Democracy and Boundary Commission Cymru

Audit and Risk Assurance Committee 2024-25 Annual Report

1 Purpose

1.1 This report summarises the main work of the Democracy and Boundary Commission Cymru's (DBCC) Audit and Risk Assurance Committee during the period 1st April 2024 – 31st March 2025. The role and membership of the Committee is defined in the Terms of Reference (Appendix 1). The prime role of the Committee is to provide independent advice and assurance to the Accounting Officer of DBCC. During the year the Committee has monitored the strategic processes for risk, control and governance supplemented by the results of internal and external audits. The Committee played a key role in defining aspects of the audit work and monitoring the management response to the issues raised.

1.2 The DBCC's Governance and Audit Committee (GAC) was created on 1 January 2025 by the Elections and Elected Bodies (Wales) Act 2024 (Commencement No. 1) Order 2024. The GAC will replace the DBCC's Audit and Risk Assurance Committee (ARAC). However, due to the timing of the appointment of an independent Chair of the GAC, no GAC meetings were held during 2024-25.

1.3 The role and membership of the ARAC and GAC are defined in their respective Terms of Reference (Appendices 1 & 2). The prime role of these Committees is to provide independent advice and assurance to the Accounting Officer of the DBCC. During the year the Committee has monitored the strategic processes for risk, control and governance supplemented by the results of internal and external audits. The Committee played a key role in defining aspects of the audit work and monitoring the management response to the issues raised.

1.4 This report describes how the Audit and Risk Assurance Committee met its responsibilities during 2024-25 and the outcome of work to improve further the governance and management of the organisation. The report is intended to provide assurance to inform the Accounting Officer's Governance Statement to be included in the DBCC's Annual Report and Accounts for 2024-25.

2 The work of the Committee during 2024-25

Membership

2.1 Throughout 2024-25 I served as ARAC Chair and Frank Cuthbert and Dianne Bevan served as ARAC Members. Frank Cuthbert and Dianne Bevan are Members of the DBCC and I am Deputy Chair of the DBCC. My appointment is for a term of 3 years from 1 March 2022 until 28 February 2025. Frank Cuthbert's appointment is for a term of 3 years from 1 April 2022 until 31 March

2025. Dianne Bevan's appointment is for a term of 3 years from 1 June 2022 until 31 May 2025. During 2024-25 the Independent Members of the ARAC were Andrew Blackmore and Kalwant Grewal, who were both appointed for terms of 3 years from 1 January 2024 until 31 December 2026.

2.2 Andrew Blackmore was appointed Independent Chair of the GAC on 18 March 2025 and his appointment runs for 4 years until 17 March 2029. Following this appointment, Frank Cuthbert and myself stood down as Member and Chair respectively of the ARAC. Dianne Bevan remained as a Member of the GAC, Kalwant Grewal remained as Independent Member of the GAC and Bethan Price joined the GAC as a member following her appointment as a DBCC member.

2.3 The external Auditors (Audit Wales) and the Internal Auditors (TIAA Ltd.) attended all meetings to provide support and advice to the Committee.

Meetings

2.4 There were three scheduled meetings during the Year – 21 August 2024, 26 November 2024, and 4 March 2025. An additional meeting was held on 23 September 2024 to consider Audit Wales's Audit of Accounts Report 2023-24 and to sign off the Annual Report and Accounts 2023-24. Meeting attendance during the year was a hybrid of attendance in person and via Microsoft Teams. Frank Cuthbert, Kalwant Grewal and Andrew Blackmore and myself attended all the meetings. Dianne Bevan was unable to attend the meeting held on 21 August 2024 but attended all of the other meetings. Bethan Price attended the 4 March meeting, which was the only meeting held within the period of her appointment.

2.5 The Committee's minutes detail allocated responsibilities and completion dates for agreed actions. This enables far more efficient tracking of progress on agreed actions to ensure that they are completed as planned or carried forward. The Committee's minutes are published on the DBCC's web site.

3 Control environment

Internal Audit

3.1 The DBCC's Internal Auditors, TIAA Ltd., were appointed in 2020 following a competitive tendering exercise for a 5 year contract. They first presented their 5 year audit plan for 2020/21 onwards at the Committee meeting held on 27 July 2020. The scope of the audit work for the 5 years focuses on Corporate Governance and Risk Management and Financial Systems (including procurement) which are to be audited annually and also a rolling audit programme covering the other aspects of the DBCC's work and controls, which are:

- DBCC and BCW Reviews;
- Strategic Controls;
- Key Financial Controls;
- Pandemic Response;
- Human Resources;
- Data Protection Compliance;
- ICT General Controls, and
- Future Work Programme.

