



**Report of the Audit and Risk Assurance Committee to the Commissioner for  
the year ended 31 March 2021**

**Purpose**

The Audit and Risk Assurance Committee is pleased to submit its annual report for 2020 to 2021 to the Commissioner as required by its Terms of Reference.

**Membership**

Steve Harford (Chair)

Claire Bevan

Phil Davy

Julia Evans

David Powell

**Terms of Reference**

The Audit and Risk Assurance Committee's updated Terms of Reference were agreed at their meeting held on 23 July 2019 and are scheduled to be reviewed again on 22 April 2021. These can be found on the Commissioner's website [www.olderpeoplewales.com](http://www.olderpeoplewales.com).

**Remuneration**

The Audit and Risk Assurance Committee members received, as part of their terms and conditions, remuneration for six days per annum at a daily rate of £350 and £400 for the Chair.

Ordinarily Members would be reimbursed for their travel and subsistence costs, in accordance with the Commissioner's Travel and Subsistence Policy. However, due to the Covid-19 pandemic, the Committee meetings were held via video-conference over the course of the year.

If Committee members undertake any additional work for the Commissioner, outside of their Audit and Risk Assurance Committee responsibilities, they are paid at the same daily rate. During 2020 to 2021, no additional work was undertaken by the Committee members.

**Term of Office**

All members are appointed for an initial four-year period with the option to extend for up to another four years.

In March 2020, Steve Harford's term of office was extended by one year, enabling him to serve one full term of office as Chair. The intention of this extension was to provide continuity to the Committee as two new Members, Claire Bevan and David Powell, joined in April 2020. Additionally, in recognition of the Commissioner's increased level of strategic risk, due to the Covid-19 pandemic, and to provide

stability and continuity to the Committee during these unprecedented times, the terms of Steve Harford and Phil Davy have been extended by a further year, to March 2022.

### **Recruitment**

Claire Bevan and David Powell commenced their term of office on the 1 April 2020.

### **Frequency of Meetings**

The Audit and Risk Assurance Committee met quarterly during the 2020 to 2021 year on the following dates:

28 April 2020	all members attended
23 July 2020	all members attended
22 October 2020	apologies received from Julia Evans
2 February 2021	all members attended

The Internal and External Auditors attended all meetings during 2020 to 2021.

The comparative attendance for the previous 2019 to 2020 year was:

7 May 2019	apologies received from Julia Evans
23 July 2019	all members attended
07 November 2019	all members attended
4 February 2020	apologies received from Steve Milsom

### **Review of the Committee's Effectiveness**

In April 2021 annual reviews were completed by the Chair with the other members of the Committee. Following this meeting, the Commissioner undertook an annual review with the Chair. As a result of these discussions both the Commissioner and the Chair are able to confirm the commitment of the members and provide assurance on the effectiveness of the Committee that members were working well together.

### **Audit related matters**

The Audit and Risk Assurance Committee members meet privately with both Internal and External Auditors on an annual basis. This year they met on 22 April 2021 and as a result of the meeting the Committee was pleased to provide assurance that both the Internal and External audit teams have no concerns regarding the quality of information provided by the Commissioner. They are also pleased with the cooperation provided by the Commissioner and her staff.

The current contract with Deloitte for Internal Audit services ended on 31 March 2021. Following a procurement process, in conjunction with the other Commissioner offices. TIAA Ltd were successful in securing the contract to provide the Commissioner with Internal Audit services for the next three years with an option to extend by a further two years.

The Commissioner's Internal Audit plan for 2021 to 2022 was approved by the Committee at their meeting on 22 April 2021.

### **Internal Audit Reports for 2020 to 2021**

The Audit and Risk Assurance Committee received the Annual Internal Audit report at its April 2021 meeting. The Committee was pleased to note that the report reflects the substantial assurance levels of the reports received during the year and shows that the Commissioner is in a very good position.

The Committee received the following reports from the Internal Auditors during 2020 to 2021:

#### Corporate Governance

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

#### Risk Management

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

#### Budgetary Control

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

#### Fixed Assets

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

#### Purchasing and Payments

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

#### Civil Service Pension Arrangements

The Committee was pleased to note the Substantial Assurance Rating given to this Audit with no recommendations.

As a result of the substantial assurance in these reports, the Committee is able to provide assurance that the Commissioner has appropriate systems and processes in place regarding the governance of her organisation.

