

Concise Minutes – Senedd Commission Audit and Risk Assurance Committee

Meeting Venue:

Video Conference via Microsoft Teams

Meeting date: Friday, 20 November 2020

Meeting time: 10.00 – 12.30

Attendance

Category	Names
Members	Robert (Bob) Evans Independent Adviser and Committee Chair Ann Beynon OBE, Independent Adviser and Committee Member Suzy Davies MS, Senedd Commissioner 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 Senedd Resources Nia Morgan, Director of Finance Gareth Watts, Head of Governance and Assurance Kathryn Hughes, Committee Clerk and Risk and Governance Manager Buddug Saer, Deputy Committee Clerk Arwyn Jones, Director of Communication and Engagement



	<p>(Items 10 and 11)</p> <p>Siwan Davies, Director of Senedd Business (Items 10 and 11)</p> <p>Ann-Marie Harkin, Audit Wales</p> <p>Gareth Lucey, Audit Wales</p> <p>Phil Boshier Senior Researcher & EU Transition Coordinator (items 10 and 11)</p>
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1 Introductions, apologies and declaration of interests

- 1.1 The Chair welcomed everyone to the meeting. There were no apologies and no interests declared.

2 Minutes of 10 July, actions and matters arising

ARAC (05-20) Paper 1 – Draft Minutes of 10 July 2020

ARAC (05-20) Paper 2 – Summary of actions

- 2.1 The minutes of the 10 July meeting were agreed. One point of clarity was requested on paragraph 2.4 around whether agreements had been finalised on future funding arrangements for the Electoral Commission and establishment of a Llywydd's Committee through which it would be accountable to the Senedd. The Clerking team would ensure an update was circulated out of committee.
- 2.2 The Chair welcomed the wealth of information shared with Committee members over recent months. The Independent Advisers had also welcomed being invited to the all staff meetings, which kept them informed of internal activity and discussions.

3 COVID-19 – Corporate update

Oral update

- 3.1 Dave Tosh provided the Committee with an update on the arrangements in place on the estate and the continued success of virtual and hybrid Senedd business.

Plenary meetings had been delivered virtually during the firebreak period but had returned to a hybrid format when national restrictions were lifted on 9 November.

- 3.2 The on-line voting 'app' had been rigorously tested at a recent debate on the Local Government and Elections (Wales) Bill with votes carried out on over a hundred amendments.
- 3.3 Plans to test the hybrid model for Senedd Committees had been halted due to the firebreak but would now take place in December. Members and the Commission were keen for such hybrid arrangements to continue for future Senedd business as it would deliver benefits such as wider engagement and reduced travel.
- 3.4 Siwan Davies and Sian Wilkins, Head of Chamber and Committee Service, had recently provided evidence to a Scottish Parliament committee on our procedural and practical arrangements during the pandemic. The session, which was well received, reflected positively on the flexible ways in which the Commission were supporting formal Senedd business and the technical arrangements in place to facilitate engagement.
- 3.5 Dave then shared the results of the latest staff pulse survey which showed high levels of satisfaction with current working arrangements and highlighted some challenges around lack of social interaction, which the Leadership Team was considering.
- 3.6 In terms of the physical workspace, Dave outlined how he was working with the Estates and Facilities Management team to explore options to accommodate both a physical and virtual presence of occupants of the building. That included considerations such as ensuring there was sufficient meeting space, supported by equipment and technology to facilitate engagement with those working remotely and in ways which were the least disruptive. They were also considering best practice models from elsewhere and solutions that would work best for the organisation.
- 3.7 Suzy Davies highlighted the positive feedback from Members of the Senedd, especially the provision of IT and its resilience during the pandemic and offered

her congratulations to the Commission for the seamless transition to hybrid and virtual proceedings.

- 3.8 Committee members thanked Dave for this update and welcomed the ways in which the Commission was exploring options, adding that studies had demonstrated that hot-desking did not always work well. They also urged officials to gather figures on the proportion of staff likely to work from home in the future, as this would be critical in determining the space available.
- 3.9 In response to questions from the Committee about the Coronavirus vaccine for designated key workers of the Senedd, Dave advised that they would follow Public Health Wales and Welsh Government guidelines. Gareth Watts added that the roles of parliaments had been discussed at a recent inter-parliamentary meeting, noting that the House of Commons would help coordinate any future discussions between the UK legislatures in respect of any role that they may play in relation to the vaccine.

