

Audit and Governance Committee

Paper Title:	Implementation of Audit Recommendations – Progress Report
Paper Number :	[AGC (18/03/2015) 451 MA]
Agenda Item:	10
Meeting Date:	18 March 2015
Author:	Wilhelmina Crown
For information or decision?	Decision
Resource Implications:	As noted in the enclosed summary of outstanding audit recommendations
Communication	CMG
Organisational Risk	As noted in the enclosed summary
Recommendation to the Committee:	AGC is requested to review the enclosed progress update and to comment as appropriate.

Annexes	Status / Actions	Summary of Recommendations		
		2011/12 to 2013/14	2014/15	Total
Internal – DH Internal Audit	<i>To complete</i>	4	6	10
	<i>Complete</i>	2	5	7
External Auditor – NAO	<i>To complete</i>	1		1
	<i>Complete</i>	1		1
COUNT		8	11	19

1. Report

- 1.1.** This report presents an update to the audit recommendations paper presented to this committee in December 2014.
- 1.2.** Eleven new recommendations have been added since the last meeting. Recommendations from the Internal Policies review will be added next time as the report is just being finalised.
- 1.3.** Recent updates received from Action Managers are recorded in this document.
- 1.4.** Eight recommendations are noted as completed and the remaining 11 are in hand.
- 1.5.** The remaining outstanding recommendations are classified as (M) or (L) as low. None is classified as high.
- 1.6.** Progress with the implementation of the remaining outstanding audit recommendations will be provided to future meetings of this committee and to CMG on a quarterly basis.

2. Recommendation

AGC is requested to review the enclosed summary of recommendations and updated management

Recommendations from DH Internal Audit
2011-12

2011 - 12	Title	Section	Findings	Grade	Risk / Implication	Recommendation	Management Response	Action Manager	Date
2011-12	Review of Supplier Maintenance	1	<p><u>Guidance for Supplier Maintenance:</u> Documentary guidance exists which sets out the financial authorities and responsibilities over procurement, purchasing and payment for goods and services. However, some of the detailed guidance needs to be updated. The HFEA Ordering and Payment Procedures are based on the Barclays Business Master system, which has been replaced by the Barclays Internet Banking system. The HFEA Financial Reporting Procedures do not reflect the current suite of management accounting reports.</p>	L		<p>HFEA Ordering and Payment Procedures should be updated to reflect the use of the Barclays Internet Banking system. HFEA Financial Reporting Procedures should be updated to reflect the current suite of management accounting reports.</p>	<p>Agreed. The Financial Procedures will be updated to reflect this and other recommendations arising from this audit, and also updates to the Authority's Fraud and Anti-Theft Policy.</p> <p><u>June 2012 update:</u> The finance procedures have been revised in draft and presented to CMG. Recommendations from the meeting are due to be incorporated and finance training arranged for staff new to their financial responsibilities / who would like a refresher.</p> <p><u>September 2012 update:</u> The Financial Procedures – the main document setting out procedures and processes for all staff – have been updated and are on the intranet. Revisions include reference to the Fraud and Anti-Theft Policy; changes in staffing; and enhancement of T&S information in line with DH policy. The detailed procedures in use by only the finance team have been substantially updated. The banking procedures refer to Barclays Internet banking. Some detailed procedures remain to be updated, it is anticipated this will be completed by end October.</p> <p><u>November 2012 update:</u> The finance SOP on the HFEA's Ordering and Payment of goods and services has been updated to reflect the use of Barclays Internet Banking. The imminent delivery of the SAGE 200 project will radical transform the financial system and processes currently in place. It is therefore recommended that all other documents are reviewed after the new system is introduced.</p> <p><u>March 2013 update:</u> The Sage 200 project is underway. The financial procedures and finance team SOPs will be subject to material revisions to reflect the forthcoming (1 April 2013) introduction of WAP (to facilitate online processing of purchase orders to payment).</p> <p><u>June 2013 update:</u> Pending resolution of the technical problems with the new WAP system the revisions to the financial procedures were also delayed. The WAP system went live on 3rd June and revised summary financial procedures are to be presented to this meeting. Some of the individual detailed procedures will be completed subsequently.</p> <p><u>Aug 2013 update:</u> Delayed due to finance team restructuring. In addition, an annual review of the existing suppliers database will be written into the standard operating finance documentations which is planned to be completed by November 2013</p> <p><u>Nov 2013 update</u> Now expected in Dec 2013</p> <p><u>Feb 2014 update</u> A review of time and availability resources has necessitated moving this piece of work back in Q1 of 2014-15. This recommendations relates to the updating of SOP's which are internal to finance staff only.</p> <p><u>May 2014 update</u> Awaiting completion by Director of Finance and Facilities Internal audit planned in Q1 2014/15 to update this recommendation</p> <p><u>September 2014 Update</u> Finance policies and SOPs to be updated.</p> <p><u>November 2014 Update</u> As above. Financial controls audit is to look at existing policies to highlight "gaps" and any identified will be incorporated</p> <p><u>February 2015 update</u> Policies for Procurement and Budgetary Control have been updated and agreed. The Financial Procedures Manual is the final document to be produced and will be drafted</p>	Head of Finance	<p>April-12</p> <p>July-12</p> <p>October-12</p> <p>May-13</p> <p>March / April 2013</p> <p>July-13</p> <p>November-13</p> <p>December-13</p> <p>April-14</p> <p>June-14</p> <p>December-14</p> <p>February-15</p> <p>March-15</p>

