

Audit and Risk Assurance Meeting

Minutes for 30 April 2025

Hybrid (Tramshed Tech or online via Teams)

9:45 (closed for Members) 9:55 - 10:00 (closed for Members and auditors)

10:00 – 13:00 (full committee)

Mair Gwynant	Committee Member [Chair]
Nicola Williams	Committee Member
Fran Targett	Committee Member
Peter Davies	Committee Member
Annmarie Thomas	Committee Member
Phil George	Committee Member
Sabiha Azad	Committee Member (trainee)
Princess Onyeonusi	Committee Member (trainee)
Derek Walker	Future Generations Commissioner for Wales
Marie Brousseau Navarro	Deputy Commissioner
Lisa Pitt	Director of Finance and IT
Helen Nelson	Director of Strategic Planning, Climate and Nature
Natalie Jenkins	People Assistant [<i>Secretariat</i>]
Clare James	External Auditor, Audit Wales
Steen Gourlay	Internal Auditor, TIAA

PART 1 - ASSURANCE

1. Apologies for absence and declarations of interest

Apologies from Samer Karrar, who is on maternity leave. There were no declarations of interest.

Natalie Jenkins has joined the meeting to provide secretariat going forward.

2. Minutes of last meeting (Part 1 Assurance) and matters arising

Approval of minutes

30th January 2025 – the minutes were approved as a correct record of the meeting.

Matters Arising

There were no matters arising not already on the agenda.

Rolling List of ARAC Actions

It was on the list of rolling actions for the Commissioner to bring a discussion item on the Future Generations Leadership Academy (FGLA) to the July ARAC meeting. However, as the Programme lead (Korina Tsioni) would be on leave at that time, the Committee agreed to delay the Academy discussion until October's meeting. It was agreed to bring forward a discussion on FGC's international programme to the July meeting instead. This would tie in with Commissioner giving evidence to the Senedd Committee about the Welsh Government's International work programme in May.

ACTIONS:

- 2.1 Secretariat to add International for discussion at July meeting, and Academy to October.

3. External Audit

Statutory audit plan

Claire James from Audit Wales presented the statutory Audit Plan 2024/25.

Points of discussion:

- Attention was drawn to the materiality values, being set at £45,000, and errors over £2,000 to be reported on.
- Discussion was had around related parties, and income streams such as the Leadership Academy sponsorship arrangements where funding may be provided by public bodies covered by the WFG Act. The Commissioner noted that this has been considered extensively, and that he is comfortable that FGLA partners are paying for a service and not being endorsed by the Office in any way. There will be a disclaimer to this effect in the FGLA contracts to tighten up arrangements in this regard. Discussions and decisions relating to sponsors are documented in email trails and the minutes of the senior leadership team (SLT). It was agreed that an extra step would be beneficial, with a summary of agreed sponsors and formal sign off by the Commissioner/SLT. Mair Gwynant offered to share some key questions to assist in the development of a template/ form that could be used.
- It was flagged that a member of Audit Wales' Comms team had been on the Leadership Academy programme 2024/25, though they are not financial audit work nor has any involvement in FGC audit.

ACTIONS:

- 3.1 Mair Gwynant to share a document containing key due diligence questions around funding conflict of interest to assist in the production of a template for use by the Academy.
- 3.2 Audit Wales to work to a timetable to ensure that the financial statements are available for sign off at July's ARAC meeting.

4. Internal Audit

4.1 Cyber Security audit

Steen Gourlay, TIAA, gave an overview of the Cyber Security Audit that had been initially discussed in January and brought back to this meeting with the management response and further information from Orbits IT. The audit had received a *Reasonable Assurance*, with six important recommendations.

Annmarie Thomas referred to the management response to Recommendation 1 and flagged that where it states "Starters and Leavers" it should also include staff that have changed job role.

Discussion was had around some of the responses seeming to be based on reflections after the audit, which was partly due to Orbits needing to consider their responses to questions raised. It was agreed that more conversation including Orbits at the time of the audit would be beneficial in future.

