

## Audit and Governance Committee paper

| How this paper relates to our strategy | Setting standards  | <input type="checkbox"/> | Increasing and informing choice | <input checked="" type="checkbox"/> | Demonstrating efficiency, economy and value | <input checked="" type="checkbox"/> |
|--|--|--------------------------|---------------------------------|-------------------------------------|---|-------------------------------------|
| <b>Paper title</b>                     | Information for Quality – managing risks                 |                          |                                 |                                     |   |                                     |
| <b>Agenda item</b>                     | <b>5</b>   |                          |                                 |                                     |   |                                     |
| <b>Paper number</b>                    | [AGC (10/12/14) 434) NJ]                                 |                          |                                 |                                     |   |                                     |
| <b>Meeting date</b>                    | 10 December 2014   |                          |                                 |                                     |   |                                     |
| <b>Author</b>                          | Nick Jones, SRO & Director of Compliance and Information |                          |                                 |                                     |   |                                     |
| <b>For information or decision?</b>    | Information  |                          |                                 |                                     |   |                                     |
| <b>Recommendation</b>                  | The Committee is asked to note this update               |                          |                                 |                                     |   |                                     |
| <b>Resource implications</b>           |  |                          |                                 |                                     |   |                                     |
| <b>Implementation</b>                  | In progress.   |                          |                                 |                                     |   |                                     |
| <b>Communication</b>                   | Extensive stakeholder communication                      |                          |                                 |                                     |   |                                     |
| <b>Organisational risk</b>             | Medium.  |                          |                                 |                                     |   |                                     |
| <b>Annexes</b>                         | N/a  |                          |                                 |                                     |   |                                     |

### 1. Introduction

This report updates the Audit & Governance Committee (AGC) on the progress of the programme specifically in the areas covered by the AGC terms of reference.

### 2. Progress

Since the last meeting of the AGC the business requirements and feasibility review (BRFR) has been completed and the draft report/framework has been received. The review means we are clear as regards a range of aspects as we

edge towards procuring the necessary technical solutions: When finalised the review will clarify:

- The basis of the tender requirements, that is the outcomes we want suppliers to deliver;
- The sequence in which requirements are undertaken – we will want to order in a way that works both from a technical perspective and such that the benefits are visible to our stakeholders in a timely manner;
- The most appropriate balance between procuring the work from external suppliers.

As indicated in the previous paper to this Committee it was considered likely the HFEA's IfQ proposals would be subject to scrutiny by (the portfolio committee of) the Department of Health. We have received confirmation that (despite submitting and receiving approval for a business case at the outset of the programme) we are required to submit a new detailed business case prior to any tendering activity. Whilst this inevitably introduces an additional stage, we welcome the opportunity to expose our plans. Our path will be eased by the extensive user and system research that we can rely on – all in place due to the careful and methodical way that we have approached the discovery phase. Further, we are hopeful that our close working with the Health and Social Care Information Centre and Government Digital Service to date will also be helpful. We are finalising the business case which will be submitted in early December – and it is our hope that a decision will be communicated to us before the end of the financial year.

External and formal consultation on the programme has now completed. A gratifying number of responses (335) were received and 43 people attended two workshops (in Manchester and London). The Advisory Group is receiving reports from its 'expert' groups analysis of the findings, on 9 December 2014.

### **3. Governance**

The IfQ programme board has continued to meet and has reported progress to the October and November meeting of the Corporate Management Group (CMG). In addition, the quarterly CMG risk management meeting in November considered a draft new high level risk register and in particular the capturing of risks to the business strategy of those activities captured within the IfQ programme. The draft register is subject to an agenda item at this meeting.

As reported to the previous meeting of the AGC, the IfQ programme is being developed within the context of a refreshed National Information Board (NIB) arrangement – with the HFEA members of the board. Since the last meeting the Board has published its strategy: *Personalised health and care 2020: a*

framework for action. (<https://www.gov.uk/government/publications/personalised-health-and-care-2020>). The framework is intended to:

- enable me to make the right health and care choices
- give care professionals and carers access to all the data, information and knowledge they need
- make the quality of care transparent
- build and sustain public trust
- bring forward life-saving treatments and support innovation and growth
- support care professionals to make the best use of data and technology
- assure best value for taxpayers

The IfQ programme is central to the HFEAs ability to fulfil these wider objectives, as appropriate to its functions.

