Audit and Governance Committee meeting

Date: 5 March 2024 – 10.00am to 1.00pm

Venue: HFEA Office, 2nd Floor 2 Redman Place, London E20 1JQ

Agenda item	Time
1. Welcome, apologies and declarations of interest	10.00am
2. Minutes of 7 December 2023 (CS) For decision	10.05am
3. Action log (MA) For information	10.10am
4. Internal Audit – proposed 2024/25 internal audit plan (JC) For discussion	10.20am
5. Progress with current audit recommendations (MA) For information	10.30am
6. External audit report (audit planning) (verbal report) (ND/DG) For information	10.50am
7. Accounting policies (MA) For comment	11.00am

8. Risk Update
  • Strategic Risk Register (SQ)
  • Committee discussion on potential horizon scanning items/items to add to deep dive discussion list (CS)
For discussion
	11.10am

9. Deep dive discussion – topic introduced by the Director of Resources (TS) For discussion	11.30am
10. Digital projects/PRISM update (KH) For information	11.45am
11. Resilience, business continuity management & cyber security (MC/NMc) For information	12.00pm
12. Draft Annual Governance Statement (verbal report) (MA) For information	12.10pm
13. Fraud Risk Assessment (MA) For information or decision	12.20pm
14. Government functional standards (verbal report) (TS) For information	12.30pm

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15. AGC forward plan (CS) For decision	12.35pm
16. Items for noting (verbal update) (TS) • Whistle blowing • Gifts and hospitality • Contracts and Procurement For information	12.40pm
17. Any other business	12.45pm
18. Session for members and auditors only	
19. Close	
Lunch	

Next Meeting: Wednesday 26 June 2024 at 2 Redman Place, London

Minutes of Audit and Governance Committee meeting 7 December 2023

Details:	
Area(s) of strategy this paper relates to:	The best care – effective and ethical care for everyone
	The right information – to ensure that people can access the right information at the right time
	Shaping the future – to embrace and engage with changes in the law, science and society
Agenda item	2
Meeting date	5 March 2024
Author	Alison Margrave, Board Governance Manager
Output:	
For information or decision?	For decision
Recommendation	Members are asked to confirm the minutes of the Audit and Governance Committee meeting held on 7 December 2023 as a true record of the meeting
Resource implications	
Implementation date	
Communication(s)	
Organisational risk	☒ Low ☐ Medium ☐ High
Annexes	

Minutes of the Audit and Governance Committee meeting on 7 December 2023 held in person at HFEA Office, 2nd Floor, 2 Redman Place, London E20 1JQ and via teleconference (Teams)

	In person	Online
Members present	Catharine Seddon, Chair Alex Kafetz	Jason Kasraie Anne-Marie Millar
External Advisers	Dean Gibbs, KPMG – External Audit lead Nick Doran, National Audit Office (NAO) – External Auditor	Jo Charlton, Head of Internal Audit (Internal Auditor) – GIAA
Observers		Farhia Yusuf, Department of Health and Social Care – (DHSC)
Staff in attendance	Peter Thompson, Chief Executive Tom Skrinar, Director of Finance and Resources Clare Ettinghausen, Director of Strategy and Corporate Affairs Morounke Akingbola, Head of Finance Paula Robinson, Head of Planning and Governance Shabbir Qureshi, Risk and Business Planning Manager Alison Margrave, Board Governance Manager	Rachel Cutting, Director of Compliance and Information Neil McComb, Head of Information Martin Cranfield, Head of IT Kevin Hudson, PRISM Programme Manager

1. Welcome, apologies and declaration of interest

1.1. The Chair welcomed everyone present in person and online. The Chair welcomed Nick Doran from the National Audit Office (NAO) who had taken over the role as the HFEA's Engagement Director from Mohit Parmar. The Chair noted that Mohit had worked with the HFEA for the last two audit cycles and the committee recorded their thanks to Mohit.

1.2. Apologies of absence were received from Rebecca Jones, GIAA and James McGraw NAO.

1.3. The Chair asked members if there were any declaration of interest, and none were declared.

2. Minutes of the meeting held on 3 October 2023

2.1. The Chair reported that she had received two proposals to amend the minutes, the first being 4.2 so that it now reads: The Head of Internal Audit informed the committee that the review of the

Code of Practice process is currently in the field work stage and the review on payroll and expenses is currently being scoped. Planning and scoping for the Register Research Panel audit is due to commence shortly.

2.2. The second proposal was to amend 5.15 so that it now reads: The committee agreed that the recommendation that an urgent review of goodwill letters be held can be removed, pending receipt of confirmation of evidence submitted.

2.3. In addition, a typo at 12.2 had been corrected.

2.4. With these proposed amendments the minutes of the meeting held on 3 October 2023 were agreed as a true record and could be signed by the Chair.

3. Action Log

3.1. The Head of Finance presented this item.

3.2. The review date for actions 7.11 priority and urgency rating against the recommendations from the public body review, 11.9 assurance mapping and 12.8 fraud risk assessment had been amended as shown in action log paper.

3.3. The committee discussed the proposed assurance mapping training scheduled for December 2024 and if sufficient information about this training could be provided to the committee, then this action could be removed.

3.4. The committee noted that actions 1.4, 11.4 and 14.5 had been resolved and could be closed.

3.5. The Chair referred to the information provided by NAO regarding reserve policies across other ALB organisations and how this could be used for discussions with the Department especially regarding GIA and the framework agreement for the reserves policy.

Decision

3.6. Members agreed the proposed amendments to the action log.

4. Internal audit report and annual opinion

4.1. The Head of Internal Audit from the Government Internal Audit Agency (GIAA) presented this item and informed the committee that 20% of the audit work plan had been completed.

4.2. The fieldwork on the Payroll and Expenses and Code of Practice reviews has been completed and the draft reports are expected to be issued within the next couple of weeks. These will be formally presented to the March 2024 AGC meeting.

4.3. Planning and scoping will start shortly on the final two audits, Register Research Panel and Business Continuity, both of which are due to be completed during Q4.

4.4. The committee were informed that a meeting was held with the HFEA's Finance Team in early November and this meeting had agreed some actions which should have a positive impact on the implementation of audit recommendations going forward.

4.5. The Head of Internal Audit referred to the supplementary pack which had just been issued by GIAA. The Chair encouraged members to sign up to the training events offered by GIAA.

4.6. The Chair asked the Head of Internal Audit to distribute the Audit, Risk and Assurance Committee (ARAC) Handbook to members as soon as it is available.

Decision

4.7. Members noted the internal audit report.

Action

4.8. Head of Internal Audit to distribute the ARAC Handbook to members as soon as it is available.

5.   Progress with current audit recommendations

5.1. The Head of Finance introduced this item.

5.2. The Head of Finance informed the committee that the target date for the recommendations relating to projects and programme management had been revised to March 2024, which the Executive feels is achievable.

5.3. The committee were informed that evidence relating to anti-fraud controls and staff onboarding had been submitted to GIAA but they have not yet been reviewed and will therefore remain on the tracker.

5.4. The Head of Finance referred to the proposal to accept three recommendations at risk.

5.5. The committee discussed the operational risk management audit recommendation 3.1, that the Authority should assess the extent to which internal incident lessons learnt have had the desired impact/prevented reoccurrence. The small size of the Authority and infrequent occurrence of these events were discussed.

5.6. In response to a question the Risk and Business Planning Manager stated that there had been three internal incident reports and five near misses reported in the last six months. He explained the internal processes for reporting these incidents and stated that the near misses are one-off events which are impossible to predict.

5.7. The committee asked that that Executive formalise more effectively the process to close this audit recommendation.

5.8. The committee discussed the proposal to close off and accept at risk two audit recommendations relating to the review of Key Performance Indicators.

5.9. The Risk and Business Planning Manager spoke about the system in place for reviewing KPIs through the Corporate Management Group (CMG). The Head of Internal Audit commented that if they were being reviewed by CMG then evidence should be provided to support this.

5.10. The Chair spoke of the importance of the Executive challenging and pushing back on any recommendations they think disproportionate at the audit review meeting rather than accepting them all, as had sometimes happened in the past.

Decision

5.11. The committee noted the report and agreed the proposed revised target dates for several recommendations; but sought additional evidence before accepting the recommendation to close off three audit recommendations.

