

Audit and Governance Committee Paper

Paper Title:	Matters arising from previous AGC meetings
Paper Number:	[AGC (21/03/2017) 524 MA]
Meeting Date:	21 March 2017
Agenda Item:	3
Author:	Morounke Akingbola, Head of Finance
For information or decision?	Information
Recommendation to the Committee:	To note and comment on the updates shown for each item.
Evaluation	To be updated and reviewed at each AGC.

Numerically:

- 3 items added from December 2016 meeting, 2 ongoing
- 4 items carried over from earlier meetings, 4 ongoing

Matters Arising from Audit and Governance Committee – actions from 10 June 2015 meeting			
ACTION	RESPONSIBILITY	DUE DATE	PROGRESS TO DATE
9.6 Report progress on actions from the information governance group to AGC	Director of Finance and Resources	December 2016	Ongoing – The Director of Finance & Resources will provide an update on the Information Governance Group activities at the next Audit and Governance Committee Meeting in March 2017.
Matters Arising from Audit and Governance Committee – actions from 9 December 2015 meeting			
ACTION	RESPONSIBILITY	DUE DATE	PROGRESS TO DATE
12.6 The Executive to add a review of the procedures for representations to the Business Plan for 2016/17 and report back to the Authority with recommendations, in due course.	Head of Business Planning	April 2016	Ongoing - Was added to 16/17 business plan. Confirmation as to whether review was conducted to be received.
14.5 The Triennial review report is to be sent to committee members.	Director of Finance	When published	Ongoing – The Executive are still awaiting the Triennial review report.
Matters Arising from Audit and Governance Committee – actions from 15 June 2016 meeting			
5.7 Circulate a list of recommendations and planned actions (relating to public beta) to the committee after review by Programme Board	Information for Quality (IfQ) Internal Systems Project Manager	January 2017	Ongoing - Due to staff changes and lapse of time, request for this to be removed.
Matters Arising from Audit and Governance Committee – actions from 7 December 2016 meeting			
11.6 Head of IT to provide the Audit and Governance Committee with regular updates on Cyber Security.	Head of IT		Ongoing – Agenda item for March 2017 meeting
13.5 Head of IT to provide the Audit and Governance Committee with an update on resilience and business continuity at a future meeting,	Head of IT	March 2017	Completed – Agenda item for March 2017 meeting

<p>14.5 Head of Human Resources to provide clarification on point 6.4 of the policy, confirming whether individuals raising concern are entitled to independent advice.</p>	<p>Head of Human Resources</p>		<p>Ongoing – Clarification is sort from the Committee as to what they really mean. We do not stop people from seeking advice from third parties such as HSE or a Professional Institute.</p>
--	--------------------------------	--	---

Health Group Internal Audit

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

The 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.

Our findings and recommendations:

- Form the basis of an independent opinion to the Accounting Officers and Audit Committees of the Department of Health and its arm's 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.

Our work has been conducted and our report prepared solely for the benefit of the Department of Health and its arm's 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.

INTERNAL AUDIT PROGRESS REPORT MARCH 2017

For further information please contact:
Cameron Robson - 01132 54 6083
1N16 Quarry House, Quarry Hill,
Leeds, LS2 7UE

<u>CONTENTS</u>	<u>PAGE</u>
1. Introduction	1
2. Progress against 2016/17 Internal Audit Plan	1
2.1 Status of agreed plan	1
2.2 Summary of reports issued since the last Audit and Governance Committee	3
2.3 Follow up work	3
2.4 Impact on Annual Governance Statement	4
Appendix 1: Report Rating Definitions	5
Appendix 2: Limitations and responsibilities	6

HFEA Internal Audit Progress Report March 2017

1) Introduction

This paper sets out the progress in completing the 2016/17 Internal Audit Plan since the last meeting of the Audit and Governance Committee in December 2016.

2) Progress against 2016/17 Internal Audit Plan

2.1 Status of agreed plan:

The table below summarises the progress against each of the review areas in the 2016/17 Audit Plan:

Reviews per 201/17 IA plan	Audit scope	Status	Findings			Overall report rating	Audit days per plan	Actual audit days
			High	Medium	Low			
Income generation process	These reviews were merged into one as they both focused on the revenue process. We mapped the income generation and invoicing process from receipt of the electronic treatment forms from clinics to the raising of an invoice. In addition, we evaluated the design and operating effectiveness of controls over the data being used within the income process, considering the mechanisms to ensure that the original source data is of appropriate quality to support invoicing and the checks in place to ensure that integrity of data is maintained during the income and invoicing process. Management also requested that we review the risk management process in place in	Final report issued	0	1	4	Moderate	5	9
Quality and efficiency of revenue data							4	

