

## LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

### AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON WEDNESDAY 21 NOVEMBER 2018 AT HASTINGS HOUSE (10:30 – 12:15)

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

**Wales Audit Office Representative Present:** Anthony Ford

**Deloitte Representatives Present:** Ian Howse

**Welsh Government Representatives Present:** Lisa James

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

#### 1. Apologies for Absence

1.1 Apologies were received from Derwyn Owen (Wales Audit Office), Mark Jones (Wales Audit Office), Lauren Parsons (Deloitte) and David Burley (Business Support Manager).

#### 2. Declarations of Interest

2.1 There were no declarations of Interest.

#### 3. Minutes of Audit Committee meeting held on 25 July 2018.

3.1 It was **resolved** to adopt the minutes of the Committee meeting held on 25 July 2018.

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

4.1 The Committee noted the report on the position on issues arising from the previous meeting.

4.2 The Committee noted the WG ICT audit reports for 2017-18 attached to the paper. They considered that the reports provided valuable assurance to the LDBCW and should be requested from WG again for 2018-19 to cover the period during which the LDBCW remained part of the WG Atos ICT system before transferring to their own ICT system in October 2018.

**Action:** Finance Manager **By:** 31 July 2019

4.3 Matthew Redmond reported that phase 1 of the LDBCW's ICT project had now been completed. This meant that the LDBCW had now left the WG Atos ICT system and had fully migrated to their own ICT system with the assistance of Qualifications Wales (QW) who continued to provide a second line of ICT support. The Committee noted that the IT Data Security reports tabled at future ARAC meetings would be produced and presented by QW and would contain significantly more information than required under the previous WG Atos ICT arrangements. It was **agreed** that the new ICT

Data security reports would need to be reflected in the LDBCW's annual Governance Statement.

**Action:** Finance Manager **By:** 25 February 2019

- 4.4 Ian Howse reported that the periodic external review of internal audit had now been completed. The Committee noted that this review would need to be undertaken again after 5 years to comply with the requirements of the Public Sector Internal Audit Standards. Ian Howse said that he would forward the report of the review to the LDBCW as soon as it was available.

**Action:** Deloitte **By:** 25 February 2019

## 5. Audit and Risk Assurance Committee Work Plan

- 5.1 The Committee noted and **agreed** the Work Plan for 2018-19. It was **agreed** that future Work Plans would include ICT Data Security reports in addition to the IT security incident reports.

**Action:** Finance Manager **By:** 25 February 2019

## 6. Internal Audit: Mid-Year Audit Report 2018-19

- 6.1 Ian Howse reported that the audit work carried out in August 2018 had covered the areas of Purchasing, Payables and Procurement, Corporate Governance and Risk Management. The findings of the audit work were detailed in the report which gave Substantial assurance ratings for both of the areas covered by the audit. The report raised two low priority recommendations, which were:

- that an authorised signatories listing is established and that this includes approved payment levels and is kept up to date; and
- that the contracts list is updated for all new contracts let by the Commission and the contract list should be reviewed regularly to identify any contracts coming up for re-tender.

- 6.2 The two recommendations had been accepted and allocated implementation deadline dates.

- 6.3 The Committee noted that the report identified that, following the departure of a former staff member, the Finance Manager remained the only member of staff with access to the Sage accounting software. It was **agreed** that the LDBCW should look into the issue of increasing access to Sage as soon as possible.

**Action:** Finance Manager **By:** 25 February 2019

## 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 with the only issue arising concerning obtaining confirmation from Members of IT assets held off-site. This confirmation had been obtained from Members at the LDBCW's meeting held on 20 November 2018.

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

- 8.1 It was reported that the questionnaire for 2018-19 had recently been circulated to members for completion. The outcome of the 2018-19 exercise and any issues identified would be considered at the February 2019 meeting.  
**Action:** Finance Manager **By:** 25 February 2019

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

- 9.1 The Committee considered the progress on the outstanding internal and external 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 the internal audit of electoral and parliamentary reviews in January 2019, it was anticipated that these recommendations would be confirmed as implemented by the end of 2018-19.
- 9.2 In respect of the two outstanding 2016-17 recommendations regarding restricting access to personnel and HR files on the IT system and obtaining a clear statement of responsibilities in relation to the new ICT arrangements it was expected that these recommendations would be implemented by the deadline date of 31 January 2019.
- 9.3 It was expected that the outstanding 2017-18 external audit recommendation that the commission's new ICT arrangements should include robust controls for storage and backup would be implanted by the deadline date of 31 January 2019.
- 9.4 The 2017-18 internal audit recommendation that the Commission include a mission statement in its Corporate Plan had now been implemented.
- 9.5 The 2017-18 internal audit recommendations that the Commission review and update their staff policies and Travel and Subsistence policy were due for implementation by 31 March 2019. It was noted that the review of the Travel and Subsistence Policy with being delayed by the difficulties experienced issue of travel insurance which would need to be discussed at a future LDBCW meeting.
- 9.6 The 2018-19 internal audit recommendation that an authorised signatory listing be established and kept up to date had now been implemented.
- 9.7 The 2018-19 internal audit recommendation that the LDBCW contracts list be kept up to date and reviewed regularly had been accepted with an implementation date of 31 December 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 It was noted that a new ICT risk register had been drafted by the Deputy Chief Executive following the implementation of the successful new ICT arrangements. It was **agreed** that the ICT Risk Register should be considered by the ARAC at two meetings per year.

**Action:** Deputy Chief Executive **By:** 25 February 2019

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

11.1 The Committee noted the minutes of the budget report presented at the Commission meeting of 23 October 2018. It was noted that Welsh Government would need to know what the LDBCW's estimated year-end underspend for 2018-19 would be by December 2019.

**Action:** Finance Manager **By:** 14 December 2018

## **12. Accommodation Lease**

12.1 The Committee noted the report on the current situation regarding the new accommodation lease and charges and that the new lease had been drafted by the LDBCW's legal advisor and should be signed soon. It was **agreed** that the Finance Manager would send details of the lease costs per square metre to Deloitte.

**Action:** Finance Manager **By:** 30 November 2018

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

13.1 The Committee noted that no declarations of gifts of hospitality had been made for 2018-19 to date.

## **14. Complaints**

14.1 The Committee noted that no complaints had been made to about the LDBCW for 2018-19 to date.

## **15. Whistleblowing and Fraud Report**

15.1 The Committee noted that there had been no instances of whistleblowing or fraud for 2018-19 to date.

## **16. IT Data Security Report**

16.1 It was reported that there had been no data security incident for 2018-19 to date.

## **17. Any Other Business**

17.1 Julie James enquired whether the LDBW would continue to receive IT Security Incident reports from Welsh Government following implementation of the new ICT

arrangements. It was **agreed** that this issue would be raised at the LDBCW's upcoming sponsor division liaison meeting.

**Action:** Deputy Chief Executive **By:** 5 December 2019

- 17.2 Lisa James proposed that the LDBCW should give consideration to the implications of Brexit as an area for risk monitoring. It was **agreed** that the LDBCW would take account of Brexit implications when next reviewing their risk management arrangements.

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