

Report of the Audit and Governance Committee Activity 2017/18

Strategic delivery: Safe, ethical, effective treatment Consistent outcomes and support Improving standards through intelligence

Details:

Meeting	Authority
Agenda item	6
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Output:

For information or decision?	For information
Recommendation	-
Resource implications	-
Implementation date	-
Communication(s)	-
Organisational risk	<input type="checkbox"/> Low <input checked="" type="checkbox"/> Medium <input type="checkbox"/> High

1. Introduction

- 1.1.** This Report summarises the Committee's activity during the year and gives the Committee's opinion on the HFEA's risk management and internal control arrangements. The report forms part of the assurance processes, which support the Accounting Officer's Annual Governance Statement.
- 1.2.** Membership of the Audit and Governance Committee (AGC) through the year has been:
- Anita Bharucha (AGC Chair);
 - Margaret Gilmore (Authority Member);
 - Jeremy Page (AGC external advisor until September 2017);
 - Gill Laver (AGC external advisor until September 2017);
 - Geoffrey Podger (AGC external advisor from October 2017);
 - Mark McLaughlin (AGC external advisor from October 2017).
- 1.3.** The membership of AGC changed in October 2017 due to external Members' terms of appointment coming to an end.
- 1.4.** AGC met four times in 2017/18. The Chief Executive, the Director of Resources, the Head of Finance and Governance, the HFEA's external and internal auditors and a representative of the Department of Health and Social care (DHSC) attended all meetings. Other directors and staff attended to discuss particular risk areas that AGC wished to explore, or other topics depending on the AGC's business. AGC's terms of reference outline the support this body provides to the Accounting Officer (the Chief Executive) throughout the year, in particular by providing scrutiny to support the agreement of the Governance Statement.

2. Role and function

- 2.1.** AGC's formal role is to advise the Accounting Officer and Authority on:
- the strategic processes for risk, control and governance and the Annual Governance Statement;
 - the accounting policies, the accounts, and the annual reports of the HFEA, levels of error identified, and management's letter of representation to external auditors;
 - the planned activity and results of both internal and external audit;
 - adequacy of management response to issues identified by audit activity, including external audit's audit completion report;
 - assurance relating to corporate governance requirements for the HFEA; and
 - policies on whistle-blowing and fraud prevention, including the arrangements therein for special investigations.
- 2.2.** There is an annual cycle of matters to consider, with AGC's regular business focussing on assurance and risk management processes, as well as matters arising from internal and external audit work. At each meeting, the Committee received progress reports on all these areas.

3. Review of Committee effectiveness

3.1. The Committee reviewed its effectiveness in the period March 2017 to March 2018. This consisted of members responding to a series of questions relevant to AGC at this time, as set out in the National Audit Office Audit and Risk Assurance Committee effectiveness checklist. The questions cover themes such as:

- What does AGC do for the Authority?
- Does the annual cycle of business cover all that we should?
- Do AGC papers cover what is needed? If not, what would be better?
- Do we have sufficient expertise on the committee and in internal/external audit attendees properly to scrutinise as we should?
- Do we have sufficient time in meetings?
- Are the training sessions valuable? If you feel you need more training, what would that cover?
- Do you feel able to raise everything you would like to discuss?
- Is there anything we could do better?

3.2. The responses were very positive, with some minor suggestions for further improvement made.

3.3. AGC Members attended DHSC and National Audit Office (NAO) events, including networking meetings of audit committee members.

4. Risk Management

4.1. Strategic risks are reviewed by the Senior Management Team (SMT) on a monthly basis and are reported to the AGC at each meeting with the Risk Register being presented to the Authority annually.

4.2. The Committee discusses in some detail the revisions to HFEA's risk register, with a particular focus on appetite and tolerance of risk and the need to consider risk interdependency with the DHSC and the wider network of the Department's arm's length bodies. The Committee approved a revised version of the HFEA risk policy at its October 2017 meeting.

