

Concise Minutes – Senedd Commission Audit and Risk Assurance Committee

Meeting Venue:

Video Conference via Zoom

Meeting date: Friday, 18 June 2021

Meeting time: 10:30

Attendance

Category	Names
Members of the Committee:	Robert (Bob) Evans (Chair) Ann Beynon Suzy Davies MS Dr Aled Eirug
Commission Staff:	Manon Antoniazzi, Chief Executive and Clerk, and Accounting Officer Dave Tosh, Director of Senedd Resources Nia Morgan, Director of Finance Gareth Watts, Head of Governance and Assurance Gareth Lucey, Audit Wales Ann-Marie Harkin, Audit Wales Kathryn Hughes, Committee Clerk and Risk and Governance Manager Buddug Saer, Deputy Committee Clerk Arwyn Jones, Director of Communication and Engagement (Items 5–9)



	Siwan Davies, Director of Senedd Business (Items 7–9) Sulafa Thomas, Head of Commission and Member Support (Item 9)
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1 Introductions, apologies and declaration of interests

- 1.1 The Chair welcomed everyone to the meeting, the main focus of which was to consider items relating to the Commission's Annual Report and Accounts. There were no apologies. Suzy Davies was attending in her capacity as Commissioner because the new Commissioners for the Sixth Senedd had yet to be appointed.

2 Minutes of 23 April, actions and matters arising

ARAC (03-21) Paper 1 – Draft Minutes of 24 April 2021

ARAC (03-21) Paper 2 – Summary of actions

- 2.1 The minutes of the 24 April meeting were agreed. In response to a question around the internal audit review of ICT asset management, Gareth Watts confirmed that the work had not yet been completed and that the report would be circulated out of committee. He also clarified that he would be working with the Members' Business Support team on the scope of the remaining parts of the review and would factor in a suggestion from Suzy to include discussions with departing Members.
- 2.2 The Chair noted the completion of actions in the summary table and advised that Suzy's reflections on her membership of the Committee had been discussed with Manon.

3 G&A update report (including a review of progress on implementing recommendations and actions arising from previous reports)

Oral item

- 3.1 Gareth Watts provided an oral update on progress against outstanding audit work. Fieldwork for the audit of Members' expenses had been completed and used by Audit Wales as part of their audit of the Commission's accounts. He would circulate a report to the Committee once completed. He would also be working on a wider asset management review as well as an audit to provide assurances required by the Chief Executive as Accounting Officer relating to the Welsh Consolidated Fund. He had also agreed with the Chair that he would present an update on the implementation of audit recommendations to the Committee at its July meeting.
- 3.2 The Chair invited Gareth Watts to outline his assurances in relation to the Annual Report and Accounts. He confirmed the moderate level of assurance on governance, risk management

and internal audit provided in his Annual Report and Opinion in April. He confirmed he was content from an internal audit perspective that the accounts could be signed.

4 Consider External Audit opinion (ISA 260 Report) for the financial year 2020–21

ARAC (03-21) Paper 3 – ISA260 Report

- 4.1 The Chair welcomed Ann-Marie Harkin and Gareth Lucey to the meeting.
- 4.2 Audit Wales (AW) commented on the superb support received from Nia Morgan and the Finance team and thanked everyone involved for all their efforts in what was the second year of completing the audit remotely. Ann-Marie noted that the completion of the accounts so early was a great achievement with very few issues arising. Ann-Marie apologised for the confusion over who would sign the accounts and confirmed that she would be signing them on behalf of the Auditor General for Wales due to his previous employment at the Commission.
- 4.3 She highlighted one uncorrected misstatement of £273,000 for what Audit Wales considered to be misclassification of capital expenditure. Ann-Marie acknowledged that this was a grey area in accounting terms but Audit Wales technical team had advised that it be recorded as capital as opposed to revenue expenditure. She advised that this was well below the threshold of materiality and had no impact on the audit opinion.
- 4.4 Audit Wales intended to issue an unqualified audit opinion on the accounts.
- 4.5 Nia welcomed the opportunity to raise her concerns with the Committee about what she believed was the inconsistent approach taken by Audit Wales on this type of spend. She highlighted that, in previous years, more significant spend on building improvements had been correctly stated in the accounts as capital spend. She had discussed the issue at length with her team and Audit Wales and considered this to be a disagreement as opposed to an error as implied in the ISA260 report.
- 4.6 Nia also wanted to record her thanks for the phenomenal effort by members of her team to achieve such a successful and timely outcome.
- 4.7 The Chair thanked Nia and Audit Wales for the courteous and diplomatic way in which they had expressed their difference of opinion and acknowledged the frustration around the inconsistency and late identification of the issue, particularly given its low value. He encouraged both parties not to let this issue adversely affect their good relationship and to liaise closely on the treatment of future investment in the estate in the accounts. The Chair requested details of the advice provided by the Audit Wales technical team to inform the future treatment of this type of spend. Whilst noting this was not standard

practice, Audit Wales agreed to share the technical advice with the Commission. The Chair welcomed the unqualified audit opinion and the early completion of the audit which was an excellent achievement. He would welcome feedback from the lesson learned sessions at the Committee's autumn meeting including details of any future discussions..

