

Concise Minutes – Assembly Commission Audit and Risk Assurance Committee

Meeting Venue:

Conference Room 4B – Tŷ Hywel

Meeting date: Monday, 25 March 2019

Meeting time: 10.30 – 13.00

Attendance

Category	Names
Committee Members:	Robert (Bob) Evans (Chair), Independent Adviser and Committee Chair Ann Beynon OBE, Independent Adviser and Committee Member Suzy Davies AM, Commissioner Hugh Widdis, Independent Committee Member
Wales Audit Office:	Gareth Lucey, Wales Audit Office (WAO)
Commission Staff:	Manon Antoniazzi, Chief Executive and Clerk, and Accounting Officer Dave Tosh, Director of Resources Siwan Davies, Director of Assembly Business Gareth Watts, Head of Governance and Assurance Nia Morgan, Director of Finance Kathryn Hughes, Committee Clerk and Risk Manager Buddug Saer, Deputy Committee Clerk Carys Evans, Brexit Co-ordinator (Item 12)



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1 Introductions, apologies and declaration of interests

- 1.1 One apology received from Ann-Marie Harkin (WAO).
- 1.2 The Chair welcomed everyone to the meeting and thanked the Clerking team for their support in this, his first meeting as Chair.
- 1.3 No interests were declared.

2 Minutes of 11 February, actions and matters arising

ACARAC (02-19) Paper 1 – Minutes of 11 February 2019

ACARAC (02-19) Paper 2 – Summary of actions

- 2.1 The minutes of the meeting of 11 February were agreed.
- 2.2 Action 2.2 (Welsh Consolidated Fund – WCF): Gareth had met the new Deputy Director responsible for WCF at Welsh Government on 21 March who agreed to exchange information in order to avoid a re-occurrence of the issues raised last year. The Chair welcomed this update and thanked Gareth for his efforts.

3 Internal Audit Update Report

ACARAC (02-19) Paper 3 – update report

- 3.1 Gareth Watts presented his update report which provided the Committee with a flavour of his activities above and beyond internal audit work.

4 Internal Audit Plan 2019-20

ACARAC (02-19) Paper 4 – Internal Audit Plan 2019-20

- 3.1 Due to this meeting being so soon after the February meeting, there were no internal audit reports to present. Any reports approved before the June meeting would be shared with the Committee in advance.
- 3.2 Gareth confirmed that he was covering the role of designated Data Protection Officer for the Commission and explained the arrangement that had been put in place with the office of the Public Services Ombudsman for Wales to provide

cover for the data protection and GDPR function during a period of maternity leave.

- 3.3 Gareth had also been involved in discussions with the Electoral Commission around proposed changes to governance arrangements contained in the Senedd and Elections (Wales) Bill. He agreed to provide a note of potential implications for the Assembly Commission when more information was available.
- 3.4 In relation to the review of procurement, Committee members discussed how the Commission could better engage with small Welsh suppliers. One member of the Committee advised of attendance at a meeting with the local Chambers of Commerce where this issue had been discussed. Dave Tosh agreed to discuss with Ann Beynon and Jan Koziel (Head of Procurement) options to engage with relevant organisations to inform the Commission's procurement strategy to better understand supply chain barriers to engaging with the public sector.
- 3.5 The Committee questioned the focus of audit work on the Business Directorate. Gareth and Siwan Davies had discussed the timing of future audits and the scope of that work, but Siwan was in the process of appointing a Head of Committee Service, who would be responsible for leading this work.
- 3.6 The Chair welcomed the opportunity to be involved in discussions with Gareth and Siwan on the terms of reference for the end to end Committee review.
- 3.7 Gareth thanked the Committee for their comments and was happy to receive further suggestions about his audit plan by email. He agreed to share the review of the Leadership Team and Executive Board with the Chair and was happy to re-schedule the sickness absence review to ensure a report was approved in time for the autumn Public Accounts Committee (PAC) scrutiny session.
- 3.8 Gareth confirmed that his annual report, to be presented in June, would capture any outstanding recommendations.