3.2 Internal audit work is carried out by discussions with appropriate staff, reading of documents and testing, as necessary, to confirm the effectiveness of the controls in place. Internal audit is carried out with due awareness of the risks of fraud and corruption in the processes under examination. When the internal audit work is completed, the findings and any recommendations made are discussed at a pre-arranged exit meeting before the internal audit report is drafted, agreed with management and presented to the ARAC.

3.3 During 2024-25 the Audit and Risk Assurance Committee reviewed the following reports provided by TIAA:

Mid-Year Audit Report 2024-25

Audit Area	Date Released	Weakness Identified			Assurance Level
		Urgent priority	Important priority	Routine priority	
Business Continuity	October 2024	-	-	1	Substantial
ICT General Controls	October 2024	-	-	-	Substantial
New Powers	October 2024	-	-	-	Substantial

Year End Audit Report 2024-25

Audit Area	Date Released	Weakness Identified			Assurance Level
		Urgent priority	Important priority	Routine priority	
Key Financial Controls	February 2025	-	-	-	Substantial
Community Reviews	February 2025	-	-	-	Substantial

3.4 The mid-year audit provided Substantial assurance ratings for Business Continuity, ICT General Controls and New Powers with one audit recommendation being raised.

3.5 The year-end audit provided Substantial assurance ratings for Key Financial Controls and Community Reviews with no audit recommendations being raised.

3.6 These findings provide assurance that the DBCC's arrangements are reducing its exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of DBCC management.

3.7 The Follow Up audit report for 2024-25 provided a positive response for the implementation of prior year's recommendations with 4 out of 5 outstanding recommendations having been implemented and the remaining recommendation being progressed towards implementation.

3.8 The Audit and Risk Assurance Committee receives progress reports on implementation of the audit recommendations at every meeting. During 2024-25 it was noted that the majority of the external and internal audit recommendations had been implemented. The Committee will continue to monitor progress on the implementation of any outstanding recommendations.

3.9 The quality of the audit work and that of the Committee has been evaluated during the year through consideration of the audit reports and recommendations and dialogue at meetings between Committee Members and the Internal Auditors. In addition to this the Committee held an annual confidential meeting between Members and Internal Audit following the 4 March 2025 Committee meeting and completed an annual internal audit effectiveness assessment exercise and an Audit and Risk Assurance Committee good practice evaluation checklist. Based on these, Internal Audit performance was assessed as effective.

External Audit

3.10 The External Auditor of the DBCC is the Auditor General for Wales. The Audit conclusions for the 2023-24 financial year contained in Audit Wales' Management Letter were reviewed at the 23 September 2024 meeting of the Audit and Risk Assurance Committee. An unqualified opinion was given on the 2023-24 Accounts. The report raised 2 audit recommendations.

3.11 Audit Wales' 2025 Audit Plan for auditing the DBCC's 2024-25 financial statements was considered at the Committee's meeting held on 4 March 2025.

Audit and Risk Assurance Committee Effectiveness

3.12 During 2024-25 Committee Members completed their annual Effectiveness Self-Assessment exercise. The outcome of the exercise indicated that compliance with good practice had been demonstrated in all areas, although it was noted that the exercise would need further review to take account of the DBCC's additional responsibilities.

3.13 The DBCC also gained assurance by receiving reports detailing the outcomes of the Audit and Risk Assurance Committee's meetings together with copies of the meeting minutes.

4 Co-operation between Internal and External Audit.

4.1 The Committee was satisfied that the Internal and External Auditors communicate and work together to minimize the level of any duplicated work and result in efficient and effective audit coverage. This was confirmed both by observation and evaluation throughout the year and at the confidential meeting between Committee Members and Internal Auditors held on 4 March 2025.

5 Corporate Governance

5.1 During 2024-25 the Audit and Risk Assurance Committee has continued to maintain high standards in Corporate Governance and internal controls. During 2024-25 the Committee:

- Reviewed their Terms of Reference and drafted a new Terms of Reference for the Governance and Audit Committee.
- Reviewed their Annual Work Plan and drafted a new Annual Work Plan for the Governance and Audit Committee.
- Continued the practice of having its Members complete an annual self-assessment questionnaire.
- Continued the practice of holding an annual confidential meeting between Members and Auditors.
- Confirmed the effectiveness of Internal Audit during the year by conducting the annual internal audit assessment exercise.
- Received ICT Security reports from the DBCC's technical support (Qualifications Wales) in respect of their new ICT system.
- Received progress reports on implementation of the audit recommendations at every meeting.
- Received a report on the DBCC's schedule of losses for 2023-24.
- Received a report on the DBCC's verification of fixed assets exercise for 2024-25.
- Received reports on Freedom of Information requests.
- Confirmed that the DBCC had maintained satisfactory systems for budget monitoring, risk management review, whistleblowing and fraud, IT data security and gifts and hospitality.
- Was satisfied that the DBCC's Accounting Officer could be reasonably assured that the DBCC's control, risk and governance arrangements in

2024-25 provided a sound and reasonable basis for her completion of the Governance Statement.

