

17 July 2024

Audit and Risk Committee annual report to the Board

Purpose: For approval

1. Introduction

- 1.1 The purpose of this report is for the Audit and Risk Committee (ARC) to provide assurance to the Accounting Officer and the Board about the effectiveness of the Authority's system of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.

2. Overall Conclusion

- 2.1 The committee has reviewed the annual report and accounts and the information available to the committee enables it to confirm that the statements made by the Accounting Officer in the 2023/24 Governance Statement regarding governance, risk and internal control are accurate and demonstrable.

Governance

- 2.2 The Board carried out a complete review of all governance frameworks during 2023/24 taking account of best practice and ARC advice.

Risk management

- 2.3 The Board completed a thorough review of its risk management policies and practices during 2023/24 taking account of ARC advice. The committee actively considered and challenged the risk register on a regular basis.

Internal Audit Opinion

- 2.4 The Head of Internal Audit in his report for 2023/24 stated that: 'The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'. This is the second highest assurance level out of four.

External Audit Opinion

- 2.5 PSA received an unqualified opinion from the Comptroller and Auditor General regarding the Annual Report and Accounts for 2023/24.

3. Supporting evidence

- 3.1 There were no whistleblowing or fraud incidents reported to the committee in the 2023/24 year.
- 3.2 The committee continues to regularly review and challenge the risk register prior to it being submitted to the Board for discussion.
- 3.3 The committee reviewed the revised governance framework (May 24) prior to it being submitted to the Board (July) for approval.

4. Internal Audit

- 4.1 RSM were our internal auditors for 2023/24.
- 4.2 Their internal audit work this year focused on:
 - Risk Management
 - Project Management
 - Appointment of Council Members
 - Business Principles

Risk Management

- 4.3 This review received Reasonable Assurance. Three medium priority recommendations were made. One was around training, one was around documenting owners of mitigating actions in the risk register and the third was for the Board to update their risk appetite following the addition of new members. All recommendations will have been implemented by 30 June 2024.

Project Management

- 4.4 This review received Reasonable Assurance. One Medium and two Low priority recommendations were made around improving the project methodology documentation to better capture milestone monitoring and how to maintain visibility over outsourced projects. These recommendations have already been implemented.

Appointment of Council Members

- 4.5 This review received Reasonable Assurance. One Medium priority recommendation was made in relation to producing a procedural document to clearly outline the processes to be followed. This has been completed

Business Principles

- 4.6 The review received Substantial Assurance and no recommendations were made.

5. Risk management and control

- 5.1 The management of risk is integral to the Authority fulfilling its objectives.

- 5.2 The Senior Management Team review the risk register quarterly. The updated register is considered by the Audit and Risk Committee and thereafter by the Board. Risks are added, updated or deleted outside of this process when the need arises.
- 5.3 The most significant risks for 2023/24 related to
- Fitness to Practise backlogs, in particular that they could compromise regulatory effectiveness and therefore reduce public protection
 - Regulatory reform and in particular the risk that it is implemented poorly, subsequently reducing the effectiveness of regulation.
 - Inconsistent approaches to accessing criminal record checks, and the risk that it could lead to an individual who poses a risk to patient safety being able to register.
- 5.4 Appropriate steps have been taken to mitigate the respective risks.
- 5.5 The Executive Leadership Team develops and maintains the internal control framework and provides assurance to the Audit and Risk Committee, which in turn provides strategic advice to the Board, where overall responsibility is held that the PSA's arrangements are effective.
- 5.6 The key elements of the system of internal control include:
- Financial procedures detailing financial controls, the responsibilities of and authorities delegated to the executive Leadership Team
 - Business planning processes setting out the PSA's objectives supported by detailed annual income, expenditure, capital and cash flow budgets
 - Regular reviews of performance along with variance reporting, scenario planning and re-forecasting
 - The assurance framework.

6. Information Security

- 6.1 The committee undertook its annual assessment of information risk management in May 2024 and this fed into the Governance Statement published in the Annual Report and Accounts.

7. Membership

- 7.1 The committee membership is as follows:
- Chair – Frances Done
 - Members – Nick Simkins, Tom Frawley and Amrat Khorana (part year).

8. Meetings

- 8.1 The committee met four times between 01 April 2023 and 31 March 2024.
- 8.2 Attendance was as follows:

Committee member	Number of meetings attended
Frances Done CBE	4/4
Nick Simkins	4/4
Tom Frawley	4/4
Amrat Khorana	2/2

9. Summary

- 9.1 I am grateful to the Audit and Risk Committee members for their help and support during the year.
- 9.2 In conclusion, I would like to thank the executive for their support to the committee and myself as Chair.

Frances Done
Chair

Audit and Risk Committee