



Llywodraeth Cymru
Welsh Government

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Audit and Risk Assurance Committee meeting: 21 October 2024

Minutes of the Audit and Risk Assurance Committee meeting
held on 21 October 2024.

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Present

- Mike Usher, Non-Executive Director and Chair of WG ARAC and CS&I ARAC
- Nigel Reader, Chair – Independent Member, HSCEY ARAC
- Gareth Pritchard, Acting Chair - Independent Member, ECWL ARAC
- Mel Doel, Acting Chair - Independent Member, EET ARAC
- Mutale Merrill, WG Non-Executive Director (observer)

Officials

- Andrew Goodall, Permanent Secretary
- Sioned Evans, Director General, ECWL Group
- Tracey Burke, Director General, LGHCCRA Group
- Andrew Slade, Director General, EET Group
- Tim Moss, Chief Operating Officer
- Dean Medcraft, Director of Finance
- David Richards, Director of Propriety and Ethics
- Alex Slade, Director of Primary Care
- Dom Houlihan, Director of People & Places
- Kim Jenkins, Deputy Director Accounts, Governance & Grants
- Helen Morris, Deputy Director Audit, Assurance & Counter Fraud
- Clare James, Audit Wales
- Matthew Mortlock, Audit Wales

Also present

- Senior Corporate Governance Manager
- Head of Financial and Technical Accounting
- Head of HR Policy

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- ARAC Secretariat

1. Declaration of interests

1.1 Independent Members made appropriate declarations where they held non-executive positions in other organisations which either received funding from Welsh Government or where the broader sector was referenced within papers.

It was determined that these declarations did not preclude full participation in the meeting.

2. Matters arising from the meeting held on 17 July 2024

2.1 The committee agreed the minutes of the previous meeting and noted the good progress made in implementing the agreed actions.

3. Principal Accounting Officer overview

3.1 The Permanent Secretary provided the committee with an update on several key areas, including:

- The new Prif Weinidog's expectations, priorities and her focus on having a clear set of delivery outcomes for the remainder of the Senedd Term. Work is underway to develop the required Cabinet support arrangements. To reinforce the delivery focus, Julie James MS is now the Counsel General and Minister for Delivery.

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- The Prif Weinidog has outlined 4 areas of focus for the remaining term although there remain existing Programme for Government (PfG) commitments and statutory responsibilities to deliver.
- The progress made in delivering against PfG commitments and the publication of Welsh Government's annual report for 2023/2024 which contains detailed position statements.
 - [Welsh Government Annual Report 2023-2024 and annex](#)
- The continuing work to define Welsh Government's Risk Appetite Statement.
- The financial challenges and pressures being faced in-year as well as for future budget planning.

4. Scrutiny of Welsh Government's Consolidated Accounts 2023-2024

4.1 The committee continued its scrutiny of Welsh Government's draft Consolidated Accounts, by considering Part 3 - the Financial Statements. Parts 1 and 2 (the Performance Report and the Accountability Report) were considered at the previous meeting.

4.2 Audit Wales are currently undertaking their review of the Consolidated Accounts and confirmed it is progressing well. There has been close and proactive collaboration between the audit and finance teams to deliver to timetable and to flex work across both teams to maximise delivery. There is confidence that the 29 November target certification date will be met.

4.3 The committee identified some areas that would benefit from clarification and endorsed the move to make the disclosure of financial commitments more meaningful to the reader.

4.4 The committee noted the complexity of the accounts continues to grow. There are now 3 live Mutual Investment Model projects as well as the existing

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road and rail models and the student loans valuation model. The consolidation accounting boundary is also expanding as new bodies are created.

5. Governance and risk issues

Corporate Risk Register

5.1 Members challenged those risks where there had been a significant reduction to the residual risk score. In all but one instance, the committee was assured with the justification provided by officials for the reduction. Officials agreed to revisit their assessment of the residual score for the remaining risk.

5.2 The committee endorsed the ways in which the Corporate Risk Register is being used to proactively manage risk. It also welcomed sight of the 'Group Top 10 Risks', to add additional detail and context to the risk management discussions and enhance consideration of their potential for escalation to the corporate register.

5.3 The committee also endorsed the work to better separate 'risks' and 'issues' and to introduce a risk horizon scanning document, although it noted these are in the early stages and require further development.

5.4 The committee discussed the risks associated with IT resilience and Senedd Reform and agreed to add them to its workplan for consideration at future meetings.

Outstanding Audit recommendations

5.5 The committee noted the good progress made in implementing agreed actions but requested that the evidential trail be enhanced by the inclusion, in

future papers, of a summary of recommendations closed between meetings.

Group ARAC Quarterly Reports

5.6 The committee considered and noted the quarterly reports from those Group ARACs that had held their autumn meeting. The meeting for the ECWL ARAC could not be scheduled before the WG ARAC met.

Conflicts of interest

5.7 The committee discussed the approach to managing conflicts of interest within Welsh Government and the deployment of a corporate system on which to record and manage them.

5.8 The corporate system has been developed and officials outlined deployment scenarios and the associated costs of software licences.

5.9 Whilst not within its role to recommend a particular course of action, the committee noted the chosen course of action should carefully consider the risks involved in managing conflicts of interest, value for money and ensure the provision of a well-defined set of criteria informing staff of when declarations must be made. The committee also expected to see an enhanced focus on certain categories of staff such as procurement / contract managers and grant managers. It asked to receive an update in due course.

6. Internal audit update

6.1 The committee received an update on the work of internal audit and the key messages contained within recent reports. The committee was assured that

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internal audit is on track to deliver a sufficient body of work to support the Head of Internal Audit's annual assurance opinion for 2024-2025.

7. External audit update

7.1 The committee received an update on the work of Audit Wales and with attention drawn to reports of interest to the committee that have either been published or due to be published soon, including:

- Affordable Housing (published), with key messages around availability of funding to support delivery of the 20,000 homes target and the choices to be made to best deliver against the policy and to align with Ministerial priorities.
- A summary report is being prepared into local government finances, following the completion of local reporting at all local authorities.

7.2 The committee was informed that the Public Accounts and Public Administration Committee recently held a session into public appointments and will report in due course.

ARAC Secretariat

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