

Audit and Risk Assurance Committee

Draft minutes of the Audit and Risk Assurance Committee meeting
held on Wednesday 19 June 2024,
in the Sport Wales National Centre, Cardiff

Members

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| Karen Lewis | Chair |
| Barbara Harrington | Non Executive member |
| Jack Evershed | Non Executive member (via Teams) |
| Jason Smith | Non Executive member |
| John Baker | Independent member |
| Anthony Pritchard | Independent member |

Attendees

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| Alyson Thomas | Chief Executive |
| Angela Mutlow | Strategic Director of Operations and Corporate Services |
| Alan Williams | Head of Finance |
| Alun Lloyd | Financial Governance Lead |
| Helen Goddard | Audit Wales |
| Andrea Calise | Internal Audit Manager |
| Paul Dalton | Head of Internal Audit |
| Richard Bevan | Interim Board Secretary |

Welcome and introductions, declarations of interest, apologies

- 1.1 The Chair welcomed everyone to the meeting. The Chair also thanked attendees for supporting an in person meeting. It was explained that Jack Evershed was joining via Teams due to an inability to travel at present.
- 1.2 There were no apologies received and there were no conflicts of interest declared.

Minutes of the last meeting – 20 March 2024

- 2.1 The Committee considered the draft minutes of the meeting held on the 20 March 2024. It was highlighted that on page 7, the minute at 7.5 appeared to have conflated two issues. Therefore, it was agreed that the minute would be changed.
- 2.2 The first section would explain the work underway on Llais's office accommodation plans for the relocation of offices and the extension of some existing leases. This work was being completed and would be submitted to the Board for approval at the end of July and at this stage it would not be required to come back to the committee.
- 2.3 The second element related to the accounting requirements for leases in the public sector. Confirmation of this position when clarified would be included in future reports to the committee.

A24-06-01: Amend the minutes to reflect the above changes to clarify the original paragraph. **Action: Kirsty Contreras-Stacey**

Action Sheet and Matters arising

- 3.1 The Interim Board Secretary outlined the new format Action Log and tracker. The committee noted the progress on the agreed actions.
- 3.2 The Chair thanked the Interim Board Secretary and the Governance Officer for the work on the improved action log and tracker, which would enable enhanced tracking of actions, a record of those completed and a log of decisions.
- 3.3 The committee confirmed that there were no other matters arising from the minutes, not covered by the action log.

Audit and Risk Assurance Draft Terms of Reference

- 4.1 The Interim Board Secretary presented the new draft Terms of Reference for the Audit and Risk Assurance Committee. These had been developed using the outputs of the Eversheds Sutherland Review and review of good practice. The draft terms of reference had been previously shared with committee members outside the committee meeting. The Interim Board Secretary thanked the committee members for their engagement in the process and the very helpful comments that had been made to clarify and improve the draft.
- 4.2 The draft terms of reference were presented to the committee for endorsement prior to submission for approval at the Board meeting in July 2024.
- 4.3 A committee member asked if it would be possible to add a list of the current members and advisers to the terms of reference. It was recognised that these could change regularly and over time. Therefore, it was agreed to add a link within the document to an online list of membership, which could be updated whenever changes occurred.
- 4.4 The committee endorsed the draft terms of reference for submission to the Board for approval.

A24-06-02: The Interim Board Secretary agreed to add a link into the document to an online membership list and to submit the endorsed draft terms of reference to the Board in July for approval.

Action: Richard Bevan

Draft Standing Orders

- 5.1 The Interim Board Secretary presented the reviewed and updated Llais Standing Orders. The Standing Orders had been updated using the outputs of the Eversheds Sutherland review and further work based on available good practice. The draft Standing Orders were being presented to the committee for endorsement prior to submission to the Board in July for approval.
- 5.2 The Interim Board Secretary thanked members of the committee for the comments made on the draft document in development. All comments made has been responded to, where appropriate.
- 5.3 The committee highlighted further suggested amendments and commented for consideration on several areas, which included appraisal arrangements for appointed associate members, involvement of board members in the appraisal for the chair of the board and the chief executive officer, requirements for training and induction of board members. It was agreed that the interim Board Secretary would consider these suggestions and liaise further with Welsh Government, where required, adjusting the document, if appropriate.
- 5.4 The Committee endorsed the draft standing orders for submission to the Board for approval at its July meeting.