- 4.8 The Chair was pleased to hear that the Auditor General for Wales would sign the accounts next year and would arrange to meet with him privately over the summer. Ann-Maire assured the Committee that he had been fully sighted on the accounts.

Actions

- **Audit Wales to share advice from technical team with the Commission's Finance Team.**
- **Nia Morgan to feedback to the Committee on discussion with Audit Wales around accounting for capital and revenue expenditure.**
- **Chair to meet Auditor General to follow up the issues raised.**

5 Consider the Commission's Annual Report and Statement of Accounts 2020–21 (to recommend the signing of the accounts)

ARAC (03-21) Paper 4 - Annual Report and Accounts 2020-21 – cover paper

ARAC (03-21) Paper 4 - Annex A – Annual Report and Accounts 2020-21

- 5.1 The Chair invited officials to introduce this item and highlight any area for discussion on the Commission's Annual Report and Accounts. Arwyn Jones noted his thanks to Victoria Paris for co-ordinating its production to a tight timescale and for the contributions from colleagues from across the organisation. He also noted his thanks to Suzy Davies and the other current Commissioners for their input and approval of the report.
- 5.2 Arwyn highlighted that the focus in this year's report was on turning the different ways of working as a result of the pandemic into business as usual. This included details of planning for Sixth Senedd with a workforce which was as productive and flexible as possible in the services provided to Members. He invited comments from Committee members.
- 5.3 The Committee thanked the staff for their work on the very detailed and thorough report. There was a discussion about the length and readability of the report and acknowledgement from Committee members that its content was based on statutory and good practice reporting requirements. There was also a discussion around plans for future digital versions to improve its readability and to facilitate reach to a wider audience.
- 5.4 Manon agreed that it was a detailed document, and reminded the Committee of the positive feedback received from the Senedd's Finance and Public Accounts Committees on their scrutiny of previous reports.

- 5.5 Arwyn welcomed the constructive feedback on the report and noted that preparation would commence earlier next year to accommodate plans for digital and interactive presentation.
- 5.6 In relation to the accounts, Nia highlighted that a breakdown of election-related costs had been included in the table of net resources outturn in the revised version presented to the Committee. She also highlighted the inclusion of the Financial Review section in the report's narrative which was a new FREM requirement.
- 5.7 The Chair gave credit for a very satisfactory set of accounts and acknowledged their close management. He expressed how impressed he was with the content, quality and accuracy of the Annual Report and Accounts, especially given its early production, the disruption caused by the ongoing pandemic and the small team involved.
- 5.8 The Committee also wished to record their satisfaction that the pension fund had moved away from investment in oil and gas companies to more sustainable options. They had also appreciated sight of the correspondence with the Finance and Public Accounts Committees on Covid-related spend.
- 5.9 The Committee recommended to the Accounting Officer that the financial statements for 2020-21 should be signed. An electronic signature would be added before laying and publishing the report.

6 COVID-19 – Corporate update

Oral update

- 6.1 Dave Tosh provided an update to the Committee since restrictions had been eased. Limits on use of meeting spaces had been relaxed as far as possible and Party groups had begun to meet onsite. A number of services were being resumed including catering services and risk assessments were being carried out on the re-introduction of other services for Members, their support staff and other staff who were using the estate.
- 6.2 The Covid Resilience and Monitoring Group (CRAM) continued to meet weekly in order to monitor changes to restrictions and manage the implementation of the Commission's response in terms of opening up services. He outlined the services being re-introduced and reported that hybrid plenary sessions continued to work well. He also outlined the effectiveness of measures such as one-way systems and the cleaning regimes and advised that lateral flow testing would be available to staff using the estate, especially as events and public activity started to resume.
- 6.3 A survey would be issued to all staff to gather information on their preferred future working arrangements when restrictions allowed a return to the estate. This would provide service heads with information on which to base decisions around accommodating preferences and balance a flexible approach with business needs. From a wellbeing perspective, staff appeared to be coping remarkably well, although there were signs of pressure and fatigue starting to become evident.

