

# Concise Minutes – National Assembly for Wales

## Commission Audit and Risk Assurance Committee

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Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Tuesday, 18 July 2017

Meeting time: 09.00 – 11.00

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### Attendance

Names
Eric Gregory, Independent Advisor and Committee Chair
Keith Baldwin, Independent Advisor and Committee Member
Hugh Widdis, Independent Committee Member (via telephone)
Suzy Davies, AM and Commissioner
<u>Officials</u>
Manon Antoniazzi, Chief Executive and Clerk, and Accounting Officer
Dave Tosh, Director of Resources
Nia Morgan, Director of Finance
Gareth Watts, Head of Internal Audit
Matthew Coe, Wales Audit Office (WAO)
Ann-Marie Harkin, Wales Audit Office (WAO)
Kathryn Hughes, Committee Clerk and Risk Manager
Buddug Saer, Deputy Committee Clerk
Adrian Crompton, Director of Assembly Business (Item 3)
Eve Jennings, Senior ICT Project Manager (Item 3)



## 1 Introductions, apologies and declaration of interests

- 1.1 Eric Gregory declared that he was a business representative for the Parliamentary Review of Health and Social Care in Wales.
- 1.2 No other interests were declared.

## 2 Minutes of 19 June, actions and matters arising

*ACARAC (04-17) Paper 1 – Minutes of 19 June 2017*

*ACARAC (04-17) Paper 2 – Summary of actions*

- 2.1 The minutes of the meeting on 19 June were agreed and the updates on actions captured in paper 2, were noted.
- 2.2 Regarding action point 5.3 (*Consider methods of communicating IRB decisions more widely*), at a recent Management Board away day, it was agreed that Nia Morgan would provide briefings to Suzy Davies during their catch-up meetings. The Management Board would also be provided with updates and the opportunity to contribute to the forward work programme.
- 2.3 Action point 5.3 (*Share results of governance structures post IRB away day*). Dave Tosh confirmed that the terms of reference for both the Management Board and the Investment and Resourcing Board would be reviewed to ensure that that they remained fit for purpose and that they accurately set out the distinct role each Board plays within the Commission governance arrangements. Dave also explained that as part of this exercise they were also reviewing the membership of each Board. He agreed to update the Committee with revised terms of reference for Management and Investment and Resourcing Boards.
- 2.4 Suzy Davies, Manon Antoniazzi and Nia Morgan covered action point 8.1 (*Brief ACARAC following attendance at Finance Committee meeting*). They had explained to the Finance Committee the process behind profiling the budget and the planning and scrutiny that takes place during the budget setting process. In a bid to increase transparency, the Finance Committee requested that the Commission estimate the underspend against the Determination during 2018–19 and produce a detailed list of potential areas of spend and prioritisation. The Finance Committee requested that this information be included in the budget document to be laid by 30 September 2017.

- 2.5 Suzy informed ACARAC that there was currently a prioritised list of investment projects for 2018–19, however it was hard to predict actual spend during 2018–19 due to the changing political landscape. An estimate of the likely surplus would also be included within the 2018–19 budget document, however Nia noted that there had been no clear pattern of utilisation of the Determination budget identified in prior years and it would be difficult to provide an accurate forecast.
- 2.6 Dave discussed the corporate risk reference ICT16 (Cyber Threats – Protection, Detection and Response) which had been revised to be more specific and meaningful. He informed the committee that following the recent breach at Westminster, an organisation wide message had been sent reminding all users to be vigilant and to report anything suspicious to the ICT service desk.
- 2.7 A further discussion took place on the continuing need for AMs and AMSS to be aware of their actions with regards to cyber security. Suzy agreed for Commissioners to be involved in encouraging their parties to be pro-active when training and drop-in sessions were organised.
- 2.8 Committee members were yet to share any GDPR contacts with the Information Governance Manager, but Dave was happy to share our approach to GDPR with others, if requested.

### **Actions**

- *Dave to update the Committee with revised terms of reference for Management and Investment and Resources Boards.*

## **3 NAV (Finance system) update**

### *ACARAC (04–17) Paper 3 – NAV update*

- 3.1 The Chair welcomed Adrian Crompton (Senior Responsible Owner) and Eve Jennings (Project Manager) to the meeting to present the closure report of phase 1 of NAV.
- 3.2 The lessons learnt following the HR and Payroll project were studied to ensure that such a significant replacement system was successfully delivered. The experienced, dedicated PM and her team were commended as were the efforts and commitment of the Finance team.