A24-06-03: The Interim Board Secretary agreed to adjust the document, if required and to submit the endorsed draft standing orders to the Board in July for approval. **Action: Richard Bevan**

Draft Standing Financial Instructions/Draft Financial Procedures

- 6.1 The Finance Governance Adviser and the Strategic Director of Operations and Corporate Services presented the updated draft Standing Financial Instructions and Financial Procedures following review through Tim Arwain and with comments received from committee members.
- 6.2 The committee considered the updated Standing Financial Instructions and Financial Procedures. Further amendments were proposed following discussion, especially regarding approval and authorisation limits/thresholds, approval processes, contract values, the control framework and how this would be expressed in Llais's Assurance Framework and Scheme of Delegation. Adjustments were also required regarding the references to OJEU procurement processes and the newly proposed Welsh procurement regulations.
- 6.3 The draft Standing Financial Instructions were agreed in principle, subject to the further amendments. It was agreed that these amendments and proposed changes would be considered further, and an updated set of Standing Financial Instructions would be forwarded to the Committee for final comment and endorsement in readiness for submission to the Board for its July meeting.
- 6.4 The committee also advised that Financial Procedures could in future be approved by Tim Arwain and that this would be reflected in the scheme of delegation and master policy on policies and procedures.

A24-06-04: The Finance Governance Adviser and the Strategic Director of Operations and Corporate Services agreed to amend the documents, as required, and resubmit them to the committee for approval prior to their submission to the Board in July for approval. **Action: Alun Lloyd and Angela Mutlow**

Draft Procurement Guidance

- 7.1 The Strategic Director of Operations and Corporate Services outlined the draft procurement guidance, which had been updated. The committee considered and agreed the draft guidance and agreed that it would be circulated to staff to raise awareness of the processes and requirements placed on Llais in partnership with NHS Shared Services Partnership. The committee also agreed that the guidance did not require approval via the committee in future and that this should be updated via Tim Arwain and reflected in the scheme of delegation.
- 7.2 It was also agreed that the Strategic Director of Operations and Corporate Services would check with procurement services and the NHS Shared Services Partnership regarding the current approach to values based procurement and to ensure that the document reflected the values framework of Llais. An update on the position would be provided to the next meeting of the committee.

A24-06-05: The Strategic Director of Operations and Corporate Services agreed to check with NHS Shared Services regarding the values framework used for procurement and that it matched the framework for Llais. An update on the position would be provided to the committee. **Action: Angela Mutlow**

A24-06-06: The Strategic Director of Operations and Corporate Services agreed to raise awareness of the procurement guidance amongst staff of Llais and confirm in the scheme of delegation that the future approval of the updates to the guidance would be undertaken by Tim Arwain. **Action: Alun Lloyd and Angela Mutlow**

Internal Audit Reports

- 8.1 The Head of Internal Audit and Internal Audit Manager presented the completed audit reports for 2023/2024. It was recognised that these were the first reports received by Llais. They focused on governance and risk management, IT and digital arrangements, workforce arrangements and performance management and financial controls.
- 8.2 It was reported that all four audits received 'reasonable' assurance ratings. This was seen as a positive initial assessment for the organisation during its first operational year, but that each report had several audit recommendations for improvements with timelines, which had been accepted by management and formed an agreed action plan for each area.
- 8.3 A committee member asked for clarification in the reports regarding the use of the term divisional. It was confirmed that this referred to the organisation's regions and this would be made clearer in future reports.
- 8.4 The committee received an overview of each of the four reports. However, there were a range of questions regarding the IT and digital arrangements report and the workforce arrangements report.
- 8.5 Members of the committee sought clarification and further assurance regarding the action plan to respond to the **IT and Digital Arrangements Report**. This especially focused on the work required to achieve Cyber Essential accreditation and the business continuity plans in place in the organisation and with Llais's IT provider. It was also suggested considering the report that the risks on the corporate risk register would need to be reviewed, especially regarding IT security and this would be undertaken as part of the risk review.

