Public Health England

Protecting and improving the nation's health

Minutes

Title of meeting	Audit and Risk Committee
Date	Thursday 24 November 2016
Time	10:00 – 12:00
Venue	Wellington House, 133-155 Waterloo Road, London SE1 8UG

Present	Rosie Glazebrook	Non-executive member of PHE Board
	Michael Hearty	External Independent Adviser
	Martin Hindle	Adviser, PHE Board
	Sir Derek Myers (Chair)	Non-executive member of PHE Board
In attendance	Michael Brodie	Finance and Commercial Director
	Catherine Hepburn	National Audit Office
	Kishor Mistry	Deputy Director, Corporate Risk and Assurance
	Abdul Mohib	Lead Risk Management Adviser*(for risk management items)*
	Naseem Ramjan	National Audit Office
	Graham Reid	Department of Health
	David Robb	Group Internal Audit
	Duncan Selbie	Chief Executive
	Alex Sienkiewicz	Director of Corporate Affairs
	Alan Stapley	Deputy Director, Finance
	Andrew Strodder	Lead Assurance Adviser *(for assurance and IA actions item)*
	Pauline Watts	Chief Nurse's Directorate
	Mike Yates	ARC Secretary
Apologies	Simon Reeve	Department of Health
	Cameron Robson	Group Internal Audit

Introduction and apologies

16/193 Apologies were received from Simon Reeve and Cameron Robson.

16/194 Martin Hindle informed the Committee of his interest in Porton Biopharma Ltd in light of the item on the National Audit Office's financial audit 2016/17.

Minutes of the previous meeting: 23 September 2016

16/195 Enclosure AR/16/48. The minutes were accepted as an accurate record.

Matters arising

16/196 Enclosure AR/16/49.

16/197 Actions16/107 (deferred Internal audit reviews), and 16/108 (internal audit review slippage reports) were discussed. The Internal audit review and report programme was achievable, but any delays in deciding scope etc. could jeopardise the timetable. Regular discussions were taking place at Management Committee to ensure management engagement, input and actions were being addressed in good time.

16/198 Action16/174 (descriptors in the audit actions summary report on 'action progress' and 'action made' to be made clearer). Andrew Strodder gave a verbal update on progress. The intention was to replace the 'action made' descriptor with one collective descriptor to be known as, 'Workflow Status'. This revised category would then show one of:

- Evidence Required
- Completed - Pending Audit Review
- Closed-Done
- In Progress.

16/199 Thus the 'Action Status' would in future show the 'descriptor' the action owner has provided on the record. The 'Workflow Status' would show whether an audit action is complete or if Internal Audit were yet to approve it.

16/200 The Committee **NOTED** the report.

Strategic risk register

16/201 Enclosure AR/16/50. Kishor Mistry and Abdul Mohib spoke to this item. Kishor told the Committee that good engagement was now taking place with the National Directors and there would be regular deep-dive sessions at the Management Committee going forward.

16/202 Martin Hindle led the discussion for the Committee, addressing each risk in turn.

16/203	Risk 2 – *PHE workforce and capability*: some duplication had crept into the mitigations wording. To be removed.	Action: Abdul Mohib to remove duplication shown in Risk 2 content.
16/204	Risk 20 – *PHE suffers a serious information governance failure*: Rosie Glazebrook asked that something be included in the mitigations on levels of staff training on information governance as recorded	Action: Kishor Mistry and Abdul Mohib, with information governance colleagues, to include information re: information governance training in Risk 20 content.
16/205	Risk 14 – *Influence*: Abdul Mohib informed the committee that the risk was reducing although for the moment the ratings remained the same.	
16/206	Risk 15 – *Directors of Public Health*: as with Risk 14.	
16/207	Risk 16 – *Ring-fenced public health grant*: it was suggested that wording across this risk be updated in the light of the devolution agenda and the Business Rate Retention Scheme.	
16/208	Martin Hindle thanked the risk management team for all the hard work done recently in updating and improving the strategic risk register.	Action: Kishor Mistry and Abdul Mohib, with FCD colleagues, to include wording in Risk 16 to reflect devolution and BRRS agendas.
16/209	The Committee **NOTED** the report.	

