

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

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



## Minutes of the meeting held on 20 April 2015

### Present:

#### Members

Eric Gregory (Independent Advisor and Committee Chair)  
Keith Baldwin (Independent Advisor and Committee Member)  
Hugh Widdis (Independent Committee Member)  
David Melding AM, Deputy Presiding Officer

#### Officials

Claire Clancy, Chief Executive and Clerk, and Accounting Officer  
Dave Tosh, Director of Resources  
Gareth Watts, Head of Internal Audit  
Nicola Callow, Director of Finance  
Ann-Marie Harkin, Wales Audit Office (WAO)  
Matthew Coe, Wales Audit Office (WAO)  
Mike Snook, Head of People and Places  
Anna Daniel, Head of Strategic Transformation Programme (item 9)  
Buddug Saer, Deputy Committee Clerk

### Apologies:

Angela Burns (Assembly Member and Commissioner)  
Kathryn Hughes, Committee Clerk

### 1.0 Item 1 – Introductions, apologies and declarations of interest

- 1.1 The Chair welcomed the attendees to the meeting. He declared that he was currently a Non-Executive Director on the Electoral Registration Transformation Programme, as the Committee would be discussing constitutional change.
- 1.2 No other interests were declared.

## 2.0 Item 2 – Minutes and matters arising

*ACARAC (27) Paper 1 – Minutes of 9 February 2015*

*ACARAC (27) Paper 2 – Summary of actions*

- 2.1 The minutes of the meeting on 9 February 2015 were agreed and officials provided the following updates on the outstanding actions.
- 2.2 Claire Clancy provided an update on *the strategic programme of change to prepare for the Fifth Assembly*. A business as usual, centralised approach was being adopted with a number of work streams identified. The approach had been discussed in principle with the Assembly Commission.
- 2.3 The evaluation of the transition to the Fourth Assembly indicated that a more streamlined method of delivery should be adopted. Claire agreed to circulate details of the Fifth Assembly work streams to ACARAC members (complete).
- 2.4 All other actions would be covered as agenda items at this, or future meetings.

## Internal Audit

### 3.0 Item 3 – Internal Audit Activity Report

*ACARAC (27) Paper 3 – Progress report 2014–15 IA Programme*

*ACARAC (27) Paper 4 – IA Recommendations – Monitoring*

*ACARAC (27) Paper 5 – Internal Audit Strategy 2013–16*

- 3.1 Gareth Watts had completed his 2014–15 programme of work and focussed on the good progress made in relation to 2014–15 recommendations.
- 3.2 The Committee questioned the *Data Analytics – accounts payable* audit which did not have a conclusion rating. Gareth confirmed that he had no concerns regarding the integrity of the data or the risk of fraud.
- 3.3 They also asked for details of Gareth’s plans to audit the *Finance Accounting System*. Nicola Callow and Gareth confirmed that when a

project was established, he would schedule it into his work programme. Nicola had shared the business case with TIAA and received some valuable feedback. She would also review the initiative with Keith Baldwin.

- 3.4 Gareth confirmed that he would be including his vision for the role of Internal Audit in the Assembly as part of his forward programme of work. He would also discuss with the Head of Communications whether the Better Engagement audit could be brought forward.
- 3.5 The Chair thanked Gareth for his revised strategy and welcomed his flexible approach, especially the increased focus on Assembly Business areas.
- 3.6 The Committee then received an update from Mike Snook on the Security Vetting audit. His team had identified those employees who required Security Clearance (SC) and had been working to ensure they were all vetted by the start of summer recess in July 2015.
- 3.7 For the lower level clearance (CTC), discussions were on-going with the trade unions and the vetting process should be completed by May 2016. Mike and Dave Tosh had also spoken with the Welsh Government about their approach.
- 3.8 Committee members were assured that there are close links with South Wales Police (SWP), but questioned whether all intelligence was being shared with Assembly Officials at appropriate times.
- 3.9 Dave confirmed that SWP had been heavily involved in discussions recently and were providing the Assembly Commission with updates and intelligence. The Assembly Commission would be discussing security in the round at their meeting on 23 April.
- 3.10 Overall, Committee members and Internal Audit were satisfied with progress.

