

**Minutes of the Audit and Governance Committee meeting on 26 June 2024 held in person at HFEA Office, 2<sup>nd</sup> Floor, 2 Redman Place, London E20 1JQ and via teleconference (Teams)**

	In person	Online
Members present	Catharine Seddon, Chair Julia Chain Alex Kafetz, Deputy Chair Anne-Marie Millar	
External Advisers	Dean Gibbs, KPMG – External Audit lead Holly Gaff, Senior Auditor KPMG Nick Dovan, National Audit Office (NAO) – External Auditor James McGraw, National Audit Office – Audit Team	Jo Charlton, Head of Internal Audit (Internal Auditor) – GIAA
Observers		
Staff in attendance	Peter Thompson, Chief Executive Tom Skrinar, Director of Finance and Resources Morounke Akingbola, Head of Finance Paula Robinson, Head of Planning and Governance Alison Margrave, Board Governance Manager Kazuyo Machiyama, Senior Research Manager (items 1-4 only)	Clare Ettinghausen, Director of Strategy and Corporate Affairs Martin Cranefield, Head of IT Kevin Hudson, PRISM Programme Manager

## **1. Welcome, apologies and declaration of interest**

- 1.1.** The Chair welcomed everyone present in person and online.
- 1.2.** Apologies of absence were received from Rachel Cutting, Neil McComb, Shabbir Qureshi, Steve Pugh (DHSC) and Farhia Yusuf (DHSC).
- 1.3.** Alex Kafetz stated that he had a declaration of interest for any discussions regarding member appointments, as his first term is coming to an end in March 2025.
- 1.4.** The Chair stated that she had a declaration of interest for a sub-section of agenda item 7 and that she would vacate the Chair for that item.
- 1.5.** The committee noted the declarations of interest and were assured that appropriate measures would be put in place to handle any conflicts arising.

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## 2. Minutes of the meeting held on 5 March 2024

- 2.1.** The Chair introduced the minutes from the previous meeting which had been circulated to the members.
- 2.2.** The Chair informed members that a proposed amendment to the last sentence of minute 4.1 had been received from the Head of Internal Audit. The proposal is that the minute would now read as:
- The Head of Internal Audit – GIAA presented this item and provided an update on the internal audit work undertaken since the last Audit and Governance Committee meeting. The Code of Practice report and Payroll & Expenses report have both been issued as final. The Code of Practice audit had received a substantial assurance with no recommendations. The Payroll & Expenses audit had received a moderate assurance. For clarity she highlighted that management had disagreed with several recommendations for the Payroll & Expenses report and these had ~~not been included in the final report~~ been separately highlighted to the Committee for information. These recommendations would be noted as “Closed – management accept the risk”.
- 2.3.** With this amendment the minutes of the meeting held on 5 March 2024 were agreed as a true record and could be signed by the Chair.

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## 3. Action Log

- 3.1.** The Head of Finance presented this item.
- 3.2.** The Head of Finance informed the committee that the requirement of item 15.4 from October 2022 regarding the goodwill letters had been completed and could be removed from the action log but would still remain active on the audit recommendations tracker. The committee agreed to this proposal.
- 3.3.** The Head of Finance informed the committee that the two items relating to audit recommendations remain active and gave an update on progress which had been made.
- 3.4.** The committee noted that the publication of the GIAA ARAC Handbook had been delayed, with an expected publication date of end of June. As this publication will be highlighted to members via the supplementary pack issued by GIAA it was agreed to close this item.
- 3.5.** The committee noted that action 7.22 from December 2023 and action 10.12 from March 2024 regarding the Epicentre replacement could be closed, as this had been added as a standing agenda item so the committee will receive a report at each of its meetings.
- 3.6.** The committee noted that action 10.9 and 13.6 had been resolved and could be closed.

### Decision

- 3.7.** Members agreed the proposed amendments to the action log.

### Action

- 3.8.** Board Governance Manager to update the action log as agreed by the committee.