Actions

- (3.4) Gareth to provide a note of potential implications for Assembly Commission governance arrangements arising from proposals relating to the Electoral Commission contained in the Senedd and Elections (Wales) Bill.
- (3.5) Dave to discuss with Ann Beynon and Jan Koziel options to engage with relevant organisations to inform the Commission's procurement strategy to better understand supply chain barriers.

- (3.6) Gareth and Siwan to engage in discussions with Bob on plans for assurance reviews within the Assembly Business Directorate.
- (3.8) Committee members to provide comments to Gareth on the 2019–20 Internal Audit Plan.
- (3.8) Gareth to share his report on the review of Leadership Team and Executive Board with Chair when available.
- (3.8) Gareth to bring forward the sickness absence review to ensure a report is approved in time for the autumn PAC scrutiny session.

5 Internal Audit Charter and Internal Audit's Compliance with Public Sector Internal Audit Standard (PSIAS)

ACARAC (02–19) Paper 5 – Internal Audit Charter

- 3.10 Gareth advised that there had been no updates to the Internal Audit Charter or the Public Sector Internal Audit Standards (PSIAS). He also confirmed continued compliance with PSIAS and that the next External Quality Assessment (EQA) was due by April 2022.

6 Update from WAO

ACARAC (02–19) Paper 6 – WAO update

- 4.1 Gareth Lucey presented his update paper and advised that the proposed audit fee would remain the same as last year pending internal verification.
- 4.2 He confirmed the completion of the initial planning work in February and March. The final audit would commence on 13 May and any issues would be reported to the Committee in due course.
- 4.3 The Committee were encouraged with the progress of the audit work and welcomed the fixing of the fee at last year's rate.

7 Review of Joint Working Protocol

ACARAC (02–19) Paper 7 – Joint working Protocol

- 4.4 Both Gareth Lucey and Gareth Watts agreed that the current protocol remained relevant and up to date. They updated the Committee on how they had complied with the protocol over the past 12 months.

8 Draft Governance Statement for 2018–19

ACARAC (02–19) Paper 8 – draft AGS

- 5.1 The Chair expressed his appreciation at such a comprehensive draft Governance Statement at this early stage.
- 5.2 Manon Antoniazzi described the process of gathering assurances from Heads of Service and Directors to inform the Governance Statement and the challenge session which was attended by Hugh Widdis in February.
- 5.3 Comments and suggestions were made to the draft statement which would be incorporated before presenting it back to the Committee in June as part of the Commission's Annual Report and Accounts.
- 5.4 In response to a question about the revised KPIs, Dave agreed to share the proposals with the Committee ahead of presenting them to the Commission for approval.

Action

- (5.4) Clerking team to circulate the proposals for KPI reporting to ACARAC before submitting for approval by the Assembly Commission.

9 Annual Report and Accounts – timeline

ACARAC (02–19) Paper 9 – timeline

- 6.1 Nia Morgan briefly described the process followed last year, and the Committee members who were involved in reviewing the Annual Report and Accounts, all agreed that it had worked well. Her intention was to issue a draft two weeks in advance of the 17 June meeting.
- 6.2 The WAO also confirmed that they should be in a position to present a final Audit Completion Report (ISA 260 Report) at the June meeting.
- 6.3 In response to questions about signing, laying and scrutinising the Annual Report and Accounts, Nia agreed to add further detail to the timeline to include the scrutiny sessions.

Action

- (6.3) Populate timeline to include the activity after it is presented to ACARAC in July, e.g. signing by Assistant AGW, laying of the report with Table Office, scrutiny sessions etc.

