

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON THURSDAY 28 FEBRUARY 2024 VIA MS TEAMS (09:30 – 11:15)

LDBCW Members Present: Michael Imperato (Chair), Frank Cuthbert (Member), Dianne Bevan via MS Teams (Member), Kalwant Grewal via MS Teams (Independent Member) and Andrew Blackmore via MS Teams (Independent Member)

Audit Wales Representative Present: Julie Rees via MS Teams

TIAA Representative Present: Steen Gourlay 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)

1. Apologies for Absence

1.1 There were no apologies for absence.

2. Declarations of Interest

2.1 There were no declarations of Interest.

3. Minutes of Audit Committee meeting held on 29 November 2023.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 29 November 2023.

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 The only action point outstanding concerned the establishment of a formal accounting process for dealing with BCW funds remaining unspent at the end of each financial year. This was currently being considered by the Department for Levelling Up, Housing and Communities (DLUHC) but no response had been received since December 2023. It was agreed that the Finance Manager would send a reminder email to DLUHC requesting a progress update.

Action: Finance Manager **By:** 31 March 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 LDBCW. He drew the Committee's attention to the impact of AI on cyber attacks which was making them more numerous and harder to detect. The LDBCW 's Cyber Security Posture exposure score was currently Medium due to recent Microsoft security updates being installed on the majority of Surface Pro laptops.
- 5.3 It was noted that the instances of staff being caught out by simulated phishing emails remained low which was very positive, although a small number of instances of staff being caught out continued to happen. The Committee enquired whether anything further could be done to reduce the rate of staff being caught out by the simulated attacks. It was reported that staff completed annual Civil Service IT Security training in addition to the mandatory training supplied by KnowBe4 following incorrectly clicking on a simulated phishing attack, and in view of this it was difficult to see what additional measures could be taken. Sean Gaffney said that one possibility for further action could be to identify the staff member involved and interview them to find out why they fell for the simulated attack.
- 5.4 Members enquired whether there were financial controls in place to prevent payments being made in response to the increasingly sophisticated AI deep fake scams being developed. It was confirmed that all bank payments made required dual authorisation with senior management being required to review and authorise all payments made.
- 5.5 It was noted that Independent ARAC Members were unable to access the ICT Security training as they were not included in the LDBCWs ICT system. This also raised issues when sending potentially sensitive documents to the Independent Members. The Committee considered that this was a weakness that needed to be addressed. It was **agreed** that the Secretariat and Qualifications Wales would look into possible solutions to these issues.
Action: CE/ Head of Business/Qualifications Wales **By:** 30 June 2024

6. Audit and Risk Assurance Committee Work Plan 2023-24

- 6.1 The Committee noted the 2023-24 Work Plan, and no changes were proposed.

7. Audit Wales: Update Report

- 7.1 Julie Rees explained that an Audit Plan for 2023 was not available yet but would be circulated to members as soon as it was. An audit planning meeting between Audit Wales, the Chief Executive and Finance Manager was being held at the end of March 2024.
- 7.2 The Committee noted the report from Julie Rees which gave details of current and planned work by Audit Wales together with recent publications and good practice initiatives.

8. Internal Audit: End Year Audit Reports 2023-24 and Audit Plan 2024-25

- 8.1 The Committee noted the audit report covering Risk Management. The report gave a Substantial assurance rating with no audit recommendations raised. The report proposed that the LDBCW consider adding a target risk score to each of its risks. The Committee considered that there was some merit to this proposal and Andrew Blackmore offered to assist the Secretariat in its deliberations regarding the proposal. It was **agreed** that a meeting between Andrew Blackmore and senior management for further discussion regarding the proposal.
Action: CE / Finance Manager **By:** 31 May 2024.
- 8.2 The Committee noted the audit report covering Human Resources Management. The report gave a Substantial assurance rating and raised two audit recommendations and proposed two further operational actions which were being considered by senior management.
- 8.3 The Committee noted the report on the follow up of prior year's audit recommendations. Of the five recommendations, three had been implemented and two were still outstanding, although it was reported that the outstanding recommendation that the LDBCW's Welsh Language Standards be reviewed quarterly had since been implemented. The other outstanding recommendation that the Finance Manager take the senior manager through the payroll process had been postponed due to significant changes to the LDBCW's payroll systems and procedures.
- 8.4 The Committee reviewed the Audit plan for 2024-25 and considered that the audit of electoral and parliamentary reviews be changed to reflect that only community reviews processes would be audited.
Action: TIAA **By:** 31 March 2024.
- 8.5 The Committee considered that the audit plan did not sufficiently reflect the significant risk to the LDBCW posed by the future work programme changes. It was **agreed** that senior management would give consideration to what aspects of the future work programme could be incorporated into the 2024-25 audit plan for TIAA to look at.
Action: TIAA **By:** 31 May 2024.

9. Internal Audit Assessment – Annual Questionnaire 2023-24

- 9.1 The Committee noted the internal audit assessment questionnaire due to be circulated to members for completion. It was noted that the questionnaire distribution would not include the new Independent Members as they had not been in place long enough to assess a full year of internal audit work. It was noted that the results of the assessment would be tabled at the Committee's July 2024 meeting.
Action: Finance Manager **By:** 31 March 2024
- 9.2 It was noted that the results of the assessment would be tabled at the Committee's July 2024 meeting. [**Note: The Committee's July 2024 meeting was postponed until 21 August 2024.**]

10. Audit and Risk Assurance Committee Self-Assessment Questionnaire 2023-24

10.1 The Committee noted the outcome of the completion of the ARAC self-assessment exercise. The responses received from members confirmed that that the Committee complied with most if not all of the good practice indicators contained in the questionnaire.

