



Public Health
England

Protecting and improving the nation's health

Minutes

Title of meeting	Audit and Risk Committee	
Date	Thursday 26 February 2015	
Time	10:00 am – 12:00 noon	
Venue	Wellington House, 133-155 Waterloo Road, London SE1 8UG	
Present	Rosie Glazebrook Martin Hindle Poppy Jaman Sir Derek Myers (Chair)	Non-executive member of PHE Board Non-executive member of PHE Board Non-executive member of PHE Board Non-executive member of PHE Board
In attendance	Bronwyn Baker Michael Brodie Simone Davis John Kent Victor Knight Kate Mathers Kishor Mistry	Head of Internal Audit Finance and Commercial Director Deputy Head of Internal Audit Head of Information & Communication Technology Board Secretary Audit Director, National Audit Office Deputy Director, Corporate Risk and Assurance
	Duncan Selbie Alex Sienkiewicz Alan Stapley Nicholas Todd Tony Vickers-Byrne Mike Yates	Chief Executive and Accounting Officer Chief of Staff Head of Financial Strategy & External Reporting National Audit Office Director of Human Resources Risk and Assurance Manager
Apologies	Simon Reeve	Department of Health

Introduction and apologies

- 15/001 All members were present. Apologies for absence were received from Simon Reeve of the PHE Sponsor Team in DH. No interests were declared in relation to matters on the agenda.

Minutes of the meeting of 20 November 2014

- 15/002 The minutes of the meeting held on 20 November 2014 (enclosure AR/15/01) were AGREED.

Matters arising

- 15/003 Matters arising (enclosure AR/15/02) were NOTED.
- 15/004 Minute 14/082: Mandatory training including consent and child protection training. Training rates had slightly increased but further action was needed to increase training rates to the appropriate level of coverage. The Chair made clear the Committee's expectation that a better position will be reported by the

**Action: Alex
Sienkiewicz**

time of the next meeting.

Directorate risk presentation – Human Resources

- 15/005 The Director of Human Resources presented the risk management arrangements for his Directorate and summarised the issues in the organisation that gave rise to these risks.
- 15/006 A new structure for Human Resources would take effect from 1 April 2015. The organisation was undergoing an unparalleled period of change: attending to the Ebola response, *Securing our Future*, the pension scheme transfer arrangements, voluntary transfer from legacy to civil service terms and conditions, and the Science Hub programme. The Director of HR noted the cost impact of the clinical skill mix, with an additional cost of some £30,000 per clinical post over a non-clinical equivalent, as well as a high percentage of medically trained staff in PHE compared to the public health profession generally. He introduced the risk register for the Directorate. A number of areas of high and medium unmitigated risk were expected to achieve low risk status by October 2015, including Ebola staffing, and the processing of voluntary exit and voluntary redundancy cases.
- 15/007 He described the complexity of pension transfer arrangements resulting from the incompatibility between the NHS *Electronic Staff Record* system and the civil service *MyCSP* payroll system. It was expected that around 1,000 staff would be voluntarily moving to civil service terms and conditions and performance related pay. Achievement of mandatory training was presently too low, but the level of staff appraisals at 94% for 2013/14 year had been good.
- 15/008 The Director referred to occupational health work and the 2014 health and wellbeing staff survey. Overall staff turnover of 12.3% was acceptable, but at Grade 7 and higher was only 2.3% of the workforce. PHE employees were 66% female and 67% 'white' (with 17% undisclosed or no data). There were opportunities to advance equality and diversity as part of *Securing our Future*. The ratio of HR staff to employees was 1 to 140.
- 15/009 The Committee enquired about the mental health of the workforce. Data was not presently collected in PHE and it was recommended that a process be initiated. The importance of effective local line management was emphasised as both a means of avoiding and managing stress. **Action: Tony Vickers-Byrne**
- 15/010 The Committee questioned the proposed speed of achievement of some risk register actions and the capacity of a lean human resources team to deliver so many projects at the same time. The Director reported on the measures in place to manage human resource workloads including control of out-of-hours demand and recruitment of multi-skilled staff. He noted that PHE had many channels of communication but, in its role as an employer, it needed more.
- 15/011 Some aspects of the staff health and wellbeing survey were of concern. The high levels of disengagement in some areas would represent a significant risk if the response was truly representative of the organisation as a whole; the response rate the previous year had been disappointingly low.
- 15/012 The Committee recommended:
- a) that, in addition to risks to the business, high-level Human Resource-related risks with a potential impact to the service provided to the public and end-users of PHE services, should be managed through the Strategic Risk Register process;
 - b) the risk of a safeguarding issue in light of the current low levels of
- Action: Tony Vickers-Byrne**
Action: Alex Sienkiewicz

training amongst clinical staff should be incorporated in the risk register.

