Pwyllgor Archwilio a Sicrwydd Risg Comisiwn y Cynulliad
Assembly Commission Audit & Risk Assurance Committee

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Date: 3 February 2014
Time: 11.00 – 13.00
Venue: Conference Room 4B, Tŷ Hywel

Minutes of the meeting held on 3 February 2014

Present:

Members
Eric Gregory (Independent Advisor and Committee Chair)
Keith Baldwin (Independent Advisor and Committee Member)
Hugh Widdis (Independent Advisor and Committee Member)
Angela Burns (Assembly Member and Commissioner)

Officials
Claire Clancy, Chief Executive and Clerk, and Accounting Officer
Dave Tosh, Director of ICT
Steven O'Donoghue, Head of Resources and Director of Finance
Kathryn Hughes, Risk Manager and Committee Clerk
Gareth Watts, Head of Internal Audit
Vicky Davies, TIAA
Mark Jones, Wales Audit Office (WAO)
Richard Harries, Wales Audit Office (WAO)
Buddug Saer, Secretariat
Item 11 - Sarah Dafydd, Official Languages Scheme Manager

1.0   Introductions and apologies

Item 1 – Introductions, apologies and declarations of interest.

1.1   The Chair welcomed the attendees to the meeting, including Gareth Watts, the Head of Internal Audit, to his first Committee meeting.

1.2   No interests were declared.

1.3   The Chair thanked the clerking team for issuing such comprehensive papers in a timely manner. He also noted that this was a full agenda and those presenting items should highlight the key points from their papers, indicating clearly what they require from Committee members.

2.0   Minutes and matters arising

Item 2 - Minutes of the meeting on 7 November 2013, actions and matters arising

2.1   The minutes of the November meeting had been agreed outside of the meeting by the previous Committee chair, Richard Calvert.

2.2   Committee members discussed the outstanding actions from previous meetings. Officials agreed to provide an update at the April meeting on actions relating to cost implications of inaccessible policies (as part of the VfM considerations) and security vetting procedures.

3.0   <u>Internal Audit</u>

Item 3 – Head of Internal Audit's Report

Item 4 – Internal Audit Recommendation Monitoring

Item 5 – Proposed Internal Audit Strategy and Periodic Work Plan

- ACARAC (21) Paper 2a - Head of Internal Audit Progress Report
- ACARAC (21) Paper 2b - Internal Audit Recommendation Monitoring
- ACARAC (21) Paper 2c – Updated Internal Audit Strategy 2013-16

3.1   Gareth Watts described how, since his appointment, he had been working collaboratively with TIAA (the Commission's outsourced Internal Audit service provider), and key stakeholders within the Commission to plan and deliver the internal audit programme. He was pleased to report that he had no concerns that the Committee needed to be aware of and expressed his view that the Commission took its governance arrangements seriously. He would continue to work with TIAA and other officials to ensure delivery of the planned programme of work.

3.2   As detailed in paper 2a, Gareth reported that progress against the 2013-14 internal audit plan was on track, with scoping underway for outstanding audit work. A scoping exercise was also underway for an audit of the Commission's recruitment procedures following a request from the Chief Executive, and fieldwork for this would commence in due course.

3.3   Gareth informed the Committee that he and the WAO would present a working protocol that was being developed in conjunction with TIAA at the next meeting.

3.4 Gareth presented paper 2b which summarised the status of previous internal audit recommendations. He highlighted two outstanding recommendations that he would continue to follow up, although he did not consider that these represented an unacceptable level of risk to the Commission.

3.5 Gareth then presented paper 2c, the Annex of which was an updated Internal Audit Strategy for 2013-16. The strategy had been revised to reflect changing challenges for the Commission. It included a number of proposed areas to cover in the 2014-15 Audit Plan, including a focus on Programme and Project Management.

3.6 Committee members commented on the usefulness of the recommendation monitoring report and asked Gareth to ensure the status of current and outstanding recommendations were clearly explained.

3.7 Gareth agreed to give further consideration to additional audit work for the Business Directorate for inclusion in a revised version of the 2014-15 Audit Plan which would be tabled at the April meeting.

