

Minutes of the Audit and Governance Committee meeting on 5 March 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 Julia Chain Alex Kafetz Anne-Marie Millar	
External Advisers	Jo Charlton, Head of Internal Audit (Internal Auditor) – GIAA Dean Gibbs, KPMG – External Audit lead	Nick Dovan, National Audit Office (NAO) – External Auditor James McGraw, National Audit Office – Audit Team
Observers		Farhia Yusuf, Department of Health and Social Care (DHSC)
Staff in attendance	Peter Thompson, Chief Executive Tom Skrinar, Director of Finance and Resources Rachel Cutting, Director of Compliance and Information (attended for item 14 onwards) Clare Ettinghausen, Director of Strategy and Corporate Affairs (attended for items 14 onwards) Morounke Akingbola, Head of Finance Paula Robinson, Head of Planning and Governance Shabbir Qureshi, Risk and Business Planning Manager Alison Margrave, Board Governance Manager	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 given to Julia Chain, the HFEA Chair, who had joined the Audit and Governance Committee until the new cohort of Authority members had been appointed.
- 1.2.** Anne-Marie Millar declared that since her appointment to the HFEA Audit and Governance Committee she had also been appointed as an ARAC Non Executive Director for the Department for Energy Security and Net Zero (DESNZ) effective since 1 January 2024. The committee agreed that there were no conflicts arising from this appointment.

2. Minutes of the meeting held on 7 December 2023

- 2.1. The Chair introduced the minutes from the previous meeting which had been circulated to the members.
- 2.2. The minutes of the meeting held on 7 December 2023 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 committee agreed to keep action 15.4 regarding the goodwill letters open, until the Head of Information had completed the sample inspection of records and given authorisation to destroy the hard copies.
- 3.3. The committee agreed that actions 5.18 and 5.12 regarding internal audit actions could be merged into one with a revised target date of October 2024.
- 3.4. In response to a question regarding action 7.13 the Risk and Business Planning Manager confirmed that the committee's comments regarding the risk management strategy had been incorporated into the strategy. The committee agreed that this action could be closed.
- 3.5. In response to a question regarding action 7.22, the Director of Finance and Resources provided the committee with an update on the bid for the replacement Epicentre project. It was agreed that this action would remain on the action log and the committee should be informed when a decision is made by the Department.
- 3.6. The Chief Executive informed the committee that the wellness breaks for staff had been introduced and 65% of staff had booked these, action 10.9 refers. The committee were pleased to hear of the positive introduction and looked forward to receiving the HR report in June.
- 3.7. The Head of Internal Audit informed the committee that GIAA would be able to provide a trainer for the assurance mapping training session scheduled for December 2024 (action point 13.6). The committee agreed to amend the target date to June 2024 for the confirmation and scoping of the proposed December training.
- 3.8. The committee noted that actions 11.9, 7.11, 12.8, 6.11, 7.13, 11.7 and 13.5 had been resolved and could be closed.

Decision

- 3.9. Members agreed the proposed amendments to the action log.

Action

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

4. Internal audit report proposed 2024/25 internal audit plan

- 4.1. 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 been separately highlighted to the Committee for information. These recommendations would be noted as “Closed – management accept the risk”.

- 4.2.** Fieldwork is progressing well for both the Business Continuity and the Register Research Panel audits. There are no material changes to the 2023/24 audit plan.
- 4.3.** At the request of the Chair, the Director of Finance and Resources spoke about the HFEA’s experience of working with the strategic partners assigned by GIAA to complete audits. There had been a breakdown in communications, which, when escalated to GIAA had been resolved. Additionally, policy audits are generally harder to design and deliver as policy is less driven by process, therefore the use of strategic partners for them was potentially less effective due to the knowledge of the HFEA and what it delivers not existing in third part teams contracted to do one or two audits only.
- 4.4.** The Head of Internal Audit, GIAA, responded that whilst it is preferable to resource internally, there had been increased demand on resources which necessitated the use of strategic partners. Where possible the use of strategic partners will be minimised, but it cannot be ruled out completely.
- 4.5.** The Chair spoke about the disproportionate impact on a small organisation such as the HFEA, when using strategic partners and this should be taken into consideration when planning resources by GIAA.
- 4.6.** The Head of Internal Audit, GIAA, introduced the proposed internal audit plan for 2024/25 and explained how this had been developed taking into consideration the strategic risks and audit coverage in previous years and discussed with the Senior Management Team (SMT).
- 4.7.** In response to a question regarding the proposed Field Safety Notice audit, the Chief Executive explained why the SMT thought this was an appropriate audit.
- 4.8.** The Chair referred to the longer-term view of the audit strategy and questioned why Strategic Risk Management was not included for 2025/26. The Head of Internal Audit responded that this would be added.
- 4.9.** In response to a question the Head of Internal Audit, GIAA, provided further information about the new Global Internal Audit Standards as detailed in the supplementary pack provided to members.
- 4.10.** The Chair referred to the review of the annual internal audit opinion ratings and descriptors and stated that a direction of travel indicator would be most welcome as it could show progress being achieved between annual opinions whose rating remained the same.
- 4.11.** The Chair drew the members attention to the events and resources detailed in the GIAA supplementary pack.

