

CONSUMER FOCUS AUDIT & RISK COMMITTEE MEETING No. 24

Draft minutes of the meeting held on 1 June 2011, 1.30-3.40pm
at Fleetbank House, Salisbury Square, London EC4Y 8JX

Present:

Sharon Darcy	(SD)	Consumer Focus Board member
Dame Suzi Leather	(SL)	Consumer Focus Board member
Roger Darlington	(RD)	Consumer Focus Board member

In attendance:

Mike O'Connor	(MO'C)	Chief Executive, Consumer Focus
Stephen Jones	(SJ)	Head of Finance
Susannah Hughes	(SH)	Head of Secretariat
Andrew Caddies	(AC)	Audit Manager, National Audit Office (NAO)
Andrew Townsend	(AT)	Tribal Business Assurance
Lucy Mullice	(LM)	Tribal Business Assurance
Adam Richards	(AR)	BIS observer

1 WELCOME AND APOLOGIES

1.1 Apologies had been received from Sukhvinder Kaur Stubbs and Graham Clark. The Chair welcomed LM, attending her first Consumer Focus A&RC meeting, and all attendees.

2 DECLARATIONS OF RELEVANT INTERESTS

2.1 Previous declarations were carried forward. SL declared an interest in respect of her role as Chair of the Charity Commission (see item 5.5 below).

3 MINUTES OF THE PREVIOUS MEETING (22 March 2011)

3.1 The Committee **APPROVED** the minutes of the meeting held on 22 March 2011.

4 MATTERS ARISING AND OUTSTANDING ACTIONS

4.1 **BIS/NAO facilitated meeting for NDPBs/Consumer Focus A&RC:** AC had raised this request with Jon Whitfield (JW), BIS Head of Internal Audit. The Committee remained very keen that a wider event for NDPBs be organised or JW attend a meeting of the Committee: this would be followed up with JW.

Action: SH

4.2 Risk Register

The NSMC: The approach to Treasury would be made before the June Board meeting. The Committee asked that advice also be sought from the CIC regulator.

Action MO'C

Transition project risk register: It had been agreed that BIS would hold and share the steering group risk register. MO'C had provided the Consumer Focus transition risks but as yet there was not a shared BIS register: this to be followed up.

Actions: MO'C

- 4.3 **Minutes follow-up and summary actions log:** All actions had either been completed or were on the agenda for discussion. The Committee asked that the logs be combined going forward.

Action: SH

- 4.4 The Committee **NOTED** the Audit & Risk Committee Actions Log follow up status as at 23 May 2011.

5 UPDATE ON CONSUMER FOCUS POSITION AND IMPLICATIONS FOR THE AUDIT & RISK COMMITTEE

- 5.1 The Committee received an oral update on meetings on TUPE/COSOP, which were continuing. The Public Bodies Bill Section 24 allowed Government to make the transfer through legislation: this was thought to be the likely route. Uncertainty remained in respect of which functions would be transferred to CitA/CAS and the wider consumer landscape.
- 5.2 BIS and CitA had asked Consumer Focus to produce draft design principles for a 'regulated industries unit' covering the work needed for areas subject to economic regulation; CF and CitA drafts were subsequently drawn together by Sarah Chambers at BIS. CF had received a third draft of the BIS consumer landscape consultation *Empowering and Protecting Consumers*. It was anticipated that the consultation would be launched on 21 June 2011.
- 5.3 BIS was urging CF and CitA/CAS to work closely together to reach agreed positions but the lack of clarity and uncertainty in a number of areas remained and posed great challenges. Greater clarity and certainty would help mitigate the increasing difficulty of retaining staff and maintaining morale over a prolonged period.
- 5.4 The target date for closure of Consumer Focus was still 31 March 2013. Consumer Focus faced multiple transfers and great complexities through the transition and closure process and support would be needed from BIS. Decisions on budgets were needed for planning purposes and to make provision in the accounts in order to meet financial reporting requirements. Certainty on TUPE/COSOP and decisions on transfer of functions would make staffing matters clearer. Related issues to be resolved included provision for redundancy payments and clarity on pension liabilities for the different transfers. Increased corporate management resource was needed to deliver transition, transfers and closure.
- 5.5 SL declared an interest in respect of her role as Chair of the Charity Commission. Citizens Advice was a registered charity and SL therefore had, and would have, nothing to do with any of Commission discussions in relation to the proposed changes. SL said that she advised BIS to consult the Commission before issuing the consultation document to ensure that what was proposed could be done in law.

6 RISK REGISTER

- 6.1 The risk register had been updated since the A&RC meeting in March. SD informed the A&RC that when the Human Resources and Remuneration Committee had met in May they requested that the A&RC consider whether residual liabilities should be added to the risk register. Work on the NSMC residual pension liabilities would be done, if possible for the 28 June Board meeting. The HR&RC also expressed concern about the risk of loss of leadership and under capacity in other key areas.

6.2 The Committee asked that the risk register be updated to:

- **add Scotland, Wales and Northern Ireland as a separate risk** in respect of governance risks of various potential transfers;
- **add loss of leadership as a separate risk** with mitigating actions needed to retain key staff;
- **add to CF10 Future Funding the need for provision in accounts for redundancies** (see 5.4 above);
- **include residual liabilities.**

Action: MO'C

7 BIS CHECKLIST FOR CLOSURE

7.1 The BIS *Checklist for closure of a partner organisation* had been populated and circulated to the Committee as agreed. There were so many potential scenarios facing Consumer Focus that planning was currently very difficult but the Committee agreed that this checklist was a useful way to think about the challenges faced. Consumer Focus would need additional resources, including a designated Senior Responsible Officer to manage the transition.

