

Minutes of Audit and Governance Committee meeting held on 21 September 2016 at HFEA, 10 Spring Gardens, London SW1A 2BU

Members present Rebekah Dundas (Chair)
 Gill Laver
 Jerry Page
 Anita Bharucha

Apologies Margaret Gilmore

External advisers Internal Audit:
 Paul Foreman, Price Waterhouse Coopers (PWC)

 National Audit Office (NAO):
 Sarah Edwards

Observers Kim Hayes (Department of Health)

Staff in attendance Peter Thompson, Chief Executive
 Morounke Akingbola, Head of Finance
 Adam Ashiwaju, Accounts Officer
 Juliet Tizzard, Director of Strategy and Corporate Affairs
 Nick Jones, Director of Compliance and Information
 David Moysen, Head of IT
 Paula Robinson, Head of Business Planning
 Ian Brown, Head of Corporate Governance
 Dee Knoyle, Committee Secretary

1. Welcome, apologies and declarations of interests

1.1 The Chair welcomed attendees to the meeting.

1.2 There was one apology from Margaret Gilmore.

1.3 The Chair made the following announcements:

- Sally Cheshire, Chair of the Authority will continue the role for a further three years.
- Margaret Gilmore will become Deputy Chair of the Authority from November 2016.

Margaret will remain a member of the Audit and Governance Committee until the end of December 2016 and will continue her role on the Licence Committee. Margaret will also take on the role of Chair of the Statutory Approvals Committee from October 2016.

- Rebekah Dundas will be leaving the Authority in December 2016 as her term has come to an end.
- Anita Bharucha will become Chair of the Audit and Governance Committee from January 2017.
- Sue Gallone will be retiring from the HFEA in September 2016. Members acknowledged her hard work and expressed sincere and grateful thanks for her support.

- Richard Sydee has been appointed Director of Finance and Resources and will start this role on 1 November 2016.
- Ian Brown, Head of Corporate Governance will be leaving the HFEA on 30 September 2016 and interim arrangements will be in place until recruitment begins for this role.

1.4 There were no declarations of interest.

2. Minutes of the meeting held on 16 March 2016

2.1 The minutes of the meeting held on 15 June 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 the progress on actions from previous meetings. Some items were ongoing and others were dependent on availability or were planned for the future.

3.2 e) The two external members of the committee, Gill Laver and Jerry Page are awaiting suitable dates to attend an Authority meeting as an observer.

3.3 9.6) The Information Governance Group are establishing a meeting date.

3.4 12.6) The Executive will review the Appeals process and consider what a proportionate first step, the representations would look like. Work will start in October 2016 and recommendations will be presented to the Authority by the end of the business year.

3.5 14.5) The Triennial review report is expected to be circulated to Arm's Length Bodies (ALBs) shortly after political party conferences which take place in October.

3.6 5.7) The Information for Quality (IfQ) Internal Systems Project Manager will circulate a list of recommendations and planned actions (relating to 'Public Beta') to the committee after review by Programme Board.

3.7 8.5) The Executive is consulting with other healthcare professionals on Disclosure and Barring Service (DBS) checks and will take a light touch approach. The Executive will aim to feed back to the Audit and Governance committee at the meeting in December 2016.

4. Strategy and Corporate Affairs Management

4.1 The Director of Strategy and Corporate Affairs provided the committee with a presentation and briefing on managing the Directorate's risks tied to the corporate strategy, the current risks over the next 6 months.

4.2 The committee was reminded of the content of the update on the Directorate presented last year.

4.3 The committee noted the Directorate's contributions to the HFEA Strategy which focuses on setting standards, increasing and informing choice and efficiency, economy and value. The focus of the Strategy has shifted from regulatory in previous years to patients' needs.

4.4 Understanding patients' needs at all stages of treatment has shaped the design of services such as Choose a Fertility Clinic on the new HFEA website, where the brand has been refreshed and the tone of voice has changed. New features on the website include a donor egg and sperm availability service and a new patient rating service, allowing patients to review a clinic's performance before treatment.

