

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

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Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Monday, 13 June 2016

Meeting time: 10:30–13:00

## Attendance

Category	Names
Members:	Keith Baldwin Eric Gregory (Chair) Hugh Widdis
Officials:	Claire Clancy, Chief Executive and Clerk, and Accounting Officer Gareth Watts, Head of Internal Audit Nia Morgan, Head of Financial Services Ian Summers, Finance and Governance Advisor Ann-Marie Harkin, Wales Audit Office (WAO) Matthew Coe, Wales Audit Office (WAO) Kathryn Hughes, Committee Clerk Buddug Saer, Deputy Committee Clerk <u>Item 6</u> Chris Warner, Head of Policy and Legislation Committee Service <u>Item 10</u> Craig Stephenson, Director of Commission Services
Apologies:	Dave Tosh, Director of Resources



## **1.0 Item 1 – Introductions, apologies and declarations of interest**

- 1.1 The Chair informed the Committee that although Commissioners had been appointed, there was no representative at this meeting as their portfolios had not yet been agreed. He also wanted to formally thank Angela Burns on behalf of the Committee for her five years of service as a member of the Committee and wished her the best for the future.
- 1.2 The Chair welcomed Ian Summers to the meeting. Ian is providing support, challenge and assurance to the Statement of Accounts.
- 1.3 The Chair declared that he was a Non-Executive Director on the Cabinet Office Modern Electoral Registration Programme.
- 1.4 No other interests were declared.

## **2.0 Item 2 – Minutes and matters arising**

*ACARAC (03-16) Paper 1 – minutes of 25 April*

*ACARAC (03-16) Paper 2 – Summary of actions*

- 2.1 The minutes of the meeting on 25 April 2016 were agreed and officials provided the following updates on the outstanding actions.
- 2.2 Claire Clancy confirmed that Dave Tosh would be presenting an updated *Business Efficiency Review* document at the July meeting. This would take account of comments from Committee members.
- 2.3 Claire agreed to keep the Committee informed on the potential purchase of Tŷ Hywel but stressed that this was dependent on the new Assembly Commission's priorities.
- 2.4 Claire also confirmed that the Management Board would be considering the risks around senior management changes at its meeting in June and that a meeting in July had been assigned to undertake a full review of the Commission's risks.
- 2.5 The clerking team would ensure that any comments relating to Internal Audit reports circulated out of committee would be captured and stored appropriately. They also confirmed that the Assurance Framework was on the Forward Work Programme for November.

### **Internal Audit**

## **3.0 Item 3 – Internal Audit Activity Report**

*ACARAC (03-16) Paper 3 – IA Update Report 2015-16*

- 3.1 Gareth Watts updated the Committee on recent audit work. He had finalised all 2015-16 audits and had completed his Annual Report and the Annual Report on

Fraud. He had also completed a self-assessment against the Public Sector Internal Audit Standards (PSIAS).

- 3.2 Gareth had discussed his 2016–17 audit plan with the TIAA, the Commission’s outsourced internal audit service provider, and an audit of risk management had commenced on Monday 13 June.
- 3.3 Although the focus would be on future audits, which could be subject to change depending on the new Assembly Commission’s priorities, Gareth assured the Committee that he would continue to follow-up on recommendations from prior years’ audits. The Committee welcomed this, particularly in relation to the procurement follow-up audit. Gareth would also continue to provide assurance on: the Voluntary Exit Scheme; be an active member of project board for the new finance system; and carry out a review of the Investment and Resourcing Board (IRB).
- 3.4 In relation to HM Treasury’s revised Audit and Risk Assurance Committee Handbook, the Committee suggested further consideration should be given to the relevance of guidance in the new appendices on cyber security and whistleblowing.
- 3.5 The Committee asked for clarification on the timing of the External Quality Assurance (EQA) of internal audit services and the outcome of a review of the Governance and Audit team. Gareth explained that whilst PSIAS required the EQA be completed by 2018, he was aiming to complete it sooner. He also described how an away day had generated clear proposals on how to take the team forward. He agreed to keep the Committee informed of any changes.