Risk management deep-dive – Chief Nurse's Directorate

16/210 Pauline Watts presented the Chief Nurse's Directorate (CND) risk management deep-dive (Enclosure AR/16/51).

16/211 CND is a small directorate providing professional advice within PHE, across the health and care system, to Ministers in the Department of Health (DH) and other government departments, and working with lead nurses in DH and its arm's-length bodies (ALBs).

16/212 CND provides professional leadership to around 300 nurses and midwives within PHE as well as externally to specialist community public health nurses. Support prevention, protection and promotion is provided to around 550,000 registered nurses, health visitors and midwives in England.

16/213 CND leads the quality agenda with the Medical Director and his team.

They are also working with the Chief Knowledge Officer to develop academic links, research and evidence of impact in population health nursing and midwifery and build a strong network of 'academic friends'. They also work with regional and Centre Directors to maximise the contribution of nursing and midwifery professions to delivery of 'Evidence into Action' priorities and healthcare public health.

16/214 Pauline outlined the risk management processes within the directorate. CND had scored 91% on the risk management team's risk dashboard. The key risks for the team included:

- Low awareness amongst managers in PHE of the requirements of nursing and midwifery revalidation;
- System failure for web-based revalidation software (system access not available to appraisees and appraisers, responsible officers and team);
- Delay in the development support and embedding of the quality plans nationally;
- Not all clinical public health incidents may be identified or receive appropriate impact grading;
- Trend analysis is variable and incomplete so the ability to develop a learning culture across the organisation is impaired;
- If one of the team goes off sick and or leaved the Directorate there is inadequate specialist knowledge and expertise to deliver the objectives; and,
- Delay in the development support and embedding of the quality plans nationally.

16/215 All were being actively mitigated.

16/216 Michael Hearty asked how risks were identified. Was the business plan the starting point for identifying key risks, or did they come to light by taking forward business as usual? Pauline said both scenarios existed. The business plan did give the team an early steer on where risks were likely to be, but further risks would come to light as the directorate's work was taken forward.

16/217 With regard to the clinical incidents risk, a working group involving a number of directorates had been established to consider where under (and over) reporting might be taking place, with a view to getting more comprehensive and consistent information and so better trend analyses. Kishor Mistry said that although interpretation and the use of appropriate pathways was good in some parts of the organisation, further clarity was needed by some to ensure development in those areas.

16/218 The Committee **NOTED** the report.

Integrated governance report

16/119 Kishor Mistry presented the report (Enclosure AR/16/52).

16/220 Michael Hearty asked how much analysis work was done to identify incident trends. Kishor Mistry said trend analysis work was carried out and for some areas good information was forthcoming. For some areas, including information governance and clinical incidents, more work was needed. This included ensuring that officers were familiar with, and able to use effectively, the system for recording and following up incidents.

16/221 To put the information on web enquiries into context, Alex Sienkiewicz said a breakdown of topics would be provided in the next report.

Action: Kishor Mistry and Alex Sienkiewicz, with the Public Accountability team, would include a topic breakdown of web enquiries received.

16/222 Michael Hearty asked why so many incidents had no information entered on root cause and corrective action. Kishor Mistry said this would be followed up and as much information included in the next report to the Committee.

16/223 The Committee **NOTED** the report.

Outstanding Internal Audit actions summary

16/224 David Rob and Andrew Strodder spoke to the report (Enclosure AR/16/53).

16/225 Michael Hearty asked whether the increase in numbers over the last two quarters was indicated a slippage in clearing actions. Alex Sienkiewicz confirmed that this was not the case and there remained a tight grip on clearing actions. More actions than ever before had been cleared in the current quarter.

16/226 A good working relationship between PHE and Internal Audit continued in this area and it had been that close working that had led to the significant improvements over the last year.

16/227 The Committee **NOTED** the report.

Internal Audit progress report for 2016/17

16/228 David Robb presented the report (Enclosure AR/16/54).

16/229 Delays in management approving terms of reference and their requests to reschedule some audits to later in the year had resulted in

most audit reviews now being carried out in Quarters 3 & 4.

