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Minutes of the Audit Committee Meeting Held on 10 June 2016

Location	Present	In Attendance
8 Weymouth Street	Suzanne McCarthy, Chair	Karen Holmes, Registrar
London	Jason Bill	Marc Stoner, Financial Controller
W1W 5BU	Ros Levenson	Emma Matthews, Head of Qualifications
	Sue Roaf	Flora Njoku, Department for Communities and Local Government
		Paul Rao, Grant Thornton
		Omer Tariq, Grant Thornton

Chair Approved Draft

Action

1. Committee Induction

Members of the Committee participated in a discussion led by Paul Rao and Omer Tariq from Grant Thornton regarding the role of the Audit Committee and their responsibilities as Committee members.

> **Action Point: It was agreed that the presentation upon which the induction discussions had been based would be circulated to Committee members following the meeting.**

2. Apologies

Apologies were received from Myra Kinghorn. The Committee noted that Ms Kinghorn had been co-opted on to the Committee on the basis of her financial/audit expertise. From 1 August 2016, Carol Bernstein would replace Ms Kinghorn as a member of the Committee.

Flora Njoku joined the meeting at this point.

The Chair invited everyone to introduce themselves and welcomed Paul Rao and Omer Tariq from Grant Thornton and Flora Njoku from the Department for Communities and Local Government (DCLG) to the meeting.

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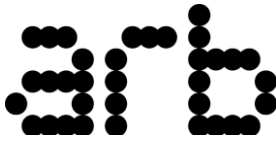
3.   Declarations of Interest

There were no declarations of interest.

4.   Minutes

The Committee noted the following typographical errors within the minutes:

- Page 7: Item 8, third paragraph, the second sentence should read '… the Performance Report to comply *with* the Government's Financial Reporting Manual (FReM)'; and
- Page 9: Item 11, the final bullet point which referred to an internal note should be removed.

Subject to the above adjustments being made, the Minutes of the meeting held on 17 March 2016 were approved and confirmed as an accurate record of that meeting.

5.   Matters Arising

The Chair of the Committee highlighted the following points in relation to the Matters Arising:

- Feedback Review: this would be covered by Item 10 on the agenda;
- Review of the Board Members' Code: this work was on-going;
- Business Continuity Testing: this wold be covered by Item 9 on the agenda;
- Risk Assurance Mapping: additional information would be available at the October 2016 Committee meeting;
- Mazars' Annual Report: this matter had been dealt with;
- Audit Committee's Annual Report 2015: this matter had been completed;
- Overhauling the Board's Effectiveness Review questionnaire: a revised questionnaire would be provided to the Board in November 2016;
- Table of Compliance: this work had been completed; and
- Tendering exercise for ARB's external auditors: this work was on-going.

The Committee discussed the review of the Board Members' Code in more detail.

Action Point: It was agreed that given the length of time it had taken to move the development of the Board Members' Code forward, the areas of the Code which were non-contentious should be brought to the Committee for review at its October 2016 meeting. The more contentious areas could then be reviewed when the ARB/DCLG Framework Agreement was renegotiated.
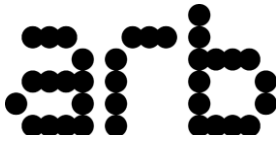
6. Internal Audit Reports/Review of Outstanding Recommendations

The Registrar introduced the paper and confirmed that the outstanding recommendations were residue from Mazars' final internal audit reviews. The following points were highlighted:

Item 4.2, page 1
It was reported that a full resource mapping exercise had not yet been undertaken as it would be impacted upon by the outcomes of the Periodic Review. Once the outcomes of the Review were known this action point would be taken forward. Members of the Committee queried whether any of the work could be undertaken now, noting that many of the stakeholders were likely to remain the same despite the outcomes of the Periodic Review.

Action Point: It was agreed that work on producing a full resource mapping exercise should be commenced and details brought to the Board in September 2016 as part of the Communications Update.

Item 4.5, page 3
A procedure for reporting to the Board had been developed.

Item 4.1, page 5
It was reported that in hindsight the Management Response should have pushed back on this recommendation, noting that the Operational Management Group was struggling to determine how this recommendation could be responded to in full.

Action Points: It was noted that advice and guidance would be sought by the Management Group from an inter-regulatory group which looked at Equality and Diversity matters in the coming weeks to determine how the recommendation could be taken forward. The Internal Auditors also agreed to provide some assistance with this on the basis of their work with the Equalities and Human Rights Commission.

Item 3, page 11
The Committee queried the slow progress regarding the development of the open-office database. The Registrar confirmed that whilst some elements had already been delivered, this was a large and complex project and care needed to be taken to ensure that it was successful.

Item 6, page 19
The Committee queried whether compliance with legislation concerning Data Protection and Freedom of Information requests would be maintained as the project
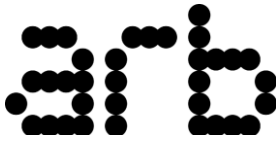
to delete emails was undertaken. The Registrar confirmed that this would be the case.

General – Tracking Recommendations

The Committee noted the summary of recommendations. The structure of the outstanding recommendations paper was also discussed.

