HTA
Human Tissue Authority

Minutes of the Audit and Risk Assurance (ARAC) meeting

Date: 7TH February 2024

Time: 10.00 – 12.00

Venue: Virtual

Protective Marking: OFFICIAL

Attendees:

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

Observers
Jacky Cooper (JC), Senior Policy Manager, Department of Health and Social Care
Nicholas Doran (ND), National Audit Office
James McGraw (JMcG) National Audit Office
Dean Gibbs (DG), KPMG
Eric Sibisi (ES), KPMG
Joanne Charlton (JC) Government Internal Audit Agency
Rebecca Jones (RJ) Government Internal Audit Agency

In Attendance
Dr Colin Sullivan (CS), CEO
Louise Dineley (LD), Director of Data Technology and Development
Tom Skrinar (TS), Director of Resources
Nicolette Harrison (ANH), Director of Regulation
John McDermott (JMcD), Deputy Director for Performance & Corporate Governance
Morounke Akingbola (MA), Head of Finance and Governance
Aidan McIvor (AMCI), interim Board Secretary (*minute taker*)

HTA observers
James Beyer, Policy Manager
Mark Wrigley, Head of Regulation
Lisa Yeates, 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.

2. Apologies were received from Dave Lewis, Member of the Board, whom it was noted had submitted comments to the Committee Chair by email in advance of the meeting.

Item 2 – Declarations of interest

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

Item 3 – Minutes of 19 October 2023 meeting

4. The Chair and Committee accepted the revised draft minutes as an accurate record of the meeting of 19 October 2023. It was noted, however, that the draft minutes had required significant revision.

5. The minutes were adopted by the Chair and the Committee.

Item 4 – Matters arising from 19 October 2023 meeting

6. The Chair and Committee noted that all actions had been completed, including three from the last meeting (19 October 2023).

7. The Chair noted a suggestion from the Secretariat {Aidan McIvor, (AMCI)}, to revise the format of the Actions Log, to make it more user-friendly. The Chair asked AMCI to provide a revised Action Log ahead of the next ARAC meeting (12 June 2024).

8. **Action:** Secretariat (AMCI) to revise the format of the Actions Log.

Item 5 – Internal Audit 2023/24

9. Jo Charlton (JC) introduced the reports and provided several highlights to the Committee. The Committee noted that 40% of the plan has been delivered and GIAA expects to be able to deliver the remainder of the draft report by 31 March. The Committee noted the Fraud Control Audit has been finalised.

10. The Committee noted there has been a reduction in outstanding recommendations, but it had seen an increase in the number that were

overdue. JC explained GIAA and HTA staff are working closely to track recommendations.

11. JC went on to explain the draft Internal Plan for 2024/25 is a baseline audit plan, which will be subject to a mid-year review of the plan in late summer to ensure audit activity is focussed on the right areas.

12. Five audits will be carried out this year, which, it was noted, will not include FOI and Subject Access Requests; Colin Sullivan (CS) explained these were not a high priority. As regards the licensing audit, Nicky Harrison (NH) outlined what a review would entail, including revocation (termination) of licenses.

13. The Chair went on to welcome the scope of the audit and recognised its scale.

14. As regards Corporate Governance, John McDermott (JMCD) reported that, a Board Effectiveness Review will be carried out, which will address any risks in in the interim.

15. JC advised GIAA apply a standard baseline to every audit and try to make the scope fit. JC went on to advise that GIAA is fully-fee funded, as it no longer receives Grand in Aid. Consequently, GIAA must ensure that the fees charged to its customers cover GIAA audit services.

16. Jo Charlton sought clarification from CS and NH as to the timing and size of the Licensing review. Nicky advised that GIAA would receive a steer on the size and scope of the licensing review by the end of February.

17. The Committee noted the report and agreed the proposed outline Internal Audit Plan for 2024/25, subject to the finalisation that was explained under this item.

Item 6 – Audit Tracker

18. The Committee reviewed the Audit Tracker, which was presented by Morounke Akingbola (MA). The Committee welcomed progress to date, e.g., reducing the number of outstanding audit recommendations (from 24 to 9), when Dr Sullivan, CEO, took up post; the Committee also noted some of the recommendations had been in place for some time, although it was recognised staff resourcing was an issue. The Committee considered how the risk of losing staff with specific skills and experience ('single point of failure') is managed.

19. The Committee discussed the processes which had been put in place to ensure greater clarity around ownership of actions and clear timelines for completion.

20. The Committee noted the summaries at Annex A and B and agreed the proposals to close two recommendations.

21. The Chair asked for a 'checkpoint' a meeting in late April or early May with Jo Charlton of GIAA, and relevant HTA officials, e.g. Tom Skrinar (TS).

22. **ACTION**: The Secretariat to arrange a 'checkpoint' call in late April between the Chair of ARAC, JC and TS.

