

# FSA Governance statement

Information on the FSA Governance structure, Board performance and effectiveness review.

## Governance structure

### Advisory Committee Networks

**Food Advisory Committees:** Welsh Food Advisory Committee, Northern Ireland Food Advisory Committee (NIFAC)

**Scientific Advisory Committee:** Advisory Committee on the Microbiological Safety of Food (ACMSF), Advisory Committee on Novel Foods and Processes (ACNFP), Advisory Committee on Animal Feedingstuffs, Committee on Toxicity (COT, Science Council (non-ministerial appointments).

- Advice and knowledge from committees and their networks.
- Seek input and advice on policy development.

**Board:** Chair, Deputy Chair, 7 members (ministerial appointments including Chairs of WFAC and NIFAC). Audit and Risk Assurance Committee (ARAC) and Business Committee.

**Executive Management Team (EMT):** Across England, Wales and Northern Ireland. Chief Executive, 6 Directors, Chief Scientific Adviser (CSA).

### Business Delivery Group (BDG)

**FSA Stakeholders include:** consumers, consumer organisations, academia and the scientific community, industry representatives, trade bodies, local authorities, other Government departments, non-governmental organisations and colleagues across our organisation.

1. As an independent, non-Ministerial Government Department, the FSA has a statutory obligation to protect public health and consumers' wider interests in relation to food. The FSA consists of a non-Executive Board which complies with the relevant requirements of the Corporate Governance Code for central Government Departments. In line with the FSA's culture of openness, the Board holds its decision-making meetings in public, and they are broadcast live via the FSA's website. The agendas and minutes of Board and Business Committee meetings are also published on the FSA website, where recordings of all meetings are also accessible.

2. Board members including the Chair and Deputy Chair are appointed by the Secretary of State for Health and Social Care, with Devolved Administration approval. One Board member is appointed by Welsh Ministers, and one Board member by Northern Ireland Ministers.

3. The Board has two Committees: The Business Committee comprises the full Board and members of the Executive, and the Audit and Risk Assurance Committee (ARAC) comprises a smaller number of Board members.

4. Board members review the impact and outcome measures set for the FSA strategic priorities, to track delivery of the annual business plan through the quarterly Performance and Resources Report to the Business Committee.

5. The Board takes advice from Food Advisory Committees (FACs) in each of the Devolved Administrations. The Chairs of these Committees report formally to each Board meeting on issues considered.

6. The Chair of ARAC provides the FSA Board with a written report following each Committee meeting and reports formally in writing annually.

7. As Accounting Officer, I attend all Board and Business Committee meetings, and I am invited to attend all ARAC meetings. Ruth Hussey was appointed Interim Chair of the FSA Board as of 1 February 2021. With the appointment of Professor Susan Jebb as FSA Chair as of 1 July 2021 for three years, Ruth returned to her substantive role as FSA Deputy Chair and re-joined the Audit and Risk Assurance Committee.

8. Fiona Gately and Lord Blencathra were appointed members of the FSA Board as of 1 June 2021 for three years.

### **FSA Board performance and effectiveness review**

9. Every year, the FSA Board reviews the effectiveness of the Board. In November 2021 consultant Jo Clift Consulting Ltd was appointed through a competitive and open tender process to undertake a formal external Effectiveness Review of the Board. The Review was concluded by the end of May 2022 and the Report published thereafter.

10. As a result of the COVID-19 pandemic, in line with Government advice on working from home, arrangements for Board meetings were adapted to ensure the continuing effectiveness of the Board. Our commitment to openness and transparency was maintained by live streaming the Board and Business Committee meetings which were conducted online in June 2021 and as hybrid meetings in September and December 2021 and March 2022. Questions from the public continued to be welcomed, addressed during meetings and written replies published on our website.

11. During its annual discussion of Governance in September 2021, the Board confirmed they were content with the adjustment to the wording in the Terms of Reference for the Board to increase the number of Board members required for quoracy which was a reversal in the reduction of quorum for the Board introduced during the pandemic. The Board also confirmed updates to the Terms of Reference for the Business Committee and the ARAC, gave feedback on the induction process for new Board members and welcomed the external Effectiveness Review.

