the content had been updated following wider Board discussion and scrutiny and that processes were being embedded across the organisation.
30. ARAC discussed each of the risks and considered where risks were above tolerance there should be clear measurable actions and progress trajectory should be mapped out to get to tolerance that were time bound and specific.. Members noted:
- Risks 1 to 5 - that the presentation of risk and its mitigation had improved, giving ARAC an opportunity better to understand and review the information collectively.
 - Risk 4 - That there were changes to the Finance Risk which were being addressed by the recruitment of a new team members due to start in November 2024 and further interviews to be held in the near future to get the team back to full capacity
 - Risk 3 - HR challenges were from resourcing issues rather than spending constraints;
 - Risk 3 - Recognising risk remained around staff turnover but there was no quick fix for this and work was ongoing for the organisational culture piece. It was important that the people strategy set clear and measurable actions and commitments to be delivered timely and effectively;
 - Risk 5 - That Digital and Technology Risks were complex with a lot of interdependency to enter controls and actions and information to ARAC should make connections between the quarterly updates and the SRR;
 - Risks 1 to 5 - That the approach to risk reporting brought value to ARAC conversation and helped bolster assurance, however timelines and journey information could be enhanced.
31. In response to constructive feedback around the presentation, where members requested clarity on measurable actions and plans to bring risks to tolerance. The Director or Resources outlined that all actions identified in the SRR should be measurable, with updates on progress included. The Director

of Resources also stated that the longer-term approach to bringing risks to tolerance (which in some cases may be greater than one year) and general changes to risks, should be outlined in the narrative for each risk included in the cover note. TS reported that the narrative at the beginning of the report was to give an overview of the trends would be enhanced to give more specific information about the movement and timings of mitigations to get risks back within tolerance

32. Following which, the Committee NOTED the risk update and the one-page summary of the Register, including the trend analysis.

5. REGULAR REPORTING: Policies and Procedures

Item 5.1 – Gifts and Hospitality

33. MA introduced the staff register of gifts and hospitality (Paper AUD 33-24), which was NOTED by the Committee.

Item 5.2 - Declarations of Interest

34. There were no staff declarations of interest brought to the Committee's attention.

Item 5.3 – Reports on grievances, disputes fraud and other information; Counter Fraud Strategy and Risk Assessment

35. No specific reports on grievances, disputes, fraud, counter fraud, bribery, corruption and other information were reported.
36. MA presented to ARAC the Fraud Risk Assessment (AUD 34-24) conducted in September 2024 and the associated Risk Assessment. ARAC was satisfied with the areas covered in the risk assessment and in response to a question about how the scores had been derived MA reported that Heads and SMT members had contributed to the report and register though there was a process to assess and manage risk embedded throughout the organisation.
37. Following which ARAC NOTED the HTA Counter Fraud Strategy and Risk Assessment.

Closing Administration

Item 6.1 – Any other business (AOB)

38. Members raised no further business items.

Item 6.2 – Information items

(1) ARAC Chair's Annual Report 2023-2024 :

39. Attendees noted the ARAC Chair's Annual report (Paper HTA 15-24) which had previously been shared with members at the Board meeting of 19 September 2024.

(2) HMT ARAC Handbook :

40. The Chair drew members' attention to the handbook (Paper AUD 35-24).

(3) Functional Standards - Update:

41. JMcD (on behalf of the paper's author, Beverley Madlin) introduced the functional Standards Update (Paper AUD 36-24) and supporting appendices. The paper informed ARAC of the intended approach to the Q3 annual review / compliance confirmation and the intentions for preparing for the associated internal audit, now scheduled for Q4.
42. ARAC recommitted to the previous proportionate approach to compliance with the GFS (i.e. aiming for compliance with the spirit rather than the letter of the standards). ARAC endorsed the standard-by-standard approach to Leads demonstrating / documenting compliance during annual review work (rather than stipulating a one-size-fits-all approach). ARAC noted that the audit work will now take place in early Q4.

