LDBCW Audit and Risk Assurance Committee 2015 Annual Report

1 Purpose

1.1 This report summarises the main work of the Local Democracy and Boundary Commission for Wales' (LDBCW) Audit and Risk Assurance Committee during the period 1st April 2015 – 31st March 2016. The role and membership of the Committee is defined in the Terms of Reference (Appendix 1). The prime role of the Committee is to provide independent advice to the Accounting Officer of LDBCW. During 2015-16 the role of Accounting Officer was undertaken by the Chief Executive, Steve Halsall. During the year the Committee has monitored the strategic processes for risk, control and governance supplemented by the results of internal and external audits. The Committee played a key role in defining aspects of the audit work and monitoring the management response to the issues raised.

1.2 This report describes how the Audit and Risk Assurance Committee met its responsibilities during 2015-16 and the outcome of work to improve further the governance and management of the organisation. The report is intended to provide assurance to inform the Accounting Officer's Governance Statement to be included in LDBCW's Annual Report and Accounts for 2015-16.

2 The work of the Committee during 2015-16

Membership

2.1 During 2015-16, following the appointment of two additional new members to the LDBCW, an additional member was appointed to the Audit and Risk Assurance Committee. The new Committee member was Mr Theodore Joloza whose appointment to the LDBCW runs from 1 September 2015 to 31 August 2018 and who's appointment to the Audit and Risk Assurance Committee was agreed by LDBCW Members at their meeting held on 15 October 2015. I served as the Committee Chair, David Powell as Committee Member and Julie James as Independent Member. Mr Powell and I are Member and Deputy Chair respectively of the LDBCW and our appointments ended on 30 September 2015 but were extended by Welsh Government for 4 years from 1 October 2015 to 30 September 2019. Julie James' appointment as Independent Audit Committee Member ran for 3 years until 31 August 2015 but was extended by one year until 31 August 2016. Committee meetings were also attended by an observer from Welsh Government: Lisa James, Deputy Director of the Local Government Democracy Division, or her Deputy.

2.2 The external Auditors (Wales Audit Office / Grant Thornton) and the Internal Auditors (Deloitte LLP) also attended all meetings to provide support and advice to the Committee.

Meetings

2.3 There were three scheduled meetings during the Year – 22 July 2015, 24 November 2015 and 24 February 2016. David Powell, Julie James and I attended all of the meetings. Theodore Joloza attended both the November and February meetings following his appointment to the Committee in October 2015.

2.4 The Committee's minutes detail allocated responsibilities and completion dates for agreed actions. This enables far more efficient tracking of progress on agreed actions to ensure that they are completed as planned or carried forward. The Committee's minutes are published on the LDBCW's web site.

3 Control environment

Internal Audit

3.1 The LDBCW's Internal Auditors, Deloitte, were reappointed in 2015 following a competitive tendering exercise for a 5 year contract. They first presented their 5 year audit plan for 2015/16 onwards at the Committee meeting held on 22 July 2015. The scope of the audit work for the 5 years focuses on Corporate Governance and Risk Management and Financial Systems (including procurement) which are to be audited annually and also a rolling audit programme covering the other aspects of the LDBCW's work and controls, which are:

- Commission Reviews;
- Strategic Planning;
- Pensions Arrangements;
- Human Resources;
- Information Security; and
- IT General Controls.

3.2 Internal audit work is carried out by discussions with appropriate staff, reading of documents and testing, as necessary, to confirm the effectiveness of the controls in place. Internal audit is carried out with due awareness of the risks of fraud and corruption in the processes under examination. When the internal audit work is completed, the findings and any recommendations made are discussed at a pre-arranged exit meeting before the internal audit report is drafted, agreed with management and presented to the Audit and Risk Assurance Committee.