A Government Gateway Review has been commissioned to take place on 24<sup>th</sup> March 2015 prior to contracts being let for implementation in April 2015.

The Authority will receive a detailed set of proposals at its January 2015 meeting requesting authority to proceed to implementation taking into account business case (and decision on approval by DH) and programme definition document setting out scope, budget and timeline, and the report and recommendations from the Advisory Group.

#### **4. Internal Audit**

The first Health Group internal audit report of the IfQ programme (with further reviews and reports to follow) is subject to a separate agenda item at this meeting. The SRO and programme team were impressed with the thoroughness and conduct of the review.

#### **5. Report from the our tender panel**

In accordance with Standing Financial Instructions the committee is requested to note that no contracts have been awarded since the last meeting:

#### **Recommendation**

The Committee is asked to note this report.

## **HFEA Internal Audit Progress Report 2014/15 - 10<sup>th</sup> December 2014**

### **1) Purpose of paper:**

This paper summarises progress to date against the 2014/15 Audit Plan which was agreed by the HFEA Audit Committee on 1<sup>st</sup> October 2014.

### **2) Summary of Progress**

| Reviews per 2014/15 IA plan     | Audit scope per 2014/15 plan  | Status                                     | Findings |      |        |     | Overall report rating | Audit days per plan | Actual audit days |
|---------------------------------|---|--|----------|------|--------|-----|-----------------------|---------------------|-------------------|
|                                 |   |  | Critical | High | Medium | Low |                       |                     |                   |
| IfQ                             | This review will provide assurance over the IfQ programme using PwC's 'Twelve Elements Top Down Project Assurance Model'. This approach provides a high-level analysis into the immediate and future risks that could affect the delivery of the IfQ programme, and will deliver recommendations and guidance around risk treatment.  | Final report issued                        | 0        | 1    | 6      | 1   | Moderate              | 10                  | 10                |
| Standing Financial Instructions | This review will provide assurance over current standing financial instructions, including a comparison with HFEA's existing arrangement versus good/best practice.<br><br>Results of this review will feed into the forthcoming management review of standing financial instructions.  | Fieldwork completed 28/11/14               |          |      |        |     |                       | 10                  | 8                 |
| Internal Policies               | We will review the HFEA register of policies and related documents and comment on: <ul style="list-style-type: none"> <li>• Whether processes to determine the frequency and ownership of policy reviews, including version control, are effective and appropriate;</li> <li>• Whether revised/refreshed policies are subject to appropriate authorisation by the relevant forum;</li> <li>• Whether standing orders and committee terms</li> </ul> | ToR agreed. Fieldwork to commence 26/01/15 |          |      |        |     |                       | 12                  | 1                 |

| Reviews per 2014/15 IA plan | Audit scope per 2014/15 plan  | Status            | Findings |      |        |     | Overall report rating | Audit days per plan | Actual audit days |
|-----------------------------|---|-------------------|----------|------|--------|-----|-----------------------|---------------------|-------------------|
|                             |   |                   | Critical | High | Medium | Low |                       |                     |                   |
|                             | <p>of reference are refreshed on a sufficiently regular basis and are fit for purpose;</p> <ul style="list-style-type: none"> <li>Whether policies are appropriately linked with other related policies, standing orders and committee terms of reference; and</li> <li>Where a refresh to policy is made there are prompt communications to all relevant staff informing them of the policy update.</li> </ul>   |                   |          |      |        |     |                       |                     |                   |
| Register of Treatments      | <p>HFEA is embarking on a significant IT project to improve clinical interfaces with fertility clinics. A high risk element of this project will be the data migration from the current Register of Treatment database to a new database which will be more user friendly and provide a more effective and efficient means of ensuring complete and accurate reporting. This will not be a compliance review; instead internal audit will attend key milestone project management meetings and provide challenge to the project team on progress against milestones and how risks are being mitigated, with a focus on the data migration element of the project. The output from internal audit will be external file notes giving updates from these meetings to the HEFA executive team and Audit Committee.</p> | ToR being drafted |          |      |        |     | 12                    | 0                   |                   |
| Audit Management            | <p>All aspects of audit management to include:</p> <ul style="list-style-type: none"> <li>Attendance at liaison meetings and HFEA audit committees;</li> <li>Drafting committee papers/progress reports;</li> <li>Follow-up work;</li> <li>Drafting 2015/16 audit plan;</li> <li>Resourcing and risk management; and</li> <li>Contingency.</li> </ul>   | N/A               | -        |      |        |     |                       | 10                  | 4                 |
| <b>Total</b>                |   |                   |          |      |        |     | <b>54</b>             | <b>21</b>           |                   |

### **3) Follow-up work**

The HFEA performs its own follow-up work where it reviews the status of agreed audit actions prior to each Audit Committee.