- 4.5** A new counselling and support service for people seeking donor information or re-registering has also been launched.
- 4.6** The HFEA has continued to inform patient choice by publishing reports such as fertility trends and sharing information on new or tested treatments.
- 4.7** The Executive has established a working relationship with NHS (National Health Service) Choices and plan to apply for Information Standards, awarded by NHS (National Health Service) England for good quality patient information.

Key Risks:

- 4.8** Patient: The committee noted that further work is required to market the services provided by the HFEA as a regulator, to ensure that information is accessed at the appropriate time, especially at the early stages when a patient is first seeking treatment.
- 4.9** Stakeholder engagement: The committee noted that there has been a legal challenge to the presentation of clinic information on Choose a Fertility Clinic on the new HFEA website. The Executive is engaging with the sector and seeking acceptance from all clinics to ensure that the planned services are fully delivered.
- 4.10** Communication: The new website is due to become live in January/February 2017. However, the content management system on the existing website is dated and no longer supported by the original supplier which has led to instability from time to time. The committee was informed that should the HFEA website fail to operate completely for a period of time, other forms of communication would be used to communicate with stakeholders and the public via the HFEA Portal and social media. Due to recent delays to the programme, the committee advised the Executive to consider seeking support for the content management system of the existing website in the interim, until the new website is available, as the risk of the existing website failing will increase with time. The committee noted that there are financial costs involved and agreed that this should be an option.

Action

- 4.11** Head of Communications to seek support for the content management system for the existing website in the interim until the new website is available.

5. Information for Quality (IfQ)

- 5.1** The Director of Compliance and Information provided the committee with a paper, presentation and briefing on the delivery of the 'Public Beta' phase of the new Website and Clinic Portal and the plans for data mitigation to the new Register.

5.2 The Programme

The Plan

- 5.3** The committee was informed that following an unexpected legal injunction, relating to the display of clinic information, brought by a clinic in July 2016, which has since been lifted, a judicial review has been scheduled in December 2016 and therefore the delivery plan has been revised, including the next Government Digital Service (GDS) assessment.
- 5.4** The consequences of the updated timeline as well as the judicial review have been assessed and the risks are currently being mitigated.

- 5.5** There has been no formal revision to the budget. However, the Executive is currently working through the consequences of the revised timeline.

Release One - HFEA Website and Clinic Portal

- 5.6** The Programme is now running through its 'Public Beta' phase for both the new Website and Clinic Portal. During this stage, all feedback from the public and stakeholders will be analysed and reviewed for further developments and this process will continue when the system goes live, to ensure that the users' needs are met.

- 5.7** The Government Digital Service (GDS) assessment of the Clinic Portal to enable progression to 'live' is scheduled for October 2016.

- 5.8** The GDS assessment to enable the website to 'go live' has been pushed back to January 2017 due to the pending judicial review.

Release Two – Electronic Data Interchange (EDI) and Electronic Patient Record System (EPRS)

- 5.9** The next phase 'Release two' has completed its planning stage and partially started its development. EDI is now scheduled for February 2017 and EPRS is still on schedule for March 2017.

- 5.10** The Executive is engaging with EPRS providers (suppliers of patient reporting systems to approximately half of all clinics). The providers have been notified of the development path to March 2017 and are well informed, however some providers are not keen to develop systems and there is a risk that some clinics may want to continue using a system which is not aligned to submit data to the HFEA. The Executive plan to maintain a close level of engagement with providers to enable gradual adoption of ways to 'connect' to the HFEA and maintain the necessary security.

- 5.11** The Standardisation Committee for Care Information (part of NHS (National Health Service) Digital) accreditation process for the 'UK ART (Assisted Reproductive Technology) dataset' and its implementation is on schedule.

- 5.12** The overall risk score for the IfQ Programme has increased. The main risk added relates to EPRS providers and the impact on treatment fees linked to the submission of data should there be any delays.

- 5.13** There were three new inter-related strategic risk sources arising from the IfQ programme which would only apply following IfQ Release Two in 2017. These risks included the various impacts if EPRS providers did not make the necessary changes to their systems to submit clinic treatment data to the new Register structure. There would be a risk of loss of regulatory authority as any gaps in data could impact effective regulatory monitoring; a risk to improved information access since any data that had not been provided would not be available to provide to patients through Choose a Fertility Clinic; and also a risk to financial viability – negative impact on cash flow, if the HFEA were not able to bill clinics for treatments provided but not reported. The Executive is currently working to develop further mitigation plans for these risks, alongside the HFEA finance and compliance departments.

