

Audit and Governance

Committee meeting minutes

Strategic delivery: Setting standards Increasing and informing choice Demonstrating efficiency economy and value

Details:

Meeting Audit and Governance Committee

Agenda item 2

Paper number AGC (21/03/2017) 523

Meeting date 21 March 2017

Author Dee Knogle, Committee Secretary

Output:

For information or decision? For decision

Recommendation Members are asked to confirm the minutes as a true and accurate record of the meeting

Resource implications

Implementation date

Communication(s)

Organisational risk Low Medium High

Annexes

Minutes of Audit and Governance Committee meeting held on 7 December 2016 at King's College London, Strand Campus, Strand, London WC2R 2LS

Members present	Rebekah Dundas (Chair) Anita Bharucha Margaret Gilmore Gill Laver Jerry Page (Teleconference)
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Apologies	None
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External advisers	Government Internal Audit Agency (GIAA): Jon Whitfield Internal Audit - PricewaterhouseCoopers (PwC): Karen Finlayson Paul Foreman External Audit - National Audit Office (NAO): Sarah Edwards George Smiles
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Observers	None
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Staff in attendance	Peter Thompson, Chief Executive Richard Sydee, Director of Finance & Resources Morounke Akingbola, Head of Finance Wilhelmina Crown, Finance & Accounting Manager Nick Jones, Director of Compliance and Information David Moysen, Head of IT Paula Robinson, Head of Business Planning Siobhain Kelly, Interim Head of Corporate Governance Dee Knogle, Committee Secretary
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1. Welcome, apologies and declarations of interests

1.1 The Chair welcomed attendees to the meeting, in particular:

- Richard Sydee, the new Director of Finance & Resources for the HFEA and HTA, attending his first Audit and Governance Committee meeting.
- Jon Whitfield from the Government Internal Audit Agency (GIAA)

1.2 Kim Hayes, Department of Health was unable to observe this meeting and sent her apologies.

1.3 There were no declarations of interest.

2. Minutes of the meeting held on 21 September 2016

- 2.1** The minutes of the meeting held on 21 September 2016 were agreed as a true record of the meeting and approved for signature by the Chair with the amendment of the meeting date at point 2 and 2.1.
- 2.2** Margaret Gilmore notified members that since the last meeting she has agreed to continue her support to the Audit and Governance Committee but will no longer sit on the Licence Committee.

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) Since the two external members have been provided with the dates for future Authority meetings, and have had them for some time, it was agreed that this item would be marked as complete.
- 3.3** 9.6) The Director of Finance & Resources will provide an update on the Information Governance Group activities at the next Audit and Governance Committee Meeting.
- 3.4** 12.6) Due to the untimely departure of the former Head of Governance, the review of the Appeals process has been delayed.
- 3.5** 14.5) The Executive are still awaiting the Triennial review report.
- 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. The Director of Compliance and Information to follow up.
- 3.7** Item 4.11, 5.20 and 5.21 have been addressed in the items on the agenda below.
- 3.8** The Chair thanked the Finance Team for their efforts and was pleased to see that some progress had been made.

4. Rating

- 4.1** Jon Whitfield, Head of Government Internal Audit, Government Internal Audit Agency (GIAA) provided the committee with a briefing on the internal audit rating system.
- 4.2** The rating of audit reports has four tiers, substantial, moderate, limited and unsatisfactory.
- 4.3** The committee noted that the HFEA received a moderate rating for its audit report. The moderate rating means that, in internal audit opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
- 4.4** The committee was informed that 90% of all public sector organisations have received a rating somewhere in the middle.
- 4.5** The committee was concerned that some recommendations were not applicable to the size and nature of the organisation and therefore implementation would be inappropriate and burdensome on such a small Arm's Length Body. The committee was also concerned about the public perception of the HFEA receiving a moderate rating.
- 4.6** Jon Whitefield highlighted that he encouraged internal auditors to be bolder in their opinions that accompany the rating, in order to put it into context.