Recommendations from DH Internal Audit
2011-12

2011 - 12	Title	Section	Findings	Grade	Risk / Implication	Recommendation	Management Response	Action Manager	Date
	D a t a C o n f i d e n t i a l i t y	4	<p><u>Information Asset Register</u></p> <p>A number of policies are in place that relate to the management of information, including:</p> <ul style="list-style-type: none"> - Information Classification and Retention; - Records Management; and - Information Access. <p>These policies do not reference HFEA's Information Asset Register (IAR) which is used to apply a security classification to information assets. HFEA use different security classifications to define the controls which are to be</p>	L	<p>Policies related to information management may be applied without consideration of the security classifications documented in the IAR.</p>	<p>Management should review the policies related to information management to consider whether those policies require linking to the IAR.</p>	<p>1. This is a good suggestion which we will progress during 2012.</p> <p><u>November 2012 update</u></p> <p>In progress, a meeting has been arranged to initiate changes.</p> <p><u>March 2013 update:</u></p> <p>The OGSIRO has recently issued documents relevant to risk appetite and security for information assets. This needs to be taken account of in the review, which has been delayed.</p> <p><u>June 2013 update:</u> Work delayed</p> <p><u>Nov 2013 update</u></p> <p>Now expected in Dec 2013</p> <p><u>Feb 14 update -</u></p> <p>due to workload pressures, this has been delayed again. It is now firmly scheduled to be completed end March 2014</p> <p><u>May 14 update</u></p> <p>Policies to be updated after IfQ changes - discussion to take place by end June 2014 to see if interim update possible</p> <p><u>September 2014 Update</u></p> <p>These policies form part of the Information Governance toolkit and are currently being reviewed. It is anticipated that the reviews will be completed by November 2014.</p> <p><u>November 2014 Update -</u> Work in progress</p> <p><u>January 2015 Update</u></p> <p>Policies to be reviewed. The new anticipated completion date end May 2015</p>	<p><i>Director of Finance / SIRO</i></p> <p><i>Head of IT</i></p>	<p>November-12</p> <p>December-12</p> <p>May-13</p> <p>September-13</p> <p>December-13</p> <p>April-14</p> <p>December-14</p> <p>November-14</p> <p>January-15</p> <p>May-15</p>
P C W		2	<p>Risks are significantly summarised within the HLRR and the supporting Assurance Framework has yet to be prepared</p> <p>We noted that the risks within the HLRR are summarised to a significant degree with a large number of contributory factors. For example:</p> <ul style="list-style-type: none"> • The risk around decision making quality has a number of causes including decision-making apparatus, representation and appeals processes, workload pressures, governance transition programme and business/admin processes, practices and behaviours. Business/admin processes, practices and behaviours itself then refers to document management, risk and incident management, data security and finance processes. 	M	<p>The HLRR may not provide sufficient detail to ensure that controls to address the broad nature of identified risks are adequate and that there is sufficient assurance over the continued, satisfactory operation of those controls</p>	<p>As intended, an Assurance Framework should be developed showing the alignment of controls, mitigating actions and sources of assurance relating to the risk of breakdown in areas underlying the high level risks.</p>	<p>Accepted in part. We will need to approach this finding in a proportionate and manageable way. Our proposed actions are:</p> <p>1. To review our operational risk system to ensure it is being used fully and consistently across the organisation – the aim being to ensure operational risk is managed in a coherent and comparable way between all teams. This will help our overall risk assurance. The Head of Business Planning to start on this following Corporate Strategy work.</p> <p><u>January 2015 update:</u></p> <p>Following some initial discussion at the CMG Risk meeting on 19 November 2014, a further paper was considered at the next CMG Risk meeting, which took place on 5 February. This set out overall proposals for a revised operational risk approach, and, in tandem, the gradual introduction of risk assurance mapping, with an outline suggested process. The process will now be designed in more detail in line with the discussion at CMG. Although the risk assurance element will take longer to achieve, since we have very limited capacity for extra activities, and staff are unfamiliar with this sort of process, the changes to the existing operational risk system are expected to be implemented in February and March, and will focus on increasing consistency between teams. This will be done in tandem with service delivery planning for 2015/16.</p>	<p>HoBP</p>	<p>February-15</p> <p>End March 2015; and ongoing gradual implementation of RAM</p>

