

CONSUMER FOCUS AUDIT & RISK COMMITTEE MEETING No. 17

**Draft minutes of the meeting held on 22 March 2010, 11.00-1.00pm
at Artillery House, Artillery Row, Westminster, London SW1P 1RT**

Present:

Christine Farnish	(CF)	Chair, A & R Committee
Sharon Darcy	(SD)	Consumer Focus Board member
Dame Suzi Leather	(SL)	Consumer Focus Board member
Sukhvinder Kaur Stubbs	(SKS)	Consumer Focus Board member

In attendance:

Mike O'Connor	(MO'C)	Chief Executive, Consumer Focus
Graham Clark	(GC)	Director of Finance and Operations
Stephen Jones	(SJ)	Head of Finance
Susannah Hughes	(SH)	Head of Secretariat
Deborah Lim	(DL)	CF Audit Lead, National Audit Office (NAO)
Gillian Entwistle	(GE)	Director, National Audit Office (NAO) (from item 4.2)
Steve Lake	(SLa)	Tribal Business Assurance (Internal Audit)

1 WELCOME AND APOLOGIES

1.1 The Chair welcomed attendees. Apologies had been received from BIS.

2 DECLARATIONS OF RELEVANT INTERESTS

2.1 No interests were declared.

3 APPROVAL OF MINUTES

3.1 No amendments were proposed and the Committee **APPROVED** the minutes of the meeting held on 12 January 2010.

4 MATTERS ARISING

- **Annex to minutes:** owner and timings to be shown
- **Diversity strategy:** SKS had expected to see a draft on the scope of the work; MO'C explained that work had been delayed due to illness and an update paper was going to the March Board. Actions log to be updated.
- **BIS/CF memorandum of understanding:** it was confirmed that this had been signed; MO'C would advise on how effectively this had worked for the BIS review on the consumer landscape.

Action: Chief Executive

- The Committee noted that progress had been made with providing appropriate papers in a timely manner and further improvements were to come.

OUTSTANDING ACTIONS LOG (Paper 4.1)

- 4.1 Tracking internal audit arrangements: this had been incorrectly shown as completed; the log would be amended and the tracking document would be an A&R Committee standing item with effect from the next meeting.

Action: Head of Secretariat

The Committee reviewed and **NOTED** the full Audit and Risk Committee actions log for the period Jan 2009 – Jan 2010.

4.2 ANNUAL REPORT AND ACCOUNTS 2009-10 PLAN (Paper 4.2)

- 4.3 The draft publishing timetable had been circulated offline and agreed by Committee members. The meeting previously scheduled for 7 July had been cancelled. The Committee would now meet on 29 June, 1-4pm with working lunch. The Board had agreed on 24 February that a date be set for Board members to approve the Report and Accounts as soon as possible after recommendation from the Committee and this could be done by e-mail or telecon if there were no outstanding queries.
- 4.4 DL re-iterated the NAO recommendation that the Committee review the first draft before it goes to NAO and the Committee again discussed how this might be done. The timescales had already been brought forward in recognition of new requirements to lay the final published document before Parliament before the recess and, unfortunately, given the extremely limited time to close accounts after year end, it would not be possible to circulate drafts to the Committee in time for members to comment before 24 May.
- 4.5 The Committee was very mindful of the NAO recommendation and agreed that the draft, having been considered by the Chief Executive and SMT, would be sent to Committee and NAO on 24 May and Committee members would email comments as soon as possible: GC would be on-hand to respond to any queries. Next year Consumer Focus should aim to get the draft to Committee at least a day before it goes to NAO.

Action: Director of Finance and Operations

- 4.6 SKS and SD gave apologies for 3 June; it was confirmed that the quorum was two Committee members and the meeting could go ahead on this basis (**since then the meeting has been re-arranged for 1 June 2010, 11-1pm.**)

The Committee **NOTED** the 2009-10 Annual Report and Accounts plan.

5 RISK REGISTER (Paper 5.1)

- 5.1 The Committee considered the second iteration of the new style strategic risk register, noting that it was a public document. The Committee approved the format, noted that more progress was needed on the contingency plan/action side, discussed the risks and requested some specific amendments.

- **CF10 potential 2011-12 funding cuts:** raise probability from 4 to 5
- **CF 08 institutional landscape:** recognise opportunities and risks; enhance mitigating actions; raise probability from 3 to 5
- **Consumer Advocate** to be added as a separate risk
- **CF12 Accommodation:** risk to be kept under careful review. CF was due to fully vacate Artillery House by 01.04.10, and Capital Tower in Cardiff by the same date.