Action

5.12. The Executive to formalise more effectively the process to close off audit recommendations.

6.   External audit work

6.1. The National Audit Office (NAO) External Auditor introduced himself to the Committee.

6.2. The External Audit Lead, KPMG, introduced the paper on the preparation of the 2023-24 financial statements audit.

6.3. Members were advised of the initial assessment of the significant risk of material misstatement and audit focus areas. Two areas of significant risk were identified:

- the presumed risk of management override of controls; and

- PRISM impairment

6.4. Members were advised that risk of error in revenue recognition and IFRS 16 were no longer areas of focus following the 2022-23 audit plan.

6.5. The Auditors commented that they were satisfied that there was nothing to report following their assessment of the risk of fraud ISA 240.

6.6. Members were informed that the materiality has been determined and should it be required to be revised the committee would be informed.

6.7. The External Audit Lead, KPMG, presented the proposed timetable, and members were informed that KPMG would be outsourcing some of the work to their offshore delivery team. Members were informed that this had been discussed in detail with the Director of Finance & Resources.

6.8. The Chief Executive, in response to a question regarding the benefits realisation of PRISM, stated that this will be dependent on the last element of PRISM (the update to the data on Choose a Fertility Clinic) being fully implemented. He provided further information about an audit of information provided by a clinic through PRISM which was satisfactory.

6.9. In response to a question regarding the expected cost of PRISM against the original proposed budget the Chief Executive agreed to send a previously presented paper on lessons learnt from this project to new AGC members.

Decision

6.10. Members noted the proposed plan and timetable for the preparation of the 2023-24 financial statements audit.

Action

6.11. Board Governance Manager to send PRISM lessons learnt paper to new AGC committee members.

7.   Strategic risk

Risk Strategy Review

7.1. The Risk and Business Planning Manager presented the revised risk management strategy and provided further information about the latest updates to the Orange book and how these had been incorporated into the strategy.

7.2. Members were informed about the results of the annual staff risk maturity survey and the level of risk knowledge among staff. Work had been undertaken to simplify the risk management process to establish a consistent knowledge and competence level across staff, with the intention of upskilling over time.

7.3. The Risk and Business Planning Manager spoke about resource constraints and plans for externally sourced training to be proposed for the next financial year, subject to the availability of funding.

7.4. Members were reminded that the survey of HFEA risk maturity would be repeated each October with the summary of findings being presented to the December AGC.

7.5. The Risk and Business Planning Manager stated that the proposal is that the HFEA strategic risk register would be reviewed by AGC every June and December and be presented to the Authority in July and January, following each AGC review.

7.6. In response to a question the Risk and Business Planning Manager provided further information about the operational risk register, the frequency of review by the Corporate Management Group (CMG) and how the relationship with the strategic risk register worked.

7.7. The Risk and Business Planning Manager clarified that risks would be discussed by CMG and escalated to the strategic risk register as and when required; it was not necessary to wait for the formal review schedule in order to do this.

7.8. Members discussed the need for AGC to have assurance that risk is reviewed regularly and suggested that the informal reviews undertaken by the Executive and AGC could be usefully set out in the strategy document.

7.9. In response to a question regarding data breaches and near misses, the Risk and Business Planning Manager provided information about the procedure for reporting internal incidents and the policies which govern these, which are separate to the risk management strategy and are handled by the Information Governance and Records Manager, with input from the SIRO as needed. The number of data breaches incidents is reported to the AGC through the annual report.

7.10. The committee discussed the different types of data breaches incidents which could occur noting that any external cyber attacks would be reported to the committee under the regular resilience, cyber security and business continuity management report the committee receives.

7.11. In drawing this discussion to a close the Chair thanked the Risk and Business Planning Manager for his work in this matter.

Decision

7.12. The committee adopted the revised risk management strategy, subject to the inclusion of how and when the informal reviews at Executive and AGC level are included in the strategy.

Action

7.13. The HFEA risk management strategy to be amended as agreed by the committee.

Strategic risk register

7.14. The Risk and Business Planning Manager introduced the report and stated that the Public Bodies Review (PBR) risk had been updated following publication of the report and therefore the two sub risks can be closed, and the overall risk level reduced.

7.15. Members were informed that the Information 2 risk around Opening the Register (OTR) will be updated once the new system is live.

7.16. In response to a question the Director of Compliance and Information stated that the HFEA does not yet know how many people will request information under OTR. Looking ahead, our view is that after a year's operation the HFEA will have further data to allow it to forecast the number of applications more reliably and model the team accordingly. However, the uptake of the service will need to be constantly monitored.

7.17. Members discussed the PRISM project and replacement Epicentre project, noting that they are separate and distinct projects, and that PRISM has the potential to be moved to business-as-usual status.

7.18. Members discussed the importance of the replacement Epicentre project, noting that a business case for funding had been submitted to the Department. Members discussed the risk to the Authority of not securing funding for this project and the impact that failure would have on the ability to carry out our statutory inspection and licensing functions.

7.19. The Chief Executive informed the committee that the Chair of AGC, the Director of Finance and himself had attended the Department's Audit and Governance committee meeting and had the opportunity to present its risk register. During this meeting the importance of the replacement Epicentre project had been emphasised.

7.20. The committee asked the Executive to continue liaising with the Department and to keep the committee informed of the status of the bid application.

Decision

7.21. Members noted the strategic risk register and agreed the closure of the two sub risks relating to the PBR.

Action

7.22. The Executive to keep the committee appraised of the bid for the replacement Epicentre project.

Horizon scanning

7.23. The Chair informed the committee that this agenda item is for members to raise emerging topics which could affect the HFEA in the future but are not yet reflected in the strategic risk register.

7.24. The committee discussed the uncertain political environment and any potential risks arising from this.

7.25. The Head of Internal Audit, GIAA, had nothing specific to add at this time but if during the planning for the next audit, issues were identified she would raise them with the committee.

8. Digital projects/PRISM update

8.1. The PRISM Programme Manager presented this item.

8.2. Members were informed of the progress on the OTR reports with final testing and implementation undertaken by the OTR team. It is anticipated that these reports will be signed off by the developers by Christmas.

8.3. Members were informed about the proactive alert system for the 10 Family Limit (10FL) and how this will work in principle.

8.4. In response to a question, members were informed that six centres had volunteered to participate in a pilot for the 10FL alerts and that this was a very valuable pilot. Further information about this alert and the pilot will be issued to clinics via a 'Clinic Focus' in 2024.

8.5. In response to a question the Director of Compliance and Information stated that currently clinics must contact the HFEA team to check the 10FL, whereas this system will automate the process.

8.6. The Chief Executive said this was evidence of the long term value of the PRISM project and how having this data in an accessible form had enabled us to automate these reports.

8.7. The PRISM Programme Manager informed the committee that PRISM submissions are continuing at a steady rate of approximately 5,000 submissions a week with an overall average error rate of 3.2%. A few clinics, who have a higher error rate, are receiving a targeted approach to address this.

8.8. Members were informed that a small number of clinics had submitted duplicate cycles to PRISM, mainly due to user error. The team was now working with these clinics to resolve these issues.

8.9. The External Audit Lead asked whether the clinics incurring the duplicate cycle information would have been invoiced twice? The PRISM Programme Manager confirmed this would have occurred, but that when the duplicate is removed from the system it automatically generates a credit.

8.10. In response to a question the Director of Compliance and Information provided further information about the ticketing system used by clinics for any issues relating to the system, noting that complex tickets would naturally have a longer response period. The Director of Compliance and Information informed members that a KPI will be developed for managing these tickets.

8.11. In response to a question the Director of Compliance and Information stated that clinics have a statutory duty to report information and it is reviewed during the inspection process.

8.12. The PRISM Programme Manager spoke about certain challenges arising from the Choose a Fertility Clinic (CaFC) original delivery date; therefore, the proposal was to extend the date to allow clinics additional validation time which would also allow for the full year of 2023 data to be included.

8.13. The committee discussed this proposal in-depth noting the communication plan which would be implemented to inform and encourage clinics to complete the validation process.

Decision

8.14. The committee noted the report and approved the change to the CaFC timetable to allow the inclusion of 2023 data when published.

9.   Resilience, cyber security & business continuity

IT updates

9.1.   The Head of IT introduced the paper and provided an update on the IT security changes which had been undertaken regarding server operating systems.

9.2.   In response to a question, he provided further information about the Google Alerts which had been set up, in collaboration with the Communications Team, to detect fraudulent websites offering unauthorised OTR services. He informed the committee that the broad terms used for these alerts will be monitored on a regular basis.

9.3.   In response to a question regarding business continuity testing and reporting of these results, the Director of Information and Compliance reminded the committee that this will be audited by GIAA in Q4 and the results will be presented to this committee.

