

# Report from the Chair of the Audit & Risk Assurance Committee (ARAC)

INFO 24/06/02 - Summary Report of 11 June 2024 meeting.

The Committee considered the following items:

## Executive Update

The Director of People and Resources gave an update on the latest work and issues within the FSA and wider government including: the General Election and associated FSA planning, finances and the Budget, spending review, headcount, Annual Report and Accounts, NAO audit and FSADOC retender. She also welcomed the new Risk Manager, Claire Pinder.

## NAO Management Letter 2022/23

The NAO Engagement Director introduced the management letter which detailed the recommendations arising from their audit of the 2022/23 financial statements, together with management's response. ARAC members noted the report and the actions which would be taken forward by management.

## NAO Plan 2023/24

The NAO Engagement Director also introduced the NAO Audit planning report on the 2023/24 financial statements audit. Due to the implementation of the new finance system mid-way through the financial year, additional work was required to assess the work migrating data from the old to the new finance system. There was a discussion on the impact the General Election would have on the timing of the audit and potential laying dates for the Annual Report and Accounts.

## Draft Governance Statement

The Deputy Director, Finance and Planning and the Financial Controller detailed the changes made to the governance statement since 2022/23 to improve and streamline the document. These included Business Appointment Rules, Compliance with the Corporate Governance Code and the Accounting Officer's Review of Effectiveness. ARAC members were content with the changes made and the increased clarity of the document.

## Risk Management Update

The Head of Planning and Performance introduced the latest developments to FSA risk management including changes to the risk appetite statement, the corporate dashboard and a summary of management actions resulting from the recent internal audit. ARAC members

discussed some of the risks and wider strategic implications.

## **Head of Internal Audit's Annual Report and Opinion**

The Head of Internal Audit introduced her 2023/24 annual report and opinion. She gave a Moderate opinion. A Moderate rating states that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.?

## **Regulatory Audit Progress Report**

The Head of Delivery Assurance presented his progress report summarising Regularity Audit Assurance activities for the period 23 February 2024 to 16 May 2024 which ARAC members noted.

## **Update on Food Chain Information and Collection and Communication of Inspection Results Data Handling**

The Head of Operational Assurance and Excellence and the Head of Field Operations gave an update on the work being undertaken by the Operational Modernisation Programme and Field Operations teams to address issues identified during audits of this area. ARAC members discussed the issues raised and noted the progress which is being made to address them.

## **Information Security Annual Report**

The Head of Knowledge Information Management and Security introduced her annual information security report. The report gave an overview of the risks and security improvements that had been made alongside an update on the cyber threat to the UK and Government. ARAC members noted the report and discussed some of the information security risks and mitigations.

## **Annual Review of the Internal Audit Charter**

The Head of Internal Audit detailed the few changes made to ensure that the Charter aligns with the Global Internal Audit Standards. ARAC members and the Chief Executive approved the revised Internal Audit Charter.

## **Annual Report to FSA Board from ARAC Chair**

The ARAC Chair introduced his annual report to go to Board in September. ARAC members were content with the report subject to a small tweak in respect of ARAC Effectiveness.

## **Deep Dive Session – Local Authority Assurance**

The Head of Regulatory Compliance gave ARAC an overview of local government structures and funding before the Head of Delivery Assurance detailed the FSA's assurance approach: a mix of monitoring, performance management and audit. ARAC members gained a greater understanding of the work in this area and proposed future changes.

Below the line papers received for information:

- Complaints

- Risk and Crisis Management Update
- Regulatory Capture
- ARAC Deep Dives

## **Date of next meeting**

10 September 2024 11:00 - 13:00hrs