

Minutes of the Audit and Governance Committee meeting on 6 December 2024 held in person at HFEA Office, 2nd Floor, 2 Redman Place, London E20 1JQ and via teleconference (Teams)

	In person	Online
Members present	Catharine Seddon, Chair Tom Fowler Alex Kafetz, Deputy Chair	
External Advisers	Dean Gibbs, KPMG – External Audit lead Nick Dovan, National Audit Office (NAO) – External Auditor	Jo Charlton, Head of Internal Audit (Internal Auditor) – GIAA
Observers	Adrian Thompson, Board Apprentice	Farhia Yusuf (DHSC)
Apologies	Anne Marie-Miller Steve Pugh (DHSC)	
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 Shabbir Qureshi, Risk and Business Planning Manager Kazuyo Machiyama, Senior Research Manager Alison Margrave, Board Governance Manager	Rachel Cutting, Director of Compliance and Information Clare Ettinghausen, Director of Strategy and Corporate Affairs Yvonne Akinmodum, Head of HR Martin Cranefield, Head of IT Neil McComb, Head of Information Kevin Hudson, PRISM Programme Manager

1. Welcome, apologies and declaration of interest

- 1.1.** The Chair welcomed everyone present in person and online, a warm welcome was extended to new Authority member Tom Fowler who has joined the committee and Board Apprentice, Adrian Thompson.
- 1.2.** Apologies for absence were received from committee member Anne-Marie Millar, Steve Pugh, Department of Health and Social Care and Lea Luna, KPMG.
- 1.3.** There were no declarations of interest.
- 1.4.** The Chair informed the committee that she had attended the GIAA Audit Chairs' meeting, held the quarterly meeting with the Head of Internal Audit GIAA and pre-planning meetings with the Director of Finance and Resources and Board Governance Manager. The Chair informed the

committee that she will be meeting with Dave Willis, Director responsible for oversight of the HFEA at GIAA next week.

2. Minutes of the meeting held on 1 October 2024

2.1. The Chair introduced the minutes from the previous meeting which had been circulated to the members.

2.2. Proposal to amend minute 4.7 so that it reads:

The Head of Internal Audit informed the committee that since its last meeting the final report had been issued on the Data Security and Protection Toolkit (DSPT) audit with a limited assurance. 37% of outstanding audit recommendations relate to DSPT, many from previous years, and the Head of Internal Audit questioned whether the HFEA had a strategy to complete these recommendations and prepare for the next changes to DSPT.

2.3. Proposal to amend minute 4.9 so that it reads:

In response to the committee expressing disappointment with the overall rating assigned at the conclusion of the audit ~~the~~ The Head of Internal Audit commented on the process for completing the DSPT audit which afforded no discretion to the auditor: specific requirements had to be recorded as in place or not.

2.4. Proposal to amend minute 5.10 so that it reads:

The committee were encouraged that the paper should lead to an improved relationship improved ways of working with GIAA in ensuring audit recommendations are closed off in a timely fashion.

2.5. Proposal to amend minute 6.3 so that it reads:

The External Audit Lead, KPMG, responded that PRISM would continue to be a risk that would need to be monitored to consider the level of provision required for duplicate invoices and management's approach to determining this for the year. This could continue to be an area of increased challenge around duplicates and the recognition of revenue in year. The potential need for impairment of PRISM would also continue to be challenged by the auditors. impairment would continue to be a risk that would be monitored regarding the level of provision for duplicate invoices.

2.6. Proposal to amend minute 7.9 so that it reads:

The Head of Internal Audit GIAA informed the committee that they can put HFEA in touch with colleagues with AI expertise in GIAA if required. when the HFEA has progressed further in this project they can put them in touch with colleagues with AI expertise in GIAA.

2.7. Proposal to amend minute 5.2 so that it reads:

The committee discussed whether the Authority had the ~~appetite or~~ resources to close recommendations.

2.8. With these amendments the minutes of the meeting held on 1 October 2024 were agreed as a true record and could be signed by the Chair.

