

**Future Generations Commissioner for Wales
Audit and Risk Assurance Committee (ARAC)**

Minutes of the meeting held on 28 March 2023

**Held at Tramshed Tech
Unit D, Pendyris St., Cardiff CF11 6BH**

9:30 - 9:50 (closed for Members and auditors) **9:50 - 1:00** (full committee)

Alan Morris	Committee Member [Chair]
Fran Targett	Committee Member
Jonathan Morgan	Committee Member
Jocelyn Davies	Committee Member
Gareth Madge	Committee Member
Derek Walker	Future Generations Commissioner for Wales
Marie Brousseau Navarro	Chief Operating Officer and Deputy Commissioner
Helen Nelson	Corporate Hero [Committee Secretariat]
Lisa Pitt	Head of Finance
Lou Neale	Lead Change Maker People and Culture
Jacob Ellis	Lead Change Maker
Susan Crutcher	Solutions Architect
Lucy Evans	External Auditor Audit Wales
Mike Collier	Internal Auditor TIAA

PART 1 – ASSURANCE

1. Apologies for absence and declarations of interest

Apologies – John Dwight.

Declarations of interest

- Jonathan Morgan noted that this would be his last ARAC meeting as from 1 April he would take over as Chair of the Cwm Taf Morgannwg University Health Board.
- Jocelyn Davies noted that the Committee were due to discuss FGC involvement in Pathway to Board, which her daughter had a management role in.

The Chair noted that the agenda of the meeting today is structured slightly differently, with assurance matters dealt with first (agenda items up to item 7) a short break at which point auditors could leave, and then continuing with advisory matters (agenda items 8-12).

2. Welcome to Derek Walker, new Future Generations Commissioner for Wales

The new Commissioner Derek Walker was welcomed to the meeting.

The Commissioner thanked ARAC and the staff team for the warm welcome, help and support provided over the last few weeks. He felt privileged to be in this position, working with a talented and committed team. He had on his first day, written to all public body chief executives and leaders with an open offer to meet; and he had had a very positive response back. He noted that he had big shoes to fill, but this was a new phase of the Act and a new phase of work for the team. There was an item later on in the agenda to discuss setting new priorities.

He was currently undertaking a series of meetings with leaders of the public bodies and with Welsh ministers. Some key themes are starting to emerge. Public bodies value FGC's expertise and are very supportive of the work. They want more help with 'how' to make change happen and some have said they would welcome more challenge. The confusing range of partnership arrangements is challenging for many organisations. Policy themes that are prominent in conversations include climate change, climate adaptation, the nature crisis, the state of our rivers/waterways, health issues and food policy.

There had been quite a spotlight on the role, as expected.

3. Minutes of last meeting and matters arising

The minutes of the meeting on 25th January were approved as a correct record.

The Chair introduced the written note of the informal discussion that had taken place between ARAC and FGC staff, after the formal meeting in January, which had been circulated by the Corporate Hero. The discussion concerned procurement with some changes made in relation to strengthening procedures agreed because of the discussion. In the interests of transparency, it was agreed to capture a note of the conversation.

Matters Arising:

The action for post-project learning between FGC and Audit Wales, as set out in the minutes of 25th January, had not yet taken place. This is to be picked up by the Commissioner as part of his first meeting with the Auditor General for Wales. Lucy Evans, external auditor noted her agreement with this course of action.

ACTIONS:

- Commissioner to pick up the issues of post-project learning with the Auditor General for Wales
- Commissioner to speak to ARAC Chair in advance of that meeting.

4. Audit

a) Internal audit

Mike Collier TIAA internal auditor reported that the recent Partnerships Audit had received a substantial assurance rating. No issues had been flagged apart from minor recommendations concerning operational effectiveness. The Committee thanked TIAA for their work.

It was confirmed that the proposed Transition Audit had been cancelled and in its place a HR Audit had been initiated on 27th March. The Follow-Up Audit is also taking place in March – both of these will be reported to at the next Committee in July.