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## 4. Internal audit report results and annual opinion

- 4.1. The Head of Internal Audit – GIAA presented this item and members were advised that on the annual opinion, a moderate assurance had been given and some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
- 4.2. The committee were informed that from the audits completed in the year, GIAA were able to conclude that the Authority’s regulatory activities continue to be well managed and there has been an improvement in the Authority’s digital and data activities during the year.
- 4.3. In response to a question from a member the Head of Internal Audit responded that the closure of outstanding audit recommendations would not have affected the overall rating of the annual opinion.
- 4.4. The Chair referred to the proposed review of the annual internal audit opinion ratings and descriptors and questioned that if a direction of travel indicator was in place what would be the HFEA’s rating.
- 4.5. The Head of Internal Audit commented that the HFEA has such a small audit plan that it is not comparing like for like, year on year, but a direction of travel indicator would indicate a slight improvement although there continues to be similar themes arising from the audits.
- 4.6. The Chief Executive commented that the audit burden has increased substantially in recent years against a backdrop of tighter public spending. This administrative burden relies on the goodwill and time of staff to manage the additional work without additional resources. Due to the pressures on funding, completing the inspection of clinics and servicing the register would always be prioritised, rather than improvements to corporate services. The Authority Chair concurred with the Chief Executive’s statement.
- 4.7. The Director of Corporate Affairs and Strategy referred to the two audits on statutory responsibilities which had achieved the highest ratings with only one recommendation arising from these two audits.
- 4.8. The committee discussed the audit on the Register Research Panel (RRP) noting that it had achieved a substantial rating with just one recommendation. The HEFA team were congratulated for this achievement.
- 4.9. A member expressed surprise at the limited rating for the Business Continuity audit noting that policies were in place and the VPN change had been dealt with efficiently.
- 4.10. The Head of Internal Audit responded that the VPN change had been dealt with by only a small number of staff without implementing the business continuity plan. As there had been no testing of the plan there was no guarantee that staff knew their roles and responsibilities.
- 4.11. The Director of Finance and Resources commented that the team had been disappointed with the rating received but would ensure that the recommendations are actioned, and that the business continuity plan is rolled out to all staff. He stated that there is a plan and timetable to complete these and the HFEA team were comfortable with the proposed plan.
- 4.12. The Chair drew members’ attention to the GIAA supplementary pack highlighting that the ARAC handbook including the addition of “key questions ARACs should ask” will be published by the

end of the summer. She remarked that it is still possible to provide feedback on the review of GIAA annual internal audit opinions and drew attention to the forthcoming members' event on 7 November.

#### Decision

**4.13.** Members noted the annual opinion and themes identified in the internal report.

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## 5. Progress with current audit recommendations

- 5.1.** The Head of Finance introduced this agenda item.
- 5.2.** The Head of Finance informed the committee that the number of recommendations had increased to 28 due to the completion of two Audits in March 2024 and the closure of some recommendations.
- 5.3.** The Head of Finance spoke about the rationale for revising the target date for recommendation 1.2 regarding records management to December 2024 so that it aligns with the latest business continuity plan audit target date.
- 5.4.** The Head of Finance spoke about the rationale for revising the target dates for the recommendations relating to review of KPI indicators and operational risk management to Autumn 2024 to allow for the new evidence which had been submitted to be reviewed and processed.
- 5.5.** An update was provided on the training provision for Authority members and the committee were informed that discussions are being held with HR to ensure that these recommendations would be progressed by Autumn.
- 5.6.** The Chair commented that evidence being submitted is still being rejected by GIAA and asked for confirmation that the HFEA is clear on the ask of the relevant recommendations. The Chair asked what level of confidence the staff had in clearing the outstanding recommendations.
- 5.7.** The Head of Planning and Governance provided further evidence of the new system implemented for the KPI recommendations and stated that this is a rolling annual process which is just completing its first iteration. Whilst she could not give guarantees that all teams would have new SOPs in place by October, she was confident that the HFEA is managing any potential risk well through the process that is now in place. Further evidence of existing team SOPs and the timetable for completing the remaining teams' first KPI reviews had been submitted.
- 5.8.** The Director of Finance and Resources spoke of the actions which had been taken to improve communications between staff and GIAA, so that the HFEA can understand the "ask" of the recommendations. He believed that there is now a shared understanding of the position and where there are any areas of uncertainty the HFEA will do what is appropriate for them as an organisation.
- 5.9.** The Head of Internal Audit, GIAA, spoke of the clarity of the recommendations made by GIAA and believed that through the various meetings with HFEA staff there is now a clear way forward to closing off audit recommendations.