3.3 During 2015-16 the Audit and Risk Assurance Committee reviewed the following reports provided by Deloitte:

Mid-Year Audit Report 2015-16

Audit Area	Date Released	Weakness Identified			Assurance Level
		High priority	Medium priority	Low priority	
Corporate Governance	October 2015	-	-	-	Substantial
Risk Management	October 2015	-	-	-	Substantial
Strategic Planning	October 2015	-	1	1	Moderate

Annual Audit Report 2015-16

Audit Area	Date Released	Weakness Identified			Assurance Level
		High priority	Medium priority	Low priority	
Budgetary Control	February 2016	-	-	2	Substantial

3.4 These reports provided Substantial assurance ratings for Corporate Governance, Risk Management and Budgetary Control and a Moderate assurance rating for Strategic Planning. These findings provide assurance that the LDBCW's arrangements are reducing its exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of LDBCW management.

3.5 The Audit and Risk Assurance Committee receives progress reports on implementation of the audit recommendations at every meeting. During 2015-16 it was noted that several recommendations made in previous years had been re-raised, either as they could not be fully implemented until the LDBCW had undertaken more review work or due to the long term absence of a senior manager.

3.6 The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Internal Auditors. In addition to this the Committee held an annual confidential meeting between Members and Internal Audit following the 24 February 2016 Committee meeting and completed an annual internal audit effectiveness assessment exercise and an Audit and Risk Assurance Committee good practice evaluation checklist. Based on these, Internal Audit performance was assessed as effective.

External Audit

3.7 The External Auditor of the LDBCW is the Auditor General for Wales who has appointed Grant Thornton to assist him discharge his responsibilities. The Audit conclusions for the 2014-15 financial year contained in the WAO's Management Letter were reviewed at the 24 November 2015 meeting of the Audit and Risk Assurance Committee. An unqualified opinion was given on the 2014-15 Accounts and no audit recommendations were raised.

3.8 From 1 April 2015 following a procurement exercise undertaken by the Wales Audit Office for the provision of audit services the role of the LDBCW's external auditor ceased to be Grant Thornton and was taken on by the Wales Audit Office. This will cover the audit of the LDBCW's financial statements and accounts for 2015-16 onwards. The Wales Audit office presented their 2016 Audit Plan for auditing the LDBCW's 2015-16 financial statements to the 24 February 2016 meeting of the Committee. This document clarified the relative responsibilities of LDBCW and the WAO.

Audit and Risk Assurance Committee Effectiveness and Impact

3.9 The Committee completed their annual self assessment exercise and all issues arising from this exercise were reported in last year's report. Committee Members completed the 2015-16 questionnaire in December 2015 and returned them to the LDBCW Secretariat for analysis of the responses. The responses indicated that compliance had been demonstrated in the majority of areas but that some issues remain regarding the process for induction of new Committee members.

3.10 During 2015-16 the Audit and Risk Assurance Committee's impact on the LDBCW was demonstrated by the following actions and proposals for change which were accepted / adopted by the LDBCW:

- suggested changes and additions to the LDBCW's Risk Registers throughout the year;
- suggested two changes to the LDBCW's Risk Management policy;
- suggested an additional test for the LDBCW's Business Continuity Plan;
- suggested that the LDBCW investigate the Welsh Government's Small Workplace Health Assessment Scheme with a view to participating;
- conferred with and gained the views of external audit bodies with whom the LDBCW does not have contact during the normal course of business;
- gained assurance on management processes and arrangements for dealing with fraud and provided external auditors with an understanding of this on behalf of the Commission;
- drafted an analysis of the LDBCW's Sources of Assurance together with any gaps in assurance; and
- reviewed the first draft of the LDBCW's Governance Statement and proposed amendments in order to move it towards best practice.

3.11 The LDBCW also gained assurance by receiving reports detailing the outcomes of the Audit and Risk Assurance Committee's meetings together with copies of the meeting minutes.

