

Concise Minutes – National Assembly for Wales

Commission Audit and Risk Assurance Committee

Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Monday, 20 March 2017

Meeting time: Times Not Specified

This meeting can be viewed

on [Senedd TV](#) at:

<http://senedd.tv/en/4272>

Attendance

Category	Names
Committee Members:	Eric Gregory (Chair) Keith Baldwin Hugh Widdis Suzy Davies AM
Witnesses:	
Committee Staff:	

1 Introductions, apologies and declaration of interests – oral item

- 1.1 The Chair welcomed Manon Antoniazzi and Kimberly Cowan who were both observing the meeting.
- 1.2 Eric Gregory declared that he was a Non-Executive Director on the Cabinet Office Modern Electoral Registration Programme and a business representative for the Parliamentary Review of Health and Social Care in Wales.

2 Minutes of 6 February, actions and matters arising



Cynulliad
Cenedlaethol
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ACARAC (02-17) Paper 1 – Minutes of 6 February 2017

ACARAC (02-17) Paper 2 – Summary of actions

- 2.1 The minutes of the meeting on 6 February were agreed and the updates on actions captured in paper 2, were noted.
- 2.2 In relation to the one outstanding action – (paragraph 10.4) *Circulate feedback from attendance by Estyn ACAC members at other ACAC meetings*, the Chair had received a report of findings. He was pleased to note that the areas of good practice identified in the report, which he agreed to share with the Committee members, were largely a reflection of this Committee's approach.

3 Internal Audit Update Report

ACARAC (02-17) Paper 3 – IA update report

- 3.1 Gareth Watts introduced his update report. He outlined the work being carried out on the audit of Assembly Members' expenses, the final report on which would be circulated in advance of the June meeting.
- 3.2 He had also worked with officials to scope the forthcoming audit of integrated support for Assembly Committees and completed a review of the migration of data from the legacy CODA finance system to the new Microsoft Dynamics NAV system.
- 3.3 The review he had carried out of the Commission's Investment and Resourcing Board (IRB) was due to be discussed by the Board on 21 March. Gareth agreed to circulate the report, along with details of the actions agreed by the Board, to the Committee in advance of the June meeting.
- 3.4 The Internal Audit contract with TIAA would expire in 2017 and Gareth and the procurement team had finalised the specification document to start the tender process. The panel for reviewing tenders consisted of the Head of Internal Audit, the Director of Finance and a Senior Procurement Officer.

4 Latest Internal Audit Report

ACARAC (02-17) Paper 4 - Data Analytics (Payroll) review

ACARAC (02-17) Paper 5 - Project Management

- 4.1 Gareth presented two audit reports, both of which were welcomed by the Committee.
- 4.2 The Data Analytics review demonstrated the integrity and robustness of the payroll data and had indicated no evidence of any fraudulent behaviour. The Committee questioned the validation necessary to prove the integrity of the data within the HR/Payroll system. Gareth assured the Committee that data was thoroughly checked and exception reporting took place where necessary. He then described some of the reporting functions of the new finance system which included contract spend analytics.
- 4.3 Gareth introduced his second report on the review of the Commission's approach to project management where four recommendations had been identified and agreed by management.
- 4.4 Given the challenges that lay ahead for the Commission to deliver an ambitious set of objectives, the Committee encouraged officials to develop clear criteria for prioritising projects, and to focus on benefits realisation.
- 4.5 The Committee again questioned the lack of project progress reporting within the Corporate Performance (KPI) Report. Dave agreed to consider including the Directors' updates on progress of projects, which were provided quarterly to IRB, as annexes to future KPI Reports.
- 4.6 Dave was pleased to see real progress since Gareth's previous review in 2015. He described the process in place at the fortnightly IRB meetings to assess resource and budget implications of projects, as well as how they contributed to achieving the Commission's strategic goals and priorities. He would take on board the Committee's suggestion of detailing prioritisation criteria in a more formal manner.
- 4.7 The Committee questioned the scrutiny of business cases and officials recognised improvements were needed to capture lessons learned and to monitor benefit realisation. It was agreed that further guidance was needed, including around the development and iterations of business cases. Gareth also agreed to circulate a useful report he had recently found on agile project management methodology to Committee members.

- 4.8 Officials welcomed the discussion on programme and project management and the Committee welcomed a review of change management principles and processes which was scheduled for September 2017. The current project guidance would be updated and developed collaboratively by members of the Community of Practice and other key stakeholders.

