

## **LDBCW Audit and Risk Assurance Committee 2017 Annual Report**

### **1 Purpose**

- 1.1 This report summarises the main work of the Local Democracy and Boundary Commission for Wales' (LDBCW) Audit and Risk Assurance Committee during the period 1<sup>st</sup> April 2017 – 31<sup>st</sup> March 2018. 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 to the Accounting Officer of LDBCW. 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 This report describes how the Audit and Risk Assurance Committee met its responsibilities during 2017-18 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 LDBCW's Annual Report and Accounts for 2017-18.

### **2 The work of the Committee during 2017-18**

#### **Membership**

- 2.1 During 2017-18 there has been no change in the membership of the Committee. I served as the Committee Chair, David Powell and Theodore Joloza as Committee Members and Julie James as Independent Member. Mr Powell and Mr Joloza are Members of the LDBCW and I am Deputy Chair of the LDBCW. The appointments for Mr Powell and myself are for terms of 4 years until 30 September 2019. Theodore Joloza's appointment is for 3 years until 31 August 2018. Julie James was reappointed as Independent Audit and Risk Assurance Committee Member on 1 September 2016 for 3 years until 31 August 2019. Committee meetings were also attended by an observer from Welsh Government: Lisa James, Deputy Director of the Local Government Democracy Division.
- 2.2 The external Auditors (Wales Audit Office) and the Internal Auditors (Deloitte LLP) also attended all meetings to provide support and advice to the Committee.

#### **Meetings**

- 2.3 There were three scheduled meetings during the Year – 26 July 2017, 22 November 2017 and 21 February 2018. David Powell and I attended all of the meetings. Theodore Joloza was unable to attend the November meeting and Julie James was unable to attend the February meeting.

2.4 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 LDBCW's web site.

### 3 Control environment

#### Internal Audit

3.1 The LDBCW's Internal Auditors, Deloitte, were reappointed in 2015 following a competitive tendering exercise for a 5 year contract. They first presented their 5 year audit plan for 2015/16 onwards at the Committee meeting held on 22 July 2015. 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 LDBCW's work and controls, which are:

- LDBCW Reviews;
- Strategic Planning;
- Pensions Arrangements;
- Human Resources;
- Information Security; and
- IT General Controls.

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 Audit and Risk Assurance Committee.

3.3 During 2017-18 the Audit and Risk Assurance Committee reviewed the following reports provided by Deloitte:

#### **Mid-Year Audit Report 2017-18**

Audit Area	Date Released	Weakness Identified			Assurance Level
		High priority	Medium priority	Low priority	
Corporate Governance	October 2017	-	-	-	Substantial
Risk Management	October 2017	-	-	2	Substantial
Human Resources	October 2017			1	Substantial

## Annual Audit Report 2017-18

Audit Area	Date Released	Weakness Identified			Assurance Level
		High priority	Medium priority	Low priority	
Travel, Subsistence and Other Expenses	January 2018	-	-	1	Substantial
Civil Service Pension Arrangements	January 2018	-	1	-	Moderate

- 3.4 These reports provided Substantial assurance ratings Corporate Governance, Risk Management, Human Resources and Travel, Subsistence and Other Expenses and a Moderate assurance rating for Civil Service Pension Arrangements. These findings provide assurance that the LDBCW'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 LDBCW management.
- 3.5 The Audit and Risk Assurance Committee receives progress reports on implementation of the audit recommendations at every meeting. During 2017-18 it was noted that several recommendations made in previous years had been re-raised, either as they could not be fully implemented until the LDBCW had undertaken more review work.
- 3.6 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 21 February 2018 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

- 3.7 The External Auditor of the LDBCW is the Auditor General for Wales. The Audit conclusions for the 2016-17 financial year contained in the WAO's Management Letter were reviewed at the 26 July 2017 meeting of the Audit and Risk Assurance Committee. An unqualified opinion was given on the 2016-17 Accounts and 3 audit recommendations were raised.

3.8 The Wales Audit office presented their 2018 Audit Plan for auditing the LDBCW's 2017-18 financial statements to the 21 February 2018 meeting of the Committee. This document clarified the relative responsibilities of LDBCW and the WAO.

#### Audit and Risk Assurance Committee Effectiveness and Impact

3.9 Committee Members completed the 2017-18 questionnaire in December 2017 and returned them to the LDBCW Secretariat for analysis of the responses. The responses indicated that compliance with good practice had been demonstrated in all areas.