Register - Data Migration

- 5.14** The committee was informed that data cleansing and migration work is slightly behind schedule.

- 5.15** Clinics are encouraged to deal swiftly with HFEA requests to fix errors and this process will be monitored closely.

- 5.16** An expert in data migration has been commissioned to provide assurances for all steps leading up to the transfer of data.
- 5.17** The committee noted the legal situation and the impact on the timeline and that this may have financial consequences affecting the budget for the programme. The committee agreed that a report should be provided on the financial consequences as soon as possible.
- 5.18** The committee noted that stakeholder engagement is key to the success of the programme and encouraged the Executive to maintain the momentum.
- 5.19** The committee also asked the Executive to give more consideration to 'plan B' for the website, in the event of an adverse JR judgment, or in the event of Red Dot (the current, outgoing content management system, which was old and unsupported) failing completely.

Action

- 5.20** Director of Compliance and Information to provide a report on the financial consequences as a result of movement to the timeline due to the judicial review as soon as possible.
- 5.21** The Executive to consider mitigations for the website in the event of an adverse JR decision or a complete failure of the current content management system.

6. Strategic Risks

- 6.1** The Head of Business Planning presented the strategic risk register.
- 6.2** The committee discussed the strategic risks, in particular the three risks above tolerance which include improved information access (currently under development in the Information for Quality (IfQ) programme), the risk of incorrect data being released and knowledge and capacity.
- 6.3** The committee was informed that work was underway to develop further mitigation plans for the three new inter-related strategic risk sources arising from the IfQ programme (as discussed at item 5) which would only apply following IfQ Release Two in 2017.
- 6.4** Parliamentary questions fluctuate and there are times when the volumes are challenging to process with a quick turnaround. The committee noted that the Executive is working to capacity and currently doing all that is possible to mitigate the risks of incorrect data released and the standard operating procedures have been revised. The committee noted that the Executive is granted the maximum time to provide answers to Parliamentary questions and this must be adhered to. However, the Department of Health will continue to give early warning to ALBs when there is a rise in the number of Parliamentary questions to be answered.
- 6.5** The committee discussed the new finance risk of non-payment to suppliers, caused by technical issues with migration to internet banking. This has been escalated with the bank and the HFEA finance team are currently working around the situation until the issues have been resolved.
- 6.6** The committee noted the risk relating to knowledge and capacity and was reassured that the risk would not increase as a result of having one vacancy for a member of staff at Head's level.
- 6.7** The Executive has encouraged junior members of staff to learn more about risks to improve awareness and reporting within the organisation.
- 6.8** The committee noted that the Department of Health's risk audit recommendation that Arm's Length Bodies (ALBs) and the Department consider risk interdependencies across the health and care system and the HFEA will seek to embed this approach into future management of risk.

- 6.9** The committee was satisfied with the current controls and mitigation plans in place to manage the organisation's strategic risks.

7. Internal Audit

a) Progress Report

- 7.1** The committee was provided with a progress report on the annual programme.
- 7.2** The audit on income generation has been completed.
- 7.3** The Board effectiveness review is in progress.
- 7.4** The field work on Cyber Risks will begin in November 2016
- 7.5** All field work is to be completed by the end of March 2017.

b) Income Generation

- 7.6** The committee was provided with an Income Generation Report.
- 7.7** The business process was mapped from data submitted by the clinic to the production of invoices and controls were reviewed and tested.
- 7.8** The auditors reported that a few areas in the process could be enhanced including closer monitoring of clinics not submitting data.
- 7.9** The committee questioned why the Executive had resisted some of the recommendations which were low priority. The Executive reassured the committee that the organisation had other means of covering the recommendations which were aligned to the function and capacity of the organisation. The committee acknowledged that the Executive's way of working did not undermine the organisation's control systems, however encouraged the Executive to implement the recommendation relating to data extracted from Sage, accounting software if at all possible.
- 7.10** Risk management controls are to be in place for the new portal before it becomes live. The Management team are confident that they know how to manage the risks using the new software.
- 7.11** The overall rating for income generation was moderate.
- 7.12** The committee discussed the rating system and agreed that Jon Whitfield from the Government Internal Audit Agency (GIAA) will be invited to attend the Audit and Governance Committee meeting in December 2016 to engage in a further discussion on rating.