3.8 The Chair thanked Gareth for his comprehensive update.

Actions

− Gareth to provide more detail on outstanding internal audit recommendations at future meetings. Including progress vs target dates agreed with sponsors.

− Gareth to refine Internal Audit Strategy and present the 2014-15 plan at the April meeting.

Item 6 – Latest Internal Audit Report

• ACARAC (21) Paper 2d - NAW Business Continuity Planning (TIAA)

3.9 Vicky Davies of TIAA introduced the Internal Audit report on Business Continuity (BC) Planning. This was a full scope review and Vicky confirmed that there had been good co-operation from Commission staff. The review had resulted in a "satisfactory" opinion with progress being made on the six key recommendations identified in the previous review in October 2013. The work to develop the Commission's BC plans continued to be driven by the dedicated

Business Continuity Manager, aided by a BC expert from Cardiff City Council.

3.10   Committee members questioned whether the timescales for scenario testing were realistic given the amount of planning needed and whether consideration had been given to the engagement of Assembly Members and their support staff (AMSS) in the planned exercises.

3.11   Claire Clancy mentioned that the Scottish Parliament were planning to engage with their Members this year to get them signed up to their BC plans.

3.12   Steve O'Donoghue was pleased with the findings of the audit report and informed the Committee that the dedicated resource for continuing with the BC work had been moved to his remit. He confirmed that a test using Siambr Hywel for plenary business was planned in April. Vicky expressed confidence that the BC Manager was extremely knowledgeable and capable of delivering to the timescale. It was agreed that a communications plan was essential and Steve confirmed that this formed part of the forward planning for the BC work.

3.13   The Chair asked for an update to be included when the minutes were circulated.

Action

–   Gareth and Steve to update on progress against recommendations from the Business Continuity Internal Audit report to be included as an annex (in particular, details of completion of service level BC plans).

•   ACARAC (21) Paper 2e - NAW Estates Management - Facilities Management Contract (TIAA)

3.14   Vicky introduced the Internal Audit report on the Facilities Management Contract. This was a limited scope review which resulted in a "reasonable" opinion. The review highlighted that, whilst the use of performance information provided by the contractor was not ideal, there were controls in place to ensure that the information was sufficiently challenged. There were also sufficient controls to challenge dilapidation reports before any work was carried out.

3.15 In response to the Committee's questions about the timeliness of this review, Claire confirmed that Mike Snook had identified this as an area of weakness shortly after he took over responsibility for Facilities Management. Claire added that the usual approach of directing audits to areas of identified weakness had been adopted which had resulted in this audit being built into the 2013-14 Audit Plan.

3.16 It was also noted that the contract had been awarded, and the approach to the monitoring of performance of the contract, had been developed prior to the significant improvements to procurement and contract management procedures which have been introduced since the appointment of the Head of Procurement.

3.17 It was agreed that an update on progress against recommendations and their effectiveness would be provided to the Committee at a future meeting.

Action

− Steve O'Donoghue and Mike Snook to revisit the facilities management contract in relation to implementation and effectiveness of internal audit recommendations as part of future follow up audit work.

Item 7 – Internal Audit Follow-up Report

- ACARAC (21) Paper 2f - Internal Audit Follow up Report

3.18 The Committee noted the paper and Gareth agreed to refine the detail on tracking of progress against outstanding recommendations in time for the April meeting.

4.0   External Audit

Item 8 – Audit Outline for 2013-14 Financial Statements

- ACARAC (21) Paper 3 - Annual Audit Outline Final (WAO)

4.1 The Chair thanked Mark Jones and Richard Harries, WAO for their paper and asked them to highlight any specific points of detail.

4.2 Mark noted that the risks that were outlined were standard for the auditing of all accounts, as opposed to any specific risks they had identified for the Commission's accounts. He also informed the Committee that, in addition to the standard auditing of Members'

expenses, they had been asked to carry out a sample audit of payments for Assembly Members' Support Staff (AMSS). This would focus on the checks and controls in place when these claims were processed.

4.3   It was noted that, due to resourcing issues within the Commission, the planned work on an audit of the HR & Payroll project had been postponed until April. Steve O'Donoghue added that the first phase of the HR & Payroll project had been implemented and that resources were concentrating on day to day management of the new system as well as development of the next phase of the project. Benefits and savings would be evaluated in November 2014, one year after the go live date.

4.4   Richard Harries informed the Committee that they would not be in a position to provide details of the audit fees until the April meeting as these had yet to be agreed across the public sector. In response to questions about the valuation of the Commission's estate, the WAO assured Committee members that the company used met auditing standards and that they did not have any concerns.

Item 9 – update from WAO on any other matters
- Oral item

4.5   Mark Jones referred to his attendance at a recent Management Board meeting to outline what they would look for in a good Governance Statement. The WAO had valued the opportunity to share their views and believed this collaborative approach had worked well. The Chair commended this approach as a good example of collaborative working.

5.0   <u>Assembly Commission Governance</u>

Item 10 – Corporate Risk Summary Report

- ACARAC (21) Paper 4a - Corporate Risk Report
- ACARAC (21) Paper 4a Annex A - Corporate Risk Summary Report
- ACARAC (21) Paper 4a Annex B - Corporate Risks plotted

5.1   Steve introduced the paper, informing the Committee that the corporate risks had recently been reviewed by the Management Board where they had discussed the need to have stronger evidence for removing risks from the Corporate Risk Register. As part of their

regular horizon scanning, the Management Board also discussed risks around the impact of the Silk Commission and planning for the fifth Assembly elections but felt that such risks did not yet need to be added to the register as plans were in progress to handle them.

5.2 In response to questions from Committee members about the process of identifying and removing corporate risks, Claire explained that judgement was made to allow a focus on risks that needed to be actively, and imminently, managed at a senior level. She added that, as well as Management Board identifying key risks, individual service areas also captured risks to the delivery of their service objectives and these were reviewed regularly. Significant or emerging key risks were then considered by the Management Board for inclusion on the Corporate Risk Register.

5.3 The Chair agreed on the importance of a joined up process i.e. risks deriving from the Management Board as well as from a service level or Investment Board, and of regular review of the risks. The Committee agreed to further review the risks around the Future ICT Services project at the April meeting.

Action

– Clerking team to ensure that consideration of ICT Transition risk at April meeting is an agenda item.

Item 11 - Critical examination of one identified risk
- ACARAC (21) Paper 4b - Examination of Official Languages Scheme risk (TRS6)
- ACARAC (21) Paper 4b Annex A - Official Languages Scheme

5.4 Claire and Sarah Dafydd provided the Committee with some background to this item. The Official Languages Act was passed in 2012 and the scheme was approved by the Assembly in 2013. The scheme was very ambitious and the Commission was required to report on progress by July 2014. Considerable progress had been achieved, especially around the tailored services offered by Committee Service and the Research Service. A machine translation tool, which had been developed in partnership with Microsoft, will be launched at the end of February. This tool will not be 100% accurate from day one, but the Translation and Reporting Service (TRS) will provide a machine translation text checking service in addition to the other services it provides. Over the coming months a language skills

audit would be carried out to identify areas for concentrated effort and the Welsh language tuition contract was also under review to ensure the continued provision of training for Commission staff as well as Assembly Members and AMSS.

5.5 Committee members wished the Commission well with the ambitious plans for implementation of the scheme, especially considering the timescales and the potential limitations of machine translation. They also urged officials to manage expectations of all stakeholders and include their feedback in the July progress report, and to ensure that the Official Language Co-ordinators (OLC) were fully briefed as they felt that their role was essential.

5.6 Claire thanked the Committee members for their comments and was aware of the reputational risks surrounding the implementation of this scheme. She also mentioned the scheduled review of the Record of Proceedings by the Assembly Commission, which could lead to further new developments.

Item 12 – Promoting cooperation between auditors and other review bodies

- Oral item

5.7 The Chair introduced this item and explained the Committee's role in promoting co-operation between auditors and other review bodies. He recognised that the Commission already had links with other providers of assurance, such as Investors in People, but the Committee members were asked to consider who else they might collaborate with. The item would be revisited at the April meeting.

Item 13 – External audit opinion of committee effectiveness

- Oral item

Item 14 – Consider committees own effectiveness

- ACARAC (21) Paper 4c - Effectiveness of the Committee
- ACARAC (21) Paper 4c Annex A - NAfWC Audit Committee self-evaluation report of survey 2012

5.8 It was agreed that the WAO should carry out the survey on the effectiveness of the Committee for the reasons outlined in the covering paper. Assembly officials would work with WAO to develop the questions and the Chair asked Committee members to feedback

their potential questions to the clerking team. Questions for the survey would be approved by the Committee at the April meeting and results of the survey would be presented at the June meeting.

5.9 The Chair expressed the importance of a 100% completion rate and of the use of narratives in responses as well as the statistics.

5.10 Angela Burns highlighted the opportunity for 360 feedback, and it was agreed that consideration would be given to carrying out a 360 degree feedback exercise to supplement the survey results.

Actions

– Committee members to feedback to the Clerk potential questions that they would like included in the effectiveness survey.

– Questions for the effectiveness survey to be approved by the Committee at the April meeting and results of the survey to be presented at the June meeting.

– Steve to consider 360 degree feedback as part of evaluating the effectiveness of the Committee.

Item 15 – Discuss issues in preparation of the Committee's annual report

- Oral item

5.11 The Chair asked Committee members to review the framework of the two previous annual reports (to be circulated) and feedback suggestions to the clerking team on areas of emphasis for the 2013-14 report by the end of February. The team will then produce a draft annual report in March in time for the Committee's approval at the April meeting.

Actions

– Clerking team to circulate link to previous Annual Reports to Committee members as soon as possible.

– Committee members to review the framework of the Annual Report (link to be circulated) and provide comments on areas of emphasis by the end of February.

Item 16 – Review of committee's terms of reference

- ACARAC (21) Paper 4d - Committee's Revised Terms of Reference
- ACARAC (21) Paper 4d Annex A - ACARAC Terms of Reference (Feb 2014)

5.12 The Terms of Reference (ToR) were agreed subject to one minor amendment which Keith Baldwin had highlighted: to remove reference to non-executive directors as this was not relevant.

Action

– Clerking team to revise and publish updated ACARAC ToR as soon as possible.

Item 17 – Review of the Assembly's Commission's assurance framework

- ACARAC (21) Paper 4e - Assembly Commission Assurance Framework
  ACARAC (21) Paper 4e Annex A - Assembly Commission Assurance Framework

5.13 Steve O'Donoghue introduced the paper which asked the Committee to comment on the approach to developing a formal Assurance Framework for the Commission and to share experiences they may have in other organisations.

5.14 Committee members agreed with the approach and noted that the Commission was starting from a strong position in terms of identifying and capturing sources of assurance. Hugh encouraged officials not to rely too heavily on other models as it needed to focus on what would work best for the Commission.

5.15 The Chair thanked Kathryn Hughes for leading this work and agreed that a final version would be tabled at a future meeting when it had been approved by the Management Board.

Action

– Clerking team to circulate the assurance framework to Committee members for information when approved by Management Board.

6.0 Other items

Item 18 – Departures summary

- ACARAC (21) Paper 5a - Departures Summary

6.1   Two departures from normal procurement procedures were noted.

Item 19 - ACAC Forward work programme

- ACARAC (21) Paper 5b - Forward Work Programme

6.2   Consider timetabling and longer term forward work programme prior to the next meeting.

Item 20 – Asset Accounting Policy

- ACARAC (21) Paper 5c - Asset Management within the Commission
- ACARAC (21) Paper 5c Annex A - Asset Management within the Commission
- ACARAC (21) Paper 5c Annex B - Asset Management within the Commission

6.3   Steve introduced this paper as a paper to note, following a request from the Committee for further details on the asset accounting policy at the meeting in June 2013.

6.4   The Committee thanked Steve for the update which they found clear and helpful.

7.0   <u>End of meeting</u>

7.1   The Chair concluded the meeting by thanking everyone for their papers, contributions and questions.

8.0   <u>Private session</u>

8.1   A private session was attended by the WAO and Committee members. No Assembly officials were present and no minute was taken.