Audit and Governance Committee Paper

Paper Title	**DRAFT Minutes of the meeting 10 June 2015**
Agenda Item	**2**
Paper Number	[AGC (07/10/2015) 464]
Meeting Date	Wednesday, 7 October 2015
Author	Siobhain Kelly
For information or decision?	Decision
Recommendation	Members are asked to confirm the minutes as a true and accurate record of the meeting.

Members present
Rebekah Dundas (Chair)
Margaret Gilmore
Gill Laver
Jerry Page

External attendees
Kate Mathers – NAO
Sarah Edwards - NAO
Kim Hayes – DH
Lynn Yallop – PWC - DHIA

Staff in attendance
Peter Thompson – Chief Executive
Sue Gallone – Director of Finance and Resources
Morounke Akingbola – Head of Finance
Siobhain Kelly – Committee Secretary

Apologies
None

Attendance for specific items
Nick Jones – Director of Compliance and Information
Paula Robinson – Head of Business Planning

1

1. Welcome, apologies and declarations of interests

1.1 The Chair welcomed all attendees to the meeting, especially new member Margaret Gilmore, who was attending her first meeting.

1.2 There were no declarations of interest.

2. Minutes of the meeting held on 18 March 2015

2.1 The minutes of the meeting held on 18 March 2015 were agreed as a true record of the meeting and approved for signature by the Chair.

3. Matters arising

3.1 The committee noted progress on the matters arising.

3.2 The Chair had discussed attending an Authority meeting and an inspection with external members.

4. People strategy and HR risks

4.1 The committee received a presentation from the Chief Executive, Peter Thompson.

4.2 The context to the people strategy was the HFEA Strategy 2014/2017, which had been the first strategy for a number of years due to uncertainty around the future of the organisation.

4.3 The committee agreed that the corporate strategy and people strategy would be fundamentally linked and a big part of achieving the corporate strategy would be supporting staff to deliver it.

4.4 The people strategy would not only help to support and reward staff but also to better hold them to account and address development issues during a time of pressure on resources.

4.5 The five themes of the people strategy are:

- Organisational development
- Engagement and well-being
- Performance and development
- Resourcing and reward
- HR service delivery

4.6 The committee agreed that the notion of reward was a challenge in the current climate.

4.7 It would be important to clarify the roles of the small HR team and line managers to deliver the strategy.

4.8 There would be a 3 year implementation of the people strategy. Last year's focus was on introducing Civil Service Learning, and improving personal development plans (PDPs), following the Civil Service framework, to help managers assess performance based not only on what was being delivered, but on how it was being delivered.

4.9 In 2015/16 the focus was on moderating objectives by band across different roles so that responsibilities would be broadly similar. Talent management was also a priority with access to the DH-led Developing Health Leaders Scheme which could provide stretch opportunities for senior members of staff.

2

4.10   In 2016/17 rewards and benefits would be re-examined.

4.11   A key risk was turnover, which had crept up in recent times though this had started to settle. The pay freeze and lack of promotion opportunities contributed to turnover. Recruitment had generally been swift and effective with the HFEA attracting good quality candidates.

4.12   Future risks included the impact on staff of implementing the IfQ programme – conversations with those affected had already begun – and holding staff more to account would in itself be a risk.

4.13   The committee agreed that whilst the HFEA had lost some staff who wished to progress their careers (and had gained good new staff), the HFEA had also retained some excellent long standing members of staff.

4.14   The committee highlighted that the office move was a risk and a tighter regime would potentially increase the risk of staff turnover and disgruntled employees.

4.15   The committee noted that HFEA staff aligned themselves with either the NHS or the civil service, depending on what their career path had been so far. The civil service competency framework felt like a better fit for the HFEA. All staff had HFEA specific terms and conditions, however. CSL was more delivery focused now – it equipped managers to have difficult conversations with staff, and was in line with good practice.

4.16   The committee noted that although the HFEA had performance related pay, the incentives were too small to really have an impact on performance. Pay freezes and pension deteriorations were also common in the private sector and it was important to stress that public sector staff had good benefits and meaningful work.

5.   Information for Quality (IfQ) programme – managing risks

5.1   The committee received a presentation from the Director of Compliance and Information, who was also the Senior Responsible Owner for the IfQ Programme.

