# Pwyllgor Archwilio a Sicrwydd Risg Comisiwn y Cynulliad
# Assembly Commission Audit & Risk Assurance Committee

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

**Date:** 7 April 2014
**Time:** 11.00 – 13.00
**Venue:** Conference Room 4B, Tŷ Hywel

## Minutes of the meeting held on 7 April 2014

**Present:**

Members
Eric Gregory (Independent Advisor and Committee Chair)
Keith Baldwin (Independent Advisor and Committee Member)
Hugh Widdis (Independent Committee Member)
Angela Burns (Assembly Member and Commissioner)

Officials
Claire Clancy, Chief Executive and Clerk, and Accounting Officer
Dave Tosh, Interim Director of Assembly Business and ICT
Steven O'Donoghue, Head of Resources and Director of Finance
Kathryn Hughes, Risk Manager and Committee Clerk
Gareth Watts, Head of Internal Audit
Nicola Callow, Head of Finance
Helen Holt, Wales Audit Office (WAO)
Buddug Saer, Deputy Committee Clerk

**1.0     Introductions and apologies**

Item 1 – Introductions, apologies and declarations of interest.

1.1     The Chair welcomed the attendees to the meeting and thanked the
        clerking team for issuing a comprehensive set of papers in a timely
        manner.

1.2     No interests were declared.

**2.0     Minutes and matters arising**

Item 2 - Minutes of the meeting on 3 February 2014, actions and
matters arising.

2.1     Before considering the actions, Claire and Dave updated the
        Committee on the launch of the machine translation software. The

launch was a success, and the software had been widely trialled by Assembly translators and was being actively used across the Assembly on a daily basis. Since its launch, the tool had improved in accuracy and the Microsoft representative praised all involved for their hard work and conscientiousness.

2.2 Officials provided the following updates on the outstanding actions:

- *Business continuity planning (action 3.11)* – Steve informed the Committee that Business continuity co-ordinators from legislatures across the UK were meeting in the Assembly over the summer recess, to attend an inter-parliamentary discussion and a mock Plenary continuity test was taking place on the 24 April.

- *Facilities management contract (action 3.14 + 4.4)* – Steve confirmed that Norland (our contractor) produces a report of recommended work, with evidence to back up their findings. Assembly Officials experienced in building maintenance matters then worked with Norland to verify and prioritise their findings.

- *Assurance mapping (action 5.15)* - Kathryn confirmed that this work was on-going. Since February, this had been piloted in the Resources Group which would inform the approach with other areas. The assurance framework would be presented to the Management Board by October with an update to the Committee in November.

- *Cost implications of inaccessible policies (action 10 of table 2)* – Steve confirmed that forty scenarios had been tested in March and a project had been set up to address the findings.

## 3.0 Internal Audit

### Item 3 – Head of Internal Audit's update

3.1 Gareth confirmed that the Internal Audit Public Sector Charter, in place since last year, was being followed. Over the coming months, he would be seeking feedback from individual members on the effectiveness of internal audit in the Assembly.

3.2 He was pleased to report a Fraud and Whistleblowing event run by CIPFA (27 March) and attended by Finance co-ordinators and other officials. To raise the internal audit profile further, he had been attending team meetings and would continue to do so over the coming months.

3.3    He highlighted that the audit on recruitment processes had been scoped and agreed, but the field work would not start until May 2014.

3.4    TIAA were currently performing an audit on the HR and Payroll project specifically looking at the post implementation status and data migration (tracing data from the legacy system). The report should be complete in time for the June meeting.

### Item 4 – Internal Audit Recommendations Monitoring

3.5    Gareth introduced this paper and welcomed comments from the Committee. All recommendations were now implemented apart from the recommendation regarding financial control. Gareth and the Head of Finance felt that there were sufficient controls now in place, and the Committee agreed to this recommendation being removed.

3.6    The Committee agreed that internal audit reports should capture the outcomes and benefits of the high priority recommendations when implemented, but without significant additional bureaucracy. Gareth agreed to include this detail in his annual report.

3.7    Gareth also updated the committee on the opportunity to streamline IA processes and lean reporting.  This had already been discussed with the Chair and would be considered further over the coming months.