- 3.3 The selection of the supplier (TES) had been critical to the project's success. The on-going technical support and work on phase 2 was also very encouraging.
- 3.4 Further discussions focused on capturing the positive lessons learnt as well as the negative aspects of the project. The Committee queried the presentation of the consultancy costs and Nia agreed to provide a note for the Secretariat to include in the minutes.
- 3.5 Gareth and Dave assured the board that they would incorporate the lessons identified in the report and, as suggested by the board, within project templates and guidance documentation.
- 3.6 Committee members congratulated the project team on the successful delivery of phase 1. The project team and Nia thanked Keith for his role in providing external assurance and advice to the project team, in particular to Adrian when a 'go live/no go' decision was necessary.

#### **Actions**

- *Gareth and Dave to ensure lessons learned (both positive and negative) are applied and embedded in working practices.*
- *Nia to provide a note for the ACARAC minutes to clarify the variance in the actual consultancy costs versus the forecast as well as the general forecasting profile.*

## **4 Annual Report and Accounts**

*ACARAC (04-17) Paper 4 – Annual Report and Statement of Accounts 2016-17 – cover paper*

*ACARAC (04-17) Paper 5 – Annual Report and Statement of Accounts 2016-17*

- 4.1 The revised annual report and statement of accounts were welcomed by the Committee. They suggested some areas that could be revised to provide further clarity, but overall the activity during the 2016-17 period was well documented and presented effectively.
- 4.2 Nia agreed to consider revising the wording on page 109 to reflect the re-allocation of resources between budget lines whilst remaining within the overall budget.
- 4.3 Ann-Marie Harkin raised an issue relating to salary payments made to the Auditor General for Wales (AGW) in May and June 2016. Due to the appropriate

legislation not being followed for setting the salary of the AGW, the salary payments due to the AGW in May and June 2016 could not be paid out of the Welsh Consolidated Fund (WCF). Instead, the Assembly Commission had used funds voted to it for other purposes to pay the AGW during those two months. The Assembly Commission's sole alternative option would have been to withhold salary payments to the AGW during those two months.

- 4.4 Ann-Marie emphasised that the Assembly Commission's budget is voted for on an annual basis. The Assembly Commission had subsequently been reimbursed from the WCF, so the position had been regularised by year end. It was, therefore, the position of the AGW and the WAO audit team that there was no question of the Assembly Commission's accounts being qualified (the opinion on regularity section).
- 4.5 However, for transparency it was proposed that disclosure of this issue be made in the financial statements. This could either be done through an AGW Report appended to his Audit Opinion and Certificate or by the Assembly Commission disclosing the matter within the notes to the financial statements. Assembly Commission management expressed a preference for the matter to be disclosed in the notes to the financial statements.
- 4.6 Ann-Marie agreed that in a meeting with the AGW later that day, she would suggest that an explanatory note be added to the accounts, describing the issue. It was made it clear that the agreed course of action would be a decision for the AGW to make.
- 4.7 Nia agreed to draft and circulate a note to append to the Committee minutes to disclose the processes around the treatment of payment of AGW salary.
- 4.8 The Committee agreed with the WAO that pending agreement from the AGW, a note be added, but wanted to be clear that no misuse of public funds had occurred.
- 4.9 Nia agreed to provide an update on the position and the agreed course of action once she had been informed of the outcome of the meeting between Ann-Marie and the AGW.

### **Actions**

- *Nia Morgan to consider revising the wording on page 109 of the AR&A to reflect the re-allocation of resources between budget lines whilst remaining within the overall budget.*

- *Nia Morgan to draft and circulate a note to append to the Committee minutes to disclose the processes around the treatment of payment of AGW salary.*
- *Nia Morgan to provide an update on the position of disclosure and treatment of Wales Consolidated Fund following WAO auditors meeting with AGW.*

## **5 External Audit update**

### *Oral update*

- 5.1 This item was covered under item 4.

## **6 Forward Work Programme**

### *ACARAC (04-17) Paper 7 – Forward Work Programme*

- 6.1 The forward work programme was noted and would be published on the Committee's website.
- 6.2 Finally, the Chair mentioned his presentation of the ACARAC annual report at a recent Assembly Commission meeting on Monday 17 July. The report was welcomed by the Commissioners and they were encouraged by the quality and results of audit reports, and by the focus on cyber security.
- 6.3 He had also highlighted the need to capture and report on progress of projects and programmes through the Key Performance Indicator (KPI) report.

Next meeting is scheduled for 27 November 2017.