ARAC meeting

15 April 2026, Teams

Present:
Members: Mair Gwynant, Chair (MG); Huw Jones (HJ); Nicola Wood (NW)
Staff: Emyr George, Chief Executive/Accounting Officer (EG),
Kirsty Davies, Director of Corporate Services (KD), and Branwen Edwards (BE)
Internal auditors: Anjali Coombes (AC)

1. Welcome and apologies

1.1 MG welcomed all to the meeting. Apologies were received from Gethin Lloyd Evans.

2. Declarations of interest and review Gifts and Hospitality Register

2.1 MG noted that as of 1 April 2026, she has been appointed to the Natural Resources Wales Board.

2.2 All staff members declared a conflict with item 14.

Action: Note MG's appointment on the register of interests.

2.3 The Committee noted the gifts and hospitality register.

3. Review of previous meeting

<u>14 January 2026</u>

3.1 The minutes were accepted as a true and accurate record of discussions.

3.2 KD provided an overview of the outstanding actions.

3.3 The Committee noted the progress made against the actions.

3.4 There were no matters arising from the previous meeting.

4. Remote decision regarding the Ffolio credit

4.1 KD thanked the Committee for their prompt responses and their feedback during the remote decision process.

4.2 KD confirmed that legal clearance had been received for the initial small award, but that Adnodd will not be awarding any further funding to BCW in this way until concerns around potential distortion of the market and subsidy controls have been reviewed and ratified by Darwin Gray.

4.3 It was noted that initial feedback from BCW had been positive, and that a first report is due in April which will provide an indication of the uptake to date.

4.4 EG noted that Adnodd and BCW will be running a competition during the Urdd Eisteddfod week to win credit for a named school on the Ffolio website. This will demonstrate the partnership between the two organisations and to raise awareness of the website and Adnodd's involvement.

4.5 The committee formally noted the remote decision taken on 3 March 2026.

5. Compliance diary

5.1 KD reported that the Company's confirmation statement had been filed on time with Companies House. The Committee noted the actions completed on the compliance diary.

Action: Review and confirm that all matters have been included in the compliance diary.

6. Review Committee's programme of work for 2026-27

6.1 The Committee reviewed and accepted the programme of work for 2026-27, subject to adding the IA annual assurance report to the June meeting.

Action: Include the IA Annual assurance report in the June ARAC meeting alongside the ARAC annual report, presenting both when the external auditors are present.

7. Governance handbook: End of year reporting requirements

Annual accounts

7.1 Following discussions with the Finance Team at Welsh Government (WG), KD confirmed that Adnodd must prepare accounts that are compliant with the requirements of the Companies Act 2006 and the additional reporting and disclosure requirements within the FREM.

7.2 KD noted that she had carried out an audit of the disclosures and reports required. The annual report and accounts for the year ended 31 March 2025 were largely compliant with the requirements, and the additional elements will be included in the next annual report and accounts for the year that ended 31 March 2026.

7.3 Definitive answers from WG were welcomed by the Committee. Members were encouraged that last year's accounts were largely compliant with the requirements.

End-of-Year Cash Balances

7.4 A formal enquiry was made to WG regarding the correct treatment of cash balances at year end. The WG Finance Team have confirmed that the 2% year-end cash tolerance limit refers explicitly to cash in bank on 31 March of any given year.

7.5 To prevent Adnodd from breaching its cash tolerance limit of 2% of total income on 31 March, WG issued Adnodd with an invoice to reclaim a cash sum of £800,000. This will be made available to Adnodd as part of the April Grant in Aid (GiA) drawdown.

7.6 It was noted that further discussions will take place in the new financial year to ensure that Adnodd has the correct level of GiA assigned for the 2026/27 financial year.

Decision: ARAC accepted the changes in the governance handbook and noted the changes in how the 2% at financial year end is calculated.

8. Committee's effectiveness: questionnaire findings

8.1 MG noted that the ARAC Survey 2025-26 indicates strong confidence in the Committee's overall effectiveness.

8.2 The survey highlights upcoming succession risks and the need for enhanced training for new and prospective members to ensure resilience.

8.3 A member noted concern with the low-level remuneration which may impact recruitment to ARAC roles.

8.4 EG noted the wider piece of work by WG to review current rates of pay and diversity of Board across public sector organisations.

Action: Query a review of current rates with the Partnership Team due to the significant increase in budget since Adnodd's inception.

8.5 KD noted that the Board succession action is currently with the Partnership Team and the Public Bodies Unit. Internal work and discussions are ongoing to ensure that Adnodd can inform and support the process once approval has been granted.