#### Decision

**5.10.** The committee noted the paper and the progress being made in completing the audit recommendations.

**5.11.** The committee agreed the amended target dates for several audit recommendations.

#### Action

**5.12.** The Head of Finance to update the report.

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## 6. Annual Report and Accounts

- 6.1.** The Head of Finance introduced this item, noting that members were sent a draft copy of the governance statement by email in March and the copy before this meeting incorporates the comments and suggestions made by members. The Head of Finance informed the committee that there were some minor typos contained in the report and these would of course be corrected.
- 6.2.** The Head of Finance spoke of the proposed timeline for these documents to be signed by the Accounting Officer, the Comptroller and Auditor General before being laid in Parliament. The current aim is that these will be laid before the summer recess.
- 6.3.** Members were given assurance that the Accounting Officer sign-off will be delayed until a revised timeline from NAO has been received and the testing around the provision for duplicate cycles had been concluded. The Head of Finance stated that this will ensure that the accounts are reviewed in light of any material developments prior to final sign-off and before being passed to NAO. Members were advised that if any material changes were required after the meeting they would be informed accordingly.
- 6.4.** In response to a question the External Audit Lead, KPMG, explained why PRISM had an impairment for the previous year but not for the year currently being reported. He stated that now that the benefits of the PRISM system are being realised the HFEA will be able to conduct a benefit review.
- 6.5.** The committee discussed that whilst the internal whistleblowing policy is well described the report lacks details on the external process for whistleblowing. The Chief Executive informed members that the HFEA website contains all the information relevant for whistleblowing and whilst inspectors are visiting clinics they also provide information to staff. He did not believe that the Annual Report was the correct vehicle for conveying this information but would review the text.
- 6.6.** In response to a question the Chief Executive provided further information about the nature of clinic complaints that the HFEA receives, and its statutory duty as set out in the Act. He would review the text to see whether any revision is required.
- 6.7.** The Chair referred to the EDI section and the additional reporting provided under this. She questioned whether additional protected and non-protected characteristic information could be included, e.g. senior staff ethnicity/age/disability/attendance at private or public school.
- 6.8.** In response to a question the Chief Executive stated that all information regarding the HFEA's work regarding the proposals for modernising the Act are available on the website.
- 6.9.** In response to a question regarding staff turnover the Chief Executive stated that whilst it is higher than the KPI target, it is manageable at present. The main reasons for staff leaving the organisation are the constraints of public pay and lack of internal progression due to the small size of the organisation.

- 6.10.** The Authority Chair commented that the Annual Report is a statutory reporting tool and is not a communication tool for clinics and patients. As an organisation the HFEA is very transparent in its work and communication and the website is the main tool for conveying this information.
- 6.11.** In response to a question the Chief Executive and Head of Finance provided further information about the source of the HFEA's funding, the monitoring of income throughout the year and the process for clinics to verify the data submitted through CaFC.
- 6.12.** The Chief Executive provided further information about the clinics which had submitted duplicate data and the work of the team in addressing this.

#### Decision

- 6.13.** The committee agreed that subject to NAO changes the Accounting Officer could sign the Annual Report and Accounts.
- 6.14.** The committee delegated authority to the AGC Chair or Deputy Chair to approve any amendments proposed by NAO to the Annual Report and Accounts and to authorise the Accounting Officer to sign said documents.

#### Action

- 6.15.** HFEA staff to continue liaising with NAO regarding completion of the Annual Report and Accounts for signing by the Accounting Officer.

