

# Concise Minutes – Senedd Commission Audit and Risk Assurance Committee

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Meeting Venue:

## MS Teams

Meeting date: Monday, 15 June 2020

Meeting time: 09.30 – 12.00

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## Attendance

Category	Names
Members:	Robert (Bob) Evans (Chair) Ann Beynon Dr Aled Eirug
Officials:	Manon Antoniazzi Dave Tosh Nia Morgan Gareth Watts Kathryn Hughes (Clerk) Buddug Saer (Deputy Clerk) Arwyn Jones Sulafa Thomas Gareth Lucey



## **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 MS.

1.2 He also thanked and praised officials for the extraordinary effort in producing the papers contained in the pack as well as the papers circulated out of committee.

1.3 No interests were declared.

## **2 Minutes of 27 April, actions and matters arising**

*ARAC (03-20) Paper 1 – Minutes of 27 April 2020*

*ARAC (03-20) Paper 2 – Summary of actions*

2.1 The minutes of the 27 April meeting were agreed.

2.2 The Chair provided an update on the action around the planning for an Executive Board meeting with Independent Advisers on the strategy for the sixth Senedd.

Discussions had been held with Manon Antoniazzi, Dave Tosh and the Chair of the Commission's Remuneration, Engagement and Workforce Advisory Committee (REWAC) and efforts were ongoing to find a suitable date for a meeting. Ann Beynon encouraged officials to consider external factors during that meeting and the Chair agreed that consideration should be given to engaging with relevant external people in due course.

2.3 The Chair recommended that action point 2.3 (review of cyber security) should be marked as complete as Gareth Watts had confirmed that ICT would soon refresh their cyber security strategy.

2.4 In relation to the action around the revised communication strategy for the name change project, and to supplement a paper circulated out of committee, Arwyn Jones provided an update to the Committee. Due to the ongoing Coronavirus pandemic, the next stage of the strategy was being planned for the autumn and would align with awareness-raising around votes at 16 and the 2021 Senedd elections. Results of polling with focus groups would be used to inform the strategy. Arwyn added that colleagues were liaising closely with the Welsh Government and the Electoral Commission to co-ordinate engagement activity. Committee members recommended that Commission officials continue to pursue formal meetings with both organisations

as a matter of priority and the Chair asked for regular updates from officials. In the meantime, the restructuring of the communications team would go ahead and this would include the appointment of a social media communications lead and creation of a social media team from among the existing staff.

2.5 Ann Beynon provided feedback to the Committee on discussions at the recent meeting of the Commission's Remuneration, Engagement and Workforce Advisory Committee (REWAC). The results of a recent PULSE survey, where staff were asked to comment on their physical and mental wellbeing during lockdown, were discussed and the Committee had noted the mitigation in place in terms of policies and that staff felt supported. The Diversity and Inclusion Annual Report was also considered, with detailed discussions around the Commission's disability and BAME statistics.

2.6 Committee members congratulated the Senedd Commission on being awarded Platinum Investors in People (IIP) status.

#### **Action**

- (2.5) Regular item to be included under matters arising for Ann to provide feedback on discussions at REWAC

### **3 Governance and Assurance Update Report**

*ARAC (03-20) Paper 3 – G&A update report*

*ARAC (03-20) Paper 3 Annex A – IASAB*

3.1 Gareth Watts introduced his report and described his continued involvement in the Commission's response to the Covid-19 pandemic. He was now also the lead in the governance and assurance workstream of plans to return to the estate. Despite the disruption to his original internal audit plans caused by these commitments, Gareth provided assurance to the Committee by outlining how his team had maintained a sharp focus on governance and assurance. He described how, for example they had continued to ensure that: the risk management processes remained robust; Freedom of Information requests were replied to within deadlines; colleagues were supported on producing privacy notices and data protection queries; and that the Annual Governance Statement and Annual Report narrative sections had been completed to a very high standard and to challenging deadlines.

3.2 Gareth added that he would be engaging with TIAA (out-sourced internal audit partners) to identify areas that could be audited 'virtually' and would update the Committee accordingly.

3.3 Gareth referred to the information paper on 'Conformance with the PSIAS during the coronavirus pandemic' which had been recently produced by the Internal Audit Standards Advisory Board, and which was tabled at Annex A to this paper, and advised that he would share with the Committee a further information paper on 'how internal auditors are doing things differently during the pandemic' which was due to be issued shortly.

### **Action**

(3.3) Gareth Watts to circulate additional IASAB/CIPFA information paper when issued.