7.2 The Committee asked that the checklist be kept up-to-date and asked MO'C to determine how often it would be brought to the A&RC. The Committee also asked that Consumer Focus keep a running tally of all closure related costs.

Action: MO'C

8 ANNUAL REPORT AND ACCOUNTS 2010/11

8.1 SJ set out the current status of the draft annual accounts, plus one A4 sheet which was tabled, and took questions. The draft had been updated to incorporate initial NAO observations; clarifications were being worked on and there were a few outstanding items to be completed. SJ would meet with AC the following day.

8.2 AC agreed that the process had improved from last year, it was faster, with fewer issues and better schedules available earlier. NAO had suggested some improvements, SJ and GC had been responsive to feedback and the process was going well. NAO had, however, yet to see the draft report section and would need to have this by the following week.

Action: MO'C

8.3 SD said this was the best set of accounts at this stage that she had seen at Consumer Focus and energywatch before that, and on behalf of the Committee she thanked SJ, NAO and all concerned for the work they had done. It was agreed that the changes made would be indicated and the full report and accounts would be circulated to the Committee in advance of the meeting on 28 June.

Action: MO'C/SJ

9 INTERNAL AUDIT

9.1 **Follow up log:** The Committee had no queries and **NOTED** the follow up status of the internal audit log as at 23 May 2011.

9.2 **Rolling plan:** The Committee was assured that the two reviews *Financial Commitment Management* and *Procurement* were separate pieces of work. There were no other queries and the Committee **NOTED** the follow up status of the rolling plan as at 23 May 2011.

- 9.3 **Strategic Plan 2011/12 – 2012/13 Summary progress report:** The Committee had asked that an update on the strategic plan be brought to each meeting. AT spoke to the report, setting out progress to date and explaining two additional pieces of work: a review in advance of the enactment of the Bribery Act 2011 and an investigation commissioned by Consumer Focus, which would report to MO'C the following week.

The Committee **NOTED** the report and **AGREED** the changes to the plan

- 9.4 **Statement of Internal Control:** Internal audit had carried out a desk-top review of the proposed draft wording for the 2010/11 SIC. There were no priority 1, 2 or 3 recommendations arising, and the three operational effectiveness points had already been agreed by management for inclusion in the SIC. The Committee additionally asked that reference to the future of the NSMC be included.

Action: MO'C

- 9.5 The Committee **NOTED** the appraisal review of the monitoring framework to support the working in the Statement on Internal Control.

- 9.6 **Strategic management of the close down arrangements:** The Committee had agreed that this review would replace the review of the *Performance Management and Monitoring arrangements*. The scope had been agreed with SD. AT provided an update and would report to MO'C and SD on a monthly basis, prior to a report coming to the October meeting of the A&RC. Work was being done now on risk registers for close down work streams and the Committee asked that priority also be given to arrangements for ensuring the organisation is not perceived to be lobbying against close down.

Action: AT

- 9.7 The Committee **NOTED** the interim update report on strategic management of the close down arrangements.
- 9.8 BIS had conducted a partner performance assessment of Consumer Focus, which looked at risks to the organisation and to BIS. AR would provide the final assessment for circulation to the Committee.

Action: AR

- 9.9 **Follow-up review:** AT highlighted that recommendations had been supported and implemented and that it had been agreed that some were no longer appropriate to take forward in the current environment. There were no substantive issues outstanding and internal audit was comfortable with the position.

- 9.10 The Committee had no further queries and **NOTED** the follow up review

10 A&RC ANNUAL REPORT 2010/11

- 10.1 The Committee requested some amendments to the draft, broadly agreed the report and **AGREED** that the final report would be signed off by SD prior to submission to the Board on 28 June 2011.

Action: SH/SD

11 ANY OTHER BUSINESS

- 11.1 There was no other business. The Chair thanked attendees and the meeting closed at 3.40pm.

12 DATE OF NEXT MEETING

Tuesday 28 June 2011

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

ANNEX TO MINUTES: ACTION POINTS

Minute	Action	Owner	Timing
4.1	Audit & Risk Committee: Contact Jon Whitfield, BIS, to seek BIS arranged, NAO facilitated meeting for arm's length A&RCs, or BIS Head of Audit to CF A&RC	SH	June
4.2	Risk register matters arising: The NSMC : approach Treasury re proposals BIS transition project risk register: follow up with BIS	MO'C “	June “
4.3	Minutes follow up and summary actions log: combine	SH	ongoing
4.4	Website update: Add reference to public consultation and timescale	SH	asap
6.2	Risk register: update as indicated at 6.2	MO'C	June
7.2	BIS Checklist for closure: Keep updated Determine when to bring to A&RC Keep running tally of closure costs	MO'C	ongoing
8	Annual report and accounts Draft report section to NAO Full report and accounts, with changes indicated, circulated before next A&RC	w/c 6 June June	 SJ/GC/ MO'C
9	Internal audit: Update SIC Lobbying – prioritise work	MO'C AT	 June
10	A&RC Annual report Amend draft Approve final for circulation to Board	SH SD	June