Actions

Data Analytics (Payroll) audit

- *Gareth to provide the Committee with further information regarding the sample sizes used for data analytics.*

Project Management audit

- *Gareth to circulate outcome of IRB review discussion in advance of the June meeting.*
- *Dave to consider prioritisation criteria for projects.*
- *Dave to consider inclusion of IRB 'Directors updates' as annexes to the KPI Report.*
- *Gareth to circulate report on agile project management methodology.*

5 Consider Internal Audit's outline audit plan for 2017–18

ACARAC (02-17) Paper 6 - Internal Audit Plan 2017-18

- 5.1 The Committee approved Gareth's audit plan for 2017–18. Gareth assured the Committee that his key areas of focus were in line with the Commission's corporate risks. The Committee questioned whether there was enough focus on the Assembly Business function as this was where the forthcoming changes would be concentrated. The Committee were satisfied with Gareth's response around covering the change management elements in the review planned for September 2017, and for flexing his plan to accommodate specific areas of concern during the year.
- 5.2 Gareth would be using internal resource to assist him with his review of integrated support for Committees. He had also added indicative days to the audit plan to ensure the Committee understood his commitments.

6 Review the Internal Audit Charter and Internal Audit's compliance with Public Sector Internal Audit Standard (PSIAS)

ACARAC (02-17) Paper 7 – Internal Audit Charter cover paper

ACARAC (02-17) Paper 7 – Internal Audit Charter

ACARAC (02-17) Paper 8 – EQA Interim Report

- 6.1 The Committee noted the revised Internal Audit Charter for 2017–18 and welcomed the interim External Quality Assessment Report, produced by Andrew Munro, Head of Internal Audit at the Scottish Parliament. The report concluded that the internal audit service generally conforms to internal auditing standards as set out by, and in accordance with, HM Treasury's Internal Audit Quality Assessment Framework. The Committee congratulated Gareth on such a positive result and requested the final report be circulated out of committee.

Action

- *Gareth to circulate the EQA Final Report to Committee members.*

7 External Audit update report

ACARAC (02-17) Paper 9 – Update report

- 7.1 Matthew Coe introduced the WAO update report. The proposed fee was slightly higher than the previous year but included some contingency which may not be required if the audit work continued smoothly. The interim work was proceeding without any major issues identified.
- 7.2 The Committee then discussed the results of the WAO benchmarking exercise of public sector annual reports and governance statements which had been incorrectly scored for the Commission. The WAO, Nia and the Committee agreed the revised scoring. The WAO would share best practice identified from the exercise and would also advise on plans to repeat such exercises in the future.
- 7.3 Nia was pleased with the continuity of the WAO audit team, particularly given the added pressures of implementing the new finance system. She informed the Committee that there were no concerns about the capacity of the team to maintain a smooth audit process.

Action

- *WAO to advise of plans to repeat the benchmarking exercise for annual reports and governance statements with other public bodies and share best practice ideas with the Assembly Commission.*

8 Review of Joint Working Protocol – oral item

Oral item

- 8.1 Both Matthew, Nia and Gareth agreed that their working relationship was effective and would continue to be open and transparent.

9 Draft Governance Statement 2016–17

ACARAC (02–17) Paper 10 – Draft Governance Statement for 2016–17 – cover paper

ACARAC (02–17) Paper 10 – Draft Governance Statement for 2016–17

- 8.1 Claire introduced the draft Governance Statement. She reported that the process building up to the drafting of the statement was well established, with Heads of Service providing detailed assurance statements to inform the drafting of Directorate-level statements. Hugh's scrutiny at a Management Board meeting added a further layer of assurance. Claire agreed to share a revised version of the Governance Statement and an outline of the Annual Report with the Committee before Easter recess.
- 8.2 Attendees agreed to provide feedback to the Clerking team after the meeting.
- 8.3 The Committee commended officials on producing a comprehensive draft statement. They suggested highlighting the key corporate risks and elaborating on the value for money initiative.

Actions

- *Claire to circulate revised draft and outline Annual Report before the Easter recess.*
- *Attendees to provide feedback on the draft Governance Statement to the Clerking team.*

10 Review the overall Assurance Framework

ACARAC (02-17) Paper 11 – Assurance Framework update

ACARAC (02-17) Paper 11 – Annex A – Assurance FW map

ACARAC (02-17) Paper 11 – Annex B – Assurance FW April 16–Mar 17

- 9.1 The Committee welcomed the revised Assembly Commission's Assurance Framework and appreciated how well used it was across the organisation.

