

DEMOCRACY AND BOUNDARY COMMISSION CYMRU

AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON TUESDAY 4 MARCH 2025 VIA MS TEAMS (09:30 – 11:00)

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

Audit Wales Representative Present: Julie Rees via MS Teams

TIAA Representative Present: Mike Collier 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 Burley (Head of Business), David Carr (Finance Manager)

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 26 November 2024.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 26 November 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 The outstanding issues not yet actioned were due to the delay in appointing the Independent Chair of the Governance and Audit Committee (GAC). It was **agreed** that the handover from ARAC to GAC would not require a full meeting and would be completed by a meeting between the outgoing ARAC Chair, Chief Executive and incoming GAC Chair, at which time the handover documents would be presented to the new GAC Chair with a formal note being made of the meeting. It was **agreed** that the meeting would be arranged as soon as possible after the appointment of the new GAC Chair.

Action: Finance Manager **By:** 30 April 2025

- 5. ICT and Data Security Report and Qualifications Wales Service Level Agreement**
- 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. He drew the Committee's attention to the increasing number of phishing emails and the impact of increasingly sophisticated AI on cyber attacks which was making them more numerous and harder to detect. However, it was noted that the instances of staff being caught out by simulated phishing emails remained low which was very positive.
- 5.3 The DBCC's Cyber Security Posture exposure score was currently still Medium despite an update to the Zoom client because Microsoft were now having a similar problem. Once this issue with Microsoft is resolved it was expected that the Cyber Security Exposure score would return to low. It was enquired how the cyber security posture score was calculated. Sean Gaffney explained that it was provided by Microsoft which rated the DBCC using the same system used for other organisations and therefore the DBCC's score was comparable with scores for other organisations.
- 5.4 Information Security incidents remained low with no incidents reported since the last meeting's update. The DBCC had recently retained their IASME Level 1 Cyber Security assurance and was working on achieving IASME Level 2 in 2026.
- 5.5 The Committee enquired how Audit Wales dealt with cyber security threats and what assurances they received. Julie Rees replied that she would make inquiries with Audit Wales's IT team and table a report to a future Committee meeting.
Action: Audit Wales **By:** 31 July 2025
- 5.6 Consideration was given to the Service Level Agreement (SLA) between Qualifications Wales and DBCC for the provision of ICT support services. It was noted that the SLA was not legally binding and the Committee questioned whether this was sufficient given the expending responsibilities of the DBCC in respect of the risks involved with the Electoral Information Platform (EIP) in terms of data processing compliance responsibility.
- 5.7 Sean Gaffney said that the existing arrangements were assumed to be mutually beneficial and had been set up initially on the basis that the DBCC's ICT strategy was similar to Qualification Wales's strategy. However, if the strategies diverged in the future then arrangement would need to be reviewed. He said that Qualifications Wales could only provide assurance on new suppliers but could not provide support for them.
- 5.8 Shereen Williams said that the DBCC would be in a better position to assess the requirements for the EIP in the coming months. It was considered that the GAC would need to consider the future position based on a clearer picture of new IT requirements to meet the establishment of the EIP and assess whether the existing ICT support arrangement were sufficient or needed to be expended. It was **agreed** that the GAC would deal with this issue at their summer meeting and that this requirement would be added to the ARAC GAC Handover document.
Action: Finance Manager **By:** 17 March 2025

6. Internal Audit: End Year Audit Reports and Annual Report 2024-25

- 6.1 The Committee noted the internal audit reports covering Community Reviews and Key financial Controls. The reports gave Substantial assurance ratings with no audit recommendations raised.
- 6.2 The Committee noted the report on the follow up of prior year's audit recommendations. Of the five recommendations, four had been implemented and one was still outstanding, although it was reported that the outstanding recommendation that the DBCC's Risk Management Policy be reviewed was due to be implemented at the DBCC's March meeting.
- 6.3 The Committee noted the Internal Audit Annual Report and the Internal Audit Opinion that TIAA is satisfied that, for the areas reviewed during the year, Democracy and Boundary Commission Cymru has reasonable and effective risk management, control and governance processes in place.
- 6.4 The Committee extended their gratitude to the Secretariat for achieving a good outcome on the areas of audit reported on which gave the Committee significant assurance on the controls in place.

7. Tender for Internal Audit Services

- 7.1 David Burley reported that the closing date for receiving tender bids for internal audit services had been 28 February 2025 and arrangements for the tender board to assess the bids were being considered.
- 7.2 Andrew Blackmore expressed concern at the lack of involvement of the Committee in the internal audit tender exercise process. He said that a working panel should have been appointed from the outset with a timetable for the tender exercise. Shereen Williams said that the DBCC had followed the process normally used for tender exercises and had not been aware of the requirement for the ARAC to have a more prominent role in the process. It was **agreed** that this would need to be given further consideration for future tender exercises. It is proposed that the procurement desk instructions be updated to include these additional requirements.
Action: Finance Manager **By:** 30 April 2025
- 7.3 It was **agreed** that an independent ARAC member would be on the internal audit services tender board.
Action: Head of Business **By:** 15 April 2025

8. External Audit Plan 2025

- 8.1 Julie Rees explained that the Audit Plan for 2025 set out the proposed work for the audit of the 2024-25 financial statements. The report set out the materiality level for misstatements on the accounts which was £23.6k although this figure could rise depending on the accounts.