Item 6.3 – Policy and procedures updates (if required)

43. No Policy and procure updates were presented.

Item 6.4 - Date of next meeting

44. The next meeting of ARAC was scheduled for 11 February 2025 at 2 Redman Place, London.

HTA ARAC meeting, 11 February 2025

Agenda item	1.4 Matters arising from the previous meetings
Purpose: for information or decision?	Information
Decision making to date?	Standing item to each Audit and Risk Committee
Recommendation	Audit and Risk Committee is asked to note and comment by exception on the matters arising from the previous meeting
Which strategic risks are relevant?	Risk 1: Regulation Risk 2: Sector Risk 3: Staff Risk 4: Financial Risk 5: Digital
Strategic objective	Efficient and Effective
Core operations / Change activity	Core operations
Business Plan item	Senior Management Team – strategic direction and leadership of operational delivery across the organisation (including risk management and seeking opportunities for ALB collaboration)
Committee oversight?	ARAC
Finance and resource implications	N/A
Timescales	N/A
Communication(s) (internal/external)	N/A
Identified legislative implications	N/A

Matters arising from the previous meetings

ARAC date and reference	Action	Owner	Deadline	Status	Update
17 Oct 2024 Item 1.5	Annual Review of ARAC Governance make further amendments to the ARAC TOR and submit to Board for approval	Morounke Akingbola, Head of Finance and Governance	Complete		Minor amendments recorded and will be incorporated into the full review of Standing orders (Board, and Committees) to be included at Board's September meeting.
17 Oct 2024 Item 2.4	Audit Plan NAO to bring Audit Plan to February 2025 meeting.	NAO	11 Feb 2025		Scheduled for meeting of 11 February 2025.
17 Oct 2024 Item 3.2	CAF/DSPT Update Continue to report to ARAC	Louise Dineley Director, Data Technology & Development	Complete		Reports marked forward as agenda items for future meetings.
17 Oct 2024 Item 3.2	Cyber update Prepare Cyber update dashboard linked with SRR for presentation at the next ARAC meeting	Louise Dineley Director, Data Technology & Development	Complete		Cyber report includes more details around systems and incidents aligned to the SRR and CAF requirements
12 Jun 2024 Item 5	Meeting logistics To ensure process and timelines adhered to and papers are submitted in a timely manner	Private Office	Ongoing		New Private Office Standard Operating procedures are in preparation. ARAC Work Plan updates to be agreed by Chair.
12 June 2024 Item 15	Audit Tracker To revise Tracker and include road map or timings for completion of each risk	Katrina Leighton-Hearn Director of Finance and Resources & Morounke Akingbola, Head of Finance and Governance	Complete		Paper now incorporates information
12 June 2024 Item 20	Audit Tracker Draw together proposal for extended deadlines if required for the new	Katrina Leighton-Hearn Director of Finance and Resource	Complete		Paper now includes a rough plan

	Finance System				
12 June 2024 Item 8 Paragraph 24	External Audit Ensure ARAC members are clear on which elements of the 2024/25 ARA are to come to ARAC for formal approval	Morounke Akingbola, Head of Finance and Governance	Ongoing		Audit plan to be presented at ARAC meeting.
12 June 2024 Item 41 (ii)	DSPT Toolkit Flag to ARAC changes and/or additional requirements for 24/25 process	Louise Dineley Director, Data Technology & Development	Complete		Report received by ARAC at October meeting.
12 June 2024 Item 46	Strategic Risk Register Create one-page summary of SRR including trend analysis and for the detailed sheets to include how and when controls address risks identified and to include explicitly SMT view of risks tolerance	Katrina Leighton-Hearn Director of Finance and Resources & Morounke Akingbola, Head of Finance and Governance	Complete		SRR updated and presented in October 24 meeting

R	R: action not completed or reported on by due date
A	A: action under way or not yet due
G	G: action complete
<ul style="list-style-type: none"> Where no deadline specified in minutes, Action Holders to report on progress at next meeting Actions will be removed from the log only when completion has been reported to the Committee, or if the Committee agree that they have been superseded or may otherwise be closed. Copies of past actions logs are available to members on request to Private Office. 	



Government
Internal Audit
Agency

HTA 2025/26 Proposed Internal Audit Plan

Jo Charlton/Andrew Angeli
Head and Deputy Head of Internal Audit, GIAA

Internal Audit Planning for 25/26

Following a discussion with HTA's Senior Management Team in January 2025, we have developed the proposed audit plan for 25-26. We have considered the strategic risks and audit coverage in previous years as part of the development process. SMT signed off the plan as it currently stands on 30 January 2025.

The GIAA approach in 25-26 will continue to be agile and a review with Management will be undertaken during the year to ensure that audit activity remains focussed on the right areas for the latter half of the year. We have developed a pipeline of activity for 25-26 which we will keep in view.

We are also continuing to take a longer term view in our audit strategy. Our proposed longer terms plans are outlined in more detail in this pack. These are intended to be indicative and we will discuss these areas with management during the planning process in future years. This ensures that we incorporate a mix of cyclical reviews alongside our risk based approach to develop a robust audit plan.

We welcome ARAC's views on the proposed audits for 2025/26 and request formal ratification of the plan.

