AUDIT AND RISK COMMITTEE

Unconfirmed minutes of the meeting held on

9 September 2020 via Zoom

# Present

Dr Rima Makarem Non-Executive Director (chair)

Elaine Inglesby-Burke Non-Executive Director

Tom Wright Non-Executive Director

# In attendance

Professor Gill Leng Chief Executive

Jennifer Howells Director of Finance, Strategy & Transformation

Catherine Wilkinson Deputy Director – Finance, Strategy & Transformation

David Coombs Associate Director – Corporate Office

Barney Wilkinson Associate Director - Procurement

Jane Lynn Head of Financial Accounting

Elaine Repton Corporate Governance & Risk Manager (minutes)

Niki Parker Government Internal Audit Agency (GIAA)

Andrew Jackson National Audit Office (NAO)

Andrew Ferguson National Audit Office (NAO)

Dan Spiller Ernst & Young (EY)

Jane Newton DHSC, NICE Sponsor Lead

Alexia Tonnel Director – Digital, Information & Technology (for item 4.2)

Alison Liddell Programme Director – Digital, Information & Technology (for item 4.2)

Malik Pervez Associate Director – Digital, Information & Technology (for item 4.2)

Kelly Parry Information Governance Manager & Data Protection Officer (for item 4.2)

Tanya Slinn Head of Digital Workplace (for item 4.2)

John Pegington Senior Management Accountant (item 7.2)

Kate Moring Project Accountant (observing)

# Apologies for absence

1. Apologies for absence were received from Hassan Rohimun (EY).

# 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 17 June 2020 were agreed as a correct record.

# Action Log

1. The committee reviewed the action log. It was agreed that the NICE chairman be consulted regarding a follow up discussion on ‘black swan’ risks.

**ACTION: ER**

# RISK MANAGEMENT

# Strategic risks and ambitions 2020/21

1. The committee reviewed the strategic ambitions and risks for 2020/21 which had been updated by the Senior Management Team, including amending the timeframe of the document from 2020-24 to solely 2020/21 in light of the work to develop a new strategic plan which will be implemented in April 2021.
2. The chair suggested that if the document is updated to reflect the new strategic plan, the format of the document is more closely aligned to the corporate risk register. Jane Newton also suggested extending strategic ambition 6 to ‘maintain a motivated, well-led and adaptable **diverse and inclusive** workforce’. While the additional text was unanimously supported, it was noted that the ambitions were approved by the board as part of the business plan. It was therefore agreed to include the additional wording in the risk column to enable appropriate mitigating actions to be included in the next iteration.

**ACTION: ER**

# Corporate risk register 2020/21

1. The committee reviewed the corporate risks. Jennifer Howells advised that risk 14/20 relating to the provision of adequate support of an effective and secure IT network and telephony infrastructure has increased slightly due to a further delay in gaining access to the new Stratford office. This will impact plans to relocate the IT server room equipment out of Spring Gardens to Stratford and require an interim IT hosting solution to be identified, and potentially require an extension of the contract with the current outsourced IT network supplier until beyond the 31 March 2021.
2. Jane Newton asked whether NICE was planning on undertaking return to work risk assessments using the COVID-19 Individual Risk Indicator (CIRI). It was noted that the matter was scheduled for review by the internal Coronavirus Response (SMT) Gold group on 11 September. Jane also queried what was meant by ‘joint working’ in the mitigation relating to regular staff surveys to assess how staff are coping with remote working. In response, it was noted that this referred to the internal joint working across teams to support areas of the business which were most under pressure, including the establishment of the ‘marketplace’ where staff with capacity volunteered to support the work of other teams. It was agreed to clarify the wording in the next version.

