

Audit and Risk Assurance Committee Agenda

Date 30 January 2020
Time 10:30 – 14.30
Venue The Viceroy Suite, 101 Buckingham Palace Road, The Amba Hotel
Grosvenor, Victoria SW1W 0SJ

Private Members Session:

ARAC Members private session (9:50 – 10:10)
Confidential Meeting with Auditors (10:10 – 10:30)

Meeting:

Main ARAC meeting (10:30 – 13:30)

Lunch:

Lunch (13:30 – 14.00)

Training:

IFRS 16 Training (14.00 – 14.45)

Agenda

1.	Welcome and apologies	
2.	Declarations of interest	Oral
3.	Minutes of 22 October 2019	(AUD 22/19)
4.	Matters arising from 22 October 2019 and forward plan	(AUD 23/19)
5.	ARAC Chair's Update	Oral
	External Audit	
6.	NAO Update	(AUD 24/19)
7.	<ul style="list-style-type: none">• NAO Audit plan	Annex A
8.	Assessment of the likely impact of IFRS 16 on the HTA's financial statements	(AUD 25/19)
	Internal Audit	
9.	Internal Audit update (Confidential)	(AUD 26/19)
	<ul style="list-style-type: none">• Internal Audit Plan for 2020/21 (Confidential)	Oral

	<ul style="list-style-type: none"> • Business Continuity (Confidential) 	Annex A
	<ul style="list-style-type: none"> • Critical Incident Management (Confidential) 	Annex B
	Audit Tracking	
10.	Audit Tracker Update	(AUD 27/19)
	Risk Update	
11.	Risk Update	(AUD 28/19)
	<ul style="list-style-type: none"> • HTA Strategic Risk Register 	Annex A
	<ul style="list-style-type: none"> • EU Exit 	Oral
	Cyber Security and Records Management	
12.	Cyber Security Strategy Update	(AUD 29/19)
	<ul style="list-style-type: none"> • Draft Cyber Security Strategy 	Annex A
13.	Preliminary Assessment of Cyber Security, Data Protection and Records Management Issues	Oral
	Exploration of risk area:	
14.	HTA Office Re-location	(AUD 30/19)
	<ul style="list-style-type: none"> • Office Move Presentation 	Annex A
	<ul style="list-style-type: none"> • Stratford 2020 Programme Brief 	Annex B
	<ul style="list-style-type: none"> • Office Move Task List 	Annex C
	<ul style="list-style-type: none"> • Office Move Risk 	Annex D
	Policy / Procedures updates	
15.	Policy and Procedures Update	(AUD 31/19)
	<ul style="list-style-type: none"> • Policy and Procedures Update Summary 	Annex A
	<ul style="list-style-type: none"> • HTA Gifts and Hospitality Policy (HTA-POL-051) 	Annex B
	<ul style="list-style-type: none"> • HTA Gifts and Hospitality Register 	Annex B1
	<ul style="list-style-type: none"> • Draft HTA-POL-050 Anti Fraud 	Annex C
	<ul style="list-style-type: none"> • Whistle Blowing Policy (HTA-POL-017) 	Annex D
16.	Risk Management Policy Update	(AUD 32/19)
	<ul style="list-style-type: none"> • Risk Management Policy and Strategy 	Annex A
17.	ARAC Handbook Update	(AUD 33/19)
	<ul style="list-style-type: none"> • ARAC Handbook 	Annex A
	Regular reporting and updates	
18.	Reports on grievances, disputes, fraud and other information	Oral
19.	Topics for future risk discussions	Discussion
20.	Topics for future ARAC training	Discussion

	Any other business	
21.	AOB	Oral

Meeting close

Afternoon Training:

NAO training on IFRS 16 Accounting for leases

Minutes of Audit and Risk Assurance Committee

Date	22 October 2019
Venue	The Portrait Suite, Double Tree by Hilton, Victoria
Protective Marking	OFFICIAL

Present

Members

Amanda Gibbon (AG, Chair)
Glenn Houston (GH)
Prof. Andrew (Andy) Hall (AH)
Dr. Stuart Dollow (SD)
William (Bill) Horne (BH)

In attendance

Allan Marriott-Smith (AMS, Chief Executive)
Richard Sydee (RS, Director of Resources)
Nicolette Harrison (ANH, Director of Regulatory Delivery)
Morounke Akingbola (MA, Head of Finance and Governance)
David Thomson
Nima Sharma (NS, Board Secretary)
Dr. Amy Thomas, Head of Development (AT)
Dr. Louise Knight (phone) (agenda item 13)
Dr. Charmaine Griffiths (CG)

Apologies

Antony Stanley (AS, Government Internal)
Prof. Gary Crowe (GC, Authority Member)

External Attendees

Jeremy Nolan (JN, 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
	<ol style="list-style-type: none"> 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). She explained that she had invited CG and GC to attend the meeting as they were new Authority members and attendance at ARAC would help to familiarise them with the HTA. 2. The Chair noted apologies from AS and GC.
Item 2	Declarations of Interest (Oral)
	<ol style="list-style-type: none"> 3. 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 12 June 2019 (AUD 11/19)
	<ol style="list-style-type: none"> 4. The Chair asked ARAC Members for comments on factual accuracy of the minutes. No further comments were made.
Item 4	Matters arising from minutes of 12 June 2019 and forward plan (AUD 12/19)
	<ol style="list-style-type: none"> 5. The Chair asked the Committee if there were any comments about the matters arising from the previous meeting. The Committee questioned whether the Terms of Reference for the DPO role is the HFEA version. The Committee were informed that

	<p>this was correct and proposed that a parallel HTA headed version be put in place.</p> <p>6. The Chair asked for an update on the possibility of presenting a business case to DHSC to use the HTA's reserves to fund the transformation project. AMS informed the Committee that a decision had been taken not to take the business case any further following discussion about the HTA's spending review during its Accountability meeting with the Department of Health and Social Care (DHSC). The Committee were informed that the long standing issues in respect of the VAT on the rent charge for 151 Buckingham Palace Road have now been resolved. As a result of this and also a number of other factors the HTA have an additional amount of £350k available to spend in the current year. SMT have been actively considering how best to apply these additional funds, with the focus on ensuring that any expenditure delivers value for money and tangible benefit to the organisation.</p> <p>7. The Chair asked for an update on cyber risk and cloud migration. DT confirmed that the business case for cloud migration was complete and due to go to SMT and work continues around digitizing the HTA's paper records which will need to be carried out by a third party. The Chair asked for an update to be provided at the November Authority meeting.</p> <p>8. The Committee noted the content of this update.</p>
<p>Item 5</p>	<p>ARAC Chair's Update (Oral)</p>
	<p>9. The Chair (AG) confirmed that, since the last meeting, she had:</p> <ul style="list-style-type: none"> - met MS at the National Audit Office (NAO) earlier in the month. - Had a telephone call with JN - Met with Clare Wend Hanson. - attended the European Organ Donation Day (EODD) day at the House of Lords. - been consulted over plans for the Freedom to Speak up week by Sandra Croser who ran the event. - conducted interviews as a part of a panel, to appoint the new Director, Data Technology and Development and two new Authority Members - delivered Living Donation training to new Authority Members. <p>10. The Committee noted the content of this update.</p>

Item 6 Internal Audit Update (AUD 13/19)

11. JN provided an update to the Committee on the progress with internal audit work. He confirmed that five pieces of work are planned for this financial year. He informed the Committee that the final report for the utilisation of capabilities audit was issued in July. Field work in relation to the business continuity and critical incident planning (CIP) audit is ongoing and scoping is complete for the Anti-Fraud Controls audit. The final audit, focussing on payroll and expenses, is planned for quarter four.

12. JN presented the results of the utilisation of capabilities audit and noted that overall the report offered management moderate assurance with some improvements recommended to enhance the existing framework of controls, governance and risk management in this area. In particular the work undertaken by GIAA focussed on whether the HTA has the necessary capabilities in place to undertake its work and looked at the adequacy of knowledge management. The report concluded that there is good strategic focus by management in this area and good management oversight. Recommendations were made to improve the presentation of risk analysis. JN noted that the main area of weakness is in relation to the handover of documentation and skills, specifically, in the area of succession planning which presents a challenge for the HTA as a small organisation.

13. The Committee were provided with an update on work undertaken so far to address the recommendations made following the audit and were informed that the Head of HR is working on implementing actions to improve the handover process. The Committee noted that several of the actions to be taken forward are currently owned by the Head of HR which may not be appropriate. The Executive informed the Committee that a HR Advisor will be recruited to support the Head of HR to enable her to focus on the strategic risk issues, home based contracts and the development of a formal skills map.

14. The Committee raised questions about whether the deadlines relating to the actions arising from this audit are realistic and

	<p>therefore require review.</p> <p>15. The Committee noted the content of this paper.</p>
Item 7	Audit Tracker Update (AUD 14/19)
	<p>16. MA provided an update and progress on recommendations presented in the Audit Tracker:</p> <ul style="list-style-type: none"> - The committee noted that good progress had been made on a number of internal audit recommendations in relation to GDPR compliance, records management and cyber security. These are due to be reviewed by GIAA and the Committee will revisit them at the next meeting with a view to removing them from the tracker once confirmation had been obtained from GIAA that they have been satisfactorily completed. - HR systems- The Head of HR is exploring the potential for Cascade-Go to support a semi- automated process to manage staff joining and leaving the HTA. The Committee were informed that this process is manually performed at present and as a result this may pose a risk of human error. In light of this, the Chair asked that the action be re-defined, as there is a formal system in place to remove staff once they leave the HTA, and she requested that progress in moving to an automated system should be tracked instead. The Chair requested JN to review this action and if appropriate this would be closed and removed from the Audit tracker at the next meeting.
Item 8	NAO Update (Oral)
	<p>17. Formal introductions to, MS, the new Engagement Director were made during the meeting. MS informed the Committee that he has worked with the NAO for eight years. He had recently met with RS and MA to plan for the 2019/20 audit. The audit plan will be presented at the January meeting. MS drew the committee's attention to the new accounting standard for leases, IFRS 16, which will apply to the HTA's financial statements from next year and likely to have a material effect on the way in which the accounts are presented.</p> <p>18. The Chair asked MS to provide a training session on IFRS 16 following the January ARAC meeting.</p>

	<p>19. The Committee were informed that the HTA will be undertaking work to assess the impact of introducing IFRS 16 and a paper will be brought to the January ARAC meeting.</p> <p>20. The Committee noted the content of this update.</p> <p>Action 1: MS to provide training on IFRS 16. The audit plan to be presented at the January ARAC meeting.</p> <p>Action 2: A paper assessing the impact of IFRS 16 for the HTA to be brought to the January ARAC meeting.</p>
Item 9	Cyber Security (Oral)
	<p>21. DT provided an update to the Committee on cyber security. He informed the Committee that there was now 1 high impact vulnerability, relating to the SharePoint server, with the medium impact vulnerabilities being reduced from 223 to 20 which are linked to the strength of encryption algorithms. DT confirmed that since 27 September scans are being run each month along with a monthly cycle of patching being added to the servers.</p> <p>22. DT informed the Committee that a Cyber Security Strategy has been drafted, with a specific emphasis on improving security.</p> <p>23. Members asked whether mobile devices could fall under the scope of the HTA's cyber security assurances. DT confirmed that mobile devices would fall under this.</p> <p>24. The Committee noted this update.</p> <p>Action 3: The Cyber Security Strategy to be presented at the January ARAC meeting.</p>
Item 10	Records Management Update (AUD 15/19)
	<p>25. AMS provided an update about the HTA's progress with the development of a records management policy and the</p>

implementation of the internal audit recommendations. He informed the Committee that the Director of Data, Technology and Development would be responsible for taking on the role of Departmental Records Officer (DRO) as well as being accountable for the records arrangements, specifically with regards to shaping the data management landscape. He presented the committee with a draft Records Management policy and explained what additional work is needed in order to finalise the policy.

26. AMS assured the Committee that mapping of where records are kept, as well as what may be missing, has taken place by DT with the support of a Regulation Manager who has been undertaking this piece of work. It was noted that many records are held in IMPACT but they are not easily accessible.
27. AMS explained to the Committee that the HTA does not have a formal process in place to determine what should happen to paper and electronic records that are no longer required. Members agreed that this presents a risk, that further work is required including a formal risk assessment as part of the HTA's relocation planning.
28. The Executive also highlighted that the migration to sharepoint of electronic records is an area that requires further work. There is a large quantity of historic data and it is unclear how it should be stored. It is important to ensure that records that should be preserved are not inadvertently destroyed and that hard paper copies are digitised. The Executive also recognises that there is a risk of digitising all records which could result in retaining records that are no longer needed. At present the cost of digitising records has not been established but it is hoped that this work could be progressed in the current year.
29. It was also noted that, as most staff are home based, there is a risk that the HTA may not be able to quantify what records are held off site and this issue needs to be explored further. The Executive confirmed that this risk also applied to any records held by Authority Members.
30. The Chair suggested that it would be undesirable for the high priority recommendations to remain open for a long time, especially in view of the HTA's forthcoming relocation to Stratford.

	<p>She acknowledged that the Executive team is committed to meeting the recommendations and progress will be reviewed at the January meeting.</p> <p>31. The Committee noted the content of this paper.</p> <p>Action 4: The Director of Data, Technology and Development to present her initial assessment of the records management landscape in her capacity as DRO at the January ARAC meeting.</p>
<p>Item 11</p>	<p>Risk Update (AUD 16/19)</p>
	<p>32. RS presented the Strategic Risk Register to the Committee. He commented that since the last ARAC meeting in June that there has been no significant changes to the status to any of the 6 risks. In relation to risk six, which relates to the technology transformation programme SMYT had suggested a slight reduction in the risk due to the availability of funding this financial year. SMT has also noted a slight reduction against risk four, failure to utilise capabilities effectively. . He informed the Committee that with a new cadre of staff who are experienced across the sectors the HTA regulates, the HTA's emphasis is now on ensuring a consistent approach is maintained aided by the new Regulation Manager Training post</p> <p>33. The Committee were informed that there is still a lot of uncertainty around Brexit, however, the risk has not increased but remains stable. The Committee were assured that ANH and AMS have been reviewing the prioritisation of work against other activity, in the event that the preparation for Brexit takes up more resource. Specifically, greater resource in the Human Application sector will be required and Regulation Managers in the HA team will focus on preparing for Brexit.</p> <p>34. The Committee were informed that a Project Manager to deal with Brexit will be in post with the HTA for three months from October to deal with peak level of activity. The Project Manager has gained experience in managing Brexit having worked at another Government Department.</p>

	<p>35. The committee agreed that the next deep dive at the January ARAC meeting should focus on the assured position of the Strategic Risk Register, specifically the interim risk in relation to the office move which is covered under risks four and six.</p> <p>36. Members questioned whether it was appropriate for the triennial review to remain under risk three. AMS clarified that there is still some value in keeping this in the risk register, although he acknowledged that the SSR should be reviewed to make sure it remains relevant.</p> <p>Action 5: A deep dive to assess the risks associated with the office relocation to be conducted at the January ARAC meeting.</p>
<p>Item 12</p>	<p>Licensing Fees Review (AUD 17/19)</p>
	<p>37. RS presented the paper to the Committee and explained that the Stakeholder and Fees Group (SFG) supported the idea of charging more for complex sites and agreed that it was a fair approach. He informed Members that it is difficult to distinguish between a complex and non-complex satellite in relation to establishments licensed in the HA sector. It was also recognized that some establishments may make use of the proposed temporary licences when their Research Ethics Committee Approval (REC) comes to an end which would present advantages and disadvantages.</p> <p>38. RS emphasised that it is important that the HTA is not seen to be increasing fees in order to generate profit. He stated that the HTA needs to reach a conclusion about whether licensing fees should reflect different levels of complexity on sites within establishments in the HA sector. The Committee agreed that at present it is too difficult to reach a satisfactory conclusion as to how to differentiate and charge appropriately for complexity in the HA sector. However, the Committee did agree with the proposed definition of complexity in the PM sector.</p> <p>39. BH pointed out that the paper contained an error when it stated that the 'Authority discussed the recommendation for the</p>

	<p>introduction of this fee at the September meeting'. It was actually discussed in a telephone conference in October. BH emphasised the importance to the Executive of ensuring that papers accurately reflect issues.</p> <p>40. A discussion took place about Preparation Process Dossiers (PPDs) and whether the HTA should charge for time spent reviewing these. It was acknowledged that by charging for PPDs there is a risk that the content of PPDs submitted to us could be adversely affected and HTA staff could also feel that they are under additional pressure to review PPDs within shorter timeframes.</p> <p>41. RS highlighted that introducing a charge for non-compliance may inadvertently result in establishments becoming less likely to report incidents or working in a transparent manner with the HTA because of a fear of financial implications. It might therefore be counterproductive to pursue fees in this manner. He also noted that historically there has been a consolidation of licences following the HTA's fee increases.</p> <p>42. RS summarised that any increase in fees must be proportionate and the current structure needs to be revised to better reflect the amount of work required to regulate establishments. It was agreed that further work is required to determine how the HTA should regulate third parties before a decision can be made on how to charge them.</p> <p>43. RS informed Members that the final fees proposal will be presented at the November Authority meeting.</p>
<p>Item 13</p>	<p>HA Risk project- update on progress on workstreams (Oral)</p>
	<p>44. An oral update was provided by LK over the phone during the meeting about progress with the HA risk project.</p> <p>45. LK confirmed that she has been working on the HA risk project with the Head of Regulation, HA sector; there are three Regulation Managers (RMs) who are each leading on specific workstreams.</p>

She confirmed that in relation to the Third Party Agreement (TPA) work:

- improvements to outward facing information, such as web pages have been made and the pages that reflect current practice went live in June.
- a spreadsheet is now sent to all HA licensed establishments by the Licensing team when making first contact for inspection to enable them to provide information about TPAs. The Lead Inspector will review the information returned and compare this to a master sheet held by the HTA to follow up on any discrepancies.
- training has been provided to all RMs within the HA team.
- future development work will be undertaken to consider how TPAs may contribute to the risk score and therefore refine a risk based approach to inspections.
- some areas are being worked on to ensure there is consistency with internal processes for TPA review, for example, decision making processes need to be formalised.
- a RM leading the TPA work in the HA team is drafting questions (that will need legal review) to determine the extent to which licensable activities can be undertaken under a TPA and to define the limitations of TPAs. This is due for completion by the end of October and a paper will be submitted to SMT by the end of this year.

46. LK confirmed that for the Preparation Process Dossiers (PPDs):

- work continues in relation to the PPD templates, with audits being undertaken to identify the gaps and test the template.
- work is ongoing with capturing data in CRM and interrogating data that is stored. The data is now in CRM.
- Work had been completed to understand the scope of deemed authorised PPDs and that an Options paper is being drafted.

47. LK confirmed that for the inspection work:

- there are systems in place to capture establishment specific risk

	<p>for informing future inspections and regulatory activity.</p> <ul style="list-style-type: none"> - The HA team discuss common shortfalls to facilitate informations sharing both internally and externally. - work is underway to standardize review of tissue processing activity on inspections. <p>48. The Chair thanked LK for her update and requested that the next update should take place at the June meeting.</p> <p>49. The committee agreed that it is now satisfied that sufficient progress has been made on TPAs under the HA Risk project and no further progress reporting is required in relation to TPAs.</p> <p>Action 6: HA risk update and progress with remaining actions to be provided at the June ARAC meeting.</p>
<p>Item 14</p>	<p>HTA Gifts and Hospitality Register (AUD 18/19)</p>
	<p>50. The Gifts and Hospitality Register was tabled and noted by the committee. MA highlighted to the Committee that lunch provided by establishments during inspections should be declared under the Gifts and Hospitality policy and this has not been done previously.</p> <p>Action 7: ANH and MA to work together to ensure that an appropriate mechanism is put in place to record lunches provided by establishments during inspections.</p>
<p>Item 15</p>	<p>Counter Fraud Strategy (AUD 19/19)</p>
	<p>51. MA presented the paper to the Committee and confirmed that the HTA has not received a response from Cabinet Office following its submission.</p> <p>52. She confirmed that fraud awareness training still needs to be delivered. The aim is that this should be achieved in November</p>

	<p>and thereafter refresher training will be undertaken annually and fraud awareness training will also be part of induction for new staff.</p> <p>53. It was agreed that the counter fraud risk assessment should be included in the forward plan to be reviewed each year in October and the whistle blowing policy should also be reviewed to ensure cross reference with the Counter Fraud Policy.</p> <p>54. MA confirmed that the fraud internal audit has been scheduled for quarter three or four and should be complete by January 2020.</p>
Item 16	Reserves Policy (AUD 20/19)
	<p>55. MA informed the Committee that the Reserves policy was last reviewed in February 2018 and the footnote showing February 2015 is incorrect and asked for the submitted Policy to be approved subject to the date change.</p> <p>56. The Committee noted the update and approved the policy.</p>
Item 17	ARAC Handbook (AUD 21/19)
	<p>57. MA presented the paper to the Committee and asked the committee to acknowledge the minor change in the document from months to seasons.</p> <p>58. MS informed the Executive that he had reviewed the ARAC Handbook and noted some sections where he requested amendments, specifically paragraph three, sub-point g and Section five which is about the role of external audit. He informed the Executive that this level of information is not required in the handbook as it is set out in the letter of engagement.</p> <p>59. The Chair thanked MS for raising this with the Committee, however clarified that the ARAC handbook is an internal document and not a contractual agreement. It was agreed that the requested minor amendment to paragraph 3 sub-point g would be made.</p> <p>60. The Executive noted that page 14, paragraph 11 of the ARAC</p>

	<p>Handbook should be amended from DHSC to GIAA and that at present the ARAC minutes are not circulated to the Authority.</p> <p>61. The Chair also raised questions about succession planning of the future Chair of the Committee and that the Authority's standing orders currently state that the Chair must be a lay member which she suggested was unnecessarily limiting.</p> <p>62. The Chair requested that the Executive explores in further detail whether the Chair must be a lay member. BH questioned if the annual Fraud Risk assessment should now be added to the work programme.</p> <p>Action 8: The Executive to identify whether it is appropriate for a non-lay member to be ARAC Chair and to provide an update at the January ARAC meeting.</p>
Item 18	Reports on Grievances, disputes, fraud and other information (Oral)
	<p>63. AMS informed the Committee that the HTA has handled a complaint associated with a Freedom of Information (FOI) request. SMT reconsidered the FOI and concluded that the exemption was applied fairly and correctly but did not clearly set out the basis on which this exemption was applied. He informed the Committee that a lessons learnt meeting would take place with all of those involved, as further areas of improvement were identified in the handling of the request.</p>
Item 19	Topics for future discussion (Discussion)
	<p>64. Please refer to action 5.</p>
Item 20	Topics for future training (Discussion)

	65. Please refer to action 1.
Item 21	Any Other Business (Oral)
	<p>66. RS provided a short update about the Office re-location to Stratford.</p> <p>67. He informed the Committee that arrangements for the move are going well and staff have been visiting the site every Thursday morning. He estimated that 20% of staff will be affected by the re-location. Members reiterated that the HTA needs to consider the risk of the re-location to individual staff members, particularly those undertaking business critical roles and that a breakdown of the likely impact should be reviewed by Members.</p> <p>68. The Chair informed the Committee that the June ARAC date is for the 23rd however this may be subject to change.</p> <p>69. MS asked the Committee to note that the audit fee increase is due to the increased pension costs at NAO.</p>

The next meeting will take place on 30 January 2020.

(AUD 23/19)

HTA Audit and Risk Assurance Committee

Matters arising and forward plan

Thursday 30 January 2020

Action	Responsibility	Due date	Progress to date	Status
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
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.	Live
Action 1: MS to provide training on IFRS 16. The audit plan to be presented at the January ARAC meeting.	External Audit	30 January 2020	This action will be presented during the Jan 2020 meeting	Live
Action 2: A paper assessing the impact of IFRS 16 for the HTA to be brought to the January ARAC meeting.	Head of Finance	30 January 2020	This action will be presented during the Jan 2020 meeting	Live
Action 3: The Cyber Security Strategy to be presented at the January ARAC meeting.	Head of Business Technology	30 January 2020	This action will be presented during the Jan 2020 meeting	Live
Action 4: The Director of Data, Technology and Development to present her preliminary assessment of the records management landscape at the January ARAC meeting.	Director of Data, Technology and Development	30 January 2020	This action will be presented during the Jan 2020 meeting	Live
Action 5: A deep dive to assess the risks associated with the office re-location to be conducted at the January ARAC meeting.	Director of Resources	30 January 2020	This action will be presented during location Jan 2020 meeting	Live
Action 6: HA risk update and progress with remaining actions to be provided at the June ARAC meeting.	Head of Regulation (HA)	23 June 2020	This action will be presented at the June 2020 meeting	Live
Action 7: ANH and MA to work together to ensure RMs are aware that lunches provided by establishments during inspections need to be declared.	Director of Regulation and Head of Finance	30 January 2020	An initial mapping has been carried out to identify all documents which contain information about lunch arrangements during inspections. A meeting will take place to decide the principal changes that need to be made which will guide staff on how to claim lunch costs incurred and if lunch is provided by the establishment, how this should be declared. There will also be an agreement on information given to establishments on reclaiming costs from the HTA if lunch is provided.	Live
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 another meeting. To discuss with Amanda	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 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 2018 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 2018 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	On the agenda for 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	On the agenda for January 2020

Forward plan **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. Policies/procedures updates Cyber security (as requested by the ARAC on 19 June 2018) HTA Office Re-location	
Meeting		
February 2019	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 2019	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	To consider a draft update of the HTA Gifts and Hospitality Policy Incorporation of draft proposals to address the Caldicott Review within the annual review
October 2019	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	All updates were provided at the October 2019 meeting. It was agreed for the ARAC handbook to be brought back to the January meeting following comments by NAO. It was agreed that the next update on the HA sector risk project would take place at the June 2020 meeting.
January 2020	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. 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	This will be held at the January 2020 meeting This will be reviewed at the January 2020 meeting. The risk management policy has been re-written and will be presented to ARAC

Audit and Risk Assurance Committee paper

Date 30 January 2020 **Paper reference** AUD (24/19)
Agenda item 6 **Author** National Audit Office

Protective Marking OFFICIAL

Purpose of paper

1. To present the 2019-20 Audit Plan to the Committee.

Decision-making to date

2. Not applicable.

Action required

3. Members of the ARAC are invited to consider the NAO's proposed 2019-20 Audit Plan; and respond to the inquiries included on page 2 of the report.
4. The Committee should consider whether there are any further matters to bring to the NAO's attention and confirm that they are satisfied our risk assessment is complete.

