

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON WEDNESDAY 24 NOVEMBER 2015 AT HASTINGS HOUSE (10:30 – 12:00)

LDBCW Members Present: Ceri Stradling (Chair), David Powell (Member), Theo Joloza (Member) Julie James (Independent Member)

Grant Thornton Representative Present: John Golding

Deloitte Representative Present: Ian Howse

Welsh Government Representatives Present: Sinead O'Toole

LDBCW Officers Present: Steve Halsall (Chief Executive), Matthew Redmond (Deputy Chief Executive), David Carr (Finance Manager), Rachel Williams (Business Support Manager)

The Chair welcomed Theo Joloza who had been recently appointed as LDBCW and Audit and Risk Assurance Committee Member, and Sinead O'Toole who was attending in place of Lisa James.

1. Apologies for Absence

1.1 The Chair gave apologies for Ann-Marie Harkin (Wales Audit Office) and Lisa James (Welsh Government).

2. Declarations of Interest

2.1 There were no declarations of interest.

3. Minutes of Audit and Risk Assurance Committee meeting held on 22 July 2015.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 22 July 2015.

4. Issues Arising from Previous Meeting.

4.1 The Committee noted that all of the items arising from the previous meeting had now been completed or were to be dealt with later on the agenda. In respect of testing the Business Continuity Plan, although it was not possible to use Emergency Co-ordination Centre room for tests, it had still been possible to confirm that robust arrangements were in place for LDBCW staff to have access to IT in Cathays Park in the event of an emergency.

5. Audit and Risk Assurance Committee Terms of Reference and Work Plan

5.1 The Committee considered their Work Plan for 2015-16 and included all items identified as being required at previous meetings. **It was agreed** that the item regarding the Self-Assessment exercise should be split up into stages for each part of the year rather than one item covering the whole year.

Action: Finance Manager **By:** 24 February 2016

5.2 John Golding said that due to the change of external audit arrangements it would not be practical to undertake the review of effectiveness of external audit in February as was usual. **It was agreed** that the review of effectiveness of external audit would be moved to July 2016 for the first year in which Wales Audit Office took over the role from Grant Thornton.

Action: Finance Manager **By:** 24 February 2016

5.3 The Committee considered their Terms of Reference in light of the recent appointment of the new Committee member. **It was agreed** that details of each individual members' appointments should be removed as they were subject to change quite frequently.

Action: Finance Manager **By:** 24 February 2016

6. Internal Audit: Mid-Year Audit Report 2015-16 and Audit Plan

6.1 Ian Howse reported that the audit work carried out in September 2015 had covered the areas of Corporate Governance, Risk Management and Strategic Planning. The findings of the audit work were detailed in the report which gave an assurance rating of Substantial for Corporate Governance and Risk Management and Moderate for Strategic Planning. The report made one medium priority and one low priority recommendations, which were:

- The LDBCW's Operational Plan is updated to better align the activities to be undertaken during the year with the corporate objectives. The Operational Plan should also provide more detail in relation to the tasks to be undertaken during the year, the responsible officers, the determined monitoring, milestones, measurable outcomes and impacts (Medium); and
- The LDBCW updates its Performance Management Review Forms to make it clear how the objectives of individual staff members link to the Commission's corporate objectives (Low).

6.2 The recommendations had been assigned a deadline date of 31 March 2016 for completion although it was acknowledged that it would be difficult for the LDBCW to make any meaningful progress on strategic planning and objectives until the Welsh Government Directions for the review work were received. There was discussion of the appendices to the report which included dealing with risk appetite and formulating it on a case by case or risk area basis rather than as an over-arching approach for all of the body's risks. **It was agreed** that the Committee would propose to the LDBCW that an over-arching risk appetite be retained for the risk registers but that individual projects undertaken by LDBCW would be assigned a separate risk appetite when being considered and discussed at meetings.

Action: Finance Manager **By:** 15 December 2015

- 6.4 Consideration was given to the audit plan and it was noted that the LDBCW's reviews were scheduled to be audited in 2017-18. It was considered that this would be too early in the review process to enable a meaningful audit of the review work. **It was agreed** that the 2.5 days allocated to the audit of Commission reviews would be moved back to 2018-19 and the 2.5 days allocated to the audit of HR in 2018-19 would be brought forward 2017-18 to replace it.
Action: Deloitte **By:** 30 November 2015

7. External Audit: Management Letter 2014-15

- 7.1 John Golding explained that the Management Letter mainly reflected what had been already been outlined in the ISA 260 Report which had been dealt with at the previous meeting. The Management Letter report's findings were that the LDBCW's financial systems could be relied upon to produce materially correct outputs. There were no unadjusted misstatements and no material weaknesses in the LDBCW's accounting and internal control systems. The Management Letter confirmed that the Auditor General for Wales had issued an unqualified report on the financial statements and did not make any audit recommendations to the LDBCW.

8. Review of Fixed Assets Verification Exercise

- 8.1 The Committee noted the report which detailed the result of the exercise undertaken in the summer. All of the LDBCW's assets had been accounted with the exception of 2 portable air-conditioning units which had been disposed of during the year.

