

Minutes – Senedd Commission Audit and Risk Assurance Committee

Meeting Venue:

Video Conference via Microsoft Teams

Meeting date: Monday, 14 February 2022

Meeting time: 10.00 – 12.30

Attendance

Category	Names
Members:	Robert (Bob) Evans, Independent Adviser and Committee Chair Ken Skates MS, Senedd Commissioner and Committee Member Ann Beynon, OBE, Independent Adviser and Committee Member Dr Aled Eirug, Independent Adviser and Committee Member
Officials:	Manon Antoniazzi, Chief Executive and Clerk, and Accounting Officer Arwyn Jones, Director of Communication and Engagement (Items 9–11) Ed Williams, Director of Senedd Resources Gareth Watts, Head of Governance and Assurance Nia Morgan, Director of Finance Lowri Williams, Head of Human Resources and Inclusion Services Siwan Davies, Director of Senedd Business (Items 9–11)



	<p>Jan Koziel, Head of Procurement (Items 9–11)</p> <p>Kathryn Hughes, Committee Clerk and Risk and Governance Manager</p> <p>Buddug Saer, Deputy Committee Clerk</p> <p>Gareth Lucey, Audit Wales</p>
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1 Introductions, apologies and declaration of interests

- 1.1 The Chair welcomed everyone to the meeting and formally welcomed Ed Williams to his first meeting. The Chair noted one apology from Ann-Marie Harkin, Audit Wales.
- 1.2 No interests were declared.

2 Minutes of 22 November, actions and matters arising

ARAC (22-01) Paper 1 – Draft Minutes of 22 November 2021

ARAC (22-01) Paper 2 – Summary of actions

2

- 2.1 The minutes of the 22 November meeting were formally agreed with one amendment to paragraph 18.1 to note.
- 2.2 The Committee requested an update on the digital archive project. Manon Antoniazzi had met with an archivist at the National Library of Wales and plans were underway to re-locate the tapes to archive conditions with the intention of future digitalisation. This only applied to broadcast tapes as paper records were already routinely archived.
- 2.3 The Committee thanked officials for the papers that had been circulated since the November meeting and had particularly welcomed sight of the draft new cyber-security assurance report and details of the proposed Estates Strategy. Members welcomed the offer of a briefing session on the Estates Strategy and asked for regular updates when appropriate.

Action

- Ed Williams to provide briefing to ARAC members on progress with the Estates Strategy.

3 COVID-19 – Corporate update – oral item

Oral update

3

- 3.1 Ed confirmed that the Covid Resilience and Monitoring Group (CRAM) continued to meet weekly to monitor the latest Welsh Government guidance. Following the recent announcement of moving to alert level 0, all risk assessments and the corporate risk had been updated. In light of anticipated further lifting of restrictions, as outlined in the Welsh Government's road map, the updated plenary risk assessment allowed for up to 60 Members of the Senedd in the Siambwr after the February half-term recess. All Members would be advised to use face coverings and undertake an LFT before attending. Commission staff would also continue to be strongly advised to do both.
- 3.2 Capacity levels of both plenary and Senedd committee meetings would be monitored, and the corporate risk assessment would be revisited in line with further relaxation of Covid rules.
- 3.3 Lowri Williams provided the Committee with additional information on how HR were planning to support staff returning to the estate and help facilitate a more agile working environment. The latest Wellbeing Pulse staff survey was due to be issued to all staff later that week which would provide a useful source of information on which to base plans.
- 3.4 In response to questions from Committee members, Lowri advised that staff were still required to use a booking system before attending the estate and this showed the current attendance at 10-15% capacity. The first floor of Ty Hywel remained a pilot floor with a mixture of work space and break out areas, but with so many people working from home, testing had been minimal. The booking system had worked well, and, as well as facilitating the cleaning of spaces occupied, it was also helping to develop the culture of more agile working.
- 3.5 Ed mentioned that further considerations around occupancy would also feed into the estates strategy and confirmed this would include use of the Colwyn Bay office, which was a smaller office with fewer options for the use of space. Lowri added that all staff had undertaken personal risk assessments and had been asked to advise Heads of Service of their preferred working patterns to inform plans for return to the estate.
- 3.6 The Chair noted that the Commission had responded exceptionally well to the challenges and acknowledged ongoing uncertainties. When questioned about the future of CRAM, Ed envisaged the structure remaining on an operational level with the Executive Board continuing to be responsible for taking the necessary strategic decisions.

