



Llywodraeth Cymru
Welsh Government

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Adroddiad y Gwasanaeth Archwilio Mewnol Internal Audit Service Report

National Infrastructure Commission for Wales

Local Government, Housing, Climate
Change & Rural Affairs Group /
Economy, Energy & Transport Group

January 2025

File Ref: qA2152582
Report No: 529: 24/25

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Proffesiynol ac Egwyddorol
Professional and Principled

Adeiladol ac Ymarferol
Constructive and Practical

Hyblyg ac Ymatebol
Flexible and Responsive

Strategol ac Integredig
Strategic and Integrated

Cefnogol ond heriol
Supportive but Challenging

National Infrastructure Commission for Wales – January 2025

Chwmpas / Scope

Commission effectiveness, dynamics and functioning, including;

- ✓ Consideration of the case for extending the term of appointment for Commissioners.
- ✓ Assessment of the merit in requiring the Commission to undertake a national infrastructure assessment.

Governance arrangements, including;

- ✓ Evaluation of the Commission's status, remit and objectives
- ✓ Timeframe for Welsh Government response to Commission reports

Sicrwydd / Assurance



Sicrwydd Rhesymol / Reasonable Assurance that governance, risk management and control processes are suitably designed and applied effectively. Some matters require attention with moderate risk exposure until resolved.

Arsylwadau / Observations



0
Fundamental

6
Significant

0
Merits Attention

- ✗ 'Strategic Approach' does not define the strategy for achieving success factors or targets to allow evaluation of performance.
- ✗ There are no performance metrics to support performance updates.
- ✗ There are no lessons learnt exercises on Commission reporting.
- ✗ Risk management arrangements require enhancement.
- ✗ There are no terms of reference to support Commissioner meetings.
- ✗ Verbal updates at meetings impact on robust scrutiny and challenge.

Cefndir / Background

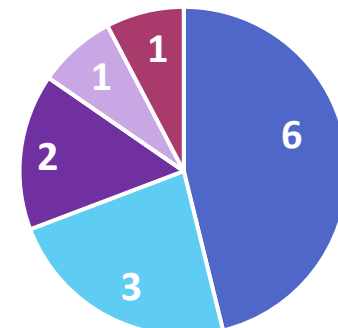
- The National Infrastructure Commission for Wales (the Commission) was set up in 2018 as an independent, non-statutory, advisory panel to Welsh Ministers. Its remit is to assess the economic and environmental infrastructure needs of Wales over the next 5 – 80 years.
- The current Commission was appointed for a three-year term (although this has since been extended) and is comprised of eight Commissioners supported by Government officials.
- The Commission's Remit Letter was issued in April 2022 and is supported by the Commission Terms of Reference, which confirm the requirement for a comprehensive review of the Commission's status, remit and objectives at least once every five years.
- The Climate Change, Environment and Infrastructure Committee undertakes annual scrutiny of the Commission. Recommendations from the Committee's 2023 scrutiny report are addressed in Appendix A.
- The review methodology, together with a summary of external stakeholder questionnaire responses, is included at Appendix B.
- The review Terms of Reference and Audit Definitions are included at Appendix C.

Cryfderau / Strengths

- ✓ Structural changes made since the first Commission have been effective, with cultural issues inherent in the previous Commission being recognised and addressed.
- ✓ Succession Planning has been considered appropriately in the work of the Commission.
- ✓ Commission membership is diverse, and Commission Values have been defined.
- ✓ The Remit Letter provides a clear steer for Commissioners across the term of government.
- ✓ Terms of Reference to support the wider Commission provide clarity about role and purpose.
- ✓ Commissioners have been proactive in their approach, including agreement for a mini national infrastructure assessment and extending the term of office of Commissioners.
- ✓ Declarations of interest are considered and managed appropriately. The 'New Declarations of Interest Form' is included as a meeting agenda link.

Themâu / Themes

- Planning
- Delivery & Review
- People & Culture
- Financial & Asset Management
- Regulatory Compliance
- Information Management



Cynllun Gweithredu / Action Plan

All the observations made by IAS are accepted by Management and IAS is content with the proposed remedial action(s) and implementation date(s), except where stated otherwise. Group Operations will monitor and report progress to the relevant Audit & Risk Assurance Committee(s).

