LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON WEDNESDAY 27 NOVEMBER 2019 AT HASTINGS HOUSE (10:30 – 12:15)

This document is available in Welsh

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

Deloitte Representatives Present: Ian Howse

LDBCW Officers Present: Shereen Williams (Chief Executive), David Carr (Finance Manager), David Burley (Business Support Manager).

The Chair welcomed Julie May to the meeting who had been co-opted onto the Audit and Risk Assurance Committee until a new Chair could be appointed.

1. Apologies for Absence

1.1 Apologies were received from Mark Jones (Wales Audit Office) and Matthew Redmond (Deputy Chief Executive). It was intended that Sean Gaffney (Qualifications Wales) would participate in the meeting via a Skype phone link but a connection could not be established.

2. Declarations of Interest

2.1 There were no declarations of Interest.

3. Minutes of Audit Committee meeting held on 29 July 2019.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 29 July 2019.

4. Issues Arising from Previous Meeting.

4.1 The Committee noted the report on the position on issues arising from the previous meeting.

4.2 The Committee noted the WG ICT audit reports for 2018-19 had not yet been received despite a response being received from the Welsh Government Deputy Director for Assurance that they would be sent. **It was agreed** that the Chief Executive would write to the Deputy Director to remind her that the reports were still outstanding.
Action: Chief Executive **By**: 26 February 2020

4.3 The Committee considered the issue of training an additional staff member in using the Sage accounting software. It was reported that this would be implemented as soon as a suitable staff member could be recruited.

4.4 It was reported that the Finance Manager would be showing the Chief Executive and Business Support Manager how to run the monthly payroll and associated processes.

Action: Finance Manager **By**: 26 February 2020

4.5 It was noted that the Chief Executive had now submitted the Commission's application for the Small Workplace Health Awards.

5. Audit and Risk Assurance Committee Work Plan

5.1 The Committee noted and **agreed** the Work Plan for 2019-20. It was **agreed** that future Work Plans would include the ARAC Self-Assessment exercise under November as well as the February meetings to account for the distribution of the questionnaire.
Action: Finance Manager **By**: 26 February 2020

6. Internal Audit: Mid-Year Audit Report 2019-20

6.1 Ian Howse reported that the audit work carried out in September 2019 had covered the areas of Corporate Governance, Risk Management and IT General Controls. The findings of the audit work were detailed in the report which gave Substantial assurance ratings for Corporate Governance and IT General Controls and a Moderate assurance rating for Risk Management. The report raised two medium priority and two low priority recommendations, which were:

- that the link between the organisational objectives and the organisation's performance management framework is made more explicit;
- that risk responses are selected that align with the organisation's risk appetite;
- that the Commission understands the exposure that the organisation faces as a result of no disconnected IT backups being maintained; and
- that the year of the corporate objectives included in the Board Assurance Framework document is updated to reflect the current financial year.

6.2 The recommendations had been accepted and allocated implementation deadline dates except for the recommendation regarding changing the year of the corporate objectives. This recommendation had been rejected on the grounds that the Commission's corporate objectives seldom changed and instead it was proposed to simply omit the date.

6.3 the Committee noted the risk regarding the lack of disconnected IT backups being maintained and the possible vulnerability it presented. They considered that there was little that could be done in light of there being no option for this procedure on a cloud based system and proposed that the Commission should be mindful of the slight risk it presented.

6.4 The report also highlighted that the Microsoft Online Services Service Level Agreement included a number of limitations. The Service Level Agreement didn't apply to any performance or availability issues that resulted from failures in a single Microsoft Datacenter location when the Commission's network connectivity was dependent on that location in a non-geo-resilient manner. Enquiries had been made with Qualifications Wales as to whether the Commission was reliant on a single connection but there was some uncertainty regarding this issue.

6.5 It was **agreed** that the Committee would propose that the Commission review their risk appetite in light of the audit findings and recommendation and also consider ways to link the Commission's performance management to the corporate objectives.

6.6 It was noted that the mid-year internal audit would include an audit of GDPR and would be carried out in mid-January.

