

AUDIT & RISK ASSURANCE COMMITTEE

Summary Report of 6 September 2021 meeting

The Committee considered the following:

Environmental Management Systems Audit Report

Committee Members discussed the report on the assessment of the FSA's Environmental Management System (EMS). The audit compared the FSA to the minimum standards required for accreditation under the International Organisation for Standards (ISO) for Environmental Management Systems (ISO 14001:2015). Members heard and complimented FSA Management for implementing the agreed action plan to address the risks and issues identified. A follow-up audit is scheduled for 2021/22.

Counter Fraud, Corruption and Bribery Update

The FSA is reviewing and developing its arrangements, in conjunction with the Government Internal Audit Agency, to manage fraud, bribery and corruption risk so that it fully aligns with the Functional Standard GovS013 which sets the expectation for managing fraud, bribery and corruption risks in government organisations. Phase 1 of this work is now complete with phase 2, focussing on developing a new fraud, bribery and corruption strategy, now starting with a further progress report to ARAC in early 2022.

Risk Management Update

Committee Members were updated on, and reviewed, the latest iteration of the corporate risk register following the last quarters progress and changes. Points on specific risks were discussed, the risk ratings and management's mitigating actions reviewed.

Financial Accounts Update

The Westminster and Consolidated Annual Report and Accounts are awaiting third-party assurance on the London Pensions Fund Authority. This is outside the FSA's control. The pension fund audit report is expected mid to late September and, once received will be shared with Mazars before sign-off by the FSA Accounting Officer of the final Annual Reports and Accounts will be requested, ahead of the National Audit Office's (NAO) final review and submission for digital certification by the Comptroller and Auditor General. Publication and laying in Parliament of the FSA's Westminster and Consolidated accounts is now expected late September/early October.

Information Security Report

Members were updated on emerging threats and risks and the delivery of the 21/22 security improvement plan. The focus of the last quarter has been on improving governance; increasing security capacity; and reviewing security capability against government standards. Work on improving governance, prioritisation of new work and ensuring a security by design approach is embedded, continues.

ARAC Self-Assessment

The outcome of Members completing the NAO's self-assessment toolkit is that while the Committee has an appropriate and current range of skills and experience there are opportunities to improve in the areas of cyber-security; new member induction and assurance mapping. Actions were agreed to address these areas to improve on.

Audit Assurance Progress Report

The Head of Audit Assurance outlined the audits issued, in progress and scheduled, along-with outstanding and overdue actions. Committee Members were updated on the plans for the Local Authority Audit teams in England, Wales and Northern Ireland. The recommendations of the Maude report, published in July, will be considered by FSA Executive Management in conjunction with the Ernst & Young report, shared with ARAC in May.

AOB

Committee Members agreed the minutes from the August ARAC meeting and discussed the actions being taken following that meeting. Work is ongoing and will be reported to ARAC in November.

SUMMARY REPORT OF 11 AUGUST 2021 MEETING

The Committee met to discuss the in-depth review of the FSAs approach to significant commercial contracts. Members were provided information on the tender and contract award decision-making processes; the current contract management process; risks and benefits of current contracts; and the FSA's approach to transparency in relation contract significant contracts. Actions were agreed with updates to be provided to future Committees.

Date of next meeting: 24th November 2021.