6 Risk Management

6.1 The DBCC approach to risk management has proved to be an effective mechanism for identifying and mitigating risks and the procedures adopted have been commended by the DBCC's auditors. The Risk Register was reviewed at all Committee meetings during 2024-25. The Committee remains satisfied that the register is a living document and accurately reflects the risks that DBCC faces as they emerge and their likely impact. The risk register also notes the management actions that have been taken to mitigate and eliminate the risks.

6.2 During 2024-25 the main risks identified and managed by the DBCC were:

Risk Identified	Mitigating Actions
Commission fails to maintain good reputation and working relationship and communication with principal councils and senior stakeholders such as Welsh Government, WLGA, OVW, Assembly Members.	Monthly meetings between Chair and Welsh Government. Bi-monthly liaison meetings between Secretariat and Welsh Government. Briefings to MSs and key stakeholders prior to the Senedd Review Consultations with stakeholders on any new policies or major policy changes Commitment to consultation on Policy & Practice for new Review Programme included in letter to principal authority CEOs. ERP Research findings to be published on Commission web site.
Lack of resources provided to carry out project management and implement the new functions due to be transferred to the Commission i.e. IRP, EMB and Senedd Boundary Reviews	Liaison and meetings with WG Sponsor, PBU and key stakeholders Ensure risks and concerns are highlighted in the planning group (IRPW/DBCC) Potential Future Work Programme initially set as an agenda item for Commission meetings including holding its own risk register. It has now been incorporated as business as usual Budget planning to be undertaken on a 3 year basis. Clear timelines set out to identify staff recruitment and Commissioner recruitment needs.
Ineffective stakeholder engagement.	Communications and Engagement Manager Consultations with stakeholders on any new policies or major policy changes.
Implementation of Voter Information Platform not undertaken effectively.	Consultative design process and a testing programme ahead of any live use of the system at an election. Aim to pilot platform in a local election before the Senedd if WG will allow time for it. Ensure sufficient resources in place to work with the designers throughout, and to operate. Review requirements to translate anything not provided in English and Welsh. Utilise consultant/external experts Voter Information Platform feasibility report to be produced.

<u>Consideration of the Sources of Assurance</u>

6.3 The DBCC gains assurance from various sources such as meeting reports etc. Details of the key areas of assurance and their sources is given in Appendix 3.

7 Budget 2024-25 and Financial Statements 2023-24

7.1 The Committee reviewed the DBCC’s budget monitoring process for the 2024-25 budget at all meetings during the year and considered them to be appropriate and robust. The Committee reviewed the draft financial statements for 2023-24 in July 2024 in advance of the audit being undertaken. It considered the Auditor’s report and any outstanding issues at their meeting held on 23 September 2024 with unqualified opinion being issued on 30 September 2024.

8 Conclusion

8.1 Based on the evidence available, the Committee has operated to a high standard during the year and had a positive impact on the DBCC, improving good practice. The Committee has obtained appropriate, reliable and comprehensive assurances on the DBCC’s internal control environment, financial reporting and ability to manage risks. During the year the DBCC received five Substantial audit assurances from their internal auditors arising from the internal audit work undertaken. The Committee is therefore satisfied that the DBCC’s Accounting Officer can be reasonably assured that DBCC’s control, risk and governance arrangements in 2024-25 provided a sound and reasonable basis for her completion of the Governance Statement.

8.2 Throughout 2024-25 the Committee has monitored the DBCC‘s risk assessment and preparations for the current legislation programme which conferred the functions of the Independent Remuneration Panel for Wales and the duty to review of Senedd constituencies in 2024-25 and will confer the establishment of the Electoral Management Board for Wales on the Democracy and Boundary Commission Cymru. In order to meet this challenge the DBCC have assessed and regularly reviewed the risks involved, appointed two additional independent ARAC members and three additional board members. The Committee considers that the DBCC has taken adequate measures to ensure the resources are available to meet the challenge of these future changes.