9.4.   The Head of IT provided further information about the steps taken to strengthen backup resilience and security.

Data Security and Protection Toolkit (DSPT)

9.5.   The Head of Information informed members that the 108 mandatory requirements for the DSPT had been assigned owners; most of these requirements relate to IT and information governance.

9.6.   He reported that the team had also discussed whether any of the 20 optional requirements might be achievable for the HFEA, but priority would be given to those that were mandatory.

9.7.   In response to a question the Head of Information commented that whilst the number of mandatory requirements had stayed the same the remit of these had been changed so it could not be assumed that the HFEA would achieve the same rating as last year.

Decision

9.8.   The committee noted the report.

10.   Human Resources bi-annual update 2023

10.1.   The Head of HR presented the paper and provided members with an overview of the recently conducted staff survey, which achieved a response rate of 83%. The headline results of the survey will be presented to the Corporate Management Group (CMG) and shared with all staff, and an action plan will then be developed to address emerging themes and concerns.

10.2.   Members congratulated the HR team for achieving such a high response rate for the survey, noting that the average response rate for NHS was just 46%.

10.3.   The committee were informed that further work on Equality, Diversity and Inclusion (EDI) will be undertaken during the year.

10.4.   Members were informed that turnover rates are average for an organisation of the HFEA's size and career progression is the main reason cited by staff leaving. Collaboration with other ALBs for career progression opportunities is being explored.

10.5.   In response to a question the Head of HR stated that the HFEA is not operating under the same constraints imposed on central government civil service recruitment.

10.6. In response to a question the Head of HR stated that the HFEA is still exploring wellness opportunities for staff.

10.7. The Chair drew the discussion to a close and congratulated the HR team for not only the high response rate for the staff survey but also the low sickness rate recorded and successful first round recruitment process.

Decision

10.8. Members noted the Human Resources bi-annual update paper.

Action

10.9. Head of HR to update the AGC committee on implementation and impact of wellness days.

11. Review of Audit and Governance Committee effectiveness

11.1. The Head of Planning and Governance introduced the paper and highlighted the key observations of the review undertaken by committee members.

11.2. The committee's attention was drawn to potential actions which could be taken as shown in paragraph 4.1 of the paper. These actions had been divided into three categories, quick wins, actions that can be incorporated into already-planned work and other possible future actions.

11.3. The committee discussed the potential actions which could be taken noting that item 3.1 could be removed as assurance mapping training was proposed for next year. The committee discussed constraints on staff time which could impact the delivery of other possible future actions identified in the paper.

11.4. The committee discussed the opportunity to recruit a second external member and the issue of quorum for committee meetings with the current change in Authority membership.

Decision

11.5. Members agreed to implement the actions proposed as quick wins and those that can be incorporated into already planned work as shown in the table at paragraph 4.1 of the paper (action 3.1 to be removed) but not to implement any of the other possible future actions at this stage.

11.6. Members agreed to recommend to the Authority that its quorum be reduced for the interim period until the appointment of new Authority members.

Action

11.7. The Executive to present the results of the committee's effectiveness review to the Authority as part of its annual governance review.

12. Functional Standards

12.1. The Director of Finance and Resources informed the committee that further administrative work had been undertaken to enable completion of the self-assessment tools by the end of January.

12.2. The committee were informed that not all Functional Standards have a self-assessment tool, and the Director of Finance and Resources was liaising with the relevant Department to seek further information.

Decision

12.3. The committee noted the verbal report on Functional Standards.

13.   Audit and Governance Committee forward plan

13.1. The Head of Finance introduced the paper.

13.2. The committee discussed the proposed training session on Assurance Mapping planned for December 2024 and the Head of Internal Audit was asked to provide details of any suitable trainers to the HFEA Executive.

13.3. The committee discussed the proposed deep dive topics and agreed that a number could be removed, and dates set for the remaining topics to be discussed by the committee.

Decision

13.4. The committee agreed to amend the deep dive discussion list to Functional Standards (commercial and debt) in March 2024; internal incidents/near misses in October 2024 and CaFC in March 2025.

Action

13.5. Board Governance Manager to update the forward plan.

13.6. Head of Internal Audit to forward details of any suitable trainers to the HFEA Executive.

14.   Items for noting

14.1. Whistle-blowing

- Members were advised that there were no whistle-blowing incidents.

14.2. Gifts and Hospitality

- Members noted that there was one addition to the register of gifts and hospitality.

14.3. Contracts and Procurement

- Members noted that there were no contracts or procurements signed off since the last AGC meeting.

15.   Any other business

15.1. The Chair informed members this was the final meeting for Jason Kasraie as his term as an Authority member finishes in the middle of January 2024. On behalf of the committee, she thanked Jason for the knowledge and expertise which he brought to the committee. It was most valuable for the committee to have the viewpoint of a clinician and his in-depth knowledge of the sector.

15.2. The Chair reminded the committee that the next meeting would be held on Tuesday 5 March 2024.

15.3. There being no other items the Chair thanked all for their participation and formally closed the meeting.

Chair's signature

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

Signature

Chair: Catharine Seddon

Date: 5 March 2024

AGC Action log

Details about this paper

Area(s) of strategy this paper relates to:	The best care – effective and ethical care for everyone
	The right information – to ensure that people can access the right information at the right time
	Shaping the future – to embrace and engage with changes in the law, science, and society
Meeting	Audit and Governance Committee
Agenda item	3
Meeting date	05 March 2024
Author	Morounke Akingbola (Head of Finance)

Output:

For information or decision?	For discussion
Recommendation	To note and comment on the updates shown for each item.
Resource implications	To be updated and reviewed at each AGC
Implementation date	2023/24 business year
Communication(s)	
Organisational risk	☐ Low ☒ Medium ☐ High

Action	Date added	Assigned to	Target date	Revised date	Progress to date
15.4 Update on goodwill letters to be discussed at SMT and brought back to AGC.	4 Oct 22	Director of Compliance and Information	Oct 23	Dec 23	**Update:** All goodwill letters have been processed on the HFEA side and have been transported to Iron Mountain where they will be securely processed. No further goodwill documents are stored on HFEA premises. IM will scan the documents they have received from us before providing us with The scanned images and securely destroying the hard copies. **Update Jan 24:** The Donor files scanning is estimated to be completed by 23 February. On initial inspection the Head of Information is satisfied with the quality of the work. Once completed a sample will be inspected and if satisfied IM will be instructed to destroy the records.
11.9. Assurance and assurance mapping to be kept under continuous review and form part of training	8 Dec 22	Risk and Business Planning Manager	Oct 23	June 24	**Update:** An updated 'Risk Strategy' was approved at December AGC. Risk assurance will continue to be included as part of deep dives and as an element of internal audits. In line with our training needs analysis, the strategy includes requirements for both mandatory and optional risk training for all staff. This item can now be closed.
5.18 To add to the AGC action log a review of agreeing, timetabling and providing evidence for Internal Audit recommendations within 12 months	3 Oct 23	Director of Finance and Resources	Oct 24		**Update:** This has been added to the action log and will be reviewed in October 2024. **Update Jan 2024:** Process discussed and agreed with GIAA and HFEA SMT. Further discussion with CMG and GIAA about responsibilities and clarifications.

Action	Date added	Assigned to	Target date	Revised date	Progress to date
7.11 Chief Executive to bring a report to the next meeting with a priority and urgency rating against each recommendation arising from the public body review.	3 Oct 23	Chief Executive	Dec 23	March 24	**Update:**. The public body review report was issued to AGC members via email in February 2024. This item can now be closed.
12.8 Executive to report back to the December meeting on points raised by the committee relating to fraud risk assessment.	3 Oct 23	Head of Finance	Dec 23	March 24	**Update:** An updated FRA will be presented to AGC in March 2024 covering points raised, including mitigating actions. This item can now be closed.
4.8 Head of Internal Audit to distribute the ARAC Handbook to members as soon as it is available.	7 Dec 23	Head of Internal Audit			**Update:** ARAC Handbook not due to be published until end of March 24, will be distributed when published.
5.12 The Executive to formalise more effectively the process to close off audit recommendations.	7 Dec 23	Executive			**Update:** Process discussed and agreed with GIAA and HFEA SMT. Further discussion with CMG and GIAA about responsibilities and clarifications.
6.11 Board Governance Manager to send PRISM lessons learnt paper to new AGC committee members.	7 Dec 23	Board Governance Manager	Jan 24		**Update:** Paper and minutes sent to new members. This action is now complete and can be closed.
7.13 The HFEA risk management strategy to be amended as agreed by the committee.	7 Dec 23	Risk and Business Planning Manager	Mar 24		**Update:** This was done after the December meeting, adding more information about the risk escalation process and the process for updating the strategic risk register. This has also been reported to CMG. This item can now be closed.
7.22 The Executive to keep the committee appraised of the bid for the replacement Epicentre project	7 Dec 23	Executive			**Update:** Ongoing discussion with DHSC sponsor team and finance. Holding letter to clinics informing them that 2024/25 fees not fully finalised due to ongoing budget discussions with the Department, but with decision before 31 March. Continued engagement with DHSC commercial about optimum procurement routes.