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 5.7 from 7 December 2023 regarding outstanding audit recommendations 2.1 and 2.4 has been closed and could be removed from the action log.
- 3.3.** The Head of Finance informed the committee that the requirement of item 5.13 from 1 October 2024 regarding management reviewing outstanding audit recommendations and bringing proposals to the December meeting has been completed; with a paper for consideration by the committee under agenda item 5. This item can therefore be considered closed and removed from the action log.
- 3.4.** The Head of Finance informed the committee that the requirement of item 9.15 from 1 October 2024 has been closed and could be removed from the action log, as the PRISM Programme Manager has brought the requested report to this meeting, to be considered under agenda item 8.
- 3.5.** The Head of Finance informed the committee that the requirement of item 14.4 from 1 October 2024 has been closed and could be removed from the action log, as the committee forward plan had been updated as requested.

Decision

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

Action

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

4. Internal audit update report

- 4.1.** The Head of Internal Audit – GIAA presented this item and stated that delivery of the 2024/25 audit plan is progressing well, with 60% of the plan now delivered to final report stage and she feels comfortable that the full plan will be delivered on time, subject to the continued engagement of the HFEA staff in assisting with the delivery of the remaining audits in a timely manner.
- 4.2.** The committee was informed that since its last meeting in October, the final audit reports for Government Functional Standards (GFS) and Opening the Register (OTR) have been issued, with a limited assurance and moderate assurance, respectively.
- 4.3.** The Head of Internal Audit informed the committee that a number of recommendations from these two audits had been rejected by management and for clarity these are shown in pages seven to nine of the report presented to this meeting. She spoke of the positive reduction in the number of overdue audit recommendations.
- 4.4.** The Head of Internal Audit referred to the themes arising from the audits regarding second line assurance and audit trails.
- 4.5.** The committee's attention was drawn to the supplement pack especially regarding developments in the profession and GIAA training events for members.

- 4.6.** The Chair referred to recommendation five from the GFS audit and asked the Head of Internal Audit whether GIAA felt there were any gaps in mandated requirements.
- 4.7.** The Head of Internal Audit responded that the HFEA's action plans are less formal than they would have expected, with no owners or action dates.
- 4.8.** The Director of Finance and Resources responded that there are no major gaps between mandated and "shall" requirements in the GFS. He stated that the action plans are clearly owned by the relevant functional lead and there are no hard target dates set so that work can be fitted in with dynamic business priorities.
- 4.9.** The Chair referred to recommendation eight of the GFS audit and questioned whether the HFEA should include information about GFS in staff induction documents.
- 4.10.** The Director of Finance and Resources responded that it is included in the induction documents for functional leads but due to the complexity of these standards it is not included for all staff. Rather, team SOPs (Standard Operating Protocols) are written and updated to incorporate agreed standards, and staff in teams would learn the correct way of approaching tasks from these.
- 4.11.** The Deputy Chair referred to the OTR audit and supported management's response regarding not charging a fee for OTR services. He stated that this has already been discussed at Authority level and the decision was taken not to introduce charges.
- 4.12.** The Chair questioned whether there would be a trigger point in OTR applications that would warrant management bringing forward this topic again to Authority for consideration. The Director of Compliance and Information referred to previous committee/Authority papers which explained the difficulties in predicting the numbers and therefore the difficulty in any model predication until the new system has fully settled.
- 4.13.** The Chair asked whether during the OTR KPI review consideration will be given to the waiting list and time taken to process applications. The Director of Compliance and Information responded that this information is presented at each Authority meeting in the performance report and that the waiting list had been reduced by 30% to just over 1000. In response to a question, she stated that for applications closed in the last six months people have waited 8.6 months and for those closed in the past month they have waited 5.4 months. Therefore we are able to evidence the improvement.
- 4.14.** The Director of Finance and Resources stated that this risk is one which is taken very seriously by the Authority and is managed appropriately with several mitigations in place and management felt that the recommendation proposed by the auditors would not help manage this risk any further as it was too specific and singular in approach.
- 4.15.** The Chair informed the committee that GIAA were surprised at the number of OTR audit recommendations which were rejected by management, as there appeared to be general acceptance during the audit close out meeting. She questioned whether the ways of working agreement with GIAA needed amending to ensure that the audit sponsor was present during the close out meeting.
- 4.16.** The Head of Internal Audit spoke of the importance of ensuring that the right people are in the close out review meetings. She spoke of the recommendations which had not been accepted and