10.1 There was one point raised, which had also been raised in prior years, which was regarding how the Committee knew it was adding value to the LDBCW. It was noted that this was normally touched on as part of the ARAC Chair's Annual Report but was not dealt with comprehensively. There was some discussion regarding how the Committee's contribution could be measured more effectively. It was **agreed** that this would be tabled for further consideration at the LDBCW's Strategy Day.

Action: Finance Manager **By:** 12 April 2024

11. Audit Recommendations – Progress Report.

11.1 The Committee considered the progress on the outstanding internal audit recommendations including those which had been implemented since the previous report.

11.2 It was noted that all of the outstanding audit recommendations had been considered under agenda items 4 and 8.

12. Draft Audit and Risk Assurance Committee Chair's Annual Report 2023-24

12.1 The Committee considered the draft ARAC Chair's report. It was **agreed** that an additional paragraph should be added to section 8 covering the challenges of the future work programme and how the ARAC will evolve to meet them.

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

12.2 It was **agreed** that additional detail would be added to the departure of former Independent Member Julie James and her contribution to the ARAC.

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

13. Draft Governance Statement 2023-24

13.1 The Committee considered the draft Governance Statement 2023-24.

13.2 The Committee **agreed** that the content of the report dealing with the challenges of the Future Work Programme should be expanded and cross referenced to the section in the Annual Report covering it.

Action: Finance Manager **By:** 22 March 2023

13.3 It was noted that the revised Governance Statement would be tabled for formal adoption at the LDBCW's May meeting.

14. Verification of Fixed Assets 2023-24

- 14.1 The Committee noted the report on the verification of fixed assets 2023-24 exercise and the outcome that all assets had been identified and accounted for.

15. Risk Management Report.

- 15.1 The Committee noted 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.

- 15.2 The Committee considered that the covering reports for risk registers tabled at ARAC meetings would benefit from the addition of a summary dashboard page which condensed all the significant information on a single page. This would make reviewing the risk registers easier for Committee Members. Andrew Blackmore offered to assist in formulating the new information summary. It was **agreed** that future ARAC risk register papers should include a dashboard page summarising changes etc.

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

16. LDBCW Pensions Risk Register

- 16.1 The Committee noted the current version of LDBCW's pensions risk register together with a record of the changes made since their last review.

17. LDBCW ICT Risk Register

- 17.1 The Committee noted the current version of LDBCW's ICT risk register together with a record of the changes made since their last review.

18. Business Continuity Plan Test

- 18.1 The Committee noted the report on the recent Business Continuity Plan Test. It was enquired whether the impact of the accommodation move on Business Continuity should be tested. David Burley said that it would be preferable to test Business Continuity after the accommodation move when the impact of Welsh Government business continuity procedures could be assessed at the same time.

- 18.2 Kalwant Grewal enquired whether the Business Continuity Plan would benefit from an enhanced action plan, communication flow chart and metrics for recovery time and incident detection time. The Chair asked Steen Gourlay whether, in his experience, the LDBCW's current Business Continuity Plan was in line with other similar sized organisations. Steen Gourlay said that TIAA considered LDBCW's Business Continuity Plan in line with other similar sized organisations in their experience.

19. Future Work Programme

19.1 The Committee noted the paper regarding the LDBCW's future work programme. It was reported that a member of the Secretariat had been keeping a record of the proposed amendments to the Senedd Cymru (Members and Elections) Bill. It was **agreed** that the analysis of the proposed amendments would be circulated to members.

Action: Chief Executive **By:** 31 March 2024

19.2 The Committee considered the proposed recruitment timeline. It was agreed that future appointments should be added to the Future Work Programme Risk Register.

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

19.3 It was reported that the LDBCW was still awaiting the lease for the accommodation move pending legal review. It was expected that this would be received soon and that the proposed deadline for the move was the end of June 2024.

19.4 David Burley reported that the timeline for transfer of the PSBA connection to the new accommodation was dependent on installation of the data cabinets which should take the contractor between 3 to 4 weeks. Following that, BT should be able to transfer the PSBA connection in approximately 3 months.

19.4 It was noted that ICT security policies would need to be reviewed following move due to the open plan shared office space being occupied. ICT security testing was included in Cyber Essentials but this did not include penetration testing which was not deemed to be cost effective.

19.4 It was **agreed** that an additional ARAC meeting would be required around mid-June to assess risks of accommodation move.

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

20. Budget Monitoring Report.

20.1 The Committee noted the minutes of the budget report presented at the Commission meeting of 31 January 2024.

21. Gifts and Hospitality – Report and Declarations

21.1 The Committee noted that during 2023-24 to date there had been one instance of a gift with an estimated worth of £20 being offered to the Chief Executive. The offer had been accepted.

22. Complaints

22.1 The Committee noted that there had been no complaints received by the LDBCW since the last report.

23. Whistleblowing and Fraud Report

- 23.1 The Committee noted that there had been no instances of whistleblowing or fraud since the last report.
- 23.2 The Committee noted that the Whistleblowing Policy was due to be reviewed by March 2024. It was agreed that the Whistleblowing Policy would be put on the agenda of the LDBCW's April 2024 meeting for review.
Action: Finance Manager **By:** 24 April 2024

24. Freedom of Information Report

- 24.1 The Committee noted the FoI requests for information received by the LDBCW between April 2023 and 23 February 2024.

25. Any Other Business

- 25.1 There was no other business.

26. Dates of Next Meetings

- 26.1 It was agreed that the Finance Manager would canvas members for dates for the July 2024 [**Note: The Committee's July 2024 meeting was postponed until 21 August 2024**], November 2024 and February 2025 meetings.
Action: Finance Manager **By:** 31 March 2024

[the main meeting was followed by a closed meeting between committee members and external and internal auditors]