5. Register & Compliance

- 5.1** The Director of Compliance and Information provided the committee with a briefing and a presentation on the directorate's risks.
- 5.2** The committee was reminded of the directorate's role and responsibilities. The committee was also provided with an update on the directorate's achievements since this item was last presented to the committee in 2015.
- 5.3** The committee noted that most of the staff in this directorate are juggling business as usual alongside the Information for Quality (IfQ) programme. Staff from the Information Team and the IT team have been heavily involved in the programme which involves the development of the new clinic portal, website and the Choose a Fertility Clinic online application. The IT team are also responsible for cyber security and work has increased with the migration of data from the HFEA servers to the Cloud storage system.
- 5.4** The committee was informed that Sharon Fensome-Rimmer, the new Chief Inspector who started in May 2016, has settled in and is working with the team. Sharon brings an awful lot of competence and experience relating to Quality Management Systems and best practice approach to audit, particularly learning lessons from incidents from non-compliances and is a good addition to the team. The inspection programme over the last year has been challenging, however this has been made more achievable by coordinating compliance across emerging clinic groups.
- 5.5** The data held in the HFEA Register has been checked and improved. Information for donors is being managed well amongst a small specialist team and a third party has been contracted to provide a counselling service which is working well.
- 5.6** HFEA Regulations and the Code of Practice will be updated in April 2017.
- 5.7** The Licensing of Research projects is currently being reviewed.
- 5.8** The committee acknowledged that the directorate is working with limited resources and working hard on the IfQ programme whilst continuing with business as usual. The committee agreed that in order to manage the programme people management and change management will need to be handled well with a shared understanding of the consequences of change. The committee agreed that they must see benefits realisation of the IfQ programme.
- 5.9** The committee was pleased to hear that the directorate had managed a challenging programme of inspections over the last year and encouraged staff to raise the bar and push it further for the planned work ahead.
- 5.10** The committee noted the risks above tolerance and agreed that they should be closely monitored and action taken where necessary.
- 5.11** The committee was pleased with the progress to date and reassured that the risks were well managed.

6. Information for Quality (IfQ) Programme

- 6.1** The Director of Compliance and Information provided the committee with a paper, presentation and briefing.
- 6.2** The IfQ programme is currently in the closing stages of its 'public beta' phase for both the Clinic Portal and the new Website.

Clinic Portal - Release One

- 6.3** Release one of the Clinic Portal has delivered all of the key outputs of the project. The Department of Health Government Digital Service (GDS) assessment took place on 21 November 2016 and a full pass assessment was achieved. The team is now preparing to go live and preparing to de-commission the existing Clinic Portal.

Clinic Portal - Release Two – Electronic Patient Record System (EPRS)

- 6.4** Release two of the Clinic Portal focuses on the treatment data submission system for clinics and the new Register. The Executive has been preparing for release two over the last year, working on the new Register structure, data cleansing and internal systems infrastructure. Work has been slow but steady and progress is being made.

HFEA Website

- 6.5** A judicial review hearing, relating to how the HFEA plans to present data on the new website, is scheduled in December 2016. This has delayed some aspects of the programme, however the delay is outside of the organisation's control. Should the judicial review have a negative outcome for the HFEA the existing Choose a Fertility Clinic model could be used and the data for this particular clinic could be removed.
- 6.6** Further adjustments may be made following a review by the HFEA Authority at its meeting on 15 December 2016 and pending the outcome of the judicial review hearing. The service will later undergo a GDS assessment before going to full 'live' service.

- 6.7** The HFEA Annual Conference will be used to provide an update on progress to stakeholders.

