



Protecting and improving the nation's health

# Minutes

<b>Title of meeting</b>	Audit and Risk Committee	
<b>Date</b>	Tuesday 20 February 2018	
<b>Time</b>	10:00 – 12:00	
<b>Venue</b>	Wellington House, 133-155 Waterloo Road, London SE1 8UG	
<b>Present</b>	Michael Hearty	External Independent Adviser (Chair)
	Martin Hindle	Adviser, PHE Board
	Sir Derek Myers	Chair, PHE Board
<b>In attendance</b>	Kashem Ali	Government Internal Audit Agency
	Michael Brodie	Finance and Commercial Director
	<i>Morwenna Carrington</i>	Head of Strategic Projects ( <i>for EU Exit Item</i> )
	<i>Richard Gleave</i>	Deputy Chief Executive and Chief Operating Officer ( <i>for EU Exit Item</i> )
	Catherine Hepburn	National Audit Office
	<i>Abdul Mohib</i>	Lead Risk Adviser ( <i>for Risk Management Items</i> )
	Naseem Ramjan	National Audit Office
	David Robb	Government Internal Audit Agency
	Graham Reid	Department of Health
	Cameron Robson	Government Internal Audit Agency
	Duncan Selbie	Chief Executive
	Alex Sienkiewicz	Director of Corporate Affairs
	Alan Stapley	Deputy Director, Finance
<b>Apologies</b>	Kishor Mistry	Deputy Director, Corporate Risk and Assurance
	Simon Reeve	Department of Health

## Introduction and apologies

- 18/001 Apologies were recorded as indicated above. There were no declarations of interest.
- 18/002 **Minutes of the previous meeting: 21<sup>st</sup> November 2017**  
The minutes (Enclosure AR/18/01) were accepted as an accurate record.

**Matters arising**

18/003 The action list (enclosure ARC/18/02) was **NOTED** and the following updates provided:

18/004 Minute reference 17/182: Progress on the review of adverse incidents was being tracked and monitored through the Adverse Incident Group. The notes of the meeting would be shared ahead of the next meeting. An update on progress would also be shared with members of the Audit and Risk Committee in correspondence. It was reported that the associated actions were closely monitored and tracked through the Health and Safety Steering Group

**Kishor Mistry**

18/005 Minute reference 17/183-184: This would be carried forward for an update at a future meeting.

18/006 Minute reference 17/185: It was recognised that the relative high number of adverse incidences for those in NIS were in part due to the nature of work carried out across the system. However it was important to ensure that there was an appropriate reporting culture encouraged throughout NIS and a discussion would be arranged for the June meeting to discuss incident reporting arrangements in NIS.

**Mike Yates  
(Derrick Crook/  
Mark Driver)**

18/007 Minute reference 17/186: Progress would continue to be reported through the annual governance report.

18/008 It was recognised that progress on some actions had been delayed due to the ongoing PHE Porton Resilience Incident. The Audit and Risk Committee passed on their thanks to those who had been supporting the incident.

**Strategic Risk Register**

18/009 The Strategic Risk Register was presented (enclosure ARC/18/03). It demonstrated good progress and would be subject to a detailed refresh following a deep dive session with the Senior Leadership Group in December 2017. The feedback from this session was in the process of being evaluated and would be incorporated into a future version. Areas which would be reviewed included a full assessment of the overarching risk for Health and Safety and those risks related to Sierra Leone, to ensure that they remained current and appropriate.

18/010 There was a discussion regarding the overall movement of the risks as set out in the Risk Register and it was recommended that progress be clearly demonstrated against the actions.

18/011 The Audit and Risk Committee **NOTED** the Strategic Risk Register and the following comments were raised:

- a) it was confirmed there were a number of actions in place to mitigate the risk related to the operating budget. This included the Medium Term Financial Plan and the Taxpayer Value Strategy;
- b) it was confirmed that risk 4, related to data access was still relevant in light of the McNeil Review. The Chief Executive received a monthly update on progress on implementation of the recommendations and this would be shared with members of the Audit and Risk Committee in correspondence.