3.10 During 2017-18 the Audit and Risk Assurance Committee's impact on the LDBCW was demonstrated by the following actions and proposals for change which were adopted by the LDBCW:

- suggested changes and additions to the LDBCW's Risk Registers throughout the year;
- considered the possibility of providing travel insurance for LDBCW staff, following due process and consulting with Welsh Government and the Wales Audit Office;
- proposed that the Commission include resource budget reporting as part of their budget reports;
- proposed additions to the LDBCW's Complaints Policy;
- proposed that the LDBCW respond to the Welsh Government's white paper on changes to the Welsh Language Standards;
- proposed that LDBCW obtain Welsh Government IT internal audit reports for assurance whilst being part of Welsh Government's ICT system;
- proposed that the LDBCW review its future IT internal audit requirements in view of the proposed change to IT arrangements in 2018-19;
- conferred with and gained the views of external audit bodies with whom the LDBCW Board does not have contact during the normal course of business;
- gained assurance on management processes and arrangements for dealing with fraud and provided external auditors with an understanding of this on behalf of the LDBCW; and
- reviewed the first draft of the LDBCW's Governance Statement and proposed amendments in order to move it towards best practice.

3.11 The LDBCW 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 21 February 2018.

## **5 Corporate Governance**

5.1 During 2017-18 the Audit and Risk Assurance Committee has continued to maintain high standards in Corporate Governance and internal controls. During 2017-18 the Committee:

- Reviewed and updated their Terms of Reference;
- Reviewed and updated their Annual Work Plan;
- 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 External and Internal Audit;
- Confirmed the effectiveness of Internal Audit during the year by conducting the annual internal audit assessment exercise;
- Received progress reports on implementation of the audit recommendations at every meeting;
- Received a report on the LDBCW's Business Continuity Plan test for 2017-18;
- Received a report on the LDBCW's schedule of losses for 2016-17;
- Received a report on the LDBCW's verification of fixed assets exercise for 2017-18;
- Considered the updated version of the Public Services Internal Audit Standards;
- Confirmed that the LDBCW had maintained satisfactory systems for budget monitoring, risk management review, whistleblowing and fraud, IT data security and gifts and hospitality;
- Was satisfied that the LDBCW's Accounting Officer could be substantially assured that the LDBCW's control, risk and governance arrangements in 2017-18 provided a sound and reasonable basis for his completion of the Governance Statement.

## **6 Risk Management**

6.1 The LDBCW 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 LDBCW's auditors. The Risk Register was reviewed at all Committee meetings during 2017-18. The Committee remains satisfied that the register is a living document and accurately reflects the risks that LDBCW 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 2017-18 the main risks identified and managed by the LDBCW were:

Risk Identified	Mitigating Actions
LDBCW is unable to complete electoral reviews by 2021 in time for 2022 elections.	<p>Agree review timetable with Welsh Government.            Agree review budget requirements with Welsh Government.            Agree Policy and Practice with Welsh Government.            Agree Council Size Policy with Welsh Government.            Review LDBCW staff structure including new seconded staff requirement.            Agree allocation of Lead Commissioners for each review.            Liaise with principal councils on any community reviews which could impact on the review timetable.            Individual review risk registers to be maintained and monitored.            Meeting with Welsh Government Cabinet Secretary.            Meetings with key stakeholders.</p>
The Commission's accommodation lease is not renewed.	<p>Obtain and follow legal advice as far as possible.            Meeting to be held with WG Estates and the Commission's surveyor and legal advisors (completed 30/06/17).            Obtain progress check from the solicitors on WG actions taking account of timeline (completed 31/10/17).            Investigate with solicitors the possibility of negotiating a lease directly with Ethical Property Company (completed 26/09/17)            Lease transferred to Commission (completed 30/11/17)            Solicitors to negotiate terms of lease with landlord (31/01/17)</p>
No contingency for loss of key staff covering review work and governance requirements.	<p>Change from seconded to directly employed staff.            Desk Instructions for all key processes to be maintained and kept up to date.            Succession Plan to be drafted.            Wider base for training opportunities offered to all staff to encourage progression.            The culture of the LDBCW should be embedded in staff through Corporate Strategy, Team and management meetings and discussions and Policies, practices, procedures and desk instructions.            Review LDBCW staff structure including new seconded staff requirements.            Roles of key staff to be shadowed by other staff.            Skills audit to be undertaken.            Finance continuity covered in Business Continuity Plan.            Walk-through on main finance procedures to be provided for staff.            Consider the need for secondment or short-term appointment of additional staff.</p>
Insufficient future funding and resources. Actual budgets for future years are less than estimated expenditure due to national economic situation / cost saving programmes undertaken by Welsh Government.	<p>Test annual estimates against current knowledge of future programme of work.            Maintain dialogue with Welsh Government in respect of the impact of potential future budgetary requirements and constraints.            Liaison with Welsh Government on possible impact of Brexit through WGSB Heads of Resources meetings.            Adequate Parliamentary Boundary Commission for Wales funding obtained from Cabinet Office to support budget for future years.            Chief Executive raised issue of changes to future funding with Cabinet Office together with annual liaison to discuss future changes to funding requirements.</p>

6.3 The risks of the LDBCW being unable to complete electoral reviews by 2021 in time for 2022 elections is mitigated by close liaison with Welsh Government officials to share estimated budget profiles together agreed policy and practice, drafting and agreeing a timetable for the review work, liaison with key stakeholders, maintaining individual risk registers for the review of each authority and ensuring that the necessary staff are in place and sufficiently trained to undertake the review work.