10 Draft SIRO Annual Report

ACARAC (02–19) Paper 10 – Draft SIRO Annual Report

- 7.1 Dave presented the draft SIRO report which highlighted the progress made, provided assurance that information risks were being effectively managed and identified areas of focus for the coming year.
- 7.2 The main focus for 2019–20 had been embedding the General Data Protection Regulations (GDPR) and working with the Youth Parliament project team to ensure compliance. There was one incident of personal data loss requiring reporting to the Information Commissioner's Office (ICO) but no further action was required.
- 7.3 Training and raising awareness of cyber security had also been a key area of focus during this period. Dave confirmed that Assembly Members and Assembly Members Support Staff were also offered these training sessions but they remained a vulnerable area.
- 7.4 Ann Beynon had previously circulated a Cabinet Office paper titled '*Cyber Security for FTSE 350 companies*' which would be discussed as part of the cyber-security update item at a future meeting.

11 Corporate Risks Report

ACARAC (02–19) Paper 11 – Corporate Risk

ACARAC (02–19) Paper 11 – Annex A – Summary Corporate Risk Register

ACARAC (02–19) Paper 11 – Annex B – Summary Corporate Risks plotted

- 8.1 The Committee noted changes to the Corporate Risk Register. They were pleased with the progress made in terms of Youth Parliament but agreed with Dave that the safeguarding element and GDPR compliance were long term risks that would need to be monitored on a regular basis.

12 Critical examination of one identified or emerging risk (Brexit)

ACARAC (02–19) Paper 12 – Brexit Corporate Risks

- 9.1 The Chair welcomed Kathryn Potter and Carys Evans to the meeting. The Committee appreciated the continued uncertainty around Brexit but welcomed the information presented.

- 9.2 Kathryn, Carys and Siwan responded to questions raised by the Committee which focused on how the work was being resourced, the implications to the Assembly's Standing Orders and the role of the scrutiny committees.
- 9.3 The Committee were encouraged by the Commission's approach to managing this complex area and the resilience in deploying resources from other service areas. They also welcomed the use of academics and the knowledge that staff were gaining from these experts.
- 9.4 An overview of the work being undertaken to consider the corporate impact of Brexit was also provided by Gareth Watts and Dave Tosh. They summarised the key areas of procurement and supply chains, HR and ICT considerations and outlined the work that had been done to date.
- 9.5 The Committee agreed to return to Brexit risks as a substantive item at a future meeting.

Actions

- (9.2) Siwan to update the Brexit corporate risk with latest details around capacity and resources following consideration by the Assembly Commission.
- (9.4) Clerking team to add Brexit to the FWP as a substantive item to be discussed when appropriate.

13 Annual Review of Fraud and Whistleblowing policies

ACARAC (02-19) Paper 13 – Whistleblowing Policy and Fraud Policy Updates

- 10.1 Gareth confirmed that both policies remained unchanged since they were reviewed in April 2018. No incidents of fraud or whistleblowing had been reported but the Commission were conscious of the need to maintain awareness levels and fully test the policies.

14 Finance Update

ACARAC (02-19) Paper 14 – Update on the 2018-19 and 2019-20 Financial Position and the 2020-21 Budget

- 11.1 Nia updated the Committee on the current budget position. The 2018-19 financial year had been an eventful and busy period for the Commission with significant demands on resources including for Assembly Reform, Brexit and the Youth Parliament.

11.2 The Finance Committee were yet to respond to the Commission's views around budget setting in line with the Welsh Block. Nia agreed to keep the Committee informed as well as circulating a PAC report that was due to be considered by the Assembly Commission the following week.

Action

- (11.2) Nia to circulate the budget timetable, the PAC report and the Commission's response to Committee members.

15 Committee's Terms of Reference

ACARAC (02-19) Paper 15 – Updated Terms of Reference

12.1 The Committee agreed with the one revision to the terms of reference. An updated version would be published on the ACARAC website.

12.2 The Chair wanted to record that he would welcome Commission staff attending future meetings as development opportunities, if Manon and the Directors felt it appropriate.

16 Departure Summary

ACARAC (02-19) Paper 16 – Departure Summary

13.1 The Committee noted that there had been five departures from normal procurement procedures.

17 Forward Work Programme

ACARAC (02-19) Paper 17 – Forward Work Programme

14.1 The Committee noted the revised forward work programme and agreed to the Clerking team re-arranging a private session with the WAO.

Next meeting is scheduled for 17 June 2019.