Minutes of the Audit and Risk

Assurance (ARAC) meeting

**Date:** 8 June 2023

**Time:** 13:30-15:30

**Venue:** 2 Redman Place

**Protective Marking:**  DRAFT

Attendees:

**ARAC Members**

Professor Gary Crowe (GC), Chair

Helen Dodds (HD)

Dave Lewis (DL)

**Observers**

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

Mohit Parmar (MP), National Audit Office

James McGraw (JMcG) National Audit Office

Dean Gibbs (DG), KPMG

Eric Sibisi (ES), KPMG

Joanne Charlton (JC) Government Internal Audit Agency

**In Attendance**

Dr Colin Sullivan (CS), CEO  
Louise Dineley (LD), Director of Data Technology and Development

Richard Sydee (RS), Director of Resources  
Nicolette Harrison (ANH), Director of Regulation

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

Morounke Akingbola (MA), Head of Finance and Governance

Heather Troy (HT), Board Support (*minute taker*)

**HTA observers**

Debra Smith (DS), Private Office Lead

Gisela Amabilino (GA), Corporate Services Manager

Austen Cutten (AC), Regulation Manager

**Item 1 – Welcome and apologies**

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

# Item 2 – Declarations of interest

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

**Item 3 – Minutes of 26 January 2023 meeting [AUD 17/23]**

1. The Chair introduced the minutes of the meeting held on 26 January 2023.
2. The minutes were accepted and agreed to be an accurate record of the meeting.

# Item 4 – Matters arising from 26 January 2023 meeting [AUD 18/23]

1. The Chair introduced the revised matters arising report.
2. RS noted Item No ARAC\_2023\_05 – External Audit -will; be covered under today’s agenda. This item was closed.

# Item 5 – Internal Audit [AUD 19/23]

1. Jo Charlton (JC) introduced the reports highlighting several key points.
2. JC presented the draft annual opinion and report 2022/2023 adding a progress update will be given at the next ARAC meeting on 19 October 2023. She informed the Committee of the executive summaries that received a moderate rating. Committee members sought assurance that outstanding actions would be completed within the timelines on the action plan.
3. JC confirmed moderate assurance opinion has been provided around the authority’s governance arrangements, risk management arrangements and systems of internal control for 2022/2023. Most reviews were given moderate assurance, DSPT and records management reviewed were given limited assurance.
4. GC thanked JC for all her work on the draft Annual Opinion and Report for 2022/2023 and the ARAC report supplement.
5. The Committee noted the draft Annual Opinion and Report for 2022/2023 and the ARAC Report Supplement.

# Item 6 – External Audit [20/23]

1. RS presented an overview of the Annual Report and Accounts 2022/2023 for approval by Committee. He also asked the Committee to consider the External Auditors annual statement at Annex B and ISA 260 report (management letter) at Annex C.
2. Dean Gibbs, KPMG, thanked RS and MA for their support in preparing the Annual Report and Accounts 2022/2023 and the audit process. He highlighted some of the risks identified such as management override of controls and the preparation of transition disclosures because of the new leases standard implemented in April 2022.
3. DG drew the Committee’s attention to an adjustment on the balance sheet in the draft accounts which has increased net expenditure by £6,000.
4. There is also an un-adjusted mis-statement that relates to an aged item which DG recommended should be manually cleared by the journal process.
5. DG confirmed that KPMG are comfortable to endorse they are independent of the HTA. There are no additional material aspects to bring to the Committee’s attention.
6. The Certificate was noted and will be included in the Annual Reports and Accounts 2022/2023.
7. The Committee agreed the increase in expenditure should be cleared by a manual journal entry in the 2023/2024 financial statements.
8. The Committee recommended the Annual Report and Accounts 2022/2023 to be signed off after proof reading and checking for accuracy.

# Item 7 – Audit Tracker [AUD 21/23]

1. GC brought the Committee’s attention to the new format of the audit tracker which gives more clarity around ownership of actions, timelines for completion and evidence provided.
2. The Committee discussed the outstanding actions, some of which are overdue, and asked for assurance the risks are on track to be completed. HD suggested further comments noting the progress of outstanding actions on the action tracker would be informative.
3. JC offered to support HTA staff and deliver a training session focusing on awareness and what an internal audit is. This would help to staff understand internal audit recommendations and the action tracking process.
4. The Committee noted the audit tracker report and the good progress made.