Reviews per 201/17 IA plan	Audit scope	Status	Findings			Overall report rating	Audit days per plan	Actual audit days
			High	Medium	Low			
	relation to the transition of income processing to the Integrated Clinic Portal.							
Information standards	As NHS England are assessing the information governance arrangements of HFEA's patient oriented information to ensure published information is up to date and accurate, it was agreed that our work should focus on the application of the policy to corporate information.	Final report issued	0	1	2	Moderate	5	5
Board effectiveness	This was a high level review to assess the Board effectiveness via a self-assessment survey and follow-up interviews.	Final report issued	0	0	2	Not rated	6	7
Management of Cyber Penetration threat	Following scoping discussions with the Head of IT, it was agreed that this workshop would focus on identifying security risks relating to a cloud environment and identifying any gaps in HFEA's security control framework. The workshops were delivered in February 2017.	Draft report issued 6 March	0	0	2	Moderate	5	5
Assurance mapping	This time was assigned in the plan for an assurance mapping workshop. However, it was agreed with the Audit and Governance Committee to hold the resource for possible need to give further consideration to Cyber Security, that being dependent on the outcome of the initial work in that area as outlined above.	Scope to be determined.				Not applicable	3	0
Audit Management	All aspects of audit management to include: <ul style="list-style-type: none"> Attendance at liaison meetings and HFEA Audit and Governance 	Ongoing	Not applicable			Not applicable	7	7

Reviews per 201/17 IA plan	Audit scope	Status	Findings			Overall report rating	Audit days per plan	Actual audit days
			High	Medium	Low			
	committees; <ul style="list-style-type: none"> • Drafting committee papers/progress reports; • Follow-up work; • Resourcing and risk management; and • Contingency. 							
Contingency							5	-
Total Findings:			0	1	4			
						Total days	40	33

2.2 Summary of reports issued since the last Audit and Governance Committee:

Since the last Audit and Governance Committee in December 2016 we have issued final reports on Board Effectiveness and Information Standards. These reports accompany this progress paper.

2.3 Follow-up work:

The HFEA performs its own follow-up work, reviewing the status of agreed audit actions and reporting progress to the Audit and Governance Committee.

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

No high priority actions have resulted from us undertaking the 2016/17 audit reviews to date and none were outstanding at the start of the year from previous audit work. Accordingly, there have been no outstanding high priority recommendations requiring internal audit follow-up work in the year to date.

2.4 Impact on Annual Governance Statement:

All reports issued with an overall Limited or Unsatisfactory rating, or with report findings that are individually rated high priority, should be considered for their possible impact on the Authority's Annual Governance Statement (AGS). To date, no Limited reports and no high priority issues have been raised as a result of us completing the work forming part of the 2016/17 audit plan and all actions relating to previous high priority issues have been completed. Accordingly, there are currently no matters arising from our work to date that we believe may require reference in the AGS.

Appendix 1 – Report Rating Definitions

Priority Ratings of individual findings:

Priority	Description
High	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud. Senior managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a high priority internal audit recommendation.
Medium	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money. Managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a medium priority internal audit recommendation. Failure to implement recommendations to mitigate these risks could result in the risk moving to the High category.
Low	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure. However, there is the opportunity to improve the control environment by complying with best practice. Suggestions made if adopted would mitigate the low level risks identified.

Ratings of audit reports

Substantial	In Internal Audit's opinion, the framework of governance, risk management and control is adequate and effective.
Moderate	In Internal Audit's opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	In Internal Audit's 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.
Unsatisfactory	In Internal Audit's 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.

Appendix 2 - Limitations and responsibilities

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Health Group Internal Audit

Reference number: DH216008004
FINAL REPORT
Human Fertilisation and Embryology
Authority
February 2017

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.

The 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.

Our 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.

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.

Report Name: Board Effectiveness Self- Assessment

For further information please contact:
Cameron Robson - 01132 54 5515
1N16 Quarry House, Quarry Hill,
Leeds, LS2 7UE

CONTENTS

PAGE

1. Introduction	1
2. Review Conclusion	1
3. Summary of Findings	2
4. Next Steps	4
5. Recommendations Table	5
6. Findings and Observations	6
Appendix 1 – Summary of Survey Results	8
Appendix 2 – Risk and Report Ratings	11

Date fieldwork completed:	8 November 2016
Feedback meeting	23 November 2016
1st draft report issued:	29 November 2016
Management responses received:	3 February 2017
2nd draft report issued:	6 February 2017
Management responses received:	9 February 2017
Final report issued	20 February 2017

Report Author: Lenka Marvanova
Version No: Final v1

Distribution List – Draft Report

Main recipient(s)

Sally Cheshire Chair

Cc(s)

Morounke Akingbola Head of Finance

Peter Thompson Chief Executive

Cameron Robson Group Chief Head of Internal Audit

Distribution List – Final Report

As above

1. Introduction

- 1.1 Within the context of an organisation's purpose, the board has a key role in setting strategy and developing and implementing action plans to achieve objectives. It also has the vital role of monitoring performance and challenging management where that might be improved. An effective board is a key part of governance, risk management and assurance arrangements as well as contributing to the development and promotion of the collective vision of the organisation's purpose, culture, values and the behaviours. There needs to be effective engagement between independent members and the executive to lead the organisation, whilst avoiding the board becoming too operational and focused on decisions and actions that should be the responsibility of management.
- 1.2 The Human Fertilisation and Embryology Authority (HFEA) is an Executive non-Departmental Public Body sponsored by the Department of Health. The Chair and the Authority members are appointed by the Secretary of State for Health. The board has 12 members in total, with the Chair, Deputy Chair and at least half of the HFEA members being lay members. While the structure has not changed, board membership has undergone some change during 2016, with two new members appointed in January and February 2016 in place of those whose terms of office had expired. Further changes to the board will take place in Quarter 3 and Quarter 4 of the current financial year. The Authority celebrated 25 years of existence in September 2016.
- 1.3 Supporting the board, the HFEA has seven committees: Audit and Governance; Remuneration; Appeals; Appointments; Licence; Statutory Approvals; and the Scientific and Clinical Advances Advisory Committee. There are also three panels: Executive Licencing; Register Research; and the Horizon Scanning Panel. The focus of this review has been on the effectiveness of the board, using a self-assessment questionnaire and benchmarking. We have not covered the operation of these other committees and panels.
- 1.4 The objective of this review was to consider the effectiveness of the HFEA board by undertaking the following:
 - Carrying out a self-assessment (via an on line survey) completed by each board member,
 - Analysis of the results of the survey (based on the collective results),
 - Benchmark the results against other organisations including other Arms' Length Bodies (ALBs), and
 - Undertaking targeted interviews with all board members, informed by the output of the self-assessment questionnaire.
- 1.5 Our work was performed during October / November 2016.