### **2019 to 2020 Annual Accounts**

The Audit and Risk Assurance Committee considered the draft 2019 to 2020 accounts at their meeting held on 22 October 2020 and were pleased to note that the accounts were given an unqualified opinion by the Auditor General and no significant issues were identified by Audit Wales. The accounts were laid before the Welsh Parliament on 5 November 2020.

### **External Audit Strategy for 2020 to 2021**

The Committee considered the Audit Wales strategy for the audit of the 2020 to 2021 accounts at its meeting in April 2021.

### **Appraisal of the work of Internal and External Audit**

The Audit and Risk Assurance Committee held discussions with the Commissioner covering the work of Deloitte and Audit Wales during the year.

The Committee was pleased to note the very positive, professional and constructive working relationship that the Deloitte team has with the Commissioner and her staff. It was noted by the Committee that the quality of service and reports they provide are very high and they were always willing to provide additional support when needed. The Committee thanks the Deloitte team for their work.

The Committee is also pleased to thank the Audit Wales team for their practical and positive attitude in undertaking their interim and annual audit. The Committee and the Commissioner's team finds that the added value they can give regarding the wider environment is very helpful.

### **Risk Management**

The Audit and Risk Assurance Committee received regular updates on the processes in place for managing risk within the Commissioner's Office. The Strategic Risk Register is updated in real time and discussed monthly by BMT with each risk being discussed and approved at each of the Committee's meetings. As such the Committee can provide assurance that risks are identified, monitored and well managed in the organisation.

The Committee received reports on complaints, accidents (including near misses) and incidents as indicators of the management of risk within the organisation. At each meeting, the Committee reviews the Commissioners Expenses and the Gifts and Hospitality Register, and no concerns were raised during the year.

The Fraud and Anti Money Laundering policy was reviewed on 28 April 2020, amendments to the policy were agreed by the Committee.

During March 2020, the Business Management Team planned for the impact that COVID-19 could have on the organisation. At the Committee's meeting in April, we were informed that the Business Continuity Plan was enacted on 16 March 2020. As a result, the office closed on 17 March 2020 and all members of staff will continue to work from home until further notice.

### **2020 to 2021 Governance Statement**

The Audit and Risk Assurance Committee has reviewed the Accounting Officer's proposed Governance Statement for the year ended 31 March 2021. The Committee believes that it is complete and that it presents an accurate reflection of the governance and risk management arrangements for the year and the key issues that have arisen during the year.

## **Key Policies**

During the year, the Audit and Risk Assurance Committee commented and advised on the following updated key policies:

Fraud and Anti Money Laundering  
Raising Concerns  
Complaints  
Risk Management  
Travel and Subsistence  
Gifts and Hospitality  
Ordering Goods and Services

## **ARAC Agenda**

Throughout the year in its meetings, the Committee reviewed quarterly governance reports, which includes a report on complaints/data protection/incidents, an operational health report and a balance scorecard.

The Committee has also reviewed the Commissioner's Estimate, Reserves Strategy and Medium-Term Financial Plan for 2020 to 2021.

## **Other activities**

In law, the Commissioner is a corporation sole. The Committee considers that the absence of a Non-Executive Board (from which the Audit and Risk Assurance Committee would normally be drawn) could create an 'information gap' for the Members as they do not have wider responsibilities and oversight. Historically, the Committee has overcome this potential gap by attending bi-annual development sessions.

During this extraordinary year, the Commissioner invited the Committee to meet informally, every quarter. These meetings provided the Commissioner with an opportunity to further utilise the Committee's varied expertise during in depth discussions on specific operational and strategic areas that carried a high degree of residual risk.

## **Conclusion**

As a result of its work during the year and the reports of Internal and External audit, the Audit and Risk Assurance Committee can provide the Accounting Officer (Commissioner) with a substantial level of assurance that the governance, financial management and risk management arrangements in place are appropriate and have operated effectively during the 2020 to 2021 financial year.

## **Acknowledgments**

The Audit and Risk Assurance Committee would like to thank Deloitte for their work in undertaking the Internal Audit arrangements for the Commissioner. The Committee is also grateful to Audit Wales for its work on the auditing of the annual accounts.

The Committee would not be able to operate effectively without the help and support of the Commissioner who is also the Accounting Officer for her office. The

Committee is, of course, most grateful to her in this regard and would also like to thank all the staff who have taken the time to interact with and support the work of the Committee. Finally, the Committee would like to thank in particular Elen Miles, for the invaluable secretarial support which she has provided.

Steve Harford

Chair

On behalf of the Audit and Risk Assurance Committee

April 2021