A draft audit plan for 2023/24 was discussed.

With regards to the Finance Audit, it was agreed to focus on Budgetary Control this year, and Payroll and expenses in 2024/25. The Committee agreed that ICT Cyber Security Audit should take place in 2023/24 instead of 2025/26 - FGC were currently working towards cyber security accreditation in which the deadline was May 2023. It would be useful to undertake the review once this system was in place and up and running. It was also agreed that a Corporate Governance Audit should take place in 2023/24 period considering one had not taken place in 2022/23.

A query was raised as to the length remaining on the TIAA contract, as it looked like from the draft plan that a new three-year cycle was starting. ARAC asked for this to be clarified.

b) External audit programme

Lucy Evans external auditor from Audit Wales reported that there were delays with the auditing programme for 2023/24, a result of several challenges including the implementation of new standards. There will be an increase in fees in the region of 10-20%. They hoped to be able to share a plan and indication of the fees in the next few weeks.

Given the extensive delays, Jonathan Morgan raised the risk that the audit wouldn't be undertaken in time for the Commissioner to lay their accounts, in the timescale specified in the Well-being of Future Generations Act. A discussion was held on the dates that the Commissioner had to lay their statutory annual reports and accounts. This was confirmed as:

Audit

- 21 (1) The Commissioner must submit the accounts prepared for a financial year to the Auditor General for Wales no later than 31 **August** in the following financial year.
- (2) The Auditor General must –
 - (a) examine, certify and report on accounts submitted under this paragraph, and
 - (b) no later than four months after the accounts are submitted, lay a copy of the certified accounts and the report on them before the National Assembly.
- (3) In examining accounts submitted under this paragraph, the Auditor General must not certify the accounts unless satisfied that the expenditure to which the accounts relate has been incurred lawfully and in accordance with the authority that governs it.

ACTIONS:

- TIAA to make the agreed amends to the plan for 2023/24 and bring to the next Committee meeting in July.
- FGC's Head of Finance Lisa Pitt to clarify with TIAA (and the other Commissioners who are part of the current internal audit arrangement) the length of the contract left to run.
- Lucy Evans, Audit Wales to keep the Head of Finance informed about the timescales for the external audit this year, and fee.
- Head of Finance and FGC's Chief Operating Officer to keep ARAC informed about external audit timescales, in relation to the risk that the work is not done on time.

5. Resourcing and Finance

a) Qtr 4 Outturn report

The Head of Finance presented the end of year outturn report. She noted the improved position in comparison to the same report in Qtr 3. A request had been made to the Welsh Government to carry over the underspent £52,000.

b) Budget Planning 2023-24 (pdf)

In terms of the budget for 2023/24, this was almost finalised; it was noted by the Committee that there was very little uncommitted resource available for project work. What little there was available, was for the Our Future Focus work – the involvement and analysis linked to setting of the Commissioner’s priorities.

Jocelyn Davies noted the risk (which she felt wasn’t reflected in the strategic risk register) of retaining and recruiting staff. So much of the work of FGC is dependent on a small and very committed team, and there are real risks of losing staff which will undermine the Commissioner’s ability to deliver his duties.

Jonathan Morgan raised the issue of why the Future Generations Changemaker event had run over budget. The Corporate Hero reported that this was because:

- Most significantly, communication costs (photography and videography) that were initially agreed to be taken from another budget as they had a longer lifespan, were eventually included in the event budget.
- There were additional costs like *live captioning*, to make the event accessible to members of the hard of hearing community who had booked to attend, which weren’t initially built into the budget.
- To a smaller extent, the large numbers that the event attracted (200 people in person) meant that there were costs associated with 50 more places (food, chair hire etc). The organising team made a conscious decision to make the event as inclusive and accessible to all interested parties.
- Typical consumables needed for an event were found not to be owned by FGC and as a result had to be brought in (like clip boards, lanyards etc). These would have a longer life span and could be used for other FGC events.

This explanation was accepted.