Sylw / Observation	Risg & Effaith / Risk & Impact	Gweithred / Action
Arwyddocaol / Significant		
<p>1. Strategy</p> <p>The Commission has recently developed a light touch ‘Strategic Approach’ document, which summarises its activities and ‘success factors’ for monitoring the impact of the Commission. These have been derived from the Terms of Reference, Remit Letter and Commissioner ‘Values’ and expectations.</p> <p>Whilst the ‘Strategic Approach’ document includes success factors with some narrative based metrics, it does not define the strategy for ensuring the achievement of these success factors or include ‘targets’ to allow the ‘Signs of Success’ to be evaluated effectively.</p>	<p>Without an appropriate ‘route plan’ to achieve strategic success factors and without clearly defined future goals, supported by metrics, it may be difficult to translate the Commission’s strategy into clear actions and to understand when success has been achieved.</p> <p>THEMES: Planning Delivery & Review</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>The Secretariat will work with the Commission to re-examine the Strategic Approach to outline how success factors will be achieved and to develop targets or indicators to evaluate the ‘signs of success’</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 31 August 2025</p>
<p>2. Performance Reporting</p> <p>The Commission’s Annual Report includes an assessment of summary performance against desired outcomes, alongside a review of the year and an update on the Commission’s work programme.</p> <p>Whilst performance reporting is in place and scrutiny of performance is ensured through the Senedd Climate Change, Environment and Infrastructure Committee, there are no performance metrics / measures to support the narrative performance updates.</p>	<p>Whilst narrative performance updates provide clarity and context, without appropriate performance measures it is difficult to assess the performance ‘gap’ between current and target performance.</p> <p>THEMES: Planning Delivery & Review</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>The Secretariat will develop performance metrics to be included in the new remit for NICW. These will be required to be reported on in future NICW annual reports.</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 31 March 2026</p>

Cynllun Gweithredu / Action Plan

All the observations made by IAS are accepted by Management and IAS is content with the proposed remedial action(s) and implementation date(s), except where stated otherwise. Group Operations will monitor and report progress to the relevant Audit & Risk Assurance Committee(s).

Sylw / Observation	Risg & Effaith / Risk & Impact	Gweithred / Action
Arwyddocaol / Significant		
<p>3. Lessons Learnt</p> <p>Anecdotal evidence suggests the Welsh Government response to the 2024 Flooding Report has been more positive than the response to the 2023 Renewable Energy Report. Discussions with Commissioners indicated changes were made in the approach to the development and launch of the Flood Report to ensure it had greater impact. Whilst annual reflection days are held to consider progress, lessons learnt and areas of good practice, no formal lessons learnt exercise has been undertaken to capture good practice or areas for development to ensure continuous improvement and achieve maximum engagement with reports and the issues they cover.</p>	<p>Failure to complete a lessons learnt exercise represents a missed opportunity to improve understanding and delivery and to inform future activities.</p> <p>THEMES: Planning People & Culture</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>The Secretariat will work with NICW to facilitate lessons learnt discussions which are captured and used to improve future work projects. The ending of the Commission’s current work programme enables an opportunity for a reflection on the past three years which will be recorded and used for the next NICW term.</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 31 December 2025</p>
<p>4. Risk Management</p> <p>Whilst a live link to the Risk Register is provided as part of the agenda for Commissioner meetings, there is no evidence in the minutes of robust review, discussion or update of risks. In addition, the Risk Register does not include several key fields, specifically;</p> <ul style="list-style-type: none"> • Nominated risk owner, to confirm accountability for risk mitigation and management. • Target dates for further actions needed and responsibility for additional controls required. • Date of most recent update (version control). • A target risk or acceptable risk score, to indicate the Commissioner’s expectations and whether there is a need for further mitigation of identified risks and additional control measures to be implemented, depending on the acceptability of the assessed level of residual risk after [actual] mitigations and controls are taken into account. 	<p>Insufficient information in the Risk Register to assess whether risks are being managed to acceptable/appropriate levels may impact the effectiveness of the risk management process and oversight of risk and leave the Commission over-exposed.</p> <p>THEMES: Planning Regulatory Compliance</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>The Secretariat will work with the NICW Chair to further develop the NICW Risk Register with the aim of making the improvements suggested by the review.</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 28 February 2025</p>

Cynllun Gweithredu / Action Plan

All the observations made by IAS are accepted by Management and IAS is content with the proposed remedial action(s) and implementation date(s), except where stated otherwise. Group Operations will monitor and report progress to the relevant Audit & Risk Assurance Committee(s).