Decision

- 4.12.** Members noted the progress report on the 2023/24 audit plan.
- 4.13.** Members agreed and gave formal ratification of the 2024/25 audit plan.

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 whilst the number of recommendations has remained static since the last meeting, there has been significant progress in the collection and submission of evidence to GIAA and it is anticipated that a number of recommendations could be completed in March.
- 5.3. The Chair commended the Head of Finance for the considerable progress being made in addressing the audit recommendations and the detail presented in the report to the committee.
- 5.4. The committee discussed the proposal to accept at risk audit recommendations 2.1 and 2.4 regarding Key Performance Indicators (KPIs). The Head of Internal Audit, GIAA, commented that if these recommendations were considered as business as usual, then there should be evidence available to support this which could be provided to GIAA to satisfy the audit recommendations.
- 5.5. The Head of Planning and Governance stated that a number of these audit recommendations arose from before the new regime of submitting audit evidence was implemented. Evidence has been submitted to GIAA previously, but was rejected, hence the proposals to accept at risk. However, further work was being undertaken to generate additional evidence, which would be submitted.

Decision

- 5.6. The committee noted the paper and were content with the amended target dates for several audit recommendations.
- 5.7. The committee agreed in principle to accept at risk audit recommendations 2.1 and 2.4 regarding KPIs but deferred this decision until the June Audit and Governance Committee meeting. It was anticipated that additional evidence would be provided to GIAA by that time, and if this was also rejected, all the evidence would be submitted to AGC for direct consideration in June.

Action

- 5.8. The summary of audit recommendations to be updated to reflect the decisions made by the committee.

6. External audit report

- 6.1. The External Audit lead, KPMG, informed the committee that there were no changes to the audit plan presented previously to the committee. Thanks were given to the HFEA team for the pre-audit work which had been completed.
- 6.2. In response to a question the External Audit lead confirmed that there were no changes to accounting policies which would affect the preparation of the 2023/24 annual accounts. There had been new regulations regarding sustainability assurances, but these were not applicable to the HFEA.
- 6.3. In response to a question the External Audit lead confirmed that there had not been any slippage to the time plan for the preparation of the 2023/24 annual accounts and the deadline of submitting these before recess is achievable.

Decision

- 6.4.** Members noted the verbal report.
-

7. Accounting policies

- 7.1.** The Head of Finance introduced the paper and stated that the purpose of this paper is to advise members of the accounting policies adopted for the preparation of the accounts for the financial years 2023/24. She stated that the policies adopted for 2023/24 are the same as those adopted for 2022/23.
- 7.2.** In response to a question regarding impairments and PRISM the Chief Executive stated that a full benefits realisation for PRISM cannot be completed until CaFC has been implemented. The External Audit lead concurred with this statement.
- 7.3.** In response to a question the Director of Finance and Resources commented that the current Epicentre has no recognisable monetary value.
- 7.4.** The Chair commented that this was a well constructed paper which detailed clearly all the policies which will be applied during the production of the 2023/24 audited accounts.