4 Governance and Assurance Update Report

ARAC (05–20) Paper 3 – Governance and Assurance update report

- 4.1 Gareth Watts presented his Governance and Assurance update report. He had participated in a Heads of Internal Audit Forum with his counterparts from across the Welsh public sector where discussion had focussed on differing approaches to giving assurances during Covid-19 and the effect this had on internal audit plans. Core internal audit reviews had given way to more advisory pieces of work and a focus on the challenges of maintaining effective governance and assurance arrangements. It was noted that most core internal audit reports would be delivered in the final quarter.
- 4.2 Preparations for gathering assurances to inform the annual Governance Statement for 2020–21 were now well advanced. Gareth thanked his team for meeting with each Head of Service to discuss governance matters and ensuring they were fully prepared for drafting their Assurance Statements. A subsequent meeting had been held with the three Directors and a commissioning email had

been sent to Heads of Service. The templates and guidance for the statements had been adapted to emphasise the focus on the impact of Covid-19. Directors would draft their statements by early January and an update on progress would be provided at the February 2021 meeting.

- 4.3 Gareth confirmed he had continued to comply with internal auditing standards and that work on the 2020-21 internal audit programme was on-going. The audits on risk and issues management and asset management were nearing completion and reports would be circulated out of committee when finalised. Gareth was confident that he would complete the agreed audit plan by April 2021 noting that, as with other organisations most of the reports would be delivered in the last quarter. He outlined that his key areas of focus in the coming months would include cyber security and scoping the audit on compliance culture.
- 4.4 In relation to the audit on compliance culture, Committee members were encouraged by the meta compliance tool that had been used to monitor the acceptance of the updated ICT Security Rules. Committee members asked about extending the use of compliance tools to Members of the Senedd and their staff. In response, Gareth advised that, as the Commission provided only an advisory service to Members in relation to policies and procedures this would not be possible to enforce. He also clarified that the compliance audit was in relation to Commission staff only.
- 4.5 Gareth informed the Committee that, at the request of the Chief Executive and Clerk, he was also undertaking an additional piece of work on reviewing the revised set of Key Performance Indicators in order for the Commission to give assurances to the Public Accounts Committee (PAC) that they remained robust and fit for purpose. He envisaged completing this work by February 2021.
- 4.6 Related to the audit of asset management, Committee members questioned the guidance issued to Members around dissolution, in particular the value of assets to be written off. Dave confirmed that the detailed guidance was yet to be agreed and that the Members' Business Support team were comparing notes with the

Scottish Parliament and Northern Ireland. Gareth agreed to share dissolution guidance and other relevant papers with ARAC members when available.

- 4.7 Whistleblowing was briefly discussed, and Gareth welcomed Ann Beynon's suggestion that she share details of an audit and benchmarking exercise with him. Gareth reminded the Committee that the whistleblowing policy was presented to ARAC each year and although there had been no cases reported to him, it remained important to raise awareness across the organisation.
- 4.8 The Chair thanked Gareth for his contribution and urged him to take an appropriate amount of time to focus on conducting thorough audits, as opposed to rigid adherence to the plan's timetable.

Actions

- (4.6) Share dissolution guidance and other relevant papers with ARAC members when produced.
- (4.7) Gareth and Ann Beynon to discuss whistleblowing policy and procedures out of committee.

5 Review HMT/other guidance for Audit and Risk Assurance Committees (Chair and Head of Internal Audit)

Oral update

- 5.1 The Chair and Gareth Watts confirmed that there had been no changes to HM Treasury's Audit and Risk Assurance Committee Handbook since March 2016. The Chair felt it may be useful to share the roles and responsibilities section of HM Treasury's Management of Risk – A Strategic Overview 'Orange Book' with Committee members.
- 5.2 Gareth shared an update from the Institute of Internal Auditors on the 'Three Lines of Defence' model for assurance frameworks. The use of the word "defence" had been dropped in order to include a focus on the role of risk management in taking risk-based decisions around opportunities, as well as matters of defence. The new model emphasised the importance of

communication across each line of assurance for which Gareth felt the Commission had a mature approach.

- 5.3 There was also some additional guidance on risk appetite which the Commission would consider. Whilst recognising it was for the Commission to determine its risk appetite, the Chair asked for this to be discussed at a future meeting in terms of how this would be presented to the new Commission after the May 2021 Senedd Elections.