Risk appetite

- 15/013 The Committee **NOTED** the newly introduced procedure for identifying and managing risk appetite (enclosure/AR/15/03).

Strategic risk register

- 15/014 The Deputy Director, Corporate Risk and Assurance, introduced the strategic risk register (enclosure AR/15/04) including a 'heat map' showing a 5 x 5 impact and probability distribution of those risks.
- 15/015 The presentation by John Sutherland of the Bank of England at a risk seminar to non-executives on the previous day was highlighted. The Audit and Risk Committee Chair and the PHE Risk Manager had worked previously with him and his material was being used in training internally. This prompted the Committee to note the clusters of low risk items and question what might break the organisation (for example the impact of the Science Hub, Ebola outbreak response and resource reductions across many areas).
- 15/016 In mitigation of risk 10, short-termism, the executive action to develop an influencing strategy to maximise PHE's impact across government reflected a recommendation arising from the recent NAO and Public Accounts Committee review of the local public health grant.
- 15/017 The Chief Executive reported on the recently announced government delay in any decision on the Science Hub outline business case until after the forthcoming general election. He believed that the Department of Health shared PHE's disappointment. PHE understood that there were no material issues with the OBC rather it was solely a timing issue.
- 15/018 The Chair considered that the Strategic Risk Register was now in very good shape. He recommended that the risks to the public and to the organisation should be more carefully separated.

Action: Alex Sienkiewicz

Integrated Governance Report

- 15/019 The Deputy Director, Corporate Risk and Assurance, presented the Integrated Governance Report (enclosure AR/15/05).
- 15/020 The Chief of Staff reported on the quality and quantity of incident reporting. A safety climate survey would be undertaken early in the 2015/16 financial year as part of testing general awareness of established reporting systems and procedures, and, more importantly, the willingness of staff to report incidents as and when they occurred.
- 15/021 The Committee questioned where clinical governance responsibilities lay in PHE (page 8). This had been recently discussed by the Management Committee and further developmental work was in hand to clarify and streamline arrangements. As a matter of principle, clinical governance in PHE was jointly led by the PHE Director for Health Protection and Medical Director and the Director of Nursing and Midwifery.
- 15/022 Concerns about the mandated use of the GOV.UK website should be the subject of a future presentation to the Committee.
- 15/023 The root cause of incident ID 27886 (page 16) had not been entered in relation to exposure to a Hazard Group 3 organism. There were 14 high impact incidents with no root cause analysis shown.

Action: Alex Sienkiewicz

Action: Victor Knight (Diarmaid Crean)

Action: Kishor Mistry

Internal audit actions register

15/024 The Group Chief Internal Auditor presented the summary of overdue agreed audit recommendations of different gravity (enclosure AR/15/06). Supporting detail schedules had been made available. The Chief of Staff had encouraged action owners to complete their tasks and the number of outstanding actions past due was gradually reducing. The Committee NOTED the report.

Internal audit progress report 2014/15

15/025 The Group Chief Internal Auditor introduced the report (enclosure AR/15/07). The Committee AGREED the deferred programme as proposed following the previous meeting, provided that all the remaining and existing work was completed.

15/026 The internal audit review of project and programme management had a 'limited' rating, and was therefore presented to the committee in fuller detail. The report identified some areas of good practice, but there were others where programme and project management were not sufficient to provide assurance in their own right. The Finance and Commercial Director welcomed the report and its findings. He drew attention to the positive achievements and identified the Science Hub programme, IT projects and large capital projects as well managed. It was therefore a matter of applying the good practice in these areas across the piece. The Chief of Staff advised that management had accepted and were already acting on the recommendations.

15/027 The Committee NOTED the report on bribery, fraud and theft.