As such, Internal Audit has been asked to provide independent assurance only over those agreed actions which relate to critical or high priority recommendations. This approach was agreed with the Director of Finance and Resources.

However, since there are no actions relating to critical or high priority findings remaining from 2013/14 reports, **we have not performed follow-up to date.**

### **4) Report Ratings - Definitions**

The Department of Health have recently refreshed their ratings and definitions which apply to all HGIAS report. These are set out in the table below.

|                       |   |
|-----------------------|---|
| <b>Substantial</b>    | In my opinion, the framework of governance, risk management and control is adequate and effective.  |
| <b>Moderate</b>       | In my opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.                          |
| <b>Limited</b>        | In my opinion, there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective. |
| <b>Unsatisfactory</b> | In my opinion, there are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.  |

# Health Group Internal Audit

REFERENCE NUMBER: HFEA201415001  
FINAL REPORT  
HUMAN FERTILISATION &  
EMBRYOLOGY AUTHORITY  
NOVEMBER 2014

Health Group Internal Audit provides an objective and independent assurance, analysis and consulting service to the Department of Health and its arms length bodies, bringing a disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Health Group Internal Audit focuses on business priorities and key risks, delivering its service through three core approaches across all corporate and programme activity:

- Review and evaluation of internal controls and processes;
- Advice to support management in making improvements in risk management, control and governance; and
- Analysis of policies, procedures and operations against good practice.

Health Group Internal Audit findings and recommendations:

- Form the basis of an independent opinion to the Accounting Officers and Audit Committees of the Department of Health and its arms length bodies on the degree to which risk management, control and governance support the achievement of objectives; and
- Add value to management by providing a basis and catalyst for improving operations.

For further information please contact:

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## INFORMATION FOR QUALITY

**Overall report rating: Moderate**

Our work has been conducted and our report prepared solely for the benefit of the Department of Health and its arms length bodies and in accordance with a defined and agreed terms of reference. In doing so, we have not taken into account the considerations of any third parties. Accordingly, as our report may not consider issues relevant to such third parties, any use they may choose to make of our report is entirely at their own risk and we accept no responsibility whatsoever in relation to such use. Any third parties requiring access to the report may be required to sign 'hold harmless' letters.

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|                                      |                         |
|--------------------------------------|-------------------------|
| Date fieldwork completed:            | <b>17 October 2014</b>  |
| 1 <sup>st</sup> draft report issued: | <b>26 November 2014</b> |
| Management responses received:       | <b>28 November 2014</b> |
| Final report issued                  | <b>01 December 2014</b> |

|                          |            |
|--------------------------|------------|
| Report Author:           | Saif Khan  |
| Version N <sup>o</sup> : | 2          |
| Date:                    | 01/12/2014 |



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## Distribution List – Draft Report

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# 1

## 1. Introduction

- 1.1 This review is being undertaken as part of the 2014/15 Internal Audit Plan which was approved by the Human Fertilisation and Embryology Authority's (HFEA) Audit Committee.
- 1.2 Information for Quality (IfQ) is a programme of work which aims to transform the way clinics provide information, the use to which the HFEA puts that information, and how HFEA publishes it through its website.
- 1.3 Under the original plan, a proof of concept (POC) was expected to have been delivered at the time of this review. However, the programme is currently at the feasibility stage and this includes business requirements clarification and undertaking market testing to explore suitable suppliers of technology solutions.

The programme includes the following five projects:

- IfQ01 – Data dictionary project,
- IfQ02 – Data submissions project,
- IfQ03 – Transaction processing project,
- IfQ04 – Data warehouse & reporting project, and
- IfQ05 – Web publishing project

## 2. Review conclusion

- 2.1 The overall rating for the report is **Moderate** – some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

## 3. Summary of key findings

### 3.1 Defining the IT strategy

The IT strategy for the medium and long term has not been finalised. There is a lack of clarity on where IfQ will sit within this strategy and what the “to-be” IT landscape will look like to support the objectives of HFEA.

