

# Minutes of Audit and Governance

## Committee meeting 9 December 2015

**Strategic delivery:**

Setting standards

Increasing and  
informing choice

Demonstrating efficiency  
economy and value

**Details:**

Meeting	Audit and Governance Committee
Agenda item	2
Paper number	AGC (16/03/2016) 486
Meeting date	9 December 2015
Author	Dee Knoyle, Committee Secretary

**Output:**

For information or decision?	For decision
Recommendation	Members are asked to confirm the minutes as a true and accurate record of the meeting
Resource implications	
Implementation date	
Communication(s)	
Organisational risk	<input checked="" type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High

Annexes

## Minutes of Audit and Governance Committee meeting on 9 December 2015 held at etc.venues, Tenter House, 45 Moorfields, London EC2Y 9AE

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Members present      Rebekah Dundas (Chair)  
                                 Anita Bharucha  
                                 Gill Laver  
                                 Jerry Page

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Apologies              Margaret Gilmore

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External advisers      Internal Audit  
                                 James Hennessey, Price Waterhouse Coopers (PWC) (item 7 only)  
  
                                 National Audit Office (NAO)  
                                 Sarah Edwards

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Observers              Kim Hayes (Department of Health)  
                                 Ted Webb (Department of Health)

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Staff in attendance    Peter Thompson, Chief Executive  
                                 Sue Gallone, Director of Finance & Resources  
                                 Morounke Akingbola, Head of Finance  
                                 Wilhelmina Crown, Finance & Accounting Manager  
                                 Nick Jones, Director of Compliance & Information  
                                 Paula Robinson, Head of Business Planning  
                                 Siobhain Kelly, Authority & Committee Business Manager  
                                 Catherine Drennan, Head of Legal  
                                 Dee Knoyle, Committee Secretary

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### 1. Welcome, apologies and declarations of interests

- 1.1** The Chair welcomed attendees to the meeting. The Chair announced that this was Anita Bharucha's first meeting as an Audit and Governance Committee member and that Anita brings a wealth of experience to the committee. The Chair also welcomed Ted Webb from the Department of Health who attends the HFEA Authority meetings regularly.
- 1.2** There were apologies from Margaret Gilmore.
- 1.3** There were no declarations of interest.

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### 2. Minutes of the meeting held on 10 June 2015

- 2.1** The minutes of the meeting held on 7 October 2015 were agreed as a true record of the meeting and approved for signature by the Chair.

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### 3. Matters arising

- 3.1 The committee noted the good progress on actions from previous meetings.
- 3.2 Action 9.6 - The Information Governance Group has made little progress due to other work priorities. Policies have been updated but need refining, communicating and embedding into the organisation better. Although progress is slow, the risks are low and staff are aware of how to handle and protect sensitive data. Management controls are also in place.

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### 4. Register & Compliance Risks

- 4.1 The committee received a presentation from the Director of Compliance & Information.
- 4.2 There are three areas of the directorate: Compliance, Information and IT. The committee were reminded of the directorate's risks and opportunities at this point last year.
- 4.3 Over the last year, resilience has improved and staff are balancing requests for information and work on the Information for Quality (IfQ) programme. There have been some difficult compliance cases and overall the risks are at tolerance although the last quarter has been challenging.
- 4.4 In the coming year, there will be a focus in inspections on patient experience and the inspection process will be adapted to take account of the increase in groups of clinics. Inspections of one clinic should be able to bring about improvements in the group. Data will be used better to develop the inspectorate's risk based assessment tool. The quality of Register data is being improved before migration into new systems. IfQ will provide better information for centres to improve their performance.
- 4.5 IfQ delivery provides some challenges, with staff also retaining responsibility for delivering business as usual. There are additional staff on IfQ, including IT experts, working alongside HFEA staff. The directorate is realistic about what can be achieved and prepared to make adjustments where possible and necessary.
- 4.6 The IT team are also working on the office move and providing staff with new software and hardware by March 2016.
- 4.7 The committee acknowledged the programme of work ahead and the challenges facing the directorate, working with limited resources to meet the demands and trying to retain the same level of quality. The committee was satisfied that the directorate recognises its pinch points and needs to continue to be prepared to pause or delay work where possible.
- 4.8 The committee noted the reputational risks of adjusting work and highlighted the importance of managing centres' expectations, guiding them to the new products and the level of support that will be offered.
- 4.9 The committee encouraged the Executive to make a cultural shift to match delivery on, for example, Freedom of Information requests to the resource available.