Action

- 7.13** Jerry Page to invite Jon Whitfield from the Government Internal Audit Agency (GIAA) to attend the Audit and Governance Committee meeting in December 2016 to engage in a further discussion on rating.

8. External audit

- 8.1** The National Audit Office (NAO) provided the committee with an oral update.

- 8.2** The committee noted that an audit planning meeting took place with the HFEA and the NAO on 14 September 2016 and a report will be presented to the Audit and Governance Committee at the meeting in December 2016.
- 8.3** The committee was informed that Sarah Edwards and George Smiles will remain NAO representatives for the HFEA, however the lead auditor has changed from Melini to Payal who has good experience working with smaller Arm's Length Bodies (ALBs).

9. Implementations of recommendations progress report

- 9.1** The Head of Finance provided the committee with an update.
- 9.2** The committee noted that there are currently no outstanding recommendations.

10. Cyber Security

- 10.1** The Head of IT provided the committee with an oral update on the security and testing of the organisation's IT systems.
- 10.2** The new HFEA Portal and website have been tested. There were seven low risk issues which have been resolved.
- 10.3** The design for the architecture for Release Two of the IfQ programme, Electronic Patient Record System (EPRS) has just been completed with the assistance of external experts. Class consultants will complete a review of the infrastructure before moving onto the next steps, creating and testing the system. The committee agreed that the Executive should ask all external expert consultants to provide documented evidence of advice given.
- 10.4** The committee was informed that the review of Release Two by Class consultants would take 4-6 weeks.
- 10.5** Wider testing for the whole organisation will be completed after the testing period for Release Two is complete.
- 10.6** The organisation will be moving to a secure system using the Cloud in future and this will increase security.
- 10.7** A detailed Risk Management and Accreditation Document Set (RMADS), which explains the threats and mitigation will be created and signed off by the SIRO (Senior Information Risk Officer).
- 10.8** The committee highlighted that the legislation requires HFEA data to be fully protected and requested evidence from external providers that they are doing what was agreed and that we have written assurances. The committee agreed that the Head of IT should provide a further update paper on information security and testing at the next meeting in December 2016 including evidence of assurance received.

Action

- 10.9** Head of IT to provide the Audit and Governance Committee with a further update paper on information security and testing and documented evidence of assurances obtained at the next meeting in December 2016.

11. Reserves Policy

- 11.1** The Head of Finance presented the revised Reserves Policy and briefed the committee on the recent changes.
- 11.2** There were revisions to the figures included in the policy but no changes to the actual policy. Key changes included:
- an increase in rent charges due to relocating to the office of NICE (The National Institute for Health and Care Excellence)
 - salary costs – increased slightly
 - The Head of Finance advised the committee that further work on forecasting our income which would impact on reserves will be carried out at a later date.
- 11.3** The committee acknowledged that HFEA income and expenditure may fluctuate in some areas and this is unpredictable for example treatment income and legal costs.
- 11.4** The committee noted that the sum allocated for reserves remains largely the same.
- 11.5** The committee noted the changes and approved the Reserves Policy.

12. Forward plan

- 12.1** The committee was satisfied with the content of the Forward Plan of agenda items for the forthcoming meetings, with the addition of Cyber Security and Internal Audit Ratings to the next agenda in December 2016. The committee also noted that all internal audit work needs to be complete by March 2017 as there is likely to be new suppliers of internal audit.

13. Any other business

- 13.1** There was nothing to report on whistleblowing or suspected fraud incidents and no contracts were awarded since the last meeting.
- 13.2** The Chair thanked attendees for their contributions to the meeting.
- 13.3** Members and auditors retired for their confidential session.
- 13.4** The next meeting will be held on Wednesday, 7 December 2016 at 10am.

Chair's signature

13.5 I confirm this is a true and accurate record of the meeting.

Signature

Name

Rebekah Dundas

Date

7 December 2016