2. Review Conclusion

- 2.1 The findings in this report are based on the survey results and follow-up discussions only. The work is intended to help the Chair and the board to further enhance the effectiveness of how the board operates through self-assessment and benchmarking. As result, no assurance conclusion is included in this report.
- 2.2 The combined results of the board self-assessment and interviews did not identify any significant weaknesses that may impact on the board operating effectively. Indeed, in the view of the Authority board members the board is operating effectively as shown by them

rating the HFEA board higher than other organisations included within the benchmarking across all areas assessed.

3. Summary of Findings

- 3.1 Our review has identified a number of areas of good practice which have been highlighted below, and only a small number of areas for consideration where there may be scope to further enhance the operating effectiveness of the board.
- 3.2 The average results from the board effectiveness survey have been summarised in Appendix 1. The overall average result for the survey was 5.50 (on scale 1-6 with 6 being the most positive rating), which is a strong indication that the overall effectiveness and operation of the board is viewed as positive by the board members. Indeed, as mentioned above they have rated the HFEA board on average higher than members of each of our comparative boards rated their own organisations.
- 3.4 Lower than average results were received in the following categories, Of the 12 categories, the following 4 were rated the lowest, although all of these still rated above 5 which is in agreement with the statements of effectiveness in our survey:
- Composition and Structure (5.38)
 - Role Clarity (5.42)
 - Individual and Whole Board (5.33)
 - Development and Succession Plans (5.11)
- 3.5 Benchmarking the results indicated that the HFEA board is consistently assessed to be performing above the benchmark average in all categories. The benchmarking exercise shows that the Authority received the top score across all categories with an overall score 9.72 points above the benchmark and gap of 5.08 points on the next highest assessed organisation (for the benchmarking exercise, the average score of all responses has been denoted as 100 points, with organisations performing either below or above this benchmark). The results of the benchmarking exercise are also included in the Appendix 1.
- 3.6 The survey and interview results highlighted board members' concerns about ensuring corporate memory and experience of the board is maintained in the future as the board membership is refreshed in the coming months, with experienced board members having left in September 2016 and in January 2017. Concerns were raised about the requirement to refresh the board membership every three years notwithstanding the benefit of fresh perspectives given the role of members in regulatory decision-making, and while the board members expressed confidence that the appointment process is well managed, they were clearly aware of the risks associated with the potential loss of corporate memory and experience. Those concerns were reflected in the score and feedback provided for two of the survey categories (Composition and Structure, Development and Succession Plans). The concerns regarding length of appointment have been recognised by the HFEA and are part of discussions with the Department of Health, however we are aware that the ultimate responsibility for appointments lies with Cabinet Office and therefore HFEA are limited in actions they can take to address this concern. We understand that the Chair is in discussion with the Department of Health about seeking alternative appointment periods that would enable the organisation to address the concerns already identified. Therefore, we have not raised any recommendations in this respect, but we recognise that pending any agreement with the Department of Health, HFEA will need to continue to focus on managing succession and ensuring robust induction of new board members.

3.7 During the interviews, observations were also made about the workload and demand on time associated with the board members' duties at both the board and the various committees and groups. We understand that determining the size of the board membership is outside HFEA's control, and also that the organisation regulates an industry where developments in research and technology is rapid. This increases demand on the board members time and dealing with the complexities of the decision-making process, all of which highlights the importance of retaining robust corporate memory, experience and expertise and making clear to new members what the expectations are, including between meetings.

3.8 During our review of the survey results and interviews we noted a number of positive comments about the board's effectiveness:

- **Relationships** – we received a number of comments about the positive relationships and working environment at the board meetings and between the board members and the Executive, which is seen to lead to open and diverse discussions. The comments also confirmed that the board operates in a professional environment and is seen to provide an appropriate level of challenge to the Executive team, but in a positive atmosphere. Comments were also received on the cohesiveness of the board, and transparency in decision making.
- **Chair** – both the survey and the interviews indicated the view that the Chair is very effective in managing the board meetings, setting the right tone and encouraging positive and open discussions. The work of the Chair was also seen as pivotal to securing a good mix of skills and experience at the board.
- **Board decision making** – The board has an informal mentoring system for new board members by pairing them with a more experienced 'buddy'. This system is aimed at providing guidance and support in the new role, and enabling the new board members to discuss and raise questions about how the board operates.
- **External relationships** – a number of positive comments were received on the Authority's relationships with both the sector and its users, commenting on the different methods of engagement such as the development of the new website and the clinic portal or the annual conference, and engaging with the key stakeholders in various HFEA campaigns and the Authority strategy.