Action	Date added	Assigned to	Target date	Revised date	Progress to date
10.9 Head of HR to update the AGC committee on implementation and impact of wellness days.	7 Dec 23	Head of HR	June 24		**Update:** Report will be brought to the June AGC Meeting**.**
11.7 The Executive to present the results of the committee's effectiveness review to the Authority as part of its annual governance review.	7 Dec 23	Executive	Mar 24		**Update:** results will be included in the Good Governance Report which will be presented to the Authority in March 2024. This item can now be closed.
13.5 Board Governance Manager to update the forward plan.	7 Dec 23	Board Governance Manager	Jan 24		**Update:** forward plan document updated. This action is now complete and can be closed.
13.6 Head of Internal Audit to forward details of any suitable trainers to the HFEA Executive.	7 Dec 23	Head of Internal Audit	Mar 24		**Update:**

Accounting policies 2023/24

Details:

Area(s) of strategy this paper relates to:	The best care – effective and ethical care for everyone
	The right information – to ensure that people can access the right information at the right time
	Shaping the future – to embrace and engage with changes in the law, science, and society
Agenda item	7
Meeting date	5 March 2024
Author	Tom Skrinar, Director of Finance and Resources

Output:

For information or decision?	For information		
Recommendation	AGC are requested to review and comment on the key policies		
Resource implications	None		
Implementation date	2023/24		
Communication(s)			
Organisational risk	☐ Low	☒ Medium	☐ High
Annexes	None		

Purpose of paper

1. This report advises the Audit and Governance Committee (AGC) of amendments and updates to the accounting policies adopted for preparation of the accounts for the financial year 2023/24. <u>For ease, the policies adopted for 23/24 are the same as those adopted for 22/23.</u>

Summary

2. This report summarises the main elements of the accounting policies adopted by the HFEA and proposed changes to ensure the accounts for 2023/24 are prepared in accordance with accounting regulations. Any further changes to accounting regulations may require the policies to be changed further, however none are anticipated at this stage. Any significant impacts from changes to the 2023/24 policies will be highlighted to the committee in the Annual Report and Accounts report in June 2024.

3. The polices remain broadly unchanged from the previous financial year.

4. It is good practice for Audit Committees to review accounting policies on an annual basis. Adoption of the 2023/24 policies also means draft policies are in place for the start of the financial year to which they relate.

Recommendation

5. The Committee is asked to note and comment on the accounting policies applicable to financial years 2023/24.

Accounting Policies

Introduction

6. This report sets out the revised accounting policies that will be applied during the financial years 2023/24 and 2024/25 in preparation of the HFEA's financial statements. The policies are prepared under the International Financial Reporting Standards (IFRS). Members of the Audit and Governance Committee are invited to note these policies and make comment.

7. Unless there are major changes to accounting rules and regulation, accounting policies do not change significantly between years because the accounts would not be comparable from one year to the next.

8. The audited Annual Report and Accounts for 2023/24 are expected to be presented to the June 2024 AGC for approval. The accounting policies statement will be included within the accounts and any changes made during the course of the closedown programme and/or

audit will be highlighted and explained by officers. There might be a need to make changes to these policies following the completion of the audit.

Purpose of Accounting Policies

9. The definition of accounting policies is "the principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves".

10. The application of accounting policies supports the implementation of the main accounting concepts of best practice. These ensure financial reports:

    o   Are relevant – providing appropriate information on the stewardship of Authority monies.

    o   Are reliable – financial information can be relied upon and is without bias and free from error, within the bounds of materiality and has been prudently prepared.

    o   Allow comparability – the interpretation of financial reports is enhanced by being able to compare information across other accounting periods and other organisations.

    o   Are understandable – though financial reports have to contain certain information; they have to be understandable.

    o   Reflect material information – significant transactions must be incorporated in the financial reports.

    o   Prepared on a going concern basis – the assumption that the authority will continue in operational existence for the foreseeable future.

    o   Prepared on an accruals basis – accounts are prepared to reflect the benefit of goods and services received and provided rather than when cash transactions occur when invoices are paid in a later accounting period.

11. The significant accounting policies currently adopted by the HFEA are in line with the concepts set out above in paragraph 10.

Underlying Assumptions

12. The International Accounting Standard (IAS 1) requires that management make an assessment of an entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast a significant doubt upon an entity's ability to continue as a going concern. The Authority discloses that the accounts have been prepared on a going concern basis and that the HFEA will continue in

existence for the foreseeable future. The HFEA has based its considerations of Going Concern around the continuous provision of service.

Accounting Policies

13. Below are the significant accounting policies, the remaining policies are as detailed in the 2022/23 Annual Report and Accounts and will not change for the 2023/24 financial year.

14. **Property, Plant and Equipment (PPE)** – these assets have a physical substance and are held for use in the provision of services or administrative purposes and are expected to be used for more than a year (e.g., Information Technology – IT equipment). Expenditure on the above on acquisition is capitalised on an actual basis provided it yields benefit to the Authority and the benefit it provides exists for more than one financial year.

    o **Measurement** - Property, plant and equipment are initially shown on the Balance Sheet at cost, comprising the purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets under construction are held at historical cost and are not depreciated until brought into use (this was applied in 2021/22 when laptops were purchased towards the end of the financial year and not deployed till early 2022/23).

    o **Depreciation on PPE** - Depreciation has been calculated using a straight-line method (i.e. apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each asset is determined by its type i.e. laptops generally have a useful life of 3-4 years or leases or refurbishment costs in line with the lease term of buildings occupied.

15. **Intangible Assets** – expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that the future economic benefits or service potential will flow from the intangible asset to the Authority. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed and the Authority will be able to generate future economic benefits or deliver service potential by being able to use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

    o **Measurement** – intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the asset held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.

    o **Depreciation/amortisation** – The depreciable amount of an intangible asset is amortised over its useful life and is charged to the Statement of Comprehensive Income and Expenditure.

16. **Right of Use Assets and Liabilities** – IFRS 16 Leases was adopted on 1 April 2022. In the 2022/23 accounts, IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset is of low value. On the date of transition to IFRS 16, the HFEA recognises a right of use asset and a lease liability. The asset described as 'right of use' asset, will be presented under note eleven within the annual accounts. Our lease previously treated as an operating lease has been measured at the present value of the remaining lease payments, adjusted for any prepayments or accruals in respect of lease payments. The HFEA has taken into account the commencement date of the lease in determining the remaining term of its lease.

17. **Impairments** – Appropriate assets are reviewed for impairment at the end of each reporting period. The HFEA has financial assets (Receivables - debtors) that are reviewed and using a simplified approach to impairment in accordance with IFRS 9. An impairment loss allowance is made for debts that are not considered collectable – referred to as impairment of financial assets. The provision is calculated based on the expected amount that will not be collected and applied to the amount of outstanding debt. The balance of debtors on the Statement of Financial Position (Balance Sheet) is reduced by the amount of provision made.

18. **Critical accounting judgements** – in applying the accounting policies, the HFEA has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements that will be made in the Annual Report and Accounts are:

    o IAS 36 Impairments – management will make a judgement on whether there are any indication of impairment to the carrying amount of PRISM. A benefits realisation review will be undertaken by the team with oversight of PRISM as to whether benefits as detailed in the original business case have been realised. The outcome of which will impact on whether management decides to write down further the value of PRISM which currently sits on the Statement of Finance Positions (SoFP). To note the review may need to be deferred to 2025/26 at the latest. Confirmation will be sort during the course of the final audit.

19. **Income recognition** – income is recognised when the performance obligations in a contract have been satisfied. In application to HFEA licence fees, which are based on IVF and Donor IUI cycles each year, income is recognised on all treatment cycles that meet the qualifying criteria in the financial year.

20. **IFRS 16 Leases recognition and initial measurement** – at commencement of a lease (or the IFRS 16 effective date) HFEA recognises a right of use asset and a lease liability. The lease liability is measured as the payments for the remaining lease term net of irrecoverable value added tax (VAT), discounted either by the rate implicit in the lease, or, where this cannot be determined, HFEA's incremental cost of borrowing. For HFEA, incremental cost of borrowing is the rate advised by HM Treasury for that calendar year (2023/24 is 0.95%).