4 Co-operation between Internal and External Audit.

4.1 The Committee was satisfied that the Internal and External Auditors communicate and work together to minimize the level of any duplicated work and result in efficient and effective audit coverage. This was confirmed both by observation and evaluation throughout the year and at the confidential meeting between Committee Members and Internal Auditors held on 24 February 2016.

4.2 Due to the change to external audit arrangements the confidential meeting between Committee Members and the new External Auditors had to be postponed until the summer 2016.

5 Corporate Governance

5.1 During 2015-16 the Audit and Risk Assurance Committee has continued to maintain high standards in Corporate Governance and internal controls. During 2015-16 the Committee:

- Reviewed and updated their Terms of Reference;
- Reviewed and updated their Annual Work Plan;
- Continued the practice of having its Members complete an annual self-assessment questionnaire;
- Continued the practice of having Members and the Accounting Officer complete an annual internal audit effectiveness assessment questionnaire;
- Continued the practice of holding an annual confidential meeting between Members and External and Internal Audit;
- Confirmed the effectiveness of Internal Audit during the year by conducting the annual internal audit assessment exercise;
- Received progress reports on implementation of the audit recommendations at every meeting;
- Received a report on the Commission's Business Continuity Plan test for 2015-16;
- Received a report on the Commission's schedule of losses for 2014-15;
- Received a report on the Commission's verification of fixed assets exercise for 2015-16;
- Received a report on the outcome of the Commission's Investors In People review;
- Received a report on the Commission's review of its Quality Assurance procedures;
- Received a report on changes to the Commission's Terms of Reference;
- Confirmed that the Commission had maintained satisfactory systems for budget monitoring, risk management review, whistleblowing and fraud, IT data security and gifts and hospitality;
- Received a report on changes to the Commission's banking arrangements;

- Adopted a document detailing the LDBCW's sources of assurance for key areas using the 'three lines of defence' model;
- Was satisfied that the Commission's Accounting Officer could be substantially assured that the Commission's control, risk and governance arrangements in 2015-16 provided a sound and reasonable basis for his completion of the Governance Statement.

6 Risk Management

6.1 The LDBCW approach to risk management has proved to be an effective mechanism for identifying and mitigating risks and the procedures adopted have been commended by the Commission's auditors. The Risk Register was reviewed at all Committee meetings during 2015-16 and modifications were made following suggestions by members. These were later ratified by the LDBCW. The Committee remains satisfied that the register is a living document and accurately reflects the risks that LDBCW faces as they emerge and their likely impact. The risk register also notes the management actions that have been taken to mitigate and eliminate the risks.

6.2 During 2015-16 the main risks identified and managed by the LDBCW were:

Risk Identified	**Mitigating Action**
Commission is unable to plan its electoral review work programme for the next 2 years due to the hiatus in Welsh Government's decisions on local government reform pending the result of the 2016 NAW election.	Swift response to any change and flexibility in future work programme. Use 2016-17 Remit Letter(s) from WG to inform forward planning. Updating review programme plans and budget based on latest information shared with WG. Liaison with Welsh Government to share emerging policy and practice. Early response to WG's consultation on the draft Direction. Continued liaison with WG officials to seek Commission's desired amendments.
Commission is unable to plan its community review work programme for the medium / long term due to the hiatus in Welsh Government's decisions on local government reform pending the result of the 2016 NAW election.	Updating review programme plans and budget based on latest information shared with WG. Provide evidence to WG on draft Bill published. Liaison with Welsh Government to share emerging policy and practice. Early response to WG's consultation on the draft Direction. Continued liaison with WG officials to seek Commission's desired amendments.
No contingency for loss of key staff covering review work and governance requirements.	Change from seconded to directly employed staff. Desk Instructions for all key processes to be maintained and kept up to date. Succession Plan to be drafted. Wider base for training opportunities offered to all staff to encourage progression. The culture of the Commission should be embedded in staff through Corporate Strategy, Team and management meetings and discussions and Policies, practices, procedures and desk instructions. Roles of key staff to be shadowed by other staff. Skills audit to be undertaken. Finance continuity covered in BCP. Walk-through on main finance procedures to be provided for staff. Consider the need for secondment or short-term appointment of additional staff.
Accommodation lease not renewed on terms favourable to the Commission.	Obtain advice from WG Estates / Legal regarding what the Commission's rights are in respect of renewing the lease for Hasting House. Obtain further independent legal advice to confirm WG advice. Liaise with landlord as necessary.