Committee's comments

- 6.8** The committee was very pleased to hear that the HFEA had passed the GDS assessment for release one of the Clinic Portal and thanked staff involved for their hard work to achieve this.
- 6.9** The committee had concerns about the judicial review and the delays this has caused. The committee noted the options appraisal and discussed the consequences of investing money for each timeline presented, including delaying work until June 2017, which required no additional resource. The committee noted that a delay to the timeline would impact on the delivery of the EPRS which would impact on the organisation's ability to monitor and manage treatment fees linked to the submission of data, therefore impacting on one of the benefits of the programme. There was a broad ranging discussion, with one member noting that investing additional resources, large or small, still does not guarantee a smooth and successful delivery. The committee agreed that whichever option was taken the Executive should provide clarity on how that decision was made. The Executive should be mindful of any sensitivity with regard to legal cases, manage expectations and the organisation's reputation.
- 6.10** The committee discussed the risks within the programme, in particular how quickly contractors would get up to speed. The committee was reassured that contractors with the right skill set could be employed to support the programme reasonable quickly.
- 6.11** The committee noted that the Executive will shortly discuss the budget with the Department of Health.

7. Strategic Risks

- 7.1** The Head of Business Planning presented the strategic risk register.

- 7.2** The committee discussed the strategic risks, in particular the three risks above tolerance which include Information for Quality (IfQ3) – delivery of promised efficiencies, Data(D2) – incorrect data release and Capability (C1) – knowledge and capability.
- 7.3** At the last Audit and Governance Committee meeting in September 2016, the Executive was asked to give more consideration to ‘plan B’ for the website, in the event of an adverse judicial review judgment, or in the event of Red Dot (the current, outgoing content management system, which was old and unsupported) failing completely. One member requested that the Strategic Risk Register paper presented to the Audit and Governance Committee be edited to clarify that the November Authority meeting discussed strategic risks, in the context of various items on the agenda, particularly the strategic performance report and the IfQ progress report.
- 7.4** The committee questioned whether the Business Continuity Plan had been tested and was informed that there was an incident involving loss of power at the new HFEA premises in the summer of 2016 and the plan had been put into action. There were some lessons learned but generally things worked well.
- 7.5** The committee was concerned about the fluctuation of Parliamentary Questions that need to be answered within a tight timeframe and questioned how the organisation manages this area of work. The committee was informed that some questions could be tricky to answer. There is a small team of people in the organisation handling the questions, however sometimes the work is extended to other staff with specialist knowledge to contribute to the answers. Answering parliamentary questions always takes priority in the organisation.

8. Internal Audit

a) Progress Report 2016/17

- 8.1** The committee was provided with a progress report on the internal audit plan for the year, the terms of reference for Cloud security assessment and a briefing.
- 8.2** The Board of effectiveness review has been completed and the report is currently in draft and is with the Chair and CEO. The review was positive and above the benchmark. The report will be submitted to the Audit and Governance Committee in March 2017, following a management review.

b) Terms of Reference – Cloud Security Assessment

- 8.3** The field work on Cyber Risks has been completed and will be discussed at item 11.

9. External audit

- 9.1** The National Audit Office (NAO) provided the committee with the audit planning report and a briefing.
- 9.2** Key areas of risk were highlighted:
- expenditure relating to IfQ that is capitalised in year – must meet the recognition criteria as set out on IAS 38 intangible assets.
 - new Director of Finance & Resources - loss of corporate knowledge may impact on the operation of the overall controls environment

- Brexit – Timing of Article 50 to be triggered in March 2017 – management to consider any impact on the Financial Statements and disclosures after March 2017.

9.3 The committee pointed out that there was an error in the date for the next Audit and Governance Committee meeting – this will be held on Tuesday, 21 March 2017.

10. Implementations of recommendations progress report

10.1 The Finance & Accounting Manager provided the committee with an update.

10.2 The committee was informed that an audit of the Income Generation was conducted. There were three recommendations made, two of which have been completed and one, due to be completed by the end of December 2016 which has been delayed due to the Information for Quality Programme.

11. Cyber Security

11.1 The Head of IT provided the committee with a paper and briefing on the security and testing of the organisation's IT systems.

11.2 The committee is aware that the organisation is focused on moving its data to the Cloud.

11.3 The committee was informed of the organisation's approach to achieving the necessary assurances for cyber security. This includes assessing security handling, penetration testing and ensuring that its software is fit for purpose. PwC, our internal auditors have provided the Executive with terms of reference for Cloud security assessment and will be working with staff to identify any gaps in the HFEA's information framework.