asked that management be clear in their responses as to why they are prepared to accept any risk or how they currently manage that risk.

- 4.17.** The Chief Executive asked that audit recommendations be clearer and provide a concrete proposal which management can either accept or reject. He gave an example of an audit recommendation which is ambiguous. The Head of Internal Audit noted this point and undertook to review this.
- 4.18.** In response to a question the Director of Compliance and Information provided further information about why the recommendation regarding streamlining the OTR process was rejected. She stated that there have been vast improvements to the system over the past 12 months and staff are working very efficiently. The register is very complex and the importance of being able to provide accurate information was reinforced. The Authority will not compromise on this.
- 4.19.** The Director of Compliance and Information reminded the committee how risks are managed by regular reporting via the Performance Report to the Corporate Management Group (CMG) and the Authority.
- 4.20.** In response to a question about providing evidence the Chief Executive stressed the importance of getting the balance right. He stated that the HFEA has highly skilled, experienced staff and the recent staff survey showed that they appreciate being given the space to complete their work. If staff were over managed this would erode trust and productivity.
- 4.21.** The Head of Internal Audit responded that audits are evidence based and opinions are based on evidence provided. She reminded the committee that a moderate assessment is a good audit, but that it indicates that there are some improvements which can be made.
- 4.22.** The Chair drew the discussion to a close noting that it is right and proportionate for the Senior Management Team to reject audit recommendations when the identified risk is being managed by alternative means.

Decision

- 4.23.** Members noted the internal audit update report and themes identified in this report.

Action

- 4.24.** Director of Finance and Resources and Head of Internal Audit to discuss offline the subject of attendance at audit close out meetings.

5. Progress with current audit recommendations

- 5.1.** The Head of Finance introduced this agenda item and informed the committee that five recommendations were closed before the meeting, which means that 28 are either outstanding or not yet due.
- 5.2.** The Head of Finance explained the rationale for accepting at risk some of the recommendations, as detailed in the report presented to the committee. In response to a question about tracking fraud training, she stated that this is managed by HR using the Astute learning platform and by herself using the Civil Service Learning platform.

- 5.3.** The Head of Finance explained the rationale for extending the target date for recommendations relating to the Data Security and Protection Toolkit (DSPT) and business continuity to end of May 2025.

Decision

- 5.4.** The committee noted the paper and the progress being made in completing the audit recommendations.
- 5.5.** The committee agreed to accept at risk the following recommendations:
- Rec 1.1 – Alternative performance indicators should be evaluation whilst both awaiting the launch of PRISM and immediately afterwards until the system has been embedded to allow an analysis of progress towards strategic objective four.
 - Rec 3.1 – Authority should access the extent to which internal incidents lessons learnt, communications when reinstated, are having the desired impact and preventing recurrence.
 - Rec 3.1 – We recommend all future training (both in person and digital, one-offs and annual mandatory) registers include the following information: date/description of training provided/list of people required to attend/ticks for those who did attend/any follow up actions for those who did not attend.
- 5.6.** The committee agreed amended target dates for audit recommendations relating to DSPT and business continuity.

Action

- 5.7.** The Head of Finance to update the report.