HTA – 25/26 proposed plan

Proposed Review Title	Proposed Scope	Rationale	Proposed Timing	Links to Strategic Risks
Cyber Assessment Framework (formerly Data Security & Protection Toolkit)	Mandatory An annual review to look at the quality of evidence supporting the HTA's CAF submission and the improvements which have been made to the process since last year's submission.	Mandatory requirement for DSPT/CAF to be supported by an audit certificate. HTA can opt to have GIAA perform this work on their behalf as part of the internal audit programme or could source that service elsewhere. If the latter option is chosen, we would need to select a further IT/technology-based review to ensure coverage for the opinion.	Q1	R5
Corporate Governance	The objective of this review will be to assess the effectiveness of the Corporate Governance arrangements in place within the HTA to direct, inform, manage and monitor the activities of the organisation.	A key area for the HIA audit opinion and an area that has not been subject to audit for a number of years.	Q2	Underpins all strategic risks
Application of License Variations	This review will assess the design and operating effectiveness of mechanisms in place to consistently apply non-standard licensing variations and retrospective variations.	Regulation is a key component of the HIA annual opinion. Following on from the 2024/25 review of Licensing, it was agreed during planning and scoping that license variations would be a suitable topic for 2025/26.	Q3	R1
Budget Management	The objective of this review is to provide assurance over the adequacy and effectiveness of the HTA's budget management processes, including budget forecasting, setting, monitoring and reporting.	As part of a cycle of finance audits, budget management is seen as being the most appropriate to cover in 2025/26 by the finance team.	Q3	R4
Stakeholder Management	The purpose of the audit is to provide assurance over the arrangements to in place to ensure appropriate and effective stakeholder management in support of HTA's strategic priorities.	This underpins a key strategic risk for the HTA and an area that has not been subject to audit for a number of years.	Q4	R2

Risk Coverage 25/26

Risk	Risk Detail	24/25 Coverage	Previous Coverage
R1: Regulation risk	Notable regulation failure leading to public harm and/or loss of public/professional confidence in the HTA.	Application of License Variations	Covered by: <ul style="list-style-type: none"> Licensing 24/25 Reportable Incidents and Serious Adverse Actions and Events 23/24; and Effectiveness of the Inspection Process in 21/22
R2: Sector Risk	Misperception of the HTA's role and reach or poor external relationships leading to gaps in sectoral risk management.	Stakeholder Management	Covered by: <ul style="list-style-type: none"> Licensing 24/25 Reportable Incidents and Serious Adverse Actions & Events 23/24; and Effectiveness of the Inspection Process in 21/22
R3: Staff Risk	Inability to progress core activities due to insufficient staff capacity and capability to deliver organisational goals.	Recruitment and Retention	Covered by: <ul style="list-style-type: none"> HR Shared Services – Contract Management 24/25 Staff Wellbeing Audit in 21/22 Equality, Diversity and Inclusion in 21/22
R4: Financial Risk	There is a risk that the HTA has insufficient or ineffective management of its financial resources.	Budget Management	Covered by: <ul style="list-style-type: none"> Payroll and Expenses 24/25 Anti-Fraud Controls in 23/24; and Record to Report audit in 22/23
R5: Digital Risk	Failure to make use of available data, digital and technology to ensure systems are kept up to date and support the delivery of business activities.	Cyber Assessment Framework (24/25 submission)	Covered by: <ul style="list-style-type: none"> Health and Safety 23/24 DSPT 23/24 Submission DSPT 22/23 Submission

The proposed audit of **Corporate Governance** underpins all strategic risks, given that it provides the framework within which a government organisation operates, makes decisions and manages risks. Governance frameworks mandate robust risk management practices, including identifying, assessing and mitigating risks, to ensure that strategic risks are proactively managed.

Reviews considered but not included in 25/26 plan

Topic	Rationale for not including in the 25/26 plan
Accounts Payable/Accounts Receivable	There are plans to upgrade the system part way through the year which will impact customer and supplier data. It was felt that it would be more appropriate to carry out this review after the new system has been implemented and embedded into the organisation's key processes.
Workforce Planning	It was felt that it was not an appropriate time to review this, as an up-to-date workforce plan/strategy is yet to be produced, though is included in the new People Strategy as a development aim. This review will be considered further in future years as this is not an area where we have given assurance in recent years.
Recruitment and Retention	HTA Senior Leadership is aware of and working to facilitate developments in this area. However, the SMT felt that it would be more appropriate to review this area during 26/27, to allow the People Strategy to have one year of running before progress is audited.

Longer term view

As with previous years, we are taking a longer term, cyclical approach to planning. This will be reviewed regularly and is intended to be high level and flexible but at present, we suggest the following, which gives baseline coverage and aligns to your strategic objectives.

