

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

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Author Bernice Ash, Committee Secretary

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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 3 October 2017

HFEA Offices, 10 Spring Gardens, London SW1A 2BU

Members present	Anita Bharucha (Chair) Margaret Gilmore Mark McLaughlin Geoffrey Podger
Apologies	Morounke Akingbola, Head of Finance
External advisers	Internal Audit - PricewaterhouseCoopers (PwC): Jeremy Nolan External Audit - National Audit Office (NAO): Sarah Edwards George Smiles
Observers	Kim Hayes, Department of Health
Staff in attendance	Peter Thompson, Chief Executive Juliet Tizzard, Director of Strategy and Corporate Affairs Richard Sydee, Director of Finance and Resources Nick Jones, Director of Compliance and Information Paula Robinson, Head of Planning and Governance Helen Crutcher, Risk and Business Planning Manager Dan Howard, Chief Information Officer Bernice Ash, Committee Secretary

1. Welcome, apologies and declarations of interests

- 1.1 The Chair welcomed attendees to the meeting, in particular, new Committee members Mark McLaughlin and Geoffrey Podger. The Chair also welcomed Dan Howard, Chief Information Officer, to the meeting.
- 1.2 The Chair formally thanked Gill Laver and Jeremy Page, who attended their last meeting on 13 June 2017, for their contributions to the Committee. The Chair confirmed that a letter of thanks had been sent to both individuals.
- 1.3 Apologies were received from Morounke Akingbola, Head of Finance.
- 1.4 There were no declarations of interest.

2. Minutes of the meeting held on 13 June 2017

- 2.1 The minutes of the meeting held on 13 June 2017 were agreed as a true record 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 Items 4.7, 8.11, 9.8, 11.8, 11.9 and 14.4 relating to Strategy and Corporate Affairs Management, internal audit, IfQ, fraud and business continuity, resilience and security have been addressed in the items on the agenda below.
- 3.3 3.6) Staff had noted that it would be useful for a message to be sent to members' private email addresses, informing them of any new information sent to their HFEA accounts. The Committee agreed this item could be removed from the matters arising log.

4. Internal Audit

Progress Report

- 4.1 The Head of Internal Audit provided the Committee with an update on progress against the current internal audit plan. The Committee noted that the final internal report for the data loss review was issued a moderate rating. The outcome of this audit had given a broadly positive picture, with some areas requiring tightening, but with no major areas of concern regarding current practice.
- 4.2 The Director of Compliance and Information reported that the data loss exercise had been useful and anticipated the Authority having more oversight of clinics' data security in future; this would be assisted by the fact that the Chief Information Officer was now in post. The Committee was also informed there would be a new Senior Inspector post, focusing on working with clinics and other inspectors to improve practices regarding data.
- 4.3 The Head of Internal Audit stated more work needs to be conducted on information governance in clinics and the Director of Compliance and Information confirmed that a new data submission process for them would be developed, including checklists, updating SOPs and improving standards. The Director of Strategy and Corporate Affairs confirmed that a new Information Policy would be developed in 2018, alongside an Intelligence Strategy.
- 4.4 The Chair welcomed the addition of the General Data Protection Act to the internal audit plan. The Committee noted that, as this area had been added to other organisations' plans, there was the future potential to benchmark this particular audit.
- 4.5 The Committee noted that the report stated, 'there was no management assurance documented to demonstrate that all HFEA staff have completed the mandatory e-learning 'responsible for information training''. It was identified that there is mandatory e-training, as part of the induction process, for new Committee members and the Authority was asked to ensure all new, and established members, receive this regularly.
- 4.6 The Committee confirmed they would welcome the production of a three-year plan. The Director of Finance and Resources stated this could comprise of four or five specific audits, but also have scope to be flexible and adaptable.

Action

- 4.7 The Director of Compliance and Information and the Head of Planning and Governance to ensure all new, and established, Authority and Committee members receive the mandatory e-learning 'responsible for information training' regularly.