3.8    Committee members questioned the relevance of 2010-11 recommendations that were still outstanding. The Committee agreed for the Secretariat to investigate what risks were still relevant and to update the outstanding action schedule in time for the June meeting.

3.9    Gareth then went on to discuss the external quality assurance, which was standard practice every five years. Gareth recommended that as he had only been in the post since July and because TIAA were also new to the organisation that this review should take place in two years' time.

3.10   The Committee agreed that Gareth consider a light touch external review of the Internal Audit function in the interim period.

### Item 5 – Draft outline audit plan for 2014-15

3.11   Gareth asked the board to consider and approve the draft outline audit plan for 2014-15. This document had been produced in conjunction with the Management Board and considered the

corporate risks that had been highlighted. He believed his plan was cross-cutting, with sufficient focus on strategic and corporate areas. Gareth had discussed his schedule of work with the Chair outside of the meeting and the Chair suggested this be sent to all Committee members for comment.

3.12   Committee members asked Gareth to consider the audits for future years well in advance, and Hugh suggested that there should be a sharper focus on the Business Directorate. Current examples here included the legislation software and the appointment of external advisors.

3.13   Dave informed the Committee that he had regular meetings with the Business Analysts and was aware of their on-going work with Business Directorate. Since his appointment as interim Director of Assembly Business he agreed to liaise with Gareth to timetable future audit work.

**Item 6 – Latest Internal Audit reports – Corporate Improvement**

3.14   The Committee addressed the preparations for the Fifth Assembly and the risks associated with the election that should be captured

3.15   Claire confirmed that the Management Board had commenced work on the Fifth Assembly and would consider the lessons learned report of the Fourth Assembly at a future meeting. The Strategic Transformation team had also started work to map the Fifth Assembly. Dave and Claire agreed to keep the Committee informed.

3.16   The Chair asked for the project management section to be expanded to include:  project, programme and portfolio management; benefits realisation; and project closure.

**Actions**

−   Kathryn to circulate updated strategic priorities to all Committee members when finalised.

**Item 7 – Data Analytics**

3.17   This audit concentrated on accounts payable and gave Gareth reassurance that this was a strong area in Financial Services. The small number of duplicate suppliers had been removed.

**Item 8 – ICT Business Readiness Review – see item 15.**

**Item 9 – Internal Audit Follow Up** – The Committee noted the Internal Audit follow up plan that Gareth presented.

3.18 The Chair thanked Gareth for his comprehensive update.

**Item 10 – Joint Working Protocol**

3.19 The Chair welcomed Helen Holt to the meeting, who attended on behalf of Mark Jones and Richard Harries, and asked if Helen and Gareth would highlight any specific points of detail.

3.20 Gareth and Helen informed the Committee that this protocol formalised the relationship that already existed between the WAO and the Assembly Commission and was seen as good practice by HM Treasury. Helen assured Committee members that what was included in the protocol was already in place, and that the document captured both parties' responsibilities.

**Actions**

– Gareth to articulate the impact of implemented Internal Audit recommendations of high importance in the Internal Audit annual report.

– Gareth to issue the Internal Audit Quality Assurance and Improvement Plan questionnaire to ACARAC members and review the possibility of a light touch external review of the Internal Audit function.

– Gareth to update and circulate the 2014-15 Internal Audit Plan out of Committee for final agreement, along with the detailed 2014-15 work profile for Internal Audit.

– Dave to update the Committee on the strategic programme of change to prepare for the 5th Assembly.

**4.0 External Audit**

**Item 10 – Update from WAO (to include the audit fee)**

4.1 Helen Holt explained that the audit fee was not yet available in light of the requirements of the Public Audit (Wales) Act. She confirmed it was currently going through the internal moderation process and would be available shortly.

**5 Finance**

**Item 12 – Budget Update**

5.1 Nicola introduced the 2013-14 budget update. The Committee commended Nicola and the Commission on the out-turn figures.

5.2 Nicola confirmed that the 2014-15 allocation letter had been issued. The 2015-16 budget strategy was discussed at the Assembly Commission meeting the previous week and her team would be contacting teams across the organisation to discuss this further.

5.3 The Committee agreed that Nicola should clarify where the Value for Money savings were being delivered.

5.4 Claire emphasised the significance of staff savings, as the majority of the budget is spent on staff costs and this demonstrated that service areas had continued to deliver at a lower cost.

