

## LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

### AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON WEDNESDAY 22 NOVEMBER 2017 AT HASTINGS HOUSE (10:30 – 11:45)

**LDBCW Members Present:** Ceri Stradling (Chair), David Powell (Member), Julie James (Independent Member)

**Wales Audit Office Representative Present:** Mark Jones

**Deloitte Representatives Present:** Lauren Parsons

**LDBCW Officers Present:** Steve Halsall (Chief Executive), David Carr (Finance Manager),

The Chair welcomed Lauren Parsons from Deloitte who was attending the Committee for the first time.

#### 1. Apologies for Absence

- 1.1 Apologies were received from Theo Joloza (Member), Ian Howse (Deloitte), Lisa James (Welsh Government) and Matthew Redmond (Deputy Chief Executive).
- 1.2 Mark Jones reported that Derwyn Owen had replaced Anthony Barrett as the Audit Lead for the LDBCW. Mr Owen had intended to attend the meeting but was unfortunately unable to do so and sent his apologies.

#### 2. Declarations of Interest

- 2.1 There were no declarations of Interest.

#### 3. Minutes of Audit Committee meeting held on 26 July 2017.

- 3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 26 July 2017.

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

- 4.1 The Committee noted that the majority of the items arising from the previous meeting had now been completed.
- 4.2 There was an item still outstanding in respect of confirmation of the arrangements for the periodic external review of internal audit awaited from Deloitte. Lauren Parsons said that she would obtain an update on the position from Ian Howse.  
**Action:** Deloitte **By:** 21 February 2018
- 4.3 It was reported that the Chief Executive and Deputy Chief Executive had not been able to attend the WAO Good Practice Exchange seminar 'Involving the Citizen' due to there being no available delegate places left. It was also noted that the Finance manager had experienced technical difficulties in accessing and participating in the WAO Good Practice Exchange live webinars on YouTube. It

was **agreed** that details of the problem would be forwarded to Mark Jones so that he could make enquiries regarding a solution.

**Action:** Finance Manager **By:** 31 November 2017

- 4.4 The Welsh Government IT audit reports had now been received and the Committee considered that these provided adequate annual assurance for the LDBCW whilst it remained part of the Welsh Government's ICT system. It was **agreed** that the assurances should be requested annually until the LDBCW left the Welsh Government's ICT.

**Action:** Finance Manager **By:** 31 July 2018

## 5. **Audit and Risk Assurance Committee Work Plan**

- 5.1 The Committee noted and **agreed** the Work Plan.

## 6. **Internal Audit: Mid-Year Audit Report 2017-18**

- 6.1 Lauren Parsons reported that the audit work carried out in August 2017 had covered the areas of Corporate Governance, Risk Management and Human Resources. The findings of the audit work were detailed in the report which gave Substantial assurance ratings for all of the three areas covered by the audit. The report raised three low priority recommendations, which were:

- that all policies state the date on which the next review is required and that reviews are completed in line with these dates;
- that the Commission considers including a mission statement within the Corporate Plan; and
- that the mitigating actions within the Operational Risk Register are kept up to date and that the Operational Risk Register clearly distinguishes between controls which are already in place and mitigating actions which need to be taken.

- 6.2 All three recommendations had been accepted and allocated implementation deadline dates.

- 6.3 The Committee noted that the Business Support Manager post was currently vacant which had caused a delay in the review of some policies but that it was expected that the post would be filled in January 2018 and that these policies would be reviewed in due course.

**Action:** Business Support Manager **By:** 31 March 2018

- 6.4 In respect of the Audit Plan, Mark Jones noted that the IT General Controls audit scheduled for 2018-19 had only 2 audit days allocated to it and queried whether this would be sufficient given the forthcoming change to the LDBCW's IT arrangements. It was **agreed** that this position would need to be reviewed closer to the time of the scheduled audit when there would be a clearer picture of the impact of the IT changes.

**Action:** Finance Manager **By:** 31 July 2018

## 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 and the only issues arising concerned minor instances of a missing asset label which had now been rectified and obtaining confirmation from Members of IT assets held off-site.

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

8.1 It was reported that the questionnaire for 2017-18 would be circulated to members for completion. The outcome of the 2017-18 exercise and any issues identified would be considered at the February 2018 meeting.

