



**Bwyllgor Archwilio Comisiwn y Cynulliad
Assembly Commission Audit Committee**

NAFWC ACAC

Minutes of 19 April 2012

Time: 11:00

Venue: Conference Room 4b, Ty Hywel,

Minutes of 19 April meeting

Present:

Richard Calvert (Independent Advisor)

Tim Knighton (Independent Advisor)

Professor Robert Pickard (Independent Advisor)

Angela Burns, AM

Officials present:

Claire Clancy, Chief Executive and Clerk

Dianne Bevan, Chief Operating Officer

Steve O'Donoghue, Head of Assembly Resources

Nicola Callow, Head of Finance

Dave Tosh, IT Director

Lynne Flux, Head of Internal Audit

Rachael Tonkin, KPMG

Richard Harries, Wales Audit Office

Emma Moorhouse, Wales Audit Office

John Grimes, Head of Governance

Alison Rutherford, Secretariat

Introductions

Item 1- Introduction and declaration of interests

1. The Chair welcomed attendees including Steve O'Donoghue in his role as the new Director of Finance, and Dave Tosh as the new IT Director. No apologies had been received.
2. Tim Knighton declared an interest that he would shortly be attending a recruitment panel on which Claire Clancy would be sitting.

Item 2 – Minutes of meeting held on 09 February and matters arising

3. The minutes of the previous meeting had been agreed out of committee, and the Chair noted there were no outstanding actions.

Internal Audit

Item 3 – Internal Audit – latest progress

ACAC(12) Paper 1a. Progress of Internal Audit Reviews

4. The Audit Committee considered the paper and Lynne Flux provided an overview of the current internal audit position. Lynne said that she was content with the progress of recent reviews, and added that work on Bribery and Corruption had been rescheduled to tie in with the launch of the fraud policy, and that work on Business Continuity had been rescheduled following realignment of responsibilities due to sickness absence.
5. Lynne told the Audit Committee that an Internal Audit Assessment questionnaire would be circulated during the next month to the Committee and Management Board members, and a self-assessment would also be completed to measure the effectiveness of Internal Audit.

Item 4 – Internal Audit Plan

ACAC(12) Paper 1b. Internal Audit's plan for 2012/13

6. Lynne introduced the plan and said that a rolling schedule to follow up recommendations made in audits during the last two cycles had been introduced as part of the plan. Following questions from the Committee, Lynne said that the decision to undertake work in house or jointly with KPMG depended on the type of review being undertaken and the available expertise from KPMG. Her priorities in the plan revolved around key projects in the Assembly Services including the HR/Payroll project and ABMS and the ICT strategy as these impacted on services and people across the organisation.
7. The Chair said that Internal Audit could play a stronger role in maximising value for money and Lynne agreed that one or two areas had been selected for this as part of the plan and this will feature more going forward. It would ensure a tie in with worked planned in Financial services.
8. The Committee noted the delay with the review of Business Continuity planning which, on the risk register, had been classified as a

High/Critical risk. Claire Clancy agreed that the risk rating should be revisited and said that she would prefer the later audit as she felt that an audit at this stage would not identify anything of which she was not already aware.

9. The Audit Committee endorsed the plan.

Item 5 – Internal Audit Report – Asset Management

ACAC(12) Paper 1c. Asset Management

10. Rachael Tonkin from KPMG introduced the report on Asset Management. They had provided an overall rating of ‘satisfactory’ and the main findings noted improvements were required in the following areas:

- the identification and classification of expenditure as capital or expense;
- the audit trail of assets under construction;
- the wording of the accounting policy to ensure useful economic lives attributed to assets are correct.

11. Nicola Callow told the Audit Committee that she was reassured that the checks and controls in place in the Finance team were robust enough to capture errors.

12. The Committee asked officials why there were not finance representatives on all project boards. Steven O’Donoghue advised the Audit Committee that the new approach of the Investment Programme recognised the importance of financial support to projects and Claire Clancy added that she would not sign off expenditure on any project if she was not satisfied that the appropriate expert officials had been involved.

Item 6 – Internal Audit Report – Budgetary control and Financial Management processes.

ACAC(12) Paper 1d. Finance Service: Review of the effectiveness of budgetary control and financial management processes.

13. Lynne Flux introduced the paper which gave a ‘reasonable’ level of assurance on the controls in place. Angela Burns expressed concern that budget holders should feel there was no great drive for efficiencies as part of the budget setting process.