Decision

- 7.5.** The committee noted the paper.
-

8. Strategic risk

Strategic risk register

- 8.1.** The Risk and Business Planning Manager introduced the paper and reminded members that in the risk strategy approved by the AGC in December 2023 it was agreed that the strategic risk register (SRR) would be updated bi-annually for May and December.
- 8.2.** The next formal update of the SRR would be presented to the June AGC meeting and the version presented now contained only minor updates relating to Opening the Register (OTR). He explained the escalation route for these items from the operational risk register to the strategic risk register.
- 8.3.** In response to a question the Chief Executive provided further information about the incident at Guy's and St Thomas' Assisted Conception Unit regarding a manufacturing issue with bottles of solution used to freeze eggs and embryos. He spoke of the field safety notices that are issued by the MHRA to the users of affected products and that the MHRA also notify us and we communicate this to licensed centres. It is the clinic's legal responsibility to report any incidents to the HFEA in accordance with the HFEA's clinical governance procedures and Code of Practice.
- 8.4.** He reiterated that incidents such as this are rare and that of the 100,000 treatment and storage cycles which took place in 2022/23 more than 99% were conducted without any incidents occurring. Any such incidents would generally be considered an operational risk, not a strategic one.

- 8.5.** In response to a question from a member whether the HFEA has enough staff to resource communications in response to a significant clinic incident, the Chief Executive responded that additional resources could be utilised, but cuts would need to be made elsewhere. The stretch and cuts on public body spending is being felt throughout the sector.
- 8.6.** The Chair commended the HFEA's communications around this incident which carefully balanced the proportionality of risk.
- 8.7.** The committee discussed the list of items for possible inclusion in the next SRR review as detailed in paragraph 2.2 of the paper. The Chief Executive provided further information about the possible inclusion of HR resources and the Director of Finance and Resources on the impact of inflation and cost of living on procurement and contract renewals. The Chair commented that the public bodies review should be removed from the SRR.
- 8.8.** The committee discussed the risk of Authority members vacancies and the impact this could have on the organisation. The DHSC recruitment process was discussed and the introduction of additional steps of approval from the Prime Minister was described, noting that this could delay the appointments. The committee noted that the HFEA had mitigated the risk as much as it can. The HFEA Chair thanked colleagues from DHSC for their assistance in this matter.
- 8.9.** In response to a question regarding whether thematic reviews of risk are conducted the Risk and Business Planning manager described the reviews undertaken by Heads of Service and the top three risks which are escalated to the Corporate Management Group each quarter. The Chief Executive stated that the reviews undertaken ensure that any adjacent risks are captured and actioned accordingly.

Horizon scanning

- 8.10.** 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.
- 8.11.** A member raised the impact of the modelling of NHS waiting lists and the impact this may have on the number of publicly funded IVF cycles.
- 8.12.** Members discussed media interest in clinic incidents, public confidence in the sector and in the effectiveness of regulation.

Decision

- 8.13.** Members noted the strategic risk register.

9. Deep dive discussion – use of the Debt and Commercial Government Functional Standards

- 9.1.** The Director of Finance and Resources presented the paper and commented that the Governmental Functional Standards (GFS) are designed for large organisations, therefore not all of the questions included in the self-assessment tools are relevant to small organisations such as the HFEA.
- 9.2.** The Director of Finance and Resources stated that the paper before the committee focuses on GovS 008 Commercial and GovS 014 Debt and the use of the self-assessment tools provided for

these GFSs. He spoke about application of the self-assessment tools and how these are helpful in providing assurance and consideration of areas of improvement.

- 9.3.** In response to a question regarding separation of duties for procurement the Head of Finance commented that the HFEA has a robust Procurement Policy which adheres to Government guidance and best practices.
- 9.4.** In response to a question the Risk and Business Planning Manager stated that the lessons learnt reports, incident reporting policy and risk strategy are all available to staff via the intranet. The Chair reminded the committee that the subject for the deep dive discussion in October will be near misses.
- 9.5.** The committee discussed that the forthcoming Choose a Fertility Clinic (CaFC) exercise and the need for clinics to agree and validate their activity levels will diminish any disagreements regarding reported number of cycles and fees payable to the HFEA.
- 9.6.** In response to a question the Director of Finance and Resources confirmed that the areas of potential further work detailed in paragraph 3.5 were listed in order of priority and would be implemented when business activities permit.

Decision

- 9.7.** The committee noted the report and endorsed the proposed activities as business permits.