9 Acknowledgements

9.1 I am grateful to Frank Cuthbert, Dianne Bevan, Kalwant Grewal and Andrew Blackmore as members and independent members of the Committee for their work, contribution, assistance and support. The work of DBCC management, supported by other staff, has been central to our work and their contributions are valued. I am also grateful to Julie Rees from Audit Wales and Elan Parry from TIAA Ltd. Their support and advice has been very helpful and constructive during the year.

Michael Imperato
Chair of the DBCC Audit and Risk Assurance Committee
April 2025

Appendix 1

DEMOCRACY AND BOUNDARY COMMISSION CYMRU

AUDIT AND RISK ASSURANCE COMMITTEE

TERMS OF REFERENCE

1. Introduction

1.1 The Local Democracy and Boundary Commission for Wales (the Commission) has established the Audit and Risk Assurance Committee to support them in their responsibilities of issues of risk, financial propriety, internal control and governance and associated assurance. The Chief Executive as the Accounting Officer has responsibility under the terms of the Commission's Framework Document and annual Remit Letter, issued by the Welsh Government, for the provision of adequate internal controls and will take into account the advice of the Audit and Risk Assurance Committee as appropriate.

1.2 The Commission also provides a secretariat to the parliamentary Boundary Commission for Wales (BCW) under a Memorandum of Understanding between the Commission, Welsh Government, Cabinet Office and the BCW. Under the terms of the Memorandum of Understanding the Commission will provide a single audit assurance to cover both bodies.

1.3 The Welsh Government's Director General for Education and Public Services designated the Commission's Chief Executive as Accounting Officer with effect from 7 January 2019.

2. Membership

2.1 The Audit and Risk Assurance Committee will normally be chaired by a Member of the Commission (provided they have relevant experience) but this practice will be open to review. The Chair of the Commission should not be the Chair or a Member of the Audit and Risk Assurance Committee.

2.2 The other members of the Audit and Risk Assurance Committee are:

- 2 appointed Independent External Members subject to Welsh Government agreement; and
- 2 Members of the Commission (excluding the Chair).

2.3 The Secretary of the Audit and Risk Assurance Committee should not be the Secretary of the Commission meetings.

2.4 Membership of the Audit and Risk Assurance Committee will be reviewed periodically.

3. Reporting

3.1 The Audit and Risk Assurance Committee will formally report to the Commission and Accounting Officer after each meeting.

3.2 The Audit and Risk Assurance Committee will provide the Commission and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and Governance Statement, summarising its conclusions from the work it has done during the year.

3.3 The Audit and Risk Assurance Committee will provide the relevant BCW UK Government Sponsor Department and BCW with the Audit and Risk Assurance Committee Chair's Annual Report.

4. Meetings

4.1 The Audit and Risk Assurance Committee will meet at least three times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings as they deem necessary.

4.2 The timing of the meetings and the areas of work to be dealt with are set out in the Committee's Annual Work Plan. The Annual Work Plan should be drafted by 1 April and reviewed by the Chair of the Audit and Risk Assurance Committee before being circulated to Committee Members for comment.

4.3 A minimum of 3 members of the Audit and Risk Assurance Committee, one of whom must be the Chair or act as Deputy Chair, will be present for the meeting to be deemed quorate.

4.4 Audit and Risk Assurance Committee meetings will normally be attended by the Accounting Officer, Deputy Chief Executive, Finance Manager, Head of Business and representatives of both Internal and External Audit.

4.5 The Audit and Risk Assurance Committee may ask any other officials or Members of the Commission to attend to assist it with its discussions on any particular matter.

4.6 The Audit and Risk Assurance Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

4.7 The Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

4.8 The Chair and Members of the Committee will hold a confidential meeting with representatives of Internal and External Audit annually to receive their feedback on the effectiveness of the Committee and any other matters in relation to the Commission's governance arrangements. This arrangement will not preclude any additional meetings between Committee Members and representatives of Internal and External Audit deemed necessary.

5. Authority and Rights

5.1 The Audit and Risk Assurance Committee is authorised by the Commission to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Commission employee or Member and all employees and Members are directed to co-operate with any request made by the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee will ensure that the Commission has adequate corporate governance policies in place by reviewing the Corporate Governance at every meeting.

5.2 The Audit and Risk Assurance Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

5.3 The Audit and Risk Assurance Committee may procure specialist ad-hoc advice at the expense of the Commission subject to budgets agreed by the Commission.

6. Access

6.1 There will be free and confidential access between the Chair of the Audit and Risk Assurance Committee and representatives of Internal and External Audit.

6.2 There will be free and confidential access between the Chair of the Audit and Risk Assurance Committee and Members of the Audit and Risk Assurance Committee.