- 8.6 It was explained that business continuity plans were in place with Llais' IT provider, however, it was agreed that further work would be completed to check the contract with Centreprise regarding security plans, responses to any data losses and continuity provision, especially when breaches were detected.
- 8.7 It was reported that work to achieve cyber essentials was progressing well and was three quarters complete and that an update would be provided for the committee on progress at its next meeting. A review of the organisation's risk approach was underway, and this included the reframing of the corporate risk register and the outputs of the internal audit reports were being included in this work.
- 8.8 All agreed improvement actions would now be taken forward via Tim Arwain and will be added to an Audit Recommendations Tracker for monitoring and reporting purposes. The committee noted the improvement areas for each themed report. In the IT and digital arrangements report, it was agreed that further work was required organisationally regarding capacity and support in this area. One of the Independent Members of the committee agreed to work with the Digital Infrastructure Manager and the Strategic Director of Operations and Corporate Services on the areas for improvement.
- 8.9 In relation to the **workforce arrangements report** concern was expressed regarding capacity to support the level of operational activity required. It was explained that further work was being undertaken on the structure and would be taken forward by the new Strategic Director when they took up their post in July and the new Director of Finance and Governance who would be in a post later in the year.

8.10 Work had also been undertaken to review the governance structure and that a new Board Secretary role was also proposed with the job description currently going through evaluation.

8.11 It was agreed that an update would be provided on organisational structure changes and work specifically within the workforce/people department at the next meeting of the committee. However, it was noted that proposals were currently being finalised for a Workforce, Remuneration and Terms of Service Committee and the scrutiny of workforce elements of organisational business would in the future be taken forward via this committee, if agreed by the Board.

A24-06-07: The Strategic Director of Operations and Corporate Services would provide a further update on the work ongoing with Centreprise on security planning, responses to any data losses and continuity provision, especially when breaches were detected.

Action: Angela Mutlow

A24-06-08: The Strategic Director of Operations and Corporate Services and the Interim Board Secretary would complete a review of the IT and digital risks on risk registers as part of the risk review to report to the next meeting. **Action: Angela Mutlow/Richard Bevan**

A24-06-09: Further work would be undertaken between the Independent Member of the committee, the Strategic Director and the Digital Infrastructure Manager to assess current approaches and agree next steps for the identified areas of improvement.

Action: Anthony Pritchard/Angela Mutlow/Keith Chung

A24-06-10: An update would be provided at the next meeting or the Workforce Committee on the structural changes and developments in the organisational structures. **Action: Alyson Thomas and Angela Mutlow**

Head of Internal Audit Report and Annual Report 2023/2024

- 9.1 The Head of Internal Audit presented his Head of Internal Audit Report and the annual report for 2023/2024. It was noted that the overall Head of Internal Audit Opinion of Llais was one of 'reasonable' assurance and indicated a positive first year for the organisation. This would now feature in the Governance Statement as part of the Annual Report and Accounts.
- 9.2 The Head of Internal Audit also outlined the statement of conformance as part of his report. This provided an overview of the public sector internal audit standards.
- 9.3 The service performance indicators were also outlined. These provided an overview of the performance against agreed standards for fieldwork, production of draft reports, the turnaround timescales for management responses and the finalisation of reports. It was noted that improvement was required in the turnaround time for management responses. It was recognised that this had been set at 5 days and that on reflection that this might have been a challenging turnaround time in the first year of an organisation and in the plan for 2024/2025 this had been adjusted to 10 working days.
- 9.4 The committee welcomed the report and the current position of Llais, and it was agreed that this provided a good base upon which to build for the coming year. The Chair thanked internal audit colleagues for their work and advice and looked forward to continuing to work with them in the coming year.

A24-06-11: The Interim Board Secretary would include the Head of Internal Audit Opinion into the Governance Statement. **Action:** **Richard Bevan**

Internal Audit Plan for 2024/2025

- 10.1 The Head of Internal Audit presented the proposed Internal Audit Plan for 2024/2025, which it was explained had been based on discussions with management and an assessment of current risks, the general risk profile of Llais and its strategic plans for the coming year.
- 10.2 It was noted that Appendix B included the adjustment to 10 working days turnaround time for management responses to reports.
- 10.3 Appendix C provided the Audit Charter, which outlined the responsibilities of the auditors and of the organisation.
- 10.4 It was reported that the committee and management would continue to be able to influence the content of the plan and the timing of the audit work e.g. the sequencing of fieldwork. A change had been proposed regarding the sequencing of some of the finance and data/IT work and the proposed regional audits and these would be agreed with management.
- Some audits would need to remain at the of the end of the financial year for governance reporting purposes. Also, the plan sought to provide a mix of both traditional audit work, but also consultancy and developmental work. In the second year, further detailed work would be undertaken at a more granular level through the reports.
- 10.5 A report on progress would be provided at the next meeting, where any additional changes or alternations to the plan would be confirmed. The committee supported the plan for the coming year, as drafted, recognising that it might be subject to ongoing change.