10. Digital projects/PRISM update

- 10.1.** The PRISM Programme Manager presented the paper.
- 10.2.** He reported that the testing of the OTR reports was concluded in December, and these have been operational with the OTR team since January 2024. The team are now using the learning and features from developing the OTR reports to create some specific reports for clinics that will help to address specific issues.
- 10.3.** PRISM submissions are continuing at a steady rate of approximately 5,000 submissions per week.
- 10.4.** He spoke about the process for CaFC verification reports which commenced at the beginning of March.
- 10.5.** He provided further information about the issues with API suppliers and updated the committee on the positive progress being made by Mellowood.
- 10.6.** He spoke about the targeted work, communications and monitoring undertaken with IDEAS, Meditex and CARE clinics.
- 10.7.** In response to a question, the PRISM Programme Manager clarified that it is a clinic's responsibility to ensure that they do not breach the 10 Family Limit. What PRISM does is make the data more useful and relevant for clinics.
- 10.8.** He stated that the 10 Family Limit pilot will be useful as it will help to develop and improve communications to clinics.
- 10.9.** In response to a question the PRISM Programme Manager stated that the issues relating to CRGH data are historical and relate to duplication of reporting records.

- 10.10.** The committee discussed the importance of the July deadline for clinics to verify their data and the impact this could have on the overall project.

Decision

- 10.11.** The committee noted the Digital projects/PRISM status update.

Action

- 10.12.** The committee agreed that future reports on digital projects should include a sub-section for the Epicentre replacement project, when it commences.

11. Resilience, cyber security & business continuity

Infrastructure improvements

- 11.1.** The Head of IT presented the paper and provided further information about the development and deployment of a new VPN solution.
- 11.2.** The committee congratulated the Head of IT and his team for working at pace to respond and react so quickly to this potential threat.
- 11.3.** The Head of IT informed the committee that a basic business continuity test was conducted in February and a more in-depth, inclusive test was planned for later in the year. The GIAA audit report on the business continuity plan is expected at the end of March.
- 11.4.** A member questioned whether there is a MoU in place between clinics and the HFEA for access to the HFEA systems. The Chief Executive responded that there is an accreditation process for all EPRS suppliers that clinics use to send data to the HFEA Register. It is a responsibility for clinics to have cyber security policies and procedures in place.

Data Security and Protection Toolkit (DSPT)

- 11.5.** The Head of Information informed members of the work undertaken for DSPT and whilst this is slightly behind schedule, it is anticipated that all will be completed when required.

Decision

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

12. Draft Annual Governance Statement

- 12.1.** The Head of Finance informed the committee that the draft annual governance statement would be circulated to members via email around 22 March and members would be allowed two weeks to review and provide feedback.
- 12.2.** The Chair asked committee members to respond in a timely manner when this document is circulated to them.

13. Fraud Risk Assessment

- 13.1.** The Head of Finance presented the paper and tabled a new version of the fraud risk assessment schedule which included the two risks relating to cyber security.

13.2. The counter fraud bulletin referred to in the GIAA supplementary pack will be reviewed and if required any updates will be made to the HFEA documentation.

13.3. A member suggested that the risk regarding on-boarding of new staff could also be applied to Authority Members, and this might need to be captured in this document.

Decision

13.4. Members noted the fraud risk assessment paper and that this will be submitted to the DHSC Peer Review group.

14. Governmental Functional Standards

14.1. The Director of Finance and Resources informed the committee of the progress which had been made against the standards using the self-assessment tools.

Decision

14.2. The committee noted the verbal report.

15. AGC forward plan

15.1. The Chair introduced the paper and stated that this would be amended to include a full 12 months, or 16 months cycle if possible.

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

16. Items for noting

16.1. Whistle-blowing

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

16.2. Gifts and Hospitality

- Members noted that there were no additions to the gifts and hospitality register. In response to a question the Head of Finance confirmed that the HFEA's policy does include the need to report offers of hospitality which had been declined.

16.3. Contracts and Procurement

- Members noted that there were no contracts or procurements signed off since the last AGC meeting.

17. Any other business

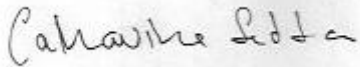
17.1. The Chair reminded members that the next meeting was being held in person on 26 June 2024.

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

Chair's signature

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

Signature

A handwritten signature in black ink on a light-colored background. The signature is written in a cursive style and reads "Catharine Seddon".

Chair: Catharine Seddon

Date: 26 June 2024