The lease term is as reflected in the lease agreements. The liability is based on payments that are fixed in the lease.

21. The right of use asset is initially measured at the value of the liability. The liability is adjusted for the accrued interest and repayments.

22. Expenditure includes interest and straight-line depreciation. Lease payments reduce the lease liability. Rental payments for leases of low value items or shorter than twelve months are expensed.

Recommendation

23. The Committee is asked to note and comment on the accounting policies applicable to financial year 2023/24.

Deep dive discussion: use of the Debt and Commercial Government Functional Standards

Details about this paper

Area(s) of strategy this paper relates to:	The best care/The right information/Shaping the future
Meeting:	AGC
Agenda item:	9
Meeting date:	5 March 2024
Author:	Tom Skrinar, Director of Finance and Resources
Annexes	A – Details and principles of Government Functional Standards

Output from this paper

For information or decision?	For information
Recommendation:	The AGC is invited to consider the HFEA finance team's self-assessment against the Debt and Commercial Government Functional Standards (GFS), and subsequent next steps.
Resource implications:	N/a at this stage
Implementation date:	N/a
Communication(s):	N/a
Organisational risk:	Low

1.   Introduction

1.1.   At the AGC meeting on 3 October 2023 it was agreed that a deep dive into two of the Government Functional Standards (GFS: 008 Commercial and 014 Debt), and what actions the self-assessment implied for the HFEA, would be brought to AGC in March 2024.

1.2.   The deep dive involved use of self-assessment tools, produced centrally by Functional Leads, as well as core GFS documentation (see Annex A for further information on the Standards).

2.   Overview

2.1.   The GFS were created to promote consistent and coherent ways of working across government, and provide a stable and comparable basis for assurance, risk management and capability improvement. The standards serve to help accounting officers fulfil their duties and do not alter the fundamental principles of Managing Public Money (MPM), bringing together and clarifying what should already be happening.

2.2.   Fifteen standards have been issued and updated since 2021 and are mandated for use across Government Departments and Arms-Length Bodies, with an expectation that they would begin to be embedded from April 2022. The initial priority is to ensure that all organisations in scope can at least meet the mandatory ('shall') elements of each standard.

2.3.   Assessments should be undertaken as part of routine assurance, rather than an additional process for accounting officers to engage with, and organisations should set their maturity ambition based on business need.

3.   Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework

3.1.   The Commercial GFS principles are laid out in Annex A and, although the HFEA does not have a dedicated Commercial team, the principles are broadly met through the organisation's finance team, with responsibility sitting with the Director of Finance and Resources, its Procurement Policy and related financial rules and delegations, as well its programme management office and Project Assurance Group (chaired by the Director of Finance and Resources).

3.2.   HFEA does not regularly engage in high value, complex procurement and, as such, does not need a detailed procurement strategy. Most new pieces of work that may require a commercial approach are managed as projects overseen by PAG, and will receive dedicated support to ensure they are set up correctly. For the most part, HFEA uses standard Crown Commercial Service (CCS) framework arrangements and processes, engaging with Department of Health and Social Care (DHSC) commercial team where further support or clarity is needed. HFEA is also subject to Government

commercial spend controls and approvals where procurements are above delegated values.

3.3.   Larger, ongoing commercial relationships mainly relate to IT and services such as legal support. Due to the small size of the organisation, these arrangements are well known and are subject to scrutiny and approval by senior management, in particular when changes are required, for example re-procurement, or when there are performance issues with contracted services.

3.4.   The self-assessment tool that was completed by the Director of Finance and Resources is a Continuous Improvement Assessment Framework that extends to large Departments with complex commercial portfolios and large, dedicated commercial teams, and is extensive and thorough. Several areas of the tool were not relevant to the HFEA (for example relating to inventory/materials management) or related to activities that are unnecessary considering the low value, volume and complexity of HFEA's procurement activity (for example detailed market analysis and management).

3.5.   Although the GFS commercial principles (the 'shall' statements) are broadly covered through the HFEA policies and processes outlined above, the tool did raise a number of interesting questions that were relevant but less easy to answer, suggesting further potential work in the following areas:

- For smaller value procurements where we do not use CCS frameworks, clarifying our approach to due diligence and specifying which standard form contracts to use (using CCS standards and DHSC guidance – to be included in future procurement policy updates).
- Firming up our evidence base for making investment decisions (for example, using Green Book methodology more explicitly in our Business Case formatting).
- Focusing on commercial responsibilities across the HFEA and championing good procurement practice and internal policies (through the Director of Finance and Resources).
- Considering further staff training and development on procurement (currently covered in budget management training), including further staff engagement in collaboration with DHSC and other ALBs in discussing shared commercial solutions.
- Explore improving how HFEA's finance system monitors commercial policy adherence when the new system is procured (for example through financial contract requirements linked to Purchase Orders).

4.   Government Functional Standard - GovS 014: Debt

4.1.   The Debt GFS principles are laid out in Annex A. A centrally produced self-assessment tool was not included on the GFS website. The Director of Finance and Resources arranged a meeting with the debt functional lead in HMT who provided us with a central tool. The debt functional lead informed us that all central government departments are required to complete the tool annually through an HMT-led process, but that it was not expected that smaller government bodies and ALBs would do similar, although she was interested to know how useful the tool was for HFEA.

4.2. HFEA's finance manager completed the tool and discussed it with the Director of Finance and Resources. As with the Commercial Tool, there were a number of sections that do not apply to the HFEA (for example collecting debt from vulnerable individuals) or that are of a scale beyond what is suitable for the value of the debt that the HFEA manages (for example contracting with debt collection agencies).

4.3. Through review of both the Debt GFS core principles and the self-assessment tool, there were no core areas of compliance where risks were indicated, or major gaps in policies and processes. There were some areas, though, where our responses to questions allowed us to consider where we might strengthen our current processes:

- The HFEA does not have a formal debt strategy, but does have a debt policy as well as a debt collection procedure. We considered what a debt strategy for HFEA might look like, focusing on the management of debt over time and escalation processes for aged or larger debts (which will be included in an update to both the debt policy and debt collection procedure).

- Regarding debt that is persistently difficult to recover, we could do more to consider: specific options to force payment; what our appetite is for doing this in different situations; and at what point do we make a decision to write debt off.

- Although the scale of debt we have does not warrant detailed analysis of our debtors or the use of behavioural insights, the HFEA should consider how it can better gather information from across the organisation to support engagement with those establishments that have more persistent debt issues.

5.   General points on GFS self-assessment tools

5.1. The available self-assessment tools were well produced and simple to use, and have a consistent style and content which is helpful. They do have to be relevant to organisations of vastly differing size and complexity, which means that they are lengthy and detailed, and it is sometimes difficult to easily ascertain whether questions are fully relevant to the HFEA or not. This means they take a long time to complete, and sections of them are of varying degrees of relevance and usefulness.

5.2. There was a difference in approach between the two self-assessments with respect to sections or questions that were 'not applicable'. The Debt tool automatically gave a score of 1 (ie 'Fully met') where a statement was not applicable, whereas the commercial tool required a judgement on the attainment level, noting any extenuating circumstances, which was probably a better approach, as it required more detailed consideration (though often the outcome was the same as for the Debt tool).

5.3. In general the tools were a helpful way of considering areas of improvement to the HFEA's policies and practice, as well as providing some assurance that we are sufficiently covering the basics (though I think that is more clearly done through the core GFS principles).

6.   Points for discussion

6.1.   In considering HFEA's response to the self-assessment, the AGC may wish to consider the following questions:

- Does AGC broadly agree with the outcome and proposed responses to the self-assessments for Debt and Commercial, based on its knowledge of the organisation?
- Is AGC happy for the HFEA to plan improvements based on internal scheduling (for example at standard policy review points), or are there areas where it is felt a quicker response should be planned?

Annex A – Details and principles of Government Functional Standards

Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework

Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework - GOV.UK (www.gov.uk)

Principles

Those engaged in commercial activities shall ensure:

1. objectives are aligned to government policy and organisational objectives;
2. goods, works and services are procured using legally compliant, fair and transparent processes, guarding against corruption and fraud;
3. value for money is obtained, to secure the right combination of economy, efficiency and effectiveness to achieve the intended outcome defined in the business case;
4. they act in a way that promotes trust between government, its suppliers and
5. governance, management frameworks and controls are proportionate and appropriate to the work and the level of prevailing risk;
6. accountabilities and responsibilities are defined, mutually consistent and traceable across the levels of management with appropriate separation of duties;
7. continuous improvement is promoted through capturing, sharing and using experience and lessons learned;
8. work is undertaken in multi-disciplinary teams and is assigned to people who have the required capability and capacity; and
9. public service codes of conduct and ethics and those of associated professions are upheld.