## **4 External Audit opinion for the financial year 2019–20**

### *ARAC (03–20) Paper 4 ISA 260 Report*

4.1 Gareth Lucey presented the ISA 260 report to the Committee, confirming their intention to issue an unqualified audit opinion on this year's accounts. He added that this had been a very clean audit with no misstatements identified or significant corrections to bring to the attention of the Committee. They had only identified minor presentational amendments to disclosures within the Annual Report and Accounts in relation to the valuation of assets which had been taken on board.

4.2 Gareth explained that the table of Covid-19 impacts included in the Audit of Accounts (ISA 260) Report was a standard item for all audits. There was no significant impact on the accounts, although the report highlighted a comment by the property valuer indicating material uncertainty around the asset values of the Senedd buildings. To ensure transparency (and consistency with other public sector bodies facing similar issues) the Commission has included the valuer's comments below Note 4 of the financial statements. Gareth explained that Audit Wales have also included an emphasis of matter paragraph within the Assistant Auditor General's audit certificate to draw attention to this. However, the 2019–20 audit opinion is unaffected by this matter.

4.3 The audit certificate for 2019–20 also included a new disclaimer around assurance over ‘other information’ in the Annual Report. Gareth clarified that other information comprises the information included in the annual report other than the financial statements. The disclaimer states that the audit opinion on the financial statements does not cover the other information. However, Gareth did confirm that the Audit Wales team had reviewed the Remuneration Report as part of its work and was satisfied that the other information in the Annual Report was consistent with the financial statements.

4.4 The Audit Wales team thanked the Senedd Commission Finance team for their hard work in ensuring such a clean audit and smooth and straightforward audit process. They also noted that, because they were able to adapt some processes, there had been no significant negative impact as a result of the Covid–19 pandemic.

4.5 Nia Morgan also wished to record her thanks to her team for the incredible effort and additional hours they had worked to ensure the audit work was completed to the original timescales. She also thanked the Audit Wales team, acknowledging how hard both teams had worked to carry out such a thorough audit.

4.6 Committee members were impressed by how efficiently the audit work had been carried out, particularly given the Covid–19 situation. They asked how lesson learned from this experience, particularly in relation to the challenges and opportunities presented by working remotely would be captured and built into the approach for future audits.

4.7 Ann–Marie Harkin explained that Audit Wales would be liaising with other audit bodies as part of their internal learning mechanisms and this would include consideration of how best practice could be shared more widely across both public and private sector auditors. This would also include discussions with Nia and her team in terms of specifics on the approach to future auditing of the Senedd accounts. The Chair, Committee members and both Ann–Marie and Gareth agreed that the ability to carry out the audit work remotely was testament to the flexibility afforded by the robust systems in place at the Senedd Commission.

4.8 In relation to the request for last minute changes to the presentation of disclosures in the accounts around asset valuations and changes to the Audit

Certificate, Nia noted that, in future, it would be helpful to be informed of these earlier in the process.

## **5 Commission's Annual Report and Statement of Accounts 2019–20**

*ARAC (03–20) Paper 5 – Annual Report and Accounts 2019–20*

*ARAC (03–20) Paper 5 Annex A – Annual Report and Accounts 2019–20*

5.1 The Committee noted how impressed they were with the format, content and accuracy of the Annual Report and Accounts, especially as the timescale for its production had been brought forward this year, and given the disruption caused by the Covid–19 pandemic. They were also impressed with the quality of its production, especially given the small team involved.

5.2 The Committee recommended to the Accounting Officer that the financial statements for 2019–20 should be signed. The Assistant Auditor General would add his electronic signature and the report would be laid and published.

5.3 Committee members asked about possible media attention following publication of the report and how best to publicise the work of the Senedd. In response, Arwyn advised that discussions were already being held with the media to highlight positive stories, such as significant reductions in our carbon footprint, but acknowledged the difficulties in capturing the interest of the public with the focus still primarily on Covid–19 related stories.

5.4 The Chair thanked everyone for their contributions and encouraged officials consider how to use the report throughout the year to promote and highlight the work of the Senedd. It was agreed that the Committee would also return to this in the autumn.

### **Action**

(5.4) ARAC to review in the autumn, ways in which the Annual Report and Accounts can be used to promote the work of the Senedd throughout the year.

