



Protecting and improving the nation's health

Minutes

Title of meeting	Audit and Risk Committee	
Date	Tuesday 21 st November 2017	
Time	10:00 – 12:00	
Venue	Wellington House, 133-155 Waterloo Road, London SE1 8UG	
Present	Michael Hearty	External Independent Adviser (Chair)
	Martin Hindle	Adviser, PHE Board
	Sir Derek Myers	Chair, PHE Board
In attendance	Michael Brodie	Finance and Commercial Director
	<i>Rupert Goodman</i>	People Directorate (<i>for risk management deep-dive item</i>)
	<i>Tim Harry</i>	Science Hub Programme Director (<i>for Science Hub update item</i>)
	Catherine Hepburn	National Audit Office
	Kishor Mistry	Deputy Director, Corporate Risk and Assurance
	<i>Marie Lillie</i>	People Directorate (<i>for risk management deep-dive item</i>)
	<i>Abdul Mohib</i>	Lead Risk Management Adviser (<i>for risk management items</i>)
	Naseem Ramjan	National Audit Office
	David Robb	Government Internal Audit Agency
	Cameron Robson	Government Internal Audit Agency
	Duncan Selbie	Chief Executive
	Alan Stapley	Deputy Director, Finance
	Mike Yates	ARC Secretary
Apologies	Simon Reeve	Department of Health
	Graham Reid	Department of Health
	Alex Sienkiewicz	Director of Corporate Affairs

Introduction and apologies

- 17/159 Apologies were recorded as indicated above. There were no declarations of interest.

Minutes of the previous meeting: 26th September 2017

- 17/160 The minutes (Enclosure AR/17/43) were accepted as an accurate record.

Matters arising

- 17/161 Enclosure AR/17/44. All matters arising were either complete, on the agenda or for a future date. The Committee **NOTED** the report.

- 17/162 It was agreed that there would be a short item at the February meeting on PHE's Health and Safety Executive (HSE) Intervention Plan; a summary of current issues including heat treatment; and, preparation for the Chair's attendance at the HSE annual meeting in April. The session would also consider PHE's relationship with the HSE [raised as part of the discussion on the Integrated Governance Report].
- Action: Mike Yates to timetable for February; Kishor Mistry to provide paper.

Strategic Risk Register

- 17/163 Kishor Mistry and Abdul Mohib presented the report (Enclosure AR/17/45).

- 17/164 Global Health (risk 18): the biosecurity element of the risk had now been closed – PHE was in the final stages of transferring the operation of PHE laboratories to the Sierra Leon Government.

EU exit

- 17/165 EU exit (risk 19): the target rating had been changed from low to medium to reflect the uncertainty of the risk at this particular time.

- 17/166 Sir Derek Myers asked whether there had been any study papers considered by parliament on the health aspects of EU exit (there had been numerous papers on other topics). It was not known if such a paper had been presented. The leads for the EU exit programme would be asked.

Action: View to be sought from Paul Cosford and Richard Gleave, and included in February agenda item (see following paragraphs).

- 17/167 The Chief Executive suggested the following issues were important ones for PHE:
- Access to the vaccine supply chain;
 - Access to EU surveillance data;
 - EU staff working for PHE (it was suggested around 350 non-UK nationals were working for PHE);
 - Food safety.

- 17/168 A full assurance and risk stocktake would be taking place at the February Committee meeting.

Strategic Risk Register analysis

- 17/169 The Chair was pleased to see that key risks were being scrutinised through in-depth agenda discussions.
- 17/170 The Chair noted a lack of movement on much of the register, but was assured that this was not as a result of senior staff not taking it seriously or not engaging with the risk management process. Abdul Mohib told the Committee that a 45-minute session would be taking place with the leadership team in December to take stock of the current risks, their content and ratings, and to horizon-scan for other potential risks.
- 17/171 Kishor Mistry also told the Committee that the linkage between the strategic risk register and the tactical and operational risk registers operated by each directorate was good, with regular discussion taking place on risk escalation.
- 17/172 There were no new risks, closed or de-escalated risks or risks that had been consolidated. The Committee **NOTED** the report.