Item 7 – External Audit

23. Nicholas Doran of the NAO introduced Dean Gibbs (DG) who presented a summary of the Auditing Planning Report on the 2023/24 financial statements audit. DG highlighted where some revisions have been made to risk assessments, compared to last year, including the implementation of IFRS16, which is no longer an area of focus, as that standard has been successfully implemented.

24. DG outlined the audit plan for 2023/24 and summarised the audit risks which have been identified. They were: 'presumed risk of management override of controls', along with 'accuracy of accruals'. DG advised that the accruals point, which are a legacy of the HTA's relocation from Victoria and related the exit from the lease, is deemed to be an elevated risk.

25. DG reported good progress had been made with the Interim Audit, thanks to the excellent support provided by the HTA management team. DG reported that KPMG's engagement with CQC about the HTA's HR shared services arrangement had been deferred until the final accounts visit.

26. The Committee sought assurance that any lack of engagement from CQC can be overcome so as not to delay the audit work. Tom Skrinar (TS) said he would raise the issue at his meeting with CQC on 9ᵗʰ February.

27. The Committee noted the report.

28. **Action:** Tom Skrinar to raise the engagement issue with CQC on 9ᵗʰ February.

Item 8 – Data Security and Protection Toolkit

29. Louise Dineley (LD) presented an oral update. The Committee noted work on the interim submission will be ready by end of February. The interim submission will be used as the HTA's baseline towards the final submission at the end of June. The GIAA's steer was that as an organisation it is important for the HTA to decide where it wishes to be in terms of levels of compliance and risk appetite. LD reported this is in the forefront of the HTA's mind as to what is the most proportionate, but also realistic for the organisation to achieve.

30. The Committee discussed the progress made to date, including the 'check and challenge' sessions, and the imminent appoint of a new Records Management and Information Governance Officer.

31. The Committee noted the report.

Item 9 – Cyber Security Update

32. Louise Dineley (LD) introduced the report, which it was noted supports HTA's Cyber Security Policy and provides information on the main themes of identify, protect, detect, respond, and recover.

33. The Committee reviewed the Cyber Security dashboard for Quarter 3, 2023/24. The Committee noted progress on the HTA's Microsoft secure score, the volume of Viruses intercepted, Device vulnerability, SPAM activity, staff mandatory training, RTANCA alerts received from NHS X, and the HTA's exposure score. The Committee noted that since the last ARAC meeting, a new Head of IT has been appointed, who joined the HTA in November 2023.

34. LD provided the Committee with several highlights including the fact that 100% of viruses were intercepted and 100% staff had completed the required training.

35. The Committee discussed how this report could be developed to provide additional assurance against related items such as data management, GDPR and reportable incidents.

36. The Committee noted that IT staffing levels were now at establishment for the first time September 2022; this followed a period of staff vacancies and absence due to sickness. The Committee also noted CRM (one of the core systems) updates are being undertaken, the first phase of which will take place in Quarter 4.

37. The Committee noted the Cyber Security report.

Item 10 – Risk Update

38. Tom Skrinar (TS) introduced the paper on the HTA's strategic risks and proposed mitigations. The paper included a revised format of the HTA Strategic Risk Register, which the Committee was asked to agree.

39. The Committee sought updates on the following areas.

   a. *Risk 4* – transitioning to the new outsourced HR. TS updated the Committee on the transition to date, and the discussion which he will

have with CQC on 9th February to consider what the Service Level Agreement will look like.

b. *On Risk 5,* TS updated the Committee on the HTA's budgetary overspend.

c. *Business Continuity* - In answer to Helen Dodds' (HD) questions about Business Continuity and mandatory training, the Committee noted video-enabled training is carried out on a quarterly basis, with nearly 100% attendance rate. Moreover, a full-organisation Business Continuity test will take place on 25th April, which will coincide with an all-staff in-person meeting at 2 Redman Place. John McDermott reported plans are in place to bolster Business Continuity training in 2024/25 through this exercise.

d. *Risk 7 (Failure to optimise the safe use of digital, data & technology)* – In answer to questions from HD, Louise Dineley (LD) advised that the new head of IT is working through a baseline assessment of current systems and opportunities for improvement, including the development of an IT Strategy. LD added that the HTA has strong working relationship with BCC.

e. *Artificial Intelligence (A.I.)* - The Chair asked that A.I. feature in the Strategic Risk Register. LD advised that A.I. is included in the draft Business Plan as part of the HTA's Data Development for the year ahead. Moreover, the HTA is also progressing plans for a separate data collection exercise to understand with evidence the significance of the risk or issues that A.I. pose internally and across regulated activities of licensed establishments.

f. *Horizon-scanning* – The Chair asked that Horizon-scanning feature in the annual audit cycle. LD advised that horizon-scanning will feature in the HTA's work during the new financial year. It was noted that this was not possible previously because of staff shortages, e.g., the Policy team has been under 50% capacity in 2023/24.

g. *Cash flow* - David Lock (DLKC) asked if the non-payment of fees was an issue for the HTA. TS advised this is not an issue for the HTA; if,

however, a smaller organisation has difficulty paying its fees, a payment plan arrangement is in place.

h. *Business Plan* – In answer to a question from the Chair about the risk of delivering the Business Plan, JMCD assured the Committee any such risks are actively managed.

i. *New format* – The Committee welcomed the new format of the Strategic Risk Register, which it agreed. The Chair noted the existing Strategic Risks will need refreshing for the new financial year.