3.9 The table below summaries the number of recommendations by rating and review area:

	Total Recs	High	Medium	Low
Board Effectiveness – self assessment	2	0	1	1

3.10 The two recommendations have been summarised below:

- **Sharing updates and news with the board members in between meetings could be extended:** The level of sharing information on the work of the Authority between board meetings and updates on implementation of agreed actions can be enhanced.

4. Further Training and development support for board members on corporate governance and their role: interviews with the board members indicate that additional training and development support on their role as a board member and the corporate governance framework would be welcome. Next Steps

- 4.1 To support the provision of a meaningful report to the Audit and Governance Committee you are now required to:
- consider the recommendations made in Section 3; and
 - complete section 5 (Recommendations Table: 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.
- 4.2 The agreed action plan will form the basis of subsequent activity to verify that the recommendations have been implemented effectively. If management do not accept any of the recommendations made then a clear reason should be provided in the action plan.
- 4.3 Management should implement the agreed recommendations before or by the agreed due dates and advise HGIAS that the actions have been completed.
- 4.4 Any high priority recommendations are routinely followed up by HGIAS and any such outstanding actions will be reported to the Audit and Governance Committee.
- 4.5 Finally, we would like to thank management for their help and assistance during this review.

5. Recommendations Table

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.

No	RATING	RECOMMENDATIONS	MANAGEMENT RESPONSE	AGREED ACTION PLAN: OWNER & PLANNED IMPLEMENTATION DATE
1.	M	<p>Ensure that board members are briefed or receive alerts on any key developments, including decisions and legal cases, on a timely basis to help prepare them for any questions that may arise.</p> <p>Ensure that updates on progress and implementation of agreed actions and policies provide a full summary of progress made, next steps and, where relevant, an indication of whether progress is in line with the original timetable and if the originally intended completion date should be achieved.</p>	<p>We recognise that the part time nature of Board members' role does not always allow them to keep up to date with key developments. We currently do a number of things to address this - weekly press updates, private legal updates, regular briefing meetings between Chair, Deputy Chair, Chair AGC and Chief Executive – but accept that we may need to do more. We will ask members what additional information they would find most useful.</p> <p>We will consider how the strategic performance report might encompass an action log (or similar) to capture progress over time.</p>	<p>Peter Thompson (Chief Executive)</p> <p>30th May 2017</p>
2.	L	<p>Consider developing additional training and support for new board members around the operation of the board, corporate governance and providing additional guidance on being an effective board member, including activities between board meetings.</p>	<p>Chair and Chief Executive currently provide informal induction and support for new members, alongside formal legal training. We will discuss with members what more formal corporate induction would be most helpful.</p>	<p>Peter Thompson (Chief Executive)</p> <p>30th May 2017</p>

6. Findings and Observations

6.1 Based on the survey and interviews, we have identified the following findings:

1. FINDING/OBSERVATION:

Information Sharing and Progress Updates

RISK RATING: MEDIUM

Interviews with the board members identified that some members felt that there were some gaps in the sharing of information between the board meetings, especially for those board members who are not involved in the work of the Authority’s committees. In particular, the board members noted that where the Authority is involved in legal cases, the members would welcome receiving updates before the cases become public knowledge through the media.

In addition, while it was reported that the working papers provided for the board include the right level of detail and also an update on previously agreed actions, a few comments were received about providing board members with clearer updates on the progress, completion of agreed actions and implementation of policies, especially where the implementation may be over a longer period of time.

RISK/IMPLICATION:

Without clear and timely updates, board members may not have full visibility of current cases and legal challenges to the Authority’s decisions. This may impact on how they respond when matters that have reached the public domain are raised with them.

Board members may also lack visibility on the rate of progress and completion of actions and implementation of decisions, which could impact on their ability to hold the Executive team to account for timely progression and implementation.

RECOMMENDATION:

Ensure that board members are briefed or receive alerts on any key developments, including decisions and legal cases, on a timely basis to help prepare them for any questions that may arise.

Ensure that updates on progress and implementation of agreed actions and policies provide a full summary of progress made, next steps and, where relevant, an indication of whether progress is in line with the original timetable and if the originally intended completion date should be achieved.

2. FINDING/OBSERVATION:

Training and development support for board members on corporate governance and their role

RISK RATING: LOW

Positive feedback was received in respect of the legal training provided as part of the induction for new board members. However, some further induction training on corporate governance and the board's operational framework would be welcomed.

Some members would welcome more training and development support around the role of the board members and specifically their responsibilities and work expectations outside of meetings. Further discussion with the Chair and the Chief Executive confirmed that conversations about the role, responsibilities and work expectations are held informally with the new board members. However, formalisation of those discussions in a more structured training approach may assist clarity about the board members' role, and could include more clarification of the expectations between board meetings.

RISK/IMPLICATION:

New board members may lack clarity on how the board operates, its decision making processes and what is expected of board members, particularly between meetings. If this was to be the case, board and individual effectiveness could be impaired, and this may be particularly relevant at times of change in board membership.

RECOMMENDATION:

Consider developing additional training and support for new board members around the operation of the board, corporate governance and providing additional guidance on being an effective board member, including activities between board meetings.