**Item 8 – Cyber Security Quarterly Report [22/23]**

1. Louise Dineley presented the Cyber Security Quarterly Report.
2. LD highlighted that HTA has the highest Microsoft secure score at 93.6% that it has had for the last 15 months. In the April the MDE (Microsoft Defender for Endpoint) monitoring report across all ALBs and NHS establishments placed the HTA’s performance in the top 5.
3. An audit of access to HTA’s systems will be carried out periodically throughout the year to check staff continue to have access to systems they need access to. A random audit of new starters has also been carried out. Staff who need access to specialist systems such as finance or HR are identified at induction.
4. The dashboard is evolving, and work is currently being undertaken to explore a live dashboard. In future, it is hoped that such a development will enable trend analysis to be carried out alongside bespoke reporting.
5. LD confirmed a review of the HTA’s backup management policy has been completed.
6. The Committee noted the Cyber Security Quarterly Report.

**Item 9 - Information Security – Annual SIRO Report [AUD 23/23]**

1. Richard Sydee gave an update on the annual assessment of the HTA’s information risk management.
2. He outlined all the positive work carried out over the past 18 months to support the HTA’s approach to managing information risks and to ensure good information governance, in particular as the potential for cyber risk increases. The executive team have been given assurance that information risks are being mitigated.
3. The policy on the management of data breaches (actual or potential) was reviewed and updated in 2022/23. HD asked for more detail about the timeframes for the actions around management of data breaches in the report. This was noted.
4. The ARAC noted the challenges shown around records management and DSPT in the internal audit. The SIRO report illustrates that the HTA will be able to mitigate these challenges and improve in these areas.
5. Committee Members noted the report.

**Item 10 – Data Security and Protection Toolkit (verbal)**

1. Louise Dineley (LD) gave a status report highlighting the work that the HTA has done in preparation for HTA’s DSPT submission. The internal audit fieldwork for the DPST assessment was completed by Friday 2 June.
2. LD and her team have been working with the auditors across each of the 44 assertions for the June 2023 assessment and submission. Fieldwork completed on Wednesday 7 June, this still needs to go through the internal auditor’s process. Initial findings suggest an improvement on the 2022 assessment
3. The final submission is 30 June.

GC asked if a trajectory showing DSPT reporting could be included within the business plan to show any improvements made and progress. LD added assertions change from year to year, so this would not be reflective of all the controls in place or the level of compliance

38. The Committee noted the DSPT’s progress.

# Item 10 – Risk Update [AUD 24/23]

1. Richard Sydeeprovided the Committee with an update on strategic risks and proposed mitigations as of May 2023. The Committee were asked to comment on the strategic risks and assurances within the HTA Summary Strategic Risk Register attached to the paper at Annex A..
2. The committee discussed the progress being made to mitigate risks. The HTA face challenges because of increased external governance. HD asked if the threat of Artificial Intelligence (AI) has been looked at as part of Risk 7 – Failure to optimise the safe use of existing and emerging data and technology. LD responded at present the HTA had not done any work on this in relation to licensed establishments although this would be explored in the future.
3. CS confirmed to mitigate Risk 4, Failure to utilise our staff capabilities effectively, the HTA is committed to EDI (Equality, Diversity and Inclusion) and this is incorporated into the recruitment and retention of established staff.
4. GC asked for clarification of Risk 8, Failure to deliver the agreed business plan, JMD confirmed this refers to whether the HTA is delivering business priorities and so for core operations relates to achieving our KPIs and for change activities relates to delivering our projects, as set out at the beginning of the year.
5. GC was concerned about the number of risks presented and the effect of this on the HTA’s reputation and suggested they could be presented in a more succinct way.
6. The Committee noted the Strategic Risk Register Summary.

**Item 12 – Regular Reporting – Policies and Procedures**

**[AUD 25/23] – Gifts and Hospitality Register**

1. Morounke Akingbola (MA) presented the register to the Committee.
2. The Committee noted the Register.

**Item 14 – Any other business – Government Functional Standards (AUD 26/23)**

1. JMD presented the Government Functional Standards paper which gives an update on work carried out in 2022/2023, there will be further work in 2023/2024 building on the position outlined in the paper ahead of the internal audit in 2024/2025.
2. The aim is to work to the principles of the standards in a proportionate way that is proportionate to the HTA’s size, scale and risk profile, rather than seeking 100% compliance.
3. JC added that it would be helpful for the justifications for the level of compliance to be documented and evidenced ahead of the 2024/2025 internal audit.

**Item 14 – Any other business – Standing Orders (AUD 27/23)**

1. The Chair asked Committee members to note the proposed timetable for the review of the Board’s Standing Orders governance document, including a review by ARAC Members during August. The reviewed Standing Orders will be presented to the Board in September for their approval.
2. The Committee noted the proposed timetable of the review of the Standing Orders.

Date and time of next meeting:- 19 October 2023 via Teams