12. The Board urged the Chair to pursue continuity in Board membership in discussions with Department of Health and Social Care (DHSC), where possible, to ensure that experience accumulated throughout tenure was not lost earlier than would be desirable. The Chair said that this issue had already been raised with DHSC, citing the complexity of the issues that the Board of the FSA tackles; the need for thorough induction of new members and the limits to the contribution Board members were able to make during the pandemic. Competitions are expected in 2022/23 for new NEDs and for a Deputy Chair.

13. In addition to the Science Council, the FSA is lead sponsor for five Scientific Advisory Committees (SACs): the Advisory Committee for Social Science (ACSS); the

Committee on Toxicity (COT); the Advisory Committee on the Microbiological Safety of Food (ACMSF); the Advisory Committee on Novel Foods and Processes (ACNFP); and the Advisory Committee on Animal Feedingstuffs (ACAF). The Science Council and the ACSS are Departmental Expert Committees of the FSA, and the other four SACs are Advisory Non-Departmental Public Bodies (ANDPBs). All the SACs continue to provide an independent expert advice, challenge and assurance function.

14. Julie Hill, Deputy Chair of the Advisory Committee for Social Science (ACSS), updated the Board on committee activities at the Board meeting in December 2021. Professor Sandy Thomas, Chair of the Science Council gave her annual formal report to the FSA Board at the March Board meeting in 2022.

15. The Board agreed the FSA's priorities and high-level budget for the financial year 2022/23 at its March 2022 meeting.

### **Attendance at Board and ARAC meetings 2021/22**

16. Records of each Board member's attendance at Board meetings and at ARAC meetings are detailed below.

#### **Record of Attendance FSA Board and Business Committee Meetings 2021/22**

<b>Board member</b>	<b>May 2021 (extraordinary Board)</b>	<b>June 2021 (Board and Business Committee)</b>	<b>September 2021 (Board and Business Committee)</b>	<b>December 2021 (Board and Business Committee)</b>	<b>March 2022 (Board and Business Committee)</b>
Susan Jebb OBE, PhD, FRCP (Hon), FMedSci	-	-	Yes	Yes	Yes
Ruth Hussey CB OBE DL	Yes	Yes	Yes	Yes	Yes
Colm McKenna	Yes	Yes	Yes	Yes	Yes
Timothy Riley	Yes	Yes	Yes	Yes	Yes

<b>Board member</b>	<b>May 2021 (extraordinary Board)</b>	<b>June 2021 (Board and Business Committee)</b>	<b>September 2021(Board and Business Committee)</b>	<b>December 2021(Board and Business Committee)</b>	<b>March 2022 (Board and Business Committee)</b>
Mark Rolfe	Yes	Yes	Yes	Yes	Yes
Margaret Gilmore	Yes	Yes	Yes	Yes	Yes
Peter Price	Yes	Yes	Yes	Yes	Yes
Fiona Gately	-	Yes	Apologies	Yes	Yes
Lord Blencathra	-	Yes	Yes	Yes	Yes

#### **Record of attendance ARAC meetings 2021/22**

<b>Board member</b>	<b>May 2021</b>	<b>June 2021</b>	<b>August 2021</b>	<b>September 2021</b>	<b>November 2021</b>	<b>January 2022</b>
Colm McKenna	Yes	Yes	Yes	Yes	Yes	Yes
Ruth Hussey CB OBE DL	-	-	Yes	Yes	Apologies	Yes
Timothy Riley	Yes	Yes	Yes	Yes	Yes	Yes
Peter Price	Yes	Yes	Yes	Yes	Yes	Yes
Margaret Gilmore	Yes	Yes	Yes	Yes	Yes	Yes

## **Audit and Risk Assurance Committee**

17. ARAC is responsible for reviewing, in a non-executive capacity, the reliability of assurances on governance, risk management and the control environment. It is also responsible for reviewing the integrity of financial statements and the Food Standards Agency Annual Report and Accounts.