Government Functional Standard - GovS 014: Debt

Government Functional Standard - GovS 014: Debt - GOV.UK (www.gov.uk)

Principles

Those engaged in managing debt shall ensure:

1. strategic debt management objectives are aligned to government policy and organisational objectives;
2. governance, management frameworks and controls are proportionate and appropriate to the debt and the level of prevailing risk;
3. accountabilities and responsibilities are defined, mutually consistent and traceable across all levels of management;
4. their organisation's ability to recover debt is regularly reviewed and optimised;
5. debt management practices tackle current aged debt, reduce the aging of debt and prevent the creation of avoidable overdue debt;
6. debt management practices are not over-zealous;
7. fairness to taxpayers and those that do pay on time, by taking a proportionate response to those that don't;
8. the impact of debt collection practices on debtors is justly balanced with the need to have the right deterrents in place; and
9. public service codes of conduct and ethics, and those of associated professions, are upheld.

Digital Projects / PRISM Update   January 2024

Details about this paper

Area(s) of strategy this paper relates to:	The right information – to ensure that people can access the right information at the right time.
Meeting:	AGC
Agenda item:	10
Meeting date:	05 March 2024
Author:	Kevin Hudson, PRISM programme manager
Annexes	

Output from this paper

For information or decision?	For information
Recommendation:	To note that OTR reports are in operation, and the progress since the last meeting on delivering a first CaFC through PRISM.
Resource implications:	
Implementation date:	To deliver a first CaFC through PRISM by no later than October 2024
Communication(s):	
Organisational risk:	Medium

1. Introduction and recap from last meeting

1.1. PRISM went live on 14th September 2021 for 40 direct entry clinics and API deployment was completed by the end of June 2022 for the other 62 clinics. Since then, 574,505 units of activity have been submitted through PRISM.

1.2. At the December meeting we reported that:

- Fine testing of the OTR reports was ongoing by the OTR team, with an anticipation that this would be completed by Christmas.

- We had planned a pilot for 10 Family Limit alerts and invited clinics to participate in this pilot.

- Through the direct work of our developers with certain clinics, it had become evident that some clinics would need extra verification time to get their data ready for CaFC.

- In addition, there was an emerging challenge on the treatment of 2023 data for CaFC, and that if we excluded it in order to publish CaFC as soon as possible, there was as risk that when published, CaFC would already been deemed as 'out of date'.

- Therefore, we made a recommendation to AGC that ideally, whilst we would like to publish CaFC as quickly as possible, our judgment was that we should push the schedule back to October (from June) which would maximise clinic coverage and include 2023 data in the proposed CaFC update.

- After debate and scrutiny at the meeting, ACG accepted this recommendation.

1.3. In this paper we will update AGC on the latest progress on PRISM support for OTR and delivering the first CaFC through PRISM.

1.4. Although there is a lot of work to undertake during 2024 on CaFC, we are currently on track with the timetable that was agreed in December – namely to complete verification by the Summer and to publish the first CafC through PRISM by no later than the end of October 2024.

2. Summary of current position against the PRISM completion plan

2.1. A detailed revised completion plan for PRISM, OTR and CafC is appended to this report.

2.2. The current state of the programme, according to its three planning swim-lanes, is as follows:

- **Developers:** The RAG status remains GREEN. The OTR reports are now operational with the OTR team. Our developers are continuing on work required to deliver the first CaFC through PRISM: directly supporting clinics and API suppliers on remaining bedding-in issues, the 'error close out' programme, CaFC verification reports and ongoing synchronisation with API suppliers. The 10 Family Limit alert pilot will start after all CaFC verification reports are issued.

- **Data:** The RAG status remains AMBER. Our data analyst continues to work exclusively on legacy data linkage fixes which is the best organisational application of his expertise. His work involves a high level of complexity. Meanwhile the data team continues to be below full strength due to long term staff sickness.
- **Clinics:** The RAG status remains AMBER. ARGC clinic staff were trained in January, and they have commenced submitting data. On errors, since September 2023, error correction by clinics has essentially reached steady state. 59 clinics have reached CaFC tolerances (less than 4%), but there are 32 clinics that have not, and 23 clinics still have error rates more than 5%. The main areas of concern are our largest API submitter who have a large number of duplicate issues, and the CARE group where error rates for all clinics are over 4%.

2.3. In the following sections of this report, we will outline in detail how this is affecting support for OTR and delivering the first CaFC through PRISM.

3. Progress on delivering OTR requirements

Progress on OTR reports

3.1. Fine testing of the new PRISM OTR reports was completed at Christmas and since January, these reports have been operational with the OTR team.

3.2. We are now using the learning and features from developing the OTR reports to create some specific reports for clinics that will help them address specific issues, particularly the data entanglement and duplicate issues that our developers are working to fix for our largest API submitter. (see section 4.15 below).

OTR data reconciliation and data synchronisation

3.3. As previously reported, the initial data reconciliations by our expert data analyst of donor sperm, donor eggs and donor embryos are complete. This was necessary to assure the organisation that the migrated OTR data was complete and accurate. 558 missing linkages (out of many tens of thousands of records) for donor eggs, sperm and embryos were identified of which 333 were applied to PRISM.

3.4. The remaining fixes are not yet applied as they relate to API suppliers (namely, Mellowood, Meditex and CARE whose clinics send data automatically into PRISM) and there is a risk that these could be overwritten if the suppliers do not properly synchronise. The API suppliers are continuing to work on improved synchronisation, but progress by the suppliers is admittedly slow.

3.5. We are continuing to liaise closely with Mellowood on this topic. Meditex have requested a solution which will require a large amount of time from our data analysts to set their own bespoke specification. We are not presently progressing with this approach and will instead require Meditex to follow the 'in progress' Mellowood solution once it is fully established. CARE already fully synchronise all their data.

3.6. The development team have had discussions on alternative approaches to 'protecting HFEA amended data from being overwritten', for instance by 'freezing records', but this could create extra work for the HFEA. Our preference remains for API suppliers to establish full legacy synchronisation and for this to be a common approach across all suppliers and whilst this is still in development, we remain at risk of overwriting data fixes if we make legacy data changes for the clinics concerned.

3.7. As previously reported, one of our employed data analysts continues to be on long term sick.

Progress on 10 Family Limit and introducing clinic alerts

3.8. 8 clinics have volunteered to take part in the 10-Family Limit Alert pilot.

3.9. As stated in the last AGC report, we have started automatically calculating 'family counts' for all donors on the HFEA register. We have also developed a prototype to run this calculation every day so that we can see with 24 hours of a clinic reporting data to the HFEA whether a particular donor is approaching the 10-family limit (say by reaching 9 families) or where a donor has registered at a new clinic, but they have already contributed to a number of families through a previous clinic.

3.10. Our developers will complete their work on all CaFC verification reports, and then will move to turning our 10-family limit daily alert prototype into an operational pilot. This pilot should be commenced by the end of March and will likely run for a few months before being rolled out to the sector as a whole.

3.11. During 2024 we plan to issue to the sector a 'Clinic Focus Special' on 10 Family Limits in the same way that was done for OTR in September 2023.

4. Progress on clinic readiness for CaFC

Current PRISM activity

4.1. As of 5th February 2024, 574,505 units of activity has been submitted to PRISM. This is shown, split by clinics using PRISM direct entry and API supply, in table 1 below.

Table 1 – Cumulative PRISM activity as of 5th February 2024

Method of data submission		Current Activity		Previously Reported Activity													
		As of 5th February 2024		As of 13th November 2023		As of 4th September 2023		As of 5th June 2023		As of 20th February 2023		As of 21st November 2022		As of 19th September 2022		As of 6th June 2022	
	No of Clinics	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate	PRISM Activity	PRISM error rate
Direct Entry	47	165,686	1.6%	152,738	1.5%	137,572	1.5%	120,076	1.6%	104,017	1.7%	87,205	1.3%	72,126	1.0%	52,705	0.7%
API - IDEAS	35	249,012	3.2%	231,163	3.3%	209,105	3.3%	180,307	3.2%	152,881	4.0%	127,902	2.9%	105,533	3.4%	60,792	6.6%
API - Meditex	9	61,078	4.8%	56,301	5.1%	50,307	4.8%	42,171	5.9%	30,384	4.8%	28,575	5.2%	26,137	5.3%	15,177	22.3%
API - CARE	13	98,729	7.1%	92,525	5.9%	86,049	5.4%	76,860	7.4%	64,971	9.1%	48,206	7.2%	42,537	6.6%	32,371	12.3%
Total	104	574,505	3.6%	532,727	3.4%	483,033	3.3%	419,414	3.8%	352,253	4.3%	291,888	3.3%	246,333	3.4%	161,045	7.3%

4.2. PRISM submissions are continuing at a steady state of approximately 5,000 submissions per week.

4.3. Since September, error rates have remained static for direct entry, IDEAS and Meditex clinics but are increasing for CARE. We discuss our specific work with CARE later in this report.

