

## DEMOCRACY AND BOUNDARY COMMISSION CYMRU

### AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON WEDNESDAY 21 AUGUST 2024 AT HASTINGS HOUSE CARDIFF AND VIA MS TEAMS (09:30 – 11:00)

**DBCC Members Present:** Michael Imperato (Chair), Frank Cuthbert (Member), Andrew Blackmore (Independent Member) and Kalwant Grewal via MS Teams (Independent Member).

**Audit Wales Representative Present:** Julie Rees via MS Teams

**TIAA Representative Present:** Elan Parry via MS Teams

**Qualifications Wales Representative Present:** Sean Gaffney via MS Teams

**LDBCW Officers Present:** Shereen Williams (Chief Executive), Tom Jenkins (Head of Policy and Programme) David Carr (Finance Manager), David Burley (Head of Business), Christian Lovatt (Team Support)

#### 1. Apologies for Absence

1.1 Apologies for absence were received from Dianne Bevan.

#### 2. Declarations of Interest

2.1 There were no declarations of Interest.

#### 3. Minutes of Audit Committee meeting held on 28 February 2024.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 28 February 2024 subject to inclusion of a note explaining that the Committee's planned July 2024 meeting had been rescheduled for August 2024.

**Action:** Finance Manager **By:** 31 August 2024

#### 4. Issues Arising from Previous Meeting.

4.1 The Committee noted that most of the issues arising from the last meeting had been actioned.

4.2 There were two action points still outstanding:

- ICT security training to be provided to all members including independent members without access to the DBCC ICT system; and
- Consideration of a more effective way to measure how the ARAC adds value to the DBCC.

4.3 In respect of ICT training it was **agreed** that this should be postponed until the new members and Chair had been appointed for the Governance and Audit Committee (GAC). It would also need to be decided what format the training would take, either online, which could be done in Members' own time, or in person facilitated by

Qualifications Wales. It was **agreed** that the preferred method would be in person training which could be arranged for a future meeting date.

**Action:** Finance Manager/ Qualifications Wales **By:** 31 December 2024

4.4 In respect of consideration of how the Committee adds value it was noted that this would change with the requirements of the new GAC. It was considered that this issue could be dealt with after the recruitment of the new GAC Chair and then discussed it with them in terms of development and how they wanted to proceed. It was **agreed** to deal with this issue after the establishment of the GAC.

4.5 It was considered that there needed to be a handover document from the ARAC Chair to the new GAC Chair which would capture the key issues, good practices of the ARAC which could be discussed at a joint ARAC/ GAC meeting. It was **agreed** that the Chief Executive and Finance Manager would draft the handover document. It was **agreed** that the induction process for the new GAC members would need to be reviewed and updated to include the new functions. (joint meeting)

**Action:** CE/ Finance Manager **By:** 31 December 2024

## 5. ICT and Data Security Report

5.1 It was reported that there had been no data security incidents since the last report.

5.2 Sean Gaffney outlined the main points of the new ICT Security Report. The report gave details of the latest threats identified by the National Cyber Security Centre which were most relevant to the DBCC. The DBCC 's Cyber Security Posture exposure score was currently Medium due to 7Zip software, which was only required by one member of staff, needing to be updated. Sean Gaffney explained that because this software was not used by all staff it was slightly more problematic to update. This represented a residual risk in the exposure score rather than an imminent threat and once it was resolved it was expected that the score would reduce back to Low within the next few days.

5.3 It was noted that the DBCC's Cyber Essentials Plus security accreditation had recently expired on 12 July and IASME Level 1 had also very recently expired. It was reported that the renewal process for Cyber Essentials was currently being undertaken by a new vendor which had caused a delay in the renewal process. However, this was now close to completion, following which the DBCC could renew their IASME security standard. It was noted that the delay in Cyber Essentials and IASME accreditation renewal carried more of a reputational risk rather than an IT security risk.

## 6. Audit Wales: Audit Plan 2024

6.1 Julie Rees explained that the Audit Plan for 2024 set out the proposed work for the audit of the 2023-24 financial statements. The audit work on the draft accounts was now substantially completed and the DBCC were currently in the process of applying the audit adjustments to the draft accounts to produce the final version. However, it had not been possible to complete the process in time for audited accounts to be presented at the meeting and these would have to be signed off at the meeting arranged for the 23 September.

- 6.2 The report set out the materiality level for misstatements on the accounts which was £23k and Exhibit 1 gave the main financial audit risk which could lead to material misstatements which was the risk of management override of controls. The audit response to this was to test journal entries and adjustments made to the financial statements, reviewing accounting estimates and checking significant transactions.
- 6.3 Exhibit 2 set out further risks of material misstatements which were:
- Accounting for the Community Review income received from local authorities.
  - Related Parties and Senior Officer remuneration disclosures.
- 6.4 The plan also included details of the audit team and timetable and set out the audit fee for the year which had increased by 6.4% in line with Audit Wales's most recent fees consultation.
- 6.5 The Committee noted the Audit Plan for 2024.

## 7. External Audit of Financial Statements Report 2023-24

- 7.1 Julie Rees explained that, as the final audited accounts were not yet available, the report on the audit would now be presented to the Committee meeting on 23 September along with the final accounts.
- 7.2 The Committee enquired whether the audit had raised any significant concerns that they should be aware of. Julie Rees said that no major issues had arisen as a result of the audit which had only raised some minor audit findings and adjustments.