### **Actions**

- Discuss with SWP whether there is further intelligence on local threats that they are able to share and how this can be disseminated more widely.

- IA Strategy 2013–16 – Ensure the IA strategy document captures the vision for the future role of Internal Audit in the Assembly.
- Ensure information contained in tables presented in the IA Strategy and the IA Charter is aligned.
- *Better Engagement* – assess whether the date of the final report can be brought forward from January 2016 to autumn 2015.

#### 4.0 Item 4 – Latest Internal Audit Reports

##### *ACARAC (27) Paper 6 – Review of the appointment of Expert Advisers to Committees*

- 4.1 The Committee welcomed this report and the robust recommendations to strengthen the process, which they hoped to see implemented so that expert advisors are used more widely and effectively in the future. As part of this, they suggested that officials should examine the need for training for Committee Chairs or Clerks and Deputy Clerks in the use of expert advisors. They reflected on the potential conflicts of interest but recognised the small pool of experts available to some Committees. The evaluation of the effectiveness of advisers was also encouraged. Members noted that the Commission should consider the NAO Report from November 2014 and take account of this and any additional guidance the Wales Audit Office may provide on managing conflicts in the future.

##### **Actions**

- Appointment of Expert Advisers to Committees – ensure the agreed recommendations are implemented and that there are no obstacles to using expert advisors in the future.
- Examine the need for, and if appropriate make available, training for Committee Chairs or Clerks and Deputy Clerks in the use of Expert Advisors.

##### *ACARAC (27) Paper 7 – Value for Money report*

- 4.2 Gareth was pleased to report that there was a strong Value for Money (VfM) culture across the organisation, although efficiencies could be more widely captured.

- 4.3 The Committee queried whether recruitment delays should be reflected as VfM savings. Claire confirmed that delays in appointing staff were sometimes inevitable and that recruitment had sometimes been purposely delayed in order to deliver savings.
- 4.4 Nicola's team had discussed savings with Heads of Service across the organisation and VfM savings would be captured in the Annual Accounts.
- 4.5 The Chair welcomed the inclusion of this information in the accounts and encouraged officials to concentrate on capturing efficiency/process streamlining and procurement savings.

*ACARAC (27) Paper 8 – Review of the Assembly Commission's Project Management Arrangements (also item 12)*

- 4.6 Gareth's audit confirmed that there were no surprises in this area. Many of the historical issues that had been identified would continue to be addressed. Business cases could be sharper, as could post implementation reviews and benefits realisation analysis.
- 4.7 Dave informed the Committee of the increased involvement of Business Analysts in projects and the on-going work on benefits management. He highlighted the culture already embedded in some areas of the Assembly where formal project management processes were in place.
- 4.8 Committee Members urged officials to ensure that there was a sufficient focus on delivery, that clear objectives were set and that post project reviews captured and shared lessons learned.
- 4.9 The Chair welcomed both papers, was satisfied with progress to date and noted that the papers were complementary.

**5.0 Item 5 – Review of Internal Audit Charter**

*ACARAC (27) Paper 9 – Internal Audit Charter*

- 5.1 Gareth highlighted the sole change to the charter which was that his reporting line was directly to Claire Clancy.
- 5.2 The Committee were content with the charter.

## **6.0 Item 6 – Joint Working Protocol**

### *ACARAC (27) Paper 10 – Joint Working Protocol*

- 6.1 The IA/WAO Joint Working Protocol encouraged a collaborative working approach between the two organisations.
- 6.2 Ann-Marie Harkin confirmed that this document was a fair reflection of the current situation and that, as in previous years, they would be placing reliance on IA's work on Payroll.
- 6.3 Gareth would examine the WAO Management Letter for areas of focus.

## **External Audit**

### **7.0 Item 7 – WAO view of effectiveness of the committee**

- 7.1 As this was only Ann-Marie and Matthew Coe's second meeting, they had discussed the Committee's effectiveness with their colleagues (Richard Harries and Mark Jones) who had a positive opinion.
- 7.2 WAO felt that the Committee's focus was pitched at the right level with plenty of constructive challenge and debate. Committee members were well prepared for the meetings; demonstrated a good understanding of the Assembly Commission and the way the organisation works; and meetings were run effectively.
- 7.3 Matthew confirmed that the WAO interim audit and work on the AM pension scheme audit were progressing well. He agreed to provide a brief update paper for the next meeting.