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## 7. External audit completion report

### Regularity – overpayment of Authority member

- 7.1.** The Chair declared an interest in this matter and vacated the meeting for discussion on this item.
- 7.2.** The Deputy Chair introduced the item regarding overpayment of an Authority member due to the ambiguous nature of the remuneration set out in the appointment letter issued by the appointments team at DHSC. The error was discovered on receipt of the Authority member's re-appointment letter and the HFEA has agreed an action recommended by the NAO that should prevent this situation arising again.
- 7.3.** The External Audit Lead, KPMG, provided further information to support their findings and conclusion on this item.
- 7.4.** The Chief Executive Officer provided the committee with management's position on this matter and the legal advice obtained.
- 7.5.** The External Auditor, NAO, informed the committee that NAO had consulted with the Comptroller and Auditor General on this matter and they were comfortable with the level of transparency in the Annual Report and Accounts.

#### Decision

- 7.6.** The committee were content with the disclosure in the annual report due to the ambiguous nature of the appointment letter issued by DHSC (ie that it was a genuine error) and that the payments were made and received in good faith.

#### External audit completion report

- 7.7.** The Chair was invited back into the meeting and resumed position as Chair.

- 7.8.** The External Audit Lead, KPMG, referred to the report before the committee and expressed his thanks to the management and finance team for their support in this work.
- 7.9.** He provided further information about the extra work being undertaken regarding the duplication of billing. The committee were informed that approximately 75% of this work had been completed and whilst it cannot be guaranteed to be completed before the Authority meeting it should be completed to allow for the documents to be laid before recess.
- 7.10.** The Senior Auditor, KPMG, informed the committee that the work regarding the presumed risk of management override of controls is still ongoing, but they had not identified any indications that bias has been applied.
- 7.11.** The Senior Auditor referred to the adjusted misstatements and the effect these would have on the financial position. She drew attention to the internal control issues identified in the report and management's responses to these.

#### Decision

- 7.12.** The committee accepted the identified misstatements and endorsed management's reasons for not adjusting the misstatements.
- 7.13.** The committee delegated authority to the AGC Chair or Deputy Chair to approve any amendments proposed by NAO/KPMG to the audit certificate and letter of representation and to authorise the Accounting Officer to sign said documents.

#### Action

- 7.14.** HFEA staff to continue liaising with NAO/KPMG regarding completion of documents.

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## **8. Strategic risk**

### Strategic risk register

- 8.1.** The Head of Planning and Governance introduced the paper and provided further information on the updates which had been made to the strategic risk register. In response to a question, she confirmed that the strategic risk register was last presented to the Authority in November 2023.
- 8.2.** The committee discussed each section:
- Governance – the committee questioned whether the legal regime that the HFEA operates within is keeping pace with developing trends in the fertility sector, and whether clinic whistle blowers might be more likely to come forward if they knew the HFEA had a more nuanced set of powers to act.
  - Information – in response to a question the Director of Strategy and Corporate Affairs informed members of the social media strategy which is additional to the communications strategy.
  - Information 2 – the committee discussed the progress in clearing the waiting list for OTR applications, noting that this risk remains open. It was expected that the risk level would improve over time, but at this stage it was too early to alter the scores.
  - Operational – the committee were pleased with the addition of the CaFC sub-risk and discussed the Epicentre project.



- People 1 – in response to a question the Chief Executive stated that agency staff could be used to fill knowledge gaps when they arise but this affects only a handful of roles.
- People 2 – the committee asked management to look at the wording of the sub-risk as the induction process for new members is robust and sufficient. Management agreed to make it clearer that the issue was the time it takes to upskill the new members before they can serve on certain committees, and the timing of appointment announcements, rather than the quality of induction arranged by the HFEA.
- Reputational – consideration could be given whether to include changes within the fertility sector which are outside the remit of the HFEA, for instance the growth in online services. Management agreed to reflect on this and consider whether the impact of the changing market should be included in the risk register.
- Security – in response to a question, members were provided with further information about how clinics interface with the HFEA's system. The committee questioned whether the text should recognise the improvements that were being made as a result of the business continuity audit.
- Strategy – the committee agreed that this risk could be closed.

