



PHE Advisory Board Paper

Title of meeting	PHE Advisory Board
Date	Wednesday 22 July 2020
Sponsor	Sir Derek Myers
Title of paper	PHE Audit and Risk Committee: Chair's annual report 2019/20

1. Introduction – providing assurance, scrutiny and control

- 1.1 During 2019/20, the Committee continued to provide assurance advice to the PHE Chief Executive, as Accounting Officer, in a way that was relevant and informed. Scrutiny by the Committee was strengthened by partnership working with key staff across PHE and working closely with its internal and external audit colleagues.
- 1.2 I would like to begin by thanking the other members of the Committee, Martin Hindle and Michael Hearty, for their excellent contributions to its work over the period of this report.
- 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 Agency's (GIAA's) **internal audit programme**, including how well PHE engages with 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.
- 1.4 The Committee also has a key role in scrutinising the contents of the Annual Report and Accounts and signing off the Governance Statement included therein.

1.5 In all these matters, the Committee advises the Accounting Officer and informs the Chair and other members of the Advisory Board as appropriate.

Strategic risk management

- 1.6 Regular and detailed high-level discussions on current and possible future strategic risks to the organisation take place at PHE's monthly Management Committee meetings. The Chief Executive and national directors play an active part in ensuring that the information in the strategic risk register is comprehensive, relevant and 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.
- 1.7 At its meeting on 4 March 2020, the Committee received a report detailing a refresh exercise that had taken place to ensure the strategic risk register continues to reflect the most significant risks affecting PHE now and in the future. A new Risk Assurance Lead was also appointed in 2019 and this has brought an additional robustness to this process.
- 1.8 Several risks on the strategic risk register were particularly prominent in 2019/20, including those relating to:
- EU exit;
 - Health and safety compliance (particularly relating to the remedial work at Porton);
 - PHE Harlow programme delivery;
 - Information and data governance; and,
 - Cyber security.
- 1.9 Although a risk on the COVID 19 response was not included on the strategic risk register by the time of the last ARC meeting of 2019/20 on 4 March 2020, the issue was already becoming prominent and a risk would be added in due course.
- 1.10 All strategic risk areas were scrutinised in detail, either through 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 with appropriate seriousness and diligence
- 1.11 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, but have recognised the professionalism and skills employed in the way they have taken forward their risk management.
- 1.12 In 2019/20, the Committee received risk presentations from:
- Nursing, Maternity and Early Years (June 2019)
 - The Corporate Affairs Directorate (September 2019)
 - The Digital Programme (February 2020).

1.13 These presentations have not always been comparable, but they have been adequate.

Internal Audit programme

1.14 In recent years, considerable efforts have been made to achieve greater engagement between PHE's senior officers and GIAA when audit reports are being scoped, carried out and agreed. During 2019/20, the Committee continued to challenge GIAA 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. With the appointment of a new Lead Assurance Adviser, a renewed effort has been made to ensure the process runs efficiently and I am pleased to note that the good progress made in recent years has been maintained.

1.15 There are still actions – albeit fewer than in previous years – that remain open for significant periods beyond their originally agreed clearance date, but these are being rigorously chased down with the support of the Chief Executive. The Management Committee continues to take 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. Nevertheless, the Committee aspires to see further progress to avoid delayed implementation of agreed audit actions.

1.16 At the March 2020 Committee meeting, GIAA colleagues reported steady progress with delivering the 2019/20 audit plan. Eight audits had been completed and all but one of the remaining audits were in progress; the Dysport Royalties audit would take place at the year-end. Management had previously requested two audits be deferred to the 2020/21 plan; Science Hub and Digital Projects. These had now been included in the draft audit plan for 2020/21, which was also presented to the March meeting.

1.17 A full report on the 2019/20 internal audit programme, comprising the internal auditors' opinion and a list of recommendations going forward, will be included in the Governance Statement of PHE's 2019/20 Annual Report and Accounts.

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 2019/20. Some of the more important pieces of work that came to the Committee during the year included:

2.2 **Health and safety on our key sites** – Led by the Director of Corporate Affairs & PHE Porton Site Director, a session took place at the June 2019 meeting to discuss progress with the programme of remedial works at Porton, encompassing the comments and recommendations made by the Health and Safety Executive (HSE). Good progress was being made and a good working relationship with HSE had been developed and maintained.

It was suggested that the lessons being learned at Porton be taken account of in

the maintenance and sustainability of other sites in the run up to the move to Harlow, particularly the major site at Colindale. Future presentations on this subject (the next timetabled for June 2020), would concentrate on health and safety on all PHE's main scientific sites.

The Chair of the PHE Advisory Board was in attendance for this item.

This would remain high on the assurance and scrutiny agenda for the ARC in 2020/21.

