



Public Health  
England

## Minutes

<b>Title of meeting</b>	Audit and Risk Committee	
<b>Date</b>	Monday 24 February 2014	
<b>Venue</b>	Wellington House, 133-155 Waterloo Road, London SE1 8UG	
<b>Present</b>	Martin Hindle	Non-executive member of PHE Board
	Gill Laver	Independent Member
	Derek Myers (Chair)	Non-executive member of PHE Board
	Allan Robertson	Independent Member
<b>In attendance</b>	Bronwyn Baker	Department of Health, Group Chief Internal Auditor
	Stuart Bartlett	Department of Health, Internal Audit
	Tim Baxter	Department of Health, Deputy Director of the Public Health Development Unit
	Michael Brodie	Finance and Commercial Director
	Nick Todd	National Audit Office
	Simone Davis	Deputy Head of Internal Audit
	Tim James	Head of Risk Management (by teleconference)
	Victor Knight	Board Secretary
	Kate Mathers	National Audit Office, Audit Director
	John Newton	Chief Knowledge Officer (Item 4. only)
	Suzanne Oliver	Head of Accounting Services
	Alex Sienkiewicz	Chief of Staff

### 1. Introduction, apologies and declarations of interest

14/001 All members were present. Apologies had been received from the Chief Executive, Martin Burgess of the National Audit Office, and from the Head of Corporate Governance.

14/002 No interests were declared in respect of matters on the agenda.

### 2. Minutes of the meeting of 21 November 2014 (Enclosure AR/14/001)

14/003 The Committee agreed the minutes of the previous meeting, which had also been provisionally endorsed by the Board on 3 February 2014, with the amendments:

Minute 13/137 add "Audit and Governance Committee" to the first sentence.

Minute 13/152 remove "of" in the first line.

Board Secretary  
Feb 2014

### 3. Matters arising (Enclosure AR/14/002)

14/004 The Finance and Commercial Director reported progress both on the recruitment of procurement staff and the streamlining of business processes (minutes reference 13/151 and 13/152). He had also provided the requested short reports to the Committee on assurance mapping and the arrangements for local government grants. These had been circulated and were available at the meeting.

**4. Directorate risk presentation**

- 14/005 The Chief Knowledge Officer described the risk management arrangements for his Directorate, which had some 550 staff and was responsible for the extraction, enrichment and provision of data to advance public health. PHE had consolidated the cancer registries from the NHS into one register, taken on the regional Public Health Observatories and the National Cancer Intelligence Network, and was developing comparable surveillance models for other areas of health. The Chief Knowledge Officer was also the PHE lead for research strategy and governance and was the Senior Information Risk Owner (SIRO) for PHE.
- 14/006 The Chief Knowledge Officer took the Committee through the Directorate's key risks, which were set captured in the Division's risk register. The Directorate was already carrying out many of the recommendations of the external review of PHE's risk management arrangements by Professor Selim.
- 14/007 One of the strategic risks was the adoption of digital delivery methods. This required investment and working within the Cabinet Office guidelines. PHE had taken on many websites from previous organisations on its formation, which were no longer maintained and so replacement was necessary within a finite time period. The broad timescale was to migrate health protection material in the first year of operation and then the knowledge websites in the second year. These would further the organisation's digital objectives.
- 14/008 PHE was clarifying its role in research, including through discussion with the Chief Medical Officer, and this was considered to be a strategic risk until this was settled. PHE had secured NIHR public health funding awards and was conducting its own review of research activity.
- 14/009 PHE was dependent on partners, who could act independently. For example the Office of National Statistics had reduced outputs which were used by public health professionals.
- 14/010 Among programme risks there was an imbalance between the resources dedicated to cancer, which were significant, and those focused on new lifestyle risks. Challenging information system issues had been acquired with some activities. Overall, PHE had inherited a strong workforce of dedicated people and needed to consolidate on its strengths.
- 14/011 The Committee questioned PHE's position on care.data and the relationship between NHS England and the NHS Information Centre. The CKO Director had established constructive working relationships with these organisations, but at present NHS information was subject to restrictions which prevented its full use for public health benefit. PHE's information strategy was available and could be provided to members.
- 14/012 The Committee also explored the capability and capacity of the Directorate. An internal bid had been made for a significant sum for digital work over the next two financial years and would be subject to an internal prioritisation process.
- 14/013 Information governance functions were running on inherited budgets and there was no historic budget for some activity streams.
- 14/014 The Chief Knowledge Officer gave a specific overview of the issues surrounding the second Caldicott review, on which a briefing paper had been provided.

