



Public Health  
England

Protecting and improving the nation's health

# PHE Audit and Risk Committee

## Chair's annual report 2018/19

**Prepared by:**

Sir Derek Myers – Chair of Public Health England's Audit and Risk Committee

# 1. Introduction – providing assurance, scrutiny and control

- 1.1 I would firstly like to thank Michael Hearty for chairing the June 2018 and September 2018 Public Health England (PHE) Audit and Risk Committee (the Committee) meetings whilst I was interim Chair of the PHE Advisory Board. I took over as Chair again in November 2018 following the appointment of a new permanent Chair to the PHE Advisory Board.
- 1.2 During 2018/19, the Committee continued to look at how it can improve the way it conducts its business to ensure that the assurance it provides to the Chief Executive, as Accounting Officer, remains relevant, informed and based on inclusivity and partnership working – both across PHE, and PHE working in close partnership with its internal and external audit colleagues.
- 1.3 The Committee focuses regularly on a number of key governance and assurance areas including:
  - **Strategic risk management**, including scrutiny of PHE’s strategic risk register; whether the organisation has robust policies and procedures in place for risk management; how well these are understood and followed by individual directorates, regions and centres; and, whether there is a strong risk management ‘culture’ in PHE;
  - Monitoring and scrutiny of the Government Internal Audit Service’s (GIAS’s) **internal audit programme**, including how well PHE engages and supports the programme of audits; and, whether the actions and recommendations arising from audits are being met and closed within agreed timescales;
  - **external audit and scrutiny** through the reports received from the National Audit Office (NAO). The Department for Health and Social Care (DHSC) is also represented on the Committee;
  - Scrutiny of a number of **cross-organisational governance** issues through an integrated governance report, including adverse incident reporting; health and safety incidents; information governance; clinical governance; and, security and sustainability.

## *Strategic risk management*

- 1.4 Regular and detailed discussions are taking place at the PHE Management Committee, and national directors are playing an active part in ensuring that the information in the strategic risk register is kept up-to-date. PHE’s Risk Leads Group ensures there is an effective escalation process for risks to be included on the strategic risk register, when appropriate. Work has also been done to bring a greater focus to early warning risk indicators to ensure that risks do not become issues, and so potentially saving PHE time and money.

- 1.5 Several risks on the strategic risk register became more prominent during 2018/19, including those relating to:
- EU exit;
  - Health and safety compliance (particularly relating to the remedial work at Porton);
  - PHE Harlow (particularly the people aspects of the programme);
  - Screening (in the light of the breast cancer screening reviews);
  - Information and data governance; and,
  - Cyber-security.
- 1.6 All these risk areas have been scrutinised in detail, either in discussions on the strategic risk register or as part of separate discussions (see below under 2. Topic-specific scrutiny), and on the basis of these discussions the Committee has been assured that PHE is managing these risks effectively.
- 1.7 Throughout the year, national directorates, and regions and centres are invited to present for scrutiny how they manage their operational and tactical risks, and describe and discuss the key risks they are facing. These sessions have been very illuminating and given members an opportunity to unpick some of the issues at a working level. The Committee's members and I have offered advice and support to national directors and their teams, and have recognised the professionalism and skills employed in taking forward their risk management.
- 1.8 In 2018/19, the Committee received risk presentations from:
- National Infection Service (NIS) (June 2018);
  - PHE regions and centres (September 2018);
  - Health Improvement Directorate (HID) (November 2016); and,
  - Social Marketing (February 2019).
- 1.9 These presentations have not always been comparable, but they have been adequate.

### *Internal Audit programme*

- 1.10 In recent years, considerable efforts have been made to achieve greater engagement between PHE's senior officers and GIAS when audit reports are being scoped, carried out and agreed. The Committee has challenged GIAS and senior management to ensure that actions and recommendations arising from audits are relevant, as well as jointly agreed, challenging and achievable. Also, that actions are closed by the dates mutually agreed.
- 1.11 There are still actions – albeit fewer than in previous years – that remain open for significant periods beyond their originally agreed clearance date.
- 1.12 During 2018/19, the Management Committee took on a greater role in ensuring that open audit actions are closed by their due dates. This renewed focus has meant that many actions are being closed on time, and outstanding actions sooner. However, the momentum generated because of this senior scrutiny and management needs to be maintained. The Accounting Officer has committed to continuing improvement.