Risk management deep-dive: People Directorate

- 17/173 Marie Lillie and Rupert Goodman presented (Enclosure AR/17/46).
- 17/174 The People Directorate was relatively new, having been established in June 2017 following the Korn Ferry report. The Human Resources (HR) and the Organisational Workforce Development (OWD) teams had been brought together.
- 17/175 There were a number of high-level challenges including:
- Improving people services across PHE in the light of the Korn Ferry report recommendations;
 - Enabling major change (including to the National Infection Service (NIS) and through the Science Hub programme);
 - Consideration of the implications of EU exit on the PHE workforce, particularly the scientific workforce;
 - Developing learning and development functions;
 - Developing effective leadership.
- 17/176 The new directorate embarked afresh on their risk management procedures and had established a new risk register. Many of the previous HR or OWD risks were on the new register, but changes had been made to mitigations and further actions.

- 17/177 The Committee asked what the next steps were in following up the Korn Ferry report. A paper had recently been discussed at the

Resourcing and Prioritisation Group (RPG), and actions had been agreed for 2018/19. These included:

- Sustainable recruitment;
- The collection of mandatory training information;
- A more streamlined and effective appraisal process;
- Improved professional payroll and HR support;
- Learning and development, including apprenticeships; and,
- Future workforce planning.

17/178 The Committee **NOTED** the report.

Integrated Governance Report

17/179 Kishor Mistry presented the report (Enclosure AR/17/47).

General Data Protection Regulation (GDPR)

17/180 The Chair asked that a meeting be set up for him to obtain assurance from management that all preparations for May 2018 were in hand and robust.

Action: Mike Yates to set up a meeting in January 2018 between Michael Hearty, Alex Sienkiewicz, John Newton and Robert Kyffin.

McNeil review

17/181 The Committee received an update from the Chief Executive on the review of PHE's data collection and information management functions following the report by Professor Keith McNeil. NHS Digital had now committed to providing local authorities with free-of-charge access to data in this financial year and next, but had not committed to anything longer term. Discussions continued on a pragmatic solution going forward. The Chair asked that an update on this issue and plans going forward be picked up at the meeting to discuss GDPR.

Action: To be picked up as part of above meeting.

Adverse incidents

17/182 The Committee heard that a total of 17 adverse incidents had been reviewed in detail by the Adverse Incident Review Group (AIRG), chaired by Kishor Mistry and reporting through to the Director of Corporate Affairs. Martin Hindle asked that an information note be provided to Committee members on how these were being followed up.

Action: Kishor Mistry, with Paul Cosford to produce an information note (by the end of January 2018).

Revalidation

17/183 It was noted that around 14% of appraises using the Strengthened

Action: Kishor

Appraisal & Revalidation Database (SARD) process were not compliant with their annual appraisal. The Committee asked that a note be provided on the potential impact of this 14% miss.

Mistry, with Paul Cosford to produce an information note (by the end of January 2018).

- 17/184 The Committee also noted that the extension of the professional appraisal and revalidation service, provided by the Office of the Responsible Officer to the UK Public Health Register (UKPHR) specialist registrants, represented a 50% increase in the revalidation team's workload, with no additional resources being provided. The Committee asked for an information note on the risks associated with this.

Action: Kishor Mistry, with Paul Cosford to produce an information note (by the end of January).

Incidents log

- 17/185 There were a number of incidents relating to NIS. The Committee asked that a short report be provided in February, as part of the Integrated Governance Report, on why so many incidents had been logged against NIS.

Action: Kishor Mistry to report on why so many NIS incidents were in progress.

- 17/186 On a general point, the Committee commented on the significant use of numerous acronyms and abbreviations, particularly in the clinical governance sections of the report. Wherever possible in future, acronyms and abbreviations should be explained.

Action: Kishor Mistry with the Head of Clinical Governance.

- 17/187 The Committee **NOTED** the report.

Outstanding Internal Audit actions summary

- 17/188 David Robb and Kishor Mistry presented the report (Enclosure AR/17/48).

- 17/189 The Committee welcomed the changes to the report and the additional clarity that the joint work between the Internal Audit team and the Corporate Risk and Assurance team had brought to it.

- 17/190 There were still a number of actions that had been outstanding for some time. The Director of Corporate Affairs would be highlighting these to the Management Committee in December (as well as discussing how the process for agreeing, actioning and closing actions more generally can be made more efficient).