Appendix 1 – Summary of Survey Results

1.1 Survey and interview results

Board Effectiveness Survey Category	Average survey score	Benchmark category
Purpose	5.58	Foundations
Composition and Structure	5.38	
Role Clarity	5.42	
Relationships	5.56	
Strategy	5.56	
Performance Monitoring	5.50	Board Focus
Risk & finance	5.57	
Decision making	5.50	
Stakeholder engagement	5.59	Engaging & Improving
Individual & whole Board	5.33	
Development & Succession Plans	5.11	
Chair	5.79	Chair
Total survey average	5.50	

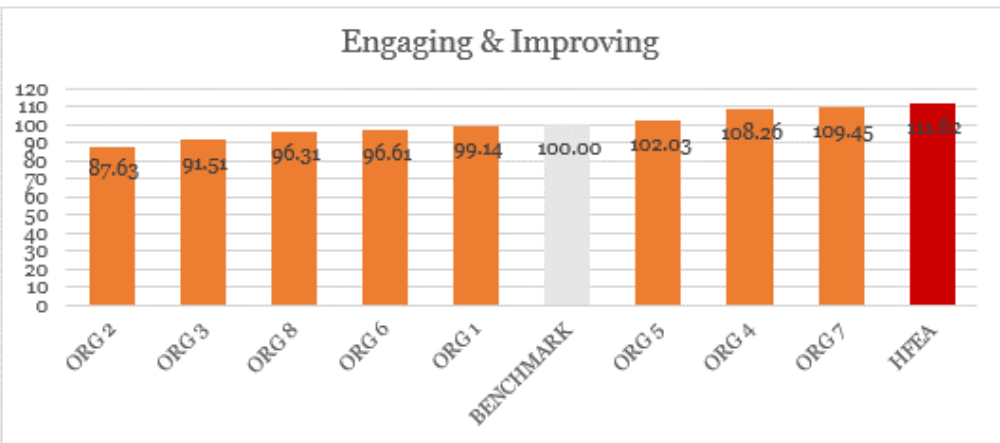
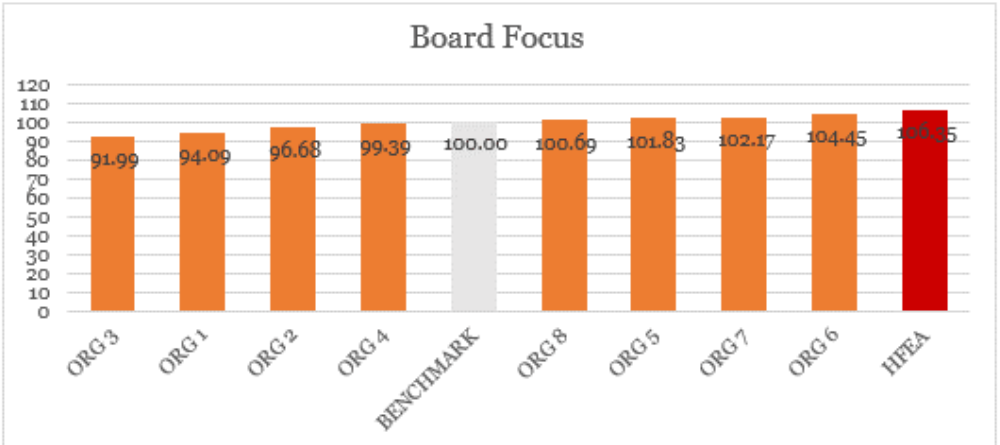
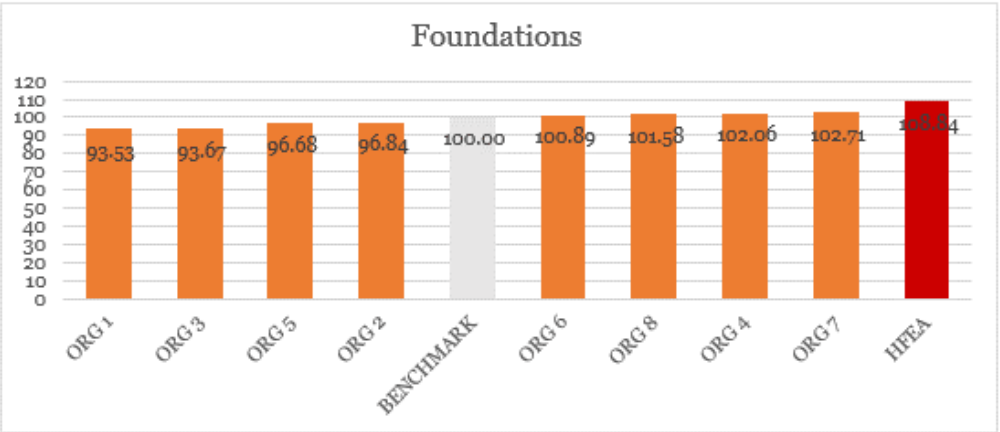
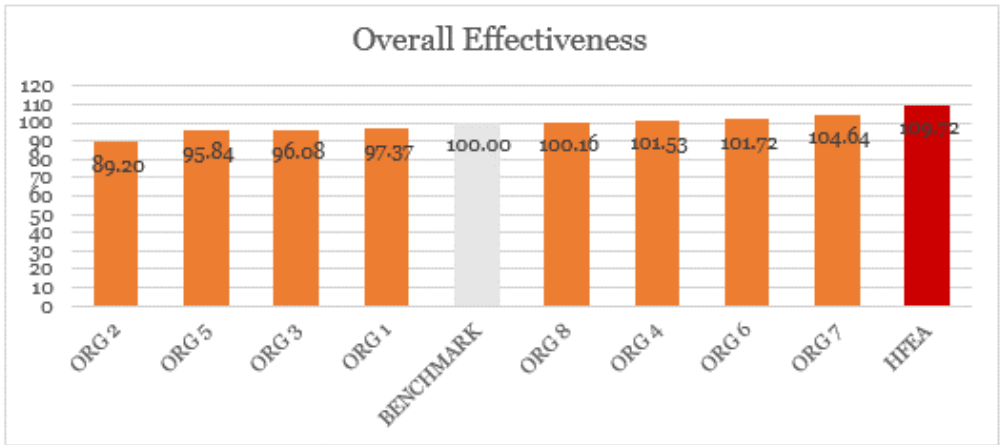
Survey scores used: 1 Strongly Disagree; 2 Disagree; 3 Slightly Disagree; 4 Slightly Agree; 5 Agree; 6 Strongly Agree

