

Minutes of the Audit Committee Meeting Held on 10 October 2017

Location	Present	In Attendance
8 Weymouth Street London W1W 5BU	Suzanne McCarthy, Chair Carol Bernstein Jason Bill Ros Levenson Sue Roaf	Karen Holmes, Registrar Marc Stoner, Head of Finance and Resources Emma Matthews, Head of Qualifications and Governance Simon Howard, Head of Professional Standards (Item 2) Paul Rao, Grant Thornton

Draft – Chair Approved

1. Apologies

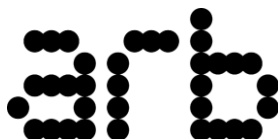
There were no apologies for absence.

2. Declarations/Conflicts of Interest

Carol Bernstein confirmed that she had recently accepted a new appointment as a non-executive director. The appointment was not deemed to constitute a conflict of interest in terms of the Audit Committee's work but it was agreed that it should be notified to the Chair and added to the Board Members' Register of Interests as soon as possible.

3. Deep Dives – Professional Standards – Disciplinary Processes

The Head of Professional Standards gave a presentation regarding the Professional Standards Team's work, taking the Committee through the operational processes and associated risks. An outline of the guidance and preventative measures that were adopted to help architects avoid disciplinary action were also provided. Committee members queried whether there was more that could be done to increase the use of consent orders within the disciplinary process. It was confirmed that changes to the Act had been requested so that statutory reprimands could be issued which would help in terms of avoiding the need for full conduct committee proceedings in appropriate circumstances. It was also noted that additional changes to the Act had been requested so that it would be possible to annotate the Register to indicate if an architect had been disciplined. Details of the Equality and Diversity data collected in relation to complaints was noted, as were the main causes for complaints. In addition, it was noted that ARB had had to ensure that where complainants had sought to escalate complaints about the operation and/or outcomes of the disciplinary process to the Department for Communities and



Local Government (DCLG), the Department was fully aware of the separation of roles in relation to this area. The Committee was made aware of the 'tone of voice' project which was underway in order to improve ARB's correspondence when dealing with all parties involved in complaints. It was also noted that the provision of training on unconscious bias to the Investigations Panel and the Professional Conduct Committee was planned.

The Committee welcomed the presentation and thanked the Head of Professional Standards for such an informative insight into the Team's work. The Committee noted that it had been reassured that robust processes were in place to mitigate risk in this area.

Actions: Head of Professional Standards should take forward the planned training of the Investigations Panel and the Professional Conduct Committee on unconscious bias.

4. Minutes of the Meeting held on 15 June 2017

The Committee approved the minutes as an accurate record of the meeting held on 15 June 2017.

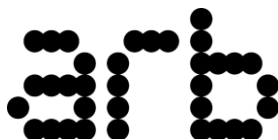
5. Matters Arising

The Chair provided updates on matters arising from the minutes. These were noted.

6. Risk Register and Risk Management

The Registrar introduced this item, confirming that a risk assurance mapping exercise had been undertaken during the Summer 2017 and drew the Committee's attention to the outcomes of the exercise as explained in the papers. The Registrar reported that whilst there were a number of action points to be taken forward, the review had been extremely valuable and worthwhile. A review of the Risk Register would now be undertaken and the outcomes of the Risk Assurance Mapping exercise would be taken into account as part of that review.

In noting the outcomes of the Risk Assurance Mapping Exercise, it was queried whether Improvement 2B (planning an internal audit of ARB's approach to the recommendations made within the Period Review report) as set out in the 'Improvements Required' section was necessary and what value it would bring. It was noted that the Board received a report about the steps being taken to address the recommendations resulting from the Periodic Review at each Board meeting and as a consequence an internal audit of the Board's approach to the Periodic Review recommendations was deemed to be unnecessary at this point in time.



The Registrar drew the Committee's attention to issues arising in relation to the Principal Risks set out within the Risk Register. With regard to Principal Risk 2 (Periodic Review recommendations not implemented), it was noted that further efforts were being made to ensure that communications about the Board's business as usual reviews of the Criteria and Procedures were clear to ensure that stakeholders fully understood the parameters of those reviews. In relation to Principal Risk 5 (Ineffective or inadequate governance arrangements), members of the Committee queried whether there was any further clarity about the future constitution and role of the Prescription Committee. It was noted that this was linked to the review of the Procedures for the Prescription of Qualifications and would be looked at once the review had taken place.

Members of the Committee noted that the Risk Register included a large proportion of 'red' and 'yellow' risks with few 'green' risks. It was suggested that the Risk Register be reviewed to better reflect the impact that the controls have in relation to each risk with this in turn being reflected in the risk levels awarded more accurately.

Actions: The Registrar should take forward the recommendations resulting from the Risk Assurance Exercise and review the Risk Register accordingly.

7. Internal Audit

i. Outstanding Recommendations

The Registrar provided an update on the outstanding Internal Audit recommendations. It was noted that the table included the recommendations which had been addressed since the last meeting as well as the new recommendations resulting from the recent audit of ARB's insurance arrangements. The Committee's attention was drawn to key point 1 within the coversheet which set out the details of the missed deadlines.

The following additional updates were provided:

Investment Management

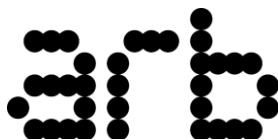
Updating of the Treasury and Investment Policy/Monitoring and Control

It was noted that the outcomes of the review of the policy and the arrangements for the oversight of the Investment Broker would be brought back to the Audit Committee's meeting in January 2018.