Action: Discuss possible options regarding existing Board members to join ARAC with the Board Chair to support board succession transition.

9. Self-assessment model: action plan

9.1 KD provided an overview of the action plan – four actions have been completed and the remaining seven are on track to be completed on time.

9.2 The action to publish Adnodd's Welsh language policy is due this month. The policy is ready and will be published, subject to Board approval at its meeting on 28 April.

Action: Add the SAM action plan to the audit recommendations spreadsheet to monitor progress.

10. Internal audit

Contract management audit report

10.1 AC provided an overview of the contract management audit report. The audit provided 'reasonable assurance'. It was noted that overall, contract management is functioning well, and observations from the report will provide opportunities to strengthen practices.

10.2 KD noted that the findings are fair and that the commissioning model will be reviewed to strengthen Adnodd's approach, building in the formal lessons learned process.

Action: Ensure that all staff undertake the Government college procurement training module.

10.3 ARAC accepted the internal audit report and noted the recommendations - the progress of which will be monitored closely by the Committee.

Internal audit action log

10.4 KD noted that five actions form the governance arrangement audit had been completed, and the actions from the contract management have been added.

10.5 The Committee was assured that the actions from the governance arrangement audit had been completed.

Internal audit plan 2026-27

10.6 AC provided an overview of the paper and noted that the audit plan will focus on the key risks on achieving Adnodd's objectives. She noted that the plan proposes to audit information governance, financial processes, with a third audit conducting an independent review of the recommendations to date.

10.7 Further to queries raised by members in relation to emerging risks, it was agreed that stakeholder engagement and communications should be brought forward to 2026-27.

Decision: The final audit plan for 2026-27 was agreed by the Committee, to conduct three audits within the year: two assurance audits looking at information governance and financial controls and one advisory audit to support the engagement and communications function.

10.8 AC noted her thanks to the team at the end of the first year of internal audit.

11. Risk register

Fraud risk register

11.1 KD noted that following the review by the Committee in January, the internal auditors had also provided feedback on how to further strengthen the Fraud risk register.

11.2 A counter fraud training session has been arranged for staff and Board members on 7 May, and the fraud risk register will be updated following this workshop to reflect all suggestions and feedback received to date.

11.3 The fraud risk register will be presented to the Committee in June for an interim review, as the next full review is not scheduled until January 2027.

Issues log

11.4 KD explained that an issue had been raised with pension contributions during a check of the February payroll. Four employees had been paying the incorrect pension contributions due to issues with calculations in Azets' payroll spreadsheet. The issue has been rectified, and employees informed and supported through the process.

11.5 Azets have now put in place a second line quality assurance payroll check at a higher level and Adnodd has increased the robustness of internal process and checks.

Action: Ensure that employee NIC contributions have not been affected and circulate Civil Service Pension information.

Risk register

11.6 KD noted that the risk register had been refreshed following a full internal review of the existing register.

11.7 KD provided an overview of the new register, which lists 10 risks – five of which have been carried over from the previous register.
Line i - Information (data protection and cyber security) KD gave an update on Cyber security matters and delays previously reported with the HWB team:

- Reaccreditations have been achieved for IASME Level 1 and Cyber Essentials. Assessment for Cyber Essentials Plus is scheduled on Friday 24 April.
- Adnodd on track to achieve IASME Level 2 within the timeframe.
- Discussions ongoing with Hwb in relation to other matters such as data retention.

Action: Review the service team SLA inefficiencies with Hwb and manage the contract accordingly.

11.8 MG reflected that following explanation from the officers that the issue with HWB relates to their capacity to provide IT support services, with assurances given regarding the safety and security of the system itself. Officers also noted that the Hwb Educational Platform used by Adnodd to house its resources is entirely separate. The Chair asked that the team continue to provide assurance to the Committee regarding cybersecurity.
Action: Revisit the detailed risks on the cybersecurity tab.

Line iv - Funding and operating capacity
Action: Consider adding a clause to funding letters regarding Adnodd funding for multi-year contracts being subject to receiving WG funding in subsequent years.
Action: Schedule a discussion on multiyear commissions at a future meeting when reviewing commissioning contract processes, and the implications on Adnodd more generally

11.9 The refreshed risk register and assurance provided for lines i. and iii. was noted by ARAC. The Committee welcomed the refreshed risks on the risk register and will schedule deep dives into the individual risks in due course.

Action: Review the timescale and scores within the risk register.

12. Review risk management policy

12.1 KD confirmed that the recommendations from the internal auditors have been reflected in the revised policy.

Decision: ARAC agreed to recommend the policy to the Board for approval.