7. Responsibilities

7.1 The Audit and Risk Assurance Committee will advise the Accounting Officer and Commission on:

- the strategic processes for risk, control and governance and the Governance Statement.
- the accounting policies, the accounts and the annual report of the Commission, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
- the planned activity and results of both internal and external audit.
- adequacy of management response to issues identified by audit activity, including external audit's ISA 260 report and management letter.
- assurances relating to the corporate governance requirements for the organisation.
- assurances relating to ICT data security arrangements for the organisation.
- The soundness of budget monitoring arrangements.
- The soundness of arrangements for dealing with Freedom of Information requests.
- proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services.
- anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- proposals for contentious accounting issues such as compliance exceptions and exemptions.

8. Information requirements

8.1 In order to discharge their responsibilities outlined in paragraph 7 above, the Audit and Risk Assurance Committee receives the following information as appropriate:

- A report of any reviews of the Commission’s Risk Registers and Risk Management Policy.
- The Internal Audit Plan.
- The External Audit Annual Audit Plan.
- Progress reports from the Internal Audit representative summarising work performed, key issues emerging, management response to audit recommendations and any resource issues affecting the delivery of internal audit objectives.
- Internal Audit’s Annual Opinion and Report.
- Management response to audit recommendations.
- The Commission’s draft Financial Statements and statutory accounts prior to audit by External Auditors.
- The Commission’s draft Financial Statements and statutory accounts prior to signing by Accounting Officer.
- The draft Governance Statement.
- External Audit’s Audit of Financial Statements Report and any other external audit outputs.
- Changes to accounting policies.
- Changes to the Operational Plan.
- A report on budget considerations.
- A report on Freedom of Information requests.
- A report on ICT data security arrangements.
- A report on current and planned Audit Wales work.
- A report on any proposals to tender for audit functions.

9. Minutes

9.1 The Minutes of its meetings shall be circulated to all Committee Members and representatives of Internal and External Audit.

9.2 An Action Log of issues arising from each meeting shall be circulated to all Committee Members and representatives of Internal and External Audit within two weeks after each meeting.

10. Review of Terms of Reference

10.1 The Audit and Risk Assurance Committee Terms of Reference will be reviewed annually to ensure it continues to remain relevant and reflect any changes to the Commission’s status.

11. Document Date: July 2023

Appendix 2

DEMOCRACY AND BOUNDARY COMMISSION CYMRU

GOVERNANCE AND AUDIT COMMITTEE (the 'GAC')

TERMS OF REFERENCE

1. Introduction

1.1 The Democracy and Boundary Commission Cymru (the Commission) has established the GAC to support them in their responsibilities of issues of risk, financial propriety, internal control and governance and associated assurance. The Chief Executive as the Accounting Officer has responsibility under the terms of the Commission's Framework Document and annual Remit Letter, issued by the Welsh Government, for the provision of adequate internal controls and will take into account the advice of the GAC as appropriate.

1.2 The Commission also provides a secretariat to the parliamentary Boundary Commission for Wales (BCW) under a Memorandum of Understanding between the Commission, Welsh Government, Ministry of Housing, Communities and Local Government and the BCW. Under the terms of the Memorandum of Understanding the Commission will provide internal and external audit assurances to cover both bodies.

1.3 The Welsh Government's Director General for Education and Public Services designated the Commission's Chief Executive as Accounting Officer with effect from 7 January 2019.

2. Functions of the Commission

2.1 the Commission's functions are as follows, to:

- Keep under review the boundaries and electoral arrangements of local government areas in Wales.
- Keep under review the boundaries of Senedd constituencies in Wales.
- Deliver the functions of the Electoral Management Board for Wales.
- Determine the remuneration and pensions for elected and co-opted members of principal and community councils, fire and rescue authorities, National Park authorities and corporate joint committees.
- Undertake Community Reviews and Seaward Boundary Reviews as and when required, and
- Consider the recommendations of Community Boundary Reviews undertaken by Principal Councils and make the relevant legal orders.

3. Membership

3.1 The GAC will consist of:

- At least 2 external lay members, one of whom will be appointed Chair of the Committee and one of whom will be appointed as Deputy to the Chair of the Committee.
- At least 2 Members of the Commission (excluding the Chair and Deputy Chair of the Commission).

3.2 The total number of members of the GAC will not exceed 5 members.

3.3 The Finance Manager will act as secretary for the GAC meetings and will be responsible for setting the dates for meetings, drafting the meeting agenda and papers for the Chair's approval and taking the minutes of the meetings.

4. Reporting

4.1 The GAC meeting secretary (Finance Manager) will submit a written report outlining the decisions and main points of every GAC meeting to the Commission and Accounting Officer to be tabled at the next Commission next meeting following the GAC meeting.