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			<p>The statutory and operational systems and delivery risk relates to operational delivery and business continuity being hampered by unreliability in, or excessive demand on, key statutory and infrastructure systems.</p> <p>Whilst we can see how the underlying factors draw together into the overall risk, at this summarised level it becomes more difficult to evidence the alignment of controls and assurances against the overall risk. Each risk has a series of controls identified, but they are not directly aligned to each underlying cause of the overall risk and if every control in the organisation relevant to possible factors impacting the risk were listed the HLRR would be unmanageable. In some organisations, many of these causes and underlying controls would appear as risks within a risk management system in their own right, and of course in HFEA a number will be within the operational risk registers.</p> <p>However, we believe that what this highlights is the need for development of an Assurance Framework, as management have identified, that would sit behind the risk register and provide a more detailed level of information on individual controls, risk mitigations and sources of assurance within the business.</p>				<p>2. Revise the High Level Risk Register template to make more apparent the linkages and lines of sight between causes/sources of risks and the</p> <p><u>September 2014 Update</u> Most of this work will form part of the post-Strategy review of the whole content and layout of the risk register, but efforts have already been made to make the lines of sight more obvious, as indicated above.</p> <p><u>January 2015 update:</u> Presented at December AGC. A CMG workshop was held in January to review all risks in detail, and we now regard this recommendation as complete. CMG will continue to review the risk register on a quarterly basis, reporting to AGC at every meeting and to the Authority when agenda space permits.</p> <p>3. Explanation of whole current risk system (all levels) to June AGC, for clarity (particularly for the newer members / attendees who will not be aware of all aspects of our risk management system). Head of Business Planning to work with CMG and members to consider this between 07/14 & 01/15</p> <p><u>January 2015 update:</u> This was addressed as above in June 2014. As soon as the work on risk assurance and operational risk has been completed, the risk policy will be reviewed and updated to reflect the newly agreed approach and procedures. At the same time, SOPs will be incorporated that reflect all procedures. We will also schedule regular annual reviews to ensure the policy always remains up to date and reflects current practice.</p> <p>4. Regarding the composite nature of our strategic risks, we will consider whether to break these down into smaller components when we review the high level risk register following the setting of our new strategy. (However, for the time being we are satisfied that the composite approach is sufficient and effective at the strategic risk level.) Head of Business Planning to work with CMG to assess usefulness and possibilities of RAM, inc resource implications To agree our approach by 12/2014</p> <p><u>November 2014 Update</u> A revised version of the high level risk register will be brought to the December AGC meeting for comment. This has been redesigned to take in the audit recommendations, as well as the HFEA's strategy.</p> <p><u>b. Risk Assurance mapping – we will consider what other small organisations do, and review whether it would be worthwhile and feasible for the Authority to adopt a similar approach. Meanwhile, some of our other planned actions, listed in this report, will increase the amount of risk assurance built into our existing risk</u></p> <p><u>September 2014 Update</u> Via a useful DH Risk Assurance Network meeting in July (the first one of an ongoing series), we have made a useful contact at the CCQ, who are also considering how to introduce risk assurance in a manageable and proportionate way. It is likely that we will be able to adopt some of their methodology, which they are kindly sharing with us as they continue to develop it. This work will be considered following the more urgent work to align all of our planning, performance measurement and risk documentation to the</p> <p><u>November 2014 Update</u> Risk assurance mapping will be explored alongside the redevelopment of our operational risk system. The recent development of DH's risk and assurance network has already proved useful in this regard, and the CQC (also new to risk assurance as an activity) have kindly shared their process with us. It is likely that we will be able to adopt a very similar approach. Resource implications will remain an important factor in agreeing the detail of this, and this will be discussed in more detail at CMG (most likely in the new year).</p> <p><u>January 2015 update:</u> As indicated above, Risk CMG considered a paper and recommendations about operational risk and risk assurance mapping on 5 Feb. Further work will follow. We expect full implementation to be gradual over several years. Development of this activity will require some coaching, training and various group meetings, since we are new to this as a concept and as an activity. We also need to consider team resources, which are already at full stretch. We will ensure managers understand the difference between operational risk identification/management, and risk assurance. To some extent we can</p>		<p>June-14</p> <p>Complete</p> <p>January-15</p> <p>June-15</p> <p>December-14</p> <p>Complete</p> <p>March-15</p> <p>May 2015 for an approach and draft</p>