**Secretariat  
(via Steven Casson)**

- c) risks 8 and 9 related to the Science Hub Programme. The concerns related to the ongoing resilience incident at Porton were discussed, and in particular the longer term implications of the maintenance of the site in relation to the move to Harlow. It was confirmed that the Deputy Chief Executive was the Strategic Lead for the incident and held a weekly meeting to consider both the medium and longer term implications. This was an important piece of work and the Science Hub Programme Board would monitor and assure its progress.
- d) In relation to risk 5 on information governance, the Chair had confirmed that he had discussed PHE's preparations for the implementation of the General Data Protection Regulation with the Director of Health Improvement and had been assured of PHE's readiness as a result of the discussions.
- e) PHE's mitigation actions in relation to cyber security risks were well developed and following the meeting in November he had written to the Permanent Secretary to confirm PHE's arrangements. This would be shared with members of the Audit and Risk Committee for information.

**Secretariat  
(Michael Brodie)**

**Integrated Governance Report**

- 18/012 The integrated governance report (enclosure ARC/18/04) was introduced.
- 18/013 There was a discussion related to adverse incident reporting, and in particular the incidents reported in the National Infection Service. It was **AGREED** that the Director for the National Infection Service should be invited to present on adverse incident reporting at the June meeting, allowing a detailed deep dive discussion into the issues and root causes. It was confirmed that as part of the new arrangements in the National Infection Service structure there was a dedicated governance and risk team, and as part of the discussions their role and remit would be set out.
- 18/014 It was recognised that there were a number of incidents reported which need to be reviewed and updated or closed. It was confirmed that at PHE's major sites there were site safety committees which reviewed and monitored progress for their respective areas.
- 18/015 The HSE had recently confirmed that they were fully satisfied that PHE had complied with the requirements of the Crown Improvement Notice of October 2017 by the deadline for doing so of 5 January 2018. The Chair of the Audit and Risk Committee would join the annual review meeting with HSE.
- 18/016 The Audit and Risk Committee **NOTED** the report.

**Outstanding Internal Audit actions summary**

- 18/017 An update was provided on the close down of internal audit actions. These would be reviewed in detail as the end of the financial year approached and routine monthly updates would be provided to the Audit and Risk Committee in correspondence ahead of the June meeting in order to track progress.
- 18/018 The Internal Audit Service function would provide additional support to ensure the timely close down of any outstanding actions.
- 18/019 The Audit and Risk Committee **NOTED** the update.

**Internal Audit progress report for 2017/18 assurance**

- 18/020 The progress on delivering the overall 2017-18 internal audit plan was discussed (enclosure AR/18/06). It was reported that there were no areas of concern to be raised.
- 18/021 The review on the National Infection Service had received limited assurance and this would be subject to further discussion, including the full report, at the June meeting.
- 18/022 It was also reported that the Group Chief Internal Auditor was attending a number of ARC meetings across the ALBs, taking the opportunity to take stock of progress with internal audit plans, and to consider how good practice or areas of mutual concern could best be shared. It was also reported that the Internal Audit Service was using the standard materials as issued across government to complete GDPR readiness audits across the DHSC and its ALBs.
- 18/023 It was proposed to defer the follow up audit into Income Generating Strategies to 2018/19 which would explore if individual directorate plans had been delivered. This would ensure that management had appropriate time to implement the recommendations from the audit review.
- 18/024 An update was provided on the annual programme to counter fraud, bribery and theft. It was reported that one outstanding Fraud case was going through the closure process and the final report would be shared in correspondence. It was also reported that there was one further area of potential fraud currently being investigated which had been picked up through the course of routine finance checks. It was recognised that any appropriate actions would need to be addressed through the usual HR processes.
- 18/025 The Audit and Risk Committee **NOTED** the update.

**Secretariat  
(David Robb)**

**Indicative 2018/18 Internal Audit Plan**

- 18/026 The proposed internal audit activity for 2018/19 was presented (enclosure AR/18/07). This had been prepared in reference to PHE's strategic risk register and following discussions with Directors from across PHE.
- 18/027 The Audit and Risk Committee discussed the proposed schedule. It was suggested that resilience and succession planning, in light of the ongoing incidents at Porton would be a potentially useful area for a future review and would be discussed with the Director of Corporate Affairs.
- 18/028 It was considered whether the plan was too internally focussed, and if it would be valuable to gain a sense of effectiveness of PHE's campaigns to gain a sense of how they have been achieved. It was noted that a central theme which emerged from PHE's recent peer to peer review with the International Association of National Public Health Institutes was to ensure that PHE was impactful in its relationships with the NHS. It was hoped that the proposed audit programme would enable PHE to identify those areas where it was doing better along with those identified for further improvement.