4.2 The GAC will provide the Commission and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and Governance Statement, summarising its conclusions from the work it has done during the year.

5. Meetings

5.1 The GAC will meet at least three times a year. The Chair of the GAC may convene additional meetings as they deem necessary.

5.2 The timing of the meetings and the areas of work to be dealt with are set out in the Committee's Annual Work Plan. The Annual Work Plan should be drafted by 1 April and reviewed by the Chair of the GAC before being circulated to Committee Members for comment.

5.3 A minimum of 3 members of the GAC, at least one of whom must be a lay member, will be present for the meeting to be deemed quorate.

5.4 GAC meetings will normally be attended by the Accounting Officer, Head of Policy and Programmes, Finance Manager, Head of Business and representatives of both Internal and External Audit, unless the Chair directs otherwise.

5.5 The Chair may require any other officials or Members of the Commission to attend to assist it with its discussions on any particular matter.

5.6 The GAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

5.7 The Accounting Officer may ask the GAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

5.8 The Chair and Members of the Committee will hold a confidential meeting with representatives of Internal and External Audit at least annually to receive their feedback on the effectiveness of the Committee and any other matters in relation to the Commission's governance arrangements. This arrangement will not preclude any additional meetings between Committee Members and representatives of Internal and External Audit deemed necessary.

6. Authority and Rights

6.1 The GAC is authorised by the Commission to investigate any activity which is reasonably viewed as being within its terms of reference. It is authorised to seek any information it requires from any Commission employee or Member and all employees and Members are directed to co-operate with any request made by the GAC.

6.2 The GAC may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

6.3 The GAC may procure specialist ad-hoc advice at the expense of the Commission subject to budgets agreed by the Commission.

6.4 The GAC is not accountable to the Accounting Officer.

7. Access

7.1 There will be free and confidential access between the Chair of the GAC and representatives of Internal and External Audit, the Chair of the Commission, the Accounting Officer or any other individual as deemed appropriate.

7.2 The Chair and Members of the GAC may meet in private at any time as deemed necessary.

8. Responsibilities

8.1 The GAC will advise the Accounting Officer and Commission on the:

- Adequacy of corporate governance policies in place by reviewing the Corporate Governance at every meeting.
- Assessment and review of the performance of the Commission's internal and external audit arrangements including the planned activity and results of both internal and external audit.
- Appointment and termination of the internal audit provider.
- Managing the process for the appointment of Internal or External Audit services and the purchase of non-audit services from contractors who provide audit services, and making recommendations to the Commission on these matters;
- Adequacy of the overall arrangements for risk management, internal control and governance.
- Process for, contents and conclusions as set out within the Annual Governance Statement (or equivalent from 2025).
- Accounting policies, the annual accounts and the annual report of the Commission, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
- Adequacy of management response to issues identified by audit activity, including external audit's Audit of Accounts report and management letter.
- Assurances relating to the corporate governance arrangements to include the review of all material control policies.
- Assurances relating to all material aspects of information and data security arrangements for the organisation.
- Soundness of the budget setting and monitoring arrangements and review of the Commission's overall financial affairs including any charges raised.
- Soundness of arrangements for dealing with Freedom of Information requests.
- Arrangements for whistleblowing and oversight of the investigation of whistleblowing concerns
- Assessment and review of the Commission's handling of complaints
- Anti-fraud policies, whistleblowing processes and arrangements for special investigations.

- Proposals for contentious accounting issues such as compliance exceptions and exemptions.

9. Information requirements

9.1 In order to discharge their responsibilities outlined in paragraph 8 above, the Governance and Audit Committee will receive, as a minimum, the following information:

- A report of any reviews of the Commission's Risk Registers and Risk Management Policy.
- An annual report on the Electoral Management Board Risk Register, monthly reports and any legal challenges to directions issued.
- The Internal Audit Plan.
- The External Audit Annual Audit Plan.
- Progress reports from the Internal Audit representative summarising work performed, key issues emerging, management response to audit recommendations and any resource issues affecting the delivery of internal audit objectives.
- Internal Audit's Annual Opinion and Report.
- Management response to audit recommendations.
- The Commission's draft Financial Statements and statutory accounts prior to audit by External Auditors.
- The Commission's draft Financial Statements and statutory accounts prior to signing by Accounting Officer.
- The draft Governance Statement.
- External Audit's Audit of Financial Statements Report and any other external audit outputs.
- Changes to accounting policies.
- Changes to the Operational Plan.
- A report on budget considerations.
- A report on Losses.
- A report on fraud.
- A report on complaints received.
- A report on Freedom of Information requests.
- A report on ICT data security arrangements.
- A report on current and planned Audit Wales work.
- A report on any proposals to tender for audit functions.

