AUDIT AND RISK COMMITTEE

# Minutes of the meeting held on 16 June 2021

**Unconfirmed**

# Present

Dr Rima Makarem Non-Executive Director (chair)

Dame Elaine Inglesby-Burke Non-Executive Director

Alina Lourie Non-Executive Director

Dr Mark Chakravarty Non-Executive Director

Dr Justin Whatling Non-Executive Director

Tom Wright Non-Executive Director

Amanda Gibbon External member

# In attendance

Professor Gill Leng Chief Executive

Jennifer Howells Director, Finance Strategy and Transformation

David Coombs Associate Director, Corporate office

Martin Davison Associate Director, Finance

Jane Lynn Head of Financial Accounting

Danielle Mason Associate Director, Brand & Marketing

Elaine Repton Corporate Governance & Risk Manager (minutes)

Niki Parker Government Internal Audit Agency

Andrew Jackson National Audit Office

Andrew Ferguson National Audit Office

Hassan Rohimun Ernst & Young

David Wright DHSC Sponsor Team

# Apologies for absence

1. There were no apologies for absence.

# Declaration of interest

1. There were no declarations of interest relevant to this meeting.

# Minutes of the last meeting

1. The minutes of the meeting held on 12 May 2021 were agreed as a correct record.

# Action Log

1. The committee reviewed the action log and noted the actions still in progress.

# External audit

## Audit completion report

1. The committee received a report from the National Audit Office (NAO) presenting the findings of the audit of the 2020/21 financial statements.
2. Andrew Jackson gave a short introduction confirming that the audit was substantially complete and referred to the draft audit certificate which was noted as being slightly longer this year due to revised audit standards.
3. Hassan Rohimun gave an overview of key points from the audit work. The report concluded that there were no control observations to be brought to the attention of the committee.
4. The committee welcomed the ‘clean’ audit report and congratulated the staff on their efforts during the year and thanked Hassan and his team for their report.
5. The committee noted the content of the draft Letter of Representation to be signed by Gillian Leng as Accounting Officer, and the draft Audit Certificate from the Comptroller and Auditor General, subject to the approval of the report and accounts by the Board.

# Annual report and accounts 2020/21

## Summary of audit reports ISAE 3402 – shared services

1. The committee reviewed two third-party assurance reports from PricewaterhouseCoopers LLP for users of the NHS Shared Business Services (SBS) for the finance and accounting and employment shared services.
2. For finance and accounting, their opinion was qualified in 1 of 23 control objectives and for employment services, the report was qualified in 4 of 13 control objectives.
3. The chair commented that the NHS Shared Business Service operates across multiple health ALBs and rarely has a clean audit. It was queried whether NICE has seen improvements in the service over the years. Jane Lynn reported that the service previously delivered from India had now been brought onshore since the COVID pandemic and NICE had been allocated a new payroll team. She confirmed that the service was not fully outsourced as there is a small team within finance who process invoices and the payroll, and that she was satisfied with SBS’s processes and confirmed that the ‘hybrid’ model still represented the best value for NICE.
4. The shared service assurance reports were noted.

## Draft annual report and accounts 2020/21

1. Jennifer Howells presented a draft annual report and accounts for 2020/21 which the committee had reviewed on 12 May, and which had been updated following feedback from the NAO, EY and the DHSC sponsor team. Jennifer confirmed that following consideration by the board, the report would be presented to the Comptroller & Auditor General and to the NICE Sponsor team at DHSC for review by Lord Bethell of Romford, Parliamentary Under Secretary of State - the Minister responsible for NICE.
2. The chair raised amendments to some appointment dates and questioned whether any consideration had been given to including a BAME staff pay gap report as well as gender pay gap in future years. Jennifer Howells agreed this was important data and a priority in NICE’s equality, diversity and inclusion action plan, but stated it was difficult to guarantee accuracy of the data as not all staff choose to disclose their ethnic origin.
3. A question was raised about the process for dealing with any post-balance sheet events. It was noted that the board has been asked to delegate approval of any amendments after today’s board meeting to the Chief Executive, as NICE’s Accounting Officer, who would alert the board as appropriate if any changes were material.
4. Subject to the amendments raised being corrected, the annual report and accounts was recommended for approval to the board.

## Confidential data breach

1. The committee was advised of a data breach in a technology appraisal relating to the disclosure of commercially sensitive information. The audit and risk committee will receive a full report in September detailing the action taken and any improvements to strengthen controls, with the board then considering any wider systemic issues.
2. The verbal update was noted.

## Future meeting dates

1. The committee confirmed its future meetings would take place on:
* 8 September 2021
* 24 November 2021

## Other business

1. **Rima Makarem** – the committee acknowledged that this was Rima’s last meeting as chair of the committee and were unanimous in expressing their thanks to Rima for her huge contribution to the committee’s work and her excellent chairmanship during the last four years.

The meeting closed at 9:50am.