## 6    Assembly Commission Governance

### Item 13 – First draft of Governance Statement 2013-2014

6.1 Claire confirmed that the Governance Statement was work in progress. Committee members were asked to email Virginia Hawkins their suggested changes.

6.2 The Chair stated that the Governance Statement, the Assembly Commission annual report and the ACARAC annual report should be consistent. He suggested that a summary of performance against KPIs be included, as well as a statement on risk management reporting.

### Actions

– Governance Statement to incorporate Committee members' comments around: progress against KPIs; due diligence around our corporate risk profile; and the Committee's views on the strength of governance and risk management.

– Committee members to send their proposed enhancements to Virginia Hawkins.

### Item 14 – Corporate Risk Report

6.3 The Committee considered the summary Corporate Risk Register and noted the following:

- the mitigating actions for the risk around future resources in terms of funding being sufficient for the risk to be managed at a service level; and

- the on-going management of the risk around youth engagement by the project board.

6.4   Steve provided an update on the risks around corporate capacity. The Investment Board had agreed that they should be making decisions around staffing in line with decisions on allocation of resources for programmes and projects. The new head of HR would present an updated paper with an action plan on how she intends to implement this. The Committee agreed this was a positive improvement to help with allocating the right resources and to monitor spend.

6.5   Claire informed the Committee that VfM decisions on where to invest less, especially in times of constitutional change would need to be considered carefully.

6.6   Committee members agreed to consider the Remuneration Board risk in detail at the June meeting.

**Item 15 - Examination of Corporate Risk**

6.7   Dave introduced the item on the ICT Future Services project risk. The core stage had gone live successfully on 7 April.  He confirmed that the project would be 100% complete by 31 July when contractual ties with the Welsh Government would formally end.

6.8   The Committee congratulated Dave and his team on their meticulous work in delivering the programme to schedule and within budget.

6.9   Dave highlighted 5 key areas that were instrumental to the success of this programme and the controlled management of risks:

   i.   Good governance throughout the life of the project from the Programme Board, the Management Board, the Assembly Commission and ACARAC.

   ii.  Assurance from external auditors KPMG. The auditors were all experienced in transition work and offered invaluable advice.

   iii. The early planning of this project.

   iv.  An excellent team. Dave praised his managers for rising to the challenge of this work.

   v.   The team's focus on delivery and the programme's key objectives.

6.10 Committee members questioned the solution to ensure secure access to the Welsh Government network for Ministers, and the loss of historic service desk call data. Dave assured the Committee that the Ministers' solution has been agreed and there would be no loss of access and that the loss of historic service desk call data was not an issue as no knowledge database had previously been kept for these calls.

6.11 From an Assembly Members perspective, Angela indicated that there had been challenges when communicating with Members, but she thanked Dave for his endeavours to engage the whole organisation.

6.12 Dave commented that this programme would inform the Commission's approach to programme/project management.

**Actions**

− Dave to update the Committee on implementation of the Assembly's approach to project and programme management.

## 7.0   Other items

### Item 16 – ACARAC Annual Report

7.1 The Committee approved the draft annual report, subject to adding some detail from the Head of Internal Audit and on risk severity.

### Item 17 – Effectiveness survey questions (for approval)

7.2 The Committee approved the questionnaire which has been developed by the WAO and officials and refined by Committee members. WAO would issue the questionnaire to participants, and the results of would be reviewed at the June meeting.

### Item 18 – Departures summary

7.3 The Committee noted the three departures from normal procurement procedure.

### Item 19 – ACARAC Forward Work Programme

7.4 The Committee noted the programme and agreed that the revised Commission strategy, governance around the Investment Programme and KPIs would be added at appropriate points.

**8.0    End of meeting**

8.1    Claire informed the Committee that Steve O'Donoghue was leaving the Commission at the end of April to join the Wales Audit Office. The Committee thanked him for his commitment and contributions to ACARAC and wished him the best for the future.

8.2    The Chair concluded the meeting by thanking everyone for their papers, contributions and questions.

**9.0    Private session**

9.1    A private session with Committee members was attended by Claire and Dave. No minutes were taken for this part of the meeting.


Next meeting is scheduled for 11:00 9th June 2014.