#### **Action**

- *Gareth to review appendices of HMT’s revised Audit and Risk Assurance Committee Handbook regarding cyber security and whistleblowing and report findings to the Committee.*
- *Gareth to update the Committee in November of changes to the Governance and Audit team.*

#### **4.0 Item 4 – Internal Audit Annual Report**

##### *ACARAC (03–16) Paper 4 – IA Annual Report*

- 4.1 Gareth presented his 2015–16 Internal Audit Annual Opinion and Report. This report provided an overview of the work undertaken by the Internal Audit service during the year and provided an opinion based on that work and other wider observations.

- 4.2 In response to questions from Committee members about outstanding recommendations, Gareth explained that these related to the documentation of processes for key performance indicators (KPIs) for which a review was on-going by members of his team. The review, which was considering the process of collating and reporting on the KPIs as well as how meaningful they were, would address these recommendations. He confirmed that engagement with Heads of Service had so far been positive.
- 4.3 Gareth's opinion stated, '*the Assembly Commission has adequate and effective risk management, control and governance processes to manage the achievement of its objectives.*'
- 4.4 Gareth had shared his report with Ann-Marie Harkin and Matthew Coe prior to this meeting. They both praised the report for its detail and informed the Committee that they had used the key financial controls audit to aid them when auditing the accounts.
- 4.5 The Committee welcomed this comprehensive report and Gareth's audit opinion. They encouraged Gareth to share reports and updates with them through the year which he was more than happy to do.
- 4.6 In relation to the review of the Commission's Fraud, Bribery and Corruption policy, the Committee suggested checking the relevance of recent Ministry of Justice guidance on fraud and bribery.

### **Actions**

- *Gareth to check Ministry of Justice guidance on fraud and bribery risk assessments and report findings to the Committee.*

### **5.0 Item 5 – Annual Report on Fraud**

#### *ACARAC (03-16) Paper 5 – Annual Report on Fraud*

- 5.1 Gareth was pleased to report that during 2015-16 there had been no cases brought to his attention of actual or suspected fraudulent activity regarding cash, allowances and expenses or theft of assets.
- 5.2 The Committee and the WAO made reference to work undertaken by the Commission to strengthen internal controls to prevent or detect fraud and in raising staff awareness which had been a priority following the previous incident. The WAO frequently shared examples of fraud across the public sector with Nia Morgan and Gareth and would continue to do so. They believed that prevention and awareness, including sharing details of attempted fraudulent behaviour, as well as having robust controls in place, were fundamental to tackling fraud.
- 5.3 The Committee welcomed this well written report, subject to the rewording of paragraphs 3.1 and 3.2.

## **Action**

- *Gareth to clarify reference to coverage of live data in the Annual Fraud Report.*

### **6.0 Item 6 – Draft Annual Report and Accounts**

*ACARAC (03-16) Paper 6 – Draft Annual Report and Statement of Accounts 2015-16*

- 6.1 Committee members congratulated Commission staff, particularly Nia and Chris Warner, on the quality and timeliness of the draft Annual Report and Accounts and asked for this to be passed on to the teams. Members agreed that it reflected a positive, mature, professional and progressive organisation. The combined document had been circulated two weeks in advance of the meeting and the Committee welcomed the opportunity to fully digest and scrutinise the information being presented.
- 6.2 The report reflected the revised structural changes that had been recommended by recent HM Treasury guidance and Chris stressed his objective of avoiding unnecessary duplication.
- 6.3 Along with the typographical errors that Nia had already informed the Committee about, and points of clarification suggested at the meeting which would be taken on board, she welcomed any further comments to be sent to her via email.
- 6.4 Claire also commented that she was pleased and impressed with the process of collating the report and thanked her team for their efforts.
- 6.5 The Chair welcomed the review meeting that took place after publication of last year's Annual Report and Accounts to capture any lesson learnt and assumed that the same would happen this year. Overall he was pleased with the process and the quality of the report and thanked Ian Summers for his additional assurance.