18. ARAC continued to meet, as scheduled, during the year with all meetings held remotely since the March 2020 meeting which met in person. ARAC considered a range of issues in the year including: the FSA's consolidated accounts for 2020/21; the National Audit Office's (NAO) Audit Completion Report; the Head of Internal Audit's annual opinion; and the audit assurance plans for 2021/22.

19. The Committee discussed the Corporate Risk register at full meetings. Members' discussions focused on the Executive's assurance to ARAC that new and rapidly moving risks caused by the pandemic continued to be managed effectively, challenging Executives' actions when needed.

20. Committee members had bilateral meetings with representatives of the FSA's external auditors, the NAO and their contractors Mazars, and with the Head of Internal Audit to ensure a clear understanding of expectations and current issues.

21. Committee members completed a self-assessment on the effectiveness of the ARAC in line with HM Treasury guidance which advises that a self-assessment is completed annually. Agreed actions from that assessment were implemented during the year. ARAC sought to comply with the requirements of HM Treasury's Audit and Risk Assurance Committee Handbook whilst undertaking its duties.

22. In the Committee's annual report to the FSA Board relating to 2020/21, the ARAC Chair noted that sufficient and comprehensive work was undertaken by ARAC and that internal and external assurances were received during the year to adequately inform the Committee's assessment on the effectiveness of FSA risk management control and governance arrangements. Based on this, he concluded that the arrangements in place during the year 2020/21 were satisfactory.

23. Throughout the year ARAC reviewed and considered the management of risks associated with the FSA pandemic's response, the audit team's response and work. Regular communication between scheduled ARAC meetings took place between the ARAC chair and Head of Audit.

24. Ruth Hussey returned to her role on the ARAC in September 2021 following the end of her term as Acting Chair of the FSA Board and Margaret Gilmore, a member of the FSA Board was appointed to the ARAC in May 2021.

## **The Leadership Team**

25. The Executive Management Team (EMT) provides corporate leadership to the FSA and supports me, as the FSA's Accounting Officer, in delivering the FSA strategy, directing the day-to-day business of the FSA and championing the values of the FSA. EMT met weekly throughout 2021/22 and in addition, each Director had fortnightly check-ins with me.

26. On 31 March 2022 membership of the EMT comprised six Directors, including a suitably qualified Finance Director, the FSA's Chief Scientific Adviser and myself, Emily Miles as Accounting Officer.

27. Chris Hitchen, Director of Finance and Performance left the FSA on 31 July 2021 to join UK Infrastructure Bank as Finance Director. Craig Thomas took on the role of Interim Director of Finance and Performance from 3 August 2021 to 5 September 2021. From 5 September 2021 to 18 October 2021, Craig Thomas remained on temporary promotion during the handover to the new Director of Finance and Performance Pam Beadman, who joined the FSA on 6 September 2021 as the new Director of Finance and Performance.

28. From 3 August 2020 to 10 December 2021, Colin Sullivan undertook the roles of Chief Operating Officer and Incident Director, before leaving the FSA to become the new Chief Executive Officer at the Human Tissue Authority. From 10 December 2021 Simon Tunnicliffe took on the role of Interim Director of Operations.

29. From 20 January 2021 to 31 July 2021 Steven Pollock took up post as Interim Director of Strategy, Legal, Governance and Communications on temporary promotion. Katie Pettifer then joined the FSA as the new Director of Strategy, Legal, Governance and Communications on 19 July 2021.

30. EMT discuss the FSA's performance in public alongside Board members at the Business Committee meetings, which gives assurance over the FSA's delivery of the strategic plan, key objectives and value for money.