Background

5. Please refer to the attached report (Annex A).

Human Tissue Authority ('HTA')

Audit planning report on the 2019-20

FINANCIAL STATEMENT AUDIT

Report to those charged with governance
January 2020

This report presents details of our proposed approach for the audit of 2019-20 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')

Members of the ARAC are invited to discuss:

- Whether our assessment of the risks of material misstatement to the financial statements is complete, including any matters they consider warrant particular attention during the audit, and any areas where they request additional procedures 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 take this opportunity to enquire of the ARAC about the following areas:

- Whether there are any other matters members of the ARAC consider may influence the audit of the financial statements
- HTA's objectives and strategies, and the related business risks that may result in material misstatements in HTA's financial statements
- 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 the ARAC (e.g. from staff, service organisations or other sources)
- Policies, procedures and systems for recording non-compliance with laws, regulations and internal policies.

Mike Surman, Engagement Director

We have prepared this report for HTA's sole use although you may 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.

OFFICIAL

<u>Appendices</u>			
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Areas of audit focus	9	Appendix 5: Guidance for governance	19
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Timing of the audit and audit fee	11	Appendix 8: Our other cross government work	21
Our audit approach	12-13		

Audit Risks (pages 7 to 9)

We plan our audit of the financial statements to respond to the risks of material misstatement to transactions and balances and irregular transactions.

We have identified the following risks which have the most significant impact on our audit:

R1. Presumed risk of management override of controls

R2. Presumed risk of fraud in revenue recognition

We have identified the following areas of audit focus:

A1. Exiting the European Union

A2. Implementation of IFRS 16: Leases

A3. Office relocation to Stratford

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. We have based our overall materiality for the financial statements on two percent of forecast gross expenditure. We have therefore set materiality for our audit at £101k.



In areas where users are particularly sensitive to inaccuracy or omission, we may treat misstatements as material even if below the principal threshold. Such areas include related-party transactions, our audit fee and the prior-year comparatives.

Audit team, fee and timetable

Mike Surman will be responsible for the overall audit. The full engagement team is presented on page 14.

We are increasing our audit fee by five per cent to £27,800 (2018-19: £26,500). This increase reflects an increase in the NAO's cost based following the increase in employer contributions to the Civil Service Pension Scheme. Please see page 11 for further details.

We are planning to complete the audit in advance of the summer 2020 Parliamentary recess.

Building our assessment of risk

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

Human Tissue Authority assessment of risk

HTA'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.



- 1. Failure to regulate appropriately
- 2. Failure to manage an incident
- 3. Failure to manage expectations of regulation
- 4. Failure to utilise capabilities effectively
- 5. Insufficient or ineffective management of financial resources
- 6. Failure to achieve benefits of the HTA Development Programme



Past assessment of audit risk

The 2018-19 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.

- Significant audit risks
 - Management Override of Controls
 - Revenue Recognition
- Areas of audit focus
 - Exiting the European Union
 - Upgrade of CRM system

Broader context

Our risk assessment draws on the understanding of the broader environment in which HTA operates.



- Legal Environment
- Changes in the Financial Reporting Manual
- Data and information security
- Exiting the European Union

	Risk in 2018-19	Change in risk assessment	Risk in 2019-20	Comments on change in risk assessment
Significant risks	Presumed risk of management override of controls	↔	R1. Presumed risk of management override of controls	Management override of controls remains a presumed significant risk under International Standards on Auditing (UK). See page 7 for further details and our proposed response.
	Revenue Recognition	↔	R2. Presumed risk of fraud in revenue recognition	The risk of fraud in revenue recognition remains a presumed significant risk under International Standards on Auditing (UK). This has not been rebutted for the HTA audit for 2019-20. See page 8 for further details and our proposed response.
Areas of Audit focus	Exiting the European Union	↔	A1. Exiting the European Union	The process of exiting the EU remains in progress and thus it is appropriate to retain this as an area of audit focus. HTA will need to give consideration of the impact of Brexit, its impact on HTA's capacity and any disclosures that may be required for inclusion in the accounts.
	Upgrade of CRM System	Removed		With the upgrade work completed during 2018-19, low capital spend in regard to the CRM system is expected in 2019-20. There is potential further website development which could either be revenue or capital spend. HTA's current expectation is that this will be classified as revenue expenditure (as work would involve enhancing the CRM system interface rather than work to the core underlying website). We no longer consider there to be any associated risk therefore this has been removed.
		NEW	A2. Implementation of IFRS 16: Leases	IFRS 16 is being applied by HM Treasury in the FReM from 1 st April 2020. This significantly impacts how lessees account for their leases and will bring most leases onto the balance sheet. Although this does not impact the accounting treatment for 2019-20, reporting bodies are required to include disclosure of how the standard would impact the accounts were it to be applied this year, by assessing all their current lease arrangements and other contracts which may meet the IFRS16 definition of a lease. We therefore consider it appropriate to include this as an area of audit focus for the 2019-20 audit. Further information on this new standard can be found at Appendix 4 on page 19.
		NEW	A3. Office relocation to Stratford	HTA aim to relocate to the new Stratford premises in late 2020. The associated risk represents various challenges including effective project management, potential negative impact on staff and business continuity. This should be considered as part of disclosures for the 2019-20 annual report and accounts. We know that this will take up a significant amount of management's time and attention and this consider it appropriate to include as an area of audit focus.

R1. Presumed risk of management override of controls

Detail

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.

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.

Audit Impact



Potential impact across all audit areas

Audit response

Controls

We will review the design and implementation of controls over journal entries, accounting estimates and significant or unusual transactions.

This will be supplemented by the substantive testing of these areas described adjacently.

We will also review the production of the management accounts and the scrutiny of these accounts by senior management.

Substantive

Our interim and final audit work will consider:

- the appropriateness of journal entries and other adjustments processed in preparing the financial statements;
- a sample test of journals based on a risk criteria;
- Any accounting estimates present in the financial statements, for evidence of management bias; and
- any significant transactions outside of HTA's normal course of business, or that otherwise appear to be unusual.

*The auditor shall identify and assess the risks of material misstatement at:

- (a) the financial statement level;
- (a) the assertion level for classes of transactions, account balances, and disclosures to provide a basis for designing and performing further audit procedures.

Risks of material misstatement at the financial statement level refer to risks that relate pervasively to the financial statements as a whole and potentially affect many assertions

R2. Presumed risk of fraud in revenue recognition

Detail

Under International Standards on Auditing (UK), 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 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.

Audit Impact

⇐ Potential impact on income balances

Audit response

Controls	Substantive
<p>We will review the production of the management accounts and the scrutiny of these accounts by senior management. We will also review controls in place over HTA's income streams.</p> <p>This will be supplemented by the substantive testing of these areas described adjacently.</p>	<ul style="list-style-type: none"> We will perform a substantive analytical review using HTA licence issued data. We will consider any new income streams for 2019-20. We will test the reconciliations of licence holders in CRM to invoices raised in Great Plains to gain assurance over the completeness and accuracy of licence fee income.

*The auditor shall identify and assess the risks of material misstatement at:

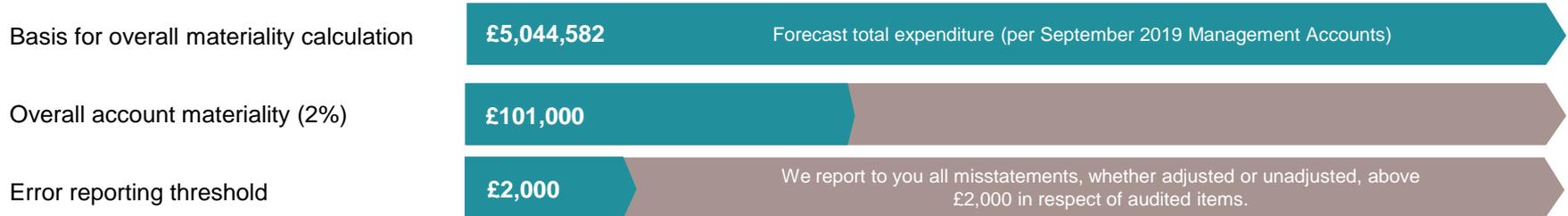
- (a) the financial statement level;
- (a) the assertion level for classes of transactions, account balances, and disclosures to provide a basis for designing and performing further audit procedures.

Risks of material misstatement at the financial statement level refer to risks that relate pervasively to the financial statements as a whole and potentially affect many assertions.

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

If during the audit these areas of focus have a significant effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team, we may include these in our extended auditor report as key audit matters, as defined by ISA (UK) 701.

Title	Audit Area Affected	Audit Response
A1. Exiting the European Union	Disclosure impact (and potentially other areas)	The process of exiting the EU is continuing. As part of our audit enquiries we will review management consideration of the impact of Brexit and any disclosure that may be required in the accounts.
A2. Implementation of IFRS 16 Leases	Disclosures	<p>The standard is applied by HM Treasury in the FReM 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 to the impact that future accounting standards would have in the current year. Assessment of all operating leases held by HTA will be required in 2019-20 as part of the assessment of the impact, and in preparation for 2020-21.</p> <p>We will discuss this with 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.</p> <p>Further information on IFRS 16 is provided in Appendix 4 on page 18.</p>
A3. Office relocation to Stratford	Disclosures	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.



In line with generally accepted practice, we have set our quantitative materiality threshold for the financial statements as approximately 2% of forecast gross expenditure for 2019-20 which equates to £101,000.

These levels remain comparable to those used in the prior year.

Our overall account materiality is based on gross expenditure. Expenditure is the driver of the license fee income and is of significant interest to the primary users of the financial statements.

A matter is material if its omission or misstatement would reasonably influence the decisions of users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of the misstatement.

The concept of materiality recognises that absolute accuracy in financial statements is rarely possible. An audit is therefore designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. We apply this concept in planning and performing our audit, and in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements, if any, on the financial statements and in forming the audit opinion. This includes the statistical evaluation of errors found in samples which are individually below the

materiality threshold but, when extrapolated, suggest material error in an overall population. As the audit progresses our assessment of both quantitative and qualitative materiality may change.

We also consider materiality qualitatively. In areas where users are particularly sensitive to inaccuracy or omission, we may treat misstatements as material even below the principal threshold(s).

These areas include:

- the remuneration report;
- disclosures about losses and special payments;
- our audit fee; and
- irregular income and expenditure.

The proposed timetable comprises an interim visit commencing **27th January 2020** for 1 week, a second interim visit commencing **2nd March 2020** for 1 week and a final visit commencing **27th April 2020** for 2 weeks with certification planned for July 2019.

Fees

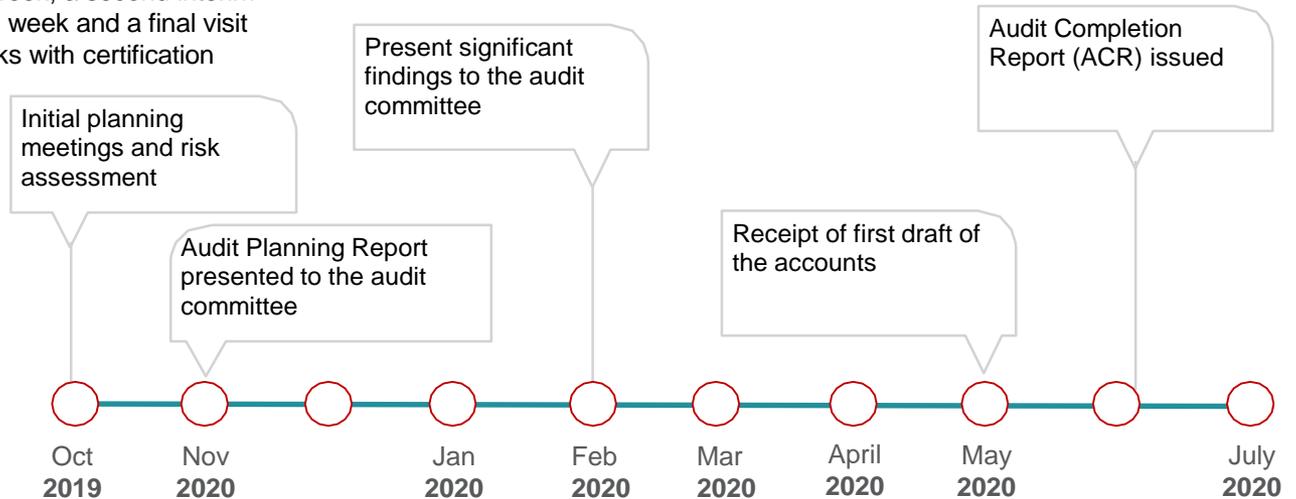
The fee for the audit is £27,800.

The principal agreed with Parliament is that our fee is set to recover the full costs of the audit, rather than make a profit from or subsidise an audit. The NAO determines its fees with reference to standard hourly rates for our staff, which are reviewed annually, and updated when costs change. This includes costs associated with participation in the Civil Service pension scheme, which have increased since 1 April 2019.

Completion of our audit in line with the timetable and fee is dependent upon HTA:

- delivering a complete Annual Report and Accounts of sufficient quality, subject to appropriate internal review, on the date agreed;
- delivering good quality supporting evidence and explanations within the agreed timetable;
- and making staff available during the audit.

If significant issues arise and we are required to perform additional work this may result in a change in our fee. We will discuss this with you before carrying out additional work.



Planning

In consultation with Management, Audit Committee, Internal Audit and other Key stakeholders, review HTA's operations, assess risk for our audit and evaluate the control framework.
Determine audit strategy.

Interim fieldwork

Test expenditure and income.

Final fieldwork

Test expenditure and income and significant balances and disclosures

Completion

ACR: present our findings and recommendations.
Seek management representations.
C&AG issues opinion.
Management Letter: provide final recommendations on control matters identified.

Debrief

Meeting to discuss lessons learned and improvements for the following year.

Other Matters

Audit scope and strategy

This audit plan covers the work we plan to perform to express an opinion on whether the financial statements are free from material misstatement and are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The plan is also designed to ensure the audit is performed in an effective and efficient manner. Our audit approach is a risk based approach, ensuring that audit work is focussed on significant risks of material misstatement and irregularity.

In areas where users are particularly sensitive to inaccuracy or omission, a lower level of materiality is applied, e.g. for the audit of senior management remuneration disclosures and related party transactions.

When undertaking our risk assessment we take into account several factors including:

- Inquiries of management
- Analytical procedures
- Observation and inspection of control systems and operations
- Examining business plans and strategies

Our risk assessment will be continually updated throughout the audit.

Independence

We are independent of 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/>.

We will reconfirm our independence and objectivity to the Audit Committee following the completion of the audit.

Other Matters

Management of personal data

During the course of our audit we have access to personal data to support our audit testing.

We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We confirm that we have discharged those responsibilities communicated to you in the NAO's Statement on Management of Personal Data at the NAO.

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/>

Using the work of internal audit

We liaise closely with internal audit through the audit process and seek to take assurance from their work where their objectives cover areas of joint interest.

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.

Anna Kinghan
Portfolio Director

Mike Surman
Engagement Director

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Experience

- First year on engagement acting as Engagement Director
 - Experience of leading and managing financial audit in the public sector
-

Jill Hearne
Engagement Manager

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Experience

- Second year as manager on engagement
 - Experience of leading and managing financial audit in the public sector
-

Oliver Evatt
Engagement Lead

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Experience

- First year on engagement
 - 2 years previous experience of financial audit in the health public sector
-

In line with ISAs (UK) we are required to agree the respective responsibilities of the C&AG/NAO and the Accounting Officer/HTA, making clear that the audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

These responsibilities are set out in the Letter of Understanding, reissued in 2019, and are summarised here.

Area	Accounting Officer/management responsibilities	Our responsibilities as auditor
Scope of the audit	<ul style="list-style-type: none"> • Prepare financial statements in accordance with <i>the Human Tissue Act 2004</i> and HM Treasury guidance and that give a true and fair view. • Process all relevant general ledger transactions and make these, and the trial balance, available for audit. • Support any amendments made to the trial balance after the close of books (discussing with us). • Agree adjustments required as a result of our audit. • Provide access to documentation supporting the figures and disclosures within the financial statements. • Subject the draft account to appropriate management review prior to presentation for audit 	<ul style="list-style-type: none"> • Conduct our audit in accordance with <i>International Standards on Auditing (UK) (ISAs (UK))</i>. • Report if the financial statements do not, in any material respect, give a true and fair view. • Review the information published with the financial statements (e.g. annual report) to confirm it is consistent with the accounts and information obtained during the course of our audit.

Area	Accounting Officer/management responsibilities	Our responsibilities as auditor
Regularity	<ul style="list-style-type: none"> Ensure the regularity of financial transactions. Obtain assurance that transactions are in accordance with appropriate authorities, including the organisation's statutory framework and other requirements of Parliament and HM Treasury. 	<ul style="list-style-type: none"> Conduct our audit of regularity in accordance with <i>Practice Note 10, 'Audit of financial statements of public sector bodies in the United Kingdom (2016)'</i>, issued by the Financial Reporting Council. Confirm the assurances obtained by HTA that transactions are in accordance with authorities. Have regard to the concept of propriety, i.e. Parliament's intentions as to how public business should be conducted.
Fraud	<ul style="list-style-type: none"> Primary responsibility for the prevention and detection of fraud. Establish a sound system of internal control designed to manage the risks facing the organisation; including the risk of fraud. 	<ul style="list-style-type: none"> Provide reasonable assurance that the financial statements (as a whole) are free from material misstatement, whether caused by fraud or error. Make inquiries of those charged with governance in respect of your oversight responsibility.
Governance statement	<ul style="list-style-type: none"> Review the approach to the organisation's governance reporting. Assemble the governance statement from assurances about the organisation's performance and risk profile, its responses to risks and its success in tackling them. Board members, with the support of the Audit Committee, evaluate the quality of internal control and governance, and advise on any significant omissions from the statement. 	<ul style="list-style-type: none"> Confirm whether the governance statement is consistent with our knowledge of the organisation, including its internal control. Consider whether the statement has been prepared in accordance with HM Treasury guidance, including Managing Public Money.
Accounting estimates and related parties	<ul style="list-style-type: none"> Identify when an accounting estimate, e.g. provisions, should be made. Appropriately value and account for estimates using the best available information and without bias. Identify related parties. Appropriately account for and disclose related party transactions. 	<ul style="list-style-type: none"> Consider the risk of material misstatement in respect of accounting estimates made by management. Perform audit procedures to identify, assess and respond to the material risks of not accounting for or disclosing related party relationships appropriately. We have not identified any significant risks at this stage

Appendix 3: Follow up to recommendations we made in the previous year

Financial Audit Planning

In 2018-19 we made the below recommendations to HTA. Below is an update on the status of these recommendations.

Classification	Low risk	
<p>Finding</p> <p>As reported in the adjusted error schedule within the 2018-19 Audit Completion Report, evidence was found of items that had been incorrectly classified as intangible assets.</p> <p>Although this had no net impact on the statement of financial position, the note in the accounts was incorrect in the first version of the accounts provided to us</p> <p>This remains open for the 2019-20 audit. HTA do not expect many additions in year.</p>	<p>Our recommendation</p> <p>We appreciate the tight timetable for the production of HTA's accounts, which limits time available for detailed management review.</p> <p>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.</p>	<p>Management response</p> <p>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).</p> <p>Status: The issue related to CRM, for which capital expenditure was largely completed in 2018-19. Thus we do not expect this issue to recur in 2019-20, but will confirm that any further capital additions are classified appropriately.</p>

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

IFRS 16: Leases

Effective for the FReM from 2020-21

What is IFRS 16?

IFRS 16 eliminates the operating/finance lease distinction 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. 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 the asset and liability will need to respond to any changes in lease terms, and the accounting for the asset can be on a cost less depreciation and impairment model or a revaluation (fair value) model.

Changes affecting a lessor are limited, such as the revised guidance on the definition of a lease and the definition of the lease term.

HMT Letter to Finance Directors & HMT Application Guidance

HM Treasury has issued a letter to Finance Directors which outlines how Departments and their arm's length bodies are expected to progress plans to effectively implement the standard on time, a high level guide for implementing IFRS 16 and directions to application and budgetary guidance. The Application Guidance released in April 2019 can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797922/IFRS_16_Application_Guidance_April_Update.pdf

Transition disclosures in the year preceding implementation

The financial reporting council

Disclosures in line with IAS 8 will be required :

- (a)the fact the standard has not yet been implemented,
- (b)Disclosing known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.

You should also consider disclosing:

- (a)the title of the new IFRS;
- (b)the nature of the impending change or changes in accounting policy;
- (c)the date by which application of the IFRS is required;
- (d)the date as at which it plans to apply the IFRS initially; and
- (e)either:
 - (i)a discussion of the impact that initial application of the IFRS is expected to have on the entity's financial statements;
 - or
 - (ii)if that impact is not known or reasonably estimable, a statement to that effect.

Support to Audit Committees

We have developed a range of guidance and tools to help public sector Audit Committees achieve good corporate governance.

https://www.nao.org.uk/search/pi_area/support-for-audit-committees/

Cyber security and information risk guidance for Audit Committees

Audit committees should be scrutinising cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>

Corporate Governance Code for central government departments

The document was released in April 2017 and lays out the model for departmental boards, chaired by Secretaries of State and involving ministers, civil servants and non-executive board members. The principles outlined in the code will also prove useful for other parts of central government and they are encouraged to apply arrangements suitably adapted for their organisation.

<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

Developments in government internal audit and assurance

The handbook released in March 2016 reflects developing best practice in governance and the increasing significance of risk management, and associated assurance needs, in the governance of government organisations.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf

Guidance for governance

Sustainability reporting

This guidance is to assist with the completion of sustainability reports in the public sector. It sets out the minimum requirements, some best practice guidance and the underlying principles to be adopted in preparing the information.

<https://www.gov.uk/government/publications/public-sector-annual-reports-sustainability-reporting-guidance-2016-to-2017>

Disclosure Guides

Our disclosure guides for clients help audited bodies prepare an account in the appropriate form and that has complied with all relevant disclosure requirements.

<http://www.nao.org.uk/report/nao-disclosure-guides-for-entities-who-prepare-financial-statements-in-accordance-with-the-government-financial-reporting-manual-frem/>

ISA 240 (UK&I) 'The auditor's responsibility to consider fraud in an audit of financial statements' requires us, as your auditors, to make inquiries and obtain an understanding of the oversight exercised by those charged with governance.

Fraudulent Financial Reporting:

Intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

What can constitute fraud?

Internal misappropriation of assets: Theft of an entity's assets perpetrated by management or other employees.

External misappropriation of assets: Theft of an entity's assets perpetrated by individuals or groups outside of the entity, for example grant or benefit recipients.

Rationalisation/attitude: Culture of environment enables management to rationalise committing fraud – attitude or values of those involved, or pressure that enables them to rationalise committing a dishonest act.

Incentive/Pressure: Management or other employees have an incentive or are under pressure.

Fraud risk factors

Opportunity: Circumstances exist – ineffective or absent control, or management ability to override controls – that provide opportunity

ISA inquiries

Our inquiries relate to your oversight responsibility for

- Management's assessment of the risk that the financial statements may be materially misstated owing to fraud, including the nature, extent and frequency of such assessments;
- Management's process for identifying and responding to the risks of fraud, including any specific risks of fraud that management has identified or that has been brought to its attention;
- Management's communication to the Audit Committee (and others charged with governance) on its processes for identifying and responding to the risks of fraud; and
- Management's communication, if any, to its employees on its views about business practices and ethical behavior.

We are also required to ask whether you have any knowledge of any actual, suspected or alleged fraud.

Audit approach

We have planned our audit of the financial statements so that we have a reasonable expectation of identifying material misstatements and irregularity (including those resulting from fraud). Our audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

We will incorporate an element of unpredictability as part of our approach to address fraud risk. This could include, for example, completing procedures at locations which have not previously been subject to audit or adjusting the timing of some procedures.

We will report to the Audit Committee where we have identified fraud, obtained any information that indicates a fraud may exist or where we consider there to be any other matters related to fraud that should be discussed with those charged with governance.

The Building Public Trust Awards recognise outstanding corporate reporting that builds trust and transparency. This interactive document illustrates a range of good practice examples across annual reports in both the public and private sector.

[Building Public Trust Awards – good practice in annual report and accounts 2017-18](#)

Now in their 16th year, the public sector award is sponsored by the NAO in conjunction with PwC. During judging we identified a range of good practice examples and illustrate a number of these in this interactive document.

In 2018 the public sector award for excellence in public sector reporting was jointly won by the Crown Estate and the Ministry of Justice. Kate Mathers, Executive Leader at the National Audit Office, sits on the judging panel for the awards.

(10 May 2019)

During the judging process, we identified a number of examples of good practice from the public sector annual reports and accounts reviewed, plus those short listed from the private and third sector. This interactive pdf summarises the judging criteria based on the principles of a good annual report. The guide highlights examples of “what good looks like” in reporting on strategy, risk, operations, governance, success measures, financial performance, people factors, external factors and ensuring the report is understandable to its users.