40. The Committee noted the report and agreed the new format of the Strategic Risk Register.

Item 11 – Sector Risk Assessment

41. Nicolette Harrison (ANH) introduced the report on the HTA's assessment of sector-specific risks, which the Committee commended for its comprehensiveness and excellence. During the discussion, the Executive provided updates on: (a) progress on a two-way flow of data sharing – with NHS England, (b) liaison with NHSE on mortuary capacity, and (c) unannounced inspections. The Committee advised that bringing data together and trending it would be helpful, which the Executive will consider for a future meeting.
42. The Committee noted the report.

Item 12 – Summary of Policies

43. Morounke Akingbola (MA) introduced the report.
44. The Committee noted the report.

Item 13 – Whistleblowing Policy and Procedure

45. Morounke Akingbola (MA) introduced the report. The Committee considered and approved the HTA's Whistleblowing Policy & Procedure. The Committee highlighted the need to: (a) reference the ARAC Chair as the Board Champion for Whistleblowing in the actual text of the policy, rather than in an annex, and

(b) how disclosure could be made by staff. The Committee asked that a revised policy be recirculated for approval by 'written procedure' outside the meeting.

46. **Action:** Revised Whistleblowing Policy to be recirculated for approval by 'written procedure' outside the meeting.

Item 13 – ARAC Handbook

47. Morounke Akingbola (MA) introduced the report. The Committee noted a reference to the late Queen at paragraph 29 on page 151 of the pack, which should have read 'The King'. Moreover, the Committee asked that the seasons-themed order of business, e.g., 'winter' or 'autumn', be addressed and revised outside the meeting. Apart from the typographical oversight, which the Executive said would be corrected, and the issue around the season-themed 'order of business', the Committee was content to note the ARAC Handbook.

48. **Action:** The seasons-themed order of business be revised outside the meeting.

Item 15 – ARAC Terms of Reference

49. Morounke Akingbola (MA) introduced the report.
50. The Committee was content to note the ARAC Terms of Reference.

Item 16 – Gifts and Hospitality Register

51. Morounke Akingbola (MA) introduced the register, which was noted by the Committee.

Item 17 – Reports on grievances, disputes fraud and other information

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

Item 18 – Any other business (AOB)

54. Three items of AOB had been tabled in advance of the meeting: (i) Committee Effectiveness Review, (ii) Government Functional Standards, (iii) Accounting Policies and Judgements.

55. *Committee Effectiveness Review* – The Committee received an oral update from John McDermott (JMCD) on the planned Committee Effectiveness Review, which upon completion, will be analysed. The Chair asked that, if possible, the shorter version of the questionnaire be used. JMCD explained the National Audit Office template for ARAC Effectiveness Review for Board to Members and the Executive came in a standard format.

56. The Committee noted the oral update.

57. *Government Functional Standards* – JMCD presented the update, who advised that the paper that been included in the be pack had included an incomplete annex; the updated version was circulated during the meeting. JMCD reported the paper set out HTA's rationale around the level of compliance aimed for each Government Functional Standard ahead of the 2024/2025 internal audit. The Chair asked that any comments be shared with the Executive 'offline' after the ARAC meeting.

58. *Accounting Policies and Judgements* – The Committee noted that the accounting policies set out in the Annual Report and Accounts have not changed from 2022/23 to 2023/24. The Committee noted there are no critical accounting judgements, and if an important accounting policy changes, the Committee would be notified prior to the next ARAC meeting.

59. No other AOB was raised. The Chair concluded by inviting the Board member observers to remain on the video call after the meeting had ended so that the Chair could seek their reflections on the meeting.

Summary of actions

- **Item 4: Action:** Secretariat (AMCI) to revise the format of the Actions Log.

- **Item 6: Action:** The Secretariat to arrange a 'checkpoint' call in late April between the Chair of ARAC, JC and TS.

- **Item 7: Action:** Tom Skrinar to raise the issue with CQC on 9th February.

- **Item 13: Action:** Revised Whistleblowing Policy to be recirculated for approval by 'written procedure' outside the meeting.

- **Item 14: Action:** The seasons-themed order of business be revised outside the meeting.

Date of next meeting: 12th June 2024 – at 2 Redman Place, London