6. External audit

- 6.1.** The External Audit Lead, KPMG, introduced the paper on the audit plan for 2024-25.
- 6.2.** Members were advised of the initial assessment of the significant risk of material misstatement and audit focus areas. Three areas of significant risk were identified as:
- the presumed risk of management override of controls;
 - accuracy of revenue recognised; and
 - valuation of PRISM intangible asset.
- 6.3.** The Auditors commented that they were satisfied that there was nothing to report following their assessment of risk of fraud.
- 6.4.** Members were informed that the materiality has been determined as 2% of expenditure and should it be required to be revised the committee would be informed.
- 6.5.** The proposed timetable for the timing of the audit was presented, noting that an interim audit visit is planned for February 2025 and final visit in May 2025. The aim is to be able to lay the HFEA's account in Parliament before summer recess.
- 6.6.** The External Audit Lead confirmed KPMG's independence.
- 6.7.** In response to a question the Chief Executive provided further information about the recording of duplicate cycles, which is a historic issue. He welcomed the early discussions with the auditors and the opportunity to have detailed conversations about the clear ask for IT information. He

provided further information about the process which is undertaken to check data and commented that PRs are well versed in this process.

- 6.8.** In response to a question the NAO External Auditor explained why the HFEA's risk profile had been heightened in relation to the duplicate billing provision and PRISM impairment. He stated that due to the increased work this would incur additional fees, as had been the case the previous year. Both the Chair and Director of Finance and Resources commented that the fee increase the previous year was in part incurred due to the auditors' lack of understanding about the PRISM system and therefore any proposed fee increase should be offset by the learning gained from the previous year and further evidence to be provided to the NAO regarding duplicate invoices and general assurance of PRISM and the data it contains. The NAO and KPMG agreed to provide an update on the progress made with assessing the revenue risk at the March meeting.

Decision

- 6.9.** The committee noted and accepted the proposed plan and timetable for the preparation of the 2024-25 financial statements audit.

7. Strategic risk

Risk Management Strategy

- 7.1.** The Risk and Business Planning Manager introduced the revised risk management strategy and reminded the committee that this was last updated in December 2023 following the changes to the Orange Book that were published in May 2023.
- 7.2.** The Risk and Business Planning Manager stated that the committee had agreed that there should be an annual review of the risk strategy and the document presented to them incorporated updates from feedback received from this committee and internal audit.
- 7.3.** In response to a question the Risk and Business Planning Manager explained the rationale for the low risk maturity level rating for the organisation as a whole. He stated that the Corporate Management Group (CMG) have a higher level of understanding following recent training but for other staff this is not yet as advanced.
- 7.4.** The committee discussed the risk appetite and the suggestion that regulators are seen as naturally cautious. The committee felt that the Authority was not overly cautious and had taken firm action and bold decisions regarding the law reform proposals. The Chief Executive responded that this is historic wording which he will revisit.

Strategic risk register

- 7.5.** The Risk and Business Planning Manager introduced the paper and provided further information on the updates which had been made to the strategic risk register.
- 7.6.** The committee discussed the following sections of the register:
- People 2 – the committee agreed the proposal to close this risk.
 - Information – the committee agreed that this risk should be kept open.
 - Reputational – the committee discussed the positive Public Bodies' Review from 2023 and exclusion from other more recent ALB reviews.

Horizon scanning

- 7.7.** 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. There were no items raised under this agenda item.

Decision

- 7.8.** The committee noted the updated risk strategy.
- 7.9.** The committee noted the revised strategic risk register and agreed to close the People 2 risk.