Internal Aaudit reports not included- Confidential papers

Audit and Risk Assurance Committee Paper

Date	30 January 2020	Paper reference	(AUD 25/19)
Agenda item	8	Author	Morounke Akingbola Head of Finance and Governance

IFRS 16 – Assessment of impact on Statement of Financial Position

Purpose of paper

1. To present the results of the assessment of the introduction of IFRS 16 Leases on the impact of the changes to the Statement of Financial Position (SoFP) of the HTA

Decision-making to date

2. None.

Action required

3. The Committee is requested to note the result of the assessment.

Background

5. IFRS 16 is applicable to most public sector organisations and is effective from 1 January 2020. This 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).
6. This new standard requires recognition of most leases, which last more than twelve months to be recognised on the balance sheet.
7. There are exceptions where a lease need not be recognised and these are:
 - Where the lease is of low value (i.e. tablet, personal computers, telephones, photo copiers);

- Where the lease term ends within 12 months of initial application of the standard (short term leases i.e. software licences, some property leases).

Definition of a lease

8. The standard defines a lease as a contract that ‘conveys the right to control the use of an identified asset for a period of time in exchange for consideration’.

Assessment of current contracts at the HTA

9. An analysis was undertaken of existing contracts entered into by the HTA. The contracts can be categorised into three areas:
 - Software as a service (SaaS) – licensing and delivery model in which software is licenced on a subscription basis.
 - Licence agreements renewable annually
 - Contracts for service – such as Internal Audit
 - Contracts for support/maintenance
 - Rental contract(s) for office space and Multi-function devices (MFD) or photo copiers.
10. There were nineteen contracts in total, of which two meet the definition of a lease as per the standard. The remaining contracts were also of a low value and expired within twelve months, and therefore would not be included on the Statement of Financial Position (Balance Sheet).

Type	No.	Total value at 31/12/19	Lease agreement	Out of scope
Rental	2*	£539k	Yes	N/a
Software/SaaS	7	£53k	No	Yes
Support	7	£47k	No	N/a
Service	3	£8k	No	N/a

*Includes contract for Multi-Functional Devices (photocopiers) that have less than twelve months remaining and cost is less than £3k.

11. The contract relating to the HTA’s occupation of the second floor at 151 Buckingham Palace Road meets the definition of a lease. However, as the contract ends within twelve months, we would choose not to recognise this lease and there would be no impact on our balance sheet.
12. The new lease for the office space at 2 Redman Place, Stratford, will become live when we relocate, currently planned to be in November 2020. This will have a significant impact on our balance sheet and the Stratford 2020 Programme Board,

through its Finance and Procurement working group, are ensuring that the appropriate budget provision is made at Departmental level to cover the relevant recognition costs in 2020/21 financial year. Below is an estimate of the likely cost for HTA, the actual cost of the lease is dependent on a number of ongoing discussions around apportionment of the shared spaces and is therefore yet to be finalised.

Assumptions:

Lease term 10 Years

Annual Rent £483k (current rent uplifted by 5%)

13. Present value of lease payments (over 10 years) **£4,509k** – this would be the increase to our balance sheet in 2020/21. The table below details the change each year. Figures have been rounded

Present Value of Lease payments over 10 years				
Year	Opening Bal £'000s	Interest £'000s	Payment £'000s	Closing Bal £'000s
2020-21	4,509	57.0	(483.0)	4,083
2021-22	4,083	52.0	(483.0)	3,652
2022-23	3,652	46.0	(483.0)	3,215
2023-24	3,215	41.0	(483.0)	2,773
2024-25	2,773	35.0	(483.0)	2,352
2025-26	2,352	29.0	(483.0)	1,872
2026-27	1,872	24.0	(483.0)	1,413
2027-28	1,413	18.0	(483.0)	948
2028-29	948	12.0	(483.0)	477
2029-30	477	6.0	(483.0)	0

14. Depreciation would be charged to the Income and Expenditure (I&E) account each year at 1/10th of the cost of the lease (£450.9k) and interest at a rate determined by HM Treasury of 1.27% applied to the value of the lease each year and charged to the I&E account – these costs are expected to be covered by Department of Health and Social Care (DHSC) in form of Ring Fenced and Non Ring Fenced RDEL.



Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	(AUD 27/19)
Agenda item	10	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. Three audits have been undertaken and completed since the October 2019 meeting of which one remains outstanding.
3. Two recommendations with the GDPR Audit have been removed as agreed with GIAA.
4. This paper was reviewed and approved by Senior Management Team (SMT) on the 23 January 2020.

Action required

5. 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 HTA's proposal around the Records Management actions.

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	Not started or N/a
IA – GDPR Compliance	3	2	1	0	0	0	0
IA – Key Regulatory Processes	2	1	1	0	0	0	0
IA – Records Management	8	8	0	0	0	0	0
IA - Cyber security	2	0	2	0	0	0	0
IA – Utilisation of Capabilities	6	0	0	6	0	0	0
IA – Critical Incident Management	6	0	0	0	0	0	6
IA – Business Continuity Management	7	0	0	0	0	0	7
COUNT	34	11	4	6	0	0	13

IA – Internal Audit – GIAA

EA – External Audit - NAO

HIGH	6	5	1	0	0	0	0
MEDIUM	22	5	2	6	0	0	9
LOW	6	1	1	0	0	0	4

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	<p>June 2019 Work is ongoing to finalise the records retention document, it is anticipated this will be complete by July 2019.</p> <p>October 2019 Resource required to co-ordinate work that will need to be done across the organisation, prior to release of RRD.</p> <p>January 2020 This is now incorporated into the records management policy (to be discussed with ARAC).</p>	Richard Sydee 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			
<p>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.</p>	<p>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.</p> <p>Target date – December 2019</p>	<p>June 2019 Heds 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.</p> <p>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.</p> <p>January 2020 We have:</p> <ul style="list-style-type: none"> •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; 	<p>Nicolette Harrison COMPLETE</p>

		<ul style="list-style-type: none"> •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.	<p>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.</p> <p>Target date – December 2019 Revised target date – March 2020</p>	<p>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.</p> <p>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.</p> <p>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.</p>	Nicolette Harrison ON-GOING

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 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 Governance Policy, to ensure this is	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 Target date – May 2019	June 2019 As per response to recommendation 1. October 2019 Evidence to be provided to GIAA	Richard Sydee COMPLETE

being used and updated on a consistent basis, so that reliance can be placed on the information on there.			
<u>Records Management</u>	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	<u>June 2019</u> Review has been undertaken at year end and IAR is now up to date. <u>October 2019</u> Evidence of completion to be provided to GIAA	Richard Sydee COMPLETE

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
<u>Records Management - Risk 3</u>	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	<u>June 2019</u> Additional objective has been drafted and will be added to the objectives of IAOs and all relevant staff for the 2019/20 reporting year. <u>October 2019</u> Evidence of completion to be provided to GIAA	Richard Sydee COMPLETE

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
<u>Records Management - Risk 4</u> 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 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 COMPLETE
<u>Records Management – Risk 4</u> 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 <i>Target date - January 2018</i> 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

<p><u>Cyber security</u></p>	<p>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</p>		
<p>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.</p>	<p>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</p> <p><i>Target date – January 2018</i></p> <p><i>New target date – March 2019</i></p>	<p>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 <i>via automated workflows</i>. 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 In light of Chair’s comments (see October minutes), the recommendation is to be re-defined or closed.</p>	<p>Diane Galbraith David Thomson</p> <p>COMPLETE</p>

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
Utilisation of Capabilities (Risk 1)			
<p>(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.</p>	<p>Will review the Risk Registers to address this where possible.</p> <p>Target date – End September 2019 Revised target date – End December 2019 Revised target date – Q1 2020/21</p>	<p>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.</p> <p>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.</p>	<p>Sandra Croser & SMT</p> <p>IN PROGRESS</p>
<p>(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.</p>	<p>Will review the Risk Register and strengthen the controls for risk and control where possible.</p> <p>Target date – End September 2019 Revised target date – End December 2019</p>	<p>October 2019 As recommendation 1</p> <p>January 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.</p>	<p>Sandra Croser & SMT</p> <p>IN PROGRESS</p>
<p>(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.</p>	<p>A handover checklist will be developed to capture role specific key deliverables, key stakeholders and contacts based on the Capability Framework when developed.</p> <p>Target date – End November 2019 Revised target date – End March 2020</p>	<p>October 2019 Work has not yet commenced and we suggest a revised target date of end of March 2020.</p> <p>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</p>	<p>Sandra Croser & SMT</p> <p>Not started IN PROGRESS</p>

<u>Utilisation of Capabilities (Risk 2)</u>	Resourcing plans do not effectively identify, present or articulate current skills and new skills requirements		
<p>(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.</p>	<p>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</p> <p>From this a documented skills matrix will be shared and updated on Impact with a purpose of peer to peer learning and upskilling. In addition, a bi weekly Lunch and Learn has been initiated to enable the sharing of skills and experience along with general information sessions.</p> <p>Target date – End November Revised target date – End March 2020</p>	<p>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.</p> <p>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 get more from Excel’ to better ‘Understanding Diversity and LGBTQ+’.</p> <p>All staff have been asked for approval to use and share their output from the Skills audit, only one has so far refused this.</p> <p>An ‘Ask Me’ template will be developed for staff to better utilise the internal skills to build their own.</p>	<p>Sandra Croser & SMT</p> <p>Not started IN PROGRESS</p>

<u>Utilisation of Capabilities (Risk 3)</u>	Resourcing plans do not effectively identify, present or articulate current skills and new skills requirements		
<p>(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.</p>	<p>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.</p> <p>Target date – End November 2019 Revised target date – End March 2020</p>	<p>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.</p> <p>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.</p>	<p>SMT & Head of HR</p> <p>Not started IN PROGRESS</p>
<p>(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.</p>	<p>A capability framework will be developed which will also identify the key people and key roles across the organisation. Knowledge and experience 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</p>	<p>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.</p> <p>January 2020 Head of HR and SMT will review all Key Roles and Key People with a view to Succession Planning</p>	<p>Sandra Croser</p> <p>Not started IN PROGRESS</p>

	<p>and the recent stress audit, workload and overstretch will need to be carefully considered.</p> <p>Target date – End November 2019 Revised Target date – July 2020</p>	<p>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.</p>	
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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		Richard Sydee Director of Resources Not started
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		Richard Sydee Director of Resources Not started

RECOMMENDATION	AGREED ACTIONS	PROGRESS	OWNER / COMPLETION
<u>Critical incident management</u>			
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 in to any work we may undertake to as part of our annual review of the operational risk register Target date – December 2020		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		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	.	Richard Sydee Director of Resources Not started
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		Richard Sydee Director of Resources and Sandra Croser Head of HR Not started

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		Richard Sydee Director of Resources Not started
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		Richard Sydee Director of Resources Not started
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 form part of our new BC plan. Target date March 2020		Richard Sydee Director of Resources Not started

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		Richard Sydee Director of Resources Not started
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		Richard Sydee Director of Resources Not started

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 and ensure this is part of 2020/21 training plans where pertinent to an individual's role Target date – June 2020		Sandra Croser Head of HR Not started
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)		Richard Sydee Director of Resources Not started

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD (28/12)
Agenda item	11	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 January 2020.

Decision-making to date

2. None.

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 Senior Management Team (SMT) monthly, and the register is updated. The strategic risk register that was updated at the beginning of January is at Annex A.
5. In October, 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).

6. The risk of failing to manage regulatory expectations (risk three) has seen no change to the overall rating. Over this period we continued to monitor and manage perimeter issues for the HTA, such as taphonomy, as well as managing the escalation of activity in preparation for Brexit. This remains an area of significant activity for the HTA; however, at this point SMT does not feel that the overall risk has changed. We have reflected the Government decision to stand down no deal EU Exit planning against this risk, although we do not feel this has had a material impact on the overall rating.
7. Risk 4, failure to utilise capabilities effectively, has seen a small uptick in perceived risk since October 2019. Although workload and pressure continue to be monitored closely by SMT, an action plan is in place to deal with the recommendations of the stress survey and audit. Good progress has been made on improving our induction procedures that is being further built on by the appointment to the Regulation Manager -Training post, which has responsibility for induction, learning and development. The difficulty in recruiting for project management and business analyst post in the Digital Technology & Development directorate, and some recently vacated posts across the organisation, has increased the overall resource pressure on the organisation. Overall SMT are of the view that the trend in this risk is slightly upward, but have not increased the risk score at this time.
8. Risk 6, failure to achieve the benefits of the organisational transformation programme, has seen little change since the October meeting, although we will now begin to reflect the impact of the office move via this risk area.
9. In light of the conversation at the HTA Authority's strategic away day on the 21 January 2020 SMT have discussed the need to re-evaluate the approach to risk management and the policy and templates that track and record our risk position. At this time we have amended the risks in line with the current model, but are conscious that a substantive review will be required ahead of the new business year.

HTA Strategic Risk Register January 2020

Overview: Risks reflect the strategy for 2019 - 2022. Our highest scored risks are the failure to manage expectations of regulation, which reflects the fast-pace of change within the sectors we regulate and the low likelihood of legislative change in the foreseeable future, and failure to utilise our capabilities effectively. Our Regulation Manager cadre is now more experienced with all now signed off to lead and support inspections. This has had a mitigating impact on risks 1 and 4. At the beginning of January, six posts are vacant, Project Manager, Business Analyst, Quality and Corporate Governance Manager, Policy, Strategy and Communications Officer, HR Manager and a Regulation Manager. The first two of these roles have proved difficult to fill with suitable candidates. In addition a further 4 vacancies will arise over the next two months and plans are underway to fill these posts. The new Director vacancy is now filled, and SMT's leadership capability is now at full strength.

Other notable risks: Internally, planning for no deal EU Exit has been stood down on DHSC advice. The HTA stands ready to support DHSC as required, and at present, it is difficult to assess how much resource will need to be dedicated to EU Exit planning over the remainder of the business year and into 2020/21.

Progress on other development activity slowed as a result of carrying out work relating to EU exit, the opt-out consent Code of Practice. Work is continuing to scope the development priorities for the coming two years. Additional funds have been released as a result of the resolution of a long standing rent dispute. Plans are now well underway to invest these funds in parts of the Development Programme that support our office move and could be delivered in this tight timescale, or which build a foundation for future development. This continues to bring management overhead in terms of oversight and the administrative burden of letting appropriate contacts in short timescales, although this is proving manageable.

DHSC spending controls are likely to place continuing pressures on ALBs to make savings. We have received confirmation of GIA funding for the 2020/21 financial year, but anticipate that we will continue to be unable to access reserves to fund our wider development project ambitions - we will need to consider the options to provide some contingency funding next financial year to enable the completion of the development work we undertake from now until March 2020.

Risk	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Comments
1 - Failure to regulate appropriately <i>(Risk to Delivery a-d & f and Development a-d)</i>	↓	→	→	→	A good regulatory framework and processes are in place, with a strong assured position on our key regulatory processes confirmed in the recent internal audit of these processes. Further continuous improvement is planned through mechanisms such as the recently introduced quality forum and the investment in the new one-year role of Regulation Manager - Training. All new Regulation Managers recruited during the preceding year have now been signed-off to lead inspections, increasing the organisation's capacity and strengthening our regulatory capability. A range of training activities and the new RM induction programme have been overseen by the new RM-Training. Regular training sessions coupled with work to improve and standardise reporting processes along with an increasing focus on using data and data quality is also improving this area. Given the work done to date, we consider the overall risk level is now falling, although we note that churn amongst the Authority, including the Chair, potentially leaves some gaps in oversight and support on regulatory and transformation issues. The introduction of the new Inspection Report templates reduces the risk of inconsistencies in reporting which we feel has a positive impact on this risk.
2 - Failure to manage an incident <i>(Delivery, Development and Deployment)</i>	→	↓	→	→	Plans are in place to manage an incident. These plans are complete and were tested during Q4 of 2016/17. The Critical Incident Plan (CIP) was utilised to manage a building power outage during March 2018 and a regulatory issue in April 2018. Lessons learnt papers were discussed at ARAC, but the incidents were managed well. We have received the final reports from the internal audit review of our Business Continuity and Critical Incident Management arrangements providing moderate levels of assurance in both areas. Actions will be discussed with ARAC in due course and recommendations implemented. Plans for a 'no deal' EU Exit have been halted in line with Government instructions, we believe we are well positioned to respond to emerging instructions as negotiations develop.
3 - Failure to manage expectations of regulation <i>(Risk to Delivery e and Development c)</i>	→	→	→	→	We continue to communicate our remit 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 number of perimeter issue shows no sign of decreasing. These issues and the planning for EU exit continue to occupy regulatory resource. We are conscious that we have staff operating in the front-line roles who may be challenged about our response to issues outside our remit.
4 - Failure to utilise our capabilities effectively <i>(Delivery a-e)</i> <i>(Development a-d)</i> <i>(Deployment a, c and d)</i>	↓	↓	→	↑	We are now using the skills of our more recent recruits more fully. Some specialist posts have been harder to fill successfully. Limited success in recruiting into key roles in combination with new vacancies has increased the pressures on our resources, as a result we have indicated an overall up tick of the risk in this area. Workload and pressure continue to be monitored closely by the management team and an action plan is in place to deal with the recommendations of the stress survey and audit. We achieved our planned position relating to GDPR by the end of March 2019 and have received moderate assurance from internal audit. Good progress has been made on improving our induction procedures and this is being built on by the appointment of the RM-Training, with responsibility for induction, learning and development. We note the upcoming vacancies that will arise across the Regulation and DDT directorates in the new year and the plans to revise job roles and advertise to fill those roles. We will continue to monitor these areas over the next quarter. Additional funding released as a result of the resolution of the rent dispute means that some funding can be used during this financial year which will support smarter working initiatives and improved data use.
5 - Insufficient, or ineffective management of, financial resources <i>(Deployment b)</i>	→	→	→	→	Partial funding from DHSC was secured to cover increase in Employers' Pension contributions for 2019/20 along with non-cash income to cover our depreciation costs. Budget pressures this financial year have been alleviated due to the settlement of a longstanding rent dispute, this has released c£350 of additional funds that can be utilised through to the end of the March 2020. The lack of funding for Transformation programme beyond this financial year will limit the activity that can be initiated now was not approved in the current business year. We await final confirmation of the GIA settlement for the 2020/21 financial year from DHSC finance colleagues, we hope this will be received in time to inform budget and fees setting for the next financial year, in particular the ongoing funding of the NHS Pension contributions increase is a key concern. A recent incident of mandate fraud has led to the strengthening of processes around notification of changes to payment information and their authorisation. This relates to Risk 2 as well as the inclusion of additional IT protocols and awareness briefings.
6 - Failure to achieve the benefits of the HTA Development Programme <i>(Development objectives a-d)</i>	↓	↓	→	→	The impact of 'high' recognises that aspects of the programme in particular IT related could have significant impact on the business should service be disrupted. DHSC did not agree funding for this Programme in the current business year which has delayed the planning and project initiation. Some funding is now available for the remainder of this financial year and we anticipate some progress in implementing necessary change associated with the office relocation. The office move project is underway and recruitment of additional PM resources to support detailed planning is being considered, the impact of the move on other activities in the next business year are being accounted for and this remains one of our priority activities for the next year.

Strategic Objectives

Delivery objectives

- Deliver a right touch programme 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.

Development objectives

- Use data and information to provide real-time analysis, giving us a more responsive, sharper focus for our regulatory work and allowing us to target 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 our agility, resilience and sustainability as an organisation.

Deployment objectives

- Manage and develop our people in line with the HTA's 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
- Begin work on implementing a future operating model, which builds our agility, resilience and sustainability as an organisation

Risks are assessed by using the grid below

Risk scoring matrix						
Impact	5. Very high	5	10	15	20	25
	4. High	4	8	12	16	20
	3. Medium	3	6	9	12	15
	2. Low	2	4	6	8	10
	1. Very Low	1	2	3	4	5
Risk Score = Impact x Likelihood		1. Rare (≤10%)	2. Unlikely (11%-33%)	3. Possible (34%-67%)	4. Likely (68%-89%)	5. Almost Certain (≥90%)
Likelihood						

Lines of defence are:

- 1 - Embedded in the business operation
- 2 - Corporate oversight functions
- 3 - Independent of the HTA

REF	RISK/RISK OWNER	CAUSE AND EFFECTS	INHERENT		PROXIMITY	EXISTING CONTROLS/MITIGATIONS	RESIDUAL		ACTIONS TO IMPROVE MITIGATION	LINE OF DEFENCE			TYPE OF CONTROL	ASSURANCE OVER CONTROL	ASSURED POSITION
			I	L			I	L		1	2	3			
2	<p>Inability to manage an incident impacting on the delivery of HTA strategic objectives. This might be an incident:</p> <ul style="list-style-type: none"> relating to an activity we regulate (such as retention of tissue or serious injury or death to a person resulting from a treatment involving processes regulated by the HTA) caused by deficiency in the HTA's regulation or operation where we need to regulate, such as with emergency mortuaries that causes business continuity issues <p>(Risk to all Delivery Development and Deployment objectives)</p> <p>Risk owner: Nicky Harrison</p>	<p>Cause</p> <ul style="list-style-type: none"> Insufficient capacity and/or capability (for instance, staff availability, multiple incidents or ineffective knowledge management) Failure to recognise the potential risk caused by an incident (for instance poor decision making, lack of understanding of sector, poor horizon scanning) Failure to work effectively with partners/other organisations Breach of data security IT failure or attack incident affecting access to HTA office Consequences of 'no-deal' EU Exit affecting supply routes, staff availability or multiple incidents <p>Effect</p> <ul style="list-style-type: none"> Loss of public confidence Reputational damage Legal action against the HTA Intervention by sponsor 	5	3	Future, should event occur	<p>Filled identified business-critical roles</p> <p>Critical incident response plan, SOPs and guidance in place, regularly reviewed, including by annual training, and communicated to staff</p> <p>Media handling policy and guidance in place, including regular media training for key staff & Members with relevant scenarios, to supplement media release and enquiries SOPs</p> <p>Accessible lines to take and key messages for likely scenarios</p> <p>Availability of legal advice</p> <p>Fit for purpose Police Referrals Policy</p> <p>Onward delegation scheme and decision making framework agreed by the Authority</p> <p>Regulatory decision making framework</p> <p>IT security controls and information risk management</p> <p>Critical incident response plan regularly reviewed and tested</p> <p>Evaluate test exercise of incident and feedback to all staff.</p> <p>Plan to develop and strengthen the relationship with DIs</p> <p>EU exit plans in place</p>	3	2		1	2	3	Preventative	<p>Monthly reports to HTAMG</p> <p>Policies etc. reviewed annually, training specification and notes after incident reviews</p> <p>Policy reviewed annually, training specifications</p> <p>Reports on media issues in Delivery Report</p> <p>Documented, incidents reported to Chair and in Delivery Report</p> <p>Lawyers specified in Critical Incident Response Plan, SMT updates</p> <p>Annual review of policy (minimum), usage recorded in SMT minutes</p> <p>Standing Orders and Authority minutes</p> <p>Reports to Authority of key decisions in Delivery Report</p> <p>SIRO annual review and report</p> <p>Critical Incident Response Plan and notes of test, reported to SMT</p> <p>Process has been utilised twice in 2018, lessons learned papers to be presented to ARAC June 2018</p> <p>Blog and DI training</p> <p>Paper on EU Exit plans to be reviewed by SMT in January, and considered by Authority at February meeting. Updated EU Exit readiness assessment completed in August 2019 and considered by SMT and DHSC. Daily SitRep structure planned and arrangements put in place for their organisation and for monitoring and escalation of arising issues. Completion of daily cover rota with colleagues knowing expectations of their roles over this period. Awareness-raising across HTA at all-staff meeting on 14/10/19. EU exit response planner developed to ensure that if an incident arises, we all know what to do.</p>	<p>Monthly reports on vacancies by the Head of HR to SMT and KPI requiring exception reporting if there are more than two vacancies at the end of each month, although without reference to specific business-critical posts. Last report January 2020.</p> <p>Subject to internal audit reported to ARAC in February 2020</p> <p>Delivery report to Authority meeting May 2019</p> <p>In place</p> <p>Policy reviewed by Authority July 2018</p> <p>SOP reviewed and agreed in 4 May 2017 (next review pending)</p> <p>RDMs summarised in Delivery Report to Authority Meeting in November 2019.</p> <p>Cyber security review - standing agenda item at ARAC October 2019</p> <p>CR was used to manage a power outage during March 2018 and a regulatory incident arising in April 2019.</p> <p>Process has been utilised twice in 2018, lessons learned papers to be presented to ARAC June 2018</p> <p>Project on business plan</p> <p>EU Exit planning is a standing item on the weekly Senior Management Team Meeting and was covered in detail at the February, May and July Authority Meetings. Mostly green operational readiness assessment reported to DHSC August 2019. Further consideration of HTA's Operational Readiness at SMT on 11/10/19 and assurance on operational readiness to be reported to DHSC by 16/10/19.</p> <p>Work has now paused in line with instructions received from DHSC in late December 2019</p>

