

Concise Minutes – Assembly Commission Audit and Risk Assurance Committee

Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Monday, 20 January 2020

Meeting time: 10.00 – 12.30

Attendance

Category	Names
Members:	Robert (Bob) Evans (Chair) Independent Adviser and Committee Chair 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 Dave Tosh, Director of Resources Nia Morgan, Director of Finance Gareth Watts, Head of Governance and Assurance Gareth Lucey, Wales Audit Office (WAO) Ann-Marie Harkin, Wales Audit Office (WAO) Kathryn Hughes, Committee Clerk and Risk Manager Ryan Bishop, Deputy Committee Clerk Julian Luke, Head of Policy and Legislation Committee Service Arwyn Jones, Director of Communication and Engagement (Item 11 and 13) Siwan Davies, Director of Assembly Business (Item 11)



	Richard Thomas, Implementation Manager, Strategic Transformation (Item 11) Mark Neilson, Head of ICT (Item 12) Jamie Hancock, Head of Infrastructure (Item 12)
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1 Introductions, apologies and declaration of interests

- 1.1 The Chair welcomed everyone to the meeting and noted apologies had been received from Suzy Davies AM, Assembly Commissioner and Committee member. Julian Luke, Head of Policy and Legislation Committee Service, was in attendance as an observer.
- 1.2 No interests were declared.

2 Minutes of 21 October, actions and matters arising

ACARAC (01-20) Paper 1 – Minutes of 21 October 2019

ACARAC (01-20) Paper 2 – Summary of actions

- 2.1 The minutes of the 21 October meeting were agreed.

3 Governance and Assurance Update Report

ACARAC (01-20) Paper 3 – G&A update report

- 3.1 Gareth Watts introduced the report which provided members with an update on recent Governance and Assurance work and highlighted the following:
 - Heads of Service had each completed an Assurance Statement, which were being used to inform Directorate-level statements ahead of a meeting to provide independent scrutiny and challenge of these in February;
 - the results of an External Quality Assessment (EQA) he was carrying out of the Northern Ireland Assembly Internal Audit Service would be reported to their Audit and Risk Committee in the spring;
 - the findings of the review into effectiveness of the systems in place for the Commission's training budgets would be presented to the Executive Board and shared with the ACARAC in due course; and

- responsibility for production of the Annual Report and Accounts remained with the Governance team and work was underway on planning and commissioning pieces of work.
- 3.2 Gareth advised that the findings of the Managing Absence audit report had been considered by the Commission's Leadership Team. The Committee noted that progress was being made with proposals for implementing recommendations around training for line managers, improvements in flexi-time monitoring and improved reporting from the HR/Payroll system.
- 3.3 In relation to the Internal Audit Plan 2019-20, reports on recent reviews of fixed assets and procurement had been circulated out of committee.
- 3.4 For the procurement review, which focussed on the Commission's strategy to engage with more Welsh suppliers, the report acknowledged good progress to date, with some minor recommendations.
- 3.5 Responding to questions around what practical work had been done to engage with Welsh suppliers, Dave explained that engagement takes place during contract renewal stages and on a continual basis with current contractors and sub-contractors, such as the catering and estates services. Dave also cited an example of a recent well received supplier engagement open day held by our major estates management contractors.
- 3.6 Ann re-iterated the importance of continuing to pro-actively engage with Welsh suppliers, including through intermediaries such as the Chamber of Commerce and the CBI so that opportunities are publicised in a timely way.
- 3.7 In response to questions around the Official Languages Scheme compliance audit, Gareth explained that this would include a review of the tools used to measure compliance, aiming to provide further assurance to the Chief Executive and the Commissioner with responsibility for the official languages.
- 3.8 In response to questions around plans to review of the Commission's security arrangements, Dave explained that discussions were ongoing with South Wales Police, given the ever changing nature of threats.

Action: (3.7) Gareth Watts to share the scope for the audits on compliance with the Official Languages Scheme and project management changes.