ACTIONS:

- Head of Finance to keep ARAC informed of whether Welsh Government will allow the Commissioner to carry forward the underspent £52,000 into 2023/24.

6. Internal policies

a) Whistleblowing

Lou Neale, Lead Changemaker for People and Culture, introduced the amended Whistle-blowing policy. The Chair clarified that the committee’s role was to “consider and advise” on the policy, rather than sign it off as the agenda suggested.

A number of further amends were requested to help the policy flow between stages 2 and 3. In terms of independence of investigation, a suggestion was made whether a member of another commissioners’ team could potentially play a role, Welsh Government or an independent arbitrator

whose decision would be binding on both parties. ARAC felt that these options warranted further exploration.

b) Procurement

The Head of Finance introduced the amended procurement policy, which now included the suggestion of a *de minimus* level. She noted that she was preparing templates, decision-trees, summary documents and training for the team on the updated policy.

Points of discussion:

- The Commissioner noted that he had asked for this policy to be brought to ARAC as he wanted to suggest additional changes including:
 - i. Double sign-off for authorisation and payment so there were two sets of eyes on every transaction.
 - ii. Streamlining authorisation levels and the scheme of delegation so that they are more consistent.
 - iii. Making sure that the procurement policy linked with the travel policy, as sometimes staff were being signposted to using the procurement policy for booking travel arrangements.
- ARAC members reiterated why they felt that a *de minimus* level was needed because the FGC team were having to go through a formal process for securing three quotes for minor spend, like buying notebooks.
- ARAC members asked that they were provided with the correct version of the Travel and Subsistence Policy, and all given the opportunity to claim expenses, and this was currently varied with some members claiming and some not realising that they could or how to do it.
- All policies should have a date of review on them.
- The Chief Operating Officer tabled a helpful document showing the other internal policies that were currently being reviewed during May and June, including Pay Policy, Health and Safety, Recruitment, Cyber Security and Disciplinary. These would link through to the staff handbook.

ACTIONS:

- Lead Changemaker for People and Culture to look at ARAC's suggestions for the Whistle-blowing policy and bring to a future ARAC meeting.
- Head of Finance and the Commissioner to review the Procurement Policy in line with the changes that were agreed.
- The Head of Finance to finalise the Travel and Subsistence Policy and provide ARAC members with the up-to-date version, along with claims forms for them to claim back expenses incurred as a Committee member.
- Chief Operating Officer to update ARAC members on the other policies being reviewed, at the next meeting.
- Chief Operating Officer to arrange training for staff would be held on Freedom of Information Requests.

7. ARAC Quarterly Report and Summary Risk Register

The Corporate Hero gave an overview of the quarterly report. A mini-Roadmap for the next six months is being developed which will include:

- a) A new training programme for public bodies to improve knowledge, skills and change mindsets about the Act. This will be a chance to extend FGC's support to public bodies and help them further with the 'how.'
- b) A series of policy 'sandpits' to discuss relevant policy topics with experts and uncover solutions or areas for us to prioritise. Possible subjects will be the state of our rivers and food policy. The sessions will inform our future focus and give us a platform to make contributions to live public debates.
- c) The next phase of our international work programme, which will continue to include work to share global good practice with public bodies to support them to implement the WFGA and the sustainable development principle.
- d) The publication of a new toolkit for businesses.
- e) The launch of the Future Generations Leadership Academy 3.0.
- f) Engagement with the people and organisations on the Changemaker 100 to explore how we can continue to work with them and promote their impact. We are also considering whether we make this a regular event (perhaps with a smaller number each year?).
- g) Proactive media work to continue to engage and inform people about the Act and our work.
- h) Work to update FGC's policies and processes and put in place new policies where they are missing. All of this is intended to give staff clarity about how things work and more time for the day job.

The Single Tender Action was agreed. ARAC noted the risk register and the minor changing of phrasing in the strategic risk on "partnerships", to "collaboration".

[The auditors present left the meeting. Short break]

Date of future meetings:

15 July 2023

18-19 October 2023

25 January 2024

17-18 April 2024