	<ul style="list-style-type: none"> • <i>Reduced public confidence in regulation of matters relating to human tissue</i> • <i>Reputational damage</i> 				<i>Regular meetings with DHSC policy team and attendance at other departmental meetings (ALB delivery partners, ORG, Comms sub-group) to inform planning for EU Exit and plan in place, including for a 'no-deal' scenario</i>	x		<i>Preventative</i>	<i>Meetings diarised and actions recorded. Internal EU Exit lead identified. Quarterly updates provided to Authority in Development report, and substantive paper at February 2019 meeting</i>	<i>On track, but uncertainty remains Guidance to sector published Feb19 ORC assessment of preparedness as green</i> <i>Extension period agreed to 31 October 2019; frequency of meetings reduced pending outcome of further Govt negotiations</i>
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REF	RISK/RISK OWNER	CAUSE AND EFFECTS	INHERENT		PROXIMITY	EXISTING CONTROLS/MITIGATIONS	RESIDUAL		ACTIONS TO IMPROVE MITIGATION	LINE OF DEFENCE			TYPE OF CONTROL	ASSURANCE OVER CONTROL	ASSURED POSITION
			I	L			I	L		1	2	3			
4	<p>Failure to utilise people, data and business technology capabilities effectively</p> <p><i>(Risk to Delivery objectives a-e, Development a-d Deployment a, c and d)</i></p> <p>Risk Owner: Louise Dineley</p>	<ul style="list-style-type: none"> Cause Lack of knowledge about individuals' expertise Poor job and organisational design resulting in skills being under used Poor line management practices Poor project management practices Poor leadership from SMT and Heads Data holdings poorly managed and under-exploited Inadequate business technology or training in the technology available Lack of ring-fenced resource for 'no-deal' EU Exit <p>Effect</p> <ul style="list-style-type: none"> Poor deployment of staff leading to inefficient working Disaffected staff Increased turnover leading to loss of staff Knowledge and insight that can be obtained from data holdings results in poor quality regulation or opportunities for improvement being missed Poor use of technology resulting in inefficient ways of working Inadequate balance between serving Delivery and Development objectives 	4	4		People	4	3		1	2	3			
						Regularly reviewed set of people-related policies cover all dimensions of the employee lifecycle			X	X		Preventative/Monitoring	QMS reminders as policies due for review. SMT review of all revised policies	Regular review cycle recommenced in late summer	
						Established annual Performance Development Planning (PDP) process supported by mandated in year processes (1-2-1s and mid year review) Standard objectives for all line managers			X	X		Preventative/Monitoring	PDP guidance reviewed annually and approved by SMT, newly introduced countersigning officer check	Guidance issued April 2019. End of year guidance has been issued and process commenced.	
						Regular review of HTA organisational structure and job descriptions			X	X		Preventative	Recruiting to the currently agreed organisational structure and approved job descriptions	Job descriptions reviewed as posts become vacant and recruitment to new vacant posts almost complete.	
						Feedback from HTA people about work, management and leadership			X	X		Monitoring/Detective	Staff survey, exit interviews, staff forum (attended by SMT Member and Head of HR)	Staff Survey completed January 2020, action plan to be developed in Q4. ARAC chair regularly discusses staff issues with chair of staff forum.	
						Revised People Strategy 2019 to 2021			X			Preventative/Monitoring	Authority approval of the Strategy	Authority approved the Strategy at its meeting in February 2019.	
						Data									
						Data relating to establishments securely stored with the Customer Relationship Management System (CRM)			X		X	Preventative/Monitoring	Upgrades to CRM, closely managed changes to CMR development. Internal audit of personal data security.	CRM upgrade completed successfully in March 2019	
						Appropriate procedures to manage personal data including GDPR compliance.			X		X	Preventative/Monitoring	Internal audit on GDPR compliance provided moderate assurance.	Internal audit report in March 2019.	
						Business technology									
						Staff training in key business systems			X			Preventative	Systems training forms part of the induction process for new starters	Ongoing records of all new starters trained in key business systems	
						IT systems protected and assurances received from 3rd party suppliers that protection is up to date			X	X	X	Preventative/Monitoring	Quarterly assurance reports from suppliers. MontAMSy operational cyber risk assessments. Annual SIRO report	Annual SIRO report presented to ARAC June 2019	
						Business technology									
						Identify refresher training and targeted software specific training needs.			X			Preventative			

REF	RISK/RISK OWNER	CAUSE AND EFFECTS	INHERENT RISK PRIORITY		PROXIMITY	EXISTING CONTROLS/MITIGATIONS	RESIDUAL RISK PRIORITY		ACTIONS TO IMPROVE MITIGATION	LINE OF DEFENCE			TYPE OF CONTROL	ASSURANCE OVER CONTROL	ASSURED POSITION			
			I	L			I	L		1	2	3						
5	<p><i>Insufficient, or ineffective management of, financial resources</i></p> <p><i>(Risk to Deployment objective b</i></p> <p><i>Risk Owner:</i></p> <p><i>Richard Sydee</i></p>	<p>Cause</p> <ul style="list-style-type: none"> Fee payers unable to pay licence fees The number of licenced establishments changes, leading to reduced fee income Management fail to set licence fees at a level that recover sufficient income to meet resource requirements Failure to estimate resource required to meet our regulatory activity Poor budget and/or cash-flow management Unexpected increases in regulatory responsibilities Unforeseeable price increases / reductions in GIA Fraudulent activity detected too late <p>Effect</p> <ul style="list-style-type: none"> Payments to suppliers and/or staff delayed Compensatory reductions in staff and other expenditure budgets Increased licence fees Requests for further public funding Draw on reserves Failure to adhere to Cabinet Office Functional Standards <p>Leading to:</p> <ul style="list-style-type: none"> Inability to deliver operations and carry out statutory remit Reputational damage and non payment of fees 	5	4	Ongoing		2	3		1	2	3	All	Budgetary control policy reviewed annually and agreed by SMT	Last review January 2019			
										X	X							
										X						Monitoring	Monthly finance reports to SMT and quarterly to Authority. Quarterly reports to DH	Last quarterly report April 2019
																Preventative	Annual update to fees model	Update agreed by the Authority November 2019 meeting
										X						Preventative	Monthly finance reports to SMT and quarterly to Authority	Last quarterly report November 2019
										X						Monitoring	Reserves policy reviewed annually and agreed by ARAC	Last agreed by ARAC October 2019
										X	X					Preventative	Delegation letters issued annually	Issued in May 2019
										X						Preventative	Agreed business plan, monthly HTAMG and SMT reports	Last HTAMG report October 2019 Last SMT update January 2020
										X						Preventative	Annual review of fees model, reported to SMT and Authority	Update agreed by the Authority November 2019.
																X	Detective	NAO report annually
					X	Detective	Monitoring of income and expenditure (RS) Ongoing	Monthly finance reports to SMT and quarterly to Authority. Quarterly reports to DH	Last quarterly report January 2020									
					X	X	Detective	Horizon scanning for changes to DH Grant-in-aid levels and arrangements (RS) Ongoing	Quarterly Finance Directors and Accountability meetings	FD from NHS Resolution, HRA, NICE and CQC maintain contact over common issues 2019/20 - last met July 2019 DHSC Finance wrote in September indicating confirmation of GIA funding sometime in October 2019 Confirmation of 2020/21 GIA recovered in December 2019								
					X	X	Preventative	Action plan to move from rudimentary to Basic level of maturity on the GovS 013 Functional Standards										

REF	RISK/RISK OWNER	CAUSE AND EFFECTS	INHERENT		PROXIMITY	EXISTING CONTROLS/MITIGATIONS	RESIDUAL		ACTIONS TO IMPROVE MITIGATION	LINE OF DEFENCE			TYPE OF CONTROL	ASSURANCE OVER CONTROL	ASSURED POSITION
			I	L			I	L		1	2	3			
6	<p>Failure to achieve the benefits of the HTA Development Programme</p> <p>(Development objectives a-d)</p> <p>Risk owner</p> <p>Louise Dineley</p>	<p>Causes</p> <ul style="list-style-type: none"> Uncertainty of funding Programme and project benefits poorly defined and understood Inadequate programme and project governance arrangements Poorly specified programme and projects Insufficient programme, project and change management skills Inadequate leadership of change Inability to access the necessary skills required at a affordable cost Lack of staff buy-in to change Management and Head stretch of delivering transformation alongside business as usual and other development activity Insufficient agility in (re)deploying people to change projects Poorly specified procurement and inadequate contract management Realisation of single points of failure for DDAT and People Strategy <p>Effects</p> <ul style="list-style-type: none"> Wasted public money Failure to achieve the central strategic intent of the Authority Distracts senior management from operations at a time when demands have increased Reputational damage Unaffordable cost over run Staff demotivation Data remains under-utilised Technology inadequate to meet future needs (cost, functionality) Limited ability to achieve improvements in efficiency and effectiveness Pace of change is inadequate and impacts negatively on other work 	5	4		4	4								
						SMT experience of organisational change, programme and project management				X			Preventative	Recruitment of an HTA Programme Director	The Director of Data, Technology and Development appointed in October 2019 will act as Programme Director.
						HTA approach to the management of change projects (underpinned by PRINCE2)				X			Preventative		
						A number of trained project managers among HTA staff				X			Preventative		
						Experience of procurement and contract management				X			Preventative		
						Existing mechanisms for engaging staff				X			Preventative		
						Well established corporate governance arrangements and financial controls					X		Monitoring	Internal audit of key controls	Assurance provided by Internal Audit of adequacy of key financial controls
						Agreement to a phased delivery approach to avoid all or nothing investment and align with available funding				X			Preventative		
						Obtain external advice on programme design and implementation				X			Preventative	Advice provided by PPL to SMT in April 2019	
						Implementation of external advice on programme design and governance				X			Preventative	PPL presentation to SMT April 2019	
						Embed Benefits Realisation Management methodology within programme				X			Preventative		
						Introduce a Programme Management Office				X			Preventative		
						Authority approval to proceed at key Gateway decision points					X		Monitoring		
						Act on the formal training needs analysis undertaken for the HTA more widely to identify and improve the level of internal capability to deliver the programme				X			Preventative	Formal training needs analysis data provided to HTA April 2019	
						Training plan to encompass project and change management and HTA approach				X			Preventative		
						Development of procurement plan to deliver the DDAT Strategy				X			Preventative		
						SROs identified for Programme and individual projects				X			Preventative		
						Schedule a regular programme of staff engagement events				X			Preventative		
						Establish an external stakeholder communications and engagement plan				X			Preventative		
						Recruitment of new Authority Member(s) with digital and organisational change experience					X		Monitoring		
						Programme to become a focus for appropriate internal audit						X	Monitoring/ Detective		
						Appointment of external critical friend to counter potential optimism bias						X	Preventative		

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD (29/19)
Agenda item	12	Author	Dave Thomson Head of Business Technology

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Draft Cyber Security Update

Purpose of paper

1. The purpose of this paper is to present the draft Cyber Security strategy to ARAC.

Decision-making to date

2. This paper was reviewed by the Director of Data, Technology and Development.

Action required

3. ARAC to review and note this draft strategy and provide comments.

Background

4. The Head of Business Technology is leading on shaping and implementing this strategy.
5. The cyber security strategy will underpin the HTA's ability to implement measures to ensure that the mandatory protective security outcomes are met.
6. There are a number of defined outcomes (i.e. protect, detect, respond and recover) within the standard the HTA will be expected to meet in adherence with the strategy.
7. Annex A of the strategy provides an example risk scenario template and Annex B sets out the cyber security enabling capabilities.

Questions

8. The HTA have historically aligned their cyber security management to the Security Policy Framework. Does ARAC approve of the change in alignment to the outcome based National Cyber Security Centre (NCSC) Minimum Cyber Security Standard?
9. Does ARAC believe that the enabling set of capabilities will support the HTA's ability to implement measures to ensure that the mandatory protective security outcomes are met? Are there any missing?
10. Will the risk scenario template enable the HTA to adequately describe its cyber security risks and mitigations? How can the template be further developed to include appropriate assurances to ARAC?

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
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HTA Cyber Security Strategy

Our vision for cyber security

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 but does not specify implementation steps, leaving this to organisations to decide based on their specific context. To support this, and to ensure that mandatory measures are implemented appropriately, this strategy will also define a Cyber Risk Assessment methodology.

Target state

A successful implementation of this strategy will mean that the HTA has 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.

The full set of outcomes defined in the Standard are:

Identify

- The HTA has in place appropriate cyber security governance processes.
- The HTA has identified and catalogued the sensitive information we hold.
- The HTA has 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

- The HTA takes steps to detect common cyber-attacks.

Respond

- The HTA has a defined, planned and tested response to cyber security incidents that impact sensitive information or key operational services.

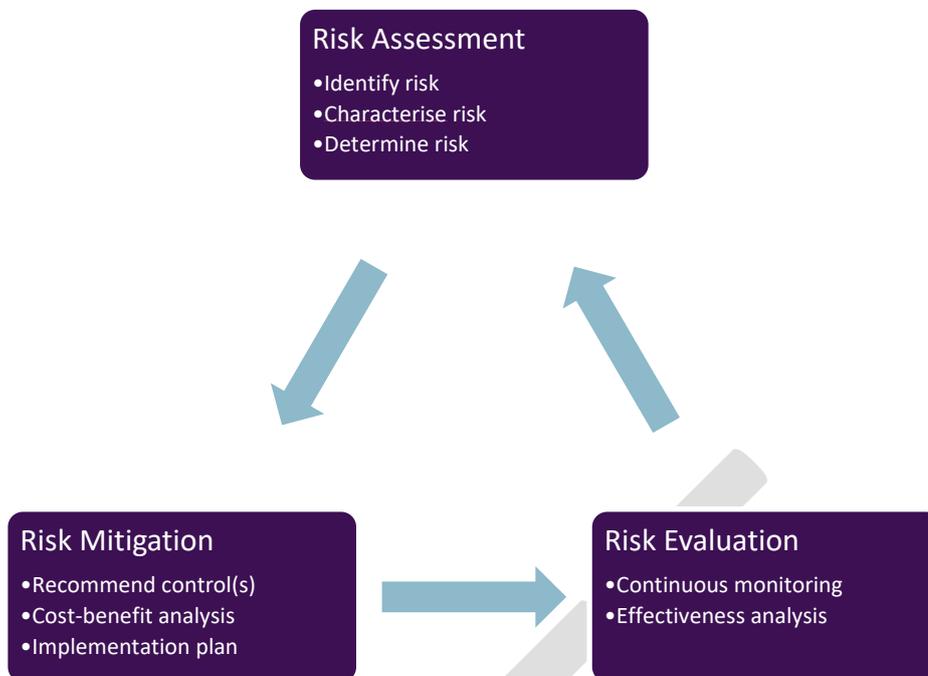
Recover

- The HTA has well defined and tested processes in place to ensure the continuity of key operational services in the event of failure or compromise.

Cyber Security Risk Management

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, 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.



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
- 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. A description of each capability area is included in Annex B.

Portfolio of initiatives

A detailed portfolio of initiatives will follow the completion of the risk assessment phase and the detailed risk scenarios however key areas of focus will include:

- Network security
- Identity and access management
- VPN

- Data loss prevention
- Email anti-spoofing
- Vulnerability scanning and assessment
- Intrusion detection
- Email security
- Encryption

DRAFT

Annex A - Risk Scenario Template

Risk Scenario Template	
Risk Scenario Title:	
Risk Scenario Category <i>High-level description of the scenario category</i>	<input type="checkbox"/> 01 - Portfolio establishment and maintenance <input type="checkbox"/> 02 - Programme/project life cycle management <input type="checkbox"/> 03 - IT investment decision making <input type="checkbox"/> 04 - IT expertise and skills <input type="checkbox"/> 05 - Staff operations <input type="checkbox"/> 06 – Information <input type="checkbox"/> 07 - Architecture <input type="checkbox"/> 08 - Infrastructure <input type="checkbox"/> 09 - Software <input type="checkbox"/> 10 - Business ownership of IT <input type="checkbox"/> 11 - Suppliers <input type="checkbox"/> 12 - Regulatory compliance <input type="checkbox"/> 13 - Geopolitical <input type="checkbox"/> 14 - Infrastructure theft or destruction <input type="checkbox"/> 15 - Malware <input type="checkbox"/> 16 - Logical attacks <input type="checkbox"/> 17 - Industrial action <input type="checkbox"/> 18 - Environmental <input type="checkbox"/> 19 - Acts of nature <input type="checkbox"/> 20 - Innovation
Risk Scenario <i>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.</i>	
Risk Scenario Components	
Threat Type <i>The nature of the event</i>	<input type="checkbox"/> Malicious <input type="checkbox"/> Accidental <input type="checkbox"/> Error <input type="checkbox"/> Failure <input type="checkbox"/> Natural <input type="checkbox"/> External requirement
Actor <i>Who or what triggers the threat that exploits a vulnerability</i>	<input type="checkbox"/> Internal <input type="checkbox"/> External <input type="checkbox"/> Human <input type="checkbox"/> Nonhuman
Event <i>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.</i>	<input type="checkbox"/> Disclosure <input type="checkbox"/> Interruption <input type="checkbox"/> Modification <input type="checkbox"/> Theft <input type="checkbox"/> Destruction <input type="checkbox"/> Ineffective design <input type="checkbox"/> Ineffective execution <input type="checkbox"/> Rules and regulations <input type="checkbox"/> Inappropriate use
Asset <i>An asset is something of either tangible or intangible value that is worth protecting, including people, systems, infrastructure, finances, and reputation.</i>	<input type="checkbox"/> Process <input type="checkbox"/> People and skills <input type="checkbox"/> Organizational structure <input type="checkbox"/> Physical Infrastructure <input type="checkbox"/> IT Infrastructure <input type="checkbox"/> Information <input type="checkbox"/> Applications
Resource <i>A resource is anything that helps to achieve a goal.</i>	<input type="checkbox"/> Process <input type="checkbox"/> People and skills <input type="checkbox"/> Organizational structure <input type="checkbox"/> Physical Infrastructure <input type="checkbox"/> IT Infrastructure <input type="checkbox"/> Information <input type="checkbox"/> Applications

Time	Timing Duration Detection Time lag	<input type="checkbox"/> Noncritical <input type="checkbox"/> Short <input type="checkbox"/> Slow <input type="checkbox"/> Immediate	<input type="checkbox"/> Critical <input type="checkbox"/> Moderate <input type="checkbox"/> Moderate <input type="checkbox"/> Delayed	<input type="checkbox"/> Extended <input type="checkbox"/> Instant
Risk Type <i>Describe the consequences resulting from the event. Include whether the risk type is primary or secondary.</i>				
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				
• •				
Key Risk Indicators (KRIs) Related to Process Goals				
• •				

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 apprised of progress towards service restoration.

DRAFT

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD (30/19)
Agenda item	14	Author	Richard Sydee Director of Resources

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HTA Office Relocation Project

Purpose of paper

1. To provide ARAC with an overview of the Arms-Length Body (ALB) Programme and HTA project governance around the relocation of the HTA to new offices in late 2020.

Decision-making to date

2. A commitment has been given by the HTA to the relocation programme, although formal legal documentation in the form of lease contracts/MOTO have not yet been signed.

Action required

3. ARAC to note the actions to date, the plan for delivering the relocation programme and the risks identified to the HTA from the proposed move.

Background

4. The HTA is required to relocate from its current office space at 151 Buckingham Palace Road, London SW1W, by 24 March 2021. Discussions have been underway since 2018 to identify a suitable alternative location that complies with the wider Government agenda to reduce the size of the Whitehall estate.

5. The new location, 2 Redman Place, London E20, is a newly completed office building that will provide accommodation for 5 (including HTA) Health ALBs. The lease agreement has been signed by Department of Health and Social Care (DHSC) and work has just commenced on the installation of fixtures, fittings and facilities in line with the architectural plans and designs agreed by all five occupants.

Programme and Project governance and delivery

6. The first enclosed presentation (Annex A) provides an overview of the cross ALB programme and its governance arrangements. The second presentation (Annex B) provides more information on the HTA specific project that will be delivered over the next 10 months and some key tasks and milestones.
7. In summary the majority of the delivery tasks (building fit out, furniture fixtures and fittings, physical relocation) rests with the overarching programme. The HTA is responsible for delivering internal preparations to support the logistical relocation, including IT preparedness and identification of assets to be moved. The HTA is also responsible for any organisation specific issues relating to staff terms and conditions or working policies, although these will be informed in some part by agreement of ways of working within the new office location.
8. Also enclosed is the current working project task list (Annex 3), which details the activities identified that fall specifically to HTA to deliver ahead of the office move. There are clearly interdependencies with other HTA project work and the ALB programme more widely. Further work is being undertaken by the overarching ALB programme to see which of these organisation specific activities might also impact across the programme and could be incorporated in to the programme governance structure proper.
9. The final enclosure is a the HTA's office move risk schedule (Annex 4), which sets out the key risks that the relocation presents to the HTA and the mitigations identified so far.

Staff impact analysis

10. Recent analysis of the likely impact of the office move for staff has been provided to HTA SMT, below is a summary of key information from that report.

Table 1 Staff by Directorate and location.

Directorate	Home Location	
	London Boroughs	Outside London
CEO	33%	66%
Regulatory Delivery	52%	48%
Regulatory Development	75%	25%
Resources	33%	66%

Travel cost Analysis

11. The analysis below provides an overview of potential travel time and cost implications for each staff member based on their current home address. The cost of daily travel being used for the purpose of this analysis was taken from various rail websites between 15th – 20th November 2019¹.
12. Pricing can be particularly complex especially in London travel zones. Where possible anytime return fares have been used. In reality the cost of travel may be substantially less if weekly, monthly or annual season tickets are used or travel is booked in advance. This analysis is based on the expected maximums.

Table 2 Staff members change in travel costs.

	Increase in Travel Costs	Decrease in Travel Costs	No Difference
Number of Staff members	16	10	26
Percentage of Staff members	31%	19%	50%

13. For those affected by an expected cost increase, the average daily increase is estimated to be £6.25. For those anticipated to have a decrease in travel costs the average daily rate is estimated to be £4.10.

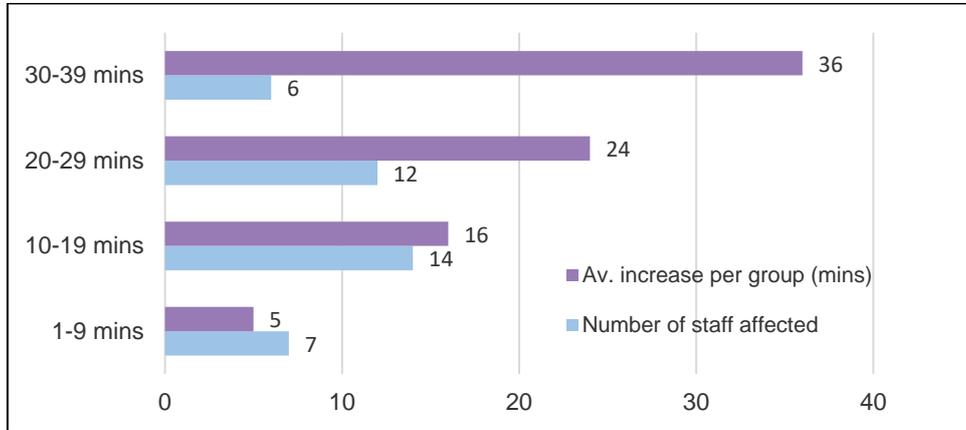
Travel Time Analysis

14. Travel time analysis and comparisons have been undertaken by identifying the fastest routes as indicated using websites such as TFL and Google Maps. It does not take into account any personal preferences for travel or routes.

¹ TFL, Southern Railway, South Eastern Railway, South West Trains, Great Northern, Northern, Thameslink, Greater Anglia, First Great Western Railway, Trainline and National Rail.

15. Of the 52 staff members included in this analysis, 39 (75%) are anticipated to experience an increase in travel time following the move to Stratford. 13 (25%) will either experience no change or a decrease in travel time.

Table 3: Increase in travel time in 10 minute clusters



16. The average increase in travel time for affected staff members is estimated to be 19 minutes. The average decrease in travel time for staff members is estimated to be 15 minutes.

Discussion

17. Following an overview of the enclosures at the meeting ARAC members will be invited to ask question, or raise any concerns, with the programme management, Governance and risk mitigation relating to the proposed office move.

Office move update

- Richard Sydee, Director of Finance and Resources
- 30 January 2020



Overview and contents

This document provides an overview on progress towards the planned relocation of the HA in November 2020. This document contains:

- Update from the Cross ALB Programme
- Progress to date on the HTA focussed project
- Activity to mitigate the key risks attached to the office relocation

The Cross ALB programme has two distinct strands



Delivery of the lease and the completed office accommodation:

- Rests with DHSC Estates
- All ALB's have representation on this project board
- Minor issues regarding extent of office "fit out" remain to be agreed

All activity relating to the following five strands sits with the ALB Programme Board

- IT Infrastructure
- Facilities management
- Joint ways of working/culture
- Finance & procurement
- Communications

Each of these strands has a separate working group, chaired by a member of the ALB programme board (except IT) and progress is reported to the programme board.

ALB Programme - progress to date and key milestones



Office accommodation:

- Tender for fit out complete and awarded, contractor starts January 2020 (as planned)
- DHSC has signed final lease which should be signed by ALBs by Feb 2020
- Negotiations on extent of IT equipment included to be resolved by Jan 2020

All activity relating to the following five strands sits with the ALB Programme Board

- IT workstream is finalising its data gathering stage and has signed off technical plans for the floor layout
- Facilities management – joint NICE/CQC management of site, working through cross organisational solutions for sharing assets and space
- Communications – has met and agrees high level messages relating to the site and accommodation
- Joint ways of working/culture – December 2020
- Finance & procurement – December 2020

HTA: Communication and awareness

Updates and announcements:

- We have been briefing staff on a the need to relocate, and the potential Stratford site for c18 months
- Regular progress updates are provided at all staff meetings and in HTA newsletters

Engagement

- Office move survey undertaken in August/September – high response rate
- Staff visits to site have been arranged between October and December, all that requested have been able to visit
- Q&A session undertaken for All staff event on December 16th

HTA: Planned engagement activity

Contract and commute:

- Excess fares – for how long and how will it be paid?
- Will we change core hours, increase working from home?

HTA ways of working

- Desk numbers and sharing arrangements
- Technology and processes
- Meetings – virtual or attended in person
- Cyber security – shared spaces
- Working patterns

We will be resolving issues either internally or through the ALB programme work streams and communicating/consulting with staff as solutions arise. Further events will be held to share information and engage staff in new ways of working leading up to the move.