5.2   The purpose of the project was to improve the experience of clinics in the interchange of data with the HFEA and to update the IT architecture of the HFEA systems.

5.3   Progress to date had been impeded by getting various approvals from the Department of Health (DH). The Crown Commercial Service (CCS) had provided procurement support and helpful ways of working with suppliers.

5.4   Supplier interviews had taken place and the HFEA was now in the final stages of awarding contracts. Proposals provided value for money and were affordable. The aim was for a July start, with outputs in September for comment.

5.5   The committee heard that further approval from DH and the Government Digital Service (GDS) was required after the alpha phase and this process needed to be smooth to avoid additional payments to contractors whilst approval was forthcoming.

5.6   The approach to development was a mixed model with external skills and the expertise and experience of in-house staff. In the light of this, HFEA IT staff were being given training and support.

5.7   The Gateway Review report and response was included in the meeting papers. The IfQ team had found the experience to be valuable.

5.8   The committee commented that whilst the IfQ Programme had real potential to be transformational it was one of the HFEA's greatest risks.

3

5.9 The committee asked the SRO to be mindful of conflicting timescales between the delivery of IfQ and the office move. The SRO assured the committee that the move was not due to be scheduled at a critical delivery time.

5.10 The committee also sought assurance that positive benefits would be realised internally at the HFEA, specifically within the teams affected by the changes. The SRO stated that SMT had this issue at the forefront of their minds including how the different attitudes of staff could best be managed. All the products affected were 'owned' by staff members, who were fully involved.

5.11 The committee agreed that an amber rating by the Gateway review was positive and encouraged a further review at the right point. The Executive agreed, and that timing the review to extract the most value from such a review would be considered.

5.12 The SRO assured the committee that cost was being managed as a significant risk and that data migration was the biggest risk. Migration would not occur until it was certain that data would be transferred accurately.

5.13 The committee agreed that they were content that the risks around this programme were being managed.

5.14 The committee noted that though the next AGC meeting would not be until October, the Executive continuously scrutinised this programme.

5.15 The Chair also asked the committee to be reassured that the Authority would also be receiving updates at the July and September meetings, so the programme was under constant review.

6. Strategic risk

6.1 The Head of Business planning presented a paper to update the committee and present the strategic risk register, following the Corporate Management Group (CMG) review in May.

6.2 Risk assurance mapping was being linked to operational risks and the operational risk system had already been re-energised, with the operational risk template being re-launched with a redesign to reflect the planned future approach to risk assurance mapping. The following general headings were being used:

- Planning

- Performance and risk management

- Quality Management

- Financial management, systems and control

- Information and evidence management

- People management

- Accountability

- Oversight and scrutiny

6.3 A proportionate approach would need to be taken to assurance mapping and the plan was to use existing internal audit capacity for this.

6.4 Key risks were presented and would be updated again when IfQ work started and to reflect discussion points raised earlier in the meeting.

4

6.5 The committee noted that the inherent risk definition that had been discussed previously by the committee had now been adopted by CMG. This had not resulted in any changes to current inherent risk scores.

6.6 The committee heard that records management responsibilities (a mitigating factor for a number of risks) had been the subject of an initial SMT discussion. The committee agreed that there should be a strong message on the importance of good recordkeeping, especially since this was something we expected from clinics.

6.7 The committee agreed that this was a live document and captured current strategic risks appropriately. The Authority also regularly reviewed strategic risks, and would receive the risk register at its July meeting.

7. Internal audit

a) 2015/16 plan and progress report

7.1 The committee noted the final 2015/16 plan.

7.2 Forty days had been allocated to carry out this work, within the budget set aside. This would also include any assurance mapping which would take three days per topic. If there was to be more assurance mapping, there would be less testing.

7.3 The committee discussed whether if it would be appropriate to increase the number of days, in view of IfQ risks. However other assurances were in place for IfQ. Priorities were reviewed at each committee meeting and changes could be made to what was included in the plan if necessary.

b) Annual assurance statement 2014/15

7.4 The committee noted the annual assurance statement for 2014/15. The Head of Internal Audit reported that this was a good result for the organisation as a whole.

8. External audit

8.1 The National Audit Office (NAO) presented the audit completion report for 2014/15. The NAO anticipated an unqualified audit opinion on the annual report and accounts.