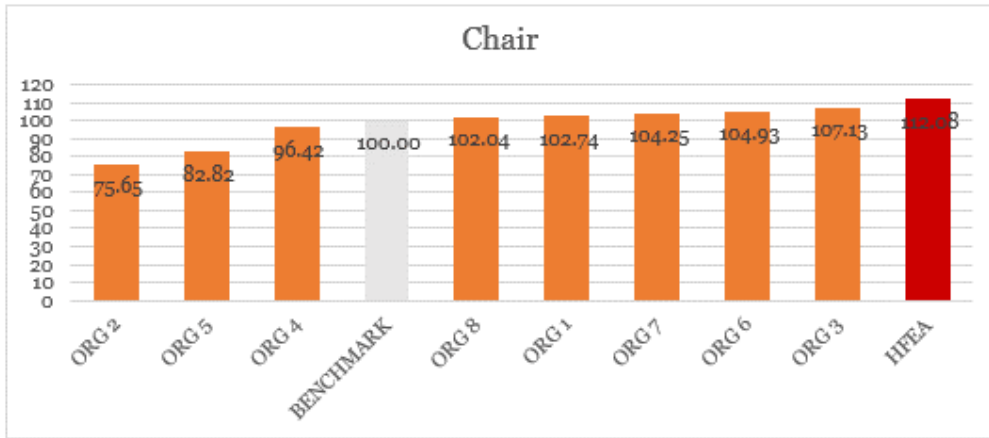
2.1 Benchmarking exercise

The benchmarking exercise shows the following results in the five categories:

- Overall Effectiveness
- Foundations
- Board Effectiveness
- Engaging & Improving
- Chair

The benchmarking exercise was undertaken to compare HFEA's performance against other ALBs. While we are aware the other ALBs may have their boards structured differently from HFEA and roles may also differ (e.g. in reaching regulatory decisions), the focus of the survey was on the board members' views of the board effectiveness and therefore should represent a comparable view and benchmark for the organisation. The benchmark represents the average score of all responses denoted as 100 points, with organisations performing either above or below this benchmark indicated by their relative score.





Appendix 2 – Risk and Report Ratings

Risk Ratings:

Priority	Description
HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud. Senior managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a high priority internal audit recommendation.
MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money. Managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a medium priority internal audit recommendation. Failure to implement recommendations to mitigate these risks could result in the risk moving to the High category.
LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure. However, there is the opportunity to improve the control environment by complying with best practice. Suggestions made if adopted would mitigate the low level risks identified.

Report Rating – Definitions

Substantial	In Internal Audit's opinion, the framework of governance, risk management and control is adequate and effective.
Moderate	In Internal Audit's opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	In Internal Audit's 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.
Unsatisfactory	In Internal Audit's 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: DHX216008003
FINAL REPORT
Human Fertilisation and
Embryology Authority
March 2017

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.

The 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.

Our 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.

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.

Report Name: Information Standards

Status: FINAL

For further information please contact:

Cameron Robson - 01132 54
5515

1N16 Quarry House, Quarry Hill,
Leeds, LS2 7UE

CONTENTS

PAGE

1.	Introduction	1
2.	Review Conclusion	1
3.	Summary of Findings	2
4.	Next steps	2
5.	Recommendations	3
6.	Findings and Observations	4
	Appendix – Priority and Report Ratings	7

Date fieldwork completed:	25/01/2017
1st draft report issued:	10/02/2017
Management responses received:	03/03/2017
Final report issued	09/03/2017

Report Author: Nadene Coetzee
Version No: Final V1

Distribution List – Draft Report

Main recipient(s)

Juliet Tizzard	Director of Strategy and Corporate Affairs
Joanne Triggs	Head of Engagement

Cc(s)

Morounke Akingbola	Head of Finance
Richard Sydee	Director of Finance and Resources
Cameron Robson	Group Chief Head of Internal Audit

Distribution List – Final Report

As above

1. Introduction

- 1.1 The HFEA is currently reviewing its document production processes, including working towards gaining the NHS England Information Standards accreditation for its patient facing information as a mark of quality.
- 1.2 The HFEA has recently submitted its application for the accreditation which details its systems and processes governing publication of information directed at patients. A further part of the accreditation process will involve both an inspection of its policies and some testing of staff awareness and compliance with the guidance.
- 1.3 As a result of the ongoing accreditation of patient facing information, it was agreed that within this review of HFEA's information production process, our focus would be limited to published corporate information on the HFEA's new website. This has avoided duplication with the NHS England work and allowed us to use the same principles from the Information Standard to create a framework against which we have assessed the policies and process for publication of corporate information.
- 1.4 The new HFEA website is currently live and accessible to the public, running alongside the old website until mid-March 2017. From that point, the old website will cease to be accessible.