- 6.4 Based on her experience of Committee membership, Suzy urged officials to carefully consider the preference of witnesses when attending meetings if hybrid committees were to become a permanent arrangement. She also encouraged officials to survey and engage with Members' support staff, especially when considering changes such as telephony and other equipment before final decisions were made.
- 6.5 Arwyn then outlined plans for the official Royal opening. Although a date was yet to be agreed, discussions were ongoing with the Palaces, Members and the media. The planned event would feature live and pre-recorded performances, the filming of which would take place over the summer in line with easing of restrictions.
- 6.6 The Committee agreed that the MS Teams platform had worked well for them, and requested as much notice as possible if there were plans to move to an on-site or hybrid approach.

7 Departure Summary

ARAC (03-21) Paper 6 – Departure Summary

- 7.1 The Committee noted three departures from normal procurement procedures.

8 Corporate Risk

ARAC (03-21) Paper 5 – Corporate Risk

ARAC (03-21) Paper 5 – Annex A - Summary Corporate Risk Register

ARAC (03-21) Paper 5 – Annex B – Corporate Risks plotted

- 8.1 Dave introduced this item. He outlined the proposed removal of the risk around the Senedd Elections 2021 transition from the Commission's Corporate Risk Register and the proposed reassessment of the Coronavirus risk by Executive Board.
- 8.2 Siwan provided an update on the ongoing assessment of risks around constitutional change and Senedd reform. She added that the risks would focus on the Commission's response to political decisions which would begin to emerge as Senedd business got underway following the election.
- 8.3 Dave reminded the Committee that this was a summary report of the status of the risks and that the Directors and the Executive Board regularly reviewed more detailed reports. In response to a question around ownership, Dave also clarified that each corporate risk was owned by a lead Director with input from the relevant Heads of Service.
- 8.4 In relation to the risks around Standards of Conduct for Members of the Senedd, Ann Beynon asked whether there was merit in the Committee engaging with the new Standards Commissioner. The Chair noted that, as the Commissioner was an independent office holder, the focus for the Committee should be on reviewing the management of risks in relation to the support provided by the Commission. Siwan reminded the Committee that the focus of

this risk had been on how Commission officials had supported the Senedd to maintain public confidence in the standards regime, including the revised Code of Conduct for Members of the Senedd and appointment of a new Standards Commissioner. She added that, as these were now both in place, the focus would shift to supporting the Standards of Conduct Committee, once established, to carry out a review of the complaints procedure.

8.5 Manon added that, in response to feedback during the induction of new Members, a briefing was being prepared to clarify the roles and remits of the Standards Commissioner and Remuneration Board. This would also include details of the Accounting Officer rules.

8.6 Suzy welcomed any clarity on the Commission's duty to support the independent Remuneration Board.

8.7 In response to a question from Suzy around the budget and support for the Standards Commissioner, Siwan reminded the Committee that it was a statutory requirement for the Commission to provide resources to the Commissioner's office. She explained that a Protocol was being drawn up with the new Commissioner based on the principle of a continued flexible approach, whereby Commission staff were seconded to their office.

8.8 In relation to the risk around Dignity and Respect for Commission staff, Suzy suggested some evaluation by internal audit on the effectiveness of training developed to provide staff with the confidence to challenge behaviour which officials agreed to consider.

8.9 In response to points raised by Aled in relation to political decisions around Senedd reform, Siwan provided assurance that the UK constitutional framework, including issues such as the reduction in the number of Welsh MPs, local government boundary changes, would be taken into account when assessing the risks to the Commission.

8.10 The Chair would be discussing the forthcoming review of the Commission's Assurance Framework with officials in advance of the Committee's July meeting, specifically around how the independent Remuneration Board fits alongside it and the Committee's role in ensuring the processes to support it were effective.

8.11 The Chair would also hold discussions with Dave around re-structuring the updates it received on cyber security risks. In response to a specific query from Aled around the use of Mac computers, Dave provided assurance that changes to the way these connected to the network formed part of the measures to improve defences and ensure security of the network.

8.12 The Chair thanked officials for the assurances provided on the points raised and was happy with the risk reports and risk management processes.