### 3.2 Delays in progress against original plan

Under the original plan, a proof of concept (POC) was expected to be delivered at this time. We understand that it was considered necessary to delay the POC as the requirements gathered were not detailed enough to perform a POC to a level that would provide the programme board the level of assurance it desired. It is currently unclear whether the initial high level indicative 24 month timeline for the completion of the programme forecasted in December 2013 still stands or whether there will be slippage to the target December 2015 delivery.

# 1

## 3.3 Programme budget appraisal

Approximately 40% of the overall anticipated programme costs have been spent to date since the revised forecast in December 2013. However, a business case for the programme is yet to be defined and will need to confirm the accuracy of the programme cost estimate of £1.4m. A lack of proper appraisal of the costs may impact accurate justification of the programme business case. Management has stated that appraisal of costs to date is being undertaken however at the time of our review formal evidence to support this could not be provided.

## 3.4 Risk management

Although risks that the programme faces, such as data migration and data quality issues have been defined and documented, the residual risks or assurance mitigations against these have not been captured.

## 3.5 Data migration

We acknowledge that the Authority is currently undertaking research to simulate data migration scenarios and the data quality issues are well understood. However, there are no formal controls to address the data quality issues and plans to ensure that data is migrated completely and accurately.

## 3.6 Stakeholder management

We noted that meetings were held where the needs and interests of different stakeholders' groups were taken into consideration. However, engagement with key operating teams such as IT should be strengthened to determine the expected change in systems landscape and the impact on skillsets, policies, procedures and controls.

## 3.7 Programme staffing and training

Whilst we acknowledge that the programme is in its early stages, some staff interviewed did comment on concerns with respect to the recent staff turnover and, in pockets, lack of adequate knowledge handover / domain knowledge.

## 3.8 Independent assurance

There is some independent assurance through Project Management Office (PMO) and Internal Audit (IA) but this can be further strengthened through independent external assurance at key stages of the programme that include the high risk areas such as data quality, Information Security, Disaster Recovery, Third parties and Compliance with regulations.

# 1

## 3.9 Positive Observations

In addition to the above findings, positive observations were also noted and shared with management. In particular, we observed that the initial engagement with stakeholders was conducted and the stakeholders have been mapped. We noted that forums and meetings were held where the needs and interests of different stakeholders' groups were taken into consideration. Whilst this is the case we recommend that the Authority maintains a clear view of the different stakeholder needs to ensure that they are not conflicting.

We also acknowledge that the current risks with regard to the programme, such as data migration and data quality issues are acknowledged. The programme also has an understanding of the challenges and issues that the Authority faces at the moment and these have been captured as risks and issues. We also noted that the programme has adequate governance structures in place.

Our recommendations focus on those where action to address these risks has, at this stage, not yet been documented. These actions, together with the impact on people, processes and budgets will be vital to the success of the implementation of IfQ. We recommend that the Authority continuously focuses on addressing and following up on action plans that have been put in place to manage and mitigate the risks.

During our fieldwork we noted a number of other observations that were not in scope but felt it was appropriate to bring to management's attention in order to add value to the programme as it progresses. These are detailed on Appendix A of this report.

## 4. Summary of Findings

4.1 The table below summaries the number of findings by rating:

| Total Recs | High | Medium | Low |
|------------|------|--------|-----|
| 8          | 1    | 6      | 1   |

4.2 Section 2 of this report includes specific and detailed recommendations against observations and findings. However, the recommendations below are a useful summary encapsulating the common themes.

- Consider finalising the IT strategy that supports the new business strategy and finalise the programme target operating model based on the wider IT strategy, this would enable the selection of the right suppliers.
- Formalise plans for each phase of the programme to reduce the risk of scope creep and/or significant extension to timelines.

# 1

- The programme budget needs to be revisited and a thorough appraisal of the programme costs must be conducted and this should be reflected in the business case.
- The business case and the scope of the functional requirements need to be finalised so that the programme can make decisions whether to proceed to next phases.
- The risk management process need to include strategies on how the residual risks will be managed and addressed.
- A data migration and quality management plan should be in place, independent assurance needs to be conducted to ensure that the programme migrates the data successfully.
- The programme needs to ensure that there is independent assurance over the key programme risks.

4.3 Further analysis of each recommendation is provided in Sections 2 and 3.

## 5. Action Required

- 5.1 Public Sector Internal Audit Standards require you to consider the recommendations made in Section 2; and complete section 3 (Agreed Action Plan) detailing what action you are intending to take to address the individual recommendations, the owner of the planned actions and the planned implementation date. The agreed action plan will then form the basis of subsequent audit activity to verify that the recommendations have been implemented effectively.
- 5.2 Finally, we would like to thank Members and management for their help and assistance during this review.