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 producing corporate website content. The HFEA has been able to evidence progress made in embedding the corporate information standards set out in the "Producing corporate website content" document. Management is, though, still determining some parts of the process, for example whether to include a specific feedback button or not, and we have though identified some further actions that management could take to optimise the benefits of the corporate information standards.

3. Summary of Findings

- 3.1 The findings in this report are based on the available supporting evidence provided to us during our work. The review is intended to help the Head of Engagement enhance the effectiveness and implementation of the standards for corporate information by providing an independent and objective view of the progress in embedding the standards. The above conclusions and findings summarised below should be seen in this context.
- 3.2 The findings from our work are summarised below, and more detail is provided in the Findings and Observations section of this report (section 5):
 - The workflows within the Content Management System (CMS) system are not currently configured to require approvals or enforce segregation of duties between writing, uploading and releasing publications to the new website.
 - As per HFEA guidance, an evidence source, i.e. a staff member with appropriate knowledge and expertise, is not required to formally approve the draft publication, although this does appear to happen in practice. Consideration should be given to

EXECUTIVE SUMMARY

updating the guidance to require this step, possibly using a risk based approach depending on the content of the publication.

- We were unable to obtain written evidence of approval from the Head of Engagment and/or a Director for six of the eight publications selected for testing, although management confirmed that verbal approval had been provided.

3.3 There are still some parts of the process which management have yet to determine, in particular whether or not to include a specific 'Feedback' button to allow users to provide instant feedback if they notice information is incorrect or out of date. There is a 'Contact us' section which currently provides functionality to provide such feedback, although it may be more effective to utilise a dedicated 'Feedback' button. We have not raised this as a finding given it is already under consideration, but would encourage management to make a final decision and implement if appropriate.

3.4 Overall, management appears to be making good progress in implementing and embedding the Corporate information standards in relation to the publications made available on the website, but as identified above there is scope to formalise and evidence some elements of the process.

3.5 The table below summaries the number of recommendations by rating and review area:

Area	Total Recs	High	Medium	Low
Evidence sources	1	-	-	1
Review	1	-	-	1
End product	1	-	1	-
Total	3	-	1	2

4. Next Steps

4.1 To support continued progress with embedding the Corporate Information Standard's objectives into HFEA and the provision of a meaningful report to the Audit and Governance Committee, management are now required to:

- Consider the recommendations made in Section 3; and
- Complete Section 5 (Recommendations Table: 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.

4.2 The agreed action plan will then form the basis of subsequent audit activity to verify that high priority recommendations have been implemented effectively and for management to monitor implementation of all recommendations.

4.3 If management do not accept any of the recommendations made then a clear reason should be provided in the action plan.

4.4 Finally, we would like to thank management for their help and assistance during this review.

RECOMMENDATIONS

5. Recommendations

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.

No	RATING	RECOMMENDATIONS	MANAGEMENT RESPONSE	AGREED ACTION PLAN: OWNER & PLANNED IMPLEMENTATION DATE
1.	M	<p>Until the issues within CMS are resolved, approval should be obtained for all publications prior to release onto the website.</p> <p>Ensure that the workflows within CMS are appropriately designed to provide segregation of duties between upload and release and that these are implemented as soon as possible.</p>	<p>We acknowledge this and agree with the recommendation.</p>	<p>We have addressed this by making sure that either the Head of Engagement or the Director of Strategy approves new content before it is published through the CMS</p> <p>We will turn on the CMS workflow functionality on 1 March.</p> <p>Owner: Jo Triggs (Head of Engagement)</p>
2.	L	<p>Consideration should be given to require evidence sources to provide formal approval of each publication.</p> <p>As the corporate information contained on the website can vary in the risk attached to any inaccuracies, this requirement could be applied on a risk based approach, taking into account the type of information being published.</p> <p>The guidance document should be updated for any changes to policy.</p>	<p>We acknowledge this and agree with the recommendation.</p>	<p>We will amend the guidance document so that evidence sources must formally approve any changes.</p> <p>Owner: Jo Triggs (Head of Engagement)</p> <p>Date: 1 April</p>
3.	L	<p>All approvals should be in writing to evidence that all publications have been appropriately reviewed and approved, and have a complete audit trail.</p>	<p>We acknowledge this and agree with the recommendation.</p>	<p>We will clarify the guidance and ensure an email is sent to the author to confirm approval.</p> <p>Owner: Jo Triggs (Head of Engagement)</p> <p>Date: 1 April</p>

6. Findings and Observations

1. FINDING/OBSERVATION:

The workflows within the CMS system are not currently configured to require approvals or enforce segregation of duties between writing, uploading and releasing publications to the new website.