Further discussion around cyber security and whether SLT are comfortable that enough is being done to stay on top of current and evolving issues. Information was provided regarding the safeguards, back-ups and alerts that were in place on the Office's systems and the Committee were overall reassured that sufficient plans and actions were in place. They emphasised the importance of the whole staff team being up to date on training.

ACTIONS:

- 4.1.1. Director of Finance to ensure that in future Orbits (or alternative IT provide as appropriate) to set aside time to be involved in a 3-way conversation at the time of the audit to ensure a timely contribution.
- 4.1.2. Director of Finance to forward Orbits' response on the restore test to Princess Onyeausi, when received.
- 4.1.3. Director of People to include staff that have changed job role, in relation to recommendation 1.
- 4.1.4. Director of Strategic Planning, Climate and Nature to include finalising the restructure of SharePoint in the work plan over the next few months.

4.2 Follow-up audit

Steen Gourlay gave an overview of the Follow-up Audit report, which had looked at Stakeholder Engagement (from 2021/22), Human Resources, Risk Management, Project Management and Key Financial Controls. Three recommendations are implemented, five outstanding. Some had been paused due to other priorities but continued intention for them to be implemented going forward.

Staff advised that the updated Procurement Policy had been signed off by SLT in April, and the Project Management actions were almost complete.

ACTIONS:

- 4.2.1 Director of Strategic Planning to ensure that the project management policy is completed and added to the policy spreadsheet by July's meeting.

4.3 Annual Report 2024/25

Steen Gourlay gave brief overview of the annual report. Overall opinion for the year 2024/25 is *Reasonable* and that effective risk management, control and governance processes are in place.

There were no questions on the annual report.

The Chair noted that there had been an intention to try and fit in an additional audit in Quarter 4 of 2024/25, but workload and capacity prevented this, along with the subject of the audit being performance management which it was felt was not the right time to test. The Committee felt that internal audit can be used both to provide assurance through reviewing or testing processes, and as guidance part way through the development of these processes. It was agreed that formalising an annual audit plan (as the Committee were intending to do – see below) would help to ensure a strategic approach, with a focus on areas most at risk, and with an achievable schedule.

4.4 Draft Audit Plan 2025/26

The following changes were made to the annual audit plan:

- ICT to go forward into 2026/27.
- Key Financial Controls in Q1 (mid-May) – Led by the Director of Finance
- Corporate governance in Q2 (with a particular focus on the 'Corporation Sole' model and the risks associated with this, with best practise examples from other organisations. Led by the Director of Strategic Planning, Climate and Nature
- Performance Management Q3 (broadened to include workforce planning) – Led by the Director of People
- Contract Management in Q4 – Led by the Deputy Commissioner and Director of Health
- Corporate Governance audit pays particular attention to the unique position of the corporation sole model and the risks associated with this, with best practise examples from other organisations.

A further audit on collaboration and partnerships could take place on either Q2 or Q3 depending on capacity and TIAA's timetable. But with 4 audits already planned as above, and a follow-up audit needing to take place in Qtr 3-4 as well, the Committee reflected on the need to be proportionate and for audit to add value to the Commissioner's work and not be a burden.

The Committee discussed audits in relation to workforce planning and workload. Capacity issues can be flagged as a risk in the Resilience section of the audit, but the Committee noted that they need to be mindful that an over-achieving team can produce good audit results which can mask the capacity issues.

TIAA advised approval of plan means also the approval of the charter which describes the relationship between the parties involved. Also agreed a series of additional KPIs that the contract will be monitored against.

ACTIONS:

- 4.4.1 TIAA and the Director of People to involve ARAC member Annmarie Thomas in the discussions to help scope Performance Management audit.
- 4.4.2 TIAA and the Director of Strategic Planning, to involve Peter Davies and Mair Gwynant in the discussions on scope of the Corporate Governance audit.

4.5 Rolling progress of PAPAC and internal audit

Already covered above.

5. Resourcing and Finance

Report was noted and acknowledged to be very clear and easy to read.

A discussion was held on opportunities for additional income, coming at short notice at the end of the financial year. Sometimes this has to be turned down when there is no extra capacity within the team or sufficient time to enable recruitment.

The Director of Finance noted an underspend of £45,000 for the 2024/25 budget, which she was comfortable with as this can be used to accommodate holiday accrual and other small, unexpected costs.

