

# Minutes – National Assembly for Wales Commission Audit and Risk Assurance Committee

---

Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Monday, 8 June 2015

Meeting time: 11:00–13:00

## Attendance

Category	Names
Members:	Eric Gregory (Chair) Hugh Widdis David Melding AM, Deputy Presiding Officer
Officials:	Claire Clancy, Chief Executive and Clerk, and Accounting Officer Dave Tosh, Director of Resources Gareth Watts, Head of Internal Audit Nicola Callow, Director of Finance Ann–Marie Harkin, Wales Audit Office (WAO) Matthew Coe, Wales Audit Office (WAO) Sulafa Thomas, Head of Commission Secretariat/Fifth Assembly Transition (Item 10) Kathryn Hughes, Committee Clerk Buddug Saer, Deputy Committee Clerk
Apologies:	Keith Baldwin (Independent Advisor and Committee Member) Angela Burns (Assembly Member and Commissioner)



## **1 Introductions, apologies and declaration of interests**

- 1.1 The Chair welcomed the attendees to the meeting and declared that he was currently a Non-Executive Director on the Electoral Registration Transformation Programme.
- 1.2 David Melding declared that he was a Trustee for the National Assembly for Wales Members' Pension Scheme.
- 1.3 No other interests were declared.

## **2 Minutes of 20 April meeting, actions and matters arising**

*ACARAC (28) Paper 1 – Minutes of 20 April 2015*

*ACARAC (28) Paper 2 – Summary of actions*

- 2.1 The minutes of the meeting on 20 April 2015 were agreed.
- 2.2 *3.8 Security* – Dave Tosh confirmed that South Wales Police were happy to provide confidential briefings on potential threats. The Committee suggested that Dave develop clear mutual understanding with South Wales Police about methods of communicating and recording such briefings.

## **3 Internal Audit update**

*ACARAC (28) Paper 3 – IA Progress Report*

- 3.1 Gareth updated the Committee on activity since the April meeting. The scope for the procurement audit had been finalised and a report would be produced over the summer.
- 3.2 The Committee asked about activity planned for January 2016 – ‘Value for Money Study into making use of the Assembly Estate’, in light of proposals to review business efficiency more widely. Gareth explained that this was linked to one of the Assembly Commission’s key priorities. Dave Tosh and Mike Snook would lead on this work, which would feed into the wider business efficiency review.

The Committee also asked about the results of the benchmarking of the Governance Statement against WAO guidance. Gareth explained that this showed that all guidance had been taken into account.

- 3.3 Nicola Callow informed the Committee that the business case for the replacement finance system project had been scrutinised by the Investment and Resourcing Board (IRB) and Keith Baldwin. A revised business case would be presented to the IRB before the procurement exercise.

## 4 Internal Audit Annual Report

ACARAC (28) Paper 4 – IA Annual Report

- 4.1 The Committee considered the report to be a good assessment of work undertaken by Gareth during the year. Committee members were encouraged by the forums and events that he had attended recently and his pro-active approach in seeking contacts and examples of good practice. Gareth agreed to share these best practice methods with the Committee.

### Actions

- *Gareth Watts to share experiences of public sector internal audit best practice*

## 5 Internal Audit Quality Assessment Framework

ACARAC (28) Paper 5 – Quality Assessment Framework – cover paper

ACARAC (28) Paper 6 – Quality Assessment Framework

- 5.1 Gareth provided the Committee with a summary of the results of a self-assessment against the Internal Audit Quality Assurance and Improvement Programme, carried out in line with requirements of the Public Sector Internal Audit Standards.
- 5.2 He commented on his work to raise the profile of Internal Audit within the organisation and felt that engagement had improved since he was appointed. A scoping exercise needed to take place, before exploring potential procurement routes and suppliers to carry out an external review.

- 5.3 The Committee thanked Gareth for his update and welcomed the suggestion from him to update the Committee on progress against actions in the future. Committee members also welcomed his self-critical approach.

**Actions**

- *Gareth Watts to provide regular updates on progress against actions contained in the Internal Audit Quality Assessment Framework.*

## **6 Internal Audit Annual Report on Fraud**

ACARAC (28) Paper 7 – IA Annual Report on Fraud

- 6.1 This report gave the Committee a synopsis of the one case of fraud, identified in May 2014. An assessment of the adequacy of the controls in place, the work undertaken to raise staff awareness of fraud risks and to establish areas of focus for covering fraud risks would be carried out over the coming year.
- 6.2 Ann-Marie Harkin and Matthew Coe informed the Committee that the WAO had prepared a generic questionnaire on dealing with fraud for all its clients to complete. A copy would be sent to Claire Clancy.
- 6.3 When questioned about the Commission's sources of intelligence on fraud, Gareth confirmed that TIAA and the WAO provided regular updates on fraud incidents.
- 6.4 The Committee agreed that Gareth should explore the role of the National Fraud Authority (NFA) and to be pro-active in the sharing of intelligence in the future.