Sylw / Observation	Risg & Effaith / Risk & Impact	Gweithred / Action
Arwyddocaol / Significant		
<p>5. Terms of Reference</p> <p>Whilst Terms of Reference are in place for the wider Commission, aligned with the Term of Government Remit Letter, there are no Terms of Reference to support Commissioner Meetings.</p>	<p>Without Terms of Reference supporting Commissioner meetings there may be uncertainty about the functioning of meetings, specifically about any required quorum for decision making or parameters against which decisions should be evaluated.</p> <p>THEMES: Planning People & Culture</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>The Secretariat will work with NICW to develop specific terms of reference for NICW meetings.</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 28 February 2025</p>
<p>6. Board Papers</p> <p>Work programme / project updates are included as a standing agenda item at each Commissioner meeting.</p> <p>Whilst it is acknowledged the Commissioners are in frequent communication outside formal monthly meetings (seeking views on papers, work scopes, draft outputs, etc.) and the Secretariat's Report to each Commissioner meeting provides a summary of work updates, Board Papers are not provided in advance of meetings to support the 'work programme' / 'project update' substantive agenda items, with detailed updates being provided verbally at meetings.</p>	<p>Without supporting board papers, issued in advance of Commissioner meetings, the opportunity for robust review, scrutiny and challenge by other Commissioners is limited.</p> <p>THEMES: Planning Delivery & Review Information Management</p>	<p>ACCEPTED</p> <p>MANAGEMENT ACTIONS:</p> <p>Board papers are currently issued a week in advance to all Commissioners. The NICW Secretariat will look to expand the information in the Secretariat Report, developing a page for each project, to provide more comprehensive updates on each major piece of the NICW work programme.</p> <p>OWNER: NICW Secretariat</p> <p>TARGET DATE: 28 February 2025</p>

Consideration of Commission Status, Remit & Objectives

The Senedd Climate Change, Environment and Infrastructure Committee report 'Annual Scrutiny of the National Infrastructure Commission for Wales: 2023' includes the expectation its recommendations are used to inform the internal audit review of the National Infrastructure Commission for Wales. Specifically:

- The Welsh Government must deliver on its commitment to undertake a comprehensive review of the Commission's status, role / remit and objectives before the end of 2024. We expect the Welsh Government to consult the various infrastructure sectors and other relevant stakeholders to inform the review
- As part of the Welsh Government's review of the Commission's status role /remit and objectives, it should consider the case for extending the term of appointment for Commissioners so that it is better aligned with those of other public appointees.
- The Welsh Government must review its timeframe for responding to the Commission's reports. It should consider adopting a response time of between 6 weeks and 3 months, so that it is more aligned with the response time for reports by Senedd committees and the Independent Environmental Protection Assessor for Wales.
- As part of the comprehensive review of the Commission's status, remit and objectives, the Welsh Government should consider whether there is merit in requiring the Commission to undertake a national infrastructure assessment (comparable to that of the assessments undertaken by the UK National Infrastructure Commission).

Each recommendation has been considered below.

Committee Recommendation: The Welsh Government must deliver on its commitment to undertake a comprehensive review of the Commission's status, role / remit and objectives before the end of 2024. We expect the Welsh Government to consult the various infrastructure sectors and other relevant stakeholders to inform the review.

a. Commission Status

The National Infrastructure Commission for Wales (the Commission) was established in 2018 as an independent, non-statutory advisory body to the Welsh Ministers. The Commission is the only Infrastructure Commission globally that is a non-statutory body. The Commission is funded annually on a project basis (funding has not been agreed for the full term of the Commission), with the Commission considered to be a 'budget pressure' within the LGHCCRA Group. Review of the Welsh Government Register of Devolved Public Bodies confirms the Commission is the only Welsh Government devolved Advisory Panel which is non-statutory.

A statutory body has specific powers and responsibilities as defined in legislation, which outline its structure, functions and authority. Whilst the non-statutory nature of the Commission brings continued uncertainty about funding, the Commissioners consider their status as a non-statutory body allows them to be more independent and flexible in the delivery of outputs, without the constraints imposed by Welsh Government processes, procedures and systems.