**Action:** Finance Manager **By:** 21 February 2018

## **9. Audit Recommendations – Progress Report.**

9.1 The Committee considered the progress on the outstanding internal audit recommendations. It was noted that the outstanding recommendations for 2012-13 and 2014-15 related to the Commission's reviews and therefore could not be evidenced as having been implemented until a significant amount of review work had been undertaken. However, in light of the commencement of electoral reviews in 2017, it was anticipated that these recommendations would be confirmed as implemented in due course.

9.2 In respect of the outstanding 2014-15 recommendation regarding the exercise to verify staff members' pension data it was reported that the LDBCW were now awaiting a response from MyCSP that the changes required had been implemented. In view of this it was proposed that a revised implementation deadline date of 31 December 2017 be adopted. The Committee **agreed** to the revised deadline date.

9.3 In respect of the outstanding 2016-17 recommendation regarding restricting access to personnel and HR files on the IT system it was proposed that a revised deadline date of 31 January 2019 be adopted to allow time for the new IT arrangements to be put in place. The Committee **agreed** to the revised deadline date.

9.4 Of the three 2017-18 external audit recommendations, one had now been fully implemented whilst the remaining two had implementation dates of 28 February 2018 and 31 January 2019.

9.5 The Committee considered it may be useful if a copy of the new IT specifications were forwarded to internal audit so that they could review it for any security issues. It was **agreed** that this would be done as soon as available.

**Action:** Deputy Chief Executive **By:** 30 September 2018

## **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.

- 10.2 Steve Halsall reported that the Seaward Boundaries review had now been completed. The Committee noted that the LDBCW had agreed to delete corporate Risk CR6 at their recent November meeting.
- 10.3 The Committee noted the progress made on mitigating risk CR7 by forms for the agreement to transfer the lease soon to be signed by the LDBCW and Welsh Government. This risk would be updated at the next LDBCW meeting in December.
- 10.4 The Committee **agreed** that all mitigating actions on the Operational Risk Register should be reviewed and updated with the implementation dates amended to indicate whether the action was complete as applicable.  
**Action:** Finance Manager **By:** 28 February 2018
- 10.5 The Committee **agreed** to propose to the LDBCW that the Risk Management Policy should be updated to include the difference between generic and emerging risks.  
**Action:** Finance Manager **By:** 28 February 2018
- 10.6 The Committee noted that following the departure of the Business Support Manager the LDBCW only had one Welsh speaking member of staff.

## **11. Budget Monitoring Report.**

- 11.1 The Committee noted the minutes of the budget report presented at the Commission meeting of 24 October 2017. It was noted that Commission had discussed the estimated underspend in light of staffing arrangements, the increased costs in respect of the new accommodation lease and the requirement to redecorate the accommodation at the end of the existing lease.
- 11.2 Mark Jones noted that the budget situation was reported on a cash rather than on a resource basis. The Finance Manager replied that this was because the budget analysis compared the budget profile against actual expenditure as this gave a clearer picture of the amount of Grant-In-Aid remaining. The Committee considered that it would be useful to have some indication of the current budget position on a resource basis. It was **agreed** that a section giving the current expenditure position on a resource basis would be included in future reports.  
**Action:** Finance Manager **By:** 31 March 2018

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

- 12.1 The Committee noted that no declarations of gifts of hospitality had been made for 2017-18 to date.

## **13. Complaints**

- 13.1 The Committee noted that no complaints had been received since the last report.

13.2 It was noted that the Complaints Policy was due for review. It was considered that the policy should now refer to the Welsh Language Standards complaints policy. Mark Jones said that the complaints policy could also include details of how to contact and raise concerns with the Wales Audit Office. It was **agreed** that Mark Jones would send the link to the document on how to raise matters with the WAO to the Chief Executive and Finance Manager.

**Action:** Mark Jones **By:** 30 November 2017

13.3 It was **agreed** that the Complaints Policy would be updated to include reference to the Welsh Language Standards complaints policy and how to raise concerns with the WAO and would be reviewed by LDBCW Members as soon as possible.

**Action:** Finance Manager **By:** 31 March 2018

#### **14. Whistleblowing and Fraud Report**

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

14.2 It was noted that the Fraud and Whistleblowing policies were overdue for review. It was agreed that these policies would be reviewed and approved by LDBCW Members as soon as possible.

**Action:** Finance Manager **By:** 31 March 2018

#### **15. IT Data Security Report**

15.1 It was reported that there had been no data security incident since the last report.

#### **16. Any Other Business**

16.1 There was no other business.