



Report of the Audit and Risk Assurance Committee to the Commissioner for the year ended 31 March 2018

Purpose

The Audit and Risk Assurance Committee is pleased to submit its annual report for the year ended 31 March 2018 to the Commissioner as required by its Terms of Reference.

Membership

During the year the Committee comprised:

Steve Harford – Chair
Mutale Merrill

Phil Davy
Steve Milsom

Remuneration

The Audit and Risk Assurance Committee members received as part of their terms and conditions remuneration for 6 days per annum at a daily rate of £350 and £400 for the Chair.

Members were also reimbursed for their travel and subsistence costs, in accordance with the Commission's Travel and Subsistence Policy.

Members were entitled to be reimbursed for any additional work to their Audit and Risk Assurance Committee responsibilities at the same daily rate.

Frequency of Meetings

The Audit and Risk Assurance Committee met quarterly during the year on the following dates:

9 May 2017	all members attended
25 July 2017	all members attended
31 October 2017	all members attended
13 February 2018	all members attended

Term of Office

Phil Davy was appointed as a Committee Member for a term of 4 years from 1 April 2017.

Main Audit and Risk Assurance Committee activities

Terms of Reference

No changes were needed during 2017/18 to the Committee's Terms of Reference. These can be found on the Commissioner's website www.olderpeoplewales.com.

Review of the Committee's effectiveness

During 2017-18, the Commissioner's internal auditor (Deloitte) was asked by the Chair to undertake an independent review of the Committee's effectiveness using the NAO Checklist of Audit Committee Effectiveness. This review involved discussions with the Commissioner and Committee members.

The review took place during February 2018 and found that generally there was good compliance with the checklist accepting that some areas were not applicable to the specific circumstances of this committee.

The only areas for improvement identified were:

- 1) Spend a little more time on key risks as opposed to operational matters;
- 2) Keep under review the balance between critical friend and scrutiny; and
- 3) To beware of going into too much detail in some areas which is linked to point one on remaining focussed on strategic risk.

Therefore, for 2017-18, the Committee has again concluded that it continues to operate effectively evidenced by good compliance with the NAO Checklist of Audit Committee Effectiveness.

Audit related matters

The Committee members meet privately with both Internal and External Auditors on an annual basis. This year they met on 9 May 2017 and there were no issues of concern raised.

Deloitte continued as the Commissioner's internal auditors and the Committee approved its plan for 2017-18 on 25 July 2017.

The Audit and Risk Assurance Committee received the following reports from Deloitte:

Outsources payroll; civil service pension arrangements and human resources

The Committee was pleased to note the substantial assurance given to this review. The Director of Corporate Affairs and Head of Finance and Risk were thanked for their work to support this review.

Project Planning

The Committee were pleased to note this Advisory Report.

Financial Systems spot check

The Committee was pleased to note that this report received Substantial Assurance.

Annual Internal Audit Report for 2016-17

The Committee was pleased to note the substantial assurance awarded to this report and thanked all involved.

Annual Accounts and External Audit

2016-17 Accounts

The Audit and Risk Assurance Committee considered the draft 2016-17 accounts at their meeting held on 25 July 2017. The accounts were given an unqualified opinion by the Auditor General and laid before the National Assembly for Wales on 1 August 2017.

External Audit Strategy for the 2017-18 Accounts

The Committee considered the Wales Audit Office's (WAO) strategy for the audit of the 2017-18 accounts at its meeting in February 2018. Whilst the audit approach was a matter for the WAO, the Committee concurred with its assessment of risks and the audit approach.

Audit Joint Working Protocol - Internal and External Auditors

This joint protocol was reviewed in the July 2017 meeting. The Committee noted that the Internal and External Auditors work well together and no substantive amendments were needed to the protocol at this time.

Appraisal of the work of internal and external audit

The Committee conducted appraisals of the work of Deloitte and the WAO during the year.

There was recognition that there have been some significant changes in the internal audit team. The Committee wished to note that the new team has quickly built their knowledge and understanding of the complex areas of the Older People's Commissioner's work.

The Committee was pleased to report that Wales Audit Office has a helpful co-operative approach to audit work and the good relationship they have adds real value to the Commissioner's work.

The Committee are grateful to both the internal and external auditors for their work and ongoing help and assistance.

Risk Management

The Audit and Risk Assurance Committee received regular updates on the processes in place for managing risk within the Commission.

The Committee also received reports on the incidence of complaints, accidents and incidents (including any data security issues) as potential indicators of the management of risk within the Commission.

2017-18 Governance Statement

The Committee has reviewed the Accounting Officer's proposed Governance Statement for the year ended 31 March 2018 and is content that it is complete and that it presents an accurate reflection of the governance and risk management arrangements for the year and the key issues that have arisen.

Strategic Equality Plan

The Annual Report for 2015-16 was noted in the May 2017 meeting.

Policies

The Committee noted the following updated policies during the year:

- (i) Complaints
- (ii) Counterfraud and Anti Money Laundering
- (iii) Ordering Goods & Services
- (iv) Travel & Subsistence
- (v) Risk Management
- (vi) Financial Reserves Strategy

Learning and Development

During the year Audit and Risk Assurance Committee members attended one development session and received updates covering a variety of matters including:

- Care Home Review follow up work
- The Commissioner's Financial Reserve Strategy
- The Commissioner's 3 year financial plan
- Quarterly progress reports against the Commissioner's Business Plan for 2017/18
- Public Interest Disclosure Act 1998
- General Data Protection Regulations

All members attended the Chartered Institute of Public Finance & Accountancy's Effective Audit Committee training day in October 2017.

The Chair attended the WGSB ARAC Chairs Workshop on 3 October.

In May 2017 the Chair and the Commissioner attended a Workshop led by Deloitte on cyber security, GDPR and risk assurance.

Other activities

During the year the Members advised the Commissioner and members of her team on a range of matters in addition to their formal Committee work. In all cases this was in line with the terms of their appointment and appropriately declared and recorded in the Committee minutes.

In law, the Commissioner is a corporation sole. The Committee considers that the absence of an executive board (from which the Audit and Risk Assurance Committee would normally be drawn) has the potential for an "information gap" for the Members as they do not have wider responsibilities and oversight. The Committee has overcome this gap partly by virtue of their additional advisory work and also by additional discussions with and presentations by the Commissioner and senior staff as an "add-on" to Committee meetings and during development days. The Commissioner also updates members by email on key matters as they arise.

Conclusion

As a result of its work during the year and the findings of internal and external audit, the Committee can provide the Accounting Officer with high assurance that the governance, financial management and risk management arrangements in place are appropriate and have operated effectively during the 2017-18 financial year.

Acknowledgments

The Committee would like to thank Deloitte for their work in undertaking the internal audit arrangements for the Commissioner. The Committee is also grateful to the Wales Audit Office for its work on the annual accounts.

The Committee would not be able to operate effectively without the help and support of the Commissioner who is also the Accounting Officer for her office. The Committee is, of course, most grateful to her in this regard and would also like to thank all the staff who have taken the time to interact with and support the work of the Committee.

The Committee would wish to take the opportunity to thank the Commissioner on her contribution to improving the lives of older people in Wales during her 6 year appointment. The way business is conducted throughout the Commission, including this Committee, is due to her leadership and vision, openness and willingness to engage. The Committee would not have been able to have exercised its duties without such a positive approach.

Finally, the Committee would not be able to operate effectively without the support of its secretary, Sue Hayward. The Committee is indebted to her for the invaluable secretarial support which she has provided throughout the year.

STEVE HARFORD

Chair

On behalf of the Audit and Risk Assurance Committee