16/230 While Internal Audit had sufficient audit resources to deliver all the planned audits before the end of March, any further delays by management would result in the fieldwork being completed later than planned. As a result, Internal Audit would potentially be unable to complete sufficient audit reviews to produce an audit opinion. Completion of the 2016/17 audit plan was, therefore, dependent on management and the relevant staff in PHE committing to engage with all audits.

16/231 Alex Sienkiewicz confirmed that management was taking this seriously and a conversation had taken place at that week's Management Committee meeting.

16/232 Two audits were outstanding from 2015/16:

- Accounts Payable and Receivable - the fieldwork was completed in 2015/16, but reporting had been delayed pending the outcome of the NAO report. The draft report had now been issued. The outcome from this audit review would be presented to the Committee in February 2017;

- VFM - this was an advisory review to consider the current understanding of VFM corporately and the proposals for embedding VFM in PHE activities as part of the implementation of the VFM strategy. As the implementation of the VFM Strategy was not as far advanced as was envisaged when this audit review was planned, Internal Audit had agreed with management to defer this audit review to 2017/18.

16/233 With regard to the customer analysis, Michael Hearty asked whether one form consisting of four questions was adequate to get sufficient feedback. David Robb informed the Committee that feedback was gathered in line with the process outlined by HM Treasury, but Internal audit were exploring how the process might be improved, including whether discussions with customers might be better than a questionnaire.

16/234 The Committee **NOTED** and **AGREED** the report.

Losses and special payments

16/235 Alan Stapley spoke to the report (Enclosure AR/16/55), which the Committee duly **NOTED**.

National Audit Office - 2016/17 financial audit

16/236 Catherine Hepburn and Naseem Ramjan spoke to the paper (Enclosure AR/16/56).

16/237 The audit would be conducted taking a risk-based approach. Three significant risks had been identified:

- Risk of fraud through management override of controls;
- Risk of fraud through revenue recognition;
- Regularity of grants to Local Authorities.

16/238 A number of areas of emphasis were also described:

- Accounting for stockpiled goods and vaccines;
- The impact of the move to Harlow;
- Regularity of procurement;
- Porton Biopharma Ltd.

16/239 Fraud matters were also discussed. Any PHE fraud was investigated by the Department of Health Anti-fraud Unit. The Chair suggested that a presentation takes place at a future Committee meeting on the fraud assurance process.

Action: Mike Yates to timetable a presentation by the DH Anti-fraud Unit on fraud assurance processes.

16/240 The Chair asked whether there were any additional areas that the audit needed to cover. It was suggested that NAO consider the output from the Tailored Review, when available, to see if anything further needed to be included.

16/241 The Committee **AGREED** the approach and coverage in the proposal.

NAO procurement review recommendations

16/242 Michael Brodie provided an update to the Committee (Enclosure AR/16/57). NAO had provided comments on the action plan presented to the last Committee meeting. The NOA confirmed that they were content with the process and plan for following up the recommendations they had made.

16/243 Steady progress was being made with Management Committee taking a close interest in progress (a report to the Management Committee had been included with the papers).

16/244 13 Single tender actions (STAs) had been identified, but it was important to recognise that STAs were appropriate in certain circumstances – particularly in an organisation as specialist as PHE. Of the 13, four were deemed to be non-compliant. However, all were below the OJEU threshold, and the reasons provided for using an STA in each case provided a reasonable level of mitigation in the unlikely event of them being challenged.

16/245 A further column would be added to the analysis table for STAs to show how value for money was being demonstrated.

16/246 Michael Hearty said progress on this had been excellent and there

appeared to be a real sense of control.

16/247 The Chair asked when the fraud cases referred to the DH Anti-fraud Unit would be concluded. Alex Sienkiewicz would pursue and provide an update as part of the matters arising item at the next meeting.

Action: Alex Sienkiewicz to provide a progress update on the cases being investigated by the DH Anti-fraud Unit.

Any other business

16/248 There was none and the meeting concluded at 11:49.

Date of next meeting

16/249 Tuesday 21 February 2017, 10:00 to 12:00, Wellington House.

Meeting of members and auditors in the absence of officers

Mike Yates
Board Secretary
December 2016