

## **Audit and Risk Assurance Committee**

Draft minutes 24-01 (20 March 2024)

### **Members**

Karen Lewis	Chair
Barbara Harrington	Non-Executive member
Jack Evershed	Non-Executive member
Jason Smith	Non-Executive member
John Baker	Independent member
Anthony Pritchard	Independent member

### **Attendees**

Alyson Thomas	Chief Executive
Angela Mutlow	Strategic Director of Operations & Corporate Services
Alan Williams	Head of Finance
Alun Lloyd	Financial Governance Lead
Keith Chung	Digital Infrastructure Manager
Helen Goddard	Audit Wales
Andrea Calise	Internal Audit
Paul Dalton	Head of Internal Audit
Richard Bevan	Interim Head of Governance and Board Secretary
Mark Weston	Local Counter Fraud Manager, NHS Wales Shared Services Partnership
Sharon Walters	Business Manager (secretariat)

### **Welcome and introductions, declarations of interest, apologies,**

- 1.1 The Chair welcomed everyone to the meeting. A particularly warm welcome was extended to the two newly appointed independent members, John Baker, and Anthony Pritchard.

- 1.2 There were no apologies received and there were no conflicts of interest declared.

### Minutes and actions and decisions of the last meeting

- 2.1 It was noted that page 5 of the minutes does not provide the full name of the committee and should read Audit & Risk Assurance Committee. Subject to this amendment, the minutes, actions and decisions of the last meeting were agreed.

**A24-01-01:** Amend minutes to reflect the name of the Audit & Risk Assurance committee in full. **Action: Sharon Walters**

### Matters arising

- 3.1 The committee noted that an audit recommendations tracker, which would be used to monitor internal and external audit recommendations, was included within the finance report. It was agreed that this would be fully populated, and a report would be presented to the committee on a regular basis as part of its standard reports.
- 3.2 Minute 6.1 – It was noted that this should read ‘all areas had since been addressed’.
- 3.3 The committee was provided with a recruitment update. A recent appointment has been made to the role of Director of Governance and Finance, and it was expected that the successful candidate would take up the post in early July. The Governance Manager role was currently being shortlisted and was likely to be appointed to in April. An appointment had been made to the post of Strategic Director of Operations and Corporate Services. The successful candidate is a qualified accountant, and it was anticipated would start with Llais in July 2024.

3.4 The committee was informed that an initial board assurance framework had been developed by the former Head of Governance. This work would now be prioritised and developed further by the Interim Board Secretary and Head of Governance. It was planned to present a draft assurance framework to the Audit & Risk Assurance Committee in June to seek the committee's views and endorsement. However, engagement with committee members would take place in development.

3.5 The committee supported this approach and anticipated that it would support and guide reporting to the committee and Board.

**A24-01-02:** It was agreed that an audit recommendations tracker report would be fully populated and presented to the committee on a regular basis as part of its standard reports.

### Local Counter Fraud Service update report

4.1 The Chair welcomed Mark Weston, Local Counter Fraud Manager from NHS Wales Shared Services Partnership to the meeting.

4.2 Mark reported that he had met with Llais' Chief Executive Officer and Strategic Director of Operations and Corporate Services in May 2023 to discuss the risks and organisational needs. This was to provide a proportionate counter fraud provision appropriate for Llais. At this meeting it was agreed that a minimum of 5 working days was sufficient to deliver the following:

- Produce a fraud, bribery and corruption policy.
- Ensure the organisation had an adequate policy and register of gifts and hospitality and conflicts of interest.
- Deliver initial fraud awareness training.
- Deliver Initial Fraud, Bribery and Corruption awareness training session to all staff.
- Provide a brief consultation and discussion to assess the fraud risks of the organisation.
- Provide advice on action to take if they had any concerns of economic crime as they arise.

- Produce 2 fraud awareness newsletters which would be bespoke to Llais.
  - Liaise with internal and external audit services should concerns or risk of fraud, bribery and corruption arise.
  - Attend one Audit and Risk Assurance Committee annually to provide a report and advise on economic crime matters.
- 4.3 A total of 5 days had been delivered so far and discussions would be needed on how this was managed going forward.
- 4.4 The committee noted that the results of the fraud survey indicated that only 2 members of staff were likely to report suspected fraud. The committee questioned whether more needed to be done to improve this. Members were advised that each regional director would discuss the policy with their staff to advise that support is available on matters of fraud.
- 4.5 It was noted should additional work be required, the number of days could be increased up to 10 days, if needed. Further conversations were required to determine the profile of engagement for year two.

## Review of financial control procedures

- 5.1 The committee was advised that the Standing Financial Instructions had been reviewed by Tim Arwain in March. Tim Arwain agreed the proposed changes that would allow Regional Operations Managers to approve payments (up to a certain amount) and volunteer expenses. This would help to speed up the payment process. The committee agreed that to help expedite this, approval could be reached out of committee and prior to the June meeting.