- 2.3 **Cyber security** – At its June 2019 meeting, PHE received a presentation from the Head of ICT on cyber security. The update covered, amongst other things, the programme to replace all laptops across the organisation, increasing capability and security; the latest measures taken to monitor and manage network threats; upgrades to the capacity, efficiency and security of PHE's data centres; penetration testing; business continuity; and, the decommissioning of some of PHE's legacy systems.

The Committee was confident that that cyber security programme was being well managed and that PHE's data and other assets were being protected, in line with agreed Government practice.

- 2.4 **PHE Harlow** – The latest assurance update was provided to the Committee at the September 2019 meeting, with the Advisory Board Chair in attendance. As well as covering the most significant risks, the report also included the latest position on revenue and capital costs. The prime objective going forward was to submit the Programme Business (PBC). Key risks and mitigations included:

- capability projects within the Science Hub Programme unable to meet the business need at the required quality within the agreed timelines/budgets. This was being mitigated through a Value Management/Value Engineering (VM/VE) programme, judicious use of contingency funding, and robust change control and cost management;
- Business Change projects not delivering sufficient information required for the PBC, particularly demonstrating effective business change, benefits and robust and effective business-as-usual (BAU) from 2024 onwards. The Committee heard that this was being mitigated by the creation of a budget for "backfill" and additional subject matter experts; detailed review of changes in scope since submission of the outline business case (OBC); the creation of a toolkit to support line management through the change; and, the creation of expanded teams with explicit links between the programme and the wider organisation to address challenges.

A highly structured approach had been put in place for the identification and management of risks, with relevant content in the Strategic Risk Register regularly reviewed and updated. All high probability programme risks were being treated and managed as issues. The programme risk register was being refreshed in recognition of the increasing maturity of the programme.

A new Programme Director, Martin John, had recently been appointed. Mr John's

appointment will provide an opportunity to look afresh at the programme, and its capacity and capabilities.

The Committee suggested that the next assurance update should focus on the on-going and future skills and expertise required by the programme, and an analysis of any significant gaps and the actions being taken to fill these. The programme provided an initial information note on this for the March 2020 meeting, and a further full assurance update was planned for September 2020.

The Committee noted that this project, given its scale and national importance is heavily scrutinised by the appropriate parts of Government.

2.5 National Infection Service (NIS) – The Committee received an update from the Director of NIS and her staff in September 2019. As well as an overview of NIS and the 2018/19 review of the directorate and its governance, the presentation covered the management of incidents and risks, and improving NIS business information.

On incident management, the Committee heard that concerted efforts were being made to improve the closing incidents, particularly those older than six months, and the Committee monitored progress through the integrated governance report and separate information notes. The Committee will continue to monitor progress on this in 2020/21

The Committee heard that one single receptacle was being developed to collect, record, manage and use NIS business information. A performance dashboard was also being developed. The Committee would also monitor progress with this in 2020/21 and whether this was leading to the effective management and delivery of business-as-usual. A further full assurance update would be taking place in November 2020.

2.6 Whistleblowing – An update was received at the November Committee meeting. A number of actions had been completed or were in train, including:

- colleagues attending training offered by the National Guardian Office earlier in 2019;
- The Chief People Officer taking on the role of Executive Sponsor for “Speak Up” in PHE;
- Further training for PHE “Speak Up” champions would take place in the 2020;
- Raising Matters of Concern (including Whistleblowing) policy was being reviewed and would be published early in 2020, following normal clearance with management and staff side;
- Bullying, Harassment and Discrimination policy was also being reviewed and would also be published early in 2020 following the same clearance process.

2.7 Fraud – A fraud update was also received at the November Committee meeting from the Head of Governance. The update covered fraud detection, management and prevention in the context of a new Government standard (GOVs 013), which had brought with it new reporting requirements: an annual assessment, and quarterly consolidated data returns (CDRs) and updates on progress with the

Annual Fraud Action Plan.

Actions taken so far to help prevent fraud, corruption, bribery and theft included:

- The introduction of a full suite of policy and procedure documents;
- The introduction of mandatory training on fraud, corruption, bribery and theft;
- Taking part regularly in the National Fraud Initiative;
- The development and maintenance of a fraud risk register for finance and commercial operations;
- The identification of a single point of contact (SPOC) for the DHSC Anti-Fraud Unit (AFU);
- The introduction of a process for disseminating fraud alerts, monitoring progress, recording actions and feeding back (to AFU);
- The development of a good ongoing working relationship with AFU, and now also Cabinet Office colleagues.

More recently:

- A full Fraud Assessment (as a requirement of GOVs S013) had been submitted to Cabinet Office;
- A full Annual Fraud Action Plan had been established;
- A Fraud Panel (Corporate Affairs, Finance and Commercial Division (FCD) and People Directorate fraud leads) had also been established.;

At the time of writing this report, PHE had not yet received a response to the annual fraud assessment it had provided to Cabinet Office at the end of August. The Committee would receive a further fraud update in November 2020, which might then include the views from Cabinet Office on the assessment.