11 Update on fraud and whistleblowing policies

ACARAC (02-17) Paper 12 – Whistleblowing Policy and Fraud Policy Updates

- 8.1 Gareth updated the Committee on the review of the Commission's Whistleblowing and Fraud policies. Information on whistleblowing and other methods of raising concerns and complaints was published on the Assembly's intranet pages and this included a link to an independent email address. Gareth would be working with the Head of HR to ensure there was sufficient awareness across the Commission.
- 8.2 There had been no substantive updates to the Fraud Policy or the Fraud Response Plan.
- 8.3 In March 2017, the Assembly Commission ran a cyber security awareness week which highlighted the potential risks from cyber-attacks, which included phishing emails that could increase the risk of fraudulent activity. Dave confirmed that constituency offices would receive cyber security awareness training.
- 10.4 Suzy Davies and officials agreed to provide the Committee with feedback on how the week was received by Commission staff, Assembly Members and Assembly Members' support staff.

Action

- *Suzy Davies and Clerking team to gather feedback on the cyber security awareness week amongst AMs, AMSS and Commissioners.*

12 Finance and Budget update

ACARAC (02-17) Paper 13 – Finance and Budget update

- 11.1 Due to the early scheduling of this meeting, Nia was unable to provide the Committee with a year-end position as accounting adjustments were yet to be processed.
- 11.2 A capacity planning meeting at Management Board would further inform demands on the 2017-18 budget which would also be closely monitored by IRB.

13 Update on replacement Finance system project – oral item

Oral item

- 12.1 Nia and Keith provided the Committee with an update on the finance system replacement project and implementation of the Microsoft Dynamics NAV system. A project board, scheduled for Monday 20 March had been postponed due to a delay in testing the functionality of publishing AMs expenses. The project team did not believe that the issue was technically complicated to fix or would delay the go-live date.
- 12.2 The Chair noted the robust governance arrangements applied to this project and asked for Keith to be kept informed of the go-live decision making process and conclusions. Nia confirmed that she remained confident that the go-live date would be 3 April and agreed to send all project related papers to Keith.

Action

- *Nia to ensure Keith is kept informed of progress and decision making process at key stages.*

14 Consider the Corporate Risk Report

ACARAC (02-17) Paper 14 – Corporate Risks

ACARAC (02-17) Paper 14 – Annex A – Corporate Risks Summary Report

ACARAC (02-17) Paper 14 – Annex B – Corporate Risks plotted

- 13.1 The Commission's Corporate Risk Register had been thoroughly reviewed by the Management Board at meetings in February and March, which had resulted in a number of new risks being added. The Chair commended the due diligence applied to identifying, capturing and closely monitoring the most significant risks facing the Commission.
- 13.2 Discussions around the wider change agenda, including communication and engagement in relation to all of the corporate changes (constitutional and electoral reform, wider engagement and Brexit) were ongoing between relevant Management Board members to ensure a strategic and co-ordinated approach.

15 Critical examination of one identified or emerging risk – Constitutional change

ACARAC (02-17) Paper 15– Constitutional Change Risks

- 14.1 Anna and Adrian were present for this item. Discussions focused on the challenges regarding the public perception of corporate and constitutional changes.
- 14.2 Committee members welcomed the clear explanation of such a complex area, the analysis of the individual risks and the on-going discussions around the interdependency and combined impact of these.

16 Outline of ACARAC Annual Report – oral item

Oral item

- 15.1 The Chair would share a draft report with members for comment in April.

17 Departures Summary and Forward Work Programme

ACARAC (02-17) Paper 16 – Departures summary

ACARAC (02-17) Paper 17 - Forward Work Programme

- 16.1 The Committee noted one departure from normal procurement procedure. The Chair requested details of the current cost of caseworker training.
- 16.2 The Clerking team would update and publish a revised forward work programme.
- 16.3 As this was Claire's final ACARAC meeting, the Chair formally thanked her on behalf of the Committee for helping engender such a positive working relationship and wished her well in the future.

Next meeting is scheduled for 19 June 2017.

18 Forward Work Programme