

Audit and Governance Committee Paper

Paper Title	DRAFT Minutes of the meeting 1 October 2014
Agenda Item	2
Paper Number	[AGC (10/12/2014) 432]
Meeting Date	Wednesday, 10 December 2014
Author	Siobhain Kelly
For information or decision?	Decision
Recommendation	Members are asked to confirm the minutes as a true and accurate record of the meeting.

Members present

Rebekah Dundas (Chair)
Gill Laver
Jerry Page

External attendees

Catherine Hepburn – NAO
Nicholas Todd - NAO
Kim Hayes – DH
Lynn Yallop – PWC
James Hennessey - PWC

Staff in attendance

Sue Gallone – Director of Finance and Resources
Sam Hartley – Head of Governance and Licensing
Siobhain Kelly – Committee Secretary

Apologies

Dr Alan Thornhill

Attendance for specific items:

Nick Jones – Director of Compliance and Information
Juliet Tizzard – Director of Strategy and Corporate Affairs
Stacey Kennedy – Programme Support Officer
David Moysen – Head of IT

1. Welcome, Apologies and Declarations of Interests

- 1.1 The Chair welcomed all attendees, which included Catherine Hepburn and Nicholas Todd from the National Audit Office (NAO) plus James Hennessey and Lynn Yallop from Price Waterhouse Coopers (PWC).
- 1.2 Apologies had been received for Dr Alan Thornhill and there were no declarations of interest stated.
- 1.3 The Chair informed the committee that the Authority would still be running with 10 members instead of 12, as the new member appointments had not yet been made.

2. Minutes of the Meeting held on 11 June 2014

- 2.1 The Minutes of the meeting held on 11 June 2014 were agreed as a true record of the meeting and approved for signature by the Chair.
- 2.2 The Director of Finance and Resources drew the committee's attention to 8.7 in the minutes which related to the financial procedures being completed by this meeting, and stated that this would be addressed under the agenda item on audit recommendations.

3. Matters Arising

- 3.1 The Committee noted the status of the various matters arising and good progress made thus far.
- 3.2 The committee heard that seven members had now completed the online governance training and the cascade exercise (business continuity) would be completed in November due to resource constraints within the HR team.

4. Annual Report – Lessons Learned

- 4.1 The committee heard that merging the finance teams of the HFEA and the Human Tissue Authority (HTA) had, as a consequence, had an impact on year end.
- 4.2 The committee heard that there had been a comprehensive lessons learned document produced which would be for internal consumption only.
- 4.3 The Chair noted the Lessons Learned Report and thanked all staff that had contributed.
- 4.4 The committee heard that the HFEA would simplify the format and design of the annual report and accounts for 2014/15, so there would be better internal control of the content. The design of the cover could be managed by HFEA staff that already had the appropriate training.
- 4.5 The committee noted that an initial meeting with the NAO on lessons learned had been held and that the HFEA had committed to earlier audit dates and preparation of accounts for next year.
- 4.6 The committee agreed that the HFEA should ensure that all relevant external contacts are established earlier in the process and noted that extra resilience would be built in for next year.
- 4.7 The Chair thanked Jerry Page for liaising with Civil Service Pensions about delays in receiving pension data and welcomed any feedback that could be provided.

5. Strategy and Corporate Affairs – Update and Risks

- 5.1 The Chair congratulated the Director of Strategy and Corporate Affairs on behalf of the committee, on her appointment to this Director post. The committee noted the remit of this post which would now include responsibility for licensing and governance, business planning, policy, and communications (comms) and engagement.
- 5.2 The committee agreed that licensing is one of the main functions of the organisation, and that there were substantial statutory obligations to provide information under Freedom of Information (FOI) and Parliamentary Questions (PQs). Capacity has an impact on the accuracy and timely responses to these.
- 5.3 The committee noted that though the organisation would be considered small, interest in the HFEA and the sector regulated would be high. The nature, as well as the volume, would place additional pressure on the Executive.
- 5.4 The committee heard that though representations made against licensing decisions are rare, they would generally consume a lot of management and staff attention. The current representations process would be resuming in October.
- 5.5 The committee noted that there is a general risk around business planning and project management, mainly around projects being delivered on time with resource.
- 5.6 The committee noted there would be work for DH coming up on mitochondria which would consume scientific resources and on two new EU Directives. Recruitment from existing staff had taken place to fill gaps.
- 5.7 The committee noted that staff and member capacity would have an impact on sub committees. Currently the committees were still working effectively, largely due to the goodwill of members. Though this capacity issue should be addressed by the two pending member appointments, there would need to be further member appointments in the spring.
- 5.8 The committee noted that McCracken had highlighted concerns related to the HFEA’s communication with professional stakeholders and the Information for Quality (IFQ) project had raised expectations in the sector.
- 5.9 The committee agreed that it would be challenging for Authority Members to have oversight over licensing issues, when access to the details needs to be restricted. However, the Head of Governance and Licensing informed the committee that the lessons learned report would be put before them once the representations process and any subsequent steps was concluded.