4.3. During the year, the Committee also identified risk areas to explore in greater detail and relevant staff attended Committee meetings to provide more information and assurance on:

- a. The Data Submission project;
- b. Cyber security; and
- c. The HFEA organisational change programme and Employee engagement .

4.4. The Committee reviewed the updated register at its June 2018 meeting.

5. Information and data security

- 5.1.** Cabinet Office have required management boards to include a Senior Information Risk Owner (SIRO) since 2008, to ensure that priority is given to the protection of information and data. Within the HFEA, the Director of Resources fulfils this role.
- 5.2.** The HFEA takes its responsibility as holder of the statutory Register of fertility treatments most seriously, as such this area occupies a significant proportion of AGC time. During this period the AGC have scrutinised regular reports on the progress of the data submissions project and migration of the Register to a new database, the HFEA response to IT and cyber incidents during the period as well as overall data and cyber security.
- 5.3.** As agreed by the Authority, the Committee has provided scrutiny and challenge to the remainder of the IfQ work - the data submission project and Register migration - closely considering progress and resources, in order to receive assurance that risks are being effectively managed. The Committee have agreed with the thrust of the organisation's oversight and recommendations with regard to information and cyber security. Although the likelihood of an attack is possible, the HFEA continue to monitor the situation and takes all reasonable steps to protect against a cyber-attack, with an emphasis on making sure staff are aware of the risks and act accordingly.
- 5.4.** Throughout the year no data losses were identified and the SIRO considered that information risk was managed adequately. The management and the committee have requested that our Internal Auditor undertake a review of HFEA's approach to Cyber Security during the 2018/19 financial year.

6. Internal audit

- 6.1.** During this period, the HFEA appointed the Government Internal Audit Agency as HFEA's Internal Auditor from 1 April 2017. The Committee endorsed the Internal Audit strategy and plans for the year, and monitored work progress. In total 4 audits were undertaken across data security and prevention of data loss, risk governance, our approach to meeting the General Data Protection Regulations and our financial control regime.
- 6.2.** There were no high priority findings during the year and the opinion given on our financial controls audit was substantial assurance (the highest rating). The Committee concluded that management has responded positively to audit findings and recommendations and has taken, or is in the process of taking, action to implement agreed recommendations from Internal Audit Reports.
- 6.3.** Internal Audit gave "moderate" assurance that the HFEA had adequate and effective systems of control, governance and risk management in place for the reporting year 2017/18. A rating of moderate demonstrates that an organisation has a good standard of assurance.
- 6.4.** The Committee reviewed and approved an audit plan for the upcoming financial year.

7. External audit

- 7.1.** NAO officials attended all Committee meetings and continued to make a valuable contribution to discussions. The NAO recommended an unqualified opinion on the 2017/18 accounts and agreed that the Governance Statement complies with HM Treasury guidelines.

8. Assurance processes

- 8.1.** During 2017/18, the Chief Executive usually met with HFEA Directors every week (individually) to review the delivery of their responsibilities. Directors hold similar meetings with their staff and ensure that controls are in place on an ongoing basis. The Senior Management Team of the Chief Executive and Directors met weekly to approve policies, review exceptions, identify and act on lessons learned.
- 8.2.** The Committee believes that ongoing management review and communication, supported by the findings of audits and Departmental oversight gives sufficient evidence to provide the Accounting Officer with assurance that the systems are sufficiently robust, and that the exceptions are relatively insignificant.

9. Governance statement

- 9.1.** The Governance Statement is a key part of the Annual Report and Accounts. It is signed by the Accounting Officer and explains how governance responsibilities have been discharged. The Committee considers that there is sufficient evidence of effective governance processes to support the signing of the Governance Statement. There are no material issues to be brought to the attention of the Accounting Officer.

10. Summary

- 10.1.** The HFEA's governance systems are well established and there is a commitment to making continuous improvements to them. The Committee is satisfied with the arrangements for risk management and the assurance processes.
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