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							operational risk identification/management, and risk assurance. To some extent we can learn useful lessons and borrow processes from the recent introduction of RAM into the HTA, and the CQC, both of whom are in the same position of trying to accommodate this additional new activity in a proportionate and manageable way, such that the process yields useful assurance and is understood by those using it, but does not cause		Grant implementation plan over several years

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							more risk than it manages.		
C O R P O R A T E G O V E R N A N C E		1	The Authority receives only a verbal update from committee chairs on the business undertaken by committees	L					
			The Authority receives feedback on the activities of committees through verbal updates by the relevant chairs at the next Authority meeting. However, minutes of the meetings of committees are not circulated and whilst the verbal update is helpful in providing context and understanding of the work of committees it does mean that members of the Authority have no opportunity to consider matters discussed in advance of meetings to identify any questions. We also noted that on occasion committees can be dealing with sensitive matters that may subsequently appear in the press, and there is no formal mechanism for communicating such matters prior to the next meeting of the Authority, which could be after external reporting.		Authority members may not have a full understanding of the activities of committees, or may not have time to identify questions. Members may not be aware of key decisions taken in committees before they are reported in the press.	Consider circulating minutes from committee meetings for information as part of Authority papers to members, in addition to the verbal updates. Consider whether there would be any merit in having an additional communication channel for any key decisions likely to have significant external coverage.	Head of Governance and Licensing (HoGL) to feed into annual review of committees, and take members' views on whether they would appreciate this November 2014 Update Annual committee review has begun, including discussions on communications. On target to feed into review of SOs in new year. January 2015 Update Committee review still in progress. Audit and Governance Committee minutes are now circulated to all members and other Committees may follow suit. March 2015 update Closed - committee reviews complete, minutes circulated after meetings and annual AGC report to Authority instituted. Recommendation completed	HoGL	Autumn 2014, with January-15 March-15 Complete
		2	Some governance information on the website needs updating	M					
			We noted that there are a number of governance items on the HFEA website that appear to require updating: • In the "About HFEA" section the link to provisions of the 1990 Act as amended by the 2008 Act (www.dh.gov.uk/en/Publicationsandstatistics/Legislation/Actsandbills/DH080211) does not work, that legislation page seemingly having been archived, and the About HFEA section also still refers to having 22 members; • The section on Equality and Diversity refers to new guidance to public bodies due to be issued in 2010 and goes on to say that the Authority intends to overhaul and update its approach to equality issues as part of its preparation for the commencement of the new public sector duty, and makes mention of having considered an initial preliminary assessment at the open public meeting in Cardiff on 8th December 2010; and • On the website the "Our Public Events" sub sections are for the 2008 and 2009 Annual Conferences.		Users of the website may be confused by out of date information. Reputation may be impaired as a result of the perception of lack of attention to the quality of information on the web. There may be a perception that the Authority has not paid sufficient attention to its equality and diversity objectives.	Review the website and update any information that is out of date. In particular, update the equality and diversity section. Implement a mechanism for regular testing for broken links to third party information.	Equality policy being refreshed in summer 2014, with updated documentation to go on website. Other website changes being factored into IFQ programme. November 2014 Update Delayed due to member of staff allocated to project being re-deployed on IFQ01 project. Policy refresh to be conducted Q4. March 2015 update Review of equalities initiated and expected to be considered by Authority at its meeting in May 2015. Website September 2014 Update All sections apart from the Equality and Diversity section of the website have now been fixed. The Equality and Diversity section has been delayed due to IFQ	Equalities – HoGL IfQ Programme Manager transferred to Director of Strategy and Corporate Affairs	Equalities – by October 2014. Now expected March 2015 Now expected May 2015 On implementation March-15

