



AUDIT AND RISK COMMITTEE REPORT

Purpose

1. To report to the National Committee issues that arose at the Audit and Risk Committee (ARC) meeting held on 13th November 2009.

Background / Introduction

2. The ARC is a key component of corporate governance, works to the parameters set out in HM Treasury guidance for ARCs and works to support the National Committee.
3. Meetings are currently held three times a year and a summary of business is formally reported back to the National Committee after each ARC meeting.

Audit and Risk Committee Report

4. Attendance at the meeting on 13th November 2009:

Name	Title	Role
Judith Webb John Lloyd Jones Tim Moss	Commissioner FCW National Committee Director of Corporate Strategy, Companies House	Committee Chair Committee Member (new) Independent External Member
Trefor Owen Derek Stephen Ceri Stradling Jason Blewitt Keith Gliddon Liz Holmes	Director FC Wales Head of Finance, FC Wales Wales Audit Office Wales Audit Office Director Finance, FC GB Head of Internal Audit, FC GB	Accounting Officer Adviser WAO Engagement Partner WAO Audit Manager Adviser Adviser
Terry O'Keefe James Laing	Head of Sec. & Comms Secretariat	Managing Information Risk Secretary

National Committee

Meeting Summary from 13th November 2009

Introductions

The Chair welcomed John Lloyd Jones as the new ARC committee member, which is part of his appointment to the FCW National Committee replacing Geraint George. The Chair highlighted the late receipt of committee papers as being unacceptable if the committee was to fulfil its role effectively. Director Wales shared the Chair's concern and assured members that timeliness of papers would be addressed for future meetings.

Conflicts of Interest

There were no conflicts of interest declared.

Risk Management

FCW Risk Register - Head of Finance FCW presented the revised Corporate Risk Register (CRR) which identified the 10 top risks. This is a revised 2-tier system that allows the organisation to focus on operational risk, while having the ability to escalate strategic level risk to the ARC. Director FCW meets monthly with FCW Management Board members to discuss operational risk, and the CRR is discussed at Management Board meetings and presented at every ARC. It was noted that in future 'heat maps' would be produced which would help highlight key areas of risk. It was also felt that the ARC needed a better understanding of the risk appetite of FCW and the National Committee. ARC would invite key risk owners to come and present to the committee in future.

Managing Information Risk (IR) / Data Handling (DH) - Terry O'Keefe (Senior Information Risk Officer for FCW) updated the ARC on progress in delivering guidance and training to staff. Staff had recently completed a WAO survey on information security arrangements and all staff will undertake an information security training package and assessment by 31st December. Additional areas that should be addressed included the induction of all new staff in IR/DH, the need to embed good practice in managing IR/DH in FCW at all levels, and ongoing monitoring. Issues for Non-Executives as well as staff are also under consideration.

Annual Accounts 2008/09

Management Letter - WAO confirmed that the financial statements gave a true and fair view. There were no material weaknesses in financial control.

Systems Action Plan - WAO do not usually share this "lower" level document with the ARC, as the Management Letter is the "higher" level document relating to the accounts. The plan outlines recommendations relating to processes at a local level that FCW need to address depending on priorities.

These items raised a number of minor issues in account production that could be improved on. It was agreed that the final draft accounts would go to the ARC before being submitted to WAO, which should pick up any drafting errors etc.

National Committee

Annual Accounts 2009/10

International Financial Reporting Standards (IFRS) - The first draft of IFRS accounts relating to FY08/09 are now available, with positive feedback received from WAO. FCW are on target to meet the 23rd November WAO deadline before commencing IFRS exercise on FY09/10 accounts. Head of Finance FCW will discuss key changes produced by IFRS and lines to take at the March ARC to enable FCW to be ready to respond to any external questions on the new reporting basis.

WAO Audit Strategy 2009/10 - WAO presented their strategy for the year containing themed areas for focus. This was accepted by the committee.

Internal Audit 2009/10

Head of Internal Audit presented the mid-term review and shared the seven assignments produced to date and highlighted the two FCW grant assignments (BWW & WGS) currently being formalised. FCW had also requested an initial review of WEBS 2 prior to WAOs review, which has proved useful. There have been no Internal Audit investigations affecting FCW this year.

Value for Money Study

Head of Finance FCW shared the VfM update report recently presented to the FCW Management Board. There has been good progress on high level recommendations. Director Wales noted that the VfM recommendations were proving a useful business management tool for FCW.

Business Continuity Planning

Director FCW presented a paper highlighting the need to develop a crisis management structure should "something" happen in the field, as the organisation needs the capability to respond to crises.

ARC Evaluation

Secretariat presented summarised feedback from the completed NAO Checklist self-assessments, and there followed a detailed discussion on ARC strengths and weaknesses. The key action to take forward was identified as being a skills audit/analysis of current members and to improve on timing of committee papers.

Next Steps

5. The Audit and Risk Committee will next meet on 4th March 2010.

Risks and Financial Implications

6. There are no risks or financial implications associated with this ARC Report.

National Committee

Recommendations

7. The National Committee is asked to note:

- the ARC business listed in the summary above;
and to comment on whether
- the ARC is fulfilling its role in relation to the National Committee effectively;
- future reports to the National Committee could take the form of the draft/approved ARC minutes.

Judith Webb
Chair Audit and Risk Committee
November 2009