Clinic Submission Audits

4.4. In 2023/24, the HFEA are recommencing direct and on-site clinic submission audits to ensure that all submissions are being sent to the HFEA.

4.5. Neil McComb, the HFEA Head of Information is leading this work and 10 clinics have been identified for audit during this financial year.

4.6. As well as creating reports for OTR and 10 family limits, PRISM developers have also created new audit reports for Neil and his team.

4.7. 4 on-site clinic audits have already taken place with a further 2 scheduled during February. The remaining 4 are booked in for March meaning that Neil and his team will reach the goal of 10 clinic audits by the end of the financial year.

Update on ARGC deployment

4.8. As previously reported, the ARGC was the last clinic that was not using PRISM. Although they originally indicated that they wished to commence using API submissions, the clinic indicated late last year that they wished to start entering PRISM data manually.

4.9. The clinic was whitelisted for PRISM before Christmas and user accounts were set up. The PR and the clinic staff were trained on PRISM through a video call on 10th January.

4.10. The clinic has started to enter data onto PRISM, and we are providing further training videos on areas where they have asked for additional clarification.

4.11. We are continuing to closely monitor progress of ARGC, as they have a large backlog to resolve if they are to be included in the 2024 CaFC.

Progress by clinics on correcting backdated validation errors for CaFC and OTR

4.12. Whilst CaFC verification reports are being finished (see next section), a key developer focus has been to support those clinics that we think will take the most time to correct their data issues before CaFC is published.

4.13. We have initiated a special support programme with the clinic that significantly tops this list, namely CRGH. This is the sector's largest API submitter, and which (uniquely amongst clinics) has incurred a large number of duplicate errors (approximately 2000) which need to be resolved ahead of CaFC.

4.14. We have exchanged a list of duplicates with CRGH, and they responded quickly with identifying those they think should be deleted. However, a deep dive into PRISM data shows that this process will not be as simple as first thought. There is a very high level of 'data entanglement'

with the records of this clinic and more work will be needed to correctly identify the records that can be deleted without affecting any downstream data of the clinic.

4.15. Therefore, using the OTR learning we have developed a new report for CRGH which delves more deeply into the data relationships, and which will help collectively identify how to untangle their current issues.

4.16. Whilst it is very complex work, we still think the issues with this clinic can be resolved within our current CaFC timescales.

Progress by API suppliers on correcting errors (particularly the CARE group)

4.17. During December and January our developers have also been working extensively with CARE developers to address data issues with the API data submitted by the CARE group, particularly in relation to gamete movements.

4.18. Whilst a large amount of additional supplementary data for movements has now been submitted by CARE, this has not yet had an impact on their error rates. Consequently, more work is going to be required with CARE in order to get their data 'CaFC ready'.

4.19. The benefit of working with CARE is that the CARE developers control all the data for all CARE clinics. Therefore, once data fixes are identified and agreed, they are fixed for all clinics at pace.

Progress on developing and issuing CaFC verification reports

4.20. It has always been the plan to undertake a staged release of CaFC verification reports. Also, verification for the year 2023 cannot start until the beginning of March 2024 in order to allow time for all data for the year to be submitted by clinics.

4.21. Whilst commencement of CafC verification was originally planned to start in January, the programme board decided to delay this until February because:

- The PRISM programme manager was due to be on leave for two and a half weeks over the end of January. It was deemed a less risky approach to avoid issuing a major communication to clinics just ahead of that period of leave when the programme manager would not be available to answer any subsequent queries.

- It would allow time for more verification reports to be developed for the 'initial release'. From 4 reports being completed as of the middle of January (albeit the main 'full data reports'), as of the first week of February 18 reports have now been developed. We anticipate developing approximately 30 verification reports in total.

4.22. We are also developing a new mechanism by which the verification reports can be delivered to clinics:

- In the past during CaFCs through EDI, the Register Team sent verification reports manually to all the clinics in the UK.

- With PRISM we intend for these reports to be available through the PRISM report interface so that they can be directly accessed and downloaded by clinics.

- This has the advantage of both reducing internal admin time with the Register Team and also giving clinics the ability to undertake multiple calls on these reports.
- This ability will prove particularly useful later in the verification so that they can 're-download' and check their data adjustments without reference back to the team.

4.23. We are currently testing the verification reports in our pre-prod (non-live) environment using real PRISM data. Our tester is encountering some technical challenges with the PRISM reporting interface, particularly with the large reports. We are making some technical changes to the environments which we think will address these issues and we anticipate that the reporting interface for CaFC verification reports will pass through testing in the current days, meaning we can then proceed to publicising this to clinics.

4.24. Meanwhile our data developer is continuing to work on the remaining CaFC verification reports.

4.25. In addition, before he went on leave the PRISM programme manager reviewed and updated all the CaFC support documentation for PRISM. These are ready to go once the PRISM reporting interface completes its testing.

4.26. Therefore, despite some current challenges we believe we are on course to release a large number of CaFC verification reports during February.

4.27. We will update AGC further on the progress for CaFC verification when AGC meets on 5th March.

5. Update on resources on PRISM

5.1. As reported earlier in this update, the employed PRISM data team continues to be understrength due to long term sickness of one of the data analysts.

5.2. Our employed PRISM tester who commenced at the start of 2023 is now also delivering direct training support to clinics. She is now fully expert in the complexities of PRISM and is leading the development of supplemental training videos for ARGC which will also be shared with the wider sector.

5.3. The two-day per week contract for the PRISM programme manager's contract is currently extended to April 2024. He will continue to oversee the bedding in of PRISM and management of CaFC delivery.

5.4. The three-day per week contract for our longstanding contracted data developer is also continuing. He remains important both for the PRISM database and also Epicentre replacement.

6. AGC recommendations

6.1. AGC are asked to:

1. Note that the OTR reports are now operational with the OTR team.

2. Note that ARGC has been trained and has commenced submitting data to PRISM.

3. Note that PRISM developers are continuing to work with those clinics and API suppliers which are most at risk of missing CaFC deadlines. Whilst these issues are technically complex, they are not yet thought to be at risk of breaching overall timescales.

4. Note the progress on issuing CaFC verification reports. Whilst we delayed the initial release of verification reports to February, we are expecting to release many more reports than were originally envisaged for the start of verification.

5. Note that work on commencing the 10 Family Limit Alert pilot will start immediately after all CaFC verification reports are issued and the sector has commenced on their verification activity.

6. Note that overall, whilst there is still a large amount of work to do during 2024, the programme currently remains on track to complete CaFC verification by the end of Summer 2024 and publish the first CaFC though PRISM by October 2024.

Appendix 1: Revised PRISM Completion Plan

Blue text - updates and text that has changed from last plan update

Current Status: As of 31st January 2024

red lines = current position of progress (as 0f 31st Jan 2024)

Blue lines - position as of 1st Dec 2022, 28th Feb, 9th June, 4th Sept, 31st Oct

red boxes - key tasks that represent completion of PRISM objectives

Greyed out boxes = tasks now **wholly** completed

Data Status: Yellow:	Initial OTR reconciliation fixes are complete. Development team support of CaFC process means our data analyst can wholly focus on recifying legacy data quality issues and linkages which will improve legacy data both for OTR and CaFC.
Developer Status: Green	OTR reports now operational. Current Focus is on issuing CaFC verification reports. Developers continuing to directly supporting clinics and EPRS suppliers to address CaFC and Bedding in issues. 10 Family Limit Alerts pilot to commence after CaFC verification starts.
Clinics Status: Yellow:	Clinics seem to have reached a 'steady state' of error fixes. Some remaining errors are not required for CaFC. Focussing on the 33 clinics that have more that 4% error rate. CaFC verification due to start during February with a staged release of CaFC verificaion repots.

