

## Minutes of the Audit Committee Meeting Held on 20 December 2018

---

Location	Present	In Attendance
8 Weymouth Street London W1W 5BU	Suzanne McCarthy, Chair Jason Bill Ros Levenson Sue Roaf	Karen Holmes, Registrar Marc Stoner, Head of Finance and Resources Emma Matthews, Head of Qualifications and Governance Rob Jones, Head of Registration Kris Hewitt, Operations Manager  Paul Rao, Grant Thornton

Draft – Chair Approved

---

### 1. Apologies

Apologies were received from Carol Bernstein.

### 2. Declarations/Conflicts of Interest

There were no declarations of interest.

### 3. Minutes of the Meeting held on 18 October 2018

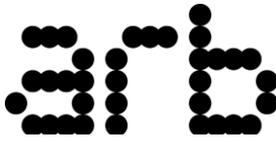
The Committee approved the minutes as an accurate record of the meeting held on 18 October 2018.

### 4. Matters Arising (not on the agenda)

#### **Regulatory Bodies Meeting – the Registrar should invite a representative from the RIBA to speak to the Board about the RIBA’s Brexit preparations**

It was queried whether any further progress had been made in relation to this action point. The Registrar reported that this was something that would be picked up once the new Board had been appointed.

**Action: The Registrar to consider inviting a representative from the RIBA to speak to the Board about the RIBA’s Brexit preparations once the new Board had been appointed.**



## **Business Continuity Plan (BCP) Annual Report**

Noting that the minutes of the previous meeting recorded that the recent BCP telephone cascade test had not been an entire success, one member of the Committee reported that they had not been contacted as part of the cascade when it was tested.

**Action: The Registrar and Rob Wilson (Registration Executive) to look into the issues which had arisen as part of the cascade testing and to identify ways in which the test could run more smoothly in future.**

### **5. Equality and Diversity Performance Plan**

The Head of Professional Standards introduced this item. It was noted that the plan set out a number of goals and activities in relation to six areas of ARB's work over a three year period.

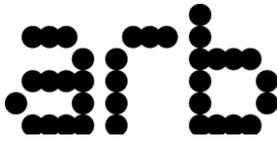
It was highlighted that Staff had identified a potential opportunity for additional equality and diversity information to be collected in respect of social mobility. This would provide valuable data in years to come in respect of access to the profession.

One member of the Committee queried the reasons for collecting this additional information and what purpose it would serve. It was confirmed that that it would be of value to others seeking information regarding the make-up of, and access to, the profession and that it would help inform the development of future ARB policies. It was further reported that socio-economic data was routinely collected by other regulatory bodies, e.g., the General Medical Council. As with other equality and diversity data, it was confirmed that individuals would provide information of this nature on a voluntary basis.

The Head of Professional Standards further reported that there was still much work to be done in terms of using the data that ARB collected to inform the development of its policies. With this in mind, the Head of Professional Standards and the Head of Finance and Resources would be meeting with HR Services (ARB's external HR provision) to discuss the collection of equality and diversity data and how it could be better used to inform ARB's policies which related to human resources. It was noted that one area that would be discussed was how ARB could gain better access to the data which HR Services was collecting on ARB's behalf whilst supporting ARB's recruitment exercises.

It was agreed that ARB should extend its data gathering beyond the protected characteristics and additionally begin gathering socio-economic data in a way that the Staff considered most appropriate, after taking into account best practice.

The Committee noted that whilst steady progress against the plan was being made.



It agreed that it would welcome more information about the outcomes that were being achieved rather than the processes which had/were being put in place in future. The Committee also commented that it was important that stakeholders were made more aware of what ARB was doing in relation to this area.

**Action: The Head of Professional Standards to continue to progress work in line with the Equality and Diversity Plan with ARB colleagues in 2019.**

**Action: The Head of Professional Standards to initiate the collection of socio-economic data as part of ARB's equality and diversity data set.**

**Action: The Head of Professional Standards and Head of Finance and Resources to meet with HR Services to discuss ways in which ARB could make better use of the data that was being collected in relation to its staff/recruitment to inform future policy developments.**

**Action: The Head of Professional Standards to find ways to make stakeholders more aware of what ARB was doing in relation to its equality and diversity work.**

## 7. Risk Management

The Head of Registration introduced this item.