## **Business Delivery Group**

31. The Business Delivery Group (BDG) oversees and, where appropriate, actions the delivery of the FSA's priorities as set out in the annual business plan. The BDG meets fortnightly and is primarily made up Deputy-Directors representing each Directorate. The group is chaired by an EMT member (the Director of Strategy Legal, Communications and Governance), and joint agenda planning sessions are established between both BDG and EMT. Its purpose is tactical, leading in developing the FSA's Business Plan, taking forward the implementation of key EMT decisions and ensuring and the delivery of day-to-day business.

## **Conflicts of Interest**

32. The FSA has a conflicts of interest policy in place for all staff for the declaration and management of interests in adherence to the requirements of the Civil Service Management Code (section 4.3). All individuals must consider their personal interests upon joining the FSA and at all times if their business or personal circumstances change. Individuals should declare any interests to the FSA whereupon it will be decided if any further action is required and if so, what that action might be. Biannual staff communications serve as a reminder to staff. The Chair and Accounting Officer declare any external meetings on a quarterly basis.

33. The review of any personal interests declared by an individual is considered against a number of criteria. Following discussion and consideration of the declaration of interest the outcome may be that the declared personal interest(s) is acceptable within the individual's current position in which case the risk should be assessed annually at a minimum; or the declared personal interests are not acceptable. Managers must consider and identify any changes to mitigate the risk. These might include a change of duty/responsibility, redeployment to another workplace, local protocols regarding communication and contact and/or regular and documented management checks.

## **Business Appointment Rules**

34. FSA employees who intend to leave the organisation are reminded of their obligations under the Business Appointment Rules. In compliance with Business Appointment Rules, the FSA is transparent in the advice given to individual applications for senior staff. Any advice given regarding specific business appointments for senior civil servants is published at <https://data.food.gov.uk> on a quarterly basis.

## **Post EU-transition**

35. The FSA's priority remains to ensure that there continues to be a robust and effective regulatory regime for maintaining the safety of food and feed for the benefit of UK consumers and of the UK food industry. We are working closely with other government departments and the Devolved Administrations of the UK in order to ensure we continue to fulfil this objective.

36. Following the end of the European Union Transition Period, many of the post-EU changes were implemented at the beginning of 2021. However, there remain some key areas of ongoing work requiring a phased implementation, most notably within imports and the implementation of the Northern Ireland Protocol. The FSA is working with the Department for Environment, Food & Rural Affairs (Defra), the Devolved Administrations and other relevant departments, to progress the remaining work and continues to provide technical input into the work led by Cabinet Office and Defra to secure EU agreement to changes to the Northern Ireland Protocol on agri-food movements. In order to oversee these remaining changes and be in a position to provide ongoing oversight and coordination whilst the range of changes fully embed, a new governance structure was established from 1st April 2021; Transition Delivery, Trade and Assurance Group. The group continues to provide the joined-up governance that is needed.

37. Since leaving the EU, the FSA has taken on responsibility for a range of previous EU functions. This includes a core responsibility for the FSA in managing risks in the food chain, by assessing food and feed safety risks through a joint FSA-FSS risk analysis process. The output of which now forms the basis for much of our independent advice to consumers, health ministers and other Senior officials. The FSA has sought efficiencies in the risk analysis process in line with international best practice to take on the additional volume of work for which the FSA has responsibility.

38. The FSA has provisional UK Frameworks in place across policy areas, which allows a collaborative four nation working throughout the policy development process and establishes dispute resolution processes for managing areas of disagreement. A final review process by the UK Government and Devolved Administrations of the provisional Food and Feed Safety and Hygiene Framework and Nutrition-related Labelling, Composition and Standards Framework will take place in early 2022. The Food Compositional Standards and Labelling Framework was provisionally agreed in 2021 and will be subject to parliamentary scrutiny in 2022 before being finalised.

39. Regarding EU import control changes, these will largely occur during 2023. The initial change, being that since 1 January 2022 businesses have been required to pre-notify High Risk Food and Feed products from the EU upon entry to Great Britain. Pre-notification allows the FSA to monitor imported high-risk food and feed and have sufficient traceability to mitigate health risks in the event of a food safety incident. The FSA has seen a significant increase in notifications moving into 2022. This is a positive early indication that many importers are complying with the notification requirements and reflects the significant amount of work done to prepare industry for the changes.

