



Public Health
England

Protecting and improving the nation's health

Minutes

Title of meeting	Audit and Risk Committee	
Date	Tuesday 5 June 2018	
Time	10:00 – 12:30	
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>Derek Crook</i>	National Infection Service Director (<i>for the NIS item</i>)
	<i>Mark Driver</i>	National Infection Service Programme Director (<i>for the NIS 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>Abdul Mohib</i>	Lead Risk Adviser (<i>for Risk Management Items</i>)
	Niki Parker	Government Internal Audit Agency
	Naseem Ramjan	National Audit Office
	David Robb	Government Internal Audit Agency
	Graham Reid	Department of Health and Social Care
	Cameron Robson	Government Internal Audit Agency
	Duncan Selbie	Chief Executive
	Alex Sienkiewicz	Director of Corporate Affairs
	Alan Stapley	Deputy Director, Finance
Apologies	Simon Reeve	Department of Health

1 Introduction and apologies

18/062 Apologies were recorded as indicated above. There were no declarations of interest.

2 Minutes of the previous meeting: 20 February 2018

18/063 The minutes (enclosure AR/18/016) were accepted as an accurate record.

3 Matters arising

18/064 Enclosure ARC/18/017.

18/065 The following was note:

- 17/182: the note explaining how 17 incidents reviewed by the Adverse Incident Review Group (AIRG) were being followed up was overdue. The Committee asked that this be completed by the next meeting. Action: Kishor Mistry
- 17/183: Strengthened Appraisal and Revalidation Database (SARD) and appraisals. The note on the potential impact of 14% of appraisals not being compliant was overdue. The Committee asked that this be completed by the next meeting. Action: Kishor Mistry
- 18/017: Outstanding Internal Audit actions: monthly close-down notes to be provided to ARC members between each ARC meeting. This was an outstanding action and should be implemented prior to the next ARC meeting. Action: Kishor Mistry and Abdul Mohib

18/066 The report was **NOTED** by the Committee.

4 Science Hub assurance update

18/067 Tim Harry introduced the Science Hub update (enclosure AR/18/018).

18/068 Three substantive milestones had been achieved since the last report to the Committee:

- Early site acquisition;
- Outline town and Country Planning permission;
- Approval and appointment of the Preconstruction Services Agreement (PCSA) partners.

18/069 Activities were now focused on Full business Case (FBC) submission and approval. A draft submission would be drawn up by December 2018, with a formal submission in Summer 2019.

18/070 Cost management and the cost pressures for the programme were summarised. Extensive VM/VE exercises had taken place to see where costs could be reduced.

18/071 Business change was a continuing priority, and the necessary resources – particularly specialist programme managers – were being identified and recruited.

18/072 The ‘people project’ was also continuing apace:

- A PHE Harlow people survey was due to be completed by the end of June 2018;
- Strategic workforce planning had begun;
- Staff support services were being procured and soft market testing was taking place;
- Benchmarking and lessons learned processes had been introduced;

- Policy and governance processes going forward were being actively considered.

18/073 The scrutiny and assurance role of the Science Hub Assurance Board and its relationship with the Programme Board was summarised. The Programme would also have two Infrastructure and Projects Authority (IPA) 'critical friend' reviews during 2018 and 2019.

18/074 The Committee asked that post value engineering, there should be an integrity review focused on safety to ensure that this has not been inadvertently compromised (no 'black swan' scenario). Also a review on sustainability and the ambition on this.

Action: Tim Harry and Kishor Mistry

18/075 The Committee **NOTED** the update.

5 **National Infection Service (NIS) – risk and incident management**

18/076 Derrick Crook and Mark Driver introduced this item (enclosure AR/18/019).

18/077 The NIS was going through a transformation programme. The new structures, produced after extensive consultation and design work, and recruitment of the new Deputy Director, went live on 10th April 2018. There remained a significant amount of work to transform the new divisions to be more efficient and effective.

18/078 A key next step was to agree an Infections Strategy to establish the priorities of the service to deliver the best public health outcomes for infectious disease. Further reorganisation was likely to follow in order to best deliver the Infections Strategy. Other key activities included:

- Addressing legacy issues and resistance to change;
- Reorganisation of divisions;
- Science Hub requirements;
- Integrated PHE Global Health strategy and agenda;
- Porton infrastructure;
- Recruitment and retention of lab staff;
- Workforce strategy for Harlow.

18/079 The risk management process was described and the top 13 risks highlighted.

18/080 The Committee asked that a full NIS risk register be shared with them. Mark Driver said this would be updated by the end of June, and a copy would be provided to the Committee as an information paper to the September meeting. Should the Committee have any question on the risk register, they may invite Mark back for a brief discussion at a future meeting.

Action: Mark Driver

18/081 The Committee **NOTED** the report.

6 **Strategic Risk Register**

18/082 The Strategic Risk Register was presented (enclosure AR/18/020).

18/083 In light of recent events, PHE's assessment of the likelihood of a cyber-attack had increased to 'high' and the impact had also been heightened. It was felt that the threat was being handled well within PHE, and an assurance report had been provided by to the DHSC Permanent Secretary on request.