Action Point: It was agreed that in future, the 'tracking' recommendations with regard to their historical development should be summarised rather than being presented in full.

Russell Cooke Compliance Review

The Committee noted a review had been undertaken by the Board's solicitors which had focussed on ARB's disciplinary processes. A series of recommendations were on hold due to the on-going Periodic Review. It was reported that several of the suggested actions required legislative changes to be made to the Architects Act 1997. As a result, ARB had advised the DCLG of these so that they could be taken into account as part of the Periodic Review.

The Committee sought clarification regarding the recommendation concerning the separation of administrative function for the PCC and the investigations process. It was confirmed that this had been carried out and was now a permanent separation.

The Committee thanked the Registrar for the comprehensive report which had been provided.

7. **Grant Thornton Update**

Paul Rao confirmed that the Internal Audit Plan for 2016 had been agreed and good progress was being made. It was noted that dates for the internal audits had been confirmed. The Investment audit was in the process of being completed and ARB would receive the report within the next two weeks. The Human Resources audit was in the process of being scoped and this would be finalised imminently.

8. **Internal Audit Plan 2016**

In addition to the report noted above, Paul Rao additionally confirmed that the Human Resources audit would be taking place in September 2016, as would the Cyber Security audit.

Action: The Committee agreed that the Human Resources scope should include a review of appraisals and their follow up.
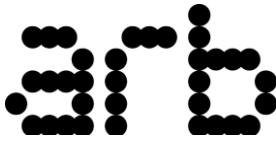
The Committee queried whether the Human Resources audit would look at the adequacy of ARB's equality and diversity policies, rather than whether they were being complied with. It was noted that a Human Resources expert would be involved in the audit, and that equality and diversity matters would be implicit in the review. Omer Tariq confirmed, however, that internal audits took a broader approach, but that this could be an area for a deeper dive depending on the outcomes of the initial audit.

Action: It was agreed that the Registrar should forward the last Equality and Diversity audit report to Grant Thornton for information.

Action: The Registrar agreed to send new Board members the previous Board Effectiveness Review questionnaire for information.

Action: It was agreed that the report resulting from the Human Resources audit should include an annex which listed the ARB policies that had been reviewed.

Action: It was agreed that the scopes for the 2017 internal audits should be emailed to members of the Audit Committee for review, comment and feedback. If this proved unworkable after the circulation of the initial scopes, then it was agreed that the scopes should then be reviewed by the Registrar and the Chair of the Audit Committee prior to sign off.

Action: The Committee agreed that it would be helpful if the Cyber Security audit report could be kept simple and jargon-free.

9. Update on Business Continuity Planning Action Points

The Registrar introduced the update. Business continuity testing had taken place earlier in the year and was now a regular feature of the Operational Management Group's training and development each year.

The Committee queried key point ix. of the report, which referred to the allocation of resources to ensure that the schools' pass list files remained up to date and complete. The Registrar confirmed that it was not an issue of the costs involved in providing additional resources in this area, rather a matter of the availability of staff time. Given this, temporary resources would be used as required. The Committee also sought to clarify the background to point vi., and the appointment of Fitzrovia IT.
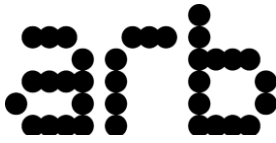
10. Update on Feedback Action Points

The Registrar introduced the update and confirmed that the details would additionally be provided to the Board as part of the Communications Report in September 2016.

The Committee noted the report and observed that it was a useful piece of work which could be fed into the business or strategic planning process in the future.

Action: The Committee agreed that the Staff team should give consideration to finding ways to improve the response rates where this was possible. It was suggested that seeking advice from other organisations might assist with this.

Omer Tariq and Paul Rao left the meeting at this point.

11. Risk Register

The Registrar introduced this item, highlighting that the key risks had been identified within the covering paper. It was noted that the Registrar and Head of Qualifications would be meeting the European Commission regarding the 4+2 model of architectural education the following week. The Registrar also reported that the two fraudulent applications for registration involved individuals using false documentation.

It was noted that the Operational Management Group's work with Grant Thornton would include a review of the structure of the Risk Register and whether the current presentation needed to be updated to include a clearer picture of the risk landscape; more metric regarding the level of risk and whether weightings should be assigned to risks in terms of their levels of seriousness. It was noted that the revised structure for the risk register would be brought to the Audit Committee in October 2016. The Registrar reported that advice would also be sought from Grant Thornton in terms of the cross over between the Board's risk appetite and the risk register, and whether the two should be better integrated.

12. How would the Committee like to Operate

The Committee agreed that the meeting had run smoothly.

Action: It was agreed that in future, the Committee minutes should include action points within them and that these should be highlighted for ease of reference.
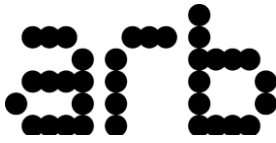
13.   Any Other Business

Action: The Committee agreed that it would be helpful to have sight of the 2017 Committee meeting dates as soon as the Chair had approved them.

14.   Date of Next Meeting

The next meeting would be taking place on 20 October 2016 at 10.30am.