40. The FSA continues to undertake both internal analysis of the many post-EU changes and impacts and working across other government departments to ensure FSA is aligned to relevant approaches and continues to play a central role where decision making may impact food safety. This includes monitoring proposed EU changes and taking a consistent approach to determine the actions the FSA takes in response.

## COVID-19

41. In 2021/22 the FSA followed its incident management plan for non-routine incidents when forming a Winter Plan in response in part to the pandemic and other resourcing pressures. This was stood up on 5 November 2021 with an Incident Management Coordination Group (IMCG) meeting weekly to coordinate actions around operational pressures.

42. A Briefing Cell was established from 6 December, which was responsible for collating all relevant information, developing briefing documents including regular situation reports, producing standard lines to take and drafting correspondence as required.

43. On 27 January 2022 the IMCG took the decision to de-escalate both the Winter Plan and the Briefing Cell, agreeing that outstanding pressures could be handled within current resources. Mechanisms are in place to enable issues to be re-escalated to IMCG if the situation changes.

## Select Committees

44. There were no Westminster Committee enquiries to which the FSA provided written or oral evidence during 2021/22.

## Northern Ireland Assembly

Statutory Committee	Topic	Written Briefing	Oral evidence
Committee for Health, Northern Ireland Assembly	Briefing on The Food and Feed Hygiene and Safety (Miscellaneous Amendments) Regulations (Northern Ireland) 2021	Committee previously received the SL1 letter and short accompanying brief to explain the policy background and impact of the SR	Maria Jennings and Elvira Diez Alarcia, 10 June 2021
Committee for Health, Northern Ireland Assembly	Briefing on the Food Compositional Standards and Labelling Common Framework	Committee previously received a copy of the provisional Common Framework and a copy of the opening statement	Emily Miles and Maria Jennings, 22 March 2022

## External Assurance Reviews



45. The FSA has undergone a number of external reviews. These reviews have contributed to assurance on the effectiveness of our governance framework and also identified some opportunities for improvement, which have been implemented.

46. These included the House of Lords Common Frameworks Scrutiny Committee and Northern Ireland Committee for Health recommendations of the Food and Feed Safety Hygiene Framework and the Investigatory Powers Commission's Office (IPCO) inspection of the National Food Crime Unit.

47. Other external reviews covered a simulated ransomware incident, website accessibility monitoring, IT health checks on internal and external infrastructure, web-based vulnerability health-check of the Food Hygiene Rating Scheme, Activity based costing and hourly charge rate for official controls and the ISAE (International Standard on Assurance Engagements) 03402 Report on SSCL, the FSA's Shared Services Provider.

## **Internal Management**

### **FSA Risk Management framework and capacity to handle risk**

48. The FSA has a well-established risk management framework that is used to provide assurance to the FSA Board, ARAC and me as Accounting Officer that risks to achieving business objectives are being effectively identified and managed and that those involved understand their roles and responsibilities.

49. The framework is founded on a Risk Management Strategy, which outlines our plans for continuing to embed a risk management culture across the FSA and further raise the FSA's maturity in risk management as set out in HM Treasury's (HMT) Risk Management Assurance Framework. HMT guidance on risk, the 'Orange Book' has been reviewed and updated. The FSA's current approach is already well aligned to the new guidance, and we are using this revised guidance as an opportunity to further enhance our approach.

50. BDG's regular discussions of risk drive mitigating actions that reduce the level of risk, with strategic oversight by EMT. In addition, ARAC reviewed progress at their quarterly meetings. There was a joint Board and Executive workshop in January 2022 which considered the strategic risks the organisation faces. The Board reviewed and set the FSA's risk appetite which, as Accounting Officer, I find helpful when making key decisions throughout the year.

51. The high-level focus during the year by EMT and Board members on the corporate level risk register was complemented by systematic risk management at different levels across the FSA. We have an established network of risk advisors, who engage with cross-Government risk management networks and who share best practice and help ensure that good risk management practice and processes are consistently embedded across the FSA.