RISK RATING: MEDIUM

The CMS system is used to manage publication of documents on to the new HFEA website. CMS workflows can be configured to require approval from designated individuals and ensure that different users are involved at the uploading and releasing stages. However during our testing we found that this functionality is not currently in place for the new website and that this has resulted in two sets of exceptions identified below.

Management confirmed that this was because issues had been experienced with CMS, including approvers not being notified when publications are released. These issues are currently with the CMS team for resolution and management has confirmed that appropriate workflows will be in place by 6th March 2017.

During our testing, we identified three publications which were published prior to receiving approval:

- 1) Our committees and panels
- 2) Our partners; and
- 3) Meet our Authority members/our board.

The following two publications were uploaded and published by the same individual;

- 1) Applying to use our data for research; and
- 2) Making a complaint about a fertility clinic.

RISK/IMPLICATION:

As the public has access to the new website there is a risk that inaccurate or inappropriate information could be published which could undermine HFEA's stated objective of building trust in their regulation of human tissue. Furthermore if the publications were of poor quality this might lead to confusion amongst users which may lead to higher levels of individual requests for help and/or guidance. This may have an impact on use of resources and value for money.

RECOMMENDATION:

1. Until the issues within CMS are resolved, manual processes should be established to ensure that appropriate approval is obtained for all publications prior to release onto the website.
2. Ensure that the workflows within CMS are appropriately designed to provide segregation of duties between upload and release and that these are implemented as soon as possible.

FINDINGS/OBSERVATIONS

2. FINDING/OBSERVATION:

Per HFEA guidance, an evidence source, i.e. a staff member with appropriate knowledge and expertise, is not required to formally approve the draft publication

RISK RATING: LOW

The 'Producing corporate website content' guidance document, requires that the communications team works with an evidence source to gain the facts that they need to update or create content and decide on timelines for the information to be produced. The evidence source is usually a member of staff with the relevant knowledge and expertise.

However, it is not required that the evidence source formally approves the publication to verify the factual accuracy prior to release. From our testing we noted that for six out of the eight publications tested, there was written approval from the evidence source, which indicates that this is occurring in practice in some cases, but we also noted two documents where formal approval was not obtained. The two publications for which we were unable to obtain evidence of written approval from the evidence source were 'Our partners' and 'Applying to use our data for research'. Management confirmed that verbal approval was provided for the 'Our partners' page and for 'Applying to use our data for research', we did see evidence of working with the evidence source, although not final approval.

As the corporate information contained on the website can vary in the risk attached to any inaccuracies, the requirement for review and approval by the evidence source could be applied on a risk based approach, taking into account the type of information being published.

RISK/IMPLICATION:

The information provided could be of poor quality and/or inaccurate which could undermine HFEA's stated objective of building trust in their regulation.

Furthermore, if the evidence source does not sign off the publication there might be a lack of accountability should the publication prove to be inaccurate.

RECOMMENDATION:

Consideration should be given to require evidence sources to provide formal approval of each publication.

As the corporate information contained on the website can vary in the risk attached to any inaccuracies, this requirement should be applied on a risk based approach, taking into account the type of information being published.

The guidance document should be updated for any changes to policy.

FINDINGS/OBSERVATIONS

3. FINDING/OBSERVATION:

Lack of written evidence of approval from the Head of Engagement and/or a Director for six of the eight publications selected for testing.

RISK RATING: LOW

The guidance document requires that corporate publications are subject to appropriate review before release. This includes a final sign off from a Director and/or by the Head of Engagement.

During our review we were unable to locate evidence of formal written approval for six publications. In discussion with the Head of Engagement it was stated that verbal approval was provided on each of these occasions and, therefore, this is considered a documentation issue. The publications for which we were unable to review evidence of approval were:

- 1) Our committees and panels
- 2) Our partners
- 3) Making a complaint about a fertility clinic
- 4) Meet our Authority members/our board
- 5) Applying to use our data for research
- 6) Home Page

RISK/IMPLICATION:

As the public has access to the new website there is a risk that inaccurate information could be published which could undermine HFEA's stated objective of building trust in their regulation if appropriate review has not been undertaken. In addition, if the publications were of poor quality this might lead to confusion amongst users which may lead to higher levels of individual requests for help and/or guidance, impacting use of resources. If approval is not evidenced, there is greater risk that a publication may be released which has not been appropriately reviewed and approved, which increases these risks.

RECOMMENDATION:

All approvals should be in writing to evidence that all publications have been appropriately reviewed and approved, and to provide a complete audit trail.

APPENDIX - PRIORITY AND REPORT RATING DEFINITIONS

Appendix – Priority and Report Rating Definitions

Priority Rating - Definitions

Priority	Description
HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud. Senior managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a high priority internal audit recommendation.
MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money. Managers are expected to oversee the prompt implementation of agreed actions, or to confirm in writing that they accept the risks of not implementing a medium priority internal audit recommendation. Failure to implement recommendations to mitigate these risks could result in the risk moving to the High category.
LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure. However, there is the opportunity to improve the control environment by complying with best practice. Suggestions made if adopted would mitigate the low level risks identified.

Report Rating – Definitions

Rating	Description
SUBSTANTIAL	In Internal Audit's opinion, the framework of governance, risk management and control is adequate and effective.
MODERATE	In Internal Audit's opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
LIMITED	In Internal Audit's 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.
UNSATISFACTORY	In Internal Audit's 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.