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## 5. Information for Quality (IfQ)

- 5.1** The committee received a progress report and presentation from the Director of Compliance & Information.
- 5.2** The Alpha stage of the programme was successfully completed which is a significant milestone. Formal Department of Health (DH) approval has been achieved and further approval is required from Government Digital Service (GDS), which may take some time. The IfQ Programme Board has agreed to proceed at risk into the Beta stage to avoid delaying the delivery any further. Due to the time and effort it takes to go through the approvals process more time will be built into future plans.
- 5.3** A near final version of the website and portal will be available in March 2016 in time for the HFEA conference. Go live to the external audience is likely to take place slightly later. Subject to prompt approval, the planned complete implementation of IfQ by October 2016 is still achievable.
- 5.4** There is a data migration strategy in place for the HFEA Register data. (The committee heard that the organisation who developed the data migration strategy is no longer in business.) Register data migration is a complex and a well monitored area of risk. The data cleansing exercise is very important and there will be appropriate time to complete this before data is migrated.
- 5.5** There is a risk with the resilience of the current HFEA website that is being borne until the replacement is in operation.
- 5.6** The committee noted that the IfQ Programme budget remains consistent with the original business case and expenditure will extend to the next financial year. Approximately £200k of the 2015 funding is likely to be carried forward. Arrangements for the capitalisation of the development will be discussed with NAO.
- 5.7** The committee acknowledged the risks in a programme of this nature and was of the view that what is being developed will enhance future resilience of the organisation. They urged the Executive to be careful that they do not lose focus on the organisation's role as a regulator when faced with competing demands.
- 5.8** The committee noted the recommendations from the DH assessment, and that the Executive are considering carefully working with other healthcare professionals such as NHS Choices.

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## 6. Strategic risks

- 6.1** The committee was provided with a paper and explanation from the Head of Business Planning.
- 6.2** The committee noted the changes to risk levels and plans for assurance mapping.
- 6.3** A new risk in relation to the office move has been added. The contract for the new premises has recently been signed and the risks have now reduced.
- 6.4** The committee was concerned about the organisation losing three senior members of staff within a short space of time, one of whom starts maternity leave. The committee was reassured that the Executive are taking appropriate action to bridge the gap between staff leaving and new people being recruited.

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## 7. Internal Audit

### a) 2015/16 Plan and progress report, b) Final Report – Incident handling

### c) Final Report – Requests for information

- 7.1** The Internal Auditor reported progress against the internal audit plan with no high risk findings identified to date. This is a good position so far for the 2015/2016 Head of Internal Audit opinion and the Annual Governance Statement.
- 7.2** Both high risk findings from the 2014/15 Internal Policies report have now been completed.
- 7.3** More detailed testing for data migration data is planned at the appropriate time.
- 7.4** Assurance mapping of capacity and resilience is planned for February and the outcome will be reported to the next committee meeting. The committee was pleased to hear that a proportionate approach is planned and will be interested in the outcome.
- 7.5** The committee advised that the HFEA should keep up to date and follow the complaints policy – there may have been a tendency to go further. If complainants are not satisfied, they can follow the recourse action set out to them.
- 7.6** The Incident handling audit included a survey of clinics, through Clinic Focus. The committee noted centres' poor response to the survey which was disappointing. Two respondents indicated that more needs to be done to encourage reporting and the new clinic portal will help.

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## 8. External audit

- 8.1** The committee was provided with an oral update by the NAO.
- 8.2** The plan for year end audit was presented at the last meeting. NAO will bear in mind the possible impact of the office move around this time.
- 8.3** The committee noted that the Audit & Governance Committee meeting scheduled in June 2016 has been moved to 15 June 2016.

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## 9. Implementations of recommendations progress report

- 9.1** The Finance Manager provided the committee with an update.
- 9.2** Two recommendations have been absorbed by the IfQ programme. There are currently no recommendations outstanding. The recommendations from the latest internal audit report (Incident handling) will be added next time.

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## 10. Resilience & Business Continuity Management

- 10.1 The Director of Finance & Resources gave a presentation to the committee.
- 10.2 There is a Business Continuity Plan and a Pandemic Response Plan in place and named staff have responsibilities. Tests have been carried out on communications channels and evaluated, with some adjustments having been made. Further tests will be carried out before the office move.
- 10.3 The emergency site has been visited, however this will change in April 2016.
- 10.4 The office move and changes to IT arrangements will impact on business continuity and the plan will be updated in 2016. The new IT arrangements involve using Office 365 and cloud storage facilities. The risks around the office move are being managed.
- 10.5 The committee was reassured that the organisation's business continuity arrangements are suitable, including resilience of financial arrangements to make payments in an emergency and offsite servers.

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## 11. Review of Audit & Governance Committee activities and effectiveness

- 11.1 The Authority and Committee Business Manager provided the committee with the NAO checklist and received views.
- 11.2 The committee and Executive discussed how information is presented to the committee. While there is candid reporting, it was agreed that the Executive tends to take a positive view and the committee could challenge more.
- 11.3 The comments and suggestions from the NAO checklist questions will be collated and sent to the committee for comment. Actions will be added to the action log and any suggested changes to the role of the committee will be fed into the annual review of standing orders reported to the Authority in March 2016.