## 8. Risk Management

- 8.1 Consideration was given to the current risk registers and details of the changes made to both the Corporate and Operational risk registers since the last Committee meeting were noted.
- 8.2 The Committee noted that the format of the risk management papers had changed to a summarised 'dashboard' format which made them easier to read and that they also no longer had the full risk registers appended to them. It was considered that ARAC members would still need access to the risk registers periodically and it was **agreed** that these should be made available on the Members' SharePoint web sites and updated as necessary.
- Action:** Finance Manager **By:** 31 August 2024

## 9. ICT Risk Register

- 9.1 Consideration was given to the current ICT risk register. Details of the changes made to the register since the last Committee meeting were reported and **noted**.
- 9.2 It was **agreed** that the ICT risk register would also be made available on the Members' SharePoint web sites.

**Action:** Finance Manager **By:** 31 August 2024

## 10. Annual Internal Audit Assessment 2023-24

10.1 The Committee noted the outcome of the Internal Audit Assessment for 2023-24 which was very positive. It was **agreed** that for future exercises the results should not be forwarded to TIAA as part of the meeting papers and the discussion during the meeting should be held in camera with the TIAA representative withdrawing from the meeting for the duration of the item.

**Action:** Finance Manager **By:** 31 July 2025

10.2 It was considered that there was a requirement to hold discussions with TIAA regarding how their audit function will remain effective in line with the DBCC's expanding responsibilities and functions. It was **agreed** that this would be undertaken as part of the internal audit planning for 2025-26 with input from an independent member.

**Action:** Finance Manager **By:** 4 March 2025

## 11. Accommodation Move Update

11.1 The Head of Business gave a verbal update on progress with the accommodation relocation. A copy of the lease had now been obtained from Welsh Government and been reviewed by DBCC's legal advisor who had raised some queries about it with Welsh Government in respect of asbestos and electrical surveys but it was not considered that this would cause any delays.

11.2 BT were due to install the wiring for the PSBA link into Cathays Park on 13 September 2024 in preparation for the full transfer later but this would not impact the DBCC ICT functionality at Hasting House. The next step is to agree arrangements with Qualifications Wales for the transfer of the DBCC's ICT hardware to Cathays Park. Currently estimated that the move would take place the end of September 2024.

11.3 The Committee enquired what impact the move would have the integrity and independence of the DBCC's policies. It was confirmed that some policies and business continuity would need to be updated following the move. It was considered that the risks in respect of the changes to policies would need to be captured in the risk registers and reported to the ARAC. It was **agreed** that a list of policy changes would be drawn up so that the Committee could monitor the progress in implementing the changes.

**Action:** Finance Manager **By:** 31 October 2024

11.4 It was **agreed** that an extraordinary ARAC meeting should be held following the move to assess the policy changes.

**Action:** Finance Manager **By:** 30 November 2024

## 12. Future Work Programme

12.1 The Committee noted the current position regarding the future Work Programme as reported at the DBCC meeting held on 31 July 2024. It was noted that the Elections

and Elected Bodies (Wales) Bill had not yet received Royal Assent. This was due to be discussed amongst other issues at a meeting between the Chief Executive and WG Sponsor Division later in the day and the expectation was that Royal Assent would be received soon. There was ongoing work also on the Independent Remuneration Panel function with staff working on the handover and legacy.

- 12.2 The Committee enquired how the DBCC were planning to integrate and manage additional functions within existing operational framework. It was reported that there was some additional funding being made available by Welsh Government both in the current and coming years and staff had been allocated to a newly created Democratic Health section with a new SEO and further new staff to be appointed.

### **13. ARAC Workplan 2024-25**

- 13.1 The Committee considered that the Workplan would need to be reviewed and updated following the establishment of the GAC when the Elections and Elected Bodies (Wales) Bill comes into force. It was **agreed** that this would need to be discussed further in advance of the Committee's November meeting.

### **14. ARAC Terms of Reference**

- 14.1 It was agreed that the Committee would review and update the Terms of Reference at their November meeting in preparation for the hand over to the GAC. It was **agreed** that there should an exercise to review the Terms of Reference before the Committee's November meeting with observations from the Independent Members being noted in preparation for discussion at the meeting.  
**Action:** Finance Manager **By:** 31 October 2024

### **15. Internal Audit Strategy and Audit Plan 2024-25**

- 15.1 The Committee noted the Final Internal Audit Plan for 2024-25.

### **16. Audit Recommendations Progress Report**

- 16.1 The Committee noted the current position regarding the implementation of outstanding audit recommendations.

### **17. Budget Monitoring Report**

- 17.1 The Committee noted the budget report presented to the DBCC's 31 July meeting.

### **18. Schedule of Losses 2023-24**

- 18.1 The Committee noted that there had been no losses during 2023-24.

## **19. Audit Wales Reports**

- 19.1 The Committee noted the report from Julie Rees which gave details of current and planned work by Audit Wales together with recent publications and planned forward work programmes.

## **20. Gifts and Hospitality – Report and Declarations**

- 20.1 The Committee noted that no declarations of gifts of hospitality had been made since the previous meeting.

## **21. Complaints**

- 21.1 The Committee noted the recent complaint that had been received by the DBCC. It was reported that the complainant had not responded to date to the DBCC's response to their letter.

## **22. Whistleblowing and Fraud Report**

- 22.1 The Committee noted that there had been no instances of whistleblowing or fraud since the last report.

## **23. Freedom of Information Report**

- 23.1 The Committee noted the FoI requests for information received by the LDBCW between 21 February 2024 and 13 August 2024.

## **24. Any Other Business**

- 24.1 There was no other business.

## **25. Dates of Next Meetings**

- 25.1 The dates of the next meetings have been set for 23 September 2024 at 9:30, 26 November 2024 at 9:30 and 4 March 2025 at 9:30.