8. Digital projects

PRISM update

- 8.1.** The PRISM Programme Manager presented the paper and spoke of the plan for an interim Choose a Fertility Clinic (CaFC) to be published by March 2025 and the work that will need to be undertaken to facilitate this. The PRISM Programme Manager highlighted the additional work that will be required for publishing the full update to CaFC later during 2025.
- 8.2.** In response to a question the PRISM Programme Manager explained the regular and direct communication he has with PRs about their progress in correcting records.
- 8.3.** In response to a question the Chief Executive reiterated the established process for validating data and that if responses are not received from clinics, then caveats are made on the appropriate data on the HFEA website.
- 8.4.** The committee discussed whether to remove the historical 2018 data from the HFEA website when the 2022 data is published. The Director of Strategy and Communication stated that it might not be in the best interests of the public to remove historical data as it could be used to review a clinic's data over several years to see changes.
- 8.5.** In response to a question the PRISM Programme Manager stated that he believed that there would be enough critical mass of information to allow for the publication of the interim CaFC report in March 2025 and any data which is signed off by clinics later can be added on a piecemeal basis.
- 8.6.** In response to a question the PRISM Programme Manager confirmed that there are still areas of challenge in verifying historical thaws reporting but the issues with missing thaw linkages do not affect the clinics' reported headline success rates so can be accommodated in the interim CaFC.
- 8.7.** The PRISM Programme Manager stated that the PRISM database allows the HFEA to interrogate the register in far greater and more systematic way than was possible under the old system and that the 10 family alerts will be made live at the beginning of December 2024. He spoke of the good engagement with clinics regarding the implementation of this alert.
- 8.8.** The Chief Executive spoke of the value which can now be realised from PRISM and the public reassurance which is afforded from a stable database.

Epicentre replacement

- 8.9.** The Head of IT informed the committee that 20 bids had been received and that these had been independently reviewed by the bid assessment panel. It is anticipated that the tender will be awarded in late December with the project starting in the new calendar year.

- 8.10.** The Chair congratulated the Head of IT for undertaking and managing the procurement process for the Epicentre replacement.

Decision

- 8.11.** The committee approved the plan for establishing an Interim CaFC and publishing headline success rates for clinics earlier than would otherwise be achieved.
- 8.12.** The committee noted the ongoing work on the full CaFC for data to 2023, and this will be without 2021 data because of the changeover from EDI to PRISM. The committee noted however that future updates will return to a calculation based on three years of data when the HFEA publish the Full CaFC for data to 2024 later during 2025.
- 8.13.** The committee noted that the HFEA will undertake a retrospective data validation to address EDI (Electronic Data Interchange) errors in 2020 and 2021 and missing thaw linkages earlier than 2020, noting the importance of this work for the accuracy of the register.
- 8.14.** The committee noted the launch of the new 10 Family Limit alerts from December 2024.

9. Resilience, cyber security & business continuity

- 9.1.** The Head of IT informed the committee of the work being undertaken for the Umbraco update and that this work is currently ahead of schedule.
- 9.2.** The Head of IT informed the committee that the business continuity plan has been disseminated to all staff and a business continuity exercise is being planned for next year.

Decision

- 9.3.** The committee noted the verbal report.

10. HR Report

- 10.1.** The Head of HR introduced the paper and informed members that a response rate of 87% had been achieved in the Annual Survey, which is considerably higher than the sector average of 70%.
- 10.2.** The Head of HR commented that whilst there has been a positive increase in response to EDI (Equality, Diversity and Inclusion) based questions, this is still below the comparator survey respondents. The purpose of the EDI staff champions was explained and whilst relatively new, their initiatives and proposed workplan were shared with the committee.
- 10.3.** In response to a question the Head of HR informed the committee of the career development training sessions being offered to staff at different levels and how these sessions are targeted to differing groups of seniority.
- 10.4.** The Director of Strategy and Communication commented that due to the small size of the organisation the opportunity for career development internally is limited and that some of the responses to survey questions reflect this limited career development.
- 10.5.** In response to a question the Head of HR informed the committee that Heads will discuss at team level the survey results and consult on future actions.

- 10.6.** The Head of HR informed the committee that the HFEA had been awarded People Insight's Outstanding Workplace Award 2024. The committee congratulated the team for this recognition.

Decision

- 10.7.** The committee noted the HR report.
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11. Governmental Functional Standards

- 11.1.** The Director of Finance and Resources informed the committee that the governmental functional standards (GFS) self-assessments will be completed and signed off by the relevant director before the January CMG meeting.
- 11.2.** The Chair proposed that the GFS process be the subject of the Deep Dive discussion for March 2025 and that this could be discussed under the AGC forward plan.