7. Review of fixed Assets Verification Exercise

7.1 The Committee noted the outcome of the LDBCW's annual verification of fixed assets exercise. All assets had been accounted for with the only issue arising concerning some assets missing labels and some changes to the allocation of IT equipment due to swapping the items between staff to allow for repairs and upgrades.

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

8.1 It was reported that the questionnaire for 2019-20 had recently been circulated to members for completion. It was noted that the previous Chair had not been sent a copy and **agreed** that a copy of the questionnaire would be sent to him for completion to cover his period as Chair.
Action: Finance Manager **By**: 3 December 2019

8.2 It was noted that one of the questions on the questionnaire referred to the ARAC Terms of Reference stipulating that the Secretary of the ARAC should be different to the Secretary of the Commission. It was **agreed** that the ARAC Terms of Reference should be amended to specify that the Secretary of the ARAC should be different to the Commission Secretary.
Action: Finance Manager **By**: 3 December 2019

8.3 It was agreed that the completed questionnaires would be submitted by the end of January 2020 to allow for the analysis to be produced in time for the February ARAC meeting.
Action: Finance Manager **By**: 12 February 2020

9. Audit Recommendations – Progress Report.

9.1 The Committee considered the progress on the outstanding internal and external audit recommendations.

9.2 It was noted that the 2017-18 recommendation regarding updating the Commission's Travel and Subsistence Policy had now been implemented.

9.3 The 2017-18 recommendation that the Commission review and update their staff policies was due for implementation by 30 September 2019 but had been delayed due to difficulties in obtaining the corresponding policies form Welsh Government. Although the majority of the policies had been updated several were still outstanding. It was **agreed** that the outstanding policies should be put on the agendas for the December, January and February Commission meetings.

Action: Business Manager **By**: 29 February 2020

9.4 It was **agreed** that the 2017-18 recommendation that the Commission should ensure its cloud based IT services were robust and secure could be considered as implemented in light of the results of the recent Cloud Security Review.

9.5 It was noted that the outstanding recommendation regarding establishing a checklist to cover all Parliamentary review procedures was due to be implemented by March 2020.

10. Risk Management Report

10.1 Consideration was given to the current risk registers and policy. Details of the changes made to both the Corporate and Operational risk registers since the last Committee meeting were reported. The Committee also noted the format of the briefing notes the Commission sent to the Welsh Government with the review final proposals reports.

10.2 It was **agreed** that all Commission Members should test their Skype connections by calling the office from home.
Action: Commission Members **By**: 29 February 2020

11. Budget Monitoring Report.

11.1 The Committee noted the minutes of the budget report presented at the Commission meeting of 29 October 2019. It was reported that the Commission were currently giving consideration to the year-end budget position.

12. Gifts and Hospitality – Report and Declarations

12.1 The Committee noted that no declarations of gifts of hospitality had been made for 2019-20 to date.

13. Complaints

13.1 The Committee noted that the Commission had received a complaint regarding their Bridgend electoral review. The complaint was currently being dealt with by the Chief Executive and a full report would be made to the Commission.

14. Whistleblowing and Fraud Report

14.1 The Committee noted that there had been no instances of whistleblowing or fraud for 2019-20 to date.

15. IT Data Security Report

15.1 It was reported that there had been no data security incident for 2019-20 to date.

15.2 The Committee noted the recommendations arising from the Cloud Security Report. It was **agreed** that the recommendations would be given full consideration at the December 2019 Commission meeting and the outcome reported to the February 2020 ARAC meeting.
Action: Finance Manager **By**: 17 December 2019

15.3 It was noted that automatic enrolment for online phishing training for staff had now been implemented. It was **agreed** that additional online phishing training for members should be linked to the currently ongoing consideration of Commission members' training requirements.
Action: Chief Executive **By**: 31 March 2020

15.4 It was noted that all of the Commission's ICT devices were now up to date with anti-virus and software updates.

16. Any Other Business

16.1 There was no other business.

17. Date of Next Meeting

17.1 The date of the next meeting was 26th February 2020.