5. Strategy and Corporate Affairs Management

- 5.1 The Director of Strategy and Corporate Affairs spoke to a presentation regarding the 2014-2017 Strategy, the 2017-2020 Strategy, changes in the Directorate and potential risks.
- 5.2 The Director of Strategy and Corporate Affairs reported on the standards achieved with regards to the 2017 Strategy. The launch of the new website had been challenging, but it now enabled the provision of valuable information through its 'Choose a Fertility Clinic' function and a new tool which allowed patients to give feedback on their experience of care. It was noted the work on publishing more data to drive improvements in clinic performance and improving treatment success rates remained outstanding.
- 5.3 The Committee noted the work conducted on the experience of donor conception and addressing the misconception that patients must go overseas for treatment. The Director of Strategy and Corporate Affairs reported that work with donor conception patients and donors is ongoing.
- 5.4 Work on increasing and informing choice had been achieved through the presentation of clinic information on the website, and work with NHS England on commissioning the best services continues. Improved information about treatment and research, user experience scores and collaboration with professionals about giving information and advice at the right time had been achieved. More work needs to occur to ensure clinics prepare patients and donors well through their provision of information.
- 5.5 The Director of Strategy and Corporate Affairs provided an overview of the three strands within the 2017-2020 Strategy concerning safe, ethical, effective treatment, consistent outcomes and support, alongside improving standards through intelligence, which is a new area for the Authority.
- 5.6 The Committee noted the new structure of the Strategy and Corporate Affairs Directorate, comprising four areas; planning and governance, communications, regulatory policy and the recently formed intelligence team.
- 5.7 The Committee was provided with a summary of the Directorate risk trends from 2015 to 2017, highlighting the constant risk of litigation and becoming distracted by external challenge. The need to maintain our reputation as a robust and trusted regulator was noted. The Director of Strategy and Corporate Affairs referred to the skilled handling of the investigation into poor practice in some fertility clinics by the Authority.
- 5.8 The Director of Strategy and Corporate Affairs stated that the Authority has established good stakeholder relations within the sector and the next phase needs to involve the 'power of persuasion' as opposed to solely using policy levers, alongside empowering patients to ask questions.
- 5.9 The Committee expressed some concern regarding the Authority's reputation risk, with particular regard to PGD, which had an increasing number of grey areas and complex decisions. This could result in more legal challenges. The Chief Executive spoke of the tensions with regards to legal

challenges, stating that Judicial Reviews are usually challenges concerning process, not policy. The need to ensure that good practice is spread throughout the Authority and clinics was acknowledged.

- 5.10** The Committee discussed the potential impact and opportunities resulting from the UK's forthcoming exit from the European Union, questioning whether clinics are ready to deal with the issues resulting from this. This is a major issue of concern for the Department of Health and will need to be covered with the Authority, in due course, when more clarity from government is received.
- 5.11** Capacity issues had also been identified as a risk trend and the need for staff to become more agile, testing potential new processes prior to full implementation, was noted. Reasoned decisions needed to be made about the level of quality required of a given product, since quality needed to be balanced against cost and resources and the speed of delivery.
- 5.12** The Committee felt that the risk of external challenge should be thought of as part of normal business as opposed to a distraction. The Chair noted there has been a period within which the Authority needed to justify elements of its work.
- 5.13** The Committee thanked the Director of Strategy & Corporate Affairs for an excellent presentation that had prompted valuable discussion.

6. External Audit – Audit Planning Report

- 6.1** The NAO provided an update on the audit planning report, highlighting the significant risk identified and the proposed risk approach. They noted that whilst they do not consider it a significant risk they will monitor the Authority Judicial Review case. The Committee noted the risk assessment.
- 6.2** The Committee noted the timetable of work, fees and the audit approach, The NAO also referred to other matters that have been considered as part of the risk assessment but were not anticipated to raise a risk to the financial statements, for example data submission, portal expenditure, fraud, the recent egg sharing investigation and Brexit.
- 6.3** The NAO informed the Committee that a new Letter of Understanding would be issued shortly.
- 6.4** The Chair noted that training for Committee members, linked to the meeting cycle, had been discussed previously and – with the arrival of new members – it would be timely to institute this. The Director of Finance and Resources would create a training plan for the Committee, ensuring sessions are scheduled to occur on the same dates as planned meetings.

Actions

- 6.5** NAO to update the current wording, regarding fraud, in the audit planning report and re-issue for inclusion in the published committee papers.
- 6.6** The Director of Finance and Resources to create a training plan for the Committee, ensuring sessions are scheduled to occur on the same dates as planned meetings.