Actions

- (5.1) Share the roles and responsibilities section of HM Treasury's Management of Risk – A Strategic Overview 'Orange Book'.
- (5.3) Add risk appetite to the agenda for a future meeting to consider how this will be presented to the new Com

6 Audit Wales update report

ARAC (05–20) Paper 4 – Audit Wales Update

- 6.1 Gareth Lucey presented an update on current and planned Audit Wales work. This included reference to the 2020 Audit Plan, which summarised the plans, risks, and proposed timetable for their audit of the 2020–21 accounts, as covered under item 7.
- 6.2 Gareth referred to the updated Financial Reporting Manual (FReM), noting that most of the changes were to the structure and format. The biggest accounting change would be the delayed introduction of the new IFRS 16 – Leases on which they would liaise with the Finance Team.
- 6.3 Gareth also described how they continued to seek and share good practice from all-Wales audit work including areas such as cyber security and counter fraud, details of which were available on their website.
- 6.4 The Committee welcomed Gareth's offer of sharing good practice reports as and when they were published via Gareth Watts. Ann-Marie Harkin also agreed to

share the outcome of any discussions Audit Wales had with the Equalities and Human Rights Commission in relation to the Equalities Act.

- 6.5 The Chair thanked Audit Wales for this update and agreed that a similar twice-yearly update, capturing a summary of good practice, studies and reports relating to the wider public sector, should be added to the Committee's forward work programme.

Actions

- (6.4) Share all national reports with ARAC via Nia Morgan/Gareth Watts as and when they are produced.
- (6.4) Share the outcome of any discussions Audit Wales have with the Equalities and Human Rights Commission in relation to the Equalities Act.
- (6.5) *Clerking team to include a twice-yearly update report from Audit Wales in the Committee's forward work programme, to share knowledge of wider public sector studies and reports.*

7 Consider the proposed External Audit strategy for 2020–21 (including the audit fee)

ARAC (05–20) Paper 5 – 2020 Audit Plan

- 7.1 Gareth Lucey introduced the 2020 Audit Plan which would follow a similar timetable to the previous year, noting this was subject to the impact of Covid-19 on Audit Wales. He would liaise with the Finance team in the coming weeks to agree on the detail of the timetable and share the audit fee, once finalised.
- 7.2 The audit team would see one change with Steve Wyndham replacing Gareth Lucey. The Chair thanked Gareth for his work over recent years and wished him well for the future.
- 7.3 Although the current Auditor General for Wales would not feature within the accounts this year (either within current year or comparative accounts disclosures), the Audit Wales Law & Ethics team had advised that, as he had been

an employee of the Senedd Commission until July 2018, the Executive Director of Audit Services within Audit Wales should certify the 2020–21 Senedd Commission accounts.

- 7.4 In response to a question from Aled about valuations of the Senedd estate, Gareth explained that these were carried out every three years and that all organisations were be required to disclose increased material uncertainty due to Covid and other factors in their 2019–20 accounts. similar timetable to the previous year, noting this was subject to the impact of Covid–19 on Audit Wales. He would liaise with the Finance team in the coming weeks to agree on the detail of the timetable and share the audit fee, once finalised.
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8 Finance Update

ARAC (05–20) Paper 6 – Update on 2020–21 Financial Position and 2021–22 Budget

- 8.1 Nia Morgan presented an update on the 2020–21 financial position. The Commission’s forecast out–turn equated to 0.5% of the approved operational budget which was within the target range of 0% to 1.5%.

- 8.2 Nia had shared links with Committee members in advance of this meeting to the Commission's scrutiny sessions with the Senedd's Finance Committee and Public Accounts Committee (PAC) with other related correspondence. One area on which the PAC requested further information was around the replacement of the windows in Tŷ Hywel. Nia explained that a feasibility study would be carried out for a phased approach, a decision on which was likely to be deferred until the new Commission was appointed. In response to Committee members urging early engagement with potential Welsh suppliers, Dave provided assurance this was being done.
- 8.3 Another area raised at the scrutiny sessions was the impact of accrued annual leave which would result in the need for a significant accounting adjustment. The Committee discussed the impact in terms of wellbeing of staff, particularly those unable to take leave due to work pressures. Nia advised that Heads of Services had been asked to encourage their staff to take leave over the Christmas period and a news page item would also be published.
- 8.4 The Committee thanked Nia and her team for their continued work over the summer and the ongoing effort to ensure that the 2020–21 financial position and 2021–22 budget was presented in such a comprehensive way.