- 17/191 A close eye would be kept on progress with this over the next couple of Committee meetings. The Committee recognised that this was work in progress and that it would take a few months for the situation to rebalance itself. Should problems in actioning and closing actions

persist, the Committee would consider whether it was appropriate to invite individual directors to future meetings to explain why.

17/192 The Committee **NOTED** the report.

Internal Audit progress report for 2017/18 assurance

17/193 Cameron Robson presented the report (Enclosure AR/17/49).

17/194 Engagement had improved during the third quarter resulting in good progress in getting audits underway. 85% of the programme had now either been completed or was in progress.

17/195 Of the reports presented, none were Limited or Unsatisfactory.

17/196 The Committee **NOTED** the report.

Losses and special payments

17/197 Michael Brodie presented the report (Enclosure AR/17/50).

17/198 The Committee sought an explanation of the five constructive losses totalling £117,586. An explanation had been provided at points 3. IV and V in the attached note on losses.

17/199 The Committee **NOTED** the report.

Science Hub assurance update

17/200 Tim Harry presented the update (Enclosure AR/17/51).

17/201 The Infrastructure Projects Authority (IPA) (Cabinet Office) conducted its most recent Gateway review in September. The review panel concluded the status of the programme as AMBER status. This means the Programme is in good shape, but as a number of challenging issues that are being tackled and need to continue to be closely managed. This is the same status as the last review. 12 recommendations were made.

17/202 A business change workshop had recently taken place, with three priorities arising:

- Having a clear people and business change timetable;
- Production of a “PHE Harlow” target operating model to help
- staff picture what the change means for them;
- The importance of culture and leadership.

17/203 An Assurance Board had recently been established with cross-organisational expert representation, acting as part of a second line of defence on a three-lines-of-defence assurance model.

17/204 It had taken a little longer in some areas to get the necessary traction, particularly on engagement, but this was progressing and improving. Senior management was now playing a more active role in reaching out to the business.

17/205 The programme would continue to need careful scrutiny and management. The chair asked that a further update report be provided to the June meeting of the Committee. Action: Richard Gleave and Tim Harry.

17/206 The Committee **NOTED** the report.

Cyber security

17/207 Michael Brodie, Fiona Moore and Sam Lloyd presented (AR/17/52).

17/208 PHE had developed a Cyber Security Strategy based on industry best practice, guidance from the government's national technical authorities, and a risk-based analysis of information security requirements specific to PHE's data holdings.

17/209 PHE had also established a cyber security programme to support the delivery of the strategy. A number of component projects were currently being taken forward, including:

- Threat Intelligence and operational security monitoring;
- Windows 10 Deployment;
- Security Reporting.

17/210 Wherever possible PHE sought external verification of its cyber security measures. The ways in which it had done this included:

- Engagement with external expertise;
- Penetration Testing;
- Audit.

17/211 PHE had shared its strategy and programme with the Department of Health recently. It had been very well received.

17/212 The Chair commended the team for the work it had done in this complex area, and ensuring that PHE was ahead of the game and leading the field.

17/213 The Committee **NOTED** the report.

National Audit Office - 2017/18 financial audit

17/214 Catherine Hepburn and Naseem Ramjan presented (AR/17/53).

17/215 The risks that would have the most significant impact on the NAO's audit were identified as:

- Management override of controls;
- Risk of fraud in revenue recognition; and,
- Regularity of the Public Health Grant Expenditure.

17/216 The main focus areas for the audit were identified as:

- The impact of the Harlow move;
- Porton Biopharma Ltd;
- Regularity within the procurement of revenue and capital goods and services; and,
- Accounting for stockpiled goods and vaccines.

17/217 The Chair asked that a meeting take place between him, Michael Brodie and other finance colleagues, as appropriate, before the February meeting of the Committee to discuss PHE Harlow and Porton Biopharma.

Action: Mike Yates to organise meeting between the Chair, Michael Brodie and other finance colleagues.

17/218 The Committee **NOTED** the report.

Any other business

17/219 There was none.

Date of next meeting

17/220 Tuesday 20th February 2018, 10:00 to 12:00, Wellington House.

Meeting of members and auditors in the absence of officers

Mike Yates
Board Secretary
 November 2017