Indicative internal audit plan 2015/16

15/028 The Group Chief Internal Auditor invited the Committee to note and comment on the preliminary 2015/16 internal audit plan (enclosure AR/15/08). The Committee was broadly content with the draft but commented:

- a) management should assess arrangements for the protection of children and incorporate audit work accordingly;
- b) There could be increased focus on value for money in the plan;
- c) the integrity of the performance data used in PHE should be examined. It was noted that data quality and data flow were in the Health Group overall audit plan, but should be considered further in relation to PHE's audit plan;and
- d) an opportunity cost analysis of social marketing would be welcome. This was for management to consider and for the PHE Board to be the final arbiter. Since social marketing was effective, PHE should assess what could be achieved if spending was increased, whether from new sources or by reallocating existing resources.

**Actions:
Simone Davies**

Cyber security

15/029 The Head of Information and Communications Technology (ICT) reported on cyber security. ICT covered a wide range of responsibilities including e-mails, science and business systems. He was encouraged by the level of PHE engagement compared to other areas in the health system, but the level and profile of cyber attacks was changing. Six recommendations had been made in the 2014 security audit, and had been implemented. Recorded risks included the level of resource cover and travelling abroad by staff with equipment.

- 15/030 He noted the '10 pillars of cyber security' and the range of committee structures and policies to cover the area. Plans for 2015/16 included accrediting the network for Public Services Network (PSN) compliance and blocking USB access to the system. He showed the security action log, data traffic and its destination and origin.
- 15/031 The Finance and Commercial Director stated that the internal audit report on cyber security had been helpful. Efforts continued in obtaining assurance that legacy systems outside PHE were fully under PHE corporate control. PHE contributed to the forum chaired by the NHS England IT lead.
- 15/032 The slides were to be circulated to members. The Chair confirmed with the Head of ICT that he had adequate resources and was satisfied with the arrangements and thanked him for the complex work which he led.

Action:
Victor Knight

Loss and special payments

- 15/033 The Finance and Commercial Director presented the report (enclosure AR/15/09) including details of the modest impairment charge in relation to the discontinued proprietary budgeting application. The delay to the Science Hub programme had an impact on revenue costs which had been addressed. The Committee NOTED the report.

National Audit Office (NAO) - audit progress report

- 15/034 The Audit Director introduced the NAO report (enclosure AR/15/10). The interim audit was underway in line with the previously presented plan and had benefited from the sound logistics of audit visits and good relations which continued between NAO and PHE teams. Robert White, author of the NAO report on the local authority public health grant, would be attending PHE Board meeting the following day.
- 15/035 In the section on significant financial statement risks, the NAO drew attention to the assurance statements from local authorities (page 5) noting that in the first year there had been some instances of Section 151 officers not signing in person.
- 15/036 Weaknesses had been noted in the first year of accounting for the Vaccines and Counter-measures Response and its significant inventories. The team were now working more closely with finance staff, but individual know-how needed to be captured in more formal systems with an appropriate audit trail.
- 15/037 PHE had produced a CIPFA technical note and a report of its own on the first year experiences of local authority grants. In 2015 both local and national assurance processes would take place with a 1 June deadline.

Annual report and accounts process 2014/15

- 15/038 Head of Financial Strategy & External Reporting reported (enclosure AR/15/11) on the structure, and process for producing, the 2014/15 Annual Report and Accounts. In its first year, the Operating Review section had been based on programmes, but for 2014/15 it would be based on the Business Plan and the four public health functions of PHE. The fourth quarter reporting of performance against the plan would be used to build the Operating Revenue, reducing duplication of reporting by sections. There would also be coverage of items not in the original plan such as the Ebola outbreak response and the 'Securing our Future' review to improve services to customers and stakeholders. The report would include highlights from press releases on a calendar basis. The introductory statement by the Board Chair

should cover aspects of PHE's independence.

15/039 The Annual Governance Statement would follow the model of the previous year, would be considered by the Management Committee . The Chair advised that he would welcome a more concise and reflective version if possible. Similarly the Operating Review should recognise what had not been achieved and emphasising how PHE worked with other parts of government.

Review of Audit and Risk Committee effectiveness

15/040 The Committee Chair would write to the Audit Director and invite the Board and management to comment. The Secretary would summarise.

**Action:
Sir Derek
Myers,
Victor Knight**

Any other business

15/041 An acknowledgement was awaited from the Chair of the Department of Health's audit and risk committee in relation to the escalation of the air pollution risks to public health across government. [This reply was subsequently located.]

Date of next meeting

15/042 Friday 12 June 2015, 14:00-16:00, at Wellington House [revised date].

Meeting of members and auditors in the absence of officers

15/043 The officers withdrew and the plenary meeting closed at 11:48.

Victor Knight
Board Secretary
March 2015