14. In response Steve O'Donoghue said that value for money and efficiency improvements were happening across the Assembly. He gave examples of the severance schemes, and the ABMS and HR/Payroll projects, but added that more visible presentation of the benefits was needed. Lynne Flux added that the review found that awareness of these initiatives, and the aim to seek efficiencies and value for money at a more micro level, needed to trickledown to budget holders at all levels.
15. The Audit Committee endorsed the report, noting the importance of long term and strategic embedding of financial management in the organisation. They also noted the importance, where appropriate and justified by the evidence, of positive language in audit reports and the effect this can have on the morale and the culture of the organisation.

Item 7 – Update on Information Security and Data Protection Governance

ACAC(12) Paper 1e. Information and Data Protection Governance: progress on recommendations

16. Lynne Flux introduced her paper, noting that since the previous Audit Committee the Information Governance Manager had been appointed. She remarked that she was pleased with progress on the recommendations and that it was important to keep the momentum with this work.
17. Dianne Bevan said that a paper would be taken to Management Board the following week to agree the terms of reference of the Information Security group. She also advised that Heads of Service, as Asset Owners, would receive SIRO training. Dianne also thanked Tim Knighton and his colleagues at Companies House for their recent assistance.
18. Tim Knighton told Officials that although the new IT Director would be the SIRO, it must not be seen as an IT responsibility. Best practice was for there to be someone responsible for information assurance, outside of the IT Director's line.

Budget Strategy

Item 8 – Budget Strategy paper

ACAC(12) Paper 2a. Budget Strategy paper

19. Nicola Callow introduced the paper which was presented primarily for information following the Committee's request at February's meeting.

External Audit

Item 09 – Interim Audit

ACAC (12) Oral Item. Results of Interim audit

20. Richard Harries from Wales Audit Office gave a brief update on the Interim audit, noting that although there were minor improvements to be made, there were no concerns for the sign off of the accounts in the summer.
21. Richard added that the third quarter work on Members' expenses was complete with no concerns, and full feedback would be provided at the June meeting following the fourth quarter work.
22. Richard told the Committee that in light of the largely positive reports over the last few years, the WAO were considering with officials to the level of information it should report to the Committee in the future.
23. Nicola Callow gave the Audit Committee a brief update on the current year end position noting that the underspend on the Commission side was likely to be within the target at £500,000. On the Members side, the figure was likely to be just under £1m, which was to be expected in the first year of a new Assembly.

Assembly Commission Governance

Item 10 – Governance Statement

ACAC(12) Paper 3a. Draft Governance Statement 2011-12

24. John Grimes introduced the updated draft governance statement and comments were invited from the Committee. The Committee suggested that the paper should, for consistency, include the number of times the Remuneration Committee met, and to re-word the paragraph summarising procurement and contract management to note there is still work to do in this area.

Item 11 – Risk Management

ACAC(12) Paper 3b. New risk management framework

25. John Grimes introduced the paper detailing the new simplified risk framework, and summary of the 14 corporate risks.

26. The Audit Committee endorsed the new approach and the shift to simplification. Members added that was necessary for officials to consider the risks of attempts to attack the Assembly's website from outside. They emphasised the need to have a programme of simulations for testing critical responses, and to consider contingencies for possible power outages beyond 2016.

Item 12 – Effectiveness of the Committee

ACAC(12) Paper 3c. Results from WAO tool;

ACAC(12) Oral item Comments from Members on Terms of Reference

27. Richard Harries noted the positive direction of travel shown in the results of the self-assessment that had been completed by Committee Members and attendees, and said that there were no specific concerns to focus on.
28. The Chair highlighted a couple of points;
- internal audit performance which will be addressed with the new assessment mentioned earlier;
 - counter fraud;
 - new Members and induction, particularly in light of the Audit Committee membership rotation which would mean two new Members at the end of this year.
29. There were no comments on the terms of reference.

Item 13 – Annual report 2011/12

ACAC(12) Paper 3d. Draft Annual report 2011/12

30. The Chair asked that any drafting comments be fed back to John Grimes after the meeting.

Other items

Item 14 – Departures

ACAC(12) Paper 4a. Departures summary

31. John Grimes outlined the background to the Insurance departure and the time that would be needed to draw up and consult on a new insurance strategy.
32. Tim Knighton noted that, in relation to the website departure, open source software was good value for money and should be considered for use where possible.

Item 15 – Forward work programme and future meeting dates

ACAC(11) Paper 4b.Forward work programme

33. The forward work programme was agreed and John Grimes asked for members to confirm their availability for the provisional future meeting dates.

**Secretariat
April 2012**