A24-06-12: An update on the plan would be provided at the next meeting. **Action: Paul Dalton**

Audit Wales Update

- 11.1 The committee received an update from Helen Goddard, Audit Wales, which outlined the ongoing work on the financial audit programme for Llais for the 2023/2024 annual accounts, a general Audit Wales update and an overview of recent Audit Wales publications. It was confirmed that these publications were available on the Audit Wales web pages.
- 11.2 It was reported that a more detailed plan with further information regarding the Audit Wales programme of work, especially linked to the audit to be undertaken on the annual accounts would be submitted to the next meeting.

A24-06-13: An Audit Wales plan would be provided at the next meeting. **Action: Helen Goddard**

Llais Audit Tracker

- 12.1 The Interim Board Secretary explained that a tracker system had been developed by Michele Jones in the Finance Department, which would include all agreed actions for internal and external audit actions. It would outline the progress against the agreed actions and would be routinely reported to Tim Arwain and the committee. The first report of the tracker would be submitted to the next meeting of the committee.

A24-06-14: An update report on the audit tracker would be provided at the next meeting. **Action: Richard Bevan**

Draft Annual Report and Accounts 2023/2024

13.1 The committee considered the initial draft of the Annual Report and Accounts for 2023/2024, which had been developed by a Llais Working Group.

13.2 It was recognised by the group that further work was required in the coming weeks on a range of the content and the ways in which the documentation would be presented. It was agreed that accessible formats were essential and that the documents needed be written in line with Llais publication standards and corporate style.

(Jack Evershed left the meeting)

13.3 The committee agreed to hold an additional meeting on the 31 July 2024 to consider a further draft in readiness to submit to Audit Wales for the detailed audit of the documentation. However, it was reported that liaison between Llais and Audit Wales had already been taking place to ensure the organisation was best placed to finalise the documentation.

13.4 The audit documentation would come back to the committee later in the year after the audit and in readiness for recommending approval by the Board at a public Board Meeting in December. The chair thanked all those involved on the development of the required documentation

A24-06-15: It was confirmed that an on-line meeting of the committee would be organised for 31 July 2024 at 10am. **Action:**
Richard Bevan

Governance Review Update and Risk Review

- 14.1 The Interim Board Secretary gave an update on the ongoing governance review, which included new documentation and updated documents approved by the committee earlier in the meeting, which would be submitted to the Board for final approval.
- 14.2 A draft Board Assurance Framework along with a new Risk Management Policy and Strategy would be submitted to the September meeting of the committee. Risk reporting would also be redeveloped over the coming weeks in line with this work and a review was currently being undertaken in partnership with the Strategic Director of Operations and Corporate Services. The committee and wider Board would continue to be engaged during the summer to finalise the proposed approaches and documents.
- 14.3 The committee also received the corporate risk report for the risk profile of the organisation as at the end of May 2024. It was recognised that the corporate risk register, and network of risk registers were being reviewed and reworked in readiness for submission to the committee.
- 14.4 Updates on several risks were also provided in terms of progress with and the signing of the NHS Shared Services Agreement and that discussion was moving forward on the position with legal indemnification and the ongoing work with the proposed offices moves. An update would be provided to the Board in July on the position with the office moves. Clarification was also provided on the definition of accessibility. It was confirmed that this included both physical accessibility and digital accessibility.

A24-06-16: It was confirmed that a draft Board Assurance Framework and a new Risk Strategy and Policy would be submitted to the committee at its meeting in September. **Action:**
Richard Bevan

Regular reports

15.1 The committee received and noted the update reports on gifts and hospitality and declarations of interest.

Committee Improvement Programme

16.1 The Interim Board Secretary outlined the progress being made with the committee's agreed programme of improvements following its review meeting in March 2024. Good progress was noted with many of the developments evident in the reports and processes submitted to the committee for approval.

Date of the Next Meeting

17.1 The committee confirmed the dates of its next meetings. The first would be the additional meeting on the Wednesday 31st July 2024 at 10am to consider the Draft Annual Report and Accounts. The second would be the already scheduled full meeting on Wednesday 18th September 2024 at 10am.

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