It was agreed that the Strategic Director of Operations and Corporate Services would circulate the proposed changes to members for consideration and approval prior to going to Board for approval in April.

**A24-01-03:** The Strategic Director of Operations and Corporate Services to circulate the proposed changes to the Standing Financial Instructions to members for consideration and approval out of committee prior to going to Board for approval in April.

## Corporate risk register

- 6.1 It was noted that the former Head of Governance had identified some priority areas of work within the corporate risk register. New guidance would be produced on how to manage this area of work across the operations of the organisation.
- 6.2 It was noted that the document appeared static in some areas. It was recognised that work had been done around staffing and skills and on the development of an organisational structure that worked for Llais. Further work was needed to identify what had and hadn't worked well in the first year of operation.
- 6.3 The committee noted that further work would be undertaken on the corporate risk register and a new style higher-level report would be produced for the Audit & Risk Assurance Committee in June.
- 6.4 The committee agreed that the Interim Board Secretary and Head of Corporate Governance should consider whether separate risk registers were needed for cyber security and IT. A report would be drafted and presented to the committee for comment.
- 6.5 The committee agreed that a different way of scoring risks that aligned with the risk appetite should be considered going forward as part of the review work.

**A24-01-04:** The Interim Board Secretary/Head of Corporate Governance to consider whether separate risk registers were needed for cyber security and IT.

**A24-01-05:** The Interim Board Secretary/Head of Corporate Governance to consider a different way of scoring risks that aligned with the risk appetite going forward as part of the review work.

## Finance Report

7.1 The committee noted the purpose of the report was to outline to the Audit & Risk Assurance Committee the financial position as at 29<sup>th</sup> February 2024 (month 11).

7.2 At month 11 the financial performance to date equated to an underspend of £607k against delegated budgets (this was an increase on the month 9 to date underspend of £572k), an increase of £100k underspend in month. The main variances in the performance to date were:

- Pay Underspend
- Travel Expenses Underspend
- Office Costs

There had been significant recruitment challenges with many new posts taking longer than anticipated to fill. Many were due to be appointed from November onwards and while several new posts had been filled, 7 did not start until between January and March.

7.3 There was currently a projected underspend of £140k, but there was a risk that this could increase. This related specifically around the funds that had been allocated toward projects, marketing, and governance reviews, as well as in ICT.

7.4 As noted in the Financial Plan there was an additional funding requirement to manage cash within tolerance limits. Any unspent grant-in-aid was retained each month and at the end of the year must be kept within 4% and 2% respectively of the total cash grant-in-aid awarded for that year. At the end of February, the cash balance at the bank was £594k, this equated to 7.7% of the funding allocated for this year. Cash flow had been closely monitored and invoices were being chased daily to seek to reduce the required levels.

- 7.5 The committee noted that a paper was currently being drafted for Welsh Government on Llais accommodation leases. Audit Wales would consider the draft paper before it was submitted to Welsh Government. The Financial Governance Lead asked that the Audit & Risk Assurance Committee also reviewed the paper before its submission. It was agreed that the report would be circulated to the committee for comment.
- 7.6 The committee was advised that the budget allocation letter for 2024-2025 has not yet been received. This would be highlighted at the next Board meeting.
- 7.7 The committee noted that an internal Annual Report & Accounts Working Group had been set up to manage the development and production of the 2023/24 Llais Annual Report & Accounts. The scope on the Annual Report & Accounts would be much wider than the 2022/23 Annual Report & Accounts. It was an opportunity for Llais to report on the difference and impact made under its wider remit and responsibilities.
- 7.8 A draft statement was expected by the end of August, and it was planned to present a report to the Audit & Risk Assurance Committee in time for the June meeting. It was agreed that if this was not possible, it may be necessary to hold an additional Audit & Risk Assurance committee meeting in mid-July.

**A24-01-06:** The Audit & Risk Assurance Committee to review the paper on the draft statement before its submission to Welsh Government. It was agreed that the report would be circulated to the committee for comment.

**A24-02-07:** Consider holding an additional Audit & Risk Assurance Committee meeting in mid-July.

## Internal Audit Services (IAS) update report

- 8.1 The committee noted that the progress report provided the Audit & Risk Assurance Committee with the current position regarding the work undertaken by Internal Audit as at 11 March 2024.

- 8.2 Since the November committee meeting, members were advised that one draft report had been issued and the fieldwork for the other three reviews identified in the internal audit plan had now concluded.
- 8.3 In January an overview of the Internal Audit function was presented to a Tim Arwain meeting. Internal Audit also met with Welsh Government officials to ensure there was ongoing dialogue.
- 8.4 The committee was advised that the plan for 2024-2025 would be presented at the June meeting. It was agreed that if a meeting was required earlier than this, an alternative date would be arranged.

**A24-01-08:** If a meeting was required to consider the plan for 2024-2025 earlier than June, an alternative date would be arranged.