9 Critical examination of one identified or emerging risk – transition to the Sixth Senedd

Oral update

- 9.1 The Chair invited Siwan to introduce this item, and welcomed Sulafa Thomas, Head of Commission and Members' Support to the meeting. Siwan reminded the Committee that the risk had been added to the Corporate Risk Register to reflect the potential impact of the Coronavirus pandemic and the uncertainties around the date of the election, the dissolution period and transition to the Sixth Senedd. She advised that the risk would now be closed with residual risks around ongoing delivery and transition being managed at a service level.
- 9.2 Siwan described how effective engagement with bodies including the Commission, Business Committee and the Remuneration Board had informed scenario planning and decisions and guidance around the election period and dissolution. Updated guidance was issued to Members and staff in a co-ordinated and timely manner.
- 9.3 Siwan outlined how the various strands of work had been delivered. This ranged from planning for dissolution; communications around the election, particularly for 16 and 17 year olds voting for the first time; providing guidance to non-returning Members and induction for new and returning Members; and supporting early Senedd business. In terms of governance, Siwan added that early planning, the establishment of scenario planning and working groups and a dedicated project co-ordinator had been key factors in successful delivery. She added that existing governance structures had been utilised to carry out risk assessments for activities such as oath-taking which had been carried out in person and virtually according to the preferences of Members.
- 9.4 Despite the challenges posed by the pandemic, arrangements to support early business were successful. This included a plenary meeting on 12 May to appoint a Presiding Officer, Deputy Presiding Officer and nominate the First Minister, as well as support for Members to employ staff and kit out offices. There had also been 100% turnout for Members' induction. The majority of feedback from Members had been very positive and some immediate improvements had been made in response to issues identified.
- 9.5 The work around transition to the Sixth Senedd was ongoing in terms of the appointment of office holders, the formation of new Senedd Committees and plans for the Royal opening. Siwan offered to share closure reports, which would include details of lessons learned, with the Committee in due course. These would take account of a proposed review by the Electoral Commission.
- 9.6 In response to a question from the Chair about planning for a potential recall of the Senedd and its Committees during the election period, Siwan outlined how officials had worked with the Business Committee, the Commission and the Welsh Government to establish clear criteria for this eventuality. It was clear that the only circumstances in which this would become necessary were for matters relating to Covid and any delay to the election date. Clarity was also provided on rules around the use of staff and resources in such circumstances. Siwan explained that some officials had been on standby over the election period should a recall have become necessary.

- 9.7 The Chair and Committee members congratulated officials on their success, particularly under challenging circumstances. When asked if anything could have been done differently, Siwan suggested that planning could possibly have started earlier on some technical issues such as archiving Committee material. She also acknowledged that early and frequent communication with Members and their staff, particularly around dissolution guidance was critical when changes were happening at such pace. In response to questions about gathering feedback, she added that Manon had met with departing Members which would be used to inform lessons learned.
- 9.8 Arwyn provided details of research commissioned by an external marketing agency which had reported that targets on media reach around the elections had exceeded targets. He also explained that officials had been working with Cardiff University on a Welsh Elections study to ensure there was appropriate research into the views of voters, such as reasons for voting, including for 16 and 17 year-olds. He also noted the impact of Covid-19 restrictions on plans to encourage young people to vote. He outlined how the research would provide a rich source of information and offered to share reports with the Committee. Aled informed the Committee of a study also being carried out by Ofcom into coverage on network news during the pandemic which would be of interest to the Senedd Commission.
- 9.9 In response to a question from Ann around comparisons with elections in Scotland, Arwyn advised that, whilst there were differences in the weighting around young voters, some comparisons should be possible once pre and post-election questionnaires had been analysed.
- 9.10 The Chair asked for an oral update on the transition to the Sixth Senedd at the autumn meeting.

Action: Clerking team to add an agenda item on lessons learned from the transition to the Sixth Senedd to the agenda for the autumn meeting.

10 Committee's Annual Report to the Commission and Accounting Officer

ARAC (03-21) Paper 7 – ARAC Annual Report

- 10.1 The Chair introduced this item by thanking Kathryn Hughes for her outstanding work in the drafting of the report. His main areas of focus when presenting to the Commission in July would be the organisation's remarkable reaction to the pandemic, especially the resilience of those involved and the Commission's approach to cyber security.
- 10.2 Ann felt that inclusion of dignity and respect in the revised Code of Conduct for Members of the Senedd should be celebrated, and noted this may be covered in the Commission's Remuneration, Engagement and Workforce Advisory Committee's annual report.
- 10.3 The Committee approved the report for presentation to the Commission and thanked the clerking team for drafting such a comprehensive account of activity.

11 Forward work programme

ARAC (02-21) Paper 16 – Forward Work Programme

- 11.1 The Chair encouraged Committee members to suggest agenda items for future meetings. At the July meeting, an updated Assurance Framework would be presented as well as an item to discuss engagement with the new Commission to determine their risk appetite.
- 11.2 Committee members suggested consideration be given to engaging with the following, including the option of possible attendance at future meetings:
- Auditor General for Wales
 - Standards Commissioner
 - Chair of the Remuneration Board
 - Experts in cyber security and IT infrastructure.
- 11.3 They also suggested information on the planned maintenance of the estate as well as the future accommodation strategy be shared with the Committee, including the upcoming negotiations on the lease of Tŷ Hywel.

12 Any Other Business

Oral item

12.1 No other business was raised.

Manon Antoniazzi attended a private session with members of the Committee once formal proceedings had concluded. No minutes were taken.

Next meeting is scheduled for 9 July 2021.