7. Data Submission Project (formerly IfQ)

- 7.1 The Director of Compliance and Information spoke to the paper and presentation, providing information on the data submission project (formerly IfQ).
- 7.2 The Committee was informed that feedback on lessons learned from IfQ will be provided at the 5 December meeting. The budget for completion of the data submission project has been established at £350,000 and the launch date has been set at 1 April 2018.
- 7.3 The Committee noted that following the launch of the website in June 2017, the IfQ programme had closed and the data submission project had commenced. This project entails work on a revised dataset and dictionary, a revised Register of treatments, including the migration of historical data, redesign of the system many clinics use for treatment data and to enable clinics using third party patient record systems to make submissions from these to the Authority's Register.
- 7.4 The Director of Compliance and Information reported that work on an Information Policy for clinics has commenced alongside cleansing of their data. The purpose of this work is to enhance the Register migration and provide clinics with a better front-end experience.
- 7.5 The Committee noted that user testing with representatives from six clinics, to check user experiences with screen navigation, design and fit with clinic business processes, took place on 21-22 September 2017. The feedback from this testing was entirely positive and clinic staff were enthusiastic for implementation to occur.
- 7.6 Key risks and issues for the project concerning data migration activity and third-party suppliers were identified. The Director of Compliance and Information stated there are no shortcuts for conducting this project work since all treatment records need to be migrated to a new people-based database structure, which is complex. The difficulty of extracting progress metrics on this work was discussed, but fortnightly catch-ups on progress should assist.
- 7.7 The Committee was informed that the Authority had engaged with the third-party suppliers used by some clinics. The importance of managing supplier and clinic relationships was noted.
- 7.8 The Committee had some discussion surrounding the Authority's capability and capacity to maintain the system, once the migration and launch is completed. The Director of Compliance and Information stated there is a prototype working system and he has confidence that it can be maintained technically in-house.
- 7.9 The Chief Information Officer stated it was a challenge to ensure the correct staffing infrastructure is in place, but provided assurance it can be achieved. The project staffing matrix can be revised, if there is any slippage, so to meet the 1 April 2018 launch date. Should the project go beyond this date, Department of Health capital approval would be required and there would also be a reputational risk.
- 7.10 The Chief Executive stated that all energies are being concentrated on this project and that the SMT was determined for the completion of the project to be by the end of the 2017/2018 year. The only caveat was that data migration would not take place until it was clear that the Register data was not at risk.
- 7.11 The Committee noted that different data has different tolerance levels and that greater clarity is required on data metrics so that progress is clearer. The Director of Compliance and Information assured the Committee that such detail will be available for the 5 December 2017 meeting. The

Chair stated the importance of knowing the risk, and the level of risk. It was agreed that the Committee should be provided with a progress update on the data submission project before the next Authority meeting in November.

Action

- 7.12 The Director of Compliance and Information to provide the Committee with a progress update on the data submission project, based on clear metrics, before the next Authority meeting in November.

8. Resilience and Business Continuity Management and Cyber Security

- 8.1 The Chief Information Officer spoke to the paper and presentation, informing the Committee of the Business Continuity test which occurred on 20 September 2017. This was largely successful, with some improvements required for smartphone access. A tabletop test took place on 27 September 2017 and results from this suggested that plans and contingencies are robust, but some work is needed on contact details for the core response team and other updates to the policy. Authority members would be sent an email with a link for testing the business continuity site, asking for feedback to be provided on any issues arising.
- 8.2 The Committee was informed of the Chief Information Officer's team priorities, noting that the vacancies for the IT Services and Systems Manager and Lead Developer would be advertised externally within the week. The production of a new IT/Digital Strategy was also identified.
- 8.3 The Committee raised concern about their levels of access to Office 365, highlighting the importance of having the capacity to view this for business continuity purposes. It was crucial that all new and existing Committee members have access to O365 set up quickly, with the correct permissions.
- 8.4 The committee also discussed the need to ensure the contact details for all staff were kept updated, and website resources which could help raise awareness of all aspects of cyber security.

Action

- 8.5 The Chief Information Officer to ensure all new and existing Committee members have access to O365 set up quickly, with the correct permissions, including the ability to view the business continuity SharePoint site in O365.

9. Strategic Risk Register and Legal Risks

- 9.1 The Risk and Business Planning Manager presented the Strategic Risk Register.
- 9.2 The Committee was informed the Strategic Risk Register now contained seven risks, with two currently above tolerance - these were the risks regarding capability and organisational change. Due to the 2017/18 version of the Risk Register being updated to include risk areas in a slightly different format to previously, the new risks of cyber security, regulatory effectiveness and effective communications do not yet have four trend points.