Audit by:	Title	No	RATING / IMPORTANCE	FINDING/OBSERVATION	RISK / IMPLICATION	RECOMMENDATION	AGREED ACTION	ACTION MANAGER	IMPLEMENTATION DATE	
DH'S INTERNAL AUDIT	Information for Quality	1	M	The IT strategy needs to be updated and finalised						
				We acknowledge that an overall vision and some business objectives have been set. However, an IT Strategy, aligned with business strategy, has not yet been formally documented. Our review showed that the current IT strategy has not been adequately defined but will be updated based on the programme implementation as well as consideration around infrastructure requirements and the target operating model. The data security and end point security requirements are still being defined as well. We also noted that a clear view of the regulatory requirements for data security is also not in place.	Lack of alignment of the programme to the organisational and IT strategy may lead to directing resources in a manner that is not effective and efficient.	The IT strategy needs to be defined upfront and the programme and changes within the IT environment need to be aligned to the wider IT strategy in order for IT to effectively meet business and regulatory needs.	The strategy and IfQ can be worked up in parallel. An IT strategy is in development to take into account wider infrastructure developments (e.g. cloud hosting), office relocation, and the IfQ programme. CMG and SMT have considered 'first principle' proposals and the strategy will be worked up fully in the new year.	Director of Compliance & Information	April - 2015	
		2	M	Delays in progress against original plan						
				Under the original plan, a proof of concept (POC) was expected to be delivered at this time. However initial requirements gathered were not detailed sufficiently to progress with the POC to a level that could provide sufficient assurance to the programme board. Subsequently the programme approach, scope and timelines have since been revised to allow further work to be performed to capture detailed requirements. It is unclear at this stage whether a standalone POC will still take place or built into the implementation phase and whether the anticipated programme duration of up to 24 months for 2015 completion is still possible.	Lack of clearly defined plans will impact the progress of the programme against the original plan.	Develop detailed plans in conjunction with the key stakeholders for each phase of the programme, so that key steps, dependencies and durations are captured earlier on and reduce the risk of scope creep and/or significant extension to timelines.	Yes, this will be defined in the programme definition.	Information for Quality Programme Manager	April - 2015	
		3	H	Current budget needs to be revisited						
		The exact programme of work, costs and timelines will be confirmed in the business case that will be developed post completion of the 'Requirements gathering and Feasibility' phase. In February 2013, the outline business case anticipated the overall cost to be £0.6m (+/- 20%). By December 2013 the high level costs for the programme were expected circa £1.4m. We understand through discussions that the increase was largely due to the expansion of the programme's scope, following the technical appraisal and inclusion of changes to HFEA website & CaFC. The current budget of £1.4m should be revisited considering that the programme is still in the feasibility stage and that approximately 40% of the budget (£1.4m allocated from internal financial resources by the Director of Finance and approved by the Authority), has been spent to date.	Inadequate budgeting process and lack of reasonable budget assumptions would lead to potential overruns requiring further approval of extra budget resources. This in turn could lead to misdirecting of business resources severely impacting the success of the programme.	The programme budget needs to be revisited and a thorough appraisal of the programme costs must be conducted and this should be reflected in the business case. Furthermore, based on the correct programme costs appraisal, the business can make an informed decision on whether to undertake the programme or not. The earned value of the programme should be continuously monitored and corrective actions taken.	1) Yes, costs will be articulated in the new business case. March 2015 update Done 2) Earned value will be added to the programme Board reporting. March 2015 update Done	Information for Quality Programme Manager	01/04/2015 Done 2015-03-01 01/04/2015 Done 2015-03-01 Complete			
4	M	Management of risks								
		The current risks that the programme faces such as data migration and data quality issues have been documented. We also noted that risks registers and issue logs are maintained and there is adequate reporting to the CMG. However, the risk register does not formally capture the residual risk or the assurance obtained over those mitigation actions.	Lack of a comprehensive risk management approach may mean the programme may not fully address the identification and mitigation as well as monitoring of programme risks.	We recommend that a risk mitigation process that includes contingency plans and residual risks be documented. The trend of increase / decrease in risk profile over time should also be understood and there should be ongoing independent assurance over the management of program risks.	Yes, Gateway review booked for 26/03/15. March 2015 update Gateway review to be undertaken March 2015	Director of Compliance & Information	April - 2015			
5	M	Data Migration								
		Data migration is acknowledged as a key risk and a key requirement to informing the POC and implementation phase. Subsequently on 21 st July, 2014 the programme board agreed for IT to commence research on migration of the register data. The data migration strategy will be critical to informing: <ul style="list-style-type: none"> Data quality standards; Ensuring the data directory from source to target is mapped in line with requirements and linked to the data dictionary that has been produced via a separate programme. The data migration strategy should also include approach, data mappings, reconciliations and User Acceptance Testing (UAT) at key stages of the programme for all 'in-scope' system environments (circa 30+ systems to be replaced). We understand that the initial data migration strategy will be developed in December 2014.	Lack of a data migration strategy and execution plan/cut over plans to may mean that the programme goes live with erroneous data which would severely impact the business operations and the reputation of the Authority.	A data migration and quality management plan which includes formal controls around data migration and quality needs to be put in place. Independent assurance need to be given over the data migration and reconciliation.	Yes, a third party has been commissioned to produce a data migration strategy and formal controls for the migration and reconciliation. March 2015 update The draft data migration strategy has been submitted for review by the internal team - revised date April 2015	Information for Quality Programme Manager	January - 2015 April - 2015			