# 2

## Detailed Findings

| IMPORTANCE | NO | FINDING/OBSERVATION  | RISK/IMPLICATION  | RECOMMENDATION  |
|------------|----|--|---|---|
| Medium     | 1  | <b>The IT strategy needs to be updated and finalised</b>   |   |   |
|            |    | <p>We acknowledge that an overall vision and some business objectives have been set. However, an IT Strategy, aligned with business strategy, has not yet been formally documented.</p> <p>Our review showed that the current IT strategy has not been adequately defined but will be updated based on the programme implementation as well as consideration around infrastructure requirements and the target operating model.</p> <p>The data security and end point security requirements are still being defined as well. We also noted that a clear view of the regulatory requirements for data security is also not in place.</p> | Lack of alignment of the programme to the organisational and IT strategy may lead to directing resources in a manner that is not effective and efficient. | The IT strategy needs to be defined upfront and the programme and changes within the IT environment need to be aligned to the wider IT strategy in order for IT to effectively meet business and regulatory needs.                                    |
| Medium     | 2  | <b>Delays in progress against original plan</b>  |   |   |
|            |    | Under the original plan, a proof of concept (POC) was expected to be delivered at this time. However initial requirements gathered were not detailed sufficiently to progress with the POC to a level that could provide sufficient assurance to the programme board. Subsequently the programme approach, scope and timelines have since been revised to allow further work to be performed to  | Lack of clearly defined plans will impact the progress of the programme against the original plan.  | Develop detailed plans in conjunction with the key stakeholders for each phase of the programme, so that keys steps, dependencies and durations are captured earlier on and reduce the risk of scope creep and/or significant extension to timelines. |

# 2

## Detailed Findings

| IMPORTANCE  | NO       | FINDING/OBSERVATION  | RISK/IMPLICATION   | RECOMMENDATION   |
|-------------|----------|--|--|--|
|             |          | capture detailed requirements. It is unclear at this stage whether a standalone POC will still take place or built into the implementation phase and whether the anticipated programme duration of up to 24 months for 2015 completion is still possible.  |  |  |
| <b>High</b> | <b>3</b> | <b>Current budget needs to be revisited</b>  |  |  |
|             |          | <p>The exact programme of work, costs and timelines will be confirmed in the business case that will be developed post completion of the 'Requirements gathering and Feasibility' phase. In February 2013, the outline business case anticipated the overall cost to be £0.6m (+/- 20%). By December 2013 the high level costs for the programme were expected circa £1.4m. We understand through discussions that the increase was largely due to the expansion of the programme's scope, following the technical appraisal and inclusion of changes to HFEA website &amp; CaFC.</p> <p>The current budget of £1.4m should be revisited considering that the programme is still in the feasibility stage and that approximately 40% of the budget (£1.4m allocated from internal financial resources by the Director of Finance and approved by the Authority), has been spent to date.</p> | Inadequate budgeting process and lack of reasonable budget assumptions would lead to potential overruns requiring further approval of extra budget resources. This in turn could lead to misdirecting of business resources severely impacting the success of the programme. | The programme budget needs to be revisited and a thorough appraisal of the programme costs must be conducted and this should be reflected in the business case. Furthermore, based on the correct programme costs appraisal, the business can make an informed decision on whether to undertake the programme or not. The earned value of the programme should be continuously monitored and corrective actions taken. |



# 2

## Detailed Findings

| IMPORTANCE    | NO       | FINDING/OBSERVATION  | RISK/IMPLICATION  | RECOMMENDATION   |
|---------------|----------|--|---|--|
| <b>Medium</b> | <b>4</b> | <b>Management of risks</b>   |   |  |
|               |          | The current risks that the programme faces such as data migration and data quality issues have been documented. We also noted that risks registers and issue logs are maintained and there is adequate reporting to the CMG. However, the risk register does not formally capture the residual risk or the assurance obtained over those mitigation actions.   | Lack of a comprehensive risk management approach may mean the programme may not fully address the identification and mitigation as well as monitoring of programme risks.   | We recommend that a risk mitigation process that includes contingency plans and residual risks be documented. The trend of increase / decrease in risk profile over time should also be understood and there should be ongoing independent assurance over the management of program risks. |
| <b>Medium</b> | <b>5</b> | <b>Data Migration</b>  |   |  |
|               |          | Data migration is acknowledged as a key risk and a key requirement to informing the POC and implementation phase. Subsequently on 21 <sup>st</sup> July, 2014 the programme board agreed for IT to commence research on migration of the register data. The data migration strategy will be critical to informing: <ul style="list-style-type: none"> <li>• Data quality standards;</li> <li>• Ensuring the data directory from source to target is mapped in line with requirements and linked to the data dictionary that has been produced via a separate programme.</li> </ul> The data migration strategy should also include | Lack of a data migration strategy and execution plan/cut over plans to may mean that the programme goes live with erroneous data which would severely impact the business operations and the reputation of the Authority. | A data migration and quality management plan which includes formal controls around data migration and quality needs to be put in place. Independent assurance need to be given over the data migration and reconciliation.   |