10. Minutes

10.1 The Minutes of its meetings shall be circulated to all Committee Members and representatives of Internal and External Audit.

10.2 An Action Log of issues arising from each meeting shall be circulated to all Committee Members and representatives of Internal and External Audit within two weeks after each meeting.

11. Review of Terms of Reference

11.1 The Governance and Audit Committee Terms of Reference will be reviewed annually to ensure it continues to remain relevant and reflect any changes to the Commission's status.

12. Document Date: October 2024

Appendix 3

Key Areas requiring Assurance	Board Assurance Framework	Sources of Assurance		
		1st level	2nd level	3rd level
Governance, Decision Making and accountability	Board Assurance Framework Objective 2	Accounting Officer requirements. Organisational structure. Scheme of delegation. Policies & Procedures.	Reports to Commission meetings of decisions taken or for approval. Timetable for policy reviews by Commission. Structures kept under review by CEO and Commission. Annual Governance Statement.	Internal Audit reports on Corporate Governance - separation of duties and compliance with controls. ARAC periodically reviews probity policies. ARAC Annual Report and review of Governance Statement.
Risk Management	Board Assurance Framework Objective 2	Risk Policy and Management Arrangements.	Board Assurance Framework in place and reviewed by Commission as part of Risk Register. Commission reviews Corporate Risk Register monthly. Operational Risk Register reviewed by Management Team with trigger point set for elevation of risks to Corporate Risk Register. Pensions and ICT Risk Register reviewed by Management Team.	ARAC review Operational and Corporate Registers at every meeting. Internal Audit reports on Risk Management. ARAC review of Pensions and ICT Risk registers annually.
Strategic Planning	Board Assurance Framework Objective 1	WG Remit Letter and Operational Plan reports to Commission meetings.	Strategic Plan report to Commission meetings. Commission agree vision and high level objectives for the organisation.	Internal Audit reports on Strategic Planning.
Openness and Transparency	Board Assurance Framework Objective 2	Comprehensive website meets expectations of openness and transparency.	Annual Pay Policy Statement	Governance Statement
Values & Culture	Board Assurance Framework Objective 2	Management Team set values and culture for staff under-pinned by Training and PDR process.	Commission's approach to openness, honesty and accountability complements the Management Team's approach. Governance Statement.	Reports to Commission on results of Staff Surveys. Investors In People Reports. ARAC.
Leadership	Board Assurance Framework Objective 2	Accounting Officer Requirements.	Commission set out explicit expectations for the organisation in Strategies and Plans.	Internal Audit Reports on Corporate Governance.
Information and Data Security	Board Assurance Framework Objective 2	Information and Data Security procedures in place.	Review of compliance by the Commission.	Periodic Internal Audit Reviews.

			Staff Training Register record of completion of mandatory staff training. Commission Member nominated ICT Champion.	Reports on ICT Security from Qualifications Wales to all ARAC meetings
Freedom of Information	Board Assurance Framework Objective 2	Accounting Officer requirements	Reports to Commission	FoI Reports to ARAC
Workforce Planning	Board Assurance Framework Objective 1	Reports produced by CEO identifying staffing needs. Pay Policy.	Reports to Workforce Sub-Committee for approval.	Commission approval on staff structure changes
Developing our staff and members	Board Assurance Framework Objective 1	Comprehensive Induction and Training. Regular PDR reviews.	Report to Commission meeting on outcome of Investors In People reviews.	Investors In People review reports.
Health, Safety and Wellbeing of Staff	Board Assurance Framework Objective 2	Sickness Absence Policy. Health & Safety Policy. Dignity at Work Policy. Whistleblowing Policy	Reports to Workforce Sub-Committee.	Review of compliance by ARAC if necessary Small Workplace Health award.
Equality and Diversity	Board Assurance Framework Objective 2	Equality Opportunities Policy.	Review of compliance by the Commission	Review of compliance by the ARAC if necessary.
Welsh Language Compliance	Board Assurance Framework Objective 2	Welsh Language Scheme. Welsh Language Standards. Actively seek Welsh Language skills and resources	Review and monitoring of Welsh Language Standards by the Commission.	Compliance checks by Welsh Language Commission.
Service Delivery – Service Reviews VFM	Board Assurance Framework Objective 1	Clarity of roles for service reviews. Timetables for delivery of reviews. Quality control arrangements in place. Desk Instructions. Policy and Practice.	Lead Commissioners support review team and add extra layer of QC. Welsh Government approval of budgets	Internal Audit reports on compliance with quality control arrangements. Statutory Consultation.
Service Delivery – audit quality	Board Assurance Framework Objective 2	Tender process and evaluation of bidders against set criteria.	On-going assessment of work programme and outputs by ARAC.	Annual internal audit assessment by ARAC.
Formally approved budgetary systems	Board Assurance Framework Objective 1	Remit Letter Funding plus Cabinet Office Funding for year. Budget setting report to Commission meeting	Future Budget estimates and profiles reported to Commission.	ARAC review Budgetary System for adequacy. Annual Internal Audit review of Budgetary Control.
Budget accountability/ delegation	Board Assurance Framework Objective 2	Scheme of Delegation / authorisation.	Commission review of budget.	Internal Audit reports.
Budgetary risks	Board Assurance Framework Objective 1	Management Team review of budget risks on on-going basis.	Financial risks recorded on Corporate Risk Register for Commission	ARAC oversight of Commission reviews of financial risks.