Included in the pipeline for 25/26 are the following reviews:

- Order to Cash
- Governance Statement
- Risk Management
- Data Integrity and Exploitation

HTA Strategic Objective (based on 25/26 strategy themes)	Topic	26/27	27/28	28/29
Efficient & Effective	Recruitment and Retention	√		
Efficient & Effective	Debt Collection	√		
Trust & Confidence	Evaluated Self Assessments (ESAs)	√		
Underpins all strategic objectives	Workforce Planning	√		
Efficient & Effective	IT Development and Improvement	√		
Underpins all strategic objectives	Sustainability		√	
Underpins all strategic objectives	Management Information		√	
Efficient & Effective	Asset Management		√	
Use of Information	Information Governance & Security		√	
Efficient & Effective	Investigative Approach		√	
Underpins all strategic objectives	Business Continuity			√
Efficient & Effective	Inspections			√
Efficient & Effective	Learning and Development			√
Use of Information	Release of Data			√
Trust & Confidence	Communications			√

Historic Internal Audit Engagements

2020/21	2021/22	2022/23	2023/24	2024/25
Accounts Payable & Receivable	Staff Wellbeing	Living Organ Donation	Reportable Incidents and Serious Adverse Actions and Events	Data Security & Protection Toolkit
Development of the Virtual Inspection Process	Equality, Diversity & Inclusion	Record to Report	Data Security & Protection Toolkit	Functional Standards
Cyber Security	Governance Statement	Performance Measurement	Anti Fraud Controls	Licensing
Risk Management	Financial Management: Budgeting	Data Security & Protection Toolkit	Portfolio Management	Payroll and Expenses
Corporate Governance of Risk Management	Effectiveness of the Inspection Process	Records Management	Health & Safety	HR Shared Services – Contract Management
	Data Security & Protection Toolkit			
	Business Planning & Performance Measurement			

Key
Substantial
Moderate
Limited
Unsatisfactory
Advisory

Those reviews which do not yet indicate an assurance rating are still in progress at the time of drafting the proposed plan.

Paper Number AUD 04 -2025

CONFIDENTIAL

Audit and Risk Assurance Committee – 11 February 2025

HTA Internal Audit update

Paper Number AUD 05-25

CONFIDENTIAL

Audit and Risk Assurance Committee – 11 February 2025

Audit Tracker



National Audit Office

Human Tissue Authority

Audit planning report on the 2024-2025 financial statements audit

Report to those charged with governance
11 February 2025

This report presents details of our proposed approach for the audit of the 2024-25 financial statements

We plan our audit of the financial statements to respond to the risks of material misstatement and material irregularity. This report sets out how we have built our assessment of risk, what we base materiality on, those risks we expect to be significant and how we will respond to those risks. We also set out in this report details of the team carrying out the audit, the expected timing of the audit and our fees.

Actions for the Audit and Risk Assurance Committee ('ARAC')

We would like to invite Audit and Risk Assurance Committee members to discuss:

- Whether our assessment of the risks of material misstatement to the financial statements is complete (including any matters those charged with governance consider warrant particular attention during the audit, and any areas where they request additional procedures to be undertaken);
- Whether management's response to these risks are adequate;
- Our proposed audit plan to address these risks;
- Whether the financial statements could be materially misstated due to fraud, and communicate any areas of concern to management and the audit team;

We would also like to invite the committee to consider our fraud risk assessment on page 8.

Nick Doran: Engagement Director- NAO

Dean Gibbs: Engagement Director- KPMG

We would also like to take this opportunity to enquire of those charged with governance about the following areas:

- Other matters those charged with governance consider may influence the audit of the financial statements
- The entity's objectives and strategies, and the related business risks that may result in material misstatements
- Possibility, knowledge of and process for identifying and responding to the risks of fraud
- Oversight of the effectiveness of internal control
- Whether any non-compliance with any laws or regulations (including regularity) have been reported to those charged with governance (e.g. from staff, service organisations or other sources)
- Policies, procedures and systems for recording non-compliance with laws, regulations and internal policies.
- Whether members have knowledge of any actual, suspected or alleged fraud affecting the entity.

We have prepared this report for Human Tissue Authority's sole use although you may also share it with the Department of Health and Social Care ('DHSC'). You must not disclose it to any other third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

Audit Risks (pages 6 – 7)

We plan our audit of the financial statements to respond to the risks of material misstatement, or irregularity, within transactions and balances.

This is our initial assessment of risk, as we have yet to complete all of our risk assessment activities. If our assessment changes upon conclusion of these, this will be communicated to you.