# 2

## Detailed Findings

| IMPORTANCE    | NO       | FINDING/OBSERVATION  | RISK/IMPLICATION   | RECOMMENDATION   |
|---------------|----------|--|--|--|
|               |          | approach, data mappings, reconciliations and User Acceptance Testing (UAT) at key stages of the programme for all 'in-scope' system environments (circa 30+ systems to be replaced). We understand that the initial data migration strategy will be developed in December 2014.  |  |  |
| <b>Medium</b> | <b>6</b> | <b>Engagement with stakeholders</b>  |  |  |
|               |          | We noted that advisory and expert groups are in place and that meetings were held where the needs and interests of different stakeholders' groups were taken into consideration. However engagement with key operating teams such as IT, who would be a key enabler for the programme, should be strengthened and engaged as soon as possible. Some stakeholders were unsure of their role post December 2014 as the programme looks to move into the next phase (implementation phase). | A lack of engagement by key internal stakeholders can lead to staff not buying into what is to be delivered and loss of their support. | Key internal stakeholders should be carefully managed and monitored throughout the lifecycle of the programme to encourage engagement and support. |
| <b>Low</b>    | <b>7</b> | <b>Programme needs to be adequately staffed and team adequately trained.</b>   |  |  |
|               |          | There have been a few changes in key programme team members in recent months. Whilst we acknowledge that the programme is in its early stages we came across some concerns, from staff interviewed, with respect   | Key knowledge or experience may be lost through changes to personnel and programme may be  | Formally consider training and introducing handover and induction arrangements when new employees are boarded on the programme.                    |

# 2

## Detailed Findings

| IMPORTANCE    | NO       | FINDING/OBSERVATION  | RISK/IMPLICATION   | RECOMMENDATION   |
|---------------|----------|--|--|--|
|               |          | to the recent staff turnover. It was acknowledged by staff that the handover process /knowledge transfer is adequate although there were instances quoted where this could perhaps be improved and formalised further to enhance domain knowledge.   | negatively impacted due to lack of key skills.   |  |
| <b>Medium</b> | <b>8</b> | <b>Independent assurance</b>   |  |  |
|               |          | <p>We noted that there is support and assurance provided by PMO and independent assurance over project management. However, however independent (external) assurance at key stages of the programme has not yet been considered in the plan. At a minimum, areas for consideration should include high risk areas including:</p> <ul style="list-style-type: none"> <li>• Data Migration and quality</li> <li>• Data Protection, compliance &amp; Information Security</li> <li>• Disaster Recovery</li> <li>• Third parties</li> <li>• Compliance with regulations</li> </ul> | Lack of independent assurance over these key areas of the programme may mean significant programme risks are not adequately managed on an ongoing basis. | The scope of work for programme assurance should be defined including assurance activities in relation to the project phases and articulation of programme risks that the piece of external assurance addresses. |

# 3

## Action Plan

Customer to provide details of planned action; owner and implementation date. Action taken will later be assessed by Health Group Internal Audit, and therefore the level of detail provided needs to be sufficient to allow for the assessment of the adequacy of action taken to implement the recommendation to take place.