18/029 It was also recognised that there should be a cross-system focus to PHE's work, and in particular the focus on prevention and achieving financial balance. This would encompass population health and those measures across the system to address the health gap. It was also recommended that the critical external dependencies be highlighted, particularly in regards to contract management which would both therefore provide external challenge and provide focus on value.

18/030 When carrying out reviews on particular, technical areas such as the proposed review into artificial intelligence and machine learning it was confirmed that appropriate technical support would be sought to inform the review.

18/031 The Audit and Risk Committee **ENDORSED** the indicative plan for 2018/19.

**Losses and special payments**

18/032 The losses and special payments that had been agreed for Q3 were presented (enclosure AR/18/08).

18/033 It was noted that there were a large number of losses following the closure of the Newcastle Laboratory. While these had been processed to ensure the minimum loss to the taxpayer it was recognised that there needed to be a focus on lessons learned and a note of the process would be shared with members of the Audit and Risk Committee for their information.

**Michael Brodie  
(Alan Stapley)**

18/034 The quarterly report was **NOTED**.

**EU Exit**

18/035 The Deputy Chief Executive set out the arrangements that PHE had in place to manage the impact of the UK's exit from the EU and the steps taken to mitigate any risks. It was reported that robust governance arrangements were in place with a good relationship established with DHSC on this work. PHE was the policy and implementation lead for the workstream on health protection. There were a breadth of issues and the PHE team had undertaken a comprehensive mapping exercise to ensure they were captured, though recognising that new areas for consideration would continue to emerge.

18/036 The PHE work programme focused on three broad areas of work: contributing to the DHSC workstreams; focusing on external factors and those areas which would impact PHE direct. There were important links across PHE's work programmes. For example the data on AMR which was supplied through ECDC and this and similar data sets were included as part of the scoping of PHE's work to ensure the implications were captured. It was reported that there were a number of mitigations in place for PHE's critical infrastructure such as the WHO International Health Regulations and Global Health Security Network. It was also recognised that the EU exit would provide a number of opportunities such as those on food and the use of WHO surveillance data.

18/037 A key area of concern was the supply of medicines to the UK. While this was not a PHE led piece of work it would have an impact on PHE's vaccine and countermeasures work.

18/038 A discussion followed on the complexity of the relationships across Whitehall and whether PHE had engagement at the appropriate level. It was confirmed that the Director General for Public and Global Health in DHSC was the main point of contact for cross-government working, and that there were robust relationships at both senior and working levels between the relevant teams in DHSC and PHE. Measures were in place to ensure that there was capacity and resilience both within PHE and across the system when managing these issues. PHE used an internal co-ordinating group which had a wide membership from across the organisation. This allowed the central team to know where the pressure points across both PHE and the wider system were. While the process was led by the Strategy Directorate it was acknowledged that there was excellent engagement from both across PHE and the DHSC.

18/039 Issues were being addressed in the relation to the training programmes run by PHE, such as the Field Epidemiology Training Programme. It was reported while the implications were being explored, the intention was to maintain the programme and recruit for the next round.

18/040 The Audit and Risk Committee **NOTED** the update.

#### **Whistleblowing Policy**

18/041 The Director of Corporate Affairs presented the revised Whistleblowing Policy which had been updated following the internal audit report. To support the revision of the policy, detailed discussions with Concern At Work, an external organisation, had taken place. Further steps would be taken to ensure that the Speak Out advisers were easy for staff to locate and that there was more awareness raising with staff in general regarding the policy. It was noted that the revised policy had the clear line of sight to the Audit and Risk Committee.

18/042 The Audit and Risk Committee were content that the current policy provided adequate support for staff, but did recommend that it be reviewed in light of recent whistleblowing cases and lessons learned on how the policy had been followed. This work would link to the ongoing efforts to tackle bullying and harassment across PHE which was being led by colleagues in the People Directorate. It was also be discussed with staff side colleagues.

