

**AUDIT & RISK COMMITTEE MEETING AT 9.30AM ON 9 JUNE 2010,
MEETING ROOM, 6TH FLOOR SKIPTON HOUSE, 80 LONDON ROAD,
LONDON SE1 6LH**

MINUTES

Present:	Gill Laver Kate Davies OBE Adrian Evans	Chair
In attendance:	Stephen Hodges Marjorie Hylton Paul Holland Deborah Cripps Matthew Humphrey Felixia Edwin	Director of Corporate Services Business and Finance Manager National Audit Office RSM Tenon RSM Tenon Secretariat

1. Declaration of interest

- 1.1 Gill Laver: Non Executive Director, NHS West Midlands
Kate Davies OBE: Asst. Director Strategy, Equality and Diversity, NHS Nottinghamshire County : Prison Treatment Review Board : Diversity Ambassador for Public Appointments Commission
Adrian Evans: Non Executive Director SPODA and the National Probation Service Derbyshire

2. Apologies

- 2.1 Apologies were received from the following members:
- Ajay Agrawal
 - Paul Hayes
 - Alison Comley

3. Minutes of the previous meeting and matters arising

- 3.1 The following amendments were requested to the minutes of the last meeting held on 28 April 2010:

- Page 4/Item 4.4.2: *Other than the Senior Information Risk Owner, no members of the Audit & Risk Committee received Risk Awareness training*

Amend to: *No members of the Audit & Risk Committee received Risk Awareness training.*

- Page 6/Item 4.9.1 *actual income of £21,269*

Amend to: *actual income of £21,269k*

Subject to the amendments, the minutes were **AGREED** as an accurate record by the Committee, and signed by the Chair.

3.2 Internal audit report – Regional visit NW (AC 1/2010/128)

The first of a schedule of regional visits will begin week commencing 14 June 2010, beginning with Cambridge (East of England).

Action: Marjorie Hylton

3.3 Internal audit report – LCFS expenses report (AC 1/2010/133)

The results of the sample of expense claims submitted in April 2010 to internal audit were still outstanding. There were some additional issues however; the NTA anticipated a final report would be available for submission to the next Audit & Risk Committee meeting.

**Action: RSM Tenon /
Stephen Hodges**

3.4 Internal audit report – Internal audit annual report (AC 2/2010/138)

It was noted that the amendments requested at the last meeting were made to the final report.

3.5 Terms of reference – Audit & Risk Committee (AC 2/2010/149)

The Committee was informed that all amendments requested within the terms of reference were made accordingly.

4.1 **Internal audit – Progress report (AC 3/2010/152)**

The internal audit progress report outlined that the operational plan performance was on schedule, and met timing requirements for the National Audit Office (NAO). The schedule for Governance may be adjusted and RSM Tenon would be notified.

Action: Stephen Hodges

4.2 **NTA annual accounts and management letter 2009/2010 (AC 3/2010/153)**

4.2.1 Annual report and accounts 2009/2010

The Chair on behalf of the Committee congratulated Marjorie Hylton and the finance team for meeting the annual accounts deadline, particularly since a number of amendments were required.

The following was noted and/or agreed by the Committee:

- Page 3:
- *This section needed to make reference to employment (workforce) and service delivery;*

Page 10: • *The salaries of two Executive Directors had shown a reduction in 2009/2010. The performance related pay award for 2007/2008 and 2008/2009 were both received in 2008/2009, and accounted for the higher than normal salary figures, which was an exception;*

Accounts 2009/2010

Page 3 of 21: • *Note:8: Clarity required for the intangible assets in 2007/2008;*
• *Note 14: Breakdown of payables and other payables should be consistent year on year;*

Page 4 of 21: • Statement of cash flows:
Clarity required for purchases of assets;

Page 13 of 21: • *Figures needed to be consistent with the statement of financial performance;*

Page 15 of 21: • *Figures needed to be consistent with the statement of financial performance;*

Page 17 of 21 • *Brackets missing for figures in 2008/2009.*

It was noted that there were also a number of grammatical errors throughout the document, which would be amended.

**Action: Stephen Hodges /
Marjorie Hylton**

4.2.2 Management letter

Paul Holland introduced the audit completion report including the management letter for 2009/2010, and informed Committee members that no significant risks were identified; however recommendations were noted in the following areas:

- Income;
- Payroll;
- Expenditure; and
- Prepayments and other receivables

As a result of the audit, adjustments had been made to the draft financial statements presented for audit.