To be completed by Health Group Internal Audit as part of the recommendation follow-up process

| No | RECOMMENDATION   | RATING | AGREED ACTION  | OWNER & PLANNED IMPLEMENTATION DATE | OBSERVATIONS: RECOMMENDATION / AGREED ACTION IMPLEMENTED? | FURTHER ACTION REQUIRED? |
|----|--|--------|--|-------------------------------------|---|--------------------------|
| 1  | The IT strategy needs to be defined upfront and the programme and changes within the IT environment need to be aligned to the wider IT strategy in order for IT to effectively meet business and regulatory needs. | M      | The strategy and IfQ can be worked up in parallel. An IT strategy is in development to take into account wider infrastructure developments (e.g. cloud hosting), office relocation, and the IfQ programme. CMG and SMT have considered 'first principle' proposals and the strategy will be worked up fully in the new year. | Nick Jones, 01/04/15                |   |                          |
| 2  | Develop detailed plans in conjunction with the key stakeholders for each phase of the programme, so that keys steps, dependencies and  | M      | Yes, this will be defined in the programme definition.   | Mike Arama, 01/04/15                |   |                          |

# 3

## Action Plan

Customer to provide details of planned action; owner and implementation date. Action taken will later be assessed by Health Group Internal Audit, and therefore the level of detail provided needs to be sufficient to allow for the assessment of the adequacy of action taken to implement the recommendation to take place.

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| No | RECOMMENDATION  | RATING | AGREED ACTION  | OWNER & PLANNED IMPLEMENTATION DATE                    | OBSERVATIONS: RECOMMENDATION / AGREED ACTION IMPLEMENTED? | FURTHER ACTION REQUIRED? |
|----|---|--------|--|--|---|--------------------------|
|    | durations are captured earlier on and reduce the risk of scope creep and/or significant extension to timelines  |        |  |  |   |                          |
| 3  | The programme budget needs to be revisited and a thorough appraisal of the programme costs must be conducted and this should be reflected in the business case. Furthermore, based on the correct programme costs appraisal, the business can make an informed decision on whether to undertake the programme or not. | H      | 1) Yes, costs will be articulated in the new business case.<br>2) Earned value will be added to the programme Board reporting. | 1) Mike Arama, 01/04/15<br><br>2) Mike Arama, 01/04/15 |   |                          |

# 3

## Action Plan

Customer to provide details of planned action; owner and implementation date. Action taken will later be assessed by Health Group Internal Audit, and therefore the level of detail provided needs to be sufficient to allow for the assessment of the adequacy of action taken to implement the recommendation to take place.

To be completed by Health Group Internal Audit as part of the recommendation follow-up process

| No | RECOMMENDATION   | RATING | AGREED ACTION                               | OWNER & PLANNED IMPLEMENTATION DATE | OBSERVATIONS: RECOMMENDATION / AGREED ACTION IMPLEMENTED? | FURTHER ACTION REQUIRED? |
|----|--|--------|---|-------------------------------------|---|--------------------------|
|    | The earned value of the programme should be continuously monitored and corrective actions taken.   |        |   |                                     |   |                          |
| 4  | We recommend that a risk mitigation process that includes contingency plans and residual risks be documented. The trend of increase / decrease in risk profile over time should also be understood and there should be ongoing independent assurance over the management of program risks. | M      | Yes, Gateway review booked for 26/03/15.    | Nick Jones, 30/04/15                |   |                          |
| 5  | A data migration and quality management  | M      | Yes, a third party has been commissioned to | Mike Arama, 31/01/15                |   |                          |

# 3

## Action Plan

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| No | RECOMMENDATION   | RATING | AGREED ACTION   | OWNER & PLANNED IMPLEMENTATION DATE | OBSERVATIONS: RECOMMENDATION / AGREED ACTION IMPLEMENTED? | FURTHER ACTION REQUIRED? |
|----|--|--------|---|-------------------------------------|---|--------------------------|
|    | plan which includes formal controls around data migration and quality needs to be put in place. Independent assurance need to be given over the data migration and reconciliation. |        | produce a data migration strategy and formal controls for the migration and reconciliation. |                                     |   |                          |
| 6  | Key internal stakeholders should be carefully managed and monitored throughout the lifecycle of the programme to encourage engagement and support.                                 | M      | Yes, internal stakeholders will be part of the new Programme communications plan.           | Mike Arama, 31/03/15                |   |                          |
| 7  | Formally consider training and introducing handover and induction arrangements when new employees are  | L      | Yes, formalised handover in place.  | Helen Crutcher, 30/11/15            |   |                          |

# 3

## Action Plan

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|----|--|--------|---|-------------------------------------|---|--------------------------|
|    | boarded on the programme   |        |   |                                     |   |                          |
| 8  | The scope of work for programme assurance should be defined including assurance activities in relation to the programme phases and articulation of programme risks that the piece of external assurance addresses. | M      | Yes, Programme Assurance will be detailed in the Programme Definition Document. | Mike Arama, 31/03/15                |   |                          |