Alternatives in BIS or other government buildings were under consideration, though BIS would be looking at their own accommodation needs first. CF was currently not being asked to move outside London as we were working to the BIS requirement to stay within a 1,000m² footprint.

- **CF05 NSMC:** from July 2010 there would be 8 permanent staff members; the budget for this year been confirmed, though uncertainty remained for future years; raise trend status from decreasing to level.
- **CF09 GB structure:** consultations to date had been about structure rather than individual post holders. Proposals had been well received so far; MO'C hoped to implement in April.
- **CF04 reputational/ legal risk:** the COGI team was based in Cardiff but doing UK work; issues could be controversial and had high risk potential; the communications strategy needed to be very clear and carefully managed. It may be appropriate to add a QC review to the internal audit plan.
- **CF03 2010-11 funding:** final figures had not yet been received from BIS but CF was working on the budget which would go to the Board on 24 March and would then be subject to BIS agreement.

Action: Director of Finance and Operations

- 5.2 The Committee **AGREED** that the Risk Register be updated before the next meeting.

6 INTERNAL AUDIT

6.1 INTERNAL AUDIT PLAN 2010-11 (Paper 6.1)

6.1.1 GC and SLA outlined the plan, which took account of earlier comments from the Committee and SMT. Although the total number of days for 2010-11 had increased, the overall number across the three years of the strategic plan had not and if further contingency days were needed, uncommitted days from 2011-12 could be brought forward.

6.1.2 The Committee considered each proposed area in turn.

- **Strategic planning:** move from Q3 to Q1
- **SIC arrangements:** amend from Q2 to Q2/3
- **Business significant risks monitoring:** include COGI, systems process for QC and external messaging; bring forward from Q2 to Q1 and add to the scheduled 4 days if needed
- **Main Financial systems:** agreed
- **ICT – Data assurance/security:** agreed (if fewer days are needed, Tribal will advise)
- **ICT – Smarter, greener, cleaner:** reduce from 4 days to 2
- **Programme and project management:** change from 8 days in Q3 to: 4 days in Q1 for completed/completing projects and 4 days in Q2 for how new system works with current/new projects
- **Performance management and monitoring:** agreed (carried over from 2009-10)
- **Scotland:** include Wales (anticipated perhaps only half to one day needed as corporate services functions covered on London systems)
- **Procurement:** Internal audit will scope in more detail for next meeting and reduce days if appropriate

- **Follow up:** Internal audit will scope in more detail for next meeting and reduce days if appropriate

6.1.3 It was **AGREED** that internal audit would revise the plan as agreed and re-circulate before the end of March; the Committee asked that all the information be included on one schedule.

PROGRAMME AND PROJECT MANAGEMENT PLAN

6.1.4 Internal audit had provided the requested terms of reference for internal audit work on policy projects. The Committee considered that these should be tailored more to policy work with outcomes aligned with strategic priorities. It was agreed that the Chief Executive and SMT revise the terms of reference and circulate them to the Committee as soon as possible, as some work was due for Quarter 1.

Action: Chief Executive and SMT

6.2 INTERNAL AUDIT REPORTS (Paper 6.2)

NETWORK CONTROLS

6.2.1 A preliminary review of the network infrastructure changes had given reasonable assurance and SLA reported there was no cause for concern. Internal audit had made one priority and four routine recommendations, all of which had been agreed by management and implementation of the action plan was underway.

MAIN FINANCIAL SYSTEMS

6.2.2 A compliance review of the main financial systems had given reasonable assurance. The Committee expressed concern that 6 months had elapsed between the review and the Committee having sight of the report. The Committee sought clarification of progress on the action plan and what the management culture was in respect of financial systems.

6.2.3 SJ explained that the review had been carried out at a time of transition for the finance staff team and he was not with Consumer Focus at the time; however, he was able to confirm that the majority of actions had been completed as indicated and was reviewing those which were ongoing. MO'C confirmed that management and accountability in these areas was important for all across Consumer Focus and he would ensure that culture was embedded.

Action: Chief Executive and Director of Finance and Operations

It was agreed that:

Purchase orders:

- comments and actions would be updated before the next meeting
- in future Internal audit would provide an analysis of invoices samples

Internal audit reviews:

- reports must be submitted to the Committee in line with the agreed audit plan
- maximum allowable timescale per report was two weeks from internal audit review to submission of draft report to Consumer Focus, followed by a maximum of two weeks for the management response to be returned to internal auditors and the final report issued to Consumer Focus
- the *Release of Report* box would have the date of the review added as the first row

- where any given risk had no findings, this would be indicated in the box rather than leaving it blank

Actions: Internal audit and Consumer Focus

The Committee **NOTED** the internal audit reports.