### Horizon scanning

- 8.3.** The Chair informed the committee that this agenda item is for members to raise topics which could affect the HFEA in the future but are not yet reflected in the strategic risk register.
- 8.4.** A member stated that they had attended the GIAA ARAC members event on fraud and whistleblowing and this had led them to question the external whistleblowing policy and whether this is robust enough. The office has provided them with information which had satisfied this question and this was shared to the committee.
- 8.5.** The Chair asked management to consider whether there is any connection between whistleblowing reports and non-compliance identified by the HFEA's inspection process. Dependant on the outcome of this review this could be a future deep-dive discussion topic for the committee.
- 8.6.** The committee discussed and agreed the future deep-dive discussions on near-misses in October 2024 and CaFC in March 2025.

### Decision

- 8.7.** Members noted the strategic risk register and that management will update the committee whether there is any connection between whistleblowing reports and non-compliance identified by the HFEA's inspection process.

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## 9. Digital projects

### PRISM update

- 9.1.** The PRISM Programme Manager presented the paper and spoke of the challenges which had been encountered since the start of the CaFC verification process.
- 9.2.** He spoke to the five conditions that need to be met for publishing CaFC as detailed in the table contained in the paper. He reiterated that the PRISM programme board receives weekly reports on these conditions.



- 9.3.** He spoke about the pace of correction being completed by clinics, which is far slower than anticipated with 38% still outstanding. He spoke about the challenges faced in chasing clinics.
- 9.4.** He referred to the duplication of cycles due to some clinics sending the HFEA cycle information for the same treatment more than once. He spoke of the detailed analysis which had been undertaken and that following discussions Mellowood (the third party provider of systems to the clinics involved) staff would attempt the de-duplications, rather than the clinics or the HFEA.
- 9.5.** The committee discussed whether there were other options available to encourage clinics to complete the verification process.
- 9.6.** The PRISM Programme Manager referred to the current technical challenges in completing the CaFC verification reports and spoke in detail to the three main categories these fall into.
- 9.7.** In response to a question regarding the decision to not recruit a second data analyst until after CaFC is completed the PRISM Programme Manager provide further information to support this decision and stated that the job description will be reviewed when recruitment progresses to attract specialised individuals.
- 9.8.** The PRISM Programme Manager referred to those clinics on special support paths and whilst CRGH was on a positive trajectory, concern was expressed at the pace of completion by ARGC.
- 9.9.** The committee noted the clear mitigation plans in place to ensure CaFC publication.
- 9.10.** The PRISM Programme Manager concluded his report by speaking about the publication options and timescales. In response to a question the Chief Executive stated that the decision to publish CaFC does not need ministerial approval.

#### Epicentre replacement

- 9.11.** The Head of IT informed members of the work already undertaken and the proposed timeline for the project. He stated that the proposed timelines have been sent to DHSC, but as yet no response had been received.

#### Decision

- 9.12.** The committee noted the progress on CaFC since the start of the verification process as of March 2024 and the mitigations that are now being put into place given that the pace of CaFC verification by clinics, and the resolution of CaFC complexities by internal technical staff are both slower than originally envisaged.

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## **10. Resilience, cyber security & business continuity**

- 10.1.** The Head of IT presented the paper and informed the committee that he had attended a number of webinars related to the recent ransomware attack affecting several NHS trusts.
- 10.2.** The infrastructure penetration testing had now been completed and there were no high-level vulnerabilities, other than Epicentre where mitigations were already in place.
- 10.3.** The Chair informed members that going forward this item will be amended to “update as necessary” on the AGC forward planner, meaning that a report will only be given when there is something to report on. The committee agreed with this proposal.