Data

DATA Analysts RB

DATA Developer IP

Renumbering for clinics

Bulk backport for API migration

Initial OTR Reconciliation
Dornor sperm, donor eggs and donor embryos

Pre-verification build data issues to be fixed by clinics
Pre-verification quantified, reports to be built

Backdate PRISM errors 'in-live'

Assess rules to backdate in EDI

Backdate EDI errors 'in live'

Data Extracts and support developers on reporting

Developers

Auto-revalidation

Fix IP identified issues affecting PRISM data

Person ID - build manual allocation process in RITA

Movements Review

Make things editable for clinics - for those rules that will be backdated
All CaFC backdates now complered

All OTR and 10 Family Limit Reports
New OTR reports now in operation with OTR team

Clinics

Clinic Validation

Clinic Verification

Correct backdated PRISM validation errors
(first registrations, then cycles)

Correct backdated EDI validation errors for CaFC (errors fro

7,000 registration error backdate

6,000 cycle error backdate

8,000 EDI reg/cycle error backdated 15 July 2023

correct errors arising from data assessment that c
HFEA (CAFC 'pre-verification')

Programmme Deadlines

Start OTR reports by 15th May 2023

Complete OTR & 10 Family Limit reports task by 31st July 2023

Data

Further data quality work for OTR and CaFC
Ongoing data reconciliations and legacy linkage fixes of the PRISM database.

Apply data fixes for EPRS clinics

CaFC final build

CaFC calib-ration

CaFC publ-ication

Data extracts for CaFC verification

CaFC pre-build and support EPRS and PRISM Developer tasks listed below

Developers to Support Data team

Developers

Build CafC Clinic Verfication Reports

Address remaining EPRS bedding in issues incl. data synchronisation

10 Family Limit Alerts for clinics in PRISM

Support new API suppliers and API migrations

Work directly with clinics to remove records on hold

Address clinic data issues

Rationalise Inventory

Decouple gamete movements in and out

Clinics

om 1/1/2020)

Error Close Out Programme - 32 clinics > 4%

PRISM 'bedded in' (100% submission)

can't be fixed by

Clinics to verify 'Summary' CafC data (to be completed no later than April 2024)

Clinics to sign off CafC (no later than May 2024)

Programmme Deadlines

CaFC Verification needs to start by 31st Jan 2024

Latest CaFC delivery - end of Q1 2024/25 (June 2024)

Resilience, Business Continuity Management and Cyber Security

Area(s) of strategy this paper relates to:	The right information – to ensure that people can access the right information at the right time
Meeting:	AGC
Agenda item:	11
Meeting date:	05 March 2024
Author:	Martin Cranefield, Head of IT and Neil McComb, Head of Information
For information or decision?	For information

Recommendation	The Committee is asked to note:
	
	• IT updates
	    • IT security
	    • Business Continuity
	    • Infrastructure penetration testing
	• Current position on Data Security and Protection Toolkit

Implementation date	Ongoing
Communication(s)	Regular, range of mechanisms
Annexes	8a strategic risk register
Organisational risk	☐ Low ☒ Medium ☐ High

1.   Introduction and background

1.1.   In recent months, AGC has received regular and detailed updates on Resilience, Business Continuity Management and Cyber Security, in line with the strategic risk register.

1.2.   This paper provides an update on IT infrastructure and cyber security in a number of areas.

1.3.   It also includes an update on our current approach to submitting evidence for next year's Data Security and Protection Toolkit

2.   IT Updates

IT security

On 11th January we became aware of two high-level zero-day vulnerabilities regarding the software the HFEA's VPN operated on, developed by Ivanti, which could have allowed a third-party to compromise the HFEA network. We applied the emergency mitigation patches, as recommended by Ivanti, however by early February three more high-level vulnerabilities were discovered by Ivanti. On Wednesday 14th February the Head of IT was notified by NCSC that, as part of their routine scanning, they had detected the HFEA was still at risk from the first vulnerability from January, even though we had applied the vendor's mitigation. The IT team concluded we no longer had confidence in the Ivanti VPN software and decided to shut down the VPN with immediate effect. The team then worked at pace to configure a new VPN solution which was deployed afternoon of Friday 16th February.

Business Continuity

2.1.   The Business Continuity and Critical Incident Response Plan has been shared with role owners and we conducted a business continuity test using staff's registered mobile numbers in February. We have started a GIAA audit of our business continuity plans and exercise and expect their final report end of March.

Infrastructure penetration testing

2.2.   We have placed an order with our supplier and expect the testing to start in March. We will address any vulnerabilities highlighted in order of severity once we receive the final report.

3.   Data Security and Protection Toolkit (DSPT)

Background

3.1.   The new toolkit set of requirements has been reviewed by the main team consisting of the Head of Information, Head of I.T and IG manager.

For the next year there are 108 mandatory requirements and 20 optional requirements. All of the mandatory requirements have been assigned to owners and further work is under way to prioritise workloads.

3.2.   The current position on completion of the different requirements are as follows:

IG owned		I.T Owned		Other owned		Total
Open	Complete	Open	Complete	Open	Complete	
13	11	76	0	8	0	108

3.3.   I.T have since started weekly meetings where they think they can close off 8-10 of their allocated requirements a week. The considerable amount of work done for last year's submission should help with this year's.

Audit and Governance Committee Forward Plan

Strategic delivery:	The best care – effective and ethical care for everyone
	The right information – to ensure that people can access the right information at the right time
	Shaping the future – to embrace and engage with changes in the law, science, and society

Details:	
Meeting	Audit & Governance Committee Forward Plan
Agenda item	15
Meeting date	5 March 2024
Author	Morounke Akingbola, Head of Finance

Output:	
For information or decision?	Decision
Recommendation	The Committee is asked to review and make any further suggestions and comments and agree the Forward Plan.
Resource implications	None
Implementation date	N/A
Organisational risk	☒ Low ☐ Medium ☐ High Not to have a plan risks incomplete assurance, inadequate coverage or unavailability key officers or information
Annexes	N/A

Audit & Governance Committee Forward Plan

AGC items Date:	5 Mar 2024	26 June 2024	1 Oct 2024	6 Dec 2024
Following Authority Date:	20 Mar 2024	3 July 2024	20 Nov 2024	Jan 2025
Internal Audit	Approve draft plan	Results, annual opinion	Update	Update
Internal Audit Recommendations Follow-up	Yes	Yes	Yes	Yes
External audit (NAO) strategy & work	Interim Feedback	Audit Completion Report		Audit Planning Report
Session for Members and auditors	Yes	Yes	Yes	Yes
Annual Report & Accounts (including Annual Governance Statement)		Yes, for approval		
Strategic Risk Register	Yes	Yes	Yes	Yes
Risk Management Policy[1]		Updated Risk Strategy/ Appetite statement		Risk management strategy
Horizon scanning committee discussion	Yes	Yes	Yes	Yes
Deep dives	Functional Standard (Commercial and Debt)		Near misses	
Digital Programme Update	Yes	Yes	Yes	Yes
Resilience & Business Continuity Management	Yes	Yes	Yes	Yes

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[1] Policy will have been reviewed by the Executive, including updated appetite statement for Authority approval.

AGC items Date:	5 Mar 2024	26 June 2024	1 Oct 2024	6 Dec 2024
Information Assurance & Security		Yes, plus SIRO Report		
HR, People Planning & Processes		Bi-annual HR report		Bi-annual HR report
Contracts & Procurement including SLA management	Update as necessary	Update as necessary	Update as necessary	Update as necessary
Whistle Blowing, fraud (report of any incidents)	Update as necessary	Update as necessary	Update as necessary	Update as necessary
Estates		Yes		
Review of AGC effectiveness and terms of reference			Yes	Yes
Functional standards	Yes	Yes	Yes	Yes
AGC Forward Plan	Yes	Yes	Yes	Yes
Accounting policies	Yes (annually)			
Public Interest Disclosure (Whistleblowing) policy	Yes			
Anti-Fraud, Bribery and Corruption policy	Yes			
Counter-fraud Strategy (CFS), Fraud Risk Assessments (FRA) and progress of Action Plan			Yes	
Reserves policy			Yes	
Meeting specific items	Fraud Risk Assessments		Wholesale review of agreeing, timetabling and providing evidence for internal audit	

Training topics

This list below are suggested topics which could be considered for AGC members -note a training session on Assurance Mapping is proposed for December 2024.

- Risk Management
- Counter fraud
- External Audit – Knowledge of the role/functions of the external auditor/key reports and assurances.

Suggested deep dive topics

Suggested topic	Date added	Potential meeting to be discussed
Functional Standard (Commercial and Debt)	3 Oct 2023	March 2024
Near misses	3 Oct 2023	October 2024
CaFC	27 June 2023	March 2025