- 8.2 The report detailed the most significant financial audit risks which could lead to material misstatements on the accounts. These were:
- Risk of management override of controls which was normally included in every audit.
 - Remuneration and Related Parties for DBCC members due to the number of new appointments during the year.
 - Payroll due to the new in-house payroll system established during the year.
 - Legislative changes impacting on the DBCC due to the expended responsibilities.
 - Lease accounting due to the change of accommodation during the year.

8.3 It was expected that the audit work would be undertaken in either June or July 2025. It was noted that the audit fee would be increased by 32% compare with the 2024 fee due to the additional audit risks identified meaning more audit work would be required. However, Julie Rees assured the Committee that only actual time taken to conduct the audit would be billed for.

8.5 The Committee noted the External Audit Plan for 2025.

9. Audit and Risk Assurance Committee Self-Assessment Questionnaire 2024-25

9.1 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 of the good practice indicators contained in the questionnaire.

9.2 It was agreed that the self-assessment questions would need to be reviewed and updated to better reflect the establishment of the GAC and appointment of an independent committee chair.

Action: Finance Manager **By:** 30 September 2025

10. Draft Audit and Risk Assurance Committee Chair's Annual Report 2024-25

10.1 The Committee considered the draft ARAC Chair's report. The Committee considered that the report reflected the current situation but would need to be updated following the appointment of the GAC Chair. It was **agreed** that the Finance Manager would make the necessary changes.

Action: Finance Manager **By:** 30 April 2025

11. Draft Governance Statement 2024-25

11.1 The Committee considered the draft Governance Statement 2024-25.

11.2 The Committee proposed that the Governance Statement 2024-25 be adopted for the approval of the DBCC.

12. Electoral Information Platform (EIP)

12.1 The Committee noted the progress and current position in establishing the EIP. Shereen Williams informed the Committee that the first Electoral Management Board meeting would be held on 1st April 2025 with the current Returning Officers.

12.2 It was reported that a feasibility study for the EIP was currently being undertaken by a consultant. It was **agreed** that the finalised feasibility study report would be forwarded to the independent committee members as soon as it was available.

Action: Chief Executive **By:** 31 May 2025

13. Audit Recommendations – Progress Report.

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

14. Internal Audit – Compliance with Global Internal Audit Standards

14.1 The Committee noted TIAA's internal audit Summary Internal Controls Assurance Report and the details of TIAA's compliance with Global Internal Audit Standards.

15. Internal Audit Assessment – Annual Questionnaire 2024-25

15.1 The Committee noted the internal audit assessment questionnaire due to be circulated to members for completion. It was noted that the results of the assessment would be tabled at the Committee's summer 2025 meeting.

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

16. Verification of Fixed Assets 2024-25

16.1 The Committee noted the report on the verification of fixed assets 2024-25 exercise and the outcome that all assets had been identified and accounted for.

17. Budget Monitoring Report.

17.1 The Committee noted the minutes of the budget report presented at the Commission meeting of 29 January 2025.

18. Risk Management Report.

18.1 The Committee noted the report covering the changes made to both the Corporate and Operational risk registers since the last Committee meeting were reported.

19. DBCC Pensions Risk Register

19.1 The Committee noted the report covering the changes made to DBCC's pensions risk register since the last report.

20. DBCC ICT Risk Register

- 20.1 The Committee noted the report covering the changes made to DBCC's ICT risk register since the last report.

21. Audit Wales Reports

- 21.1 The Committee noted the report from Audit Wales giving details of the recently published reports they had issued.

22. Gifts and Hospitality – Report and Declarations

- 22.1 The Committee noted that during 2024-25 to date there had been two instances gifts and hospitality with an estimated worth of £210 being offered to the DBCC and a member which had been accepted.
- 22.2 It was noted that one of the gifts was a very small bottle of alcohol from a supplier which would not be cost effective to return. It was reported that the Chief Executive had contacted the supplier and informed them that gifts of alcohol should not be sent to the DBCC.

23. Complaints

- 23.1 The Committee noted that there had been no complaints received by the DBCC since the last report.

24. Whistleblowing and Fraud Report

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

25. Freedom of Information Report

- 25.1 The Committee noted the Fol requests for information received by the DBCC between April 2024 and 23 February 2025.

26. Any Other Business

- 26.1 The Committee expressed their gratitude to the outgoing ARAC Chair, Michael Imperato for his contributions to the ARAC and ensuring that the meetings were effectively chaired. Michael Imperato wished to record his appreciation of the work and support of the Secretariat during his tenure as ARAC Chair and his gratitude to the members and internal and external audit and Qualifications Wales representatives who had attended the meetings.

26.2 There was no further business.

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