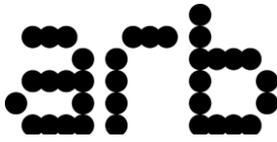
The Committee noted the updates regarding the risk assurance mapping exercise (Annex A).

### i. Current Risk Register

The Head of Registration reported that there had been minimal change to the Risk Register (Annex B) since the Committee had last reviewed it in October 2018. Small adjustments had been made to Principal Risk 2 in relation to the implementation of the new Board constitution.

Members of the Committee raised queries in relation to what sat underneath Principal Risk 10 (IT Risks), which had been consolidated under a single heading, as well as how the risk rating had been reached. It was reported that this was an area that needed to be reviewed again and that an operational deep dive would be undertaken to test this area in more detail would be undertaken in early 2019. The outcomes of the operational deep dive would be reported to the Committee at the next meeting. Noting that there were many elements embedded within Principal Risk 10, it was agreed that the ratings attached to this risk should additionally be looked at in greater detail.

The Committee acknowledged the changes which had been made to the Risk Register and noted the paper.



**Actions: The Head of Registration to initiate an operational deep dive into Principal Risk 10 (IT Risks) and report the findings to the Committee at its next meeting.**

## **ii. Brexit Risk Register**

It was noted that the Board had received an update from the Ministry of Housing, Communities and Local Government regarding the Government's position in the event of a No Deal scenario arising and that Staff were now confident regarding the next steps that needed to be taken if this situation arose. It was reported that some adjustments had been made to the Brexit Risk Register to reflect this position given that some greater clarity had now been provided should No Deal be agreed between the UK and the EU.

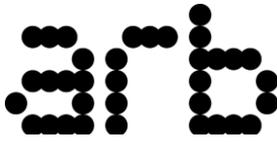
In relation to the potential development of Mutual Recognition Agreements with European and international countries, the risks surrounding future staff capacity were highlighted.

One member of the Committee queried the correlation between some of the identified risks and the internal controls and how these were tracked through. In particular, it was queried why the Brexit Risk Register did not include matters relating to ARB's income and budget given that this could be affected if fluctuations in the numbers on the Register occurred as a result of the UK's exit from the European Union. It was noted that the Brexit Risk Register should be read in conjunction and cross referenced with the relevant items in the overarching Risk Register, which covered these wider areas, including the risks surrounding the numbers on the Register.

## **iii. Criteria and Procedures Risk Register**

The Head of Registration and the Head of Qualifications and Governance highlighted the adjustments which had been made to several aspects of the Criteria and Procedures Risk Register (Annex C), the reasons for the adjustments and the controls which were in place to mitigate these risks.

It was noted that the draft Criteria had been provided to key stakeholders for initial high level feedback and that ARB had received some robust feedback, particularly from the Association for Professional Studies in Architecture, in relation to the current draft. As a result the risk regarding the lack of buy in from key stakeholders had been included as a new risk within the Criteria and Procedures Risk Register. It was noted that ARB and the RIBA had paused their consideration of the draft Criteria in order to reflect on the feedback received from key stakeholders and would resume joint discussions in early 2019. It was confirmed that continued dialogue with stakeholders would also assist in mitigating this risk.



The Committee noted the Criteria and Procedures Risk Register.

## **8. Internal Audit**

### **i. Internal Audit - Management Information**

Paul Rao from Grant Thornton introduced the item and explained that the preliminary findings of the recent Management Information Internal Audit Report had been provided to the Committee for information at this stage. It was noted that management responses still needed to be added but management was likely to accept the findings. Mr Rao confirmed that the audit had produced a 'moderate' assurance rating.