- 18/084 Having reviewed the overarching health and safety risk, the likelihood had been reduced to 'medium', particularly in light of the significant remedial work that had been undertaken through the Enhanced Business Continuity Incident at PHE Porton, and ongoing close dialogue with the HSE.
- 18/085 Following discussions at the recent DHSC/PHE Quarterly Accountability Meeting, the EU Exit risk description had been refreshed. The focus of this risk is around UK's requirement on public health, health protection and security, not being successfully negotiated, and 'no deal' contingency plans not being ready to support a smooth and orderly exit.
- 18/086 A new risk on public health screening programmes would be articulated and added. An Internal Audit review of screening programmes would also be taking place. The Committee asked that the scope of this review be shared with them when ready. Action: David Robb
- 18/087 The Committee **NOTED** the report.
- 7 Integrated Governance Report**
- 18/088 The integrated governance report (enclosure ARC/18/021) was presented to the Committee by Kishor Mistry. A number of actions were suggested:
- The plan for introducing non-executive director (NED) '*Responsible for Information*' training should be clarified Action: Kishor Mistry and Robert Kyffin
 - The Committee asked for a more detailed note (by correspondence) on the data exchange memorandum with NHS Digital. Action: Kishor Mistry and Robert Kyffin
 - The Committee asked that a note (by correspondence) be provided on the resources available to the Caldicott function. Action: Kishor Mistry and Carl Rose.
- 18/089 The Committee **NOTED** the report.
- 8 Outstanding Internal Audit actions summary**
- 18/090 Enclosure AR/18/022.
- 18/091 The Committee felt that the current position on closing open Internal Audit report actions was unsatisfactory and ask the Chief Executive, with his management team, to make a concerted effort to improve the situation by the next meeting in September. Action: Duncan Selbie and Alex Sienkiewicz, with the management team
- 18/092 The Committee **NOTED** the report.
- 9 Internal Audit progress report for 2017/18 assurance, and 2018/19 indicative audit plan**
Internal Audit progress report (enclosure AR/18/023).
- 18/093 Only two of the 21 audits had not been completed (but these were in progress). Engagement with PHE had been good throughout the year, and a strong control environment had developed.
- 18/094 The Staff Appraisals and Mandatory Training review had resulted in a LIMITED rating. This issue would be discussed further at the September Committee meeting with the People Director.

18/095 In the Annual Assurance Report, the Group chief Internal Auditor was pleased to give PHE a MODERATE overall performance for 2017/18.

18/096 Then Committee **NOTED** the Report.

2018/19 Draft Internal Audit Plan (enclosure AR/18/024).

18/097 Two review topics had been added since the last draft was presented:

- Public health screening programmes; and,
- Resilience and capability.

18/098 The Committee **NOTED** the report and was content that the time allocated to completing the work (422 days) was appropriate.

10 Losses and special payments

18/099 Enclosure AR/18/25.

18/100 The Committee **NOTED** the report.

11 Fraud assurance update

18/101 This was presented by Mike Yates (enclosure AR/18/26). A number of positive steps had been taken since the last report.

18/102 Following the Finance and Commercial Director's report in June 2017 on progress towards developing a finance 'front-line' fraud risk register and counter fraud framework, the process had been built on and rolled out across PHE. All directorates are now required to complete an annual fraud risk assessment. Any significant risks (those assessed as having a RED rating) would be escalated to directorate tactical risk registers (although none were identified).

18/103 PHE staff had already been introduced to the topic of fraud through the mandatory training on being responsible for information. However, to ensure that all staff are able to play a full part in combatting fraud, bribery and corruption, PHE introduced a new mandatory training requirement for all staff in October 2017. The training is a Civil Service Learning (CSL) e-learning module. There is one course for line managers and one for all other staff. It takes around 60 minutes to complete. All staff have been asked to refresh this training every three years.

18/104 PHE is currently reviewing all of its fraud-related policies and procedures.

18/105 PHE's working relationship with the DHSC Anti-Fraud Unit has developed in recent years but could be further strengthened in terms of the support they provide on training and advice to relevant PHE colleagues (HR, Finance and Governance), so Alan Stapley and Mike Yates would be meeting the Unit on 8th June to discuss how PHE might develop engagement, and share views and good practice going forward.

18/106 The Committee **NOTED** the report.

12 2017/18 PHE Annual Report and Accounts

18/107 Enclosure AR/18/027.

18/108 The Committee was **CONTENT** with the draft report, particularly the Governance statement, and would provide further comment as necessary. The Committee. The Committee thanked Alex and Michael, and their teams for its production.

13 National Audit Office - 2017/18 Audit Completion Report

18/109 National Audit Office (NAO) colleagues presented their audit completion report for 2017/18 (enclosure AR/18/28). This included the management letter. No new material risks had arisen since the last report.

18/110 The report was agreed, including the draft letter of representation.

18/111 The Committee thanked the NAO for its report.

14 Any other business

18/112 Following discussion on a number of people-related issues throughout the meeting, Deborah McKenzie, People Director, would be invited to the September meeting to discuss:

Action: Deb McKenzie

- People Directorate support to the NIS change programme;
- Corporate management of terms and conditions; pay; retaining a skilled workforce; etc.;
- Improving mandatory training levels (particularly on Safeguarding);
- Risk 2 on the Strategic risk Register.

15 Additional Information Papers

18/113 There was a verbal update on the DHSC Audit Risk Chairs' Conference from the Committee Chair.

18/114 The following information papers were noted:

- Security preparedness post-Salisbury (correspondence with DHSC) – enclosure AR/18/029.
- Chair's report to the PHE Advisory Board – enclosure AR/18/030.
- Single Tender Actions (STA) report – enclosure AR/18/031.

16 Date of next meeting

18/115 Tuesday 25 September 2018, 10:00 to 12:00, Wellington House.

Mike Yates
Head of Governance
August 2018