52. Corporate level risks are defined by the FSA as those which:

- a. materially alter our ability to achieve our strategic outcomes; and/or
- b. fundamentally damage the ability of the FSA to operate (including reputational risks); and/or
- c. cannot be managed or mitigated at a lower level within the organisation

53. As Accounting Officer, I have overall responsibility for risk management, and each of the risks on the corporate risk register has an executive 'owner' and a mitigation plan. At the end of the financial year, the risks on the FSA's corporate level risk register included:

- a. Being able to identify, assess and act on a food risk to prevent harm to consumers.
- b. Being able to provide an adequate response to a major food incident.
- c. Maintaining public confidence and trust in the FSA, sustaining our ability to deliver our strategic objectives to protect consumers.
- d. Supporting local authorities and port authorities in delivering against legislative requirements
- e. Managing our delivery partners to support the FSA in delivering Official Controls

54. The Board considered Strategic Risk in its March 2022 meeting, recognising that the FSA is a risk-based organisation with our primary purpose being to protect consumers from unacceptable food safety risk.

55. Due to the unique risks that arose over the 2021/22 period, the FSA faced new challenges. Maintaining the usual high levels of food standards, whilst managing the emergency response to COVID-19 and navigating the EU Transition process required high staff resource, at a time when working itself was a challenge for some. We implemented measures to ensure staff were properly equipped and supported to maintain service delivery.

### **Director assurance statements**

56. In March 2021 the FSA Board approved the FSA budget, and the Accounting Officer notified Directors of their budget delegation to deliver the priorities agreed. Throughout the year I, as Accounting Officer, ensured that the FSA has been on track to deliver its priorities within budget through performance management, monthly financial forecasting, and risk management, which is underpinned with corporate governance.

57. We have continued to increase our focus on performance management, and further improved the EMT performance report which is used to ensure key performance indicators are met.

58. Quarterly 'in-year' reviews are held to ensure key milestones for our corporate priorities are delivered and progress made each quarter in delivering our business plan. The reviews also identify any potential areas in need of extra support to deliver business objectives.

59. The FSA Investment Board has continued to improve the value for money of the work the FSA delivers. It considers all material discretionary expenditure, in particular the strategic alignment, benefits and costs and priorities for each business case. Investment Board reports back to EMT on decisions made regarding programmes of work to start, or where programmes have changed or stopped, and continuously re-prioritises our work to align to our priorities.

60. To support the Governance Statement, we have continued to undertake an annual assurance review of each directorate. The assurance review is a structured means of identifying and assessing the main sources of assurance in the organisation. It provides a holistic view, aids identification of where assurance is duplicated or absent, and provides a mechanism for identifying potential areas for improvement.

61. The assurance review process has strengthened the FSA's existing assurance arrangements by providing a consistent, comprehensive overview of assurance provision across the organisation. The review process has supported Directors in completing their end of year assurance statement by setting out how an effective system of internal controls has been maintained. All the end of year assurance statements produced by my Directors were reviewed and I can confirm that no serious issues have been reported in relation to the effectiveness of our internal controls.

## **Functional standards**

62. UK Government Functional standards set expectations for the management of functional work and the functional model across government. They were mandated or central government bodies in September 2021 and during 2021/22 the FSA has established plans to comply with the UK Government Functional Standards with the aim of embedding the standards into ways of working, ultimately driving coherence, consistency and continuous improvement.

## **Information security**

63. The Director of Openness, Data and Digital is responsible for Information Security. Ensuring resilient security and safeguarding our services, technology and information assets against an evolving and changing cyber risk landscape continues to be a priority. We implement a risk-based approach to security based on the nature of our business, the information we handle, our risk appetite, and our approach to transparency.

64. All staff are required to complete the Responsible for Information e-learning course annually which is provided by Civil Service Learning. We also conduct an ongoing Security Education and Awareness programme.