9 PAC and Finance Committee update

Oral update

- 9.1 Nia outlined the evidence sessions with the Public Account Committee (PAC) and the Finance Committee. The draft 2021–22 Commission Budget had been laid on 1 October 2020 and the evidence session with the Finance Committee was held on 5 October. The Committee's report had been received and a response issued. The final budget was laid on 4 November and was debated in Plenary on 11 November. The 2021–22 budget related to the first year of the Sixth Senedd which would be overseen by the new Commission due to be appointed in summer 2021.

- 9.2 The PAC scrutiny of the 2019–20 annual report had focused on staff wellbeing and Welsh procurement opportunities. The Chair of the Finance Committee had welcomed the forward planning of long–term projects and had raised further questions on the voluntary exit scheme to which the Commission has responded.
- 9.3 The Committee questioned whether there was engagement with organisations such as the Chamber of Commerce and the Federation of Small Business when procuring for goods and services. Dave confirmed that the Commission were actively engaging with suppliers and were considering ways in which suppliers could be encouraged to proactively look at opportunities available to them.
- 9.4 Gareth added that a review of procurement, which was now part of his service area would be carried and reported to the Committee in due course.
- 9.5 The Chair thanked Nia for this update and the papers circulated in advance of the meeting. He asked to return to procurement engagement procedures at a future meeting.

Action

- (9.5) Add consideration of engagement with Welsh suppliers and relevant organisations to the forward work programme for a future meeting.

10 Corporate Risks Report

ARAC (05–20) Paper 7 – Corporate Risk

ARAC (05–20) Paper 7 – Annex A – Summary Corporate Risk Register

ARAC (05–20) Paper 7 – Annex B – Corporate Risks plotted

- 10.1 Dave Tosh presented this item and outlined the changes made to the Corporate Risk Register following a review by the Executive Board on 23 October.

- 10.2 Aled Eirug questioned the scoring of the risk around UK Constitutional Change given the significant impact it would have on the Commission and this was covered under item 11.
- 10.3 In terms of the risk around compliance with the Commission's Official Languages Scheme risk, Arwyn Jones added further assurance that development of interim and long-term solutions to allow simultaneous translation for private meetings was well under way. Officials, including Arwyn and the Head of ICT, had been proactively engaging with Microsoft, the Welsh Government and the Welsh Language Commissioner and the Committee noted recognition that the Commission was leading the field on developing interpretation functions to facilitate remote working bilingually.
- 10.4 The Chair acknowledged the significant effort by the ICT team and others to find a solution alongside enabling virtual and hybrid Senedd business. He noted that the achievements so far had demonstrated the Commission were doing as much as possible to mitigate the risk. He welcomed the inclusion of the risk on the Commission's Corporate Risk Register and thanked officials for the update. He also asked to be kept informed of progress.
- 10.5 The Committee discussed the risks around the Senedd 2021 Elections in relation to communication and engagement and the implications for the Commission if a decision was made to change the election date due to Covid-19.
- 10.6 Committee members discussed the challenges around effective communication and engagement during an election period, particularly given the coincidence of Senedd and Police and Crime Commissioner elections.
- 10.7 Arwyn advised that the results of polling would inform the targeting and tailoring of communications, for example to encourage 16 and 17 year olds to vote. He added that communication would focus on promoting the achievements of the Senedd in terms of the difference it had made to the people of Wales, and how this had been informed by evidence provided to the Senedd Committees. He added that other risks, such as the use of social media during campaigning were also being assessed.