#### Decision

**10.4.** The committee noted the report with thanks to the Head of IT and Head of Information.

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## **11. SIRO Report**

**11.1.** The Director of Finance and Resources introduced the paper and stated that he had held the role of the Senior Information Risk Officer (SIRO) for the past 10 months. This role holds responsibility for managing the strategic information risks that may impact on the HFEA's ability to meet corporate objectives and provide oversight and assurance to the Executive and the Authority.

**11.2.** He explained that in this role he works closely with the Head of IT, Head of Information and the Information Governance and Records Manager and has built a good working relationship with all.

**11.3.** He referred to the assurances provided in the paper and stated that annex A of the report is an assessment of the HFEA's compliance with the Security Policy Framework as at 31 March 2024.

### Decision

**11.4.** The committee noted the SIRO report and the assurances contained within the report.

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## **12. Governmental Functional Standards**

**12.1.** The Director of Finance and Resources informed the committee of the progress which had been made using the self-assessment tools and that a more formal approach to this work will be taken to a forthcoming Corporate Management Group meeting.

**12.2.** The committee were informed that the GIAA audit on governmental functional standards will commence in Q2.

### Decision

**12.3.** The committee noted the verbal report.

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## **13. HR report**

**13.1.** The Head of HR introduced the paper and informed members that 9 staff members had volunteered to be EDI champions and regular meetings had been established to progress this work further. This area of work is also supported by an Authority member as an EDI champion.

**13.2.** The Head of HR referred to the launch of the well-being breaks and spoke of the uptake of these. Extensive well-being material had been provided on the HFEA's intranet. It was reported that these breaks had been received very positively by the staff.

**13.3.** The committee congratulated the Head of HR on the work undertaken, especially regarding the introduction of well-being breaks.

### Decision

**13.4.** The committee noted the verbal report.

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## **14. Estates**

**14.1.** The Director of Finance and Resources informed the committee that an occupancy and usage review of 2RP had recently taken place. He spoke about the level of desk usage and the

proposals that other ALBs could be brought into 2RP. He cautioned that whilst there is desk availability the meeting rooms are extensively used and very busy.

**14.2.** In response to a question the Chief Executive said that the Executive had not picked up on any reluctance from staff to attend the office and the uptake for the excess fares provision due to the office relocation had been limited. The Chief Executive reminded the committee that the HFEA has the provision of home-worker contracts.

**14.3.** The Director of Finance and Resources informed the committee that the current lease at 2RP expires at the end of 2030 and discussions will soon commence on what could happen when the lease expires.

#### Decision

**14.4.** The committee noted the verbal report.

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## **15. AGC forward plan**

**15.1.** The Head of Finance introduced the paper and stated that this had been amended to include a full year of meetings.

**15.2.** The Chair reminded members that the December 2024 meeting would also include a training session in the afternoon.

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## **16. Items for noting**

**16.1.** Whistle-blowing

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

**16.2.** Gifts and Hospitality

- Members were advised that there was nothing to report at this meeting.

**16.3.** Contracts and Procurement

- Members noted that there were no contracts or procurements signed off since the last AGC meeting.
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## **17. Any other business**

**17.1.** The Chair reminded members that the next meeting is being held on 1 October and given the previous decision regarding the cycle of AGC meetings, this meeting would be held virtually.

**17.2.** The Chair informed members that the schedule of meetings for 2025 would be:

- Tuesday 4 March 2025 – virtual meeting
- Tuesday 17 June 2025 – in person meeting
- Tuesday 14 October 2025 – virtual meeting
- Wednesday 3 December 2025 – in person meeting

The meeting noted that the date of the October 2025 meeting may change, and the office would confirm this as soon as possible. (**Post meeting note** October 2025 meeting date confirmed as Tuesday 14 October but meeting time changed to 1.30pm)

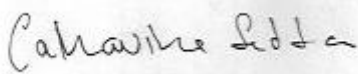
- 17.3.** There being no other items the Chair thanked all for their participation and formally closed the meeting.

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## Chair's signature

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

Signature

A handwritten signature in black ink that reads "Catharine Seddon". The signature is written in a cursive style and is positioned above a light grey rectangular background.

Chair: Catharine Seddon

Date: 1 October 2024