Board Secretary  
Feb 2014

Three main points applied to PHE: addressing the authorisation to use confidential information for one purpose but not others; establishing information governance of a uniform high quality across the whole organisation; and modifying risk averse attitudes to health data in favour of its being shared and used to public benefit.

14/015 Internal audit confirmed that there had been a review of the areas discussed which was about to be published and was broadly satisfactory.

14/016 The Chair thanked the Chief Knowledge Officer for his presentation and explanations to the Committee.

## 5. Taking forward risk management

14/017 The Chief of Staff introduced the 'Report of a Diagnostic Investigation Commissioned by PHE' by Professor Georges Selim (Enclosure AR/14/003). This had been the beginning of a bottom-up process with the Directorates to complement the existing top-down risk register, which would be refreshed by way of a facilitated seminar in late March.

14/018 Risk appetite would vary in different parts of the organisation. Although the concept was well established in HM Treasury guidance it was necessary to bring PHE staff to a common level of understanding of the concept.

14/019 In discussion the Committee noted that the report did not suggest radical developments but did serve to promote a uniform approach to risk management across PHE amongst Directors with differing views. The National Audit Office confirmed that risk management was not an area of particular complexity, but one which should be seen to be getting due attention and carried out to a high common standard.

14/020 Internal auditors had reviewed the area in the autumn and had given it a 'weak' rating, which was unsurprising given that PHE was in its first year of operation.

14/021 The Committee also noted the importance of the organisation's culture. The first PHE staff survey had given some feedback on this, leading to initiatives such as the appointment of PHE's Registrar. The main issue raised by executive directors with the Selim recommendations was to minimise double reporting lines, for example with programme structures and with other quality assurance frameworks.

14/022 It was recognised that risks could be grouped in PHE between those in the organisation, and those relating to public health objectives, and the wider risks in the health system. The latter involved other government departments such as education and justice, as well as local authorities, and were handled by the Department of Health rather than PHE. The Department also had its own high-level risk in relation to the achievement of the Public Health Outcomes Framework.

14/023 The Committee **NOTED** the report. The Chief of Staff would keep the Chair and Committee informed of further progress, and the outcomes of the National Executive risk workshop on 27 March which some Board members would also attend.

Chief of Staff  
Apr 2014

## 6. Integrated governance report (Enclosure AR/14/004)

14/024 The Committee reviewed the report. This included an update on the medical revalidation software raised at the previous meeting.

- 14/025 The Committee questioned whether matters reported on the central incident register were being handled as intended, or whether minor incidents were being overstated by classifying them inappropriately. The Chief of Staff would consider some specific examples of the current register. The Chair noted that it was a good sign that all such incidents were captured. Chief of Staff  
Apr 2014
- 14/026 The 'Safeguarding children and vulnerable adults PHE named doctor named nurse annual report 2013' (Enclosure AR/14/011) had been circulated as an information paper on this aspect of the governance report.
- 14/027 The Committee **NOTED** the report.
- 7. Internal audit actions register (Enclosure AR/14/005)**
- 14/028 The Group Chief Internal Auditor noted that it was not internal audit's responsibility to remove actions from the register but to encourage action owners to close actions as soon as appropriate. The current report included actions where work was still required, and had improved since the last report.
- 14/029 Specifically action 15188 relating to procurement staff recruitment should be closed in the light of earlier discussion. Head of  
Strategic  
Procurement  
Feb 2014
- 14/030 Action 18512 on revised governance structures should include detail of the Committee's reporting line to the Department of Health Audit and Risk Committee that would apply if circumstances warranted. Board Secretary  
Mar 2014
- 14/031 The action 15291 to review all suppliers annually was considered extreme and a stratification of suppliers was suggested for different levels and frequency of scrutiny. Head of  
Strategic  
Procurement  
Feb 2014
- 8. Internal audit progress report (Enclosure AR/14/006)**
- 14/032 The Group Chief Internal Auditor reported a renewed move across government to consolidate internal audit units. One benefit of this would be to allow greater specialisation in particular audit skills. The Chair noted that internal auditors were the essential eyes and ears of audit and risk committees and the Committee wanted their outputs to be safeguarded.
- 14/033 A number of internal reports for 2013/14 were incomplete, but all the reviews planned for the year had been commenced. The progress report did not include an interim opinion but there would be enough material to provide an opinion on the year, and nothing untoward had been noted at this stage.
- 14/034 The Committee reviewed the completed reports and raised questions, noting particularly the work on HPZone, clinical governance and procurement cards.
- 14/035 Much work had been done on clinical governance but the overarching framework had yet to be ratified, and the overall rating was therefore 'weak', although this could be addressed rapidly through approval of the relevant policies before the financial year-end by PHE's Policy Approval Group. The Committee was assured that a deliberate decision had been taken on establishment of PHE to apply the clinical governance policies used by the HPA but the issue was that a PHE-specific approach was now required. Although there were only three, medium level recommendations, it was fundamental that these were carried out. Management had responded to the recommendations and set timescales for action. There would be a follow-up internal audit review.