## **Assembly Commission Governance**

### **8.0 Item 8 – Budget Update**

#### *ACARAC (27) Paper 11 – Budget update*

- 8.1 Nicola updated the Committee on the fraud incident and would continue to do so as the case progressed.

- 8.2 The budget was on track to meet financial targets. At the request of the committee, Nicola agreed to look into the VfM analysis and targets.

#### **Actions**

- Examine the VfM analysis and targets.

### **9.0 Item 9 – Corporate Risk Summary Report**

*ACARAC (27) Paper 12 – Corporate Risk Report*

*ACARAC (27) Paper 12 – Annex A – Corporate Risk Summary Report*

*ACARAC (27) Paper 12 – Annex B – Corporate Risks plotted*

*ACARAC (27) Paper 13 – Constitutional change*

- 9.1 There were no risk severity uplifts. The Chair welcomed the strategic risk review planned by Management Board.
- 9.2 Anna Daniel presented the detailed examination of constitutional change. She noted that strong productive relationships were in place with key stakeholders.
- 9.3 David Melding commented that the work was being performed to an exceptionally high standard and the paper presented a clear picture of the situation.
- 9.4 Hugh Widdis questioned whether the risks around the proposed model of powers were being managed. Anna confirmed that her team were raising awareness on this issue and were working closely with the Wales Governance Centre, with an event planned in May.
- 9.5 Committee Members offered their support as appropriate and suggested further independent challenge, for example from the Institute for Government, Cabinet Office or other legislatures.

#### **Actions**

- Pursue other sources of independent challenge and advice including the Institute for Government and other legislatures.

## **10.0 Item 10 – Capacity Planning and Recruitment**

*ACARAC (27) Paper 14 – Capacity Planning and Recruitment*

- 10.1 Mike and Dave presented this paper and confirmed that the guidance and procedures detailed in the paper were now fully in place and that IRB considered each Recruitment Authorisation Document in the context of the capacity planning exercise. They felt that this was extremely beneficial and, when assessing a request to recruit, always considered whether the service could be delivered in a different way.
- 10.2 The Committee were pleased with the progress and the twice yearly review of capacity planning. They felt that it was a comprehensive process.
- 10.3 Officials confirmed that, when a new Assembly Commission is established in 2016, a new strategy would be agreed and it would be a natural point to review and take stock.

## **11.0 Item 11 – Draft Governance Statement for 2014–15**

*ACARAC (27) Paper 15 – Draft GS 2014–15 – cover paper*

*ACARAC (27) Paper 15 – Draft GS 2014–15*

- 11.1 Claire thanked Hugh for his participation in the governance review meeting. The draft governance statement was in a relatively advanced state, and Hugh and Eric had already provided comments. A final draft would be brought to the Committee in June 2015.

## **12.0 Item 12 – Meeting the Commission’s Needs for Project and Change Management**

*ACARAC (27) Paper 16 – Update on Project Management approach*

- 12.1 Covered under item 4.

## **13.0 Item 13 – ACARAC Annual Report 2014–15**

*ACARAC (27) Paper 17 – 2014–15 ACARAC Annual Report*

- 13.1 The Committee approved this report, pending one suggested amendment from the WAO.



13.2 The Clerking team would arrange for the report to be branded and translated in time for the Assembly Commission meeting in July.

#### **14.0 Item 14 – Northern Ireland Assembly visit by Assembly Officials**

14.1 Dave thanked Hugh and his colleagues for the opportunity to visit the Northern Ireland Assembly. They had found discussions about current and future budgets, VfM, benefits realisation and process improvements extremely beneficial. Constitutional issues were also considered, and there would be further discussion of the business management system.

#### **15.0 Item 15 – Papers to note and any other business**

*ACARAC (27) Paper 18 – Revised Terms of Reference*

*ACARAC (27) Paper 19 – Departures Summary*

*ACARAC (27) Paper 20 – Forward Work Programme*

15.1 All three papers were noted and Committee members were asked to inform the Clerking team of their availability for future meeting dates.

Next meeting is scheduled for 11:00 8 June 2015.