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## 12. Licensing Appeals – an evaluation

- 12.1 The committee received a paper and briefing from the Chief Executive.
- 12.2 The process of representations and appeals was described. The statutory scheme is such that no decision can be put into effect until the full two-stage process has been completed, or the clinic has acknowledged and accepted the proposed decision. A judicial review judgment against the HFEA in 2013 reinforced this point. However, in cases that put patient safety at risk, a licence can be suspended. The legislation has a limited range of sanctions and no civil enforcement powers. This means that if the HFEA has serious concerns about the performance of a clinic its only action is the proposed removal or suspension of the licence.
- 12.3 Representations and appeals review whether the decision was correct. The route for examining any deficiencies in the process used to make a decision would be judicial review. A suggestion to use a DH tribunal instead of the appeal hearing, which would have streamlined the process, was not accepted when the legislation was drawn up.
- 12.4 Evaluating the operation of representations and appeals has shown that the representations process can be as burdensome as an appeal, with high legal expenses and administrative resources. In view of the similarity of these two procedures, there may be a more proportionate

first step than the current representations process. It was clarified that each side meets their own costs at representations and appeal hearings, unlike court hearings where costs may be awarded.

- 12.5** The committee agreed that ideally the process should not be the same for representations and appeals, while noting that the primary legislation requires two stages. The committee agreed that the Executive should review the process later in 2016/17 with a view to making it more proportionate. This would include considering how other regulators administer these processes and the external implications of new processes.

## Action

- 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.

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## 13. Forward plan

- 13.1** The committee reviewed the Forward Plan of agenda items for meetings.
- 13.2** The committee requested more feedback on cultural change and legal risks, to gain assurance that these areas are properly controlled.

## Action

- 13.3** The Director of Finance and Resources to ensure cultural change and legal risks are reported to the committee.

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## 14. Any other business

- 14.1** The Director of Finance & Resources confirmed the following:
- There were no whistleblowing or suspected fraud incidents reported since the last meeting.
  - There were no contracts awarded since the last meeting.
- 14.2** The Chief Executive announced that the Triennial Review Programme Board will discuss the draft of the report in January 2016. The indications at this stage are that there are no significant changes recommended. The report will be shared with the committee.
- 14.3** Members and auditors retired for their confidential session.
- 14.4** The next meeting will be held on Wednesday, 16 March 2016 at 10am.

## Action

- 14.5** The Triennial review report is to be sent to committee members.

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## 15. Chair's signature

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

**Signature**

**Name**

Rebekah Dundas

**Date**

16 March 2016

## Audit and Governance Committee Paper

<b>Paper Title:</b>	<b>Matters arising from previous AGC meetings</b>
<b>Paper Number:</b>	<b>[AGC (16/03/2016) 487]</b>
<b>Meeting Date:</b>	16 March 2016
<b>Agenda Item:</b>	<b>3</b>
<b>Author:</b>	Sue Gallone
<b>For information or decision?</b>	Information
<b>Recommendation to the Committee:</b>	To note and comment on the updates shown for each item.
<b>Evaluation</b>	To be updated and reviewed at each AGC.

Numerically:

- 3 items added from December 2015 meeting, 1 completed.
- 3 items carried over from earlier meetings, 1 completed.
- 3 items carried over from AGC self–assessment of performance, 0 completed.

Matters Arising from Audit and Governance Committee – actions from 11 June 2014 meeting			
ACTION	RESPONSIBILITY	DUE DATE	PROGRESS TO DATE
3.2 HFEA to monitor Authority members' completion of online information governance training	Executive Assistant to Chair and Chief Executive	20 September 2014	Ongoing – two new members to be asked to complete

Matters Arising from Audit and Governance Committee review of performance December 2014			
ACTION	RESPONSIBILITY	DUE DATE	PROGRESS TO DATE
e) Arrange for external members to attend Authority meeting as observers	Head of Governance & Licensing	September 2015	Ongoing – members invited to meetings, suitable dates to be agreed.
f) Arrange for external members to observe an inspection	Head of Governance & Licensing	September 2015	Ongoing – Inspectorate's business support team in contact with external members and attempting to find suitable dates.
i) Institute formal annual report to Authority board	Head of Governance & Licensing	July 2015	Ongoing – To be introduced for July 2016.

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 2015 March 2016	Ongoing
12.7 Discuss number of AGC meetings at March 2016 meeting	AGC members	March 2016	Completed – item 12 of agenda

**Matters Arising from Audit and Governance Committee – actions from 9 December 2015 meeting**

<b>ACTION</b>	<b>RESPONSIBILITY</b>	<b>DUE DATE</b>	<b>PROGRESS TO DATE</b>
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	<b>Ongoing</b> – added to business plan, work to start in October 2016
13.3 The Director of Finance and Resources to ensure cultural change and legal risks are reported to the committee.	Director of Finance	March 2016	<b>Completed</b> – items 4 and 7 of agenda
14.5 The Triennial review report is to be sent to committee members.	Director of Finance	When published	<b>Ongoing</b> – Review report not yet published