4 G&A update report (inc. progress on Internal Audit activity)

ARAC (22-01) Paper 3 – G&A update report

4

- 4.1 Gareth Watts provided an update on overall governance and assurance activity. Service level assurance statements had been finalised and the Directors had submitted their statements to the Chief Executive and Clerk for review. The usual challenge session, to be attended by the Chair and one other Committee member to provide independent scrutiny of the process and Director statements, was scheduled for 10 March.
- 4.2 Gareth had recently shared details of the Commission's approach to Assurance Mapping and gathering service level assurances with his counterparts in both the Scottish Parliament and House of Lords. He had been invited to present to their audit committees in the future.
- 4.3 The team was also leading on a review of the Commission's approach to business continuity, with Business Impact Assessments completed for services across the Commission. Gareth was also undertaking a review of the Commission's approach to Service Planning and presented his findings, proposals and next steps later in the meeting.
- 4.4 Gareth updated the Committee on scoping and progress with current audits, including cyber-security and library services. He had also held an initial scoping meeting with colleagues responsible for the Official Languages Scheme and, as previously agreed, would share the scope of this audit with the Committee.
- 4.5 The Committee questioned if any data was collected on the use of the Welsh language by Members of the Senedd in plenary and Senedd committee meetings. Gareth confirmed that the Translation and Reporting Service logged this data, and that this, along with the impact of the pandemic on delivery of Welsh learning packages, would be captured in the review.

5 Internal Audit Plan 2022–23

ARAC (22-01) Paper 4 – IA plan 2022-23

5

- 5.1 Gareth presented his draft audit plan for 2022-23 and highlighted key items to the Committee. The Chair welcomed the audit plan and reminded the Committee that he had regular meetings with Gareth to discuss progress. He also accepted Gareth's assurances on the resources in place to deliver the plan, including use of the co-sourced partner. He also welcomed a return to a more regular programme of audit work, following a turbulent couple of years.
- 5.2 In response to questions from the Committee, Gareth explained how the Commission used TIAA, as the co-sourced internal audit partners, to carry out some of the more generic audits, and also some of a more technical nature where they had specific expertise, for example ICT. He also described the value TIAA

added in terms of their wider public sector work. He offered to provide further details to Committee members on the audits to be carried out by TIAA. He also advised that the contract with TIAA was due end on 31 July 2022 and the tendering process would commence in late spring to early summer.

Action

- Gareth Watts to share details of internal audits to be carried out by TIAA.

6 Internal Audit Report

ARAC (22-01) Paper 5 - Members' Expenses 2021

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- 6.1 Gareth introduced the Members' Expenses audit report. The report outlined the work undertaken on Members' expenses for the financial year 2020-21 and the additional work undertaken on the payments related to the Senedd Election of May 2021. No recommendations were raised and an overall assurance rating of substantial was given.
- 6.2 Gareth confirmed that the Members' Business Support (MBS) team had a good level of knowledge and understanding of the processes and systems in place, and the rules relating to the Independent Remuneration Board's Determination. The audit demonstrated a robust control framework and found that there was effective segregation of duties across the team to ensure all claims were checked by a separate processor and authoriser.
- 6.3 Prior to the audit process, MBS had discovered an issue relating to HMRC rules around qualification for tax free amounts for Resettlement Grant payments. In two cases, the calculation of the payment had been completed correctly, but the appropriate tax elements had not gone through the system. MBS were aware of how this issue had arisen and were taking corrective action and putting safeguards in place to avert a repeat occurrence at future elections.
- 6.4 Gareth also commented on his involvement with the project to replace the payroll system and the intention of incorporating an expenses module to the system requirements.
- 6.5 In response to a question from Aled around the relationship with the Independent Remuneration Board, Gareth advised of his regular meetings with the Board's clerking team to discuss communication and engagement.
- 6.6 The Committee also noted that Gareth was finalising the Asset Management report and had engaged with outgoing Members as well as internal services areas such as ICT, MBS and Estates and Facilities.
- 6.7 The Chair thanked Gareth for the report and was encouraged by the findings in what was an important part of the assurance process. He also gave credit to all

involved in the audit, and for the discretion shown, particularly given some of the sensitivities.