# 4

## Report Rating - Definitions

|                       |   |
|-----------------------|---|
| <b>Substantial</b>    | In my opinion, the framework of governance, risk management and control is adequate and effective.  |
| <b>Moderate</b>       | In my opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.                          |
| <b>Limited</b>        | In my opinion, there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective. |
| <b>Unsatisfactory</b> | In my opinion, there are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.  |

# 4

## Appendix A – Other Observations

| OBSERVATION   | RISK/IMPLICATION  | RECOMMENDATION   |
|---|---|--|
| <b>Clarity of scope of next phases</b>  |   |  |
| <p>The programme is still in its early stages and key decisions are yet to be made over the direction, scope and approach for the next phases of the programme. We understand that the programme will be making a decision with regard to the direction and the next stages of the programme in December 2014.</p> <p>We noted that the scope is not yet defined and understood by both the programme team and the wider business. We also noted that the business case is not yet finalised to inform high level scope definition.</p> | <p>Lack of timely definition of programme scope may lead to unmanageable programme scope that may lead to lack of delivery of the programme. Furthermore if the scope is not robustly defined, there may be unmanageable change requests during the programme and after the programme has gone live to address some unforeseen business requirements.</p> | <p>The business case and the scope of the functional requirements need to be finalised to inform programme decisions and to avoid scope creep during the later stages of the programme.</p> <hr/> <p><b>Programme response:</b> We will ensure the scope of subsequent phases is articulated in accordance with <i>Managing Successful Programmes</i>.</p> |
| <b>Clarity of benefits</b>  |   |  |
| <p>We noted that the programme has defined broad benefits that the Authority would benefit from the IFQ programme but there is not specific and measurable benefits defined. We also noted that realisation plans that include the owners of the benefits are not in place. We acknowledge that the Authority is currently conducting workshops that would upskill the programme team on benefits management process.</p>   | <p>Lack of clear articulation and measures and KPIs of benefits could lead to missed opportunities and insufficient monitoring of the success of the programme.</p>   | <p>The program needs to establish a robust benefits management and benefits realisation plan in line with the benefits that have been defined in the business case.</p> <hr/> <p><b>Programme response:</b> We will ensure that clear benefits and a benefits realisation plan is in place in accordance with <i>Managing Successful Programmes</i>.</p>   |



## Appendix A – Other Observations

|   |   |   |
|---|---|---|
| <p><b>Change needs to be formally managed</b></p>   |   |   |
| <p>We noted that IfQ will drive a significant change within the organisation, with its business model having an impact on the culture and behaviours of the organisation. At this stage, there were no formal plans to manage these changes within the organisation during the rollout of the system</p> <p>The implementation of IfQ is expected to drive a significant change in the operations of the organisation and its interactions with business partners for the capture and processing of information. At this stage, there were no formal plans to manage these changes in the culture and behaviour of the organisation to facilitate a smooth rollout of IfQ.</p>  | <p>Lack of formal change management and support from the internal stakeholders may impact the programme negatively.</p>   | <p>We recommend that the new changes are managed in a formal and structured manner that would enable an environment where the programme would be embraced fully through enablement of highly motivated teams.</p> <hr/> <p><b>Programme Response:</b> We will ensure plans are in place to manage the change.</p>   |
| <p><b>Current systems design documentation needs to be improved</b></p>   |   |   |
| <p>The programme aims to replace 30+ systems that are currently enabling business processes for the Authority. It came to our attention that there is no adequate system documentation of the current systems in terms of their technical functionality including coding. We also learnt that there is no adequate documentation of the current data sets and justification of why the current data items are collected. We acknowledge that there are some forms of spreadsheets with information about data items that individuals have completed over the years. We also understand that this knowledge rests with few individuals within the IT and the business teams.</p> | <p>There is risk with regard business continuity due to key-man dependency. This could impact the productivity and the assessment of the AS-IS state of the IT systems and the detailed definition of the requirements.</p> | <p>We recommend that documentation of the current systems designs is completed to ensure that there could be effective means of knowledge sharing and increase in productivity if there are new members on the programme. This would also enable smooth cutover processes during and post programme go-live.</p> <hr/> <p><b>Programme response:</b> We will ensure appropriate documentation for new systems rather than documenting existing systems which will be redundant within the next 12 months.</p> |