## **External Audit**

### **7.0 Item 7 – External Audit Update**

*ACARAC (03-16) Paper 7 – WAO NAWC ACARAC update*

- 7.1 Ann-Marie and Matthew informed the Committee that the 2015-16 audit, which had started on 23 May was, subject to final revisions, substantially complete with no significant issues identified so far. The ISA 260 report, which would be presented at the July meeting, would reflect this unless any significant issues were identified.

- 7.2 The WAO thanked Nia and her team for their helpful co-operation and noted further improvements in the process, timeliness and standard of documentation being presented this year.

## **Commission Governance**

### **8.0 Item 8 – Update on Fifth Assembly transition – story so far**

#### *Oral item*

- 8.1 Claire provided the Committee with a very positive report on the transition to the Fifth Assembly. Planning for dissolution and the post-election period had been very thorough and effective and she and her staff had received high praise from returning and new Assembly Members. A letter of thanks and praise had also been received from Her Majesty the Queen. The take up of Continuous Professional Development across all parties had also been positive.
- 8.2 Claire described how the procedural side of the early days post-election had also worked well, particularly as Commission officials were responding to unfamiliar circumstances around the appointment of a First Minister and the challenge of different ways of working, such as secret ballots for election of the Llywydd (Presiding Officer) and Deputy Presiding Officer. She also explained that risks around compliance with the Political Parties, Election and Referendums Act (PPERA) 2000 were being managed.
- 8.3 During the dissolution period, the Siambr in the Senedd had undergone a complete refresh as had some of the Members' offices. The Chair praised the Commission for demonstrating effective business continuity for the use of Siambr Hywel during this period for the recall of the Assembly due to the steel industry crisis. The recent Royal opening had also been very successful due to effective planning and Claire expressed her pride in everyone's efforts.
- 8.4 Claire also updated the Committee on discussions held by Business Committee on plans for early business, including the structure of Assembly committees and a further review of Standing Orders.
- 8.5 The Chair thanked Claire for this update and congratulated her and her team for delivering such an outstanding service.

### **9.0 Item 9 – Corporate Risks Report**

*ACARAC (03-16) Paper 8 – Corporate Risks*

*ACARAC (03-16) Paper 8 – Annex A – Corporate Risks Summary Report*

*ACARAC (03-16) Paper 8 – Annex B – Corporate Risks plotted*

- 9.1 The Committee welcomed the report and the planned review of risks at the Management Board in July, which would take into account the new Assembly Commission's priorities and objectives.
- 9.2 Claire outlined the scope and scale of the Commission's current exposure to risks. She emphasised the effort that went into managing the risks in order to maintain such high standards and quality of delivery. The Committee agreed that this was particularly important at the start of a new Assembly in terms of building and maintaining credibility and trust of the Llywydd, Commissioners and Assembly Members.

### **Actions**

- *Kathryn Hughes to ensure risks around replacing the Finance system alongside recruitment of a new Finance Director were adequately captured.*
- *Dave Tosh to provide details to the Committee on the approved option and timescale for the CCTV project.*

### **10.0 Item 9 – Critical examination of one identified risk – bilingual service capacity** *ACARAC (03-16) Paper 9 – Corporate Bilingual Capacity*

- 10.1 Craig Stephenson introduced his paper which invited the Committee to provide their views on the management of the risk on corporate bilingual capacity.
- 10.2 Craig described the advancements of Machine Translation and the on-going commitment from Microsoft to continuously increase the translation vocabulary. Well established links with other public sector bodies meant that they were also feeding text into the system, which would further increase the accuracy of the translation and therefore people's confidence in using the facility.
- 10.3 He also described improvements implemented since the launch of the Official Languages Scheme in 2013, such as the provision of bilingual briefings for Assembly Committees and the flexible approach adopted by the multi-skilled Translation and Reporting Service. Positive feedback had also been received on the use of integrated clerking teams.
- 10.4 Feedback from Members and the results of the forthcoming language preference exercise would further inform plans and the capacity needed to provide bespoke services in the language of choice.
- 10.5 The Committee thanked Craig for the informative discussion and wished him well in taking this forward.