7 NAO

7.1 INTERIM NAO AUDIT

- 7.1.1 DL advised the Committee that the interim audit had been completed as planned. NAO was pleased that anticipated issues had not materialised and felt this boded well for the audit; year-end procedures had been agreed with SJ and the finance team.
- 7.1.2 There was inconsistency and insufficiently clear guidelines for the use of GPC cards: the spend to December 2009 was £130k, which restricted the level of concern but, nonetheless, Consumer Focus undertook to review and revise the GPC policy.

Action: Director of Finance and Operations

- 7.1.3 Consumer Focus work on fixed assets was being finalised and NAO would review this at final audit stage. The process for accruals had been discussed and would also be checked at final audit stage. NAO had no concerns in respect of the declaration of expenses for the Chair and Chief Executive, which were in the public domain.

The Committee **NOTED** the oral update from NAO.

7.2 NAO COSTS AND BENCHMARK DATA

- 7.2.1 The Committee thanked NAO for providing the benchmark data as requested. This was helpful but the costs were not yet agreed and the Committee asked that NAO also provide the daily rate breakdown for 2009-10.

Action: NAO

The Committee **NOTED** the NAO costs and benchmark data

7.3 AUDIT AND RISK COMMITTEE SELF ASSESSMENT

- 7.3.1 The Committee thanked NAO for providing the NAO Audit Committee self-assessment checklist and agreed that arrangements be made for the NAO facilitated training.

Action: Head of Secretariat

7.4 STATEMENT OF INTERNAL CONTROL

- 7.4.1 The Committee had received the NAO guide for Audit Committees on the Statement of Internal Control. The Committee's annual report to the Board would inform the SIC; it would initially be drafted by the Head of Secretariat and circulated to the Committee in April.

Action: Head of Secretariat

The Committee **NOTED** the National Audit Office *Statement on Internal Control: A guide for Audit Committees*.

8 NSMC (oral update)

8.1 GC confirmed that Department for Health funding was in place for 2010 -11 and that the restructure had been completed satisfactorily. (See also 5.1)

The Committee **NOTED** the oral update on NSMC.

9 AUDIT AND RISK COMMITTEE TERMS OF REFERENCE (paper 9.1)

9.1 The Committee agreed that its terms of reference should be updated to reflect changes which had occurred since the original terms were agreed, and revised in line with the NAO checklist and specimen terms from the Cabinet Office. Revised Terms of Reference would be drafted by the Head of Secretariat and circulated to the Committee in April.

Action: Head of Secretariat

10 ANY OTHER BUSINESS

10.1 There was no other business.

11 DATE OF NEXT MEETING

11.1 The next meeting would be held on 1 June 2010, 11-1pm at Artillery House.

<u>Signatories</u>	
.....
Chair, Audit and Risk Committee	Date
.....
Chief Executive, Consumer Focus	Date

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ANNEX TO MINUTES: ACTION POINTS

Minute	Action	Owner	Timing
4	Matters Arising Annex to minutes: owner and timings to be shown Diversity strategy: Actions log to be updated BIS/CF memorandum of understanding: MO'C to advise how effectively MOU had worked for the BIS review	SH SH MO'C	March March March
4.1	Outstanding actions log Tracking internal audit arrangements: log to be amended and the tracking document to be an A&R Committee standing item with effect from the next meeting.	SH	March onwards
4.5	Annual Report and Accounts 2009-10 plan Next year Consumer Focus should aim to get the draft to Committee at least a day before it goes to NAO	GC	2011
5.1	Risk register: to be updated for next meeting	GC	June
6.1.3	Internal Audit Plan To be revised and re-circulated by end of March	Internal audit	March
6.1.4	Programme and Project Management Plan Revise terms of reference and circulate to Committee as soon as possible	MO'C & SMT	April
6.2.3	Main financial systems Management and accountability in these areas to be embedded across Consumer Focus	MO'C & GC	
6.2.3	Internal Audit Reviews Actions as indicated in minutes	Internal audit & Consumer Focus	March onwards
7.1.2	GPC Cards Review and revise the GPC policy	GC	April
7.2.1	NAO Costs and Benchmark Data Provide daily rate breakdown for 2009-10	NAO	March
7.3.1	A&R Committee Self Assessment Arrange NAO facilitated training	SH	April
7.4	Statement of internal control Draft A&R Committee annual report to the Board	SH	April
9.1	Audit and Risk Committee Terms of Reference Draft revised Terms of Reference	SH	April