The Business & Finance Manager confirmed all amendments and final 'clean-up' of the document would be carried out and submitted to the National Audit Office (NAO) for certification by 22 June 2010.

**Action: Stephen Hodges /
Marjorie Hylton**

NAO would also require sign-off of the 'Letter of Representation' by the Chief Executive.

Action: Paul Hayes

The NTA annual accounts and management letter 2009/2010 was agreed by the Committee and would be reported to the Board.

Action: Stephen Hodges

4.3 Budget update 2010/2011 (AC 3/2010/154)

4.3.1 Stephen Hodges informed members that there was very little activity over Month 1 to report on. However, the following was noted:

- Income streams brought forward from 2009/2010 totalled approximately £2.9m;
- Notification received on 28 May 2010 that a further reduction will be made to NTA's Grant In Aid (GIA) budget, which SMT had expected. As a consequence of the reduction, the NTA were increasingly reliant upon operating income;
- In addition, further notification received concerning the implementation of a recruitment freeze. The NTA was not clear how this would operate. Indications were that the freeze would not apply to recruiting temporary staff. The NTA have also been asked to define frontline posts, in the context of NTA delivery.

5.1 Risk management report (AC 3/2010/155)

5.1.1 A review of the strategic risk register was carried out and amendments made in light of risks at present. The following comments were noted by the Committee:

- The Committee asked whether there should have been the inclusion of a new risk titled '*new Government*' within the strategic risk register. However, it was noted that the new Government was an actual reality, and therefore the risks listed would still apply;
- Stephen Hodges confirmed the risk on '*Skills Deficit*' applied to third sector and not NTA staff.

The Committee noted the risk management report.

5.2 Embedding risk management AC 3/2010/156)

5.2.1 The report provided an update on the position around risk management, and the approach the NTA would take. In addition, the road map provided a set of tasks for the NTA to track. However, the process needed to be strengthened and a meeting would be arranged to discuss how this would be achieved.

In addition, NTA regional staff (including Regional Managers) attended the recent risk management and fraud training. The section on fraud covered expenses and guidelines, and was facilitated by Dave Foley (RSM Tenon). The Feedback received was very positive.

The Chair on behalf of the Committee said that she was satisfied that progress had been achieved. The Committee's comment will be fed back to the senior management and regional teams.

Action: Stephen Hodges

6.1 Information risk policy (AC 3/2010/157)

6.1.1 The Information Risk policy was a specific requirement arising from information governance, and the Committee was asked to formally agree the policy.

6.1.2 The policy was discussed by the Committee and the following comments noted:

- Page 3:2.1
- To mention 'Freedom of Information', particularly as the policy was not just about protecting data but also having information readily available. This was part of information risk and would be useful to include;
 - The policy was very long; however this was standard;
 - A number of workshops will be held to familiarise staff with the policy;
- Page 7:7.5
- The annual input from the Chair will be drafted for sign-off

Action: Stephen Hodges / Chair

- Page 7:7.6
- The Committee agreed the annual review of procedures for disposal of sensitive equipment will be referenced / addressed within the annual Audit & Risk Committee report.

Action: Stephen Hodges

Subject to the comments made, the Committee **AGREED** the information risk policy subject to Board approval.

Action: Stephen Hodges

6.2 Protective marking policy (AC 3/2010/158)

6.2.1 The Committee **AGREED** the Protective Marking policy subject to Board approval.

Action: Stephen Hodges

6.3 Physical, Personnel and information security policy (AC 3/2010/159)

6.3.1 The Committee was asked to formally agree the policy and noted the following comments:

- The NTA needed to confirm a timescale of when the home working policy would be available. It was noted the NTA did operate a formal home working policy, but staff did work from home on an ad hoc basis. A number of issues needed to be taken into consideration (for example health and safety), before a formal arrangement was implemented.

The Committee **AGREED** the physical, personnel and information security policy subject to Board approval.

Action: Stephen Hodges

7. Any other business

7.1 Private Committee meeting with external and internal auditors

The Non-Executive Directors did not require a meeting at this time. However, if there were any pressing private issues that could not be delayed until the next Committee meeting, the Chair could be contacted at anytime.

7.2 There was no other business

8. Next meeting

8.1 The next meeting of the Audit & Risk Committee will take place on Wednesday 15 September 2010, at 11.00am in Meeting Room 128A, 1st Floor, Skipton House, 80 London Road, London SE1 6LH.

9. Future meeting dates 2010

- Wednesday 17 November

The meeting ended at 10.45am

CHAIR