Presumed risk of management override of controls

Potential legal claim

Materiality (page 10)

- When setting materiality, we consider both qualitative and quantitative aspects that would reasonably influence the decisions of users of the financial statements.
- Our overall materiality has been based on the forecast expenditure for the 2024/25 financial year. We will reassess this as part of our final accounts audit. Should we be required to revise materiality, we will communicate this to the ARAC.

Materiality (2%)

£116,000

Error reporting threshold

£2,320

Audit team, fee and timetable

- Nick Doran will be responsible for the overall audit. Dean Gibbs will lead the engagement for KPMG. The full engagement team is presented on page 16.
- Our audit fee for this year is yet to be determined and we will communicate and agree with management at the completion of the detailed planning. We expect to charge an inflationary increase and assess if there whether the scope of the work remains consistent with the prior year.
- We are planning to complete the audit in advance of the summer 2025 Parliamentary recess.

We are well placed to develop an understanding of the risks to the Human Tissue Authority drawing on your own assessment, the historic assessment of risk and the broader context

Human Tissue Authority's assessment of risk

The Human Tissue Authority's strategic risk register sets out a number of risks. We have engaged with management to understand the background to these risks, movement in impact and likelihood and have considered how these inform our assessment of audit risks.



Failure to regulate appropriately

Failure to utilise capabilities effectively

Failure to achieve benefits of the organisational development programme

Failure to manage an incident

Failure to manage regulatory expectations

Our audit Risk Assessment

The 2023-24 audit highlighted a number of areas of audit risk and focus, we have built on this historical assessment to consider whether these remain risks for the year. We have made inquiries of management (and other appropriate individuals within the entity), performed analytical procedures, and carried out observations and inspections to inform our assessment of risk.



Accuracy of accruals

Wider Factors

We have drawn upon our wider assurance work and our understanding of the broader environment in which the Human Tissue Authority operates to inform our risk assessment.



Publications

The table shows how the key business process and operational risks identified by Human Tissue Authority may impact on the Annual Report and Accounts and give rise to significant risks and areas of focus for our audit.

These are areas where we will perform additional audit work as outlined in the following pages and report our findings to you.

Human Tissue Authority's assessment of risk		Regulation	Sector	Staff	Financial	Digital
Significant risks	Management override of controls				●	
	Potential legal claim	●			●	

Presumed risk of management override of controls

Why we have identified this as a risk

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.

This is a presumed risk for all audited bodies under International Standards on Auditing (ISA 240) (UK).

The standard requires that auditors perform audit procedures to address this risk, focusing on three key areas: journal entries, bias in management estimates and significant or unusual transactions.

Work we plan to undertake in response

Controls:

Review of controls relevant to the audit including those over:

- Manual accounting journals;
- Segregation of duties;
- The appropriateness of journal entries and other adjustments in preparing the financial statements.

Substantive:

- Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- We will identify and test journals that meet the high risk criteria deemed appropriate by the audit team based on an assessment of the patterns in journal posting during the year and our knowledge of the HTA.
- We will examine significant or unusual transactions and review errors collectively for patterns in adjustments.
- Assess the appropriateness of any material adjustments made after the close of the ledger to the reported financial performance.

*Significant Risks are an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or that is to be treated as a significant risk in accordance with the requirements of other ISAs (UK). Significant risks can relate to classes of transactions, account balances or disclosures, or be pervasive across the financial statements.

Potential legal claim

NEW

Why we have identified this as a risk

Based on several discussions with the HTA Finance Team and Executive members, we have been made aware of a potential legal case against HTA with several parties potentially involved resulting from an individual who has suggestively been subject to medical negligence. The individual has a year to begin discussions and build a case, which continues to a time period after the scheduled signing of the accounts. At the time of drafting this report, there is no formal legal supposition.

IAS 37 specifies that where it is more likely than not that a present obligation exists at the end of the reporting period, the entity recognises a provision. If it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability.

Given the uncertainty associated with the case the HTA will need to undertake an assessment to consider at the point of preparing the accounts whether it considers it likely that a case will be made against them and if so the likely outcome of that case. The circumstances around this may evolve between the time of preparing and approving the accounts, which would also need to be considered.

Work we plan to undertake in response

Controls:

- We will assess the design and implementation of controls in place to undertake an assessment of whether a provision is required or not.

Substantive:

- We will critically assess management's assessment of whether there is a probable outflow of economic resources, which will need to consider the likelihood of a claim and the likelihood of it being successful.
- We will critically assess whether is appropriate to record a provision or disclose a contingent liability.
- We will critically assess the valuation of provisions made, if any.