6.4 The risk of the LDBCW not renewing its accommodation lease is mitigated against by transfer of the lease from Welsh Government to the LDBCW, continued liaison and negotiations with the landlord and the LDBCW's legal advisors.

- 6.5 The risk in respect of loss of key staff was mitigated by changing from seconded to directly employed staff, introducing a recruitment and retention allowance for key staff, establishing and maintaining a sound staff structure and ensuring all policies and desk instructions are kept up to date.
- 6.6 The risk in respect of insufficient future funding was mitigated by liaison with Welsh Government regarding possible budget requirement scenarios and also estimated for several future years. Also the LDBCW obtaining sufficient resources to maintain a secretariat in Cardiff for the Parliamentary Boundary Commission for Wales both for undertaking reviews and during years when no review is being undertaken has helped mitigate this risk.

#### Consideration of the Sources of Assurance

- 6.7 The LDBCW gains assurance from various sources such as meeting reports etc. Details of the key areas of assurance and their sources is given in Appendix 2.

### **7 Budget 2017-18 and Financial Statements 2016-17**

- 7.1 The Committee reviewed the LDBCW's budget monitoring process for the 2017-18 budget at all meetings during the year and considered them to be appropriate and robust but could be further enhanced by the inclusion of a resource based report. The Committee reviewed the draft financial statements for 2016-17 in June 2017 in advance of the audit being undertaken. It considered the Auditor's report and any outstanding issues. Steps were then taken to ensure that outstanding issues were addressed by the LDBCW to enable an unqualified opinion to be issued on 2 August 2017.

### **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 LDBCW, improving good practice. The Committee has obtained appropriate, reliable and comprehensive assurances on the LDBCW's internal control environment, financial reporting and ability to manage risks. The Committee is satisfied that the LDBCW's Accounting Officer can be substantially assured that LDBCW's control, risk and governance arrangements in 2017-18 provided a sound and reasonable basis for his completion of the Governance Statement.

### **9 Acknowledgements**

- 9.1 I am grateful to David Powell, Theo Joloza and Julie James as members and independent member of the Committee respectively for their work, contribution,

assistance and support. The work of LDBCW management, supported by other staff, has been central to our work and their contributions are valued. I am also grateful to Lisa James of the Welsh Government and to Derwyn Owen, Mark Jones and Anthony Ford from the Wales Audit Office and Ian Howse and Lauren Parsons from Deloitte. Their support and advice has been very helpful and constructive during the year.

Ceri Stradling

Chair of the LDBCW Audit and Risk Assurance Committee

April 2018

**LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES**

**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 Deputy Permanent Secretary for Education and Public Services designated the Commission's Chief Executive as Accounting Officer with effect from 1 January 2014.

**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:
  - An appointed Independent External Member; and
  - 2 Members of the Commission (excluding the Chair).
- 2.3 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 Cabinet Office 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 commission 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, Business Support Manager and representatives of both Internal and External Audit and the Commission's Welsh Government Sponsor Division.
- 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;
  - The soundness of budget monitoring arrangements;
  - 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 The Audit and Risk Assurance Committee will be provided with the following information as appropriate:
- A report of any reviews of the Commission's Risk Register 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 Management Letter or any other external audit outputs;
- Changes to accounting policies;
- Changes to the Operational Plan;
- A report on budget considerations;
- A report on any proposals to tender for audit functions.

## **9. Minutes**

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

## **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 2017**

## Appendix 2

Key Areas requiring Assurance	Board Assurance Framework	Sources of Assurance		
		1 <sup>st</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> 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 Risk Register reviewed by Management Team.	ARAC review Operational and Corporate Registers at every meeting.  Annual Internal Audit report on Risk Management.
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.	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. Staff Training Register	Periodic Internal Audit Reviews

			record of completion of mandatory staff training	
Workforce Planning	Board Assurance Framework Objective 1	Reports produced by CEO/DCE 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  WG small workplace health award when achieved.	Reports to Workforce Sub-Committee.	Review of compliance by ARAC if necessary
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 attention.	ARAC oversight of Commission reviews of financial risks.
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.	Update reports prepared for Commission.  Periodic review and approval of procedures by Commission.	Annual Reports to ARAC on BCP test.  ARAC receives quarterly reports of and information or data breaches.
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.			