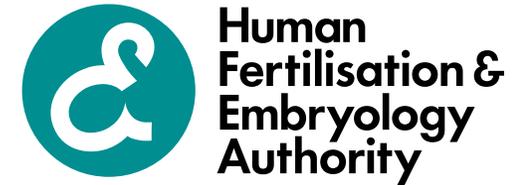
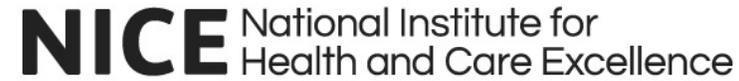
HTA: Key risks identified

Staff impact and turnover:

- Staff visits to new site
- Looking to finalise the excess fares offer before March 2020
- Clear to all new recruits on move to Stratford
- Work relating to capability audit to ensure corporate knowledge is retained

Operational Impact

- Focus of IT on activity to support office move – although this potentially creates other organisation risks
- Full engagement with all ALB Programme work streams to feed in to ways of working and facilities requirements, led by HTA staff
- Resource planning for 2020 calendar year to ensure sufficient availability of staff to manage and deliver the logistical elements of the office move.



Stratford2020 – The London Health Hub

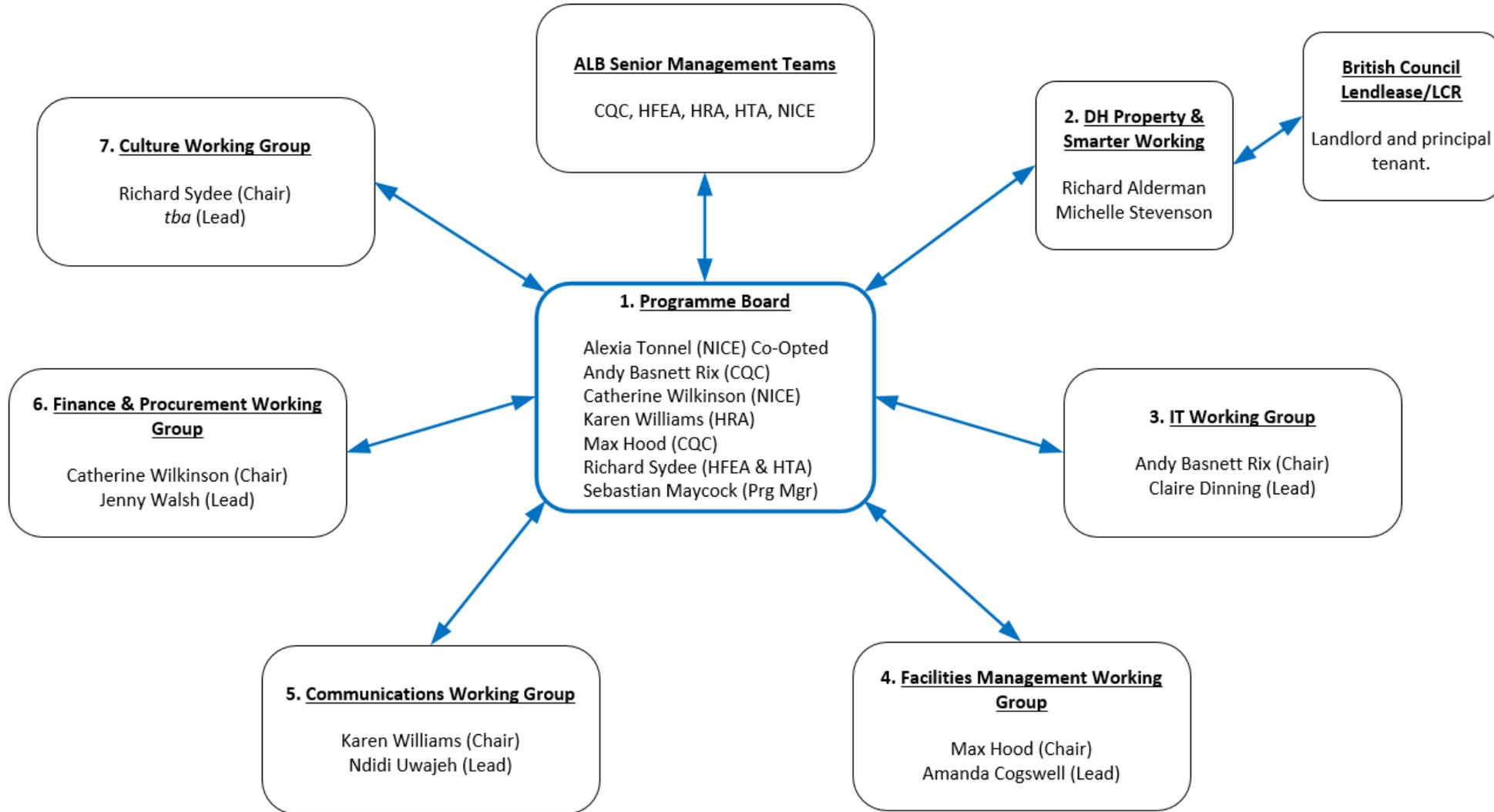


Department
of Health &
Social Care

*The Stratford Health Hub provides an inclusive, respectful, engaging and vibrant environment, where we operate in a safe, collaborative, shared Smarter Working offices, supporting all ALBs and our guests, equally, in all of our activities.**

Contents

3. High Level Programme Structure
4. Programme Membership
5. ALB Representation
6. Programme Controls
7. Interdependency Tracking



1. Programme Board	2. ALB / DH	Working Groups				
		3. IT	4. FM	5. Comms	6. F and P	7. Culture
NICE Alexia Tonnel (Co-Opted)	DH Property SRO Richard Alderman	CQC Andy Basnett Rix (Chair)	CQC Max Hood (Chair)	HRA Karen Williams (Chair)	NICE Catherine Wilkinson (Chair)	HFEA & HTA Richard Sydee (Chair)
CQC SRO* Andy Basnett Rix	DH Smarter Working SRO Michelle Stevenson	CQC Claire Dinning (Lead**)	CQC Amanda Cogswell (Lead)	HRA Ndidi Uwajeh (Lead)	NICE Jenny Walsh (Lead)	WG Lead <i>TBC</i>
NICE SRO Catherine Wilkinson	CQC Andy Basnett Rix	NICE Alexia Tonnel	CQC Darren Yeomans	NICE Emily Bloomfield	NICE Barney Wilkinson	CQC Darren Yeomans
HRA SRO Karen Williams	NICE Catherine Wilkinson	CQC Aidan Brady	NICE Kirsty O'Donnell	HFEA Kathleen Sarsfield Watson	CQC Jacqueline Burn	CQC Manuel Barradas
CQC SRO Max Hood	HRA Karen Williams	NICE Barney Wilkinson	HRA Paula Myers	HTA Matthew Silk	CQC Lee Davies	HRA Katherine Guerin
HFEA & HTA Richard Sydee	CQC Max Hood	HTA David Thomson	All ALBs Sebastian Maycock	CQC Mandy Tunbridge	HFEA & HTA Richard Sydee	HFEA Paula Robinson
Sebastian Maycock (Programme Manager)	HFEA & HTA Richard Sydee	HFEA Steve Morris		HRA Zoe Hegarty	NICE <i>TBC</i>	HFEA Rozlynn Lawrence
Karen Nichol (Admin Support)	Sebastian Maycock (Programme Manager)	HRA Tim Shaw		All ALBs Sebastian Maycock	CQC Susan Eggleston	HTA Gisela Botelho
	Karen Nichol (Admin Support)	CQC Graeme Harbinson			HRA <i>TBC</i>	NICE Maria Pitan
		CQC "Technical Architect" (TBC)			All ALBs Sebastian Maycock	DH Smarter Working SRO Michelle Stevenson
		CQC "Solutions Engineer" (TBC)				All ALBs Sebastian Maycock
		All ALBs Sebastian Maycock				

* SRO = Senior Responsible Owner

** Lead = Providing admin, logistics and 'control' for all Working Group activities, except *delivery tasks*.

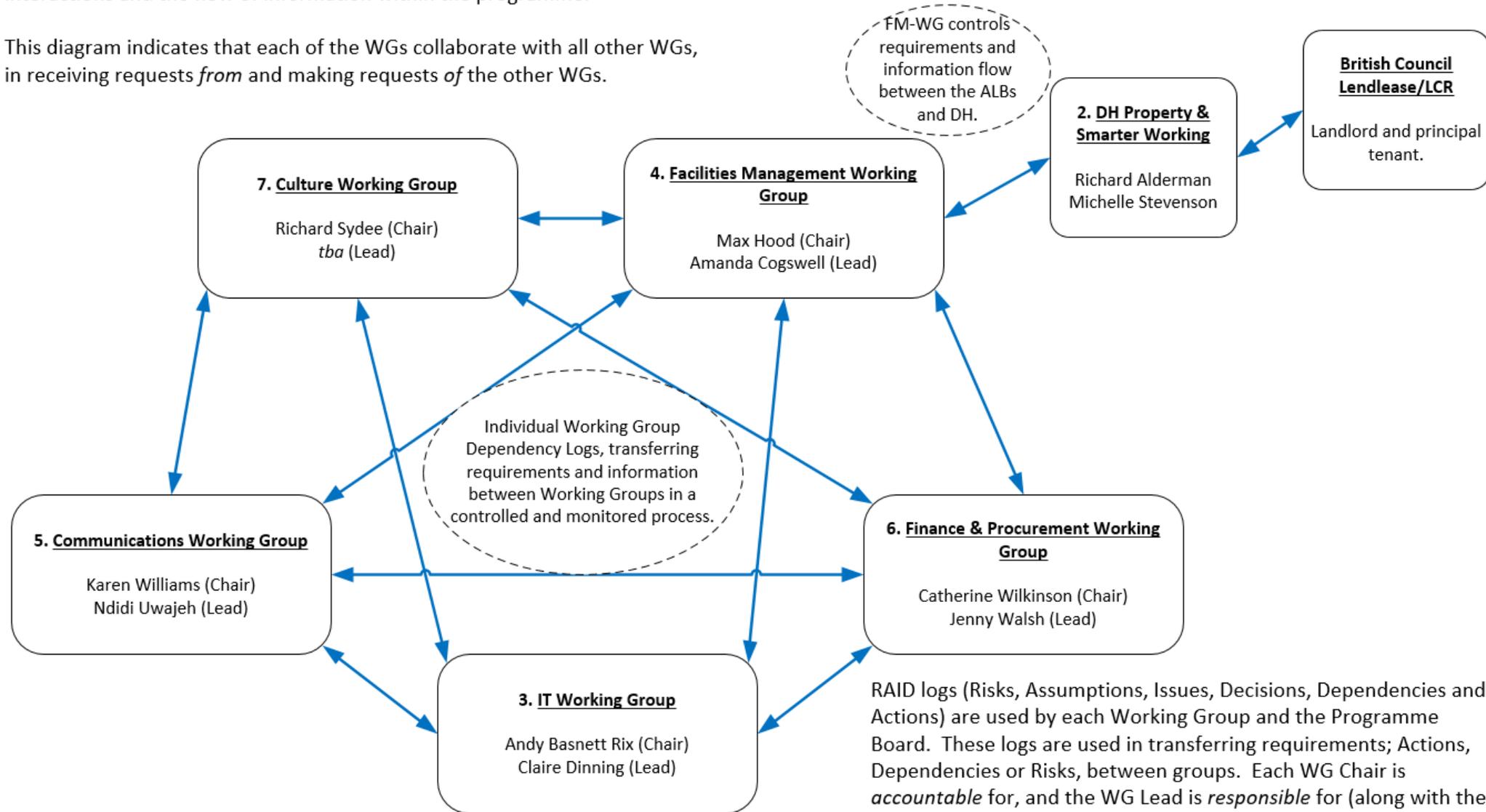
CQC	HFEA	HRA	HTA	NICE
“Solutions Engineer” (TBC)	Kathleen Sarsfield Watson	Karen Williams	David Thomson	Alexia Tonnel
“Technical Architect” (TBC)	<i>Richard Sydee (+HTA)</i>	Katherine Guerin	Gisela Botelho	Barney Wilkinson
Aidan Brady	Paula Robinson	Ndidi Uwajeh	Matthew Silk	Catherine Wilkinson
Amanda Cogswell	Rozlynn Lawrence	Paula Myers	<i>Richard Sydee (+HFEA)</i>	Emily Bloomfield
Andy Basnett Rix	Steve Morris	Tim Shaw		Jenny Walsh
Claire Dinning		Zoe Hegarty		Karen Nichol
Darren Yeomans				Kirsty O’Donnell
Graeme Harbinson				Maria Pitan
Jacqueline Burn				Sebastian Maycock
Lee Davies				
Mandy Tunbridge				
Manuel Barradas				
Max Hood				
Susan Eggleston				

Type of control \ Area for control	1. Programme Board	2. ALB / DH	Working Groups				
			3. IT	4. FM	5. Comms	6. F and P	7. Culture
Terms of Reference *	✓	Project Initiation Document provided.	✓	✓	✓	✓	✓
Clear Objectives & Purpose *	✓	✓	✓	✓	✓	✓	✓
Roles and Responsibilities *	✓	✓	✓	✓	✓	✓	✓
Governance Meetings w/ minutes	Monthly. 3 rd week. ✓	Fortnightly. ✓	Fortnightly. ✓	Fortnightly. ✓	Monthly. 2 nd or 3 rd week. ✓	Monthly. To be confirmed by Jan '20. ⚠	Monthly. To be confirmed by Jan '20. ⚠
Status Report for Prg Board	Programme Status Report, monthly.	Provided Monthly by RA. ✓	Monthly from December 2019. ✓	Monthly from December 2019. ✓	In progress, to start from January 2020. ⚠	In progress, to start from January 2020. ⚠	In progress, to start from January 2020. ⚠
GANNT Chart	Not required at this level.	Due from principle contractor end Jan '20. ⚠	First draft due mid February 2020. ✗	First draft due mid February 2020. ✗	First draft due mid February 2020. ✗	First draft due mid February 2020. ✗	First draft due mid February 2020. ✗
Milestone Plan	First draft due end of January 2020. ✗	Due from principle contractor end Jan '20. ✗	First draft due end of January 2020. ✗	First draft due end of January 2020. ✗	First draft due end of January 2020. ✗	First draft due end of January 2020. ✗	First draft due end of January 2020. ✗
RAID Log	Risk Log	✓	✓	✓	✓	✓	✓
	Assumptions Log	✓	✓	✓	✓	✓	✓
	Issues Log	✓	✓	✓	✓	✓	✓
	Decision Log	✓	✓	✓	✓	✓	✓
	Dependency Log	✓	✓	✓	✓	✓	✓
	Actions Log	✓	✓	✓	✓	✓	✓

* Revised and refined Terms of References are all in DRAFT, with target approval for ALL areas (except ALB/DH) by the end of January 2020.

The Programme Board provides direction to each Working Group (WG).
 The Working Groups provide Status Reporting to the Programme Board.
 The WG Chair, the WG Lead and the Programme Manager all support these interactions and the flow of information within the programme.

This diagram indicates that each of the WGs collaborate with all other WGs, in receiving requests *from* and making requests *of* the other WGs.



RAID logs (Risks, Assumptions, Issues, Decisions, Dependencies and Actions) are used by each Working Group and the Programme Board. These logs are used in transferring requirements; Actions, Dependencies or Risks, between groups. Each WG Chair is *accountable for*, and the WG Lead is *responsible for* (along with the Programme Manager) maintaining the logs and ensuring progress on all items.

Office relocation - Project Plan



E1: There is a risk that the HTA's office relocation in 2020 leads to disruption to operational activities and delivery of our strategic objectives.

Inherent risk level:			Residual risk level:		
Likelihood	Impact	Inherent risk	Likelihood	Impact	Residual risk
4	4	16	2	3	6 - medium
Tolerance threshold:					8 - medium
Status: Below tolerance					

Risk area	Risk owner	Links to which strategic objectives?	Trend
Estates E1: Relocation of HTA offices in 2020	Richard Sydee Director of Finance and Resources	Whole strategy.	-↔ New risk in July

Commentary

We have taken an active approach to handling this risk. The Director of Finance and Resources has been involved in discussions with the Department about the office relocation since mid-2018. The physical office build and fit-out is being handled by the British Council and the overall project managing the move of the HTA and four other organisations is being co-ordinated by the Department of Health and Social Care.

An internal project to prepare for the office move was started up in May 2019 to handle the direct impacts of the move on the organisation and ensure that we actively prepare and mitigate associated risks.

Causes / sources	Mitigations	Timescale / owner
The facilities provided in the Stratford office may not fulfil all HTA requirements and desired benefits, such as ability to host key corporate meetings.	HTA requirements have been specified up front and feedback given on all proposed designs. We actively engage in all external project meetings. If lower-priority requirements are unable to be fulfilled, conversations will take place about alternative arrangements to ensure HTA delivery is not adversely affected.	Ongoing – Richard Sydee
We may be unable to recruit staff as they do not see the HTA as an attractive central London organisation.	We will advertise the move to Stratford in all job adverts, so that applicants are aware. Monitoring of recruitment data will allow us to assess whether we are seeing any impact early on and provide an early warning indicator to enable us to consider whether other mitigations are possible. We will continue to offer desirable staff benefits and policies, such as flexible working, and will	From July 2019 – Sandra Croser

	<p>evaluate these to ensure that they support staff recruitment and retention.</p> <p>Other civil service and government departments are also being moved out of central London, so this is less likely to impact recruitment of those moving within the public sector.</p>	
<p>Stratford may be a less desirable location for some current staff due to:</p> <ul style="list-style-type: none"> • Increased commuting costs • Increased commuting times • Preference of staff to continue to work in central London for other reasons, <p>leading to lower morale and lower levels of staff retention as staff choose to leave before the move.</p>	<p>Excess fares policy to be agreed to compensate those who will be paying more following the move to Stratford.</p> <p>Efforts underway to understand the impact on individual staff and discuss their concerns with them via, staff survey, 1:1s with managers and all staff meetings.</p> <p>Conversely, there will be improvements to the commuting times and costs of some staff, which may improve morale for them and balance the overall effect.</p>	<p>By early 2020 – Sandra Croser, Richard Sydee</p>
<p>The Stratford office may cost more than the current office, once all facilities and shared elements are taken into account, leading to opportunity costs.</p>	<p>Costs for Redman Place (the Stratford building) will be allocated on a usage basis which will ensure that we do not pay for more than we need or use.</p> <p>The longer, ten-year lease at Redman Place will provide greater financial stability, allowing us to forecast costs over a longer period and adjust other expenditure, and if necessary fees, accordingly to ensure that our work and running costs are effectively financed.</p> <p>The accommodation at Redman Place should allow us to reduce some other costs, such as the use of external meeting rooms, as we will have access to larger internal conference space not available at 151 BPR.</p>	<p>Ongoing - Richard Sydee,</p>
<p>The move to a new office will lead to ways of working changes that we may be unprepared for.</p>	<p>Conversations about ways of working are central to the HTA project, which started up in mid-2019.</p> <p>Policies related to ways of working will be agreed and circulated significantly before the move, to ensure that there is time for these to bed in and be accepted ahead of the physical move. Staff will be involved in their development as appropriate.</p> <p>Conversations have been ongoing with the other organisations who are moving to Stratford with us, to ensure that messaging around ways of working is consistent across organisations, while reflecting the individual cultures and requirements of these.</p>	<p>Ongoing - Richard Sydee, Sandra Croser</p>

<p>Current staff may not feel involved in the conversations about the move, leading to a feeling of being 'done to' and lower morale.</p>	<p>Conversations about ways of working to occur throughout the project, to ensure that the project team and HTA staff are an active part of the discussions and development of relevant policies and have a chance to raise questions.</p> <p>An open approach is being taken to ensure that information is cascaded effectively and staff are able to voice their views and participate.</p> <p>Staff will be able to visit the site ahead of time so that they feel prepared.</p>	<p>Ongoing – Richard Sydee</p>
<p>The internal move project may be ineffectively managed, leading to oversights, poor dependency management and ineffective use of resources.</p>	<p>Regular reporting to Programme Board and CMG to ensure that effective project processes and approaches are followed.</p> <p>Assurance will be provided by regular reporting to ARAC and Authority.</p> <p>The Director of Finance and Resources is Sponsoring the project meaning it has appropriate senior, strategic guidance. A project manager is being sourced to ensure there is resource available for day to day management of project tasks.</p> <p>Other key staff such as HR and representatives from other teams involved in the internal HTA Project Board.</p>	<p>In place – Richard Sydee</p>
<p>Necessary changes to IT systems and operations may not work effectively, leading to disruption to HTA delivery.</p>	<p>Early discussions with HTA and other organisations' IT teams underway to determine IT requirements, allowing more time to resolve these.</p> <p>IT upgrades and improvements that were already underway or planned, such as the strategy of moving the IT estate to the cloud where possible, will mean the HTA should be able to function even if there are IT issues affecting other systems on-site.</p>	<p>Ongoing – David Thomson</p>
<p>The physical move may cause short-term disruption to HTA activities and delivery if necessary resources such as meeting rooms or physical assets are not available to staff.</p>	<p>Careful planning of the move to reduce the likelihood of disruption.</p> <p>Staff would be able to work from home in the short-term if there was disruption to the physical move which would reduce the impact of this.</p>	<p>Ongoing - Richard Sydee</p>
<p>Risk interdependencies (ALBs / DHSC)</p>	<p>Control arrangements</p>	<p>Owner</p>
<p>British Council – lead on physical build – may not understand or take HTA needs into account.</p>	<p>DHSC liaising directly with the British Council and managing this relationship on behalf of the other organisations, with feedback through the DHSC project board, on which the Director of Finance and Resources sits.</p>	<p>In place – Richard Sydee, DHSC</p>

<p>DHSC – Lead on the whole overarching project, entering into contracts on behalf of HTA and others – HTA requirements may not be considered/met.</p>	<p>Regular external project meetings attended by the Director of Finance and Resources as HTA Project Sponsor and other HTA staff when delegation required.</p>	<p>In place – Richard Sydee</p>
<p>NICE/CQC/HRA/HFEA – IT and facilities interdependencies.</p>	<p>Regular DHSC project team meeting involving all regulators.</p> <p>Sub-groups with relevant IT and other staff such as HR.</p> <p>Informal relationship management with other organisations’ leads.</p>	<p>In place – Richard Sydee, DHSC</p>

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD (31/19)
Agenda item	15	Author	Morounke Akingbola

Protective Marking OFFICIAL

Policy and procedure updates

Purpose of paper

1. The purpose of this paper is to provide the Audit and Risk Assurance Committee (ARAC) an overview of any changes to the key policies and procedures that the Senior Management Team (SMT) have approved.

Decision-making to date

2. The Declarations of Interest, Gifts and Hospitality, the Anti-Fraud and Whistleblowing policies were reviewed by SMT on 16 January 2020.

Action required

3. The Committee are asked to:
 - Note schedule of policies (Annex A)
 - note/comment on the polices at Annex A, B and C

Background

4. All policies and procedures in the HTA are reviewed periodically, at least annually and sometimes more frequently. As a result, there is a culture of ongoing review and a commitment to continuous improvement.

Summary of finance policies and procedures

5. Annex A sets out the full range of finance policy and procedure documents approved by ARAC and SMT, together with their present status.

Annex A Policies and Procedures Summary

Annex B HTA-POL-051 Declaration of Interests, Gifts and Hospitality

Annex C HTA-POL-050 Anti-Fraud Policy

Annex D HTA-POL-017 Whistleblowing Policy

Policy/Procedure & document reference	Purpose of policy/procedure	Status
Procurement Policy Doc Ref HTA/POL/027	Policy covers the authorisation process for purchases of different values	Reviewed Sept-19 Single tender waiver form added to policy.
Financial Policies and Procedures Manual HTA/POL/028	This is a compendium of key finance policies in one document. There are links and cross-references to individual policies are made within this document.	Reviewed Jan-20. No changes.
Budgetary Control Policy HTA/POL/031	Policy deals with the budget-setting process of the HTA and includes a draft timetable	Next review Jan-21.
Expenses Policy HTA/POL/032	Policy covers reimbursement of Travel, Subsistence and other expenses	Review due Mar-20 Review to take into account office move and feedback received from staff.
Reserves Policy HTA/POL/049	Policy states the minimum level of cash reserves that the HTA should ideally keep as a contingency	Reviewed Sept-19 and tabled at ARAC Oct-19 meeting.
Antifraud Policy HTA/POL/050	Policy covers definitions of fraud, responsibilities of HTA employees	Reviewed Jan-20 and tabled at ARAC Jan-20 meeting.
Whistle-blowing Policy HTA/POL/017	Policy covers procedure to be followed if they have concerns about improper behaviour	Reviewed Jan-20 and tabled at ARAC Jan-20 meeting.

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Gifts and Hospitality Policy	Policy covers the procedure for receiving/declining gifts	Reviewed Jan-20 tabled at ARAC Jan-20 with the register
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Declaration of interests, Gifts and Hospitality Policy

Version number	1.3	Date last approved	October 2019
Reference	HTA-POL-051	Next review due	September 2020
Author(s)	Head of Finance	Owner	Director of Resources
Reviewed by	HTA SMT	Distribution	HTA Staff & Authority
Approved by	Audit and Risk Assurance Committee		

Revision history

Document each version or draft providing a simple audit trail to explain amendments.

Date	Version	Comments
05 May 2017	0.1	Drafted
18 May 2017	1.0	Approved by ARAC
20 Jan 2019	1.0	Reviewed by HoF – no fundamental changes made
March 2019	1.1	GDPR passage referring to the HTA's HR Privacy Policy and privacy notice inserted at paragraph 19.
July 2019	1.2	Register of interests added
October 2019	1.3	Approved by SMT

Purpose

1. The aim of this policy is to enable the HTA to demonstrate both to the public at large and others in the sectors we regulate that its processes and decisions are objective and consistent, and to protect staff from unfair accusations of concealed interests.
2. All employees of the HTA should be aware of the Bribery Act 2010. This act creates specific offences of bribing, and being bribed, which apply to any function of a public nature; any activity performed in the course of a person's employment; and any activity performed by or on behalf of a body of persons.
3. All employees must ensure that they do not solicit or accept any financial or other advantage which results in the improper performance of their duties as an HTA employee.
4. This policy provides guidelines for the management of the registering of staff interests, and the accepting or refusing of gifts, taking into account the terms of the guidance to public bodies.