6.3 The risks of delays to planning the Commission's short and long term future review work programmes due to the hiatus in Welsh Government's decisions on local government reform pending the result of the 2016 NAW election are largely mitigated by close liaison with Welsh Government officials to share estimated budget profiles together with emerging policy and practice, and participation in Welsh Government consultations in order to achieve desired amendments to legislation.

6.4 The risk in respect of loss of key staff was mitigated by changing from seconded to directly employed staff, establishing and maintaining a sound staff structure and ensuring all policies and desk instructions are kept up to date.

6.5 The risk in respect of Accommodation lease renewal follows a period of significant changes to landlord arrangements including transfer of the lease to new landlords. The risks surrounding less favourable lease terms and possible requirement for relocation at a time when stability is required to carry out review work is mitigated by close liaison with Welsh Government Estates (the lessee on behalf of the Commission) and by obtaining legal advice regarding the Commission's rights.

Consideration of the Sources of Assurance

6.6 The LDBCW gains assurance from various sources such as meeting reports etc. Details of the key areas of assurance and their sources is given in Appendix 2.

7 Budget 2015-16 and Financial Statements 2014-15

7.1 The Committee reviewed the LDBCW's budget monitoring process for the 2015-16 budget at all meetings during the year and considered them to be appropriate and robust. The Committee noted that LDBCW had fully consulted with Welsh Government regarding future budget requirements for 2016-17 onwards in order to meet the requirements of its future programme of review work. The Committee reviewed the draft financial statements for 2014-15 in June 2015 in advance of the audit being undertaken. It considered the Auditor's report and any outstanding issues. Steps were then taken to ensure that outstanding issues were addressed by the Commission to enable an unqualified opinion to be issued on 4 August 2015.

8 Conclusion

8.1 Based on the evidence available the Committee has operated to a high standard during the year and had a positive impact on the LDBCW, improving good practice. The Committee has obtained appropriate, reliable and comprehensive assurances on the LDBCW's internal control environment, financial reporting and ability to manage risks. The Committee is satisfied that the LDBCW's Accounting Officer can be substantially assured that LDBCW's control, risk and governance arrangements in 2015-16 provided a sound and reasonable basis for his completion of the Governance Statement.

9 Acknowledgements

9.1 I am grateful to David Powell, Theo Joloza and Julie James as members and independent member of the Committee respectively for their work, contribution, assistance and support. The work of LDBCW management, supported by other staff, has been central to our work and their contributions are valued. I am also grateful to Lisa James of the Welsh Government and to Ann-Marie Harkin from the Wales Audit Office, John Golding and Julie Masci from Grant Thornton and Ian Howse and Katherine Shafer from Deloitte. Their support and advice has been very helpful and constructive during the year.

Ceri Stradling
Chair of the LDBCW Audit and Risk Assurance Committee
April 2016

Appendix 1

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

AUDIT AND RISK ASSURANCE COMMITTEE

TERMS OF REFERENCE

1. Introduction

1.1 The Local Democracy and Boundary Commission for Wales (the Commission) has established the Audit and Risk Assurance Committee to support them in their responsibilities of issues of risk, financial propriety, internal control and governance and associated assurance. The Chief Executive as the Accounting Officer has responsibility under the terms of the Commission's Framework Document and annual Remit Letter, issued by the Welsh Government, for the provision of adequate internal controls and will take into account the advice of the Audit and Risk Assurance Committee as appropriate. The Commission's name was changed to the Local Democracy and Boundary Commission for Wales with effect from 30 September 2013 by the Local Government (Democracy)(Wales) Act 2013.