ACTION:

<u>Action</u>	<u>Owner</u>
5.10 Add Representations lessons learned to AGC forward planner	Head of Governance & Licensing

6. Compliance and Information – IFQ Programme – Governance and Risks

- 6.1 The committee noted that the Director of Compliance and Information was the Senior Responsible Officer and the Programme Manager had been with the HFEA for a year.
- 6.2 The committee noted the progress thus far which was set out in the paper and that the six-week consultation had just launched, with stakeholder engagement being central to the whole programme.
- 6.3 The committee heard that the options appraisal work had concluded and the business requirements work was ¾ complete.
- 6.4 The committee noted that market engagement with potential suppliers would take place before the official tender process began, and that there had been a lot of interest from suppliers (all on the government framework).
- 6.5 The SRO informed the committee that supplier engagement should enable the IFQ Programme Board to get a better indication of costs for delivery. The IFQ Board will make proposals to the Authority whilst working closely with DH and the NHS Information Centre (NHSIC).
- 6.6 A key challenge is migration of Register data to a new database and the Head of IT would be doing research into the best way forward.
- 6.7 The committee welcomed a member of internal audit attending the IFQ programme board meetings as a ‘critical friend’ and noted the contracts let and spend thus far that had been identified within the paper.
- 6.8 The committee heard that this programme would be funded from HFEA surplus and that by the end of next financial year, everything that needed to be implemented would be.
- 6.9 The committee agreed that a gateway review could be considered, in a light touch way, to provide assurance and approved of the involvement of the Crown Commercial Service (CCS). Jerry Page offered to provide advice on sourcing any gateway review.

ACTION

<u>Action</u>	<u>Owner</u>
6.10 Light touch gateway review to be discussed at IFQ programme board meeting.	Director of Compliance & Information

7. Information Assurance and Security

- 7.1 The committee received a paper on assurance and security. It was noted that there have been no serious incidents relating to the loss of personal data or breaches of confidentiality over the last year and patching had resolved recent bug issues.

- 7.2 The committee noted the records management system would be reviewed, information assets remained unchanged and information security training would be ongoing.
- 7.3 The committee noted that the information governance toolkit would be completed and AGC would be informed of the result annually.
- 7.4 The IT challenges of the proposed office move are being considered.
- 7.5 The committee noted that there would be internal conversations on information security between the Caldicott Guardian, SIRO and IT and the output would be presented to CMG and more formally to AGC annually.

8. McCracken Update

- 8.1 The committee noted that seven recommendations had been completed and two were in progress.
- 8.2 The committee agreed with the conclusion the Authority had drawn, that this work would now be core business and no further reporting would be necessary.
- 8.3 The committee was informed that there are conflicting demands on the finance resources shared with the HTA, but also synergies. This would be reported to the March meeting in more detail.
- 8.4 The Director of Finance and Resources assured the committee that further sharing in the finance teams would provide resilience rather than further efficiencies.

ACTION

<u>Action</u>	<u>Owner</u>
8.5 Add report on shared finance resources to AGC forward planner for March	Director of Finance & Resources

9. Risk – High Level Risk Register (HLRR)

- 9.1 The committee noted that the decision making risk had gone up and all other risks remained the same but the controls had changed.
- 9.2 The committee agreed that now that the corporate strategy was in place and the business plan agreed, this would need to filter down to individual operational plans.
- 9.3 The committee noted that the HLRR structure would be reviewed next and operational risks would flow from this. In addition this would continue to be a live document.
- 9.4 The committee agreed that though Grade A incidents (that had an impact on patients or babies born) were risks to clinics rather than the HFEA, this should be reflected in the detail of appropriate HFEA risks. On a human level, this could be the worst thing to happen to a patient and would matter greatly to the Authority.
- 9.5 The Chair informed the committee that the HLRR from June 2013 could now be published as more than a year had elapsed (in line with the Authority's publication policy).