7 External Audit – update from Audit Wales including the audit of the Commission's 2021–22 financial statements

ARAC (22-01) Paper 6 - Audit Wales Update

7

- 7.1 Gareth Lucey presented details of the Audit Wales plan for the 2021-22 audit process. Due to some outstanding legacy work from 2020-21 audits and various staff changes at Audit Wales, they were unable to confirm the team for the Commission's audit but hoped to do so the following week. The aim was to hold two separate week-long interim 'visits' in February and March to conduct the planning and early testing work. The final audit would then take place as it had in prior years, beginning at, or around 9 May, with the aim of presenting their closing ISA 260 report in June.
- 7.2 One focus of their planning for this year's audit would be around the Commission's application of IAS 16 to ensure capital expenditure was accurately reflected in the 2021-22 accounts. He thanked the Commission's Finance team for their extensive work in this area and for providing information early in the process.
- 7.3 Gareth added that Audit Wales were unable to confirm the audit fee until their Fee Scheme was approved by the Auditor General. However, he agreed to notify the Commission and ARAC members of the fee as soon as it was confirmed. For information at this stage, the consultation on fees had proposed an average fee scale increase of 3.7% across all audited bodies for the coming year.
- 7.4 The Chair welcomed the update on the audit process and thanked Gareth for sight of the other reports they had produced across the wider public sector. He asked him and his audit team to be mindful that the 2021-22 data would be held on the old Finance system, to avoid any delays in the process.

8 Corporate Planning – presentation at meeting

Presentation

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- 8.1 The Chair had previously agreed to replace the regular critical examination of one of the Commission's corporate risks with a presentation from Gareth Watts on the development of a corporate planning approach for the Commission.
- 8.2 Gareth outlined the objectives of his proposals which had been endorsed by the Commission's Leadership Team and Executive Board some weeks previously. He

shared the importance of planning and prioritisation and the advantages of documenting responsibilities.

- 8.3 He described the current service planning and reporting outputs already in place in terms of the Commission's strategy, goals and priorities. The proposal was to develop a Corporate Delivery Plan as a management tool to guide service level plans and to provide clarity on how the Commission's priorities would be delivered.
- 8.4 In pulling together the proposals, Gareth had taken account of the approaches adopted by other parliaments and he described how the plan would take into account any future changes, including external influences such as reports by expert panels.
- 8.5 The next stage would be to revisit service plans in the context of the Corporate Delivery Plan. This would be done through discussion and engagement across services to ensure interdependencies were taken into consideration and would include regular reviews and reporting on progress. Guidance on producing service plans was being drafted and would follow a five step process.
- 8.6 Gareth concluded his presentation by confirming the establishment of a sub-group of the Leadership Team to lead and steer this work from 2022-23 onwards. A first draft would be presented to Leadership Team before being presented to Executive Board for sign off. Senior management had agreed on the format, which was similar to that of the Scottish Parliament and was described as a simple but effective approach. Gareth agreed to provide an update on development of a Corporate Delivery Plan and the link to service planning, when available.
- 8.7 The Committee thanked Gareth for his comprehensive presentation and recognised that it was not an easy task, especially in a politically challenging and dynamic environment.

9 Corporate Risk

ARAC (22-01) Paper 7 – Corporate Risk

ARAC (22-01) Paper 7 – Annex A - Summary Corporate Risk Register

ARAC (22-01) Paper 7 – Annex B – Corporate Risks plotted

9

- 9.1 The Chair referred the Committee to the diagram at Annex B of the paper which outlined the Commission's risk profile. It demonstrated that all of the risks were moving in a downward direction due to the controls in place. He acknowledged that a number of new risks had been added to the register during 2021 to reflect the changing risk profile and that there were no movements in the risk ratings. He thanked officials for the comprehensive updates provided and asked the Directors to summarise the latest updates for each of the risks.