1.2 The Commission also provides a secretariat to the parliamentary Boundary Commission for Wales (BCW) under a Memorandum of Understanding between the Commission, Welsh Government, Cabinet Office and the BCW. Under the terms of the Memorandum of Understanding the Commission will provide a single audit assurance to cover both bodies.

1.3 The Welsh Government's Director General for Local Government and Communities designated the Commission's Chief Executive as Accounting Officer with effect from 1 January 2014.

2. Membership

2.1 The Audit and Risk Assurance Committee will normally be chaired by a Member of the Commission (provided they have relevant experience) but this practice will be open to review. The Chair of the Commission should not be the Chair or a Member of the Audit and Risk Assurance Committee.

2.2 The other members of the Audit and Risk Assurance Committee are:

- An appointed Independent External Member; and
- 2 Members of the Commission (excluding the Chair).

2.4 Membership of the Audit and Risk Assurance Committee will be reviewed periodically.

3. Reporting

3.1 The Audit and Risk Assurance Committee will formally report to the Commission and Accounting Officer after each meeting.

3.2 The Audit and Risk Assurance Committee will provide the Commission and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and Governance Statement, summarising its conclusions from the work it has done during the year.

3.3 The Audit and Risk Assurance Committee will provide the Cabinet Office and BCW with the Audit and Risk Assurance Committee Chair's Annual Report.

4. Meetings

4.1 The Audit and Risk Assurance Committee will meet at least three times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings as they deem necessary.

4.2 The timing of the meetings and the areas of work to be dealt with are set out in the Committee's Annual Work Plan. The Annual Work Plan should be drafted by 1 April and reviewed by the Chair of the Audit and Risk Assurance Committee before being circulated to Committee Members for comment.

4.3 A minimum of 2 members of the Audit and Risk Assurance Committee, one of whom must be the Chair, will be present for the meeting to be deemed quorate.

4.4 Audit and Risk Assurance Committee meetings will normally be attended by the Accounting Officer, Deputy Chief Executive, Finance Manager, Business Support Manager and representatives of both Internal and External Audit and the Commission's Welsh Government Sponsor Division.

4.5 The Audit and Risk Assurance Committee may ask any other officials or Members of the Commission to attend to assist it with its discussions on any particular matter.

4.6 The Audit and Risk Assurance Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

4.7 The Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

4.8 The Chair and Members of the Committee will hold a confidential meeting with representatives of Internal and External Audit annually to receive their feedback on the effectiveness of the Committee and any other matters in relation to the Commission's governance arrangements. This arrangement will not preclude any additional meetings between Committee Members and representatives of Internal and External Audit deemed necessary.

5. Authority and Rights

5.1 The Audit and Risk Assurance Committee is authorised by the Commission to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Commission employee or Member and all employees and Members are directed to co-operate with any request made by the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee will ensure that the Commission has adequate corporate governance policies in place by reviewing the Corporate Governance at every meeting.

5.2 The Audit and Risk Assurance Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

5.3 The Audit and Risk Assurance Committee may procure specialist ad-hoc advice at the expense of the Commission subject to budgets agreed by the Commission.

6. Access

6.1 There will be free and confidential access between the Chair of the Audit and Risk Assurance Committee and representatives of Internal and External Audit.

6.2 There will be free and confidential access between the Chair of the Audit and Risk Assurance Committee and Members of the Audit and Risk Assurance Committee.

7. Responsibilities

7.1 The Audit and Risk Assurance Committee will advise the Accounting Officer and Commission on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts and the annual report of the Commission, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's ISA 260 report and management letter;
- assurances relating to the corporate governance requirements for the organisation;
- The soundness of budget monitoring arrangements;
- proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistleblowing processes and arrangements for special investigations;
- proposals for contentious accounting issues such as compliance exceptions and exemptions.