## 6 Commission's Corporate Risk Report

*ARAC (03–20) Paper 6 – Corporate Risks*

*ARAC (03–20) Paper 6 Annex A – Corporate Risk Summary Report*

*ARAC (03–20) Paper 6 Annex B – Corporate Risks Plotted*

6.1 Dave Tosh presented this item and described the efforts that had gone into the ongoing mitigation of the Commission's corporate risks. Whilst this had not resulted in any movement in the risk ratings, the Annex showing the risks plotted on a matrix demonstrated the direction of travel based on the controls in place. The Committee welcomed the detailed updates provided in the documentation and asked for further details on some of the controls and further mitigating action.

6.2 In response to specific questions around video conferencing, Manon and Dave described the pros and cons of using Zoom and Microsoft Teams and outlined how assessments were made to balance security and data protection considerations with requirements of official languages legislation, which they did on a case by case basis. Based on a risk assessment, the decision had been made to use Zoom, which facilitated simultaneous translation, for public meetings where privacy and security were less of an issue (as they were broadcast) and to use Microsoft Teams for private and internal meetings as this was more secure. Unfortunately, Microsoft were not able to offer a solution on the provision of simultaneous translation. Manon advised that the Welsh Language Commissioner was supportive of the Senedd's use of Zoom and had cited the Senedd as adopting best practice.

6.3 The Commission assured the Committee that they would be keeping abreast of developments in existing video conferencing applications to accommodate simultaneous translation functionality and would continue to explore alternatives.

6.4 In relation to risks around Senedd reform, the Committee discussed issues around the timing of raising awareness of votes at 16 in collaboration with the Welsh Government and the Electoral Commission.

6.5 Aled expressed concern that, as stated in the report, groups consisting of officials from relevant organisations dealing with electoral changes (including the Senedd Commission, Welsh Government and the Electoral Commission) had not met

since last year and asked how this was being addressed. Arwyn confirmed that informal arrangements were in place to take the work on electoral changes forward and these were working well in practice. [A meeting of one of these group was expected later in the summer].

6.6 There was also a discussion around the impact of any delays to the Electoral Commission Financing and Accountability measures (around the Electoral Commission becoming accountable to the Senedd) on preparations for, and promotion of the 2021 elections. Manon advised that a resolution to this was imminent and interim arrangements were in place. The Chair asked for an update on this at the next meeting.

6.7 In response to questions relating to risks around Brexit and UK constitutional change, particularly if no deal had been agreed, the Chair referred Committee members to the material produced by the Commission's Research Service which included regular blogs around Brexit and the impact on the Senedd.

6.8 Committee members expressed recognition and praise for the ways in which the Commission had managed its most significant risks and kept on top of documenting them, especially given the difficult circumstances. This included specific praise for the ways in which ICT had mitigated the additional cyber security risks around working remotely.

## **Action**

(6.4) Manon and Siwan to update ARAC at the July meeting on the implementation of aspects of Senedd reform, specifically around the Electoral Commission.

## **7 Critical examination of a risk of issue – the Commission's response to Coronavirus (Covid-19)**

### *ARAC (03-20) Paper 7 – Emerging from Lockdown*

7.1 Dave presented the paper, which provided an update on the Commission's arrangements in response to the Covid-19 pandemic as well as setting out the aims, principles and working assumptions that would guide the preparations for a return to the estate (RTE). In addition, Dave outlined the streams of work being undertaking to



ensure that when required to do so, RTE could happen effectively and safely and that learning and lessons for the future were captured.

7.2 The Committee heard that the Commission had shown great adaptability in providing virtual Plenary sessions over the lockdown period. As part of the RTE work, the prospect of hybrid Plenary sessions made up of a percentage of Members in physical attendance and others remotely participating was being considered. Alongside this, consideration was being given to implementing a bespoke voting application, which had been developed in-house and would enable Members of the Senedd to cast votes remotely.

7.3 Committee Chairs continued to provide positive feedback on the ability to conduct virtual meetings, with business scheduled until the end of term. Business Committee were due to consider options for conducting essential Senedd business during the summer recess. Alongside this, physical work to get the estate ready for occupancy had taken place, including the installation of clear signage for staff and increased numbers of sanitisation points throughout the estate.

7.4 Underpinning this work was ensuring that staff, Members of the Senedd and their staff remained regularly updated. Arwyn informed the Committee that an internal staff communications group, involving members of the Commission's Leadership Team, had been created and which met on a daily basis to coordinate communications and messaging. A recent virtual all staff session hosted by Manon and the directors had received positive feedback, with a high staff attendance figure. With the RTE proposals taking shape, communications activity would increase to help ease any staff anxiety.

7.5 Gareth informed the Committee that, as Head of Governance, his role was to continue to ensure that governance principles were being adhered to throughout the decision making process. He added that he was also carrying out a piece of work to capture lessons learned across each of the other workstreams.