- 9.2 In relation to the Dignity and Respect risk, Lowri Williams provided an update on the consultation with Members which had been incorporated into the latest Member and Support Staff survey. The survey, which had already generated some good responses, was due to close at the end of February and would be followed up with meetings to discuss the responses. Lowri added that, whilst the Remuneration, Engagement and Workforce Advisory Committee (REWAC) had no meetings planned in the near future, she was hopeful of its engagement in the review of dignity and respect policies.
- 9.3 The Coronavirus risk had been covered by the update under agenda item 3.
- 9.4 In relation to the cyber-security risk, the Chair acknowledged receipt of a draft new comprehensive assurance report which had been shared with Committee members and would inform discussion on regular reporting going forward. Arwyn Jones added that the ICT team were planning to share details of cyber-attacks with Members of the Senedd to raise awareness of the risks.
- 9.5 Siwan summarised the action being taken forward to address risks around data protection, which included recruitment of additional resources. In response to questions from Committee members, it was agreed that the planned deep-dive into data protection risks at the April meeting would include reference to training for Members, including the take-up of induction sessions.
- 9.6 In relation to the three strategic transformation risks, Siwan had no further updates to add to those in the report at Annex A of the paper but acknowledged that the risk ratings would be subject to change in response to specific activity. The Chair acknowledged that the Commission had become more adaptive to risks relating to constitutional change.
- 9.7 Arwyn reported some further progress to help mitigate the risk around compliance with the Commission's Official Languages Scheme whereby the Commission and the Welsh Government would be trialling interpretation solutions on Teams with Microsoft.

Action

- Include details of data protection training for Members and recruitment to data protection posts in the next risk update to ARAC.

10 Procurement – spend with Welsh suppliers

ARAC (22-01) Paper 8 - Welsh Spend

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- 10.1 The Chair welcomed Jan Koziel and thanked him for his paper which was an updated version of a paper he shared with the Committee in July 2021.

- 10.2 Jan described how the majority of spend on contracts remained with ICT and Estates and Facilities Management. He highlighted that the 38% of spend with Welsh based suppliers reported in July 2021 had increased to 44% in the year to date, with a target of 50% by the end of this Senedd term.
- 10.3 In order to achieve the proposed target, his team would continue to undertake market analysis to source Welsh suppliers and embark on targeted discussions with potential suppliers. They would look at re-structuring contracts into smaller lots (where feasible) and send contract notices to Chambers Wales to share with their members. This activity could generate more tender applications from potential Welsh suppliers but Jan reminded the Committee that all suppliers would be treated fairly during the tendering process and within the legal requirements.
- 10.4 Jan referred to the Social Partnership and Public Procurement (Wales) Bill and other UK legislation which promote an emphasis on local suppliers and social value. He advised that the Commission's terms and conditions already included a fair terms of employment clause, which made it a requirement for suppliers to ensure their employees are treated fairly and paid above the living wage.
- 10.5 The Committee welcomed this update and praised Jan and his team for their work in this area. They noted that consideration would be given to breaking up contracts but advised caution as this could limit scale and value for money opportunities. They also suggested measuring the numbers employed in Wales as a result of awarding a contract rather than measuring the locality of suppliers' offices. It was also suggested that Jan considers working with the Federation of Small Businesses (FSB) and to seek comparisons with local authorities and other public organisations.
- 10.6 Jan welcomed suggestions from the Committee relating to the broadcasting contract and there was a discussion on how holding an open day to demonstrate the facilities could benefit potential suppliers. He agreed to provide an update on progress with the broadcasting procurement exercise in due course, possibly out of committee depending on timing. Ann Beynon suggested that Business Wales could also be approached to help organise any open day events.