The Committee probed the findings which related to 'Key Person Dependency', and it was reported that plans were in place to mitigate the risks surrounding the knowledge and use of the Sage Finance system. In response to queries raised about the need to access the system in the absence of the Head of Finance and Resources, it was confirmed that the Head of Finance and Resources would be working closely with the Operations Manager over the coming weeks in order to ensure that another individual/s in the organisation had the ability to extract finance reporting information from the system so there would be additional support in this area in future. Mr Rao also confirmed that Sage offered a good external support service in the event that it was required or an emergency situation arose.

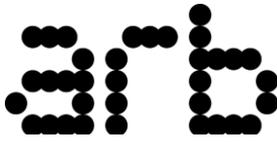
The Registrar noted that the recommendation relating to Website Access within the report would also be reviewed in more detail. It was acknowledged that too many individuals within the organisation had access to the website and could potentially make changes to it. Less access could be achieved as several staff with current access rights did not require them or use them.

It was confirmed that the recommendations resulting from the Management Information internal audit would be added to the outstanding recommendations table and updates on actions taken would be provided at the next meeting.

### **ii. Outstanding Recommendations**

The Registrar introduced this item and explained that there were several outstanding recommendations which had reached their due dates but had yet to be completed. These included: findings 3 and 4 in relation to the Investment Management audit; finding 7 in relation to the Health and Safety audit; and finding 3 in relation to the Registration Process audit. It was noted that the annual Health and Safety Report would be presented to the new Board at its first meeting in 2019.

### **iii. Re-testing of Outstanding Recommendations**



Paul Rao provided an update on the progress of the re-testing of the outstanding recommendations which had been completed. Mr Rao reported that the report had yet to be finalised but that the majority of the re-tested recommendations had been agreed as being completed.

The Committee noted the positive outcomes of the re-testing that had taken place to date and agreed that it was looking forward to receiving information about the remaining recommendations once they had been fully re-tested.

## **9. Work Plan 2019**

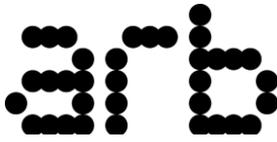
The Registrar introduced this item and explained that the plan had been developed following a review of the Risk Register and previous years' plans. It was noted that 'Complaints' referred to the complaints dealt with by the Professional Standards Team. This had been selected for inclusion in the 2019 internal audit work plan as it had not been reviewed for a number of years and recent changes had been made to the complaints processes. There was also a legal challenge risk associated with this area. In relation to Governance, it was reported that the original internal audit had been postponed from 2018 due to the imminent appointment of the new Board. It was, however, felt important that the audit should take place in late 2019 to follow up changes which would have been made to the General Rules and the Board and Committees' governance structures. It was noted that Payroll and Expenses was the third area that had been selected to be internally audited. Staff would be implementing a new system in this area in 2019 and this was also an area which had been subject to scrutiny within the external landscape.

Members of the Committee queried whether the ten days allocated for the governance audit would be sufficient. It was clarified that the audit would focus on specific areas of governance but that the time allocation could be adjusted in line with the scope as it was developed. It was noted that it may be necessary to undertake two governance audits, one relating to processes and the second relating to outputs. Further consideration would be given to this as the scope for the first audit was developed in 2019.

It was noted that the current contract with Grant Thornton would expire in 2020 and therefore a tendering exercise would need to be undertaken in 2019. It was agreed that a draft scoping document should be brought to the April 2019 meeting for consideration by the Committee.

## **10. AOB**

It was noted that the External Audit scope would be circulated via email following the meeting, but that it was likely to be very similar to the scope which had been used for the 2018 audit. Committee members were asked to confirm their acceptance before the end of the year.



**Action: Head of Finance and Resources to circulate External Audit scope to Committee members for agreement.**

The Chair of the Committee confirmed that this was likely to be the last meeting of the Committee as it was currently constituted. The Committee expressed its thanks to the Internal Auditors, the Staff and particularly the Registrar and Head of Finance and Resources for their support in relation to the Committee's work.

## **11. Dates of next meetings**

24 January 2019

18 April 2019

20 June 2019

24 October 2019

### **Deep Dive Schedule 2019/2020**

January – Accounts

April – Human Resources

July – IT

October - Governance