65. We maintain cyber, personnel, physical and incident management governance and controls to enable FSA priorities, protect FSA services and to comply with HM Government Standards.

66. The conflict in Ukraine resulted in an increased risk to cyber security. The FSA teams took steps to ensure all staff remained vigilant and practised good security behaviours, by providing guidance to staff and supporting the Civil Service-wide campaign, Working Securely During Unsettling Times.

67. There were no incidents that required reporting to the Information Commissioner's Office (ICO) in 2021/22.

## **Effectiveness of the FSA whistleblowing and raising a concern policy**

68. As Accounting Officer, it is important to me that the FSA has in place effective and trusted 'Speak Up' arrangements, through which members of staff feel able to raise concerns. I want our people to have confidence that they will be heard and that their concern will be properly responded to. This includes a qualifying disclosure under the Public Interest Disclosure Act 1998 and/or a breach of the Civil Service Code ('the Code').

69. During 2021 the use of our Policy, revised and re-launched the previous year, helped identify a small number of further improvements to our processes. This includes how we manage a case review being completed by a senior manager when requested by the individual. We will continue to use our experience of real cases together with feedback from individuals to inform the continual improvement of our arrangements.

70. Once again, we hosted our annual 'Speak Up' campaign in September 2021, which this year included direct contributions from members of the Executive Management Team in an All-Staff call.

71. The Civil Service People Survey 2021 showed that we continue to maintain very high levels of awareness of the Code. 91% of respondents confirmed an understanding of the Code, 74% had an awareness of how to raise a concern under the Code, and 76% reported having confidence in how we might respond to their concern. Against all three indicators the FSA is equal to or above the Civil Service benchmark, though there has been a slight fall in comparison to the FSA's

results from the 2020 People Survey. We are developing plans to return to what has otherwise been a continuing year-on-year improvement.

72. Once again annual reports on Raising a Concern and Whistleblowing were presented to the Executive Management Team and the Business Committee of the FSA Board, ensuring that senior management continue to shape our approach in this important area.

73. In 2021/22 we handled three referrals under the Policy. One identified wrongdoing and two cases are currently ongoing.

## **Shared Services**

74. The FSA uses the Oracle Shared Service provided by Shared Services Connected Ltd (SSCL) for its Finance and Procurement systems. This system is being used by many other government departments including the Department for Work and Pensions and the Ministry of Justice.

75. A third-party assurance report for SSCL for the year ending 31 March 2022 qualified 15 control objectives out of a total of 56. The controls noted, mostly, are not applicable to FSA as these services have not been required. FSA, however, will continue to monitor such reports and work to mitigate any risks.

## **Contracted-out Meat Inspection**

76. As a result of the pandemic and changes in working requirements of qualified meat inspection staff, the FSA's contracted meat inspection supplier experienced difficulties in maintaining staffing levels sufficient to deliver the required services. The FSA took steps to examine the supplier's position, challenging on efficiencies and providing support where necessary to ensure the meat inspection levels across the country were not impaired. These actions were scrutinised by the FSA Board at its XXXX meeting.

## **Macpherson Review of Quality Assurance of Government models**

77. In line with the recommendations of the Macpherson Review of Quality Assurance of Government, we maintain an up-to-date list of business-critical models (currently 12) and have processes in place to quality assure their inputs, methodology and outputs.

## **Situation in Ukraine**

78. As a result of the conflict in Ukraine, the largest producer of sunflower oil in the world, the FSA took action to address the ensuing supply chain disruption. The FSA's activities contributed to the wider Government response to the conflict, primarily working with the Department for Environment, Food and Rural Affairs (Defra) as the lead government department for food security and supply and Food Standards Scotland (FSS) to support government efforts to maintain the food supply chain in a way that is safe and supports the interests of consumers. This response was managed as an FSA-led joint FSA/FSS incident, working closely with Defra, Department of Health and Social Care (DHSC) and the governments of the devolved nations, respecting the differing policy responsibilities on food labelling, composition and nutrition across the FSA and the UK, with work ongoing in 2022/23.