11.4 The committee noted that all public bodies were required to use DMARC (Domain-based Message Authentication, Reporting & Conformance) for email security from 1 October 2016 and that the Executive has considered this. The Head of IT confirmed that DMARC was in place.

11.5 The committee agreed that regular updates on cyber security should be provided to the Audit and Governance Committee.

Action

11.6 Head of IT to provide the Audit and Governance Committee with regular updates on cyber security.

12. Disclosure and Barring Service (DBS) checks

12.1 The committee was provided with a briefing by the Chief Executive.

12.2 The committee was informed that the Executive had discussed the idea of using the disclosure and barring service, however they did not identify areas where this might be appropriate, as there was no contact with juveniles or vulnerable people.

12.3 The committee agreed that further discussions should take place to conclude whether this would be appropriate in any areas of the organisation.

Action

- 12.4** Peter Thompson, Chief Executive and Jerry Page, member to hold a discussion on DBS checks to explore this area further.

13. Resilience & Business Continuity Management

- 13.1** The Head of IT provided the committee with an oral briefing on resilience and business continuity management.
- 13.2** The committee was informed during a discussion on the Strategic Risk Register that the business continuity plan had been tested. There were areas identified for improvement.
- 13.3** The committee agreed that lessons learned should be noted and recommendations for action required should be implemented with further testing.
- 13.4** The committee agreed that an update on resilience and business continuity should be presented to the Audit & Governance Committee at a future meeting.

Action

- 13.5** Head of IT to provide the Audit and Governance Committee with an update on resilience and business continuity at a future meeting.

14. Whistle Blowing Policy

- 14.1** The Head of Finance provided the committee with the Whistleblowing policy and a briefing.
- 14.2** The committee was guided through the small amendments to the policy.
- 14.3** The committee noted that the policy has not been used by any member of staff in the last 10 years and questioned whether or not staff know about it. The committee was informed that the policy is available to staff on the internal intranet and changes are announced at meetings organised for all staff.
- 14.4** The committee asked for clarification on point 6.4 relating to the provision of information for individuals raising concern. The committee wanted to know whether confirmation that the individual is entitled to independent advice was applicable. This will be further investigated.

Action

- 14.5** Head of Human Resources to provide clarification on point 6.4 of the policy, confirming whether individuals raising concern are entitled to independent advice.

15. Contracts & Procurement

- 15.1** There was a tender for animation for the new HFEA website in September 2016 for approximately £8000.

16. Review of AGC activities & effectiveness

- 16.1** The Interim Head of Corporate Governance provided the committee with the NAO checklist.
- 16.2** The committee's comments and suggestions were collated and will be sent to the committee for comments.

- 16.3** The internal auditors notified the committee that there is a later version of the checklist available. However the committee was happy to use the version provided by the NAO.
- 16.4** The committee commented that it was also appreciative of the work that goes into preparing for the meeting and papers received.

17. AGC Forward plan

- 17.1** The committee was satisfied with the content of the Forward Plan of agenda items for the forthcoming meetings.
- 17.2** The committee agreed that future discussions should focus on more long term risks and the Executive should think about areas which may have lost priority due to the focus on the Information for Quality Programme.

18. Any other business

- 18.1** This is the last meeting to be attended by the Chair, Rebekah Dundas who will be leaving the Authority at the end of December 2016 after 10 years of service. Rebekah thanked attendees for their contributions to the meetings and thanked the Executive for all of their hard work and support for the Audit and Governance Committee meetings during her time as Chair.
- 18.2** The Deputy Chair thanked Rebekah, on behalf of the members and the Executive for supporting the HFEA in her role as Chair of the Audit and Governance Committee.
- 18.3** Members and auditors retired for their confidential session.
- 18.4** The next meeting will be held on Tuesday, 21 March 2017 at 10am.

Chair's signature

- 18.5** I confirm this is a true and accurate record of the meeting.

Signature

Name

Anita Bharucha on behalf of Rebekah Dundas

Date

21 March 2017