			attention.	
Financial information & systems controls	Board Assurance Framework Objective 2	Schemes of delegation internal financial controls and separation of duties.	Budget monitoring reports monthly to Commission.	Internal Audit reports on governance and internal control.
Budget monitoring and reporting	Board Assurance Framework Objective 2	Budget reports to Management Team.	Budget monitoring reports monthly to Commission.	ARAC reviews budget reports. Internal Audit reports.
Investigations of variances/ actions	Board Assurance Framework Objective 2	Explanations for variance contained in budget reports to Commission meetings.	Approval of budget before and after changes.	Reports to ARAC meetings on Commission reviews of budget reports.
Control of revisions to budget	Board Assurance Framework Objective 2	Management team agree to budget revisions.	Budget reports to Commission meetings for approval of virement and refunds to Departments.	Reports to ARAC meetings on Commission reviews of budget reports.
Financial Accounts	Board Assurance Framework Objective 2	Contact specification and timetable for preparation of Annual Accounts. Finance Manager monitors timeliness and quality.	Draft accounts sent to ARAC for review prior to audit.	External Audit ISA 260 report and Management Letter. Annual Audit Opinion and Certificate.
Identification of fraud risks	Board Assurance Framework Objective 2	Management reviews of Operational Risk Register. Whistleblowing policy in place	Commission reviews of Corporate Risk Register.	Internal Audit reports and agreed actions.
Counter fraud strategy	Board Assurance Framework Objective 2	Specific anti- fraud policies and adoption of new procedures e.g. checking changes to supplier contact / bank details.	Commission reviews of Fraud Policy.	Reports to ARAC meetings on any instances of fraud. Internal Audit awareness raising of new risk areas.
Whistleblowing	Board Assurance Framework Objective 2	Whistleblowing policy and staff awareness.	Commission reviews of Whistleblowing Policy	Reports to ARAC meetings on instances of Whistleblowing.
Complaints	Board Assurance Framework Objective 2	Complaints Policy.	Commission reviews of Complaints Policy.	Reports to ARAC meetings on complaints received.
Business Continuity	Board Assurance Framework Objective 1	Continuity Plans in place and periodic testing carried out. Document retention and destruction procedures in place. Staff Wellbeing Survey. Pandemic response arrangements	Update reports prepared for Commission. Periodic review and approval of procedures by Commission.	Annual Reports to ARAC on BCP test.
Fixed Assets Management	Board Assurance Framework Objective 2	Asset verification exercise carried out.	Commission informed of outcome of reviews.	Annual Report to ARAC on assets verification exercise.
Losses	Board Assurance Framework Objective 2	Identification and recording of Losses procedures.	Register of Losses.	Annual Reports to ARAC meetings on losses for the year.
Gifts and Hospitality	Board Assurance Framework Objective 2	Gifts & Hospitality policy.	Gifts & Hospitality Register.	Reports to ARAC meetings on Gifts and Hospitality.
Procurement	Board Assurance Framework Objective 2	Procurement arrangements in place including formal tendering procedures. Due diligence dealing with companies who may not be ethical.	Reports to Commission meetings on tender exercises.	Internal Audit reports on procurement arrangements.

Environmental Issues	Board Assurance Framework Objective 2	Sustainability procedures established and staff awareness.	Commission considers outcome of Green Dragon Audit.	Green Dragon Audit report.

Board Assurance Framework Objective 1	Ensuring Review Work is carried out effectively and principal authority areas are fit for purpose.
Board Assurance Framework Objective 2	Developing the effectiveness and efficiency of the business, adopting Welsh Government principles where possible and maintaining a high level of Corporate Governance.