### **11.0 Item 15 – Papers to note and any other business**

*ACARAC (03-16) Paper 10 – Departures summary*

*ACARAC (03-16) Paper 11 – Forward Work Programme*

- 11.1 The Committee noted one departure from normal procurement procedure.
- 11.2 A revised forward work programme would be circulated in July to reflect changes agreed by the Committee.
- 11.3 Claire informed the Committee about an issue regarding the payment of the Auditor General For Wales.
- 11.4 The Chair concluded the meeting by thanking everyone for their papers and contributions.

### **Actions**

*Clerking team to:*

- *update FWP for November 2016 to include both the HR/Payroll project closure report and feedback from the Chair on presentation of the ACARAC Annual Report to the Commission.*
- *confirm dates for future meetings when Commissioner with responsibility for governance has been confirmed.*

Next meeting is scheduled for 11 July 2016.

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

- 4.7 The Chair informed the Committee that although Commissioners had been appointed, there was no representative at this meeting as their portfolios had not yet been agreed. He also wanted to formally thank Angela Burns on behalf of the Committee for her five years of service as a member of the Committee and wished her the best for the future.
- 4.8 The Chair welcomed Ian Summers to the meeting. Ian is providing support, challenge and assurance to the Statement of Accounts.
- 4.9 The Chair declared that he was a Non-Executive Director on the Cabinet Office Modern Electoral Registration Programme.
- 4.10 No other interests were declared.



## 2 Minutes of 25 April, actions and matters arising

*ACARAC (03-16) Paper 1 – minutes of 25 April*

*ACARAC (03-16) Paper 2 – Summary of actions*

- 2.1 The minutes of the meeting on 25 April 2016 were agreed and officials provided the following updates on the outstanding actions.
- 2.2 Claire Clancy confirmed that Dave Tosh would be presenting an updated *Business Efficiency Review* document at the July meeting. This would take account of comments from Committee members.
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recommendations from prior years' audits. The Committee welcomed this, particularly in relation to the procurement follow-up audit. Gareth would also continue to provide assurance on: the Voluntary Exit Scheme; be an active member of project board for the new finance system; and carry out a review of the Investment and Resourcing Board (IRB).

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#### **Action**

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#### **Actions**

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## **5 Fraud Report**

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- 5.4 Gareth was pleased to report that during 2015-16 there had been no cases brought to his attention of actual or suspected fraudulent activity regarding cash, allowances and expenses or theft of assets.
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#### **Action**

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## 6 Annual Accounts

### *ACARAC (03-16) Paper 6 - Draft Annual Report and Statement of Accounts 2015-16*

- 11.5 Committee members congratulated Commission staff, particularly Nia and Chris Warner, on the quality and timeliness of the draft Annual Report and Accounts and asked for this to be passed on to the teams. Members agreed that it reflected a positive, mature, professional and progressive organisation. The combined document had been circulated two weeks in advance of the meeting and the Committee welcomed the opportunity to fully digest and scrutinise the information being presented.
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## 8 Update on Fifth Assembly transition

### *Oral item*

- 8.1 Claire provided the Committee with a very positive report on the transition to the Fifth Assembly. Planning for dissolution and the post-election period had been very thorough and effective and she and her staff had received high praise from returning and new Assembly Members. A letter of thanks and praise had also been received from Her Majesty the Queen. The take up of Continuous Professional Development across all parties had also been positive.
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## 9 Corporate Risks Report

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### **Actions**

- *Kathryn Hughes to ensure risks around replacing the Finance system alongside recruitment of a new Finance Director were adequately captured.*
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## 10 Critical examination of one identified risk

*ACARAC (03-16) Paper 9 – Corporate Bilingual Capacity*

- 10.1 Craig Stephenson introduced his paper which invited the Committee to provide their views on the management of the risk on corporate bilingual capacity.
- 10.2 Craig described the advancements of Machine Translation and the on-going commitment from Microsoft to continuously increase the translation vocabulary. Well established links with other public sector bodies meant that they were also feeding text into the system, which would further increase the accuracy of the translation and therefore people's confidence in using the facility.
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## **11 Papers to note and any other business**

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