Insurance

Identifying exposures, policy limits and policy excesses

It was noted that the Committee could expect to receive an update on the completed actions in this area at its meeting in March 2018.



Insurance

Claims Management

Committee members queried whether a more robust process was needed in order to bring historic claims to a close. It was noted that the External Auditors regularly challenged the Executive in relation to ongoing claims. An update on this recommendation would be brought back to the Committee in January 2018.

Actions: The Operational Management Group should continue to take the relevant actions forward as outlined in the Internal Audit update table and report back to the Committee in January 2018.

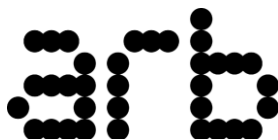
ii. Internal Audit - Procurement

Paul Rao, Grant Thornton, introduced the report on his firm's internal audit of ARB's Procurement arrangements. It was noted that the auditors had identified a number of good practices highlighting that there was a good level of oversight by management in this area. It was reported that there was one high priority recommendation which related to the tendering for goods or services over £10k. This high priority recommendation suggested the need for a more formal documented process for approving unique purchases that Management considered to be exempt from the tendering requirements. It was also reported that there was one medium priority recommendation relating to purchases of up to £5k as well as some lower priority recommendations.

Given that a risk had been identified in relation to the tendering of purchases over £10k, the Committee discussed whether it should have sight of the details of proposed purchases over this level. It was, however, agreed that the frequency of spending at this level should be looked into first and the scheme of decision making should be checked before any further discussions as to whether the Committee should be involved in such decision making. It was suggested that one way forward would be for Management to continue to make decisions at this level, but that any purchase over £10k where tendering was not undertaken should be reported to the Audit Committee so that it had more oversight over this level of expenditure.

The Committee noted the recommendation relating to Informal Staff Training and agreed that as well as including training as part of a new joiner's induction, refresher training about ARB's Tendering and Procurement Policy should also be added to the agreed action points. It was also noted that the Management team would report back to the Committee regarding the recommendation relating to purchases under £5k in March 2018.

Actions: The Operational Management Group should continue to take the relevant actions resulting from the internal audit of the procurement process forward



within the stated deadlines.

8. 2018 Work Programme

The Registrar introduced the proposed work programme and invited the Committee to discuss the proposed 2018 schedule of internal audits.

After discussion and taking into account the budget and the time/capacity of the Staff team, it was agreed that internal audits of the following areas should be undertaken in 2018:

- Health and Safety Arrangements
- Registration – this should be an internal audit of the end to end processes
- Management Information

It was agreed that if the budget and staff time permitted, an internal audit of the Board Members' appraisal process could additionally be included, but that this possibility of including such an audit should be reviewed in due course.

It was noted that the agreed internal audits would be scoped and costed and a formal plan would be brought back to the Committee for approval in January 2018.

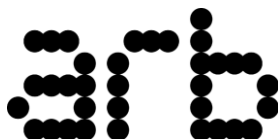
Actions: The Registrar/Grant Thornton should scope and cost the proposed internal audits of ARB's processes for dealing with Health and Safety; Registration and Management Information and a formal internal audit plan should be presented to the Committee in January 2018 for approval.

9. Internal Compliance Review – ARB/DCLG Framework Agreement

The Head of Qualifications and Governance introduced the compliance review.

The Committee sought a number of clarifications regarding the content of the review and provided feedback in relation to a number of areas that committee members felt could be articulated more clearly.

In particular, the Committee sought further information about the likely recruitment process for the newly constituted Board and how this would operate. It was noted that the Head of Qualifications and Governance had raised a series of queries with the DCLG and would provide details of the DCLG's response to all Board members as soon as possible. Committee members also sought clarification as to status of the Chair's annual appraisal. It was reported that it had been difficult to find an appropriately qualified external appraiser to undertake the Chair's appraisal, but that progress was being made on this. It was also noted that Board Members would have



the opportunity to provide feedback as part of the Chair's appraisal as was usually the case.

Actions: The Head of Qualifications and Governance should update the compliance table with the relevant clarifications and recirculate it to Committee members for information.

10. Business as Usual Reviews of ARB's Criteria and Procedures – Risk Register

The Committee noted the dedicated Risk Register which had been prepared in relation to the reviews of the Criteria and Procedures. Committee members suggested that the register should include reference to the risk of the Task and Finish Groups failing to deliver their objectives either by under-delivering or by extending beyond their scope.

The Committee thanked the team for such a thorough and useful document.

Actions: The Head of Qualifications and Governance should ensure that the Reviews Risk Register was revised to incorporate the Committee's suggested update.

11. General Data Protection Regulation

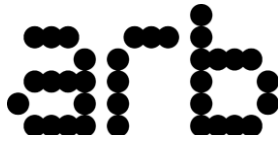
The Committee noted the update in relation to the General Data Protection Regulations and that further updates would be provided to the Committee at subsequent Committee meetings. Training for Board members and staff on GDPR would also be organised.

12. Any Other Business

There was no other business.

13. Dates of next meetings

17 January 2018 at 10am
15 March 2018 at 10am
15 June 2018 at 10am
18 October 2018 at 10am



Note

Action

14. Deep Dive Schedule 2018

January – Title Regulation

March – Governance

June – Accounts

October – Human Resources