18/043 It was recommended that a further update be considered at the September meeting taking into account the work with the People Directorate and ensuring that the current version was well publicised with staff.

18/044 The Audit and Risk Committee **NOTED** the update.

#### **Health and Safety Executive**

18/045 An update was provided in advance of the annual review meeting with the Health and Safety Executive taking place in April 2018. The Chair of the Audit and Risk Committee would join for the discussion. It was confirmed that PHE had responded within the given deadline to the Crown Improvement Notice which was issued in October 2017. A series of follow up audits were in place to ensure compliance was embedded.

18/046 The current Porton Resilience Incident had a number of areas of focus. These included ensuring that the BIG facility was self-sufficient and this in turn would provide additional resilience to the CL4 laboratory. At present the Porton site was reliant on a single steam supply, and remedial work was underway to address this. There was also a detailed programme of work to mitigate the risks posed by legionella.

- 18/047 The handling of the more immediate issues was outlined. A plan had been developed, and specialist project management introduced. The financial implications were being handled with the Finance and Commercial Directorate. It was reported that there was a contingency of £1million capital for emergency matters which would be used for this purpose.
- 18/048 It was recognised that there were a number of wider implications such as contract management, the move to Harlow and any additional finance matters as they arose. These were being managed by the Strategic Response Group which would aim to bridge the gap until the move to Harlow.
- 18/049 The Audit and Risk Committee **NOTED** the update.

**Annual Report and Accounts 2017/18**

- 18/050 The Director of Corporate Affairs introduced the draft annual report and accounts (enclosure AR/18/12). It was reported that the NAO started its audit on 29 January 2018. The draft report provided the totality of the proposed content and a snapshot of month 9 of the year.
- 18/051 The Audit and Risk Committee **NOTED** the report and recommended that additional data be provided to demonstrate PHE's performance against its deliverables and that the response to the Crown Improvement notice also be included for future versions.

**Data Security Assurance Board**

- 18/052 The Chair of the Audit and Risk Committee provided an update on his attendance at the DHSC Data Security Assurance Board. Following discussions with PHE colleagues it was confirmed that PHE had robust arrangements to mitigate against the risk of cyber security. He would share the most recent minutes and terms of reference with Audit and Risk Committee members. PHE colleagues would also provide briefing in advance of future meetings.

Secretariat  
(Michael Hearty)

**National Audit Office - 2017/18 financial audit**

- 18/053 It was reported that the audit progressed well and that the NAO team were working with PHE to address the ongoing business continuity incident at Porton and in particular any losses against the values of assets.

**National Audit Office – Procurement Review: 12 Month Follow up**

- 18/054 The review report was shared (enclosure AR/18/14) and demonstrated very good progress. It was confirmed that PHE had put in place robust governance arrangements, including establishing a Procurement Strategy Group to embed good practice across the organisation.
- 18/055 There had also been good progress in improving the use of Single Tender Actions in PHE with a reduction in the amount of unplanned activity. The use of STAs were reported quarterly to both the Management Committee and Audit and Risk Committee to ensure compliance.
- 18/056 A discussion followed on the importance of ensuring that PHE informed its suppliers of the need to adhere to PHE's Conflict of Interest Policy. This was an important point of learning for PHE and it was important to be aware of broader interests and understand the risks to PHE. It was confirmed that a clearer process for this would be established. This would also form part of the overarching work to improve PHE's approaches to contract management.

18/057 PHE's procurement team had increased in capacity and capability, and was progressing a move to digital procurement. This would include a use of procurement as a service and the team would continue to monitor the value for money challenge across the breadth of its work.

18/058 The Audit and Risk Committee **NOTED** the report.

**Any other business**

18/059 There was none.

**Additional Information Papers**

18/060 The following papers were **NOTED**:

- a) STA Report (enclosure AR/18/15)

**Date of next meeting**

18/061 Tuesday 5 June 2018, 10:00 to 12:00, Wellington House.

**Meeting of members and auditors in the absence of officers**

**Rachel Scott**  
*Board Secretary*  
February 2017