8.2 The committee noted the issue of assets being carried at nil net book value, which was a common issue. It was important to keep policies regarding asset lives under review, especially when new assets were acquired.

8.3 The committee noted the findings, management responses, the proposed audit certificate and letter of representation.

8.4 The committee agreed that the identified misstatements may remain unadjusted as this related to last year and did not affect the understanding of the financial position.

8.5 The committee agreed that this was a good audit result and thanked the Director of Finance and Resources and the finance team.

9. Information assurance

9.1 The Director of Finance and Resources, as Senior Information Risk Officer (SIRO), presented this report.

9.2 The assessment had been based on the information governance toolkit. A high level, pragmatic approach had been used to look at the 10 steps relating to cyber security.

9.3 Overall a good security framework was in place at the HFEA. There was more to do to demonstrate compliance and there was reliance on internal experts for assurance, but there was no reason to doubt the information given. There had been progress

5

with updating policies and there was more to do to communicate these. An information governance group was being set up to take forward the actions specified in the paper.

9.4 The committee asked for confirmation of the closure of actions by this group, once achieved.

9.5 The committee noted that there had been no data losses in the year, though there had been a data access issue that had been reported at the last meeting of this committee.

Action

9.6 Director of Finance and Resources to report progress on actions from the information governance group to the committee.

10. Annual reports and accounts (including the annual governance statement)

10.1 The Head of Finance presented the annual report and accounts to the committee.

10.2 The format had been streamlined to meet requirements and aid production. The Authority statement on page 15 was new. There was an update to the pension information that would be discussed with NAO.

10.3 The committee discussed including reference to the work around the new mitochondria regulations – this would feature in 2015/16.

10.4 The committee discussed the streamlined annual governance statement (AGS). Information previously in this was contained elsewhere in part. The NAO and the DH confirmed the statement met requirements and covered the essential features.

10.5 Internal audit stated that high risk issues (and how they had been addressed) would typically be in the AGS. The Director of Finance and Resources stated that these had been included or were not considered to be a major concern (ie, policies being in place though some needing an update). The committee suggested signposting these better and the Director of Finance and Resources committed to reviewing the wording within the AGS.

10.6 In the accounts, it was clarified that contingent labour costs, which were negligible last year, were agency staff working on the IfQ programme.

10.7 The committee also explored the accounting of internal audit fees in 2013/14 and 2014/15. The committee noted that £40k was a more typical and realistic cost going forwards.

10.8 The committee noted the reduction in licence fee debtors. There had been a judgment which meant a clinic that had been withholding treatment fees had been instructed to pay in full.

10.9 Subject to any minor changes, the committee agreed to recommend to the Authority that the Accounting Officer, the Chief Executive, should sign the reports and accounts within the planned timescales.

Action

10.10 Director of Finance and Resources to review AGS with NAO to establish whether information needed to be added.

6

11. Implementation of recommendations – progress report

11.1 The Head of Finance presented the progress against audit recommendations.

11.2 The committee noted that only five recommendations were now outstanding.

11.3 The committee agreed that there had been good progress and by removing the recently completed recommendations the report would be simpler.

12. AGC forward plan

12.1 The Director of Finance and Resources drew attention to the topics for the next meeting in October.

12.2 The committee reviewed the frequency of meetings, noting that the October and December meetings were close together.

12.3 External members had favoured four meetings per year as the gaps between meetings would feel big for them as they did not carry out any other business for the Authority. However, they would be content with three meetings per year if it was not for IfQ developments.

12.4 The committee agreed that IfQ meant that there would be a preference to having 4 meetings until this was delivered.

12.5 The NAO agreed that four meetings annually was considered good practice, but that it was important to be proportionate and consider other ways of keeping in touch.

12.6 The committee agreed to discuss this again at the March meeting.

Action

12.7 The committee to discuss number of meetings again at the March 2016 meeting

13. Any other business

13.1 The Director of Finance and Resources confirmed that there were no incidents of suspected or actual fraud.

13.2 The committee noted that two contracts had been awarded. One of the contracts was for the pilot for support for donor conceived people and donors, while the other contract was for the forthcoming brand refresh.

13.3 The committee asked for the schedule of delegations (the matters AGC considers) to be circulated to the committee.

Action

13.4 Head of Governance and Licensing to circulate schedule of delegations.

I confirm this to be a true and accurate record of the meeting.

7

Chair

Date

8