- 10.8 Siwan Davies explained the rationale for introducing a new corporate risk for the Senedd 2021 elections. She outlined the Commission's ongoing engagement with the Welsh Government and the Electoral Commission, including through membership of the Elections Planning Group, which was informing scenario and contingency planning for holding the Senedd election during the pandemic. Officials were also in contact with the Scottish Parliament on arrangements in Scotland.
- 10.9 Siwan advised that the First Minister had indicated that the Welsh Government was likely to bring forward emergency legislation to, amongst other things, provide a power for the Llywydd to vary the date of the Senedd elections beyond the current month, and reduce the dissolution period, to provide for the continuity of parliament.
- 10.10 Siwan outlined the significant implications for the Commission of moving the election date but noted the commitment by all parties to hold the election on 6 May as planned. She outlined issues such as the potential shortening of the dissolution period, changes to use of resources for Members of the Senedd, the impact on staff and financial resources, the official opening of the new Senedd, and election of a new Llywydd.
- 10.11 Officials were also in contact with the Scottish Parliament on the legislation they were passing.
- 10.12 The Committee noted the level of activity to mitigate the risks as far as possible, the effort that was being put into scenario and contingency planning and that there would be greater clarity in February.
- 10.13 The Committee welcomed that the corporate risks were being managed collectively in terms of the impact of Covid and the EU Transition on the Commission and Senedd business and asked to be kept informed of developments.

11 Critical examination of one identified or emerging risk – Constitutional Change – EU Transition

Oral update

- 11.1 The Chair welcomed Phil Boshier to the meeting and thanked him for the clear presentation of updates he had previously provided to Committee members. Phil explained that the risk focused on the role of the Commission, whilst taking into account the impact of Covid-19.
- 11.2 In response to Aled's question around the scoring of the risk, Phil explained that the controls in place were reducing the likelihood of the risk materialising but acknowledged the continued uncertainty around the outcome of negotiations over a deal with EU. He added that the potential impact of trade deal negotiations, coupled with the impact of Covid-19 on critical supply chains, particularly for ICT and facilities management were being monitored. There was also uncertainty around the amount of legislation likely to come forward from the government.
- 11.3 Phil outlined how the Commission had been building resilience, skills and expertise which had been critical, for instance, in supporting the Senedd's Legislation Justice and Constitution Committee. He also described how the Commission's Leadership Team were collectively overseeing the programme of work and monitoring the constantly changing situation with weekly cross-service operational meetings to inform planning, prioritisation and any necessary redeployment of staff. Planning included some contingency over the Christmas recess period should the Senedd be recalled and to manage the laying of documents by the Welsh Government.
- 11.4 Despite ongoing links with the Welsh and UK Governments and other parliaments, it was difficult to predict the volume of work but officials provided assurance that the Commission was ready to respond.
- 11.5 In response to a question from the Committee about the use of expert advisers, Phil confirmed this could be called upon at short notice through the framework contract which was in place and working effectively.
- 11.6 In relation to a question around dissemination of information, Phil described ways in which the Research Service were able to draw on a dense network of information to inform regular production of updates and briefings for staff,

Members of the Senedd and their support staff. The External Constitutional Affairs team were also producing regular briefing for the Llywydd and Senedd Committees. He also referred to the success of media briefings, particularly around the Internal Market Bill.

- 11.7 The Committee acknowledged how well the Commission were managing the risks but noted the knock on effect this could have on other Senedd business in the run up to the elections. They also referred again to the potential impact on any staff needing to work of the Christmas recess.
- 11.8 The Chair thanked Phil for providing such a comprehensive update and asked to be kept informed of any further developments.

12 Information Breaches (twice yearly report)

Oral update

- 12.1 Dave, as the Commission's SIRO, informed the Committee of five information breaches, one of which was by a third party and none of which were escalated to the Information Commissioner's Office. The staff involved had been reminded to double check email addresses and use blind carbon copy (BCC) when appropriate. They were also asked to update desk instructions and remind staff of any new processes in place.

13 Consider a Committee legacy report from the current Senedd term

Oral update

- 13.1 This item would be discussed out of committee.

14 Review the committee's terms of reference

ARAC (05-20) Paper 8 – ARAC Terms of Reference

- 14.1 The Chair presented the terms of reference for its regular review. It was agreed that the sharing of relevant papers and reports from bodies such as REWAC, the

Senedd Commission and Audit Wales should be added, and that a record of the information sent to Committee members should be kept.

14.2 An amended version would be circulated for approval before being published.

15 Departures Summary

ARAC (05–20) Paper 9 – Departures Summary

15.1 This item would be discussed out of committee.

16 Forward Work Programme

ARAC (05–20) Paper 10 – Forward Work Programme

16.1 This item would be discussed out of committee.

17 Private session

17.1 Gareth Watts attended a private session with members of the Committee once formal proceedings had concluded. No minutes were taken.

Next meeting is scheduled for 12 February 2021.