

## HTA Board meeting, 19 September 2024

---

Agenda item	<b>5.2 ARAC Chair's Annual Report to Board</b>
For information or decision?	Information
Decision making to date?	Routine reports on ARAC proceedings brought to Board meetings by ARAC Chair
Recommendation	To note
Which strategic risks are relevant?	Risk 1: Regulation Risk 2: Sector Risk 3: Staff Risk 4: Financial Risk 5: Digital
Strategic objective	Efficient and Effective
Core operations / Change activity	Core operations
Business Plan item	Audit and Risk – coordination of appropriate organisation controls to facilitate scrutiny and oversight by stakeholders
Committee oversight?	ARAC
Finance and resource implications	N/A
Timescales	Routine Annual Report
Communication(s) (internal/ external stakeholders)	N/A
Identified legislative implications	N/A

## ARAC Chair's Annual report to HTA Board for 2023-24

1. The Audit, Risk and Assurance Committee is made up of three board members and provides an independent view to the Chief Executive and the Board of the organisation's internal controls, operational effectiveness, governance, and risk management. This includes an overview of internal and external audit services, risk management and counter-fraud activities. The Committee is authorised to investigate any activity within its terms of reference and to seek any information that it requires from any employee. It is able to seek legal or independent professional advice and secure the attendance of external specialists.
2. The Committee met three times during 2023/24. At each of these meetings, the Committee received a number of standing agenda items. These include declarations of any identified fraud or losses, including any data losses and updates on strategic risks.
3. During the year, the Committee also received reports on several other appropriate matters within its terms of reference. These included internal audit plans and reports, cyber security updates and dashboards; an update on progress of the Data Security and Protection Toolkit (DSPT) assessments and responses; risk management policy including an amended risk appetite statement; a deep dive into a key strategic risk areas and critical incident and business continuity and disaster recovery plans.
4. The Committee reviewed the HTA's counter-fraud arrangements, in the context of the Cabinet Office counter-fraud framework and reviewed the counter-fraud strategy and fraud risk assessments, to satisfy itself that appropriate arrangements are in place. In addition, the committee received an update on the work being progressed in respect of Functional Standards – those that are applicable to the HTA and agreed the proportionate approach being taken.
5. In 2023/24, the ARAC received internal audit reports in the table below with the areas they covered, detailed below:

Audit	Assurance rating	No. of recommendations made		
		High	Medium	Low
Anti-Fraud Controls	Moderate	-	3	-
DSPT	Moderate	-	-	1
Portfolio Management	Moderate	-	4	2
Reportable Incidents	Substantial	-	-	-
Health and Safety	Limited	3	6	1

- a) **Anti-fraud controls.** Providing assurance on the adequacy of governance, risk management, and control frameworks. Areas considered were adequacy of anti-fraud controls in place and staffs understanding of roles and

responsibilities in relation to anti-fraud controls. The recommendations which have since been actioned, covered the following areas:

- Alignment of the Action plan with the Counter Fraud Strategy
- Establish a 100% target as a performance metric
- Inclusion of emerging risk from either external audits or Counter Fraud Liaison Group meetings

- b) **Data Security Protection Toolkit (DSPT).** The review was conducted in order to satisfy the annual requirement for assessment of the DSPT submission. The review focused on 13 mandatory assertions and the subsequent evidence. The 'Moderate' rating given related to a single recommendation that required us to address in full the DSPT assertions from 2022/23, prior to the next round of submissions.
- c) **Portfolio Management.** Provision of an independent, objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of control in place across the HTA's PfO function. Of the 6 recommendations, there are 2 medium, one which relates to analysis of risk across projects and the second relating to working collaboratively with teams to ensure the necessary governance documentation and reporting requirements are completed in an appropriate level of detail
- d) **HTA Reportable Incidents.** Provision of an independent view on the effectiveness of the HTA Reportable Incidents process, and the robustness of the oversight arrangements in place, with a particular focus on incidents rated as 'high' or 'critical' severity. A substantial rating with no recommendations was achieved.
- e) **Health and Safety.** The review assessed the adequacy of arrangements in place regarding Health and Safety within the HTA, with a particular focus on ensuring the health and safety of staff who work remotely. A 'Limited' opinion was given due in part to the 3 high-rated risks. This audit was requested as we were aware that gaps existed due to staff changes (resignation of the Director of Resources), and the move to an HR Shared Service model. The 3 high-rated recommendations relate to the following areas:
- Management reporting to the Accounting Officer and Authority.
  - A Health and Safety forum for staff to raise Health and Safety concerns
  - Inclusion of Health and Safety within the strategic risk register.
- Of the ten Health and Safety recommendations, 9 are due to be completed by quarter 3 of the 2024/25 business year, with the final recommendation, which relates to continuous improvements, due by March 2025.

6. Recommendations to deliver remedial actions and new improvements from each of these reports have been agreed between Internal Audit and SMT, and progress against completion of these recommendations is monitored collectively by SMT monthly through our portfolio management process. As a result, during

## HTA23-24

23/24 we have further reduced the number of outstanding recommendations and the time to completion.

7. The ARAC undertook its effectiveness review in February 2024 using the National Audit Office Audit and Risk Assurance Committee effectiveness tool, with the majority of areas of review scoring on average between meeting standards and excelling. The ARAC discussed the outcome of this review at its meeting of June 2024 and will develop an appropriate set of actions.