**Actions**

- *Gareth Watts to liaise with WAO to ensure intelligence and contacts around fraud are shared, especially with the National Fraud Authority (NFA).*

## **7 External Audit – update on work to date and progress and consider (emerging) External Audit findings for the financial year 2014–15**

ACARAC (28) Paper 8 – WAO update June 2015

Consider (emerging) External Audit findings for the financial year 2014–15 (oral update)

- 7.1 Ann-Marie and Matthew informed the Committee that the audit on the accounts had only just started and that, so far, there were no material weaknesses to report.
- 7.2 Ann-Marie commented on the complexity of the accounts and would work with Nicola to streamline their presentation.

#### **Actions**

- *Review opportunities to streamline structure of accounts and share conclusions with ACARAC (WAO/Nicola Callow).*

## **8 2014–15 Draft Annual Report and Statement of Accounts**

### *ACARAC (28) Paper 9 – 2014–15 Draft Annual report and Statement of Accounts*

- 8.1 An extensive discussion took place on the annual report and statement of accounts. The report was commended by the Committee and the following suggestions were made:
- Cross reference the KPI report to evidence the key achievements in performance.
  - The transition to an insourced ICT arrangement needed elaboration.
  - The Business Efficiency Review could be expanded upon.
  - Highlight the Value for Money successes but also describe enhanced levels of service.
  - Be clear about when savings could be rolled over year-on-year, and when costs should be re-baselined.
  - Capture positive quotes from staff and Assembly Members' survey results if available.
  - Ensure the section on losses was explained fully.
- 8.2 Officials accepted the comments and a final version would be presented to the Committee in July.

## **9 Corporate Risks Report**

### *ACARAC (28) Paper 10 – Corporate Risk Report*

## *ACARAC (28) Paper 10 – Annex A – Corporate Risk Summary*

### *ACARAC (28) Paper 10 – Annex B – Corporate Risks plotted*

- 9.1 Dave and Claire provided feedback on the recent business continuity exercise carried out by the strategic response and tactical teams. Lessons learned from the mock mobilisation of the incident response plan were being captured. Initial discussions had identified the need to test the plan further, involving Assembly Members, Commissioners and external stakeholders.
- 9.2 The Committee was reassured by the results and welcomed plans to involve Assembly Members and Commissioners in future exercises. Committee members stressed the importance of flexibility in the approach to enable officials to adapt to the circumstances and constraints of particular incidents.
- 9.3 The Committee considered the Commission's Corporate Risk Register, noted the movements and questioned the low number of risks remaining. Committee members also suggested that consideration should be given to capturing risks with a potentially high impact, such as the Fifth Assembly transition and constitutional change.
- 9.4 Dave Tosh assured the Committee that the Management Board would shortly carry out a full review of current and emerging risks, to include static risks.

### **Actions**

- *Following a discussion at Management Board, an updated risk register, taking into consideration the areas highlighted by the committee to be presented at the November meeting.*

## **10 Critical examination of one of the areas identified as being of interest (Fifth Assembly Transition)**

### *ACARAC (28) Paper 11 – Transition to the Fifth Assembly*

#### *ACARAC (28) Paper 11 – Annexes 1–4*

- 10.1 Sulafa Thomas explained the approach being adopted, which was to treat much of the transition as business as usual, but with clear visibility across the full range of work. Work streams had been identified and the leads were working on estimating the resource requirements. Lessons learnt from the transition to the Fourth Assembly had been examined and Sulafa welcomed the offer of discussing past election experiences with Hugh Widdis.

10.2 The Committee was content with the detail presented in the papers, and the clear dependencies and interactions listed, but in light of recent project management experiences, to define the project, (including roles and responsibilities) in accordance with the Commission's standardised methodology.

### **Actions**

- *Define role and responsibilities of SRO for the Fifth Assembly Transition.*

## **11 Update following the Business Continuity exercise 27 April 2015**

11.1 This item was discussed under item 9.

## **12 Papers to note and any other business**

*ACARAC (28) Paper 12 – Departures summary*

*ACARAC (28) Paper 13 – Forward Work Programme*

12.1 The Committee noted one departure to normal procurement procedures.

12.2 An updated Forward Work Programme would be prepared by the Clerking team and presented to the Committee in July.

Next meeting is scheduled for 6 July 2015.