9. Review of Audit and Risk Assurance Committee Self-Assessment Questionnaire

- 9.1 The Committee considered that the final part of the questionnaire regarding whether the Committee's good practice performance had improved did not cover the eventuality that all areas of good practice covered by the questionnaire had been implemented. **It was agreed** that this part of the questionnaire should be reworded appropriately.

Action: Finance Manager **By:** 24 February 2016

- 9.2 **It was agreed** that new Committee member, Theo Joloza, would be sent a copy of the questionnaire to complete as far as possible in order to familiarise himself with aspects of how the Committee should work.

Action: Finance Manager **By:** 30 November 2015

10. Audit Recommendations Progress Report

- 10.1 The Committee noted the progress on the outstanding internal audit recommendations. It was noted that the long outstanding 2012-13

recommendation was now considered as implemented as recent community review work had allowed for it to be put into practice.

10.2 The two recommendations outstanding from 2013-14 concerning the LDBCW's Records Management arrangements had been given revised deadline dates of 31 December 2015 at the previous meeting and it was considered that this date was still achievable for establishing the procedures although it was acknowledged that compliance would be ongoing from that date.

10.3 In respect of the four 2014-15 outstanding recommendations it was reported that:

- The recommendation regarding the LDBCW focusses on finalising the procedure notes for reviews and ensures that they are followed for all future reviews had now been implemented;
- The recommendation regarding the verification of member's pension data was awaiting further response from MyCSP.
- The recommendation that documentation regarding the roles and responsibilities and segregation of duties in place at the Commission is updated to reflect current employees and also include an up to date authorised signatories was still expected to be implemented by the previously agreed deadline date of 31/12/15;
- The recommendation that the LDBCW focuses on consolidating all existing purchasing procedures into an up to date Procurement Handbook which should include procedures for carrying out tender exercises was not expected to be implemented by the previously agreed deadline date of 31/12/15. **It was agreed** that this recommendation should be allocated a revised deadline date 31/01/16.

Action: Finance Manager **By:** 31 November 2015

10.4 The two new 2015-16 recommendations discussed at agenda item 6 had both been allocated a deadline date of 31/03/16.

11. LDBCW Investors In People (IIP)

11.1 Mr Halsall reported that LDBCW had undergone a full IIP review in August 2015 and had retained their accreditation. This outcome had been reported at the LDBCW's September 2015 meeting. It was also noted that IIP would be changing to a different accreditation system in 2017 as it would no longer be financially supported by Welsh Government.

11.2 The Committee noted the outcome of the review and congratulated the LDBCW on retaining the accreditation which they considered to be a useful independent measure. It was reported that Welsh Government ran a 'Small Workplace Health Assessment' scheme and **it was agreed** that the LDBCW should obtain further information regarding this from them.

Action: Business Support Manager **By:** 31 January 2016

12. LDBCW Terms of Reference

- 12.1 The Committee noted that the LDBCW had updated their Terms of Reference at their October meeting.

13. Risk Management Report

- 13.1 Consideration was given to the report, current risk registers and policy. It was reported that since July 2015 there had been several changes made to the Corporate Risk Register with one risk being removed, one risk being downgraded to the Operational Risk Register and a further risk being added to cover the possible impact of redevelopment work at Fitzalan Court. The Operational Risk Register had been reviewed by the Commission's senior management team during September 2015 and notes of the changes and the reasons behind them had been included in the appendices as agreed at the previous meeting.

- 13.2 **It was agreed** that the risk management policy would be amended to reflect the decision to record the reason for any changes made to the Operational Risk Register as a result of management review.

Action: Finance Manager **By:** 24 February 2016

14. Budget Monitoring Report.

- 14.1 The budget report presented to the LDBCW meeting of 15 October 2015 was noted. It was reported that the budget for 2015-16 would remain underspent at the end of the year and that the LDBCW would be giving consideration to how much could be surrendered back to Welsh Government at their December meeting.

15. Gifts and Hospitality – Report and Declarations

- 15.1 The Committee noted that no declarations of gifts of hospitality had been made for 2015-16 to date.

16. Complaints

- 16.1 The Committee noted that no complaints had been received for 2015-16 to date.

17. Whistleblowing and Fraud Report and Policies

- 17.1 The Committee noted that there had been no instances of whistleblowing or fraud for 2015-16 to date.

18. IT Data Security Report

- 18.1 The Committee noted that there had been no data security incidents for 2015-16 to date.

19. LDBCW Quality Assurance

- 19.1 Mr Redmond reported that the LDBCW had requested that the quality assurance procedures for review work be reviewed following two small errors appearing in review proposals reports. Since then the LDBCW drafting process, QA procedures and desk instructions had been reviewed, clarified and strengthened with proposed amendments to procedures being reported to the LDBCW meeting September 2015. The Committee resolved to note the quality assurance report.

20. Any Other Business

Change of external audit arrangements

- 20.1 John Golding said that WAO had still not decided which auditors would be undertaking the audit of the Commission's accounts in 2016 but it was expected that this would be announced soon. He extended his thanks to the LDBCW staff for their good working relationship with his team when conducting the annual audit work. The Chair extended his gratitude to John Golding and his team for all their assistance to the LDBCW during past audits.