## 2. Topic-specific scrutiny

2.1 The Committee took a proactive role in scrutinising, challenging and supporting some of the organisation's most significant tasks and challenges in 2018/19. Some of the more important pieces of work that came to the Committee in the year included:

- **EU exit** – The national leads for PHE's programme are Richard Gleave, Deputy Chief Executive, and Paul Cosford, Director for Health Protection and Medical Director. Richard Gleave presented an update at the February 2019 Committee meeting. The EU exit team retains its role as the central coordination function for all PHE workstreams and for liaison with the DHSC and the Department for Exiting the European Union (DExEU). The programme has been running for over two years and covers a broad programme of work for both 'deal' and 'no deal' scenarios. This includes leading contingency planning on health security; providing technical advice on areas such as nutrition and tobacco; and liaising with other Government departments leading on areas such as science and research.

Another aspect of the preparations is the review of business continuity plans. Extensive work has been carried out to date within NIS to assure continuity of supply of vaccines and countermeasures, and laboratory supplies. Business continuity planning has now been extended across PHE

The Committee is content that PHE has put in place a programme to mitigate the known risks related to EU exit and to ensure the organisation is operationally ready for both 'deal' and 'no deal' scenarios (albeit in a climate of great uncertainty).

The Committee recognises the significant and critical national leadership that PHE continues to provide on EU exit, and the reputational value it has received as a key delivery partner for those aspects that other organisations are leading on.

- **PHE Harlow** – An assurance update was provided to the Committee's June 2018 meeting. Three substantive milestones had been achieved:
  - Early site acquisition had taken place;
  - Outline town and Country Planning permission had been obtained;
  - Approval and appointment of the Preconstruction Services Agreement (PCSA) partners.

Activities were now focused on Full Business Case (FBC) submission and approval. A draft submission was drawn up by December 2018, with a formal submission being made in Summer 2019.

The 'people project' was continuing apace.

The Science Hub Programme Board, which meets monthly, regularly scrutinises all aspects of the programme, including those associated with finances, timescales and risks (including scrutiny of the programme risk register at every meeting).

The Committee took the opportunity to suggest there should be a safety integrity review as part of post value engineering, to ensure that this has not been inadvertently compromised. Also, a review on sustainability and the ambition on this. These issues would be picked up further in 2019/20.

- **People** – The Committee received an update from the Chief People Office, Deborah McKenzie, in September 2018. The presentation covered several areas including:
  - Retaining a skilled workforce, highlighting particularly the work being done to ensure PHE has the right capacity and capabilities in the run up to and following the move to Harlow;
  - Supporting staff following the UK's exit from the EU;
  - Pay, and terms and conditions: a new pay framework had been developed;
  - Mandatory training, particularly raising awareness with a view to improving completion rates; and,
  - NIS targeted support.

On mandatory training, there remains a considerable amount of work to do to raise compliance, but resource is being put into doing this. An Internal Audit report had returned a 'limited' rating and it was recognised that the current approach to collecting data on completion rates was not fit-for-purpose and needed improving.

Four key steps going forward were highlighted:

- A mandatory training policy;  
Awareness and senior leadership role modelling;
- Recording and reporting accurately;
- Clear incentives to maximise completion rates.

The Committee would scrutinise further development through discussion on the strategic risk register and other bespoke discussions as necessary.

- **Fraud** – A fraud update was received at the June 2018 Committee meeting, and the Committee was assured that robust management arrangements were in place. The Committee also received a presentation from the DHSC Anti-Fraud Unit at the November 2018 meeting, and was pleased to learn that the working relationship between PHE and the Unit had developed positively.
- **Safeguarding** – the Committee received a report on PHE's programme for safeguarding children and vulnerable adults. It was agreed that an annual progress report would be made to the Committee each February, the first of these was presented in February 2019. This is still a relatively new area for PHE, and future reports would be underpinned by robust data that is now being collected and analysed.

- **Information governance** – a full update on the information governance management framework was presented to the Committee in February 2019. There remain some significant challenges for the information governance team to overcome. The landscape had changed significantly, particularly with the introduction of the General Data Protection Regulations (GDPR), and changes to the information governance toolkit, which measured organisational performance against a set of strict criteria.

A lot of new processes were being introduced across the organisation, and work was needed to ensure that a systematic approach to information governance was embedded.

Work in progress included the following:

- Strengthening the information asset register;
- The approval and introduction of a data protection impact assessment;
- The introduction of data protection process reviews, and data quality reviews;
- Penetration testing.