Whilst the Commission is delivering outputs in accordance with its Remit Letter, there is likely to be limited value in recommending significant changes to the Commission's status. However, consideration could be given to agreeing Commission funding for the term of government to ensure alignment with the Remit Letter.

Consideration of Commission Status, Remit & Objectives

Consideration of Commission Status, Remit & Objectives

b. Commission Remit and Objectives

The National Infrastructure Commission for Wales Remit Letter is dated April 2022, issued by the Deputy Minister for Climate Change, and covers the current Senedd term (2021 to 2026). The Remit letter references the Welsh Government Wellbeing Objectives and the Wellbeing of Future Generations (Wales) Act and provides focus for Commissioners. The Remit Letter requires the Commission to report on Renewable Energy and Flooding and Climate Change Resilience in years 1 and 2. The content of the Remit Letter is reflected in the Commission Terms of Reference. The Remit Letter provides a clear steer from Welsh Government and drives the work programme of the Commission.

Responses to questionnaires issued to infrastructure sectors and wider external stakeholders (34% completion rate) indicate consensus that the Commission:

- is focused on Wales' most pressing infrastructure challenges (81%);
- works in an open, transparent and collaborative way to identify Wales' future infrastructure needs (89%);
- addresses the nature and climate emergencies, Wales' decarbonisation targets and the goals of the Wellbeing of Future Generations Act (85%);
- is transparent and consultative, supported by wide engagement and consensus for its recommendations (81%).

Based on review of the Remit Letter, discussions with Commissioners and consideration of stakeholder questionnaire responses, the Commission's remit appears to be focused appropriately, supporting effective delivery of agreed objectives.

Consideration of Commission Status, Remit & Objectives

Consideration of Commission Status, Remit & Objectives

Committee Recommendation: As part of the Welsh Government's review of the Commission's status role /remit and objectives, it should consider the case for extending the term of appointment for Commissioners so that it is better aligned with those of other public appointees.

c. Commissioner Term of Appointment:

Wales has four Commissioners appointed by the First Minister (FM). All are appointed on a fixed seven-year term, have statutory powers and have formalised funding and governance arrangements. As a non-statutory advisory body, the National Infrastructure Commission for Wales does not have the same funding or governance arrangements, with a standard term of office of 3 years (although this has been extended for the current Commission to allow completion of the 24/25 Year 3 project).

When benchmarking against Welsh Government devolved public bodies established as Advisory Bodies / Advisory Panels, whilst these bodies have shorter terms of office than FM appointed Commissioners, some have an option for a second term of office.

Agricultural Advisory Panel for Wales (23/24) - Advisory Panel (statutory)	4 years + 4 years
Creative Skills Advisory Panel - Advisory Group	3 years
Independent Remuneration Panel for Wales - Advisory Committee (statutory)	Up to 4 years
Welsh Industrial Development Advisory Board - Advisory Body (statutory)	3 years + 3 years

Commissioners have discussed the scope for extending Commissioners' appointments to two terms (3 years + 3 years). This would support ongoing succession planning and ensure continuity of experience and skills.

Whilst it seems reasonable to extend the period of office, we would suggest any change to Commissioner Terms of Appointment are supported by strengthened performance management arrangements, with annual assessments linked to individual Commissioner performance objectives linked to the refreshed strategy, with skill gaps and training needs identified and supported by a formal programme of training.

Consideration of Commission Status, Remit & Objectives

Consideration of Commission Status, Remit & Objectives

Committee Recommendation: The Welsh Government must review its timeframe for responding to the Commission’s reports. It should consider adopting a response time of between 6 weeks and 3 months, so that it is more aligned with the response time for reports by Senedd committees and the Independent Environmental Protection Assessor for Wales.

d. Timeframes for Welsh Government Responses to Commission Reports:

The Commission’s Terms of Reference confirm the Welsh Government is committed to;

- “formally responding to the Commission’s reports, stating clearly whether the government accepts or rejects the recommendations;
- giving reasons where it disagrees with the Commission’s recommendations and, where appropriate, presenting an alternative proposal for meeting the identified need;
- responding as soon as practicable, which should mean within 6 months in the vast majority of cases and never longer than a year”.

As previously highlighted, anecdotal evidence suggests the Welsh Government response to the 2024 Flooding Report has been more positive than the response to the 2023 Renