



Pwyllgor Llywodraethu Corfforaethol Corporate Governance Committee

**Minutes of 7 February 2008, 14.00-15.30,
Conference Room 4b**

Present:

Members

Richard Calvert (Independent Adviser) (Chair)
Tim Knighton (Independent Adviser)
Prof Robert Pickard (Independent Adviser)

Attendees

Claire Clancy (Chief Executive and Clerk)
Dianne Bevan (Chief Operating Officer)
Steven O'Donoghue (Head of Financial Services)
Mark Jones (Wales Audit Office)
Mike Usher (Wales Audit Office)
Helen Cargill (RSM Bentley Jennison)
Craig Stephenson (Corporate Unit, secretariat)
Meriel Singleton (Corporate Unit, secretariat)

Apologies:

William Graham AM (Assembly Commissioner)
David Taylor (RSM Bentley Jennison)
Kevin Willoughby (Corporate Unit, secretariat)



Item 1 - Welcome and Introductions

The Chair welcomed Professor Robert Pickard. Apologies had been received from William Graham AM, David Taylor and Kevin Willoughby.

Item 2 - Declaration of Interests

Members confirmed they had no interests to declare.

Item 3 - Minutes of Meeting Held on 7th February 2008

The Committee agreed the minutes of the last meeting.

Item 4 – Matters Arising

The actions from the previous meeting had been completed, namely secretariat to circulate a copy of Managing Public Money to members and Steven O'Donoghue to take forward work to ensure that management of change is added into the internal control assessment process. There were no other matters arising.

Item 5 – Corporate Governance Committee Core Work Programme

The Committee noted and discussed the Core Work Programme

It was agreed to include the following additional items:

- A review of the Committee's Terms of Reference.
- Completing the National Audit Office Self-Assessment checklist, as an annual way to measure the effectiveness of the Committee.
- Training needs – to establish whether any members or officials of the Committee need training.
- Views of External Audit review on the effectiveness of the Committee.
- Corporate Governance Committee review of the effectiveness of internal and external audit and their relationship.
- Fraud Policy.
- Data Security.
- Whistle blowing procedures.

Action: Secretariat to add additional items and consider timetabling.



The Committee discussed the timing of the discussion of the Wales Audit Office's Management letter which was currently programmed for October. They felt this may be too late in the year. It was agreed an additional meeting should be held in July, prior to the signing of the full financial statements, which would consider the final statement of Internal Control and the ISA260 report.

Action: Secretariat to arrange an additional meeting in July

The Committee agreed the Committee members should have closed private sessions with the internal auditors, external auditors, and Executive Board members.

Action: Secretariat to arrange meetings

Item 6 – Review of Actions in Response to Wales Audit Office Management Letter

The actions identified in the Wales Audit Office Management letter had been resolved, including in relation to the ICT assets. Steve O'Donoghue confirmed that he was at the point of agreeing a formal handover of assets to the Assembly Commission. The Wales Audit Office confirmed they would be reviewing the ICT assets and the balance sheet in their February 2008 Audit.

Item 7 - Audit Framework for 2007/ 2008 – Wales Audit Office

Mark Jones introduced the Wales Audit Office's Audit Framework for 2007/08 and highlighted the key points which included the responsibilities of the Auditor General and Accounting Officer, and details of the Accounts risk assessment.

The Committee discussed best practice for virements between accounts. Mark Jones advised it was up to the discretion of each organisation but it would usually be up to about 10% of the budget.

Steve O'Donoghue said he was confident that the necessary processes were in place across the organisation for managing the 2007/08 accruals.

Item 8 – Internal Control Assurance

Claire Clancy explained the steps taken to prepare for the compiling of the Statement of Internal Control. She said that the interim assurances received



so far had revealed a reasonable level of confidence. It was intended to produce a draft Internal Control statement for the next meeting. The approach adopted by the Commission had been selected because it was more flexible than alternatives, but its effectiveness would be reviewed after the first year.

The Committee discussed the benefit of having some standardised data, for example relating to HR and Finance matters, included in the Internal Control Statement, to compare the judgements made by staff and actual performance. Steve O'Donoghue said this sort of data had initially been omitted to avoid the statement becoming a tick box exercise. It was agreed the Commission staff would consider this, when drafting the final statement.

Item 9 – Significant Risk Register

Claire Clancy provided the Committee with an update on the development of a significant risk register for the APS. She said an initial exercise where Services had been asked to identify what they thought were risks, had not progressed as quickly as hoped. To help inform future discussions on risk and provide some further direction, the Executive Board had undertaken a workshop based around the five main strategic goals and what they thought the risks associated with not achieving these were. The intention was now for Service Heads to undertake a similar workshop to identify relevant risks. The risk register should be complete by the end of April.

Robert Pickard suggested it would be valuable to do some simulation exercises on the key risks. The Committee agreed this would be especially valuable in areas like Business Continuity.

The Committee agreed it was important to progress this work as quickly as possible, and that it would need to be a live document, as risk was constantly changing.

Action: Executive Board to continue work on risk.

Item 10 – Reports from Internal Auditor

The Committee noted the reports from the Internal Auditors on Key Financial Controls, Payroll/HR and follow up audit on Members Allowances. The format for monitoring audit recommendations was discussed and it was agreed that a system of traffic light markings should be added to the table, to help identify areas of particular interest.

The Committee agreed that they should be sent full copies of all future reports.



The Committee discussed the level of internal audit and advised Claire Clancy to consider whether the current programme was sufficient, as in most circumstances the annual cost of internal audit would normally be expected to be two or three times higher than external audit.

Action: Secretariat to consider adding the traffic light markings to monitoring audit recommendations table.

Executive Board to consider the number of days currently allocated for Internal Audit.

Item 11 – Internal Audit Forward Work Programme

The Committee discussed the proposed work programme. It was agreed it was sensible to defer the Business Continuity Planning audit, given the recognition in the APS that this needed to be fully reviewed and the possibility of employing a consultant to undertake this. The Committee agreed it was important to include data security on the Internal Audit programme for this year. There was a discussion on current measures within central government to ensure there was adequate data protection and Tim Knighton agreed to forward the current central government guidelines to Claire Clancy.

Helen Cargill explained that RSM Bentley Jennison would be undertaking some efficiency audits during the course of the year in areas like procurement to see whether systems could be streamlined.

Item 12 – Any Other Business

Mike Usher said the Wales Audit Office had advised the trustees of the AMs' Pension Scheme to draw up a Memorandum of Understanding with the Commission staff who undertake the secretariat duties, in order to clarify roles, secretariat and succession planning for the scheme.