Some of the remaining challenges included:

- Getting information asset owners to register their assets;
- Improving information governance mandatory training levels.

The Committee recognised the challenges that recent changes had brought about, but also recognised that much more needed to be done to ensure that everyone in the organisation understood fully what their roles and responsibilities were and acted upon these.

2.2 There were also further updates on:

- the McNeil Review of PHE's data collection and information management;
- whistleblowing;
- losses and special payments.

## 3. External audit, accounting and reporting

- 3.1. The major financial matters for the Committee are the oversight of the production of the Annual Report and Accounts, and the relationship that PHE has with the NAO, as PHE's external auditors. The NAO confirmed that the Annual Report and Accounts for 2017/18 were duly completed and filed in accordance with all accounting guidelines and the DHSC timetable.
- 3.2. The relationship between the Committee and the NAO officers has been good throughout the year. I would like to thank Naseem Ramjan for her contribution to the work of the Committee and welcome her replacement: Mike Surman. The NAO has also commented that their relationship with PHE's senior management and finance officers is constructive.

## 4.Managing ARC business effectively

- 4.1. All members of the Committee play an active role in meetings, leading specific agenda items. This has helped all of us to develop a more rounded view of PHE, its business, its aims and objectives, and its aspirations and challenges for the future.
- 4.2. The other Committee members and I have made ourselves available to discuss related issues outside the Committee's set meetings.
- 4.3. The Committee meets in private session with the NAO and GIAS representatives regularly to listen to any concerns or emergent issues they have.
- 4.4. The Committee has continued to foster close links with PHE's senior team, DHSC, GIAS and the NAO.
- 4.5. I believe the Committee has made a considerable contribution to assuring the Chief Executive on governance and accounting issues. 2019/20 will see some changes to PHE's Advisory Board membership. We will also work closely with the new Chair of the PHE Advisory Board (who will be attending the Committee's meetings in June 2019 and September 2019). As Chair of the ARC, I ensure the Chair of the Advisory Board is appraised of significant issues arising from our work.

## 5.Attendance at meetings in 2018/19

Name	Meeting (✓ = attended) (* = Chair)			
	5 June 2018	25 Sept 2018	21 Nov 2018	19 Feb 2019
Sir Derek Myers	✓	X	✓ *	✓ *
Martin Hindle	✓	✓	✓	✓
Michael Hearty	✓ *	✓ *	✓	✓
Duncan Selbie (PHE Accounting Officer)	✓	✓	✓	✓

## 6. Looking forward

- 6.1 The process for closing off the business for 2018/19 - including completing the annual report and accounts – continues to start earlier each year and this year was no exception, with a draft of the PHE Annual Report and Accounts presented to the February 2018 meeting.
- 6.2 As well as the general assurance areas, there are a number of areas that I would like the Committee to focus on in 2019/20, including:
- Reacting to any governance recommendations arising from the NAO's audit of PHE's **2018/19 Annual Report and Accounts**;
  - PHE's corporate objective to develop and implement a **health and safety improvement plan**, following remedial work at the Porton site and interventions by the Health & Safety Executive (HSE). The Chair of the Advisory Board is also keen to ensure that we learn lessons from the Porton work to ensure that all of PHE's scientific campuses remain fit for purpose until functions are moved to Harlow;
  - How the newly established **NIS** will manage its significant business, and how it will measure and report this;
  - **EU exit** and the challenges and risks to PHE and the wider public health environment;
  - Continued scrutiny of PHE's **cyber security** strategy;
  - Ensuring the Committee continues to play its full part in supporting the **Science Hub** programme, through scrutiny and support;
  - Scrutiny of the PHE **Value for Money** and efficiency work;
  - Keeping the pressure on PHE management, with GIAS colleagues, to improve their performance on closing **outstanding management recommendations**; and,
  - **Screening** services generally, in the light of the recent reviews into breast cancer screening;
  - An update on the action agreed following the independent report commissioned by PHE from **Professor Parish** following a recommendation by the Employment Tribunal, and PHE's management response;
  - Receiving further/regular updates on any concerns about fraud, corruption, bribery and theft; whistleblowing; safeguarding, the McNeil Review; and,
  - Supporting fully the new Advisory Board Chair and continuing to support and assure the Chief Executive;
  - Renewing the ARC membership as necessary.



Sir Derek Myers  
Chair  
April 2019