### **Audit Wales (AW) update report**

- 9.1 Audit Wales informed the committee that several meetings had taken place in relation to the 2023-2024 audit. The audit plan would be presented to the Audit & Risk Assurance Committee in June.
- 9.2. The committee noted that the audit fee rates had increased by an average of 6.4% in 2024-25. The audit fee for 2023-24 audit of accounts will be proposed following the initial planning and risk assessment and will be set out within the 2024 Audit Plan.
- 9.3 Other areas of Audit Wales activity and output of potential interest to Llais were outlined to the committee. These were:
- From firefighting to future-proofing – the challenge for Welsh public services
  - Governance arrangements relating to an employment dispute at Amgueddfa Cymru – National Museum Wales
  - Corporate Joint Committees – commentary on their progress



## Regular reports

- 10.1 In setting its 2023-2024 outline work programme, the Committee agreed that it would receive regular reports on the following areas:
- Gifts, rewards & hospitality
  - Declarations of interest
  - Concerns & complaints
- 10.2 The gifts, rewards and hospitality log reported no significant areas or incidents in the period between 1 October 2023 and 12 March 2024. During this period there were 26 different occasions where offers of gifts or hospitality were made. The organisation will continue to monitor how this was managed on a quarterly basis.
- 10.3 The committee noted the updated declarations of interest log for staff and board members. To protect confidentiality, staff names were removed. The Chair requested the inclusion of 2 new personal declarations of interest on the register and agreed to forward these to the Interim Board Secretary/Head of Governance to action.
- 10.4 Llais had received 6 complaints across the Llais regions since 1 October 2023. These mainly related to advocacy support.
- 10.5 It was agreed that an additional column would be added to the complaints log to provide the committee with an update on the complaint, highlighting any noticeable trends and to determine whether organisational behaviours were changing.
- 10.6 The committee agreed that the level of detail provided on a quarterly basis could be reduced going forward and it was agreed that the Interim Board Secretary/Head of Corporate Governance would look at how this was reported to future meetings. It was suggested that gifts and hospitality could be part of the appraisal system to ensure staff were aware of the policies and their responsibilities. The Interim Board Secretary/Head of Corporate Governance would continue to monitor this going forward.

**A24-01-09:** It was agreed to add an additional column to the complaints log to provide an update on the complaint, highlight any noticeable trends and to determine whether our behaviours are changing.

**A24-01-10:** The Chair to advise the Interim Board Secretary/Head of Corporate Governance on 2 new declarations of interest for inclusion on the declarations of interest register.

## **Information management & security report including cyber security and IT health check report**

11.1 The IT Health Check report was presented to the committee.

11.2 It was noted that the Digital Infrastructure Manager was in discussions with Cyber Crowd to start Cyber Essentials Plus Certification as soon as possible.

11.3 Llais had seen an influx of opportunistic scam e-mails. These appeared to come from a senior member of staff, but they did not originate from an official Llais e-mail address. Fortunately, staff had been through security awareness training, and they had been able to distinguish between genuine and fraudulent e-mails.

11.4 The committee was advised that plans were underway to recruit an interim member of staff to support the CRM system. This would be a temporary post until the substantive post was filled. It was also hoped to recruit to an IT administrative role to provide additional support to the team.

11.5 The committee was updated on the progress of the CRM system. All staff were now using the system, but it was clear that advocacy staff were more confident users due to their familiarity with the previous Datix system. A Frequently Asked Questions was being developed for staff, alongside several workshops.

## **Committee forward work programme 2024-2025**

12.1 The committee noted that the work programme for 2024-2025 would need to be developed further in line with committee discussions going forward.

12.2 It was noted that the audited accounts were scheduled for consideration at the September meeting, as it was unlikely that the accounts would be ready by this time. It was suggested that an additional meeting may need to be arranged prior to the December meeting. It was agreed that the Interim Board Secretary/Head of Corporate Governance would look at the meeting schedule to determine whether the board and committees are meeting at the right time.

**A24-01-11:** The Interim Board Secretary/Head of Corporate Governance to look at the meeting schedule to determine whether the board and committees are meeting at the right time.

### Any other business

13.1 The committee was advised that the Welsh Language Standards would come into force for Llais on 1 April. There was work underway to ensure that Llais was prepared. A further update would be provided to the committee in June.

13.2 The committee was advised that 2 new laws would come into force on 6 April 2024. Unpaid Carers Leave would entitle employees to unpaid leave to give or arrange care for a dependant.

Workplace Recycling - it would become law for all businesses, charities, and public sector organisations to sort their waste for recycling. Llais was currently seeking assurances from its regional offices to ensure they were fully compliant from this date. A further update would be provided at the June meeting.

**A24-01-12:** A further update on the Welsh Language Standards would be provided to the committee in June.

**A24-01-13:** A further update on the unpaid carers leave and recycling laws would be provided at the June meeting