14/036 The Committee **NOTED** the report.

**9. Audit progress report on the 2013-14 financial statement audit**

14/037 The National Audit Office Audit Director introduced her progress report. The interim audit had commenced in February. Areas were highlighted for audit attention including public health grants and vaccine stocks.

14/038 Public health grants to local authorities: On 9 May 2014 the 'Section 151 officers' would send their returns to the Finance and Commercial Director, and if received the National Audit Office would be satisfied. Directors of Public Health had a professional role in ensuring that funds were appropriately applied, and this might be augmented by PHE or internal audit staff making sample reviews to ensure compliance without presuming to manage the performance of local authorities.

14/039 The Audit and Risk Committee would invite the Chief Executive to confirm that he had a suitable framework, possibly through the Chief Operating Officer, to allow him to sign PHE's governance statement for the year. The Chair of the Committee suggested that each Local Authority Director of Public Health could be required to consider and, if satisfied, provide a brief statement on whether in their opinion the public health grant had been applied for public health purposes in the financial year in question. This would be considered by the Finance and Commercial Director and Chief Executive.

Chair / Chief of Staff  
Mar 2014

14/040 Other audit issues identified were budgeting and reporting, opening balances, consistency in the split of administration and programme costs, the content of the annual report and accounts, the opening revaluation reserve, and the accuracy of payroll records in transition.

**10 Annual report draft including draft governance statement**

14/041 The Committee reviewed the draft of the annual governance statement to be signed by the Chief Executive and included in the annual report and accounts. The treatment of any 'weak' internal audit reviews was considered. The Group Chief Internal Auditor would give an opinion on the year which would provide context and note exceptions where appropriate. If there were any unsatisfactory internal audit reports on key areas then these would be mentioned in the 'issues and controls' section of the statement. It would not be unusual for a new organisation to have some controls issues.

14/042 The Committee felt there should be more on the management of the transition from the main predecessor bodies and on how the organisation had developed since then (and up to the date of signing the report), and to reflect any particular concerns of the Chief Executive.

Chief of Staff  
Mar 2014

14/043 Further development and refinement of the governance statement would be handled by correspondence, with the final version to be submitted to the June Audit and Risk Committee meeting.

Chief of Staff  
Apr 2014

**11. Audit and risk committee annual report to the Board**

14/044 The Chair would work with the Committee and Secretary to summarise the work of the Committee during its first year of operation for presentation to the PHE Board at its meeting on 30 April.

Board Secretary  
Apr 2014

**12. Draft internal audit strategy and plan 2014/15**

- 14/045 The Group Chief Internal Auditor presented the draft internal audit plan for the coming year. The plan included a number of carried forward items and would give further assurance on some areas. She confirmed that the plan could be resourced and was more manageable than the first year of PHE operation. It kept some options open should new needs arise.
- 14/046 The Committee drew attention to a number of issues including the future capacity of HPZone and the arrangements for the shared financial service which would be changing in April 2015.
- 14/047 Subject to the suggested amendments, the Committee **AGREED** the draft plan.
- 13. Review of audit and risk committee effectiveness**
- 14/048 The National Audit Office noted that self-assessment checklists were available as well as facilitated discussions, which might include internal auditors. The Committee was still in its first year of operation, but it was appropriate to consider whether the agendas contained the right balance, the membership of the Committee and so on.
- 14/049 The Chair invited the two independent members to send him their views on the operation of the Committee. He would also request a comment from PHE executive management. These would form part of the annual report of the Audit and Risk Committee Chair to the PHE Board at its meeting on 30 April.
- 14. Any other business**
- 14/050 The National Audit Office would undertake a Value for Money study on Public Health England, reporting towards the end of 2014/15 financial year. At present the scope of the study was being defined and fieldwork would commence after March 2014.
- 14/051 The Chair thanked the two independent members for their expert contributions over the two meetings.
- 15. Date of next meeting**
- 14/052 Monday 2 June 2014 at 10:00 am, at Wellington House
- 16. Meeting of members and auditors in the absence of officers**
- 14/053 There were no further actions arising from this section of the meeting.

**Victor Knight**  
*Board Secretary*  
February 2014