4 Consider the proposed Internal Audit strategy

ACARAC (01-20) Paper 4 – Internal Audit Plan 2020-21

- 4.1 Gareth outlined the Internal Audit Plan for 2020-21 noting that audits carried out during 2019-20 had assisted with the identification of areas to cover. Gareth welcomed further suggestions from the Committee.
- 4.2 Gareth outlined the upcoming review of the arrangements in place for the recording, safeguarding and protection of the Commission's tangible assets. He also outlined that the audit into risk management was a periodic review of the effectiveness of risk management arrangements at a corporate, service and project level.
- 4.3 The Committee were keen to hear further information relating to the planned audit of compliance culture, due to take place in November 2020. Gareth explained that this was a follow up to previous specific audit work to provide wider assurance on compliance in general. It would involve identifying key areas of statutory, policy and process requirements for the audit to ascertain how compliance was measured and levels of confidence in measures.
- 4.4 The Chair thanked Gareth for his work in producing the Internal Audit Plan and providing Committee members with an update.

Action: (4.3) Gareth Watts to share the scope for the compliance culture audit.

5 External Audit Update

ACARAC (01-20) Paper 5 – External Audit update

- 5.1 The Chair welcomed Gareth Lucey and Ann-Marie Harkin to the meeting. Gareth explained that the External Audit update had been circulated out of committee in December. This had included details of calculation of the audit fee on which the Chair asked for further clarification. Gareth agreed to provide further details out of committee.
- 5.2 Gareth drew the Committee's attention to a national study of counter-fraud arrangements across the Welsh public sector. This was in response to a report presented to the Public Accounts Committee (PAC) in June 2019 where proposals

by the Auditor General to carry out a more detailed review across 40 public sector bodies in Wales were endorsed. This included the Assembly Commission.

- 5.3 In response to questions around the confidentiality of any findings, Gareth assured Committee members that, whilst the report would be published and therefore subject to public scrutiny, it would not specifically highlight any issues with the Commission's arrangements.
- 5.4 The Chair noted the planned work and that any learning from the study would be considered by the Commission after the report was published.

Action: (5.1) WAO to provide a note on the composition of daily rate costs in relation to audit fees, specifically a breakdown of overheads and costs directly funded.

6 Consider the proposed External Audit strategy

ACARAC (01-20) Paper 6 – External Audit strategy 2019-20

- 6.1 The Committee received an overview of the 2020 Audit Plan from Ann-Marie, noting an estimated cost at the same reduced rate as last year. The audit would follow the usual risk-based approach and based on the assumptions outlined in the plan.
- 6.2 Ann-Marie also brought the Committee's attention to personnel changes in the audit team with a new Senior Auditor in place. She also explained that the Assistant Auditor General for Wales would certify the accounts to maintain independence and objectivity as the Auditor General had previously been employed by the Commission.
- 6.3 It was anticipated that the bulk of the audit work could be completed by the end of May and the findings brought before ACARAC at its June meeting.
- 6.4 The Committee discussed the scope of the audit in relation to Assembly Members' offices. Ann-Marie informed the Committee that they were able to rely on information provided by internal audit and the Members' Business Support (MBS) team, who regularly conduct site visits to offices. The Committee heard that added assurance would be provided from site visits as part of the review into the Commission's assets.
- 6.5 The Chair asked the secretariat to arrange a briefing session for Committee members on the work of the Members' Business Support (MBS) team and the monitoring of Assembly Members' expenses.

Action: (6.5) Provide briefing to ACARAC members on the work of Members' Business Support (MBS) and the monitoring of Assembly Members' expenses.