8. Information requirements

8.1 The Audit and Risk Assurance Committee will be provided with the following information as appropriate:

- A report of any reviews of the Commission's Risk Register and Risk Management Policy;
- The Internal Audit Plan;
- The External Audit Annual Audit Outline;
- Progress reports from the Internal Audit representative summarising work performed, key issues emerging, management response to audit recommendations and any resource issues affecting the delivery of internal audit objectives;
- Internal Audit's Annual Opinion and Report;
- Management response to audit recommendations;
- The Commission's draft Financial Statements and statutory accounts prior to audit by External Auditors;
- The Commission's draft Financial Statements and statutory accounts prior to signing by Accounting Officer;
- The draft Governance Statement;

- External Audit's Management Letter;
- Changes to accounting policies;
- Changes to the Operational Plan;
- A report on budget considerations;
- A report on any proposals to tender for audit functions.

9. Minutes

9.1 The Minutes of its meetings shall be circulated to all Commission Members and representatives of Internal and External Audit.

10. Review of Terms of Reference

10.1 The Audit and Risk Assurance Committee Terms of Reference will be reviewed annually to ensure it continues to remain relevant and reflect any changes to the Commission's status.

11. Document Date: November 2015

Appendix 2

Key Areas requiring Assurance	Sources of Assurance		
	1st level	2nd level	3rd level
Governance, Decision Making and accountability	Accounting Officer requirements. Organisational structure. Scheme of delegation. Policies & Procedures.	Reports to Commission meetings of decisions taken or for approval. Timetable for policy reviews by Commission. Structures kept under review by CEO and Commission. Annual Governance Statement.	Internal Audit reports on Corporate Governance - separation of duties and compliance with controls. ARAC periodically reviews probity policies. ARAC Annual Report and review of Governance Statement.
Risk Management	Risk Policy and Management Arrangements.	Board Assurance Framework in place and reviewed by Commission as part of Risk Register. Commission reviews Corporate Risk Register monthly. Operational Risk Register reviewed by Management Team with trigger point set for elevation of risks to Corporate Risk Register. Pensions Risk Register reviewed by Management Team.	ARAC review Operational and Corporate Registers at every meeting. Annual Internal Audit report on Risk Management.
Strategic Planning	WG Remit Letter and Operational Plan reports to Commission meetings.	Strategic Plan report to Commission meetings. Commission agree vision and high level objectives for the organisation.	Internal Audit reports on Strategic Planning.
Openness and Transparency	Comprehensive website meets expectations of openness and transparency.	Pay Policy Statement	Governance Statement
Values & Culture	Management Team set values and culture for staff under-pinned by Training and PDR process.	Commission's approach to openness, honesty and accountability complements the Management Team's approach. Governance Statement.	Reports to Commission on results of Staff Surveys. Investors In People Reports. ARAC.
Leadership	Accounting Officer Requirements.	Commission set out explicit expectations for the organisation in Strategies and Plans.	Internal Audit Reports on Corporate Governance.

Information and Data Security	Information and Data Security procedures in place.	Review of compliance by the Commission.	
Workforce Planning	Reports produced by CEO/ DCE identifying staffing needs. Pay Policy.	Reports to Workforce Sub-Committee for approval.	Commission approval on staff structure changes
Developing our staff and members	Comprehensive Induction and Training. Regular PDR reviews.	Report to Commission meeting on outcome of Investors In People reviews.	Investors In People review reports.
Health, Safety and Wellbeing of Staff	Sickness Absence Policy. Health & Safety Policy. Dignity at Work Policy.	Reports to Workforce Sub-Committee. Review of compliance by either the Commission or the ARAC	
Equality and Diversity	Equality Opportunities Policy.	Review of compliance by the ARAC.	
Welsh Language Compliance	Welsh Language Scheme. Welsh Language Standards.	Compliance checks by Welsh Language Commission.	
Service Delivery – Service Reviews VFM	Clarity of roles for service reviews. Timetables for delivery of reviews. Quality control arrangements in place. Desk Instructions. Policy and Practice. **LIMITED COSTING INFORMATION FOR INDIVIDUAL REVIEWS**	Lead Commissioners support review team and add extra layer of QC.	Internal Audit reports on compliance with quality control arrangements. Statutory Consultation.
Service Delivery – audit quality	Tender process and evaluation of bidders against set criteria.	On-going assessment of work programme and outputs by ARAC.	Annual internal audit assessment by ARAC.
Formally approved budgetary systems	Remit Letter Funding plus Cabinet Office Funding for year. Budget setting report to Commission meeting	Future Budget estimates and profiles reported to Commission.	ARAC review Budgetary System for adequacy. Annual Internal Audit review of Budgetary Control.
Budget accountability/ delegation	Scheme of Delegation / authorisation.	Commission review of budget.	Internal Audit reports.