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				<p>We have identified in other ALBs' documentation several instances where a simple table specifies which contracts and invoices can be approved by an appropriate level of management. Consideration should also be given to both the value of such items and also the level of risk (e.g. reputational) associated with such approvals.</p> <p>(v) Frameworks and Crown Commercial Services. Details of the services provided by the Crown Commercial Services should be summarised within the policy and the key framework agreements expected to be used should also be noted. This will provide a clear indication of the expected approach to be taken for procurement of the key areas of expenditure, limit the time taken for research where a favoured supplier is highlighted and ultimately provide cost savings.</p> <p>(vi) OJEU procurement process The EU Procurement Directives implemented into UK law by The Public Contract Regulations 2006 apply to the award of contracts by public bodies. A brief description of the OJEU process should be included within the policy. This should indicate a brief flowchart of the process and the thresholds at which OJEU procedures must be undertaken. It should also state or link to the processes to be followed where the values fall below the OJEU limits.</p> <p>(vii) Flowchart/Table of procurement process An overall summary showing five key areas of the procurement process should be included within the policy. These five stages are summarised below, but see Appendix A (ref. 7) for further details:</p> <ul style="list-style-type: none"> • Define business need; • Develop procurement strategy; • Supplier evaluation and selection; • Negotiation and award; and • Implementation of contract and monitoring. <p>This will provide an overview and allow quick access to the key information required including templates and intranet links where relevant.</p> <p>(viii) Pre-qualification questionnaires The inclusion of standard pre-qualification questionnaire templates would be useful to allow a standard approach to be followed but also allow managers to adapt them for their particular project.</p> <p>(ix) Evaluation matrix The inclusion of a standard evaluation matrix for tenders and/or a list of common suggested criteria which can be used by managers will allow consistency and state those areas of particular importance which align to the overall HFEA Strategic and Operational objectives.</p> <p>(x) Retention of documentation There is a requirement to hold tender documentation for a period after the process has ended. This is to ensure that any subsequent claims or enquiries can be adequately evidenced and reduce the risk of financial penalties following a successful claim against HFEA. This also allows demonstration that HFEA is meeting the key requirements of the procurement process which includes the requirement to be fair and transparent. Currently the retention period is not documented.</p> <p>(xi) Post-Implementation of Contract reviews Greater detail of the contract management and supplier management process should be stated. We would suggest different processes for those low risk/low value contracts with more robust review process and contractor meetings where the values are higher or they expose HFEA to a greater degree of organisational risk. (We understand that HFEA have fortnightly Programme Meetings and additionally that these programme meetings are included within the Audit and Governance Committee bimonthly meetings which subsequently feed relevant information to the Board).</p> <p>(xii) Contract terms and conditions The availability of standard contract terms and conditions which are available on the intranet would ensure consistency across all contracts entered into with suppliers.</p>	<p>(v) N/A</p> <p>(vi) See Ref A2</p> <p>(vii) See Ref A3</p> <p>(viii) See Ref A6</p> <p>(ix) See Ref A4</p> <p>(x) See Ref A5</p> <p>(xi) N/A</p> <p>(xii) N/A</p>				