7 Budget update

ACARAC (01-20) Paper 7 – Update on 2019-20 Financial Position and 2020-21 Budget

- 7.1 Nia introduced the item, asking Committee members to note the current financial position for the 2019-20 financial year.
- 7.2 Nia highlighted the change in presentation of the budget to reflect that the Commission would no longer utilise any underspend arising from the Remuneration Board's Determination budget to fund project work. The Committee were reassured to hear that, as this was the first year of presenting the budget in this way, it would be subject to ongoing review.
- 7.3 In response to questions on the increase in staff turnover percentages, Nia explained that this average brought the Commission in line closer to the public sector average and did not cause concern for senior management at this point.
- 7.4 The Committee questioned officials on the expenditure on the estate and the future of Tŷ Hywel. Dave informed the Committee that, under the current arrangements the level of investment was necessary to maintain the building.
- 7.5 Responding to questions around the value for money savings target, Nia indicated that this information was now collated for internal monitoring purposes only.

8 Review of accounting policies

ACARAC (01-20) Paper 8 – Review of accounting policies

- 8.1 Nia introduced the paper which provided an update on work done to review the Commission's accounting policies.
- 8.2 Given the complexities involved, and significant changes to some accounting approaches for the public sector, the Chair thanked Nia and her team for the thorough work done on reviewing the Commission's accounting policies. He also noted that the Commission appeared to be ahead of other public sector bodies in implementing the changes.

9 Review of accounting system

ACARAC (01-20) Paper 9 – Review of accounting system

- 9.1 Nia introduced the paper which outlined conclusions on a review of the Commission's accounting system.
- 9.2 The Committee noted that the current supplier of the accounting system, was under contract to provide support for the system until 2022.

- 9.3 The Committee were reassured that the review had confirmed the expected benefits of the system, introduced almost three years ago had been realised, had improved the internal control environment and was fit for purpose.

10 Corporate Risks Report

ACARAC (01-20) Paper 10 – Corporate Risk

ACARAC (01-20) Paper 10 – Annex A – Summary Corporate Risk Register

ACARAC (01-20) Paper 10 – Annex B – Corporate Risks plotted

- 10.1 The Committee received an update from Dave on the status of the Commission's Corporate Risks and were invited to comment.
- 10.2 The Committee noted that, despite lack of movement in the risk ratings, there was continued effort going into managing the risks, some of which the Commission had little or no influence over. Dave provided assurance that the risks were regularly monitored at appropriate levels.
- 10.3 The Committee welcomed progress on mitigation actions to strengthen controls where possible, including the appointment of a Safeguarding Officer.
- 10.4 It was agreed that the wording of the Brexit risk would be reviewed and that consideration would be given to assessing the risks around the UK constitutional landscape post-EU exit.
- 10.5 The Committee discussed ways in which the Commission were planning to respond to the changing wider constitutional landscape, particularly in terms of engagement work. Manon indicated that Executive Board had held Sixth Assembly planning sessions that looked at various potential scenarios and their ramifications. In addition, Commission staff had been invited to take part in a number of staff sessions looking at how the organisation might need to respond to those different scenarios should they be realised.
- 10.6 The Chair suggested that further discussions over the Committee's role in the continued monitoring of these constitutional risks be discussed at a future horizon scanning session.

Action: (10.5) Share outcomes of discussions on the strategy for the Sixth Assembly.

11 Corporate Risk – Assembly Reform risks

- 11.1 The Chair welcomed Siwan Davies, Director of Assembly Business, Arwyn Jones, Director of Communications and Engagement and Richard Thomas, Implementation Manager in the Constitutional Team, to the meeting.
- 11.2 Siwan advised that the Senedd and Elections (Wales) Act had received Royal Assent on 15 January 2020 and outlined how this had changed the risk profile. She also outlined the governance that was in place to enable decision-making and management of risks and the role of the Assembly Reform Project Board in overseeing implementation of the aspects of the Act which were within the Commission's responsibility.
- 11.3 In response to questions from the Committee, Siwan described how the governance structure, including the project board and the Name Change Integrated Team facilitated effective dissemination of information internally to staff and to external stakeholders. She added that detailed advice was also given to Assembly Members and their staff when decisions were made.
- 11.4 Siwan noted that the Committee on Assembly Electoral Reform (CAER) had sought funding from the Commission to undertake a citizens assembly. Support for the Llywydd and Commission in their engagement with CAER would continue to be provided by Strategic Transformation Team.
- 11.5 Proposals on implementation of the Senedd and Elections (Wales) Act in relation to the name change would be presented to the Commission on 27 January where they would make decisions based on majority views if necessary.
- 11.6 In relation to lowering the voting age to 16, Richard Thomas explained how the Commission were working closely with all stakeholders, including local authorities, the Welsh Government and the Electoral Commission, who were leading on voting registration, and other groups to ensure a comprehensive awareness-raising campaign. He added that material for schools had already been prepared and that, whilst this was primarily led by the Welsh Government, the Commission had a key role to play in engagement with the young people.
- 11.7 The Chair thanked officials for their attendance and for providing Committee members with such a thorough update.