The Committee was satisfied with a deficit budget for 2025/26 knowing that there is potential additional funding to come in, and with measures in place to take during the year if needed.

The Director of Finance will provide budget updates for SLT quarterly rather than monthly, though close monitoring will still take place and any issues flagged to SLT when necessary.

6. ARAC Quarterly Exception Report and risk register

6.1 Quarterly Exceptions Report

The report was noted.

Princess Onyeausi commended the team for their hard work as even though workload has been high there have been no long-term sicknesses during the last financial year. Discussion was had around Equalities, Diversity and Inclusion (EDI) statistics, with 15% of the FGC workforce from Black, Asian and Minority Ethnic backgrounds. The Deputy Commissioner noted that this figure was above the national average, but even so as an Office, we would like to improve on this, particular at SLT level. The Commissioner now leads the work for EDI, with the Director of People and International Programme



Coordinator also taking responsibility for areas of the work. The office is under-represented by staff with a disability.

With reference to the EDI policy, Annmarie Thomas has worked with an organisation of a similar size who were focussing on an equality and diversity mindset with a very light touch policy and impact assessment, and she is happy to share that information.

Discussion was had around internal policies and the spreadsheet that is maintained with a Red Amber Green (RAG) system to track when a policy is due for review/update. The Committee advised of the need to ensure that legislative changes are tracked and included, including a number of HR changes this year in particular. Outside of that, not all policies have to be reviewed every year, so the time between review can be extended on some policies. A policy on Artificial Intelligence (AI) is currently in draft.

6.2 Risk register

Following the risk training with TIAA there have been small amendments to the register, but otherwise there have been no other material changes. The Commissioner noted the increased scrutiny of the Act around the 10-year anniversary and during the lead up to the elections, was an increased risk.

There had been more positive conversations with the team around workloads, but not in all areas and this was still an area to keep an eye on.

The Office had launched their new website; the public information area is currently being reviewed to ensure it is up to date and to add in anything that may be missing. In terms of internal policies, a steer from the Committee on which policies should be published publicly and which do not need to would be beneficial.

ACTIONS

- 6.1.1. Annmarie to share previous work on EDI frameworks with the Director of People.
- 6.1.2. The secretariat to include policy document spreadsheet in the July papers.
- 6.1.3. Deputy Commissioner to bring to the July ARAC meeting, an item for discussion on internal policies for publication.

6.3 Risk management policy

The Commissioner noted that the draft policy was sent to the Committee members with a request for advice before being formally approved at SLT. The Chair offered a few comments which she would share over email.

Discussion was had around risk appetite, particularly in relation to reputational damage. Governance is too broadly defined, so it was agreed to split this.

ACTIONS

- 6.3.1 Mair to send suggested additions to the policy to Marie to be included.

- 6.3.2 Marie to re look at the risk levels discussed, then bring back revised policy to July's meeting for information purposes (can be signed off by Derek in the interim).

7. Review of ARAC Terms of Reference

The Committee made the following changes to their Terms of Reference (ToR):

- The ARAC Chair would be appointed by a nomination from the Commissioner, approved by the Committee.
- A quorum was changed from two committee members, to three.
- Clarification that mentoring sessions were unpaid.
- Minor updates to terminology/ job roles
- The proposed amendments to the work programme in the annex were agreed.

The fraud risk register requested by Chair as good practice for Committee to review annually.

The Chair confirmed that the ARAC Annual Report will be written up after this meeting and sent to all to for comment and to sign off. In future years the report will be available for the April meeting of the Committee.

ACTIONS:

- 7.1. Director of Strategic Planning to update the ToR as agreed.
- 7.2 TIAA to send across templates for fraud risk register.
- 7.3 The Chair to write ARAC's Annual Report and circulate to all for comments/sign off.

8. iHASCO training

Natalie Jenkins, People Assistant provided an update on the implementation of the iHasco online Learning Management System (LMS), with the training being rolled out to the team in phases. Once the system has been fully engaged with and feedback collated from the team, the intention is to extend the LMS access to Committee members for training use. This is likely to be in the Autumn.

AoB

There was no AOB and Chair closed this part of the meeting.