Decision

- 11.3.** The committee noted the verbal report.
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12. AGC forward plan

- 12.1.** The Head of Finance introduced the paper and stated that this had been updated to reflect the committee's decisions made at the last meeting.
- 12.2.** The Chair commented that whilst CaFC had been agreed as the deep dive topic for March 2025, in the light of ongoing delays to full publication, it would be prudent to postpone this until March 2026 and GFS processes to be discussed in March 2025. The committee supported this proposal.
- 12.3.** The committee discussed the Chair's proposal for reviewing the implementation of the external auditor's recommendations and performance of the external auditors as a potential deep dive topic for October 2026 and agreed to discuss this again in March 2025.
- 12.4.** The Chair proposed that the training session for December 2025 be on External Audit, the role/functions of the external auditor and the key reports and assurances they provide. The external audit representatives commented that this would be possible but requested a clearer steer on the training request.

Decision

- 12.5.** The committee agreed that the deep dive discussion on CaFC should be postponed until March 2026 and that GFS processes be the deep dive discussion for March 2025.

Action

- 12.6.** The Board Governance Manager to amend the committee forward plan.
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13. Items for noting

13.1. Whistle-blowing

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

13.2. Gifts and Hospitality

- Members were advised that there was one item which had been added to the register, as detailed in the report presented to them.

13.3. Contracts and Procurement

Members were advised that a contract had been signed with Umbraco.

14. Review of AGC effectiveness

- 14.1.** The Head of Planning and Governance introduced the paper and highlighted the key observations of the review undertaken by committee members, using the [NAO](#) audit and risk assurance committee effectiveness tool.
- 14.2.** The Head of Planning and Governance stated that whilst the average score for all questions answered are “standard met” there are some areas for possible improvement and these had been categorised as quick wins, actions we can incorporate into already planned work and other possible future actions.
- 14.3.** A committee member welcomed the Chair’s report on her meetings and engagement between the formal AGC meetings. The committee member questioned whether it is necessary for each of the HFEA’s committee to undertake an annual effectiveness review suggesting half the committees do a review every other year on a rolling basis.
- 14.4.** The Chair commented that it was important for the AGC to complete this review on an annual basis, especially gaining 360 feedback from staff members and auditors. The auditors were supportive of an annual review but commented that it should not be a check list exercise and should encourage discussion.
- 14.5.** The Chief Executive commented that these reviews are important as it allows the committees to review whether they are given the correct information and support to carry out their functions.

Decision

- 14.6.** The committee noted the report and agreed the potential actions for improvement.

Action

- 14.7.** The Board Governance Manager to circulate the AGC skills audit to committee members for completion.
- 14.8.** The Executive to present the results of the committee’s effectiveness review to the Authority as part of its annual governance review.

15. Any other business

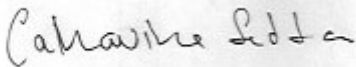
- 15.1.** The Chair informed the committee that the Director of Finance & Resources, Tom Skrinar, will be employed full time by the HFEA in the New Year. Currently this position is a shared service with the Human Tissue Authority (HTA) but following discussions with DHSC and HTA it was agreed to end this shared service agreement.
- 15.2.** The Chair informed the committee that the Head of Planning and Governance, Paula Robinson, will be retiring next year. The committee expressed their thanks to Paula for all her work and support of the committee.

- 15.3.** The Chair stated that Adrian Thompson's term as Boardroom apprentice will finish at the end of December, she hoped that he had found the placement beneficial and rewarding.
- 15.4.** In a review of the meeting, members congratulated the Chair for managing the agenda so efficiently and a member stated it was helpful when people referred to page numbers when introducing agenda items.
- 15.5.** There being no further business the Chair drew the meeting to a close and thanked all for their active participation.
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Chair's signature

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

Signature

A rectangular box containing a handwritten signature in black ink. The signature appears to read "Catharine Seddon".

Chair: Catharine Seddon

Date: 4 March 2025