7.6 In response to questions from Ann around identifying those members of staff who might require additional support before returning to the estate, Dave assured the Committee that work had taken place on identifying those staff who may require additional support in the transition back to the workplace.

7.7 The Chair thanked Dave for the thorough paper and acknowledged the scale of the challenge ahead for the Commission's Executive Board in ensuring that any potential return to the estate is managed effectively, but was reassured by the update provided.

## **8 Committee's Annual Report to the Commission and Accounting Officer**

*ARAC (03-20) Paper 8 - Audit and Risk Assurance Committee Annual report 2019-20*

8.1 The Chair provided an overview of the Committee's 2019-20 Annual Report, which outlined the Committee's work in relation to the Commission's governance arrangements, risk management, internal control and assurance framework.

8.2 In responding to invitations to comment, Ann suggested that the report make further reference to certain external factors such as climate change, the economic downturn and social mobility, with links to the Commission's diversity aspirations.

8.3 The Committee approved the report, subject to suggested amendments. The Chair would consider areas to highlight when presenting the report to the Commission at its July meeting.

### **Action**

(8.2) Chair to discuss additions to the Annual Report relating to external factors such as climate change, economic downturn and social mobility (linking to BAME aspirations) with the clerking team.

## **9 Results of the Committee's effectiveness survey**

*ARAC (03-20) Paper 9 - Summary of results from the 2020 effectiveness survey*

9.1 The Chair introduced the paper, which provided a summary and analysis of the latest Audit and Risk Assurance Committee Effectiveness Survey.

9.2 The Committee heard that results were positive across each of the five areas measured, namely: Composition, Establishment and Duties; Administrative Arrangements; Internal Control and Risk Management; The Role of Audit; and Annual Accounts.

9.3 Following discussion, the following comments were raised for the Chair to address with the clerking team:

- improving ARAC's awareness of Commission work, including sharing the Commission's work programme with ARAC;
- incorporating flexible feedback into future effectiveness surveys; and
- a review of work from the current Senedd term to inform the Committee's work programme for the next Senedd. The Chair would arrange a separate meeting with members to review the work of the Committee before the Autumn meeting.

9.4 The Committee thanked the officials for the thorough analysis of the results.

#### **Action**

- (9.4) The Chair to discuss feedback from survey results with the clerking team.
- (9.4) Share Commission's work programme with ARAC members.

## **10 Commission's approach to election planning**

### *ARAC (03–20) Paper 10 – Planning for the 2021 Senedd Elections*

10.1 Sulafa Thomas, Head of Commission and Member Support, introduced the paper and provided the Committee with an outline of the Commission's approach to preparations for the next Senedd elections in May 2021. The paper included an overview of the risks to the Senedd's reputation involving dissolution of the Fifth Senedd and its transition to the Sixth Senedd.

10.2 In responding to questions around the potential turnover of Members, Sulafa explained that preparations would be broad enough to cope with whatever happened, and explained that the turnover levels had been quite high in previous elections. In relation to the recording of the Commission's physical assets during the transition period, Sulafa informed the Committee that an asset register was kept by the Members Business Support Team. Gareth also informed the Committee that an audit of fixed assets had been scheduled in the 19–20 Audit Plan, however the timing of the audit might change due to the Covid-19 pandemic.

10.3 In response to questions from Aled relating to the budget details in the paper, Sulafa explained that staff costs relating to the Royal Opening would be adjusted to reflect the different approach. Dave Tosh explained that the costs associated with office reconfiguration related to a need for more flexible and efficient use of office

space to accommodate any potential changes in political party configurations as a result of the election.

10.4 The Committee discussed its role in the election planning process and asked to be provided with updates as work evolved, to provide assurance that risks relating to the election were being suitably managed.

10.5 The Chair thanked Sulafa for the comprehensive paper and thorough overview and indicated that further discussions on the Commission's approach to election planning work would take place informally out of meeting, ahead of a formal discussion at the Autumn meeting.

### **Actions**

- (10.4) ARAC to receive regular updates on Sixth Senedd election planning with a formal update at the autumn meeting.
- (10.5) ARAC members to discuss election planning informally and out of committee, to inform formal discussion at the autumn meeting.

## **11 Any other business**

11.1 Ann asked officials for an update on the proposals around attending a future Executive Board meeting to discuss the strategy for the sixth Senedd. Officials indicated a date was being arranged for the session to take place sometime in July.

Next meeting is scheduled for 10 July 2020.