Action: (11.3) Provide briefing on work to engage with external stakeholders in relation to name change aspects of the Senedd and Elections (Wales) Act.

12 Cyber–security

ACARAC (01–20) Paper 11 – Review of Microsoft contract dependencies

- 12.1 The Chair welcomed Mark Nielson, Head of ICT and Broadcasting and Jamie Hancock, Head of (ICT) Infrastructure and Operations, to the meeting and thanked them for providing a comprehensive paper in advance of the meeting.
- 12.2 In response to questions from the Committee, Mark and Dave provided assurances that the Commission would continue to ensure they were taking full advantage of the Microsoft services available, whilst being mindful of what the broader industry had to offer and keeping pace with the latest technology. Mark added that, now that the recently created Security and Compliance Manager post had been filled, this would facilitate the continued drive to ensure robust cyber–security measures were in place and effective.
- 12.3 The Committee heard that, following an assessment of the different options available to provide geographic separation of backup and copy tapes, Azure Backup was judged to be the best solution for the Commission. Amongst other benefits, the solution was fully integrated with the Commission’s existing cloud services which removed any reliance on tape, or local storage.
- 12.4 Jamie informed the Committee that Microsoft were aiming to create a carbon neutral data centre environment, which was in line with the Commission’s environmental targets and commitments.
- 12.5 In response to questions from the Chair on whether testing had taken place in relation to retrieving data from a backup, Jamie informed the Committee that some testing had been successfully carried out which had informed plans for fuller testing.
- 12.6 Mark re–iterated the invite for Committee members to attend the a local Microsoft Datacentre, combining this with a discussion with Microsoft and Azure officials.

13 Feedback on REWAC consideration of the Commission's Engagement Strategy

- 13.1 Ann and Arwyn provided the Committee with an update on areas covered at the Remuneration Engagement and Workforce Advisory Committee (REWAC) meeting on 14 January, minutes of which would be shared with ACARAC members. The areas covered are as outlined below:

- proposals for a graduate level apprenticeship scheme where Lowri Williams, Head of HR, had proposed four options for consideration;
- the proposed approach to applying for the Platinum Investors in People accreditation, having achieved Gold status previously;
- the Commission's Recognition Scheme where, having been nominated by their peers, staff were recognised for contributions to the Commission's values by way of a certificate; and
- an update on the Commission's Public Engagement Strategy and proposals for delivery.

13.2 The Chair thanked Ann and Arwyn for the update and looked forward to receiving a further update in due course.

14 Feedback on attendance at ARAC Chairs' Forum

14.1 The Chair fed back to Committee members on attendance at the Audit and Risk Assurance Committee (ARAC) Chairs' Forum. Topics had included the fast paced movement of technology in the auditing sector, particularly around data processing and data analytics.

15 Departure Summary

ACARAC (01-20) Paper 12 - Departure Summary

15.1 The Committee noted the departures from normal procurement procedures outlined in the paper.

16 Forward Work Programme

ACARAC (01-20) Paper 13 - Forward Work Programme

16.1 As this item was not discussed - Committee members would be invited to comment out of committee.

Next meeting is scheduled for 27 April 2020.