

## Report from the Audit Committee

For Board approval	
For Board brief	
For Board steer	
For Board information	

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Audit Committee Chair

**Date:** 15 January 2015

## **Executive summary**

1. This paper informs the Board of the matters covered at the Audit Committee (the Committee) meeting on 4 December 2014. There are no matters requiring decisions by the Board.

## **Background**

2. The Committee covered the following matters at its meeting:

### **Internal Audit Programme**

3. The Internal Audit Programme for 2014-15 is being completed in line with the agreed plan.

4. Internal Audit (IA) presented reports on the following exercises:

- Code of Practice for Official Statistics

IA reviewed the way in which the Commission complies with the Code of Practice for Official Statistics. Two significant recommendations and three housekeeping recommendations have been made. The significant recommendations relate to:

- The manual manipulation of data in order to produce some statistics, eg Drop and Win Statistics, and the inherent risks of inaccuracies; and
- The quality of data collected through the Regulatory Returns process.

Actions have been agreed to address both issues together with completion timescales.

- Improving Data Quality Phase 1

This review focussed on the activities designed to address data quality issues and improve data quality processes. One significant recommendation and one housekeeping recommendation have been made.

The significant recommendation related to the level of fine imposed for failure to supply information in a timely and accurate manner. IA expressed concern that the fines are currently too small to provide a significant motivator for compliance. The Executive are considering the recommendation. (NB the current level of fines was set by the Board.)

## **External Audit**

5. The Audit Planning Report from NAO was reviewed and noted. This report sets out the NAO's assessment of risk to the financial statements, management's response to these risks and the proposed audit plan to address the risks. It is considered that the risk of the financial statements being materially misleading due to fraud is low.

## **Governance**

6. An update on the status of completion of IA recommendations was reviewed and good progress noted. It was noted that the IA recommendations in respect of the NLC had now all been incorporated in the Commission's tracking document.

## **Risk Management**

7. The Committee reviewed the Corporate Risk Register for the Commission, which had been updated to reflect the outcome of the Board's Omand session.

## **CIPFA Financial Management Model Effectiveness**

8. An exercise has been completed which benchmarks the Commission against the Financial Effectiveness Model developed by CIPFA. Overall the Commission performs broadly in line with the benchmarks. As can be expected there are areas of strength and areas needing development. Two of the key development areas are:
  - More direct Finance engagement in strategic decision-making, resource allocation and business development; and
  - Increasing the financial management capability and capacity of the Commission both within the finance department and more broadly.
9. Actions are being put in place to implement the recommendations flowing from the benchmarking exercise.

## **Standing Items**

10. An oral report on developments in the Finance Department and Information Management and Data Security was presented.

## **Issues**

11. There are no issues the Committee believes need to be raised with the Board.

## **Recommendations**

12. The Board is asked to consider this paper, discuss any items they believe appropriate providing guidance to the Committee where necessary, and note the content of this paper.