

Background

1. Following on from the 2015 review of committee effectiveness, it was agreed that an annual report of the activities of the Audit and Governance Committee would be made to the Authority. This report summarises the Committee's work during 2015/16.

Membership

2. Membership of the Audit and Risk Assurance Committee throughout the year has been:
 - Rebekah Dundas (Chair)
 - Anita Bharucha
 - Margaret Gilmore
 - Gill Laver
 - Jerry Page
3. Anita Bharucha joined the AGC bringing the number of members to five, increasing resilience given that quoracy is three. Gill Laver was appointed for a further 15 months from 1 June 2016 to 31 September 2017.
4. There are regular attendees from the executive, PwC (the HFEA's internal auditors), the National Audit Office (external auditors) and the Department of Health. The Chair of the AGC (Rebekah Dundas) also attended all sessions. The Committee met in normal session four times in the year (June 2015, October 2015, December 2015, March 2016).

Role and function

5. The purpose of the Audit and Governance Committee is to oversee corporate governance, risk, audit arrangements and financial matters. This includes:
 - the strategic processes for risk, control and governance and the Annual Governance Statement
 - the accounting policies, the accounts, and the annual reports of the HFEA, levels of error identified, and management's letter of representation to external auditors
 - the planned activity and results of both internal and external audit;
 - adequacy of management response to issues identified by audit activity, including external audit's audit completion report
 - assurance relating to corporate governance requirements for the HFEA
 - policies on whistle-blowing and fraud prevention, including the arrangements therein for special investigations
6. There is an annual cycle of matters to consider, with regular business focussing on assurance and risk management processes, as well as matters arising from internal

and external audit work. At each meeting, the Executive present progress reports on all these areas. After each meeting a confidential session is held between members and auditors.

Review of Committee effectiveness

7. The Committee reviewed its effectiveness at the December 2015 meeting by using the self- assessment checklist from the National Audit Office. As a result, the Committee decided on several actions that would add value to its work for example training by the NAO prior to meetings.

Risk Management

8. Strategic risks are reviewed by the Corporate Management Group at a quarterly risk meeting and reported to the Audit and Governance Committee quarterly. The Committee reviews the risks identified, to satisfy themselves that the risks are the key ones and that they are being managed effectively. The Committee also supported the proportionate approach to assurance mapping to demonstrate that risks in key areas are being controlled.
9. The success of risk management continues to rely on staff at all levels ensuring there is effective identification and management of risks. This requires the ongoing commitment and support of Directors and managers in encouraging the further development of risk management culture.

Internal Audit

10. The HFEA has had a Service Level Agreement with DH, for internal audit services to be provided by PwC, throughout 2015/16. The Committee endorsed the Internal Audit strategy and plans for the year, and monitored work progress. In addition, the committee chair has met with management and senior Authority members about a range of issues where AGC have a locus on an ad hoc basis. During the year, the Head of Internal Audit for the HFEA, provided under the DH contract with PwC for audit services, and at the same time the audit manager, changed. This was unfortunate and has caused some disruption. AGC were involved fully in the decision about ongoing arrangements and are monitoring how these are progressing.

External Audit

11. NAO officials attend all Committee meetings and continue to make a valuable contribution to discussions.

Assurance processes

12. The Chief Executive meets Directors at least weekly individually to review the delivery of their responsibilities. Directors hold similar meetings with their staff and ensure that controls are in place on an ongoing basis. The Senior Management

Team of the Chief Executive and Directors meet weekly to provide updates on key work, discuss issues arising, identify and act on lessons learned. The Corporate Management Group meet monthly and approve new policies as well as managing risks on the risk register.

Governance Statement

13. The Governance Statement is a key part of the Annual Report and Accounts. It is signed by the Accounting Officer and explains how governance responsibilities have been discharged. We consider that there is sufficient evidence of effective governance processes to support the signing of the Governance Statement. The AGC were assured by the auditor's report that there are no material issues to be brought to the attention of the Accounting Officer.

Summary

14. The HFEA's governance systems are well established and include provision for continuous improvements. The Audit and Governance Committee are satisfied with the arrangements for risk management and the assurance processes.

Rebekah Dundas, Chair, Audit and Governance Committee.

June 2016