11 Departure Summary

ARAC (22-01) Paper 9 – Departure Summary

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- 11.1 The Committee noted five departures from normal procurement procedures.

12 Finance Update

ARAC (22-01) Paper 10 – Finance Update

12

- 12.1 Nia introduced the paper which provided the usual finance update for the Committee. In relation to the 2021-22 approved operational budget, the forecast out-turn position at the end of December was for an underspend of 1.0%, which was within the corporate financial target range of 0% to 1.5%. The remaining underspend acted as a contingency against an unexpected increase in the provision for accrued annual leave and any urgent requests for funding late in the financial year.
- 12.2 Nia highlighted that the 2022-23 budget did not reflect the impact of IFRS 16 (Leases) noting that, subject to no further delay on implementation from HM Treasury, the impact would be reflected in the Commission's first Supplementary Budget for 2022-23. Preparatory work would start in March/April 2022 on the 2023-24 budget strategy.
- 12.3 The Committee thanked Nia for the update and for the information she had shared out of committee. Information on losses and special payment were noted by the Committee.

13 Annual Review of accounting policies and systems

ARAC (22-01) Paper 11 - Annual Review of Accounting Policies

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- 13.1 Nia introduced the paper which outlined how the Finance team had carried out its annual review of accounting policies. She referred the Committee to the Annex which outlined the points to note. The review had covered external changes such as accounting standards, as well as changes to internal arrangements and the Audit Wales external audit report and management letter.
- 13.2 Nia confirmed that there were only minor changes which had implications for disclosure in the Commission's 2021-22 accounts. She noted that steps had already been taken to address the issue raised by Audit Wales during the 2020-21 audit, relating to items of capital expenditure. Changes to the accounts reflecting IFRS 16 – Leases would be implemented during 2022-23.

14 Update on Finance System

ARAC (22-01) Paper 12 – upgrade to Finance System

- 14.1 Nia's final item was to update the Committee on the status of the project to upgrade the finance system and, at the request of the Chair, to focus specifically on mitigation of associated risks.
- 14.2 As Senior Responsible Owner for the project, Nia confirmed she was comfortable with the mitigations in place, including rigorous user testing and the contingency of reverting back to the existing system should issues arise to prevent the planned go live in April 2022. She reminded the Committee that this was an

upgrade as opposed to installing a totally new system which minimised some of the implementation risks. Nia also advised that the software support partners used by the Commission had managed the original installation in 2017. Having won the re-tender for the support contract in 2018, they would be managing the migration of data to the live environment and provide additional support if necessary after the go live date.

14.3 To deliver the system upgrade, the Commission is reliant upon and will continue to work alongside its third-party developer partner. Through collaboration, both parties would ensure that lessons were learned from previous implementations. To ensure that expectations on all sides were met there would be ongoing dialogue with the developers and close co-operation with Procurement colleagues to ensure there was strong contract management practices in place.

14.4 The Chair was satisfied with progress and mitigation of risks, noting the implications if implementation did not go to plan. He also reiterated that Audit Wales would need access to the old system for the interim audit before the new system went live. Gareth Lucey would work closely with Nia on this.

14.5 Gareth Watts highlighted that this system upgrade would be captured in his audit plan post-implementation. This would focus on reviewing the integrity of the data and migration as the coding structure would remain the same.

14.6 The Committee then discussed the issue of bilingual functionality of IT systems more generally. Arwyn Jones advised that he was working with an organisation called the Centre for Digital Public Services in Wales and agreed to share details of membership with Ann Beynon and report back any necessary information to the Committee.

Action

- Provide further details to Ann Beynon on the Centre for Digital Public Services (in relation to bilingual provision within IT systems)

15 Forward work programme

ARAC (05-21) Paper 12 – Forward Work Programme

15.1 The Committee noted the forward work programme.

15.2 The Chair confirmed that the Data Protection risks would be critically examined at the April meeting. He added that the July meeting would be retained for strategic discussions and an agenda item on climate change had already been noted.

16 Any other business

Oral item

16.1 No other business was raised.

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

Next meeting is scheduled for 29 April 2022.