Scope

5. This policy applies to full time and part time employees on a substantive or fixed-term contract, Authority Members and to associated persons such as secondees, agency staff contractors and others employed under a contract of service.
6. This Register will not be routinely published by the HTA, however, information contained in the register may be disclosed pursuant to any request for disclosure made under the Freedom of Information Act 2000.

Principles

7. It is acknowledged that in their role as employees of the HTA that individuals may be exposed to a number of potential conflicts of interests.
 - Direct pecuniary interest – the most clear-cut situation where common law requires that executives with a direct pecuniary interest should not participate in the discussion or determination of matters.
 - Indirect pecuniary interest – again, common law requires that members of staff show consider whether participation in the preparation of items for discussion or discussion of a matter would suggest a real danger of bias. This should be interpreted in the sense that a member of staff might unfairly influence the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision,

members of staff should assess whether they, a close family member, a person living in the same household as the HTA staff member, or a firm, business or organisation with which the member of staff is connected are likely to be affected more than the generality of those affected by the decision in question. (A 'close family member' is regarded here as personal partners, parents, children, brothers, sisters and personal partners of any of these.)

- Professional/personal interests – These are more subjective, but it is just as important that they are declared. This would include involvement with a charitable trust or professional organisation within sectors or related clinical or scientific fields. Professional and personal interests are taken to include those not only of the individual staff member, but also interests of close family as defined above. It would also be necessary to make a declaration when asked to participate in preparing documents about specific issues for HTA Authority Members to discuss, if a member of staff has a close personal friend or previous association.
8. If in doubt, individuals are advised to declare the potential interest or at least consult the Director of Finance or relevant Director as soon as they are asked to participate in the preparation of an item for HTA or sub-Committee consideration. Anyone who is unclear about whether a particular interest constitutes a conflict of interest should discuss this with their line manager or Head of Finance in the first instance. The guiding principle is when in doubt it is better to ask for a record to be made, than not.

Declaration of Interests

9. Staff should declare if they, their partners, family members or a close friend have financial, professional or personal interests in:-
- Organisations licenced by the HTA or other organisations involved the use, procurement of human tissue
 - Companies or individuals providing services for or bidding for contracts with the HTA.
10. The Head of Finance periodically asks members of staff to update their details of personal and professional interests and will e-mail a form for completion and return (see appendix A). Any additional interests arising during the year should be e-mailed to the Head of Finance for inclusion in the Register of Interests.

Policy Statement

11. You must declare all offers of gifts and hospitality, made to or by you, regardless of value, in your role at the HTA. **All such offers must be declared whether accepted or declined.** Offers of gifts and hospitality may include items ranging from diaries, wall charts, and boxes of chocolates, to free international travel and accommodation.

12. Declarations must be recorded on HTA's Gifts and Hospitality Register (the register). The register is maintained by the Director of Finance and is potentially publicly available through Freedom of Information requests.
13. It is your responsibility to ensure that you are not placed in a position that risks, or appears to risk, compromising your role or the HTA's public and statutory duties. You should not secure valuable gifts and hospitality by virtue of your role at the HTA. You should not accept or provide any gift or hospitality while acting in an official capacity, if acceptance/provision will give the impression that you have been influenced/are deemed to be influencing the activity or work of the HTA.
14. This Policy also applies to spouses, partners or other associates if it can be argued or perceived that the gift or hospitality is in fact for your benefit.
15. In exercising judgement as to whether to accept a gift or hospitality, the question should be asked what the public perception would be if the information were published given your role and circumstances.

Receiving gifts

16. Staff are permitted to keep small, low value gifts e.g. promotional pens/mugs/calendars etc. All other gifts should be declined unless it is felt that to do so would cause embarrassment to the HTA. For example to refuse a gift from an international delegation may cause embarrassment to both the HTA and the delegation.
17. All other gifts should be passed to the Director of Resources who, in conjunction with the Chief Executive, will decide on the most appropriate action, which may include:
 - returning the good to the supplier;
 - sharing the gift with all staff;
 - retaining the good within the HTA;
 - donating the gift to charity; or
 - Allowing the member of staff to keep the gift.

Accepting offers of hospitality – genuine business reasons

18. Hospitality offered should only be accepted where there is a direct link to working arrangements and a genuine business reason can be demonstrated, for example:
 - attendance or speaking at a conference, which provides complimentary subsistence;
 - attending a free training course; or
 - attending a reception for networking purposes.

19. It is recognised that, in the course of carrying out your duties, you will need on occasion to ensure good relationships with existing and future contractors and stakeholders and that this may involve for example, the receipt of modest working lunches and dinners. These are acceptable where there is a genuine business reason.
20. Hospitality invitations to events, which are purely social events, should be considered very carefully before accepting; in such circumstances, it may be much more difficult to substantiate a genuine business reason. All invitations should be recorded in the register whether received or declined.

Gifts and hospitality offered by the HTA

21. HTA staff must be mindful that the value of all gifts and hospitality offered by the HTA are sourced from public funding, and the expectation is that such funding will be used for legitimate purposes and in keeping with value for money considerations.
22. In exceptional circumstances, it may be appropriate for the HTA to provide a gift of up to £50.00 in value, for example: providing a nominal gift to someone who spoke at an HTA conference free of charge.
23. It is acceptable for the HTA to provide modest hospitality in the way of working lunches and/or dinners to existing and potential contractors and stakeholders subject to a genuine business reason.

Declaration

24. You should make your declaration as soon as possible after the offer or receipt of gifts or hospitality. All declarations are to go to the Head of Finance and Governance in the required format as shown below. The Head of Finance and Governance will record the declarations in the register. The register is an annual document and will be broken down and filterable by financial year. It is recommended that you make your declaration by email, and retain a copy for your personal records.
25. Your declaration will need to include the following information:
 - the date of any offers of gifts or hospitality, and the date of events where relevant;
 - the name, job title and the organisation of the recipient/provider;
 - the nature and purpose of the gift or hospitality received or declined;
 - the name of any other organisation involved;
 - the estimated value of the gift or hospitality.

For example:

Date received	12 Dec. 2016
Recipient (Name & Directorate)	Jane Brown (Resources)
Received from (Name, position & organisation)	Josh Sergeant (AAA Ltd)
Description of Gift/Hospitality received	Lunch
Value £ (Estimate if unknown)	Approx. £15.00
Reason given for providing gift/hospitality	Working lunch provided during contract discussions

- 26. Personal data of HTA employees processed by the implementation of this document will be done so in accordance with [HTA-POL-108 HTA HR Privacy Policy](#). Personal data of non-HTA employees processed by the implementation of this document will be done so in accordance with the HTA's [Privacy Notice](#).
- 27. You should consult the Director of Resources or Head of Human Resources for any guidance required on this Policy. If you have any doubt about whether an item should or should not be accepted, you are advised to decline and declare it.

Monitoring

- 28. The register will be reviewed quarterly by the Resources Directorate and provided to the Audit and Risk Assurance Committee at each meeting.
- 29. Staff will be reminded Quarterly of their requirement to declare gifts and hospitality provided/accepted/declined in accordance with this Policy.

Policy breach

- 30. Staff who fail to declare the acceptance/provision/decline of hospitality and gifts in accordance with this policy may be subject to disciplinary action under the HTA's Disciplinary Policy.

Review

- 31. This document will be reviewed every two years.

HUMAN TISSUE AUTHORITY**HTA STAFF – REGISTER OF INTERESTS**

As a public body, the HTA is required to demonstrate that it has well defined and transparent arrangements for handling conflicts of interest, whether real or perceived. The HTA must be able to demonstrate both to the public at large and other stakeholders that its processes and decisions are objective and consistent.

An important mechanism for ensuring and demonstrating this objectivity is the maintenance of a register of interests. The Standing Orders require the Chief Executive to establish a register for Members of the Authority and staff. Members' register of interests is publicly available on the HTA website. A similar register of interests has been established for all staff. This register whilst not published on our website is available for inspection.

Members and staff should declare if they, their partners, relatives, or friend (as far as is known or might be considered significant) have financial, professional, or personal interests in:-

- establishments licensed by the HTA or other organisations affected by the work of the HTA;
- Companies or individuals providing services for or bidding for contracts with the HTA.

If staff are in any doubt whether to declare an interest, this should be discussed with their manager or the Head of HR. It is better to declare something when in doubt.

Declaring an interest does not imply any inappropriate behaviour by staff, nor adversely affect your employment. There may be occasions when you are asked not to work on a specific issue if there is a conflict of interest as it is part of ensuring public confidence in the fairness and transparency of the HTA's decision making.

Please complete the form overleaf detailing any relevant interests including a "nil return".

We will be repeating this request for declarations in November and April (financial year-end). In the meantime, if your circumstances change, and a new interest arises that should be declared, please e-mail the Head of Finance and Governance at: morounke.akingbola@hta.gov.uk.

Name _____

Address _____

Please complete Box A or Box B

BOX A

I / my partner / relatives or friend (as far as is known or might be considered significant) have the following financial, professional or personal interest in:-

* delete as appropriate

If not self, please state name of person with interest and relationship

Establishments licensed by the HTA or other organisations affected by the work of the HTA (please give details)

Companies or individuals providing services for or bidding for contracts with the HTA (please give details)

BOX B

I have no interests to declare

Signed _____ Date _____

Register of Gifts / Hospitality Received and Provided

Version: HTAG0001
Jan-20

AUD 31/19 Annex B1

DIVISION / DEPARTMENT: HTA
FINANCIAL YEAR(s): 2017/18 - onwards

Type	Details of the Gift or Hospitality						Provider Details			Recipient Details	
	Brief Description of Item	Reason for Gift or Hospitality	Date(s) of provision	Value of Item(s)	Location where Provided	Action on Gifts Received	Name of Person or Body	Contact Name	Relationship to Department	Name of Person(s) or Body	Contact Name
Receipt	Eye Masks, Biscuits, Cake	Thank you from	13/04/2018	£20	HTA Offices	Accepted	University of Tokyo	Dr Kayo Takashima	Visiting Research Fellow	Suet-Ping Wong, Julie Edgeworth, Adam Morris	Regulation, Comms Directorates
Receipt	Hamper	Non given	12/12/2018	Less than £20	HTA Offices	Accepted, distributed to all staff	BCC	D Atha	IT services supplier	D Thomson	
Receipt	Logo'd USB stick	Non given	21/12/2018	Less than £5	HTA Offices	Accepted, placed in stationery cupboard	Frontier Software	D Patel	Payroll Bureau	M Akingbola	
Receipt	Light refreshment	Provided for attendees at launch event	22/01/2019	Between £2-£3	Celtic Manor Resort	Accepted	Westfield Health British Transplant	Not given	Not given	Bill Horne	Authority Member
Receipt	Lunch	Research/fact finding on flexible working	04/04/2019	£8	Facebook	Accepted	Facebook	Not given	Not given	Bill Horne	Authority Member
Receipt	Lunch	Research/fact finding on flexible working	04/04/2019	£8	Facebook	Accepted	Facebook	Not given	Not given	Allan Marriott Smith	CEO
Receipt	Dinner	The DHSC Care 100: Lessons for the future event	16/07/2019	£25	Pig and Goose	Accepted	Strand Group 38	Matin Stolliday	Not given	Nicolette Harrison	
Receipt	Lunch	Lunch provided on inspection	09/07/2019	Unknown	On site	Accepted	Cytec Limited [L/N 11083]		Licenced establishment	A Whiakier/V Stratigou	
Receipt	Lunch	Lunch provided on inspection	11/07/2019	Unknown	On site	Accepted	Cytec Limited [L/N 22671]		Licenced establishment	A Whiakier/V Stratigou	
Receipt	Lunch	Lunch provided on inspection	31/07/2019	Unknown	On site	Accepted	Oxford DRWF [L/N 22496]		Licenced establishment	A Shackell/R Barallon	
Receipt	Lunch	Lunch provided on inspection	28/08/2019	Unknown	On site	Accepted	B'Ham Women & Childrens NHS FT [L/N 40051]		Licenced establishment	A Whitaker/R Barallon/J Scherr	
Receipt	Lunch	Lunch provided on inspection	05/09/2019	Unknown	On site	Accepted	Future Health Technologies [L/N 22503]		Licenced establishment	A Whiakier/N Harrison/P Bergin	
Receipt	Lunch	Lunch provided on inspection	11/09/2019	approx £30	On site	Accepted	King's College Hospital [11006]		Licenced establishment	A Vossenkaemper/V Stratigou	
Receipt	Lunch	Lunch provided on inspection	25/09/2019	Unknown	On site	Accepted	Anthony Nolan [L/N 22527]		Licenced establishment	H Tang/R Barrallon	
Receipt	Lunch	Working lunch and tea - NHSBT Strategy workshop	26/09/2019	Unknown	On site	Accepted	NHST		Licenced establishment	N Harrison/A Marriott-Smith	
Receipt	Lunch	Lunch provided on inspection	10/10/2019	Unknown	On site	Accepted	Royal Sotke [L/N 22593]		Licenced establishment	A Shackell/H Tang	
Receipt	Reception	EU Organ Donation day	10/10/2019	Unknown	House of Lords	Accepted	NHSBT		Licenced establishment	A Gibbon/A Marriott-Smith	
Receipt	Lunch	Lunch provided whilst delivering training SNOD's	14/10/2019	Unknown	On site	Accepted	NHSBT		Licenced establishment	A Whitaker/R Barallon/J Scherr	
Receipt	Lunch	Lunch provided on inspection	16/10/2019	approx £35	On site	Accepted	Tissue & Cells Technologies Ltd [L/N 11020]		Licenced establishment	A Whitaker/A Vossemekeemper	
Receipt	Lunch	Lunch provided on inspection	30/10/2019 31/10/2019	Unknown	On site	Accepted	The London Clinic [11052]		Licenced establishment	L Knight/S Wong/M MacRory	
Receipt	Sweet treats	Christmas	17/12/2019	Unknown	HTA Offices	Accepted	Softcat		IT services supplier	D Thomson	
Receipt	Lunch	Lunch provided on inspection	11/12/2019	Unknown	On site	Accepted	Royal Free [L/N 12406]		Licenced establishment	A Shackell/A Vossenkaemper	



Anti-fraud, Corruption and Bribery Policy

Version	15.6	Date approved	February 2020
Reference number	HTA/POL/50	Next review due	January 2021
Author(s)	Head of Finance	Owner	Director of Resources
Reviewed by	Director of Resources	Distribution	All staff
Approved by	SMT/Audit, Risk and Assurance Committee		

Revision history

Document each version or draft providing a simple audit trail to explain amendments.

Date	Version	Comments
April 2008	1.0	Draft for approval
June 2008	2.0	SMT approved
Feb 2009	2.1	Audit Committee Review
Aug 2011	2.2	Combined with whistleblowing policy
Nov 2011	2.3	Amended to standalone
Dec 2012	2.4	Reviewed by HoF
Feb 2014	2.5	Reviewed by HoF
Jan 2015	15.0	Reviewed by HoF
Jan 2016	15.1	Reviewed by HoF
Jan 2017	15.2	Reviewed by HoF
Jan 2018	15.2	Reviewed by HoF
Jan 2019	15.3	Reviewed by HoF
Feb 2019	15.4	ARAC Review/published
Mar 2019	15.5	GDPR passage referring to the HTA's HR Privacy Policy inserted at paragraph 20.
Dec 2019	15.6	Reviewed by HoF

Description

1. This document sets out the HTA's policy on fraud, corruption and the response plan should fraud be detected or suspected.

Purpose

2. The anti-fraud policy aims to develop a culture across the HTA which raises awareness of the risks and consequences of fraud. This policy aims to help mitigate the risks of fraud and ineffective action.
3. It aims to promote good practice within the HTA through the following:
 - a) zero tolerance to fraud;
 - b) a culture in which bribery is never accepted;
 - c) any allegations of fraud, anonymous or otherwise, will be investigated;
 - d) consistent handling of cases without regard to position held or length of service;
 - e) consideration of whether there have been failures of supervision. Where this has occurred, disciplinary action may be initiated against those responsible;
 - f) any losses resulting from fraud will be recovered, if necessary through civil actions;
 - g) publication of the anti-fraud policy on the HTA intranet site (IMPACT);
 - h) all frauds will be reported to the Audit and Risk Assurance Committee.

Introduction

4. The Human Tissue Authority (HTA) requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which the HTA is responsible. The HTA is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest reasonable level of risk. This paper sets out the policy on the control of fraud and suspected fraud within the HTA.

Scope

5. This policy applies to all the HTA's activities, wherever they are undertaken, to all individuals who work for and on behalf of the HTA, including contract staff, volunteers and freelancers and to individuals in a commercial relationship with the HTA e.g. the employees of suppliers. Awareness of the policy is made through the induction process.
6. This policy also sets out the responsibilities with regard to fraud prevention, what to do if you suspect fraud and the action that will be taken by management.

7. The aim of the policy is to minimise the risk of any fraud being perpetrated against the HTA, thereby depriving the HTA of assets and resources and potentially damaging the HTA's reputation.

Definitions

What is Fraud?

8. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
9. For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. Obviously fraud can be perpetrated by persons outside as well as inside an organisation. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.
10. The Fraud Act 2006 (came into force on 15 January 2017) replaced parts of the Theft Acts of 1968 and 1978 which until then covered the offences of fraud. The 2006 Act introduced provisions for the general offence of fraud which broadened the interpretation of fraud. This is covered under 3 sections:-
 - a) Section 2 – Fraud by false representation
 - b) Section 3 – Fraud by failing to disclose information
 - c) Section 4 – Fraud by abuse of position
11. False representation includes dishonestly making a false representation, and intending - by making the representation – to make a gain for oneself or another, or cause loss to another or to expose another to a risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.
12. A person is considered to have committed a fraud through abuse of position if he or she:
 - a) occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person;
 - b) dishonestly abuses that position; and
 - c) Intends, by means of the abuse of that position to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.
13. The Fraud Act 2006 also created new offences of:
 - a) processing, making and supporting articles for use in fraud;

- b) fraudulent trading;
 - c) obtaining services dishonestly.
14. The definition of fraud can cover a wide variety of misdemeanours and criminal culpability is not necessary for an act to be fraudulent, as the offence can be civil in nature.
15. Frauds can be attempted or carried out in a number of ways, including:
- a) the theft of cash, cheques, equipment;
 - b) the falsification of travel and subsistence or other expense claims;
 - c) false claims for overtime (or flexible working);
 - d) irregularities in the tendering for, and execution and pricing of, supplies to the HTA by contractors of: property, goods, services, works and consultancy;
 - e) corruption, including the receipt of payment or other material advantage as an inducement to the award of contracts by the HTA.
16. Computer fraud is where information technology equipment has been used to manipulate programmes or data dishonestly (e.g. by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

What is Bribery?

17. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. The advantage sought or the inducement offered does not have to be financial or remunerative in nature, and may take the form of improper performance of an activity or function.
18. The Bribery Act 2010 (came into force in July 2011) includes the offences of:
- a) Section 1 – bribing another person;
 - b) Section 2 – offences relating to being bribed;
 - c) Section 6 – Bribing a foreign or public official; and
 - d) Section 7 – Failure of commercial organisations to prevent bribery.
19. Further guidance is at <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf>

Money Laundering

20. Money laundering is a process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.
21. Offences covered by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017 may be considered and investigated in accordance with this Policy.
22. The NHS could become indirectly involved in this act where the proceeds of any crime, e.g. fraud, are converted by making a payment to the HTA and then seeking immediate repayment.

What is Corruption?

23. Corruption is defined as “The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”. In addition “the failure to disclose an interest in order to gain financial or other pecuniary gain”.

Legal Basis

24. The HTA’s responsibilities in relation to fraud are set out in Annex 4.9 of Managing Public Money <https://www.gov.uk/government/publications/managing-public-money>.

Statement of Principles

25. The HTA will not accept any level of fraud or corruption; consequently any case will be promptly and thoroughly investigated and dealt with appropriately. Any member of staff found to be involved in theft, fraudulent action or conspiracy to defraud can expect to be dealt with in accordance with the agreed disciplinary procedures. Staff should draw attention to circumstances when they believe that there is improper behaviour by other HTA staff or external contacts of the HTA in accordance with the Whistleblowing Procedure. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998, which protects the legitimate personal interests of staff.

Responsibilities

Chief Executive (CEO) (Accounting Officer)

26. The CEO as Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the HTA's policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that the HTA faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk is seen in the context of the management of this wider range of risks.

Director of Resources

27. Overall responsibility for managing the risk of fraud has been delegated to the Director of Resources. Their responsibilities include:

- a) Undertaking a regular review of the fraud risks associated with each of the key organisational objectives.
- b) Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified.
- c) Assisting in the design of an effective control environment to prevent fraud.
- d) Establishing appropriate mechanisms for:
 - i. Reporting fraud risk issues ;
 - ii. reporting significant incidents of fraud or attempted fraud to the CEO;
 - iii. Reporting to DHSC and Cabinet Office in accordance with Managing Public Money Annex 4.9;
 - iv. Co-ordinating assurances about the effectiveness of the Anti-Fraud Policy to support the Annual Governance Statement;
 - v. Liaising with the Finance Team and the Audit and Risk Assurance Committee;
 - vi. Making sure that all staff are aware of the organisation's Anti-Fraud, Corruption and Bribery Policy and know what their responsibilities are in relation to combating fraud;
 - vii. Ensuring that appropriate anti-fraud training is made available to staff as required;
 - viii. Ensuring that appropriate action is taken to minimise the risk of previous frauds occurring in future.
- e) Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected; Taking appropriate legal and or/disciplinary action (in conjunction with HR) against perpetrators of fraud.
- f) In conjunction with HR, taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud.

- g) In conjunction with HR, taking appropriate disciplinary action against staff who knowingly fail to report fraud.
- h) Taking appropriate action to recover assets.

Line Managers

28. The prevention and detection of fraud lies primarily with Line Managers as they are responsible for many of the processes and controls operated by the HTA. In particular they are responsible for:

- a) Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively.
- b) Preventing and detecting fraud as far as possible.
- c) Assessing the types of risk involved in the operations for which they are responsible.
- d) Reviewing regularly and testing the control systems for which they are responsible.
- e) Ensuring that controls are being complied with and their systems continue to operate effectively, (this is key as most frauds occur because controls have not been enforced).
- f) Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

Internal Audit

29. The prevention and detection of fraud within the HTA is a management and staff responsibility. However, Internal Audit can assist by:

- a) Delivering an opinion to the CEO and the Authority on the adequacy of arrangements for managing the risk of fraud and advising the HTA on how to promote an anti-fraud culture.
- b) Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various areas of the HTA's operations.
- c) Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk.

The DHSC Anti-Fraud Unit

30. The services of the DHSC Anti-Fraud Unit are available to the HTA on request. The unit provides advice, training about fraud prevention and investigation services. The Director of Resources or the Chief Executive will make the decision whether to call on this unit.

Staff

31. Every member of staff is responsible for:

- a) Acting with propriety in the use of HTA's resources and the handling and use of HTA funds whether they are involved with cash, receipts, payments, stock or dealing with contractors and suppliers.
- b) Conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee "Standards in Public Life". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- c) Being alert to the possibility that unusual events or transactions could be indicators of fraud.
- d) Alerting their line manager when they believe the opportunity for fraud exists e.g. because of poor procedures or lack of effective oversight.
- e) Reporting immediately, in accordance with the Fraud Response Plan (Appendix 1) and Whistleblowing policy, if they suspect that a fraud has been committed or see any suspicious acts or events.
- f) Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

Information Management and Technology

- 32. The Computer Misuse Act 1990 makes activities illegal, such as hacking into other people's systems, misusing software, or helping a person to gain access to protected files of someone else's computer a criminal offence.
- 33. The Head of IT will contact the Counter Fraud Lead in all cases where there is suspicion that IT is being used for offences under the Act or fraudulent purposes. Human Resources will also need to be informed if there is a suspicion that an employee is involved.

Procedures

- 34. The HTA has a Fraud Response Plan (Appendix 1) that sets out how to report suspicions and how investigations will be conducted and concluded.

Breach of the Policy

- 35. The HTA views fraud **EXTREMELY SERIOUSLY**. After proper investigation, the HTA will take legal and/or disciplinary action in all cases where it is considered appropriate. Where a case is referred to the police, the HTA will co-operate fully with police enquiries and these may result in the offender(s) being prosecuted. In all cases the HTA will seek to recover assets where it can.
- 36. The consequences of breaching the Anti-Fraud Policy are set out in more detail in the Fraud Response Plan (Appendix 1).

Deterrence

37. There are a number of ways in which we deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the HTA, and these include:

- a) Publicising the fact that the Authority is firmly set against fraud and corruption at every appropriate opportunity.
- b) Acting robustly and decisively when fraud and corruption is suspected.
- c) Prosecution of offenders.
- d) Taking action to effect maximum recovery for the HTA.
- e) Having sound internal control systems, that still allow for innovation and efficiency, but at the same time minimising the opportunity for fraud and corruption.

Review

38. The Anti-Fraud, Corruption and Bribery Policy will be reviewed every year and after any occasion of fraud has been identified.

Appendices

1. Fraud Response Plan
2. Helpful dos and don'ts

Related documents

- Counter Fraud Strategy
- Whistleblowing policy
- Bribery Act 2010
- Finance Procedures Manual
- Procurement and Tender Policy

APPENDIX 1

Fraud response plan

Introduction

1. The fraud response plan provides a checklist of actions and a guide to follow in the event that fraud is suspected. Its purpose is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, theft or other irregularity. It covers:
 - a) notifying suspected fraud;
 - b) the investigation process;
 - c) liaison with police and external audit;
 - d) initiation of recovery action;
 - e) reporting process;
 - f) communication with the Audit and Risk Assurance Committee.