ACTION

<u>Action</u>	<u>Owner</u>
9.6 Publish HLLR from June 2013	Committee Secretary
9.7 Finesse HLRR to reflect impact on HFEA from Grade A incidents at clinics	Head of Business Planning

10. Internal Audit – Draft plan – Internal Audit 2014/15 – Progress Report

- 10.1 The committee heard that the plan had developed to reflect current risks had priorities. The IFQ review was about to take place and Internal audit playing the role of critical friend on an ongoing basis would benefit to the IFQ programme. Particular attention would be given to data migration.
- 10.2 The committee agreed that internal audit sharing best practice and working with the HFEA as financial procedures are updated would be a suitable way to review this area.
- 10.3 The committee heard that NAO were meeting with internal audit to determine what level of reliance could be placed on internal audit work.

11. Implementation of Recommendations – Progress Report

- 11.1 The committee were informed that since the paper was written, a further recommendation had been completed thus ten recommendations were complete and 12 would be outstanding.
- 11.2 The committee heard that the older recommendations around standard operating procedures (SOPs) and policies would not be completed until the end of the year. The Information Governance policies would be complete by November.
- 11.3 The committee noted that the 2012/13 recommendations were completed and that there was progress with the newer recommendations.

12. External Audit

- 12.1 The committee noted the NAO planning report which included the timetable for 2015 work and maintenance of the previous fee. The committee also noted the risk factors identified.

13. Reserves Policy

- 13.1 The committee heard that the Director of Finance and Resources recommended that the Authority should have a cash reserve that would cover two months of costs (staff and accommodation), positive cash flow and other potential commitments such as legal fees. Kim Hayes, DH left the meeting for the discussion of this item and returned at the end.
- 13.2 The committee agreed that minimum reserves of £1.52m are required.
- 13.3 The committee were informed that there had been a dialogue with DH regarding setting a realistic minimum reserves figure in principle and that the amount would now be proposed to DH.

- 13.4 The NAO informed the committee that the principle of having a treasury management policy was good practice and that the agreed minimum level of reserves seemed prudent.

ACTION

<u>Action</u>	<u>Owner</u>
13.5 Review cash reserves annually – add to forward planner	Director of Finance & Resources
13.6 Conclude negotiations on minimum levels of reserves with DH	Director of Finance & Resources

14. Review of the activities and effectiveness of AGC

- 14.1 The Chair asked the committee to note that all committees with delegated powers should do this annual review, with a report back to the Authority in the spring.
- 14.2 The committee noted that the checklist would be the most proportionate way to do this. The Head of Governance and Licensing stated that there were outstanding actions from the previous review and efforts would be made to close these after the meeting.
- 14.3 The NAO stated that the checklist had been superseded and a newer one would be available shortly.
- 14.4 The committee agreed that it was not the role of AGC to manage risk, but to provide risk assurance to the Authority.
- 14.5 The committee discussed the benefits of having the Chief Executive at all meetings. At present risks are discussed with the relevant director.
- 14.6 The committee discussed moving to a three-meeting per annum model. External members, who were not Authority members of the committee, felt that continuity would be difficult to sustain. In addition, the HFEA would be going through a period of great change with IFQ and changes to Authority membership so regular meetings were necessary. The committee agreed to stay on a pattern of four meetings but to review again in six months.
- 14.7 The committee agreed that a closed session with members and auditors should be a standing item at the end of the agenda, to be used or not as required.
- 14.8 The Chair agreed that external members would benefit from attending an Authority meeting and having annual appraisals much in the same way as Authority members experience appraisals.

ACTION

<u>Action</u>	<u>Owner</u>
14.9 External members to attend an Authority meeting. Meeting dates to be forwarded.	Committee Secretary
14.10 Consider providing the Authority with AGC minutes as background to inform update from the AGC Chair	Head of Governance & Licensing

14.11 Consider the Chief Executive attending more than one AGC meeting per year	Head of Governance & Licensing
14.12 Add to the end of the agenda of each meeting a closed session for members and the auditors	Committee Secretary
14.13 Implement annual appraisals for external members	Head of Governance & Licensing
14.14 All AGC effectiveness actions to be added to a separate action plan	Head of Governance & Licensing

15. Forward Plan

15.1 The committee agreed to remove McCracken work which is now complete from the forward planner and move forward internal and external audit plans forward.

16. Any other Business

16.1 The committee noted there had been no actual or suspected fraud and no internal whistleblowing.

16.2 The committee also noted that the Director of Compliance and Information had informed the committee of the only contracts awarded.

Date of the next meeting:

Date: Wednesday, 10 December 2014

Time: 10:00 am

Location: etc.venues, Tenter House, 45 Moorfields, Moorgate, London EC2Y 9AE

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

Chair _____

Date _____