The Committee was concerned to see some benefits from the new government standard, recognising the opportunity cost of the exercise.

2.8 **Safeguarding** – the Committee received an annual update on progress at its March 2020 meeting.

The key issues covered were:

- Safeguarding as a component of quality;
- Implementing safeguarding policies and procedures;
- Communications;
- Training;
- Monitoring progress and recording incidents;
- Internal Audit reviews;
- National campaigns and responses;
- Working with partners.

For 2020/21, the key actions included:

- Reviewing the safeguarding communications plan, leads and networks, and developing an organisation-wide strategy and workplan for assuring safeguarding around PHE.;

- Working with digital and research colleagues to understand the role of safeguarding in the world of PHE digital campaigns;
- Working with health protection colleagues to formally embed safeguarding in governance arrangements for national incident response;
- Continuing to address the recommendations in the safeguarding Internal Audit reviews;
- Reviewing the current training offer, needs and levels, and revise our offer to meet any gaps;
- Undertaking joint communications and implementation activity with PHE's quality team;
- Hold a virtual safeguarding conference to coincide with the NHS month of safeguarding activity in June 2020.

On training, in November 2019 Civil Service Learning moved to a new training platform. Unfortunately, the Safeguarding mandatory training level 1 was unable to be accessed on the new platform, resulting in PHE employees having to be directed to the old site to complete their level 1 training. A particular challenge for 2020/21 was to get the training onto the new learning platform. Awareness raising was also seen as a challenge, but work was in hand to progress work in this area. The Committee expressed concern that this reporting issue had dragged on and hoped for an early resolution.

Another annual update would take place in February/March 2021 when the focus would be on how the training challenges were being met, and worked examples of how safeguarding issues/concerns were being dealt with.

- 2.9 **Information governance** – this remains a key issue, particularly PHE meeting the requirements of the General Data Protection Regulations (GDPR), and changes to the information governance toolkit, which measured organisational performance against a set of strict criteria. Internal audit reports indicated that key concerns remained.

A discussion was included as part of the Internal Audit review programme report in September 2019. The GDPR preparedness second follow-up review had continued to rate PHE's compliance position as unsatisfactory. Management confirmed that a plan of action had been considered at recent Management Committee meetings and was being progressed. I requested that a further GDPR compliance check by Internal Audit colleagues be included in the 2020/21 audit programme. Another full session on information governance assurance and compliance with GDPR was scheduled for the September 2020 meeting of the Committee.

- 2.10 There was also a further update on the Taxpayer Value Strategy, and regular reports on 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 2018/19 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. The NAO has also confirmed 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 GIAA 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, GIAA and the NAO.

4.5 I believe the Committee has made a contribution to assuring the Chief Executive on governance and accounting issues. 2020/21 will see some changes to PHE’s Advisory Board membership. The membership should have more than one member of the full Advisory Board, once vacancies there have been filled. 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 2019/20

Name	Meeting (✓ = attended) (* Advisory Board Chair, Dame Julia Goodfellow, also attended)			
	11 June 2019*	17 Sept 2019*	19 Nov 2019	4 March 2020
Sir Derek Myers (Chair)	✓	✓	✓	✓
Martin Hindle	✓	✓	✓	✓
Michael Hearty	✓	X	✓	✓
Duncan Selbie (PHE Accounting Officer)	✓	✓	✓	✓

6. Looking forward

- 6.1 The national response to the **COVID-19 pandemic**, and PHE's significant role in this, is understandably having a big impact on how it meets its wider business imperatives, corporate objectives and deliverables. The Committee will scrutinise how the organisation is handling the prioritisation of its work, as well as seek assurance on the effectiveness of PHE's role in the response more generally (particularly the management of the risks – both in managing the response and on PHE's business delivery and reputation more widely).
- 6.2 The COVID-19 pandemic should give rise to much discussion about lessons to be learnt and the Committee will contribute as appropriate. In addition, there are a number of areas that I would like the Committee to consider in 2019/20 – some ongoing - including:
- Reacting to any governance recommendations arising from the NAO's audit of PHE's **2019/20 Annual Report and Accounts**;
 - Ensuring the Committee continues to play its full part in supporting the **PHE Harlow** programme, through scrutiny and support;
 - 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 performance manage its business-as-usual 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;
 - Continued scrutiny of the PHE **Taxpayer Value Strategy** programme;
 - Keeping the pressure on PHE management, with GIAA colleagues, to improve their performance on closing **outstanding management recommendations**; and,
 - **Screening** services generally, in the light of the recent reviews into breast screening;
 - Supporting fully the new Advisory Board Chair and continuing to support and assure the Chief Executive.

Sir Derek Myers

Chair

April 2020