Budgetary risks	Management Team review of budget risks on on-going basis.	Financial risks recorded on Corporate Risk Register for Commission attention.	ARAC oversight of Commission reviews of financial risks.
Financial information & systems controls	Schemes of delegation internal financial controls and separation of duties.	Budget monitoring reports monthly to Commission.	Internal Audit reports on governance and internal control.
Budget monitoring and reporting	Budget reports to Management Team.	Budget monitoring reports monthly to Commission.	ARAC reviews budget reports. Internal Audit reports.
Investigations of variances/ actions	Explanations for variance contained in budget reports to Commission meetings.	Approval of budget before and after changes.	Reports to ARAC meetings on Commission reviews of budget reports.
Control of revisions to budget	Management team agree to budget revisions.	Budget reports to Commission meetings for approval of virement and refunds to Departments.	Reports to ARAC meetings on Commission reviews of budget reports.
Financial Accounts	Contact specification and timetable for preparation of Annual Accounts. Finance Manager monitors timeliness and quality.	Draft accounts sent to ARAC for review prior to audit.	External Audit ISA 260 report and Management Letter. Annual Audit Opinion and Certificate.
Identification of fraud risks	Management reviews of Operational Risk Register.	Commission reviews of Corporate Risk Register.	Internal Audit reports and agreed actions. Reports to ARAC meetings on External Audit ISA 260 report and Management Letter.
Counter fraud strategy	Specific anti- fraud policies and adoption of new procedures e.g. checking changes to supplier contact / bank details.	Commission reviews of Fraud Policy.	Reports to ARAC meetings on any instances of fraud. Internal Audit awareness raising of new risk areas.
Whistleblowing	Whistleblowing policy and staff awareness.	Commission reviews of Whistleblowing Policy	Reports to ARAC meetings on instances of Whistleblowing.
Complaints	Complaints Policy.	Commission reviews of Complaints Policy.	Reports to ARAC meetings on complaints received.
Business Continuity	Continuity Plans in place and periodic testing carried out. Document retention and destruction procedures in place.	Update reports prepared for Commission. Periodic review and approval of procedures by Commission.	Annual Reports to ARAC on BCP test. ARAC receives quarterly reports of and information or data breaches.
Fixed Assets Management	Asset verification exercise carried out.	Commission informed of outcome of reviews.	Annual Report to ARAC on assets verification exercise.
Losses	Identification and recording of Losses procedures.	Register of Losses.	Annual Reports to ARAC meetings on losses for the year.

Gifts and Hospitality	Gifts & Hospitality policy.	Gifts & Hospitality Register.	Reports to ARAC meetings on Gifts and Hospitality.
Procurement	Procurement arrangements in place including formal tendering procedures. Due diligence dealing with companies who may not be ethical	Reports to Commission meetings on tender exercises.	Internal Audit reports on procurement arrangements.
Environmental Issues	Sustainability procedures established and staff awareness.	Commission considers outcome of Green Dragon Audit.	Green Dragon Audit report.