**ACTION: ER**

1. The committee noted the risk register.

# Risk discussion – Digital workplace impact on cyber security and information governance

1. The committee received a presentation on the cyber security and information governance arrangements in place to mitigate risk and support NICE’s digital workplace strategy. Alexia Tonnel and Alison Liddell provided an update on the key risks arising from the immediate move to remote working for all staff and the use of Zoom for meetings, and explained the security upgrades and training that was rolled out to mitigate the risks.
2. In response to a question about NICE’s use of Zoom for external meetings rather than MS Teams, Alison Liddell advised that MS Teams was being used for most internal meetings but it did not have the capabilities NICE required for hosting the advisory committee meetings due to the need for additional security for sharing confidential information and managing break out rooms for the different stakeholders involved. Additionally, Zoom allows passwords to be set for meetings to reduce the risk of unauthorised attendees. It was noted that MS Team is to be further rolled out within NICE as part of the wider M365 implementation which is to be considered at the board meeting in September.
3. Alexia referred to the additional risk of the new London office being shared with other ALBs and using a shared Local Area Network which could increase the vulnerability of data. The implications and mitigations were being managed through the joint ALB Programme Board and the NICE SMT. The committee was also updated on the Digital Information and Technology re-structure and the development of a standalone cyber security training course for staff.
4. Kelly Parry reported on the latest discussions with Department for Health and Social Care (DHSC) and wider Government regarding the potential disruption to personal data transfers from the EU to UK following the end of the EU exit transition period. It was noted that at present the risk of disruption for NICE is very low, due to the relatively low volume of current data flows and assurance provided by the main data storage suppliers to the Government. The committee will continue to be updated if the position changes.
5. The committee was advised of the information governance team’s activities and training sessions that have taken place to support remote working and given assurances that there is a high level of engagement from staff which is demonstrated through the questions and challenges raised at the Information Governance Steering Group and through discussions with the network of information asset owners (IAOs).
6. In response to a question about the security of data held on laptops, Malik Pervez advised that staff are reminded to save work to the network drives not to their laptop hard drive or desktop. Laptops then auto sync to the network to save data. In the event of a laptop being lost or stolen, the IT team is then able to remove all the data remotely as soon as it is reported missing.
7. The committee thanked the team for their presentation.

# INTERNAL AUDIT

# Internal audit progress report

1. Niki Parker presented the internal audit progress report and explained it was behind schedule due to unforeseen absences in the GIAA team, however she was confident that all six audit reviews would be completed in the year.
2. The review of committee member recruitment and selection was almost complete. The contract management audit and review of the Data Security & Protection Toolkit were both being scoped to begin the field work in September. The remaining three audits would be scoped to take place in Q3 and Q4.
3. The report was noted.

# EXTERNAL AUDIT

# NAO wider work in the health and care sector

1. The committee noted the NAO’s wider work and recently published guides to support the health and care sector.

# Guide for Audit and Risk Committees on financial reporting and management during COVID-19

1. The Committee received the NAO’s guide to support audit and risk committees to discharge their responsibilities in several different areas and assess the impact of the COVID-19 outbreak on their organisation. Andrew Jackson noted that the guide was published when most public bodies had finalised their annual reports for 2019/20 but hoped it would be useful when producing next year’s report to explain how risks had changed and internal controls had been amended in response.

# FINANCE

# Financial accounting performance

1. Jane Lynn presented the financial accounting performance report as at 31 July 2020. The committee noted the table of aged debtors and was informed that two further salary overpayments had occurred which would be reported in November. Two supplier invoices had also been paid incorrectly and were in the process of being recovered. These were detailed later on the agenda in the counter fraud consolidated data return.
2. Reference was made to the table of NHS England funded workstreams in 2020/21. Jane confirmed that the finance team was still experiencing delays in receiving purchase order numbers, particularly where it was a new funding stream. The committee asked that the funding for the Managed Access workstream is monitored closely.

**ACTION: JL**

1. It was noted that NICE had contracted with Lees auditors to undertake the audit of the EUnetHTA project to allow the remaining payment to be released to NICE.
2. The report was noted.

# Statutory instruments and spending restrictions

1. John Pegington advised the committee of the delegated expenditure limits and restrictions that NICE must comply with and highlighted the updates made since the document was last presented to the committee in April 2018.
2. The committee welcomed the production of the document which provided a comprehensive manual for staff, particularly new starters. Andrew Jackson added that it was also important that the Accounting Officer, when signing off the year end accounts, was able to confirm that all accounting transactions during the year had complied with the requirements set out in the document.
3. The report was noted.