Notifying suspected fraud

2. It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the "Whistleblowers Act") provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels. More details are set out in Appendix 3.
3. In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following:
 - a) your Head;
 - b) your Director;
 - c) Chief Executive;
 - d) Audit and Risk Assurance Committee Chair;
4. Additionally, all concerns must be reported to the Director of Resources.
5. Every effort will be made to protect an informant's anonymity if requested. However, the HTA will always encourage individuals to be identified to add more validity to the accusations and allow further investigations to be more effective. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to release of information.

6. If fraud is suspected of the Chief Executive or Director of Resources, notification must be made to the Audit and Risk Assurance Committee Chair who will use suitable discretion and coordinate all activities in accordance with this response plan, appointing an investigator to act on their behalf. The Chair of Audit and Risk Committee will also inform the Chair of the Authority.
7. If fraud by an Authority Member is suspected, it should be reported to the Chief Executive and the Director of Resources who must report it to the Chair to investigate. If fraud by the Chair is suspected, it should be reported to the Chief Executive and Director of Resources who must report it to the Chair of the Audit and Risk Assurance Committee to investigate.

The investigation process

8. Suspected fraud must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the HTA and the suspected individual(s). Innocence is assumed until guilt is proven.
9. The investigation process will vary according to the circumstances of each case and will be determined by the Chief Executive in consultation with the Director of Resources. The process is likely to involve the DHSC Anti-Fraud Unit, who have expertise and resources to undertake investigations. An "Investigating Officer" will be appointed to take charge of the investigation on a day-to-day basis.
10. The Investigating Officer will appoint an investigating team. This may, if appropriate, comprise staff from within the Resources Directorate but may be supplemented by others from within the HTA or from outside.
11. Where initial investigations reveal that there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision will be taken by the Chief Executive in consultation with the Director of Resources, the Head of HR and the Investigating Officer who will consider alternatives before final decision. Suspension should not be regarded as disciplinary action nor should it imply guilt. The process will follow the guidelines set out in HTA Disciplinary policy relating to such action.
12. It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The investigating team will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents. They will also ensure, in consultation with the Director of Resources, that appropriate controls are introduced in prevent further loss.

13. The Investigating Officer will ensure that a detailed record of the investigation is maintained. This should include chronological files recording details of all telephone conversations, discussions, meetings and interviews (with whom, who else was present and who said what), details of documents reviewed, tests and analyses undertaken, the results and their significance. Everything should be recorded, irrespective of the apparent insignificance at the time.
14. All interviews will be concluded in a fair and proper manner and as rapidly as possible.
15. The findings of the investigation will be reported to the Chief Executive and Director of Resources. Having considered, with the Head of HR, the evidence obtained by the Investigating officer, the Chief Executive and Director of Resources will determine what further action (if any) should be taken.

Liaison with police & external audit

16. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party). For other frauds the Chief Executive, following consultation with the Director of Resources and the Investigating Officer will decide if and when to contact the police.
17. The Director of Resources will report suspected frauds to the police and external auditors at an appropriate time.
18. All staff will co-operate fully with any police or external audit enquiries, which may have to take precedence over any internal investigation or disciplinary process. However, wherever possible, teams will co-ordinate their enquiries to maximize the effective and efficient use of resources and information.

Initiation of recovery action

19. The HTA will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

Reporting process

20. Throughout any investigation, the Investigating Officer will keep the Chief Executive and the Director of Resources informed of progress and any developments. These reports may be oral or in writing. All Personal data processed by the implementation of this document will be done so in accordance with [HTA-POL-108 HTA HR Privacy Policy](#).
21. On completion of the investigation, the Investigating Officer will prepare a full written report to the Chief Executive and Director of Resources setting out:

- a) background as to how the investigation arose;
- b) what action was taken in response to the allegations;
- c) the conduct of the investigation;
- d) the facts that came to light and the evidence in support;
- e) recommended action to take against any party where the allegations were proved (see policy on disciplinary action where staff are involved);
- f) recommended action to take to recover any losses;
- g) recommendations and / or action taken by management to reduce further exposure and to minimise any recurrence.

22. In order to provide a deterrent to other staff a brief and anonymous summary of the circumstances will be communicated to staff.

Communication with the Audit and Risk Assurance Committee

23. Irrespective of the amount involved, all cases of attempted, suspected or proven fraud must be reported to the Audit and Risk Assurance Committee by the Chief Executive or Director of Resources.

24. The Audit and Risk Assurance Committee will notify the Authority.

25. In addition, the Department of Health and Social Care requires returns of all losses arising from fraud together with details of:

- a) all cases of fraud perpetrated within the HTA by members of its own staff, including cases where staff acted in collusion with outside parties;
- b) all computer frauds against the HTA, whether perpetrated by staff or outside parties;
- c) all cases of suspected or proven fraud by contractors arising in connection with contracts placed by the HTA for the supply of goods and services.

26. The Director of Resources is responsible for preparation and submission of fraud reports to the Audit and Risk Assurance Committee and the Department.

Training Requirements

27. Training will be provided, as appropriate, to new members of staff as part of the induction process. The existence and scope of this Policy will be brought to the attention of all staff through staff newsletters and an other method considered relevant, i.e. dedicated workshops/on-line/training events, or individual discussions.

28. Specific training will also be provided for managers to ensure they have the knowledge, skills and awareness necessary to operate this policy and procedure efficiently and effectively and to communicate it to staff.

APPENDIX 2

Helpful dos and don'ts

DO	DON'T
<p>Make a note of your concerns</p> <ul style="list-style-type: none"> Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names dates and times and any witnesses. Notes do not need to be overly formal, but should be timed, signed and dated. Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened 	<p>Be afraid of raising your concerns</p> <ul style="list-style-type: none"> The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels – whistleblowing. You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively. Do not try to investigate the matter yourself, gather evidence or raise any issues with the person who is suspected of fraud.
<p>Retain any evidence you may have</p> <ul style="list-style-type: none"> The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation. 	<p>Convey your concerns to anyone other than authorised persons</p> <ul style="list-style-type: none"> There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.
<p>Report your suspicions promptly</p> <ul style="list-style-type: none"> In the first instance, report your suspicions to your line manager. If this action would be inappropriate, further guidance on disclosure can be found in the Fraud Response Plan and the Whistleblowing guidance. Additionally, all concerns must be reported to the Director of Resources. 	<p>Approach the person you suspect or try to investigate the matter yourself</p> <ul style="list-style-type: none"> There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may destroy the case.



Whistleblowing Policy and Procedure

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Approved by	SMT		

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Document each version or draft providing a simple audit trail to explain amendments.

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Aug 2011	2.2	Combined with whistleblowing policy
Nov 2011	2.3	Extracted to standalone
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Mar 2019	15.5	GDPR passage referring to the HTA's HR Privacy Policy inserted at paragraph 12.
Dec 2019	15.6	Reviewed by Head of Finance

Description

1. The Public Interest Disclosure Act 1998 (PIDA) protects employees against detrimental treatment or dismissal as a result of any disclosure by them of normally confidential information in the interests of the public. The HTA's whistleblowing policy and procedure explains how concerns should be raised by staff and is in line with the Act.
2. This policy aims to mitigate the risk of inappropriate treatment of whistle-blowers.

Purpose

3. In accordance with PIDA, this policy sets out a clear and fair procedure:
 - a) that staff may use if they wish to make disclosures about the HTA that they feel are in the public interest; and
 - b) which the HTA will use to investigate such disclosures.
4. This policy applies to all employees, permanent, fixed-term and any temporary/agency staff.
5. The policy does not form part of any employee's contract of employment. It may be revised or withdrawn at the HTA's absolute discretion and at any time.
6. Concerns that are raised about issues at other establishments should be handled under the relevant policy and SOP.

Introduction

7. The HTA is committed to high ethical standards and fosters an open culture.
8. Whistleblowing is when an individual reports suspected wrongdoing at work. This is also known as 'making a disclosure in the public interest'. Simply, it is raising concerns, usually acting from a feeling of fairness or ethics, rather than out of personal interest.
9. Whistleblowing is different to making a complaint or raising a grievance. Usually these actions are taken when the individual is personally affected. The HTA has separate procedures for these.
10. Whistleblowing is important to safeguard the effective delivery of public services, and to ensure value for money. It serves to protect and reassure individuals, and to maintain a healthy working culture and an efficient organisation.
11. The sections below provide guidance to staff on the procedures to follow if they have concerns about improper behaviour that might indicate fraud or have serious implications for the HTA.

Data Protection

12. Personal data processed by the implementation of this document will be done so in accordance with [HTA-POL-108 HTA HR Privacy Policy](#).

Raising concerns

13. A member of staff who has concerns should initially raise the matter with his or her line manager or Director. A concern should always be raised as soon as the whistle-blower becomes aware of it and they should gather no further information at this point.
14. Types of improper behaviours include actions that:
- a) are illegal;
 - b) are in breach of a professional code or are otherwise unethical;
 - c) make improper use of HTA funds;
 - d) make improper use of HTA assets or sensitive data;
 - e) involve maladministration;
 - f) cause harm to another member of staff, HTA users or the general public;
 - g) undermine the HTA's functions or reputation;
 - h) attempt to cover up such malpractice.
15. If a member of staff feels unable to raise the matter through their line manager they may do so through HR or their Director. If the Director is implicated the concerns should be raised with the CEO. This also applies if the member of staff is dissatisfied with the line manager's response to his or her concerns. The member of staff may seek the support of their trade union and choose to be accompanied by a trade union representative or work colleague at any stage of the procedure. Advice is also available from the charity Public Concern at Work.
16. When a member of staff continues to feel that there has not been a satisfactory response by HTA management or that there are compelling reasons that the matter cannot be raised with HTA management, he or she may contact one of the following people detailed at Annex A
- a) If staff feel that they cannot raise the matter with anyone associated with the HTA, then they may contact the sponsorship team at the **Department of Health and Social Care** (also at Annex A).
 - b) HTA staff may also use the **Speak Up Helpline**, which offers free, confidential and anonymous advice to the health sector: <http://wbhelpline.org.uk/> or People Concerns at Work whistle@protect-advice.org.uk formerly known as Public Concern at Work.
17. The National Audit Office (NAO) are a prescribed person to whom disclosures can be made in cases of concerns about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of centrally-funded public services. Their whistleblowing helpline is 020 7798 7999. Further advice is on the NAO website at www.nao.org.uk/about_us/contact_us/whistleblowing_concerns.aspx.

18. Staff should not raise their concerns publically unless in consideration of all the circumstances it is reasonable to do so (such as they receive an inadequate response through the proper channels). To do so may breach other legislation and leave an employee unprotected by PIDA.

Action on concerns

19. It is fundamentally important to the success of the “whistleblowing” arrangements that staff can have confidence that their concerns will be taken seriously and that their position at the HTA will not be prejudiced unfairly by their raising issues of improper conduct. Whistle blowers who have acted in good faith have guaranteed protection under the provisions of PIDA.

20. All staff are protected from victimisation, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.

21. There will be no adverse repercussions for an employee or other individual who raises a genuine concern in good faith, whether or not such a concern is subsequently found to be justified. If any harassment, bullying or victimisation of such a whistle-blower arises, this will be regarded as a disciplinary matter.

22. Whistle blowers may wish their identity and or the information they provide to be treated confidentially. In some cases, this may be possible, although the nature of the matter may be such that the investigation cannot be made or will be restricted if this is the case. If concerns are raised anonymously, they will still be investigated, but this may restrict or prevent proper action.

23. As soon as a manager is made aware of a concern and he or she has checked that it is a matter where the interest of others or the organisation may be at risk, it must be reported upwards to the appropriate Head and the Director, as long as the Head and the Director is not the subject of the allegation. If so, the contacts in paragraph 15 should be used. The allegation must be reported upwards even if the matter is satisfactorily resolved by the manager who received the complaint. If necessary, the Head and Director will confirm the action to be taken and the likely timescales.

24. The member of staff who raised the issue must be given a report in writing of the outcome of the investigation. This report should be sufficiently detailed such that the member of staff has confidence that the investigation and any consequential actions were appropriate. If the investigations are lengthy, an interim oral report should be given to the member of staff to reassure him or her that appropriate action is being taken and appropriately documented that this has occurred.

25. Consideration should be given to referring an allegation to internal audit, either to conduct the investigation or to endorse the outcome. This should be discussed with the Director responsible for that area and the Director of Resources who is the HTA’s principle point of contact with the internal auditors.

26. Raising a false allegation maliciously may lead to disciplinary action under the HTA's Disciplinary Procedure.
27. The nature of any whistleblowing allegation and the results of any investigation should be reported to the Audit and Risk Assurance Committee in order for the Committee to consider the impact on the HTA.

Legal overview

28. Protection for whistleblowers was first introduced in the Public Interests Disclosure Act 1998 the Employment Rights Act 1986 (ERA). This act made it unlawful for an employer to dismiss or subject a worker to detriment on the grounds that they have made a protected disclosure.

Protected disclosures

29. Certain conditions must be met for a whistleblower to qualify for protection under the Public Interest Disclosure Act 1998 (PIDA), depending on to whom the disclosure is being made and whether it is being made internally or externally.
30. Workers are encouraged to raise their concerns with the employer (an internal disclosure) with a view that the employer will then have an opportunity to address the issues raised. If a worker makes a qualifying disclosure internally to an employer (or other reasonable person) they will be protected.
31. No worker should submit another worker to a detriment on the grounds of them having made a protected disclosure.
32. Any colleague or manager (provided that they and the whistleblower have the legal status of employee / worker) can personally be liable for subjecting the whistleblower to detriment for having made a protected disclosure.
33. If a disclosure is made externally, there are certain conditions which must be met before a disclosure will be protected. One of these conditions must be met if a worker is considering making an external disclosure (this does not apply to disclosures made to legal advisors).
 - If the disclosure is made to a prescribed person, the worker must reasonably believe that the concern being raised is one which is relevant to the prescribed person.
 - A worker can also be protected if they reasonably believe that the disclosure is substantially true, the disclosure is not made for personal gain i.e. is in the public interest, it is reasonable to make the disclosure and one of the following conditions apply:
 - At the time the disclosure is made, the worker reasonably believes that s/he will be subjected to a detriment by their employer if the disclosure is made to the employer; or

- The worker reasonably believes that it is likely that evidence relating to the failure/wrongdoing will be concealed or destroyed if the disclosure is made to the employer; or
- The worker has previously made a disclosure to his/her employer.
- Additional conditions apply to other wider disclosures to the police, an MP or the media. These disclosures can be protected if the worker reasonably believes that the disclosure is substantially true, the disclosure is of an exceptionally serious nature, and it is reasonable to make the disclosure.

Prescribed persons/organisations

34. Special provision is made for disclosures to organisations prescribed under PIDA. Such disclosures will be protected where the whistleblower meets the tests for internal disclosures and additionally, honestly and reasonable believes that the information and any allegation contained in it are substantially true. Contact details can be found at **Annex A** and a more detailed list [here](#). The HTA is not a prescribed organisation under PIDA and as such can only take limited action in relation to whistleblowing concerns in respect of other external organisations.

ANNEX A

a) **Chief Executive**

Allan Marriott-Smith

020 7269 1901

allan.marriott-smith@hta.gov.uk

b) **Authority Chair**

Lynne Barry OBE

07411 447431

Lynne.barry@hta.gov.uk

c) **Audit and Risk Assurance Committee Chair (Board Champion)**

Amanda Gibbon

07944 102644

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d) **Staff Champion**

Clare Wend-Hansen

0207 269 1953

Clare.wend-hansen@hta.gov.uk

Department of Health and Social Care

e) Roger Wallis (DHSC Sponsor Unit)

0113 254 6091 / roger.wallis@dh.gsi.gov.uk

People Concerns at Work

f) 020 3117 2520

whistle@protect-advice.org.uk

<https://www.pcaw.org.uk/advice-line/>

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD 32/19
Agenda item	16	Author	Morounke Akingbola

Protective Marking Official

Risk Management Policy

Purpose of paper

1. The purpose of this paper is to provide the Committee with sight of the revised HTA Risk Management Policy

Decision-making to date

2. The draft policy has been reviewed by SMT on 23 January 2020.

Action required

3. The Committee are asked to:
 - Comment on the policy (new format);
 - Consider how we might accommodate the recent discussions on the HTA approach to risk at the Authority's recent strategic away day.

Background

4. The policy was created over seven years ago and is in need of review. The draft presented at this time reflects some initial thoughts on how the policy might be strengthened, although this was completed ahead of the recent Authority Strategic away day

5. At the SMT meeting of the 23 January 2020 it was felt that the policy should still be shared with ARAC at this time in order to provide the basis for a discussion on how the Executive might accommodate the recent discussion on the approach to risk.
6. In particular it would be useful to expand on the consideration of risk appetite and tolerance, how this should be captured in the policy and how our current methodology for capturing and mitigating strategic and operational risks can better reflect and inform the agreed approach.
7. It would also be helpful to explore how we might better capture the opportunities that may result from the risks identified, with particular focus on how we could demonstrate our evaluation of both the risk and reward in areas where we tolerate medium to high levels of risk where benefits are identified.

HTA Risk Management Policy

Reference	HTA-POL-000	Date approved	DD/MM/YYYY
Author(s)	Morounke Akingbola	Next review due	January 2021
Reviewed by		Owner	Director of Resources
Approved by	SMT	Distribution	All staff, Members, Contractors
Protective Marking	OFFICIAL		

Managing Risk

Revision history

Document each version or draft providing a simple audit trail to explain amendments.

Date	Version	Comments
01/01/2020	1.0	Created

Purpose

The purpose of this policy is to provide guidance regarding the management of risk to support the achievement of the HTA's corporate objectives, protect staff and business assets and ensure financial stability.

Scope

This policy applies to all employees, contractors and those seconded to work in the HTA. It forms part of the HTA governance framework.

General approach to risk

Overview

The HTA's risk management system sits within its wider corporate governance system, which is described in the Annual Governance Statement set out in each year's Annual Report.

The overall system of corporate governance is designed to ensure that responsibility and accountability is clear and, that internal controls support the mitigation of strategic and operational risks. It is also designed to ensure that Authority members and the Chief Executive can be assured that appropriate oversight over operational responsibilities is in place. The HTA complies with the requirements of the corporate governance in central government departments: code of good practice, in so far as they relate to ALBs.

The HTA's general approach to the management of risk is based on the principles of good practice set out in HM Treasury's 'Orange Book' on risk management. Accordingly, the HTA defines risk management as:

'The way in which we identify and deal with uncertainties which threaten success.'

The HTA recognises that good risk management is integral to excellent performance, allowing the organisation to:

- Have increased confidence in achieving desired outcomes
- Effectively constrain threats to acceptable levels
- Take informed decisions about opportunities and changes.

The HTA therefore actively considers risks and controls in all business and project planning, and in our ongoing management of our staff and our operational delivery

Risk and capability

The Authority's attitude to, and management of, the risks it faces in carrying out its functions is robust but proportionate. Risks vary in their likelihood and impact, and

the Authority's overall appetite to risk is 'low' (see also later section on risk appetite and tolerance).

The framework the HTA has established to identify and manage risk is proportional to its small size and allows reasonable controls to be in place, without adversely affecting the successful delivery of objectives.

Risk management structure in the HTA

Levels of risk management

The HTA's system of internal risk management gives assurance that the risks the organisation faces when exercising its statutory functions are managed appropriately and mitigated against proportionately. Risks are formally managed at several different levels in the HTA:

- Strategic risk register – capturing risks to delivery of the HTA strategy and business plan
- Operational risk registers – capturing team level risks to functional delivery
- Project/programme risk logs – capturing risks to successful project delivery
- Business continuity risks – managed through the business continuity plan with regular appraisal of business-critical functions
- Internal incidents system – an adjunct to the risk system, which enables understanding of and corporate learning from internal adverse events.

Commented [MA1]: For discussion at SMT as to whether we should have a process

Alongside its arrangements for managing risk within the organisation, the HTA also takes a risk-based approach to the way it regulates use of human tissue across the six sectors it regulates. In inspecting and regulating establishments, the Authority uses a risk-based assessment tool, ensuring that the HTA's regulatory resources are targeted proportionately and reasonably. This tool (and all other processes used by the HTA in carrying out its functions) is subject to a rigorous quality assurance regime.

Regulatory risks will not be discussed further in this policy, which focuses on the management of the HTA's own risks, rather than establishment-based risks. Clearly, there is an interaction between the two, and this is recognised where relevant in the strategic risk register and in operational risks, particularly those of the Regulation Directorates.

The HTA places high importance on minimising information risk and safeguarding the data and records held by the organisation. Information risk is inherent in all organisational activities and everyone working for, or on behalf of the HTA, has a responsibility to continuously manage information risk. The aim of information risk

management is to provide the means to identify prioritise and manage the risks to records and data involved in all of the organisation's activities.

- The HTA will assess information risk in a number of ways, which will include the following;
- Routine review of flows of records and information in our activities, to ensure any risks identified with these flows are mitigated, including ensuring appropriate controls are in place for personal data and any data transferred outside the HTA.
- Use the risk assessment methodology (risk matrix) to assess information risks e.g. threats to information.
- Undertaking Privacy Impact Assessments and System Security Level risk assessments as methods through which information assets can be risk assessed and assured they comply with the required standards.

The organisation's risk management procedures provide clear guidance as to the way in which all risks and incidents are identified, assessed and managed across the organisation, and information risk should be assessed using the same methodology.

HTA in a wider risk context

The HTA engages with the Department of Health and Social Care ALB Risk Network which meets periodically, convened by the Department. This is a forum for discussing common risk issues and systemic risks and the approach of the Department towards risk management.

The HTA has committed to consider system-wide and common, interdependent, risks. The strategic risk register includes sections for identifying risk interdependencies between the HTA, the Department of Health and Social Care and the wider health and social care system.

Commented [MA2]: Would like to factor this into the SRR if possible and it could be an additional column in the register.

Risk appetite and tolerance

Risk appetite and tolerance are two different but related terms. We define risk appetite as the willingness of the HTA to take risk. As a regulator, our risk appetite will be naturally conservative and for most of our history, this has been low.

Risk tolerance on the other hand is the willingness of the HTA to accept and deal with risk in relation to specific goals or outcomes. Although our general appetite for risk may be low, where we have identified scope to realise particular strategic aims through innovation, we are not averse to tolerating risk.

Risk tolerance will vary according to the perceived importance of particular risks and the timing (it may be more open to risk at different points in time). The HTA may be prepared to tolerate comparatively large risks in some areas and little in

others. When and if our strategy involves extending ourselves into work that is beyond the boundaries of our normal regulatory remit, we may tolerate greater risk, as the benefits to safe and ethical use of human tissue and organs may outweigh the threats. On the other hand, we deal with confidential patient data in our assessment and approvals of organ donation and transplantation and we have a statutory duty to maintain this securely. We therefore need to reduce our risk of cyber security threats to a low level and our tolerance for such risk would be set to low.

Tolerance thresholds are set for each risk and are considered with all other aspects of the risk each time the risk register is reviewed. For instance, during a period of re-organisation, the tolerance for this risk may be raised, as the activities that need to be undertaken, such as removing or merging roles, are inherently risky. We may choose to accept a higher risk level because it is necessary to take and tolerate certain risks in order to implement and take advantage of a new structure. On the other hand, risk appetite is a general statement of the organisation's overall attitude to risk and is unlikely to change, unless the organisation's role or environment changes dramatically.

When putting mitigations in place to ensure that the risk stays within the established tolerance threshold, the organisation has to achieve balance between the costs and resources involved in limiting the risk compared to the cost of the risk translating into an issue. In some circumstances, it may be possible to have contingency plans in case mitigations fail, or, if a risk goes over tolerance, it may be necessary to consider additional controls.

When a risk exceeds its tolerance threshold, or when a risk becomes a live issue, we will discuss and agree further mitigations in the form of an action plan. The discussions would be done at the relevant managerial level and may be escalated if appropriate. For further detail, see the section of this policy on risk escalation.

Process and roles

Staffing and structure

The lead for risk management organisationally currently sits with the *Head of Finance supported by ???*, and is responsible for ensuring:

- the existence and maintenance of a strategic risk register capturing strategic risks
- regular review by the Senior Management Team (SMT), HTA Management Group (HTAMG), the Authority, the Audit, Risk and Assurance Committee (ARAC) and the DHSC Sponsor Team
- the teams apply risk management principles in their own areas, maintain an operational risk register including risk management as a key consideration in every project
- the business continuity planning remains aligned with overall corporate risk management

Commented [RS3]: This is wider question relating to other secretariat/corp governance roles.

Commented [MA4R3]: Yes, please can this be discussed at SMT

Role of the Authority and ARAC

Both ARAC and the Authority have critical roles in the HTA's risk management process, ensuring appropriate reporting and governance are in place to provide effective assurance. This includes reviewing periodic audits of our risk management arrangements and ensuring that appropriate actions are taken to improve processes.

The Authority is accountable for the oversight of the management of risk, part of which it delegates to ARAC.

The Audit and Risk Assurance Committee reviews and tests the establishment and maintenance of an effective system of internal control and risk management. This process is underpinned by the internal audit function, which provides an opinion on internal control.

It is the Audit and Risk Assurance Committee's role to advise the Authority on the effectiveness of the HTA's internal control arrangements.

Role of the SMT

As the SMT is the authoritative decision-making body within the HTA's management structure, it has the management responsibility for risk and implementation of the HTA's risk management strategy and reporting requirements.

The SMT takes the lead in ensuring that the strategy and practice remain appropriate and fit for purpose. The SMT ensures that assessment and management of risk are an integral feature when authorising and managing existing and new work. SMT members are risk owners of strategic risks.

Specifically, the SMT is responsible for:

- establishing and maintaining a coherent and practical HTA-wide approach to the management of risk, using the procedures set out in this document
- maintaining the HTA's Risk Management Strategy and Policy
- identifying and managing the strategic risks faced by the HTA for consideration by the Authority
- reviewing strategic risks on a monthly basis
- periodic review of the effectiveness of the HTA's risk management arrangements
- delegating responsibility to Heads for identifying and managing the operational and project risks faced by the HTA.