## **Head of Internal Audit's opinion**

79. During 2021/22, the COVID-19 pandemic continued to impact the provision of internal audit services as follows:

1. Reduction in audit resource: members of the team supporting the FSA's emergency response throughout the year by working as part of emergency response teams and providing cover to approved meat establishments for regular employed and contracted staff who were absent due to COVID infections, reducing the audit delivery capacity.
2. Reduction in audit plan: Some planned audits being delayed or cancelled due to auditees lacking capacity to support audit activities and restrictions to access to some sites making evidence gathering for audit purposes challenging This was mainly in relation to audits of local authorities.
3. Alternative assurance was obtained by the Head of Audit through formal, documented conversations with Heads of Divisions where controls or processes were changed – temporarily or permanently – in response to the pandemic and by relying on other sources of assurance, principally audits and reviews conducted on the FSA by external assurance providers
4. The Internal Audit function within the Audit Assurance team was subject to planned independent external quality assurance review during the 4th quarter year. This is a periodic review that is required to comply with the UK Public Sector Internal Audit Standards. Recommendations from the review will be implemented to improve the function's effectiveness.
5. During the year, I have consulted and informed the Audit and Risk Assurance Committee about changes to the audit plan and audit resource to take account of the impact of the pandemic on the organisation and the changing risk landscape.
6. My annual internal audit opinion reflects the results of the audits in the plan that were completed and other relevant sources of assurance and was not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute.
7. Based on the results of the audit work completed during the nine-month period to 31 March 2022 and understanding the FSA's control environment, the Head of Internal Audit's opinion is that the FSA has maintained adequate risk management, control and governance arrangements.
8. The majority of internal audits completed were placed in the top two categories of audit assurance opinions and none were in the lowest, fourth category. Where issues have been reported, management have taken appropriate mitigating actions to address these and have proactively involved Internal Audit where necessary in identifying root causes for the issues highlighted in Audit Reports.
9. Business planning and prioritisation of resources processes are now well established and ensure resources target key priorities. These are supported by maturing risk management and assurance frameworks which ensure risks at corporate, directorate and programme or project level are identified, assessed and mitigated appropriately.

### **Significant internal control weaknesses**

80. I am able to report that there were no significant weaknesses in the FSA's systems of internal controls in 2021/22 which affected the achievement of the FSA's key strategic outcomes, aims, objectives and policies.

81. I can also confirm that there have been no Ministerial Directions given during the course of the year.

### **Looking ahead**

82. In order to ensure the FSA had the finance capacity for the 2022/23 to 2024/25 financial years a cross- functional Spending Review 2021 (SR21) working group delivered a bid in line with HMT requirements. We worked closely with HMT to secure funding above our baseline, to support our work on areas such as post EU Exit activities, and the new PPDS (pre-packed for direct sale) “Natasha’s Law” legislation.

83. To ensure value for money, as Accounting Officer and CEO, I Chaired the prioritisation discussions at EMT which set the budget recommended to the Board for 2022/23. This constituted a review of the FSA priorities and resources. Directors discussed and challenged each other on the economy, effectiveness and efficiency of the priorities in order to make best use of limited resources. A first draft budget was presented to Business Committee for early comment at the January 2022 Board Retreat. Final revisions were made and presented for approval at the March 2022 Board meeting.

## **Northern Ireland**

84. The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021/22 year, based on the Executive’s final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments’ access to cash and use of resources for the early months of the 2022/23 financial year. In the absence of a further Budget (No. 2) Act and Main Estimates in June 2022, the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 have been used to authorise further cash, and the use of further resources to ensure that departments can continue to deliver services. On 24 November 2022, the Secretary of State announced that he will bring forward a Budget Bill in Westminster in due course. This will supersede the Vote on Account in the Budget Act (Northern Ireland) 2022 and the Section 59/Section 7 authorisations, and will authorise the cash and use of resources for the full 2022/23 financial year, as well as providing a Vote on Account for the early months of the 2023/24 year.

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