- 9.3 The Risk and Business Planning Manager informed the Committee that the risk level for legal challenge had abated since the last meeting due to an absence of matters at the time the Register was reviewed.
- 9.4 The Committee was informed that the top-level description of the regulatory effectiveness and messaging and engagement risks had been altered since the meeting on 13 June 2017. Wider external system-wide interdependencies continue to be reported under each risk.
- 9.5 The Chief Executive spoke about the capability and organisation change risks, explaining how IfQ and the new 2017-2020 strategy has impacted on these. Due to the new structure for IT, some existing staff did not hold the necessary skills required and have therefore been part of a small redundancy scheme. Some staff have left the Authority over the Summer period, with others departing before the end of 2017; this would conclude the planned redundancies.
- 9.6 The Chief Executive also spoke of the challenges posed by unplanned change at the Authority, with regards to other experienced members of staff leaving the organisation. The long-term restrictions on public sector pay are a factor. The Committee was informed that more staff events eg, Away Days and a refresh of the People Strategy were planned to help with staff engagement.
- 9.7 Legal challenge had been an area of concern but seemed fairly controlled at present. The Chief Executive stated that some judgements on consent in legal parenthood remain outstanding, but the number of cases has slowed down. The Authority had won the Judicial Review case concerning the IfQ Choose a Fertility Clinic project, but a decision from the Court of Appeal on whether permission to appeal should be granted is still awaited. It was noted that a licensing matter is currently being challenged and will be considered by the Appeal Committee in October 2017. This matter is also subject to a Judicial Review which is stayed awaiting the outcome of the appeal.
- 9.8 The Risk and Business Planning Manager gave the Committee an explanation of 'above tolerance' and how the desired tolerance level is reached for the individual risks. The Committee commended the quality of the Strategic Risk Register, suggesting it would be useful for further explanation of the tolerance levels to be added. The concepts of risk tolerance and risk appetite should also be explained in the HFEA's risk policy.
- 9.9 The Committee felt there is currently insufficient governance with regards to cyber security. It is important to ensure that the Authority member responsible for cyber security is informed of any issues. The importance of ensuring all staff receive cyber security training was also highlighted.
- 9.10 The Committee thanked staff involved in the preparation of the Risk Register for the clear presentation of risks, which enabled members to focus on the key issues.

Actions

- 9.11 To ensure that the Authority member responsible for cyber security is informed of any issues.
- 9.12 To ensure all staff receive cyber security training.
- 9.13 The Risk and Business Planning Manager to update the Strategic Risk Register to include an explanation of the tolerance levels.

10. Reserves Policy

- 10.1 The Director of Finance and Resources spoke to the Committee on the financial Risk Policy, particularly highlighting the contingency in cashflow and the need to approach the Department of Health should there be any significant financial issues with regards to a legal challenge.
- 10.2 The Committee discussed possible uses for surplus monies including to help fill staff gaps and the data migration project. The Director of Finance and Resources confirmed there is £600,000 retained for legal costs, should it be required.
- 10.3 Levels of cash balance were discussed and it was noted that clinics are not keen to move away from the cost per cycle model and welcome stability in our pricing. The Chief Executive reported that work was ongoing to review our approach to forecasting and setting fees.

11. AGC Forward Plan

- 11.1 The Committee noted that the theme for the 5 December 2017 meeting would be business continuity, the Register and compliance.
- 11.2 The Chair noted that a review of the Committee's activities, effectiveness and terms of reference was listed for discussion at the 5 December 2017 meeting, suggesting the possibility of deferring this item to a later date, enabling more time for the new members to embed into the Committee. The Head of Planning and Governance would investigate whether a deferral of this item would have any implications for other Authority business (such as the annual review of Standing Orders), and confirm with the Chair.

Action

- 11.3 The Head of Planning and Governance to investigate whether a deferral of the item on activities, effectiveness and terms of reference, from the 5 December 2017 Committee meeting, would have any implications for other Authority business and confirm with the Chair.

12. Whistle Blowing and Fraud

- 12.1 The Director of Finance and Resources informed the Committee that the case of alleged fraud in connection with a contract provider is still under investigation with the DH Anti-Fraud team. The HFEA is relatively hopeful it would not suffer any financial losses in relation to this case. The Committee would be updated in due course.

13. Contracts and Procurement

- 13.1 The Director of Finance and Resources reported there were no issues, new contracts let or procurement to report since the last meeting.

14. Any Other Business

- 14.1 Members and auditors retired for their confidential session.
- 14.2 The next meeting will be held on Tuesday, 5 December 2017 at 10am.

15. Chair's signature

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

Signature

Name

Anita Bharucha

Date

5 December 2017