# Review of Standing Orders, Standing Financial Instructions and Powers Reserved for the Board and the Scheme of Delegation

1. The committee was asked to review proposed amendments to the Standing Orders, Standing Financial Instructions and Reservation of Powers to the Board following an annual review, and support their recommendation to the November public board meeting.
2. Elaine Repton advised that the sections relating to EU procurement thresholds may need to be reviewed after 31 December 2020, subject to decisions affecting contract arrangements after the EU Exit transition period.
3. Jane Newton requested a further amendment to the Reservation of Powers to the Board and Scheme of Delegation at paragraph 33 to add the requirement for the strategic plan to be shared with the DHSC sponsor team for final sign off. This was agreed for inclusion in the report to the board.

**ACTION: ER**

# CONTRACTS & IT

# Annual Waivers report 2019/20

1. The committee reviewed the analysis of waivers from the Standing Orders and Standing Financial Instructions which were approved in 2019/20. It was noted that the number of waivers had reduced slightly compared with last year (from 24 to 22), and the total value of waivers had decreased by £99.7k. The report was noted.

# Waiver report – April to August 2020

1. The report on contract waivers approved between April and August 2020 was noted.

# CORPORATE OFFICE

# Counter fraud functional standard – Q1 return

1. The committee reviewed the Q1 consolidated data return (CDR) to the Cabinet Office, reporting four instances of losses from error, totalling £540. There were no losses from fraud in the period.
2. The chair asked whether NICE had received feedback on its initial submission against the functional standards made in September 2019. David Coombs confirmed that no feedback was provided to ALBs in November as originally expected and thereafter Government resources were diverted to dealing with COVID-19. The chair commented that a sharing of case studies by the Cabinet Office would have been helpful in the absence of capacity to review individual returns.
3. The committee noted the Q1 CDR that was submitted to the Cabinet Office, and the supporting action plan, risk assessment and annual compliance checklist which were being maintained for internal assurance purposes.

# Complaints annual report 2019/20

1. The committee reviewed the annual report on complaints responded to by the Corporate Office in 2019/20. Three complaints had been considered under the general complaints policy. In response to a comment on the low number of complaints, Gill Leng advised that there were many channels through which stakeholders and the public can engage with NICE to resolve issues, before they become formal complaints.
2. The report was noted.

# Review of gifts and hospitality

1. The committee was advised of the arrangements in place for the management and recording of gifts and hospitality and reviewed the register for 2019/20. One entry with a significantly higher than average value was queried. It was thought the event attended was held in Australia but it was agreed to check the detail and provide confirmation to the committee.

**ACTION: ER**

# Internal audit recommendations

1. Progress in addressing the outstanding audit actions was reviewed. The internal auditor had confirmed some actions as completed and closed. The committee was advised that work in the finance and facilities teams specifically had been re-prioritised due to COVID-19 which had impacted the resources available to progress audit actions.
2. The report was noted.

# Use of the NICE seal

1. The NICE seal had not been used since the last meeting.

# Review of the external auditor performance

1. Elaine Repton summarised the feedback from the review of the external auditor’s performance in 2019/20. The feedback from the surveys was positive overall but highlighted the issues with EY’s internal approval process regarding NICE as a going concern. This was ultimately addressed and rectified following the committee’s concerns at their June meeting.
2. Andrew Jackson provided further assurance of the NAO’s internal process for ensuring independence and quality checking of EY’s work, which was outlined to the committee in the NAO’s interim audit report in April 2020.

# Committee annual plan 2020

1. The committee noted its annual work plan for 2020/21.

# OTHER BUSINESS

# Catherine Wilkinson

1. The chair paid tribute to Catherine Wilkinson for her many years of support to the committee and contribution to NICE more generally, and wished her well in her new role.

# Future meeting dates

1. The committee confirmed its future meetings would take place on:

* 25 November 2020
* 20 January 2021
* 12 May 2021
* 16 June 2021
* 8 September 2021

The meeting closed at 3:35pm.