Audit by:	Title	No	RATING / IMPORTANCE	FINDING/OBSERVATION	RISK / IMPLICATION	RECOMMENDATION	AGREED ACTION	ACTION MANAGER	IMPLEMENTATION DATE
		2	N/A	Budgetary Control					
				<p>From our review of the documentation within four other Arm's Length Bodies we have noted these areas of good practice for consideration for inclusion in HFEA's Standing Financial Instructions:</p> <ul style="list-style-type: none"> • A summary one page timetable should be included that sets out sufficient detail of the processes to be followed for the formulation and approval of budgets and the responsibility for these processes allocated to individual employees; • Draft budgets to be initially set out well in advance of the financial year to allow HFEA to achieve their strategic and operational objectives. There should be sufficient challenge and discussion to allow a reasonable budget to be set. This should allow involvement of key stakeholders and budget holder should be empowered by Finance to feel that a fair compromise has been reached; • Budgets approved months in advance of the beginning of the financial year and communicated effectively to budget holders and uploaded into the financial management system to allow monitoring; • Responsibility for managing budgets should be allocated to those staff with the appropriate training and/or appropriate level of seniority; • Budgets are monitored on a regular basis with the titleholders involved stated in the policy, variances analysed using specified reports and action taken to correct over- or underspend; • Any changes to budgets or virements are appropriately approved. (We understand that at HFEA all virements, including payroll items, are approved by the Finance team, although this is not stated in the existing SFIs); • There is oversight and approval of the entire budget cycle by an appropriate senior management group or Committee. (At HFEA we have been advised that Directors, Director of Finance and Resources and the Chief Executive are involved in the approval process although this is not stated in the current SFIs); and • Clearly specify if any large amount of expenditure outside the budget has to be approved and by whom. (At HFEA we have been advised that this is approved by the Chief Executive or the Director of Finance and Resources although this is not stated in the current SFIs). 	N/A	Consideration should be given for the inclusion of each of the areas set out to left in the HFEA's updated SFIs.	<p><u>March 2015 update</u> The areas have been considered and included proportionately in the HFEA's budgetary control policy</p>	Director of Finance and Resources	March - 2015 Complete
		3	N/A	Additional Sections					
				<p>Our review of the SFIs for four other Arm's Length Bodies identified the following sections which are commonly included but which are not currently detailed in HFEA's existing SFIs:</p> <ul style="list-style-type: none"> • Income, fees and charges and security of cash, cheques, banking arrangements, cash limit control and petty cash; • Capital expenditure including disposals; • Non-pay expenditure; • Payroll expenditure; and • Stores and receipt of goods. 	N/A	Consideration should be given for the inclusion of each of the areas set out to left in the HFEA's updated SFIs.	<p><u>March 2015 update</u> These areas will be described in the HFEA's financial procedures</p>	Head of Finance	March - 2015