Role of HTAMG

Chaired by the **Head of Planning and Performance**, the HTA Management Group (HTAMG) consists of SMT and Heads. It meets monthly and reviews performance on objectives, risk and progress on projects. HTAMG ensures operational and project risks are reported, managed and escalated as necessary.

Commented [MA5]: Can this be confirmed please

Specifically, HTAMG is responsible for:

- monthly review of the management of operational risks and maintenance of the operational risk register
- quarterly oversight of operational risks alongside strategic risks to ensure the two remain aligned and to provide a mechanism whereby operational risks can be escalated to strategic risks should this prove necessary.

HTA Groups

Groups that the HTA has set up that include stakeholders (Stakeholder Group, Histopathology Working Group, and Transplant Advisory Group) provide a valuable opportunity to gain stakeholders' views on risks. The lead HTA member of staff for each of these groups should ensure that the group has an opportunity to identify and review relevant risks for the HTA.

Director of Resources

The Director of Resources acts as central reference point for all risk management issues within the HTA. The Director facilitates and oversees the risk management processes, but does not act as the "risk manager" for all risks, as the HTA recognises that risk management forms an integral part of all functions. The Director is responsible for the maintenance of the Strategic Risk Register.

Internal Audit

ARAC commissions an ongoing internal audit programme, which includes audits of risk management, relating to both specific topics of risk, such as cyber security and the general risk management system.

Actions following on from internal audit recommendations are tracked by ARAC and progress against actions are reported by the executive at each meeting. Internal audit provides ongoing assurance that the risk system is working, controls are appropriate and effective, and any issues identified have been effectively addressed.

Internal Audit provides an annual assurance report, which includes a formal opinion, based on their assessment of whether the controls in place support the achievement of our objectives. The annual opinion feeds into the annual governance statement within the annual report and accounts

Periodically, Internal Audit supports the executive to undertake risk assurance mapping exercises focused on a particular risk area, which allow the executive to further understand the make-up of the control environment. This process can help establish whether controls are appropriately split between 'preventative' and 'detective' controls and gain assurance on the operation of controls identified.

DHSC Sponsor Unit

The Department of Health and Social Care Sponsor Unit has a role to play in providing a means of escalation of strategic risks as well as sharing information and guidance.

Strategic Risk Register

The HTA strategic risk register is reviewed on a monthly basis by SMT, with reporting to ARAC and the Authority.

In line with the commencement of our new strategy (every 3-5 years), a grass-roots review is periodically undertaken. The purpose of this review is to capture afresh the risks to delivering our current strategic aims and business plan. As part of this exercise, the HTA's current operating context, environment and resources are considered.

Assurance

The strategic risk register provides for controls to be categorised into lines of defence and whether they are preventative or detective. In this way, the balance of controls can be identified in order to determine how appropriate and effective controls might be.

The three lines of defence are:

- 1 – embedded in the business operation, such as policies or management checks
- 2 – corporate oversight, such as review by the Authority
- 3 – external oversight independent of the HTA, such as internal or external audit reviews, or assurance gained by the Department of Health

Assurance that controls re operating effectively may be gained from internal, external audit reports, feedback from DHSC, HTA documents such as minutes or Authority papers to name a few.

The key sources of assurance used to monitor effectiveness of controls to manager specific risks are set out in the HTA's risk registers.

The strategic risk register includes the assured position – when assurance that the control is working properly was last obtained and in what form. Gaps are identified in red text for further action.

Operational Risk Register

The operational risk register that feeds into the strategic risks are reviewed at each HTAMG meeting. HTAMG undertakes deep-dives of each risk on the register, discussing the source of risks and the controls to mitigate.

Project and programme risks

Projects are scrutinised by HTAMG??,

Risk escalation

Where a risk changes or a new one arises where the impact is beyond the capability or capacity of the relevant team to control or mitigate it, or when it becomes a higher-level risk (for instance when a project risk threatens HTA strategic delivery) it should be escalated. The escalation process depends upon the type of risk, the severity and urgency of it, and where in the organisation it has been recognised as an escalation issue.

Project risks recognised by the Sponsor can be escalated to SMT for decisions around resource.

Operational risks are escalated through HTAMG meetings. There is a standing item on the agenda and Heads are responsible for raising new operational risks that have arisen and any that are becoming more severe. HTAMG are then able to note this or offer assistance in planning mitigations.

If either a project risk or an operational risk needs to be escalated quickly, or between meetings of the HTMG, this can also be achieved through weekly SMT meetings, for expediency.

Severe or increasing strategic risk with high residual risk level and impact on delivery should be added to the strategic risk register. If the risk proximity, likelihood or impact are such that the risk requires immediate counter measures to be put in place, the Head of service, and the individual raising the risk should consider

Commented [MA6]: Since HTAMG ToR changed, not sure what the process is. There is something about SMT becoming the de facto programme board with Louise as some form of organisation wide programme director. If so, are SMT happy to state this?

(AUD 32/19) Annex A

whether a paper to HTAMG or a more immediate discussion with the Senior Management Team might be necessary.

Once the risk has been escalated, HTAMG or SMT will guide the risk owner to plan an appropriate approach to dealing with the risk. If necessary, additional reporting to ARAC or the Authority can also be put in place.

Risk Management methodology

The HTA considers the following as the key stages of risk management:

- Identification
- Clear description
- Likelihood/probability of risk occurring
- Consequences and impact of the risk if it does occur
- What controls or actions can be put in place?
- What is the residual risk?
- What is the residual risk?
- Is this tolerable or is further action needed?
- Who is responsible?

When articulating risks, the HTA follows the following principles:

- Risks should relate to objectives, and should also include generic risks which affect all objectives
- State risks NOT impacts
- Avoid defining risks with statements which are simply the converse of the objective

In considering what controls can be implemented, the HTA considers the following options, based on a common model:

- Tolerate the risk (i.e. do nothing, but be aware)
- Treat the risk (i.e. do something to actively reduce the risk)
- Transfer the risk (e.g. to an insurer or contractor)
- Terminate (i.e. stop doing the activity that causes the risk)

In setting out controls, the HTA:

- Assigns internal controls to named individuals with authority to undertake or delegate the relevant actions
- Identifies specific actions
- Keeps on monitoring and reviewing residual risks and internal controls

In any grass roots review of risks, the HTA considers the following factors:

External:

- PESTLE model:
 - Political
 - Economic
 - Social
 - Technological
 - Legal
 - Environmental

Operational:

- Delivery:
 - Service/product failure; project (delivery failure)
- Capacity and capability
 - Resources (money, people, information and evidence, physical assets); planning; relationships (partners, clients, accountability); quality management; operational delivery (overall capacity and capability); reputation (confidence and trust in the organisation).
- Risk management performance and capability
 - Governance (oversight and scrutiny, propriety, compliance, ethics, due diligence); scanning (failure to identify threats); resilience (capacity to withstand adverse impacts, business continuity); security (of assets and information)

Change:

- Environmental changes and challenges
- New targets and performance indicators
- Change programmes
- New projects
- New policies
- Changes in resource availability

Assessing and estimating risk

The HTA defines inherent risk as:

‘The exposure arising from a specific risk before any additional action has been taken to manage it, over and above the pre-existing ongoing organisational systems and processes’

HTA defines residual risk (also known as exposure) as:

‘The exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective’.

Any risk score is a combination of:

- The likelihood of something happening
- The impact which arises if it actually does happen

Risk scoring system

We use a five-point rating system when assigning a rating to the likelihood and impact of individual risks:

Likelihood:	1=Very unlikely	2=Unlikely	3=Possible	4=Likely	5=Almost certain
Impact:	1=Insignificant	2=Minor	3=Moderate	4=Major	5=Catastrophic

See risk matrix below:

Risk Matrix

Risk scoring matrix						
Impact	5. Very high	5 Medium	10 Medium	15 High	20 Very High	25 Very High
	4. High	4 Low	8 Medium	12 High	16 High	20 Very High
	3. Medium	3 Low	6 Medium	9 Medium	12 High	15 High
	2. Low	2 Very Low	4 Low	6 Medium	8 Medium	10 Medium
	1. Very Low	1 Very Low	2 Very Low	3 Low	4 Low	5 Medium
Risk Score = Impact x Likelihood		1. Rare (≤10%)	2. Unlikely (11%-33%)	3. Possible (34%-67%)	4. Likely (68%-89%)	5. Almost Certain (≥90%)
		Likelihood				

Note

In line with the colour coded quadrants of the risk matrix above, once risks have been assigned a score they will fall into one of the following four groups, which will determine the manner in which they will need to be managed:

- Primary Group (red)** – Where risk management should focus most of its time. Risks that fall into this group will require immediate attention. Both the inherent and residual status of the risk will need to be monitored with regard to any effect on the organisation's activities and the progress of any action taken to ensure its effective completion.
- Contingency Group (amber)** – Where risk management will ensure that contingency plans are in place. Risks that fall into this group may require immediate action but will need to be monitored for any changes in the risk or control environment, which may result in the risk attracting a higher score.

- **House Keeping Group (yellow)** – Basic mechanisms should be in place, (risk management will confirm). Risks that fall into this group will need to be monitored by management.
- **Negligible Group (blue and green)** – Where risk is so minimal it does not demand specific attention. Risks that fall into this group will require review only noting, but no further action.

New risks that are classified as primary should be brought to the attention of the SMT immediately to enable the risk

Audit and Risk Assurance Committee paper

Date	30 January 2020	Paper reference	AUD (33/19)
Agenda item	17	Author	Morounke Akingbola Head of Finance and Governance.

Protective Marking OFFICIAL

Audit, Risk and Assurance Handbook

Purpose of paper

1. To present the ARAC Handbook to the Committee.

Decision-making to date

2. None.

Action required

3. Committee is requested to review/comment and note the minor change within the following areas of the Handbook:
 - Section 2 – Duties and functions, Recruitment and membership
 - Section 3 – Reporting lines and
 - Section 5 - NAO Timetable

(AUD 33/19) Annex A



HTA Audit & Risk Assurance Committee Handbook

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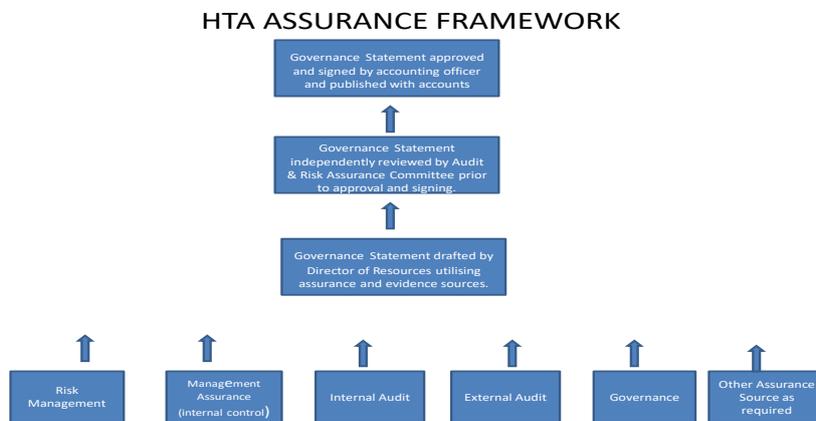
Section 1

Introduction

1. The purpose of this handbook is to focus Committee business and to provide part of the mechanism for inducting new members.

The role of the Audit & Risk Assurance Committee

2. The Audit & Risk Assurance Committee is a committee to the Human Tissue Authority's board (the Authority) as defined by section 8 and Annex B of the Framework agreement between the DHSC and the HTA. The Committee's primary role is to advise the Authority and the Accounting Officer on the exercise of their responsibilities, by concluding upon the adequacy and effective operation of the HTA's overall internal control system and ensuring there is an adequate and effective risk management and assurance framework.
3. It is the responsibility of the Accounting Officer (i.e. Chief Executive Officer) to ensure that the organisation properly exercises its obligations / responsibilities in relation to issues of risk, control, governance and associated assurances. As a result the Committee will review the Annual Governance Statement, - this being a primary disclosure statement within the final accounts - prior to signing by the CEO. The HTA assurance framework is illustrated below.



4. In discharging its duties the Audit & Risk Assurance Committee will:
 - a) Review the comprehensiveness of assurances in meeting the Authority's / Accounting Officer's assurance needs
 - b) Review the reliability and integrity of these assurances

- c) Review the adequacy of the Authority and Accounting Officer in discharging their responsibilities (particularly in respect to Financial Reporting).
- 5. HM Treasury's Audit Committee Handbook provides further guidance on the role of audit committees, the role of the chair of the audit committee and good practice.

<https://www.gov.uk/government/publications/audit-committee-handbook>
- 6. In conducting their review the Committee will consider whether the Authority and the Accounting Officer are:
 - a) promoting the highest standards of propriety in the use of HTA funds and encourage proper accountability for the use of those funds
 - b) improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Authority
 - c) promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement
 - d) identifying and managing risk and promoting the development of internal controls systems which will help satisfy the Authority that the HTA will achieve its objectives and targets
 - e) operating in accordance with any statutory requirements for the use of public funds, within delegated authorities laid down within the Authority's Standing Orders and the HTA's own rules on what matters should be referred to the Authority and in a manner which will make most economic and effective use of resources available

Section 2

Terms of reference of the Audit & Risk Assurance Committee

Constitution

7. 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.
8. The ARAC will make recommendations to the Authority regarding the adoption of the Annual Report and Accounts.

Duties and functions

9. 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) the remuneration report for staff and Members as presented in the annual report and accounts
 - g) (where appropriate) proposals for tendering for Internal 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

10. 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

11. 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

12. 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.

13. 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

14. 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.

Commented [MA1]: Please can it be confirmed this will happen else I'll remove

15. The ARAC will formally report back (either verbally or in writing) to the Authority after each of its meetings.

16. 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

17. The ARAC will undertake annual reviews of its own effectiveness and agree actions for improvement based on the National Audit Office's [self-assessment checklist for Audit Committees](#). The ARAC will report the results of the review to the Authority.

Recruitment and membership

18. The ARAC will be chaired by an Authority Member, who is not the Authority Chair, and who preferably has relevant experience and expertise.
19. 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.
20. 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.
21. 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.
22. 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.
23. 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

24. A minimum of two members of the ARAC (excluding the ARAC Chair) will be present for the meeting to be deemed quorate.
25. 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.

26. 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.
27. If the ARAC Chair is not present at a meeting, an alternative Authority member will be co-opted to chair that meeting.
28. 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.
29. 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.
30. Up to two observers from the Department of Health will normally be invited to attend meetings of the Committee.
31. The ARAC may ask any other officials of the Authority to attend to assist it with its discussions on any particular matter.
32. 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

33. 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.
34. The Chair of the ARAC may convene additional meetings, as they deem necessary.
35. External Audit may request a meeting of the Committee if they consider one necessary.
36. 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

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

38. The Secretary must ensure Committee meeting dates are scheduled, meeting venues are booked and that Committee members are invited to attend all meetings.
39. 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.
40. 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.
41. 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.
42. 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.
43. These Terms of Reference will be reviewed annually by the ARAC and will be approved by the Authority following that review.

Section 3

Audit & Risk Assurance Committee yearly work programme

Introduction

44. This programme of work has been developed taking into account the guidance in the HMT's Audit & Risk Assurance Committee handbook. It works on the basis of three meetings per annum with the timing of the second meeting of the year designed to link in with the requirement for the Committee to approve the Authority's accounts.

Audit & Risk Assurance Committee work programme

1. Winter meeting	
Regular items <ul style="list-style-type: none">• Assurance reports from Internal Audit• Audit recommendations tracker report• Strategic risk register review• Policies/procedures updates	Meeting specific <ul style="list-style-type: none">• Review and approval of the Internal Audit proposed Audit plan for the financial year• 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)
2. Spring meeting	
Regular items <ul style="list-style-type: none">• Assurance reports from Internal Audit• Audit recommendations tracker report• Strategic risk register review• Policies/procedures updates	Meeting specific <ul style="list-style-type: none">• Receive Internal Audit Annual Report• 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)
3. Autumn meeting	
Regular items <ul style="list-style-type: none">• Assurance reports from Internal Audit• Audit recommendations tracker report• Strategic risk register review• Policies/procedures updates	Meeting specific <ul style="list-style-type: none">• Approval of External audit's planning report• Review of the Audit & Risk Assurance Committee's Governance including Handbook and Terms of Reference

Section 4

Role of internal audit

The role of internal audit at the Human Tissue Authority

45. The management of HTA is responsible for establishing and maintaining an appropriate system of internal control and for the prevention and detection of irregularities and fraud.
46. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures.
47. The objectives of systems of internal control are to provide management with reasonable, but not absolute, assurance that the business is conducted in an orderly and efficient manner, that there is adherence to management policies and laws and regulation, that assets are safeguarded against loss or unauthorised use and that transactions are executed in accordance with management's authorisation and are accurately and completely recorded to permit, inter alia, the preparation of financial statements.
48. Internal audit is an element of the internal control framework established by management to examine, evaluate and report on accounting and other controls on operations. Internal audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. The objectives of internal audit include promoting effective control at reasonable cost and assisting management generally in the pursuit of value for money.
49. Internal Audit is an appraisal or monitoring activity established by management and directors to review and report on the adequacy and effectiveness of the system of internal control. This includes both financial and operational control and will encompass Risk Management, Governance, Accounting, Information Technology, Human Resources and Value for Money issues (VFM).
50. Effective internal audit requires the function to be a service to management at all levels, which identifies, evaluates and provides an opinion on the adequacy of the organisation's internal control framework with reference to achieving the organisation's objectives.
51. Internal Audit is a key part of the HTA's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- a) the Authority and senior management can know the extent to which they can rely on the whole system; and
- b) individual managers can know how reliable the systems are and controls for which they are responsible and any remedial action required.

Approach to internal audit

52. Internal Audit takes a risk-based approach to audit to comply fully with the requirements of the Public Sector Internal audit Standards. This ensures compliance with best professional standards and makes a positive contribution to the Authority's Annual Governance Statement. In some areas, different approaches are required. Therefore, regularity, contract and VFM audit techniques are employed where appropriate.

Statement of assurance

53. In order to provide the required statement of assurance, the Internal audit service will undertake a programme of work, based on risk assessment, authorised by the Authority, to achieve the following objectives:

- a) to review and appraise the soundness, adequacy and application of the whole system of control;
- b) to ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures;
- c) to ascertain the extent to which the assets and interests entrusted to, or funded by, the Authority are properly controlled and safeguarded from losses of all kinds;
- d) to ascertain that management information is reliable as a basis for the production of financial and other returns;
- e) to ascertain the integrity and reliability of information provided to management including that which is used in decision-making; and
- f) to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.

54. In providing the annual assurance opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Accounting Officer and Audit & Risk Assurance Committee is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes based on work undertaken during the year.

Reporting lines

55. Internal Audit is under the independent control and direction of the Audit & Risk Assurance Committee on behalf of the Authority. It is the responsibility of the

Audit & Risk Assurance Committee to oversee the appointment and cost of internal audit provision, which is managed centrally by the GIAA.

56. The Audit & Risk Assurance Committee each year approves a rolling programme of audit work, which will be prioritised in line with an assessment of the Authority's key risks. The Director of Resources monitors progress against this programme in liaison with the Internal Auditors and they report regularly to the Audit & Risk Assurance Committee on this.
57. In respect of each internal audit assignment, the Internal Auditors present their findings to the Director of Resources who will, with the appropriate Director and/or Head of Service, co-ordinate a response. The Internal auditors then present their report and recommendations, together with management's response, to the next available meeting of the Audit & Risk Assurance Committee.
58. Management responses to internal audit findings identify responsibility for implementing recommendations and the line Director ensures that this is done within the agreed timescale. The Director of Resources reports to each meeting of the Audit & Risk Assurance Committee on progress with implementing recommendations.
59. Internal Audit submits an annual report to the Audit & Risk Assurance Committee that includes an overall assessment of Risk Management, Corporate Governance and the Control Environment for the year in question and a comparison of actual and planned activity for the period.

Rights of internal auditors

60. Internal Auditors have authority to:
- a) Enter (or require entry) into HTA premises at any time
 - b) Access all records, documents and correspondence (including those held on computers) which may relate to financial or operational matters of the Authority
 - c) Require and receive from staff or Authority members such explanations as are necessary concerning any matter under review
 - d) Require any staff or member to produce upon request any cash, stores, documents or other Authority property under his/her control
61. Staff and Authority members will co-operate openly and honestly with reviews conducted by Internal Audit.

Section 5

Role of external audit

Introduction

62. The External Auditor for the HTA is a statutory appointment. The Comptroller and Auditor General (C&AG) is the auditor for the Human Tissue Authority under Section 16 of Schedule 2 of the Human Tissue Act 2004.
63. The C&AG is an officer of the House of Commons appointed by the Queen to report to Parliament on the spending of central government money. The C&AG is therefore independent of Government.
64. The C&AG is granted comprehensive audit and inspection rights and has appointed the staff of the National Audit Office (NAO) to act on his behalf.
65. The NAO conducts financial audits of all government departments and agencies and many other public bodies, and reports to Parliament on the value for money achieved by these bodies. Its relations with Parliament are central to our work, and we work closely with other public audit bodies that have a role in other areas of public expenditure. The NAO has three main work streams – Financial Audit, VFM audits and Investigations.

Financial audit

66. The NAO is responsible for auditing the accounts of all Government departments and agencies, and most 'arms length' public bodies including HTA known as Non-Departmental Public Bodies. The NAO is also responsible for auditing all National Loans Fund accounts and has several International clients.
67. The C&AG is required to *form an opinion* on the accounts, as to whether they are free from material misstatement. The C&AG is also required to confirm that the transactions in the accounts have appropriate Parliamentary authority. If the NAO identifies material misstatements, the C&AG will issue a qualified audit opinion. Where there are no material misstatements or irregularities in the accounts, the C&AG may nonetheless prepare a report to Parliament on other significant matters. Such reports may be considered by the Committee of Public Accounts.

NAO timetable

68. Each year, the NAO is committed to presenting the following to the HTA:

- Audit Planning Report – This document outlines the risks identified during audit planning and the audit approach taken to address those risks

- ISA 260 report (Management Letter), for Summer Audit & Risk Assurance Committee - This letter contains: unexpected modifications to the C&AG's certificate and report; unadjusted misstatements (other than those deemed to be trivial); material adjusted misstatements; material weaknesses in accounting and internal control systems identified; and NAO's views about the qualitative aspects of the Authority's accounting practices and financial reporting.

Section 6

Relationship of the Audit & Risk Assurance Committee with the HTA Executive

69. The Chief Executive of the HTA is the Accounting Officer and is responsible for ensuring that the HTA operates:

- a) sufficient and robust internal controls
- b) comprehensive financial reporting systems
- c) adequate systems for the identification and mitigation of risk
- d) adequate governance arrangements

70. The Accounting Officer will discharge these duties through the Director of Resources who will ensure that an adequate framework is in place so that suitable assurance and reliance can be derived. This is obtained through key documents submitted to the Committee such as financial / governance papers (e.g. accounts, policies), risk strategies / policies (e.g. risk register) and audit strategies / papers (e.g. audit plans, findings, reports), illustrated in the diagram in section 1.

71. The Accounting Officer will undertake the following activities:

Internal audit

- a) Make recommendations to the Audit & Risk Assurance Committee to appoint the HTA's internal auditors.
- b) Review their audit plan and agree with internal audit the plan to be presented for consideration by the Audit & Risk Assurance Committee.
- c) Review the content / scope of each audit that makes up the yearly audit programme and includes an overall assessment of Risk Management, Corporate Governance and the Control Environment for the year in question and a comparison of actual and planned activity for the period. The annual audit programme will cover three areas: financial, governance and operational. These will be risk-based in nature.
- d) Review and agree the audit findings prior to submission to the Audit & Risk Assurance Committee. If audit findings are not agreed with the Accounting Officer, internal audit have a right to report independently to the Committee.
- e) Agree a response to audit findings with time frames for any actions necessary.
- f) Present regular reports (audit tracker) to the Audit & Risk Assurance Committee.

Note. The Audit & Risk Assurance Committee can commission its own investigations / value for money studies.

External audit

- a) Review external audit planning report and agree with the external auditors the plan to be presented for consideration by the Audit & Risk Assurance Committee.
- b) Review the content / scope of each audit that makes up the yearly audit programme. These will be risk-based and may include national initiatives.
- c) Review and agree the audit findings prior to submission to the Audit & Risk Assurance Committee. If audit findings are not agreed with the Accounting Officer, external audit has a right to report independently to the Committee.
- d) Agree a response to audit findings with time frames for any actions necessary.
- e) Present regular reports (audit tracker) to the Audit & Risk Assurance Committee.

Note. The Audit & Risk Assurance Committee can commission its own investigations / value for money studies.

Risk register

- a) Produce risk strategy for review by Audit & Risk Assurance Committee.
- b) Produce strategic risk register for review of Audit & Risk Assurance Committee.

Governance

- a) Ensure financial / governance policies / systems are presented to the Audit & Risk Assurance Committee for approval.

Version history

Latest version	Date	Comments	Reviewed by	Approved by
15.0	24 February 2015	Updated to ensure factual accuracy, update membership information and add version control.	Director of Resources / Amy Gelsthorpe-Hill	Authority Members
15.1	18 October 2016	Amendment to secretariat and updated forward plan as per May 2016 minutes	Director of Resources / Head of Finance and Governance	??
15.2	2 November 2017	Updated per November 2016 minutes	Morounke Akingbola	ARAC Members 09-11-2017
15.3	18 September 2018	Amend role to Board Secretary	Morounke Akingbola	ARAC Members 23-10-2018
15.4	6 September 2019	Plan of work amended to account for changes in meeting dates.	Morounke Akingbola	ARAC Members 22-10-2019
<u>15.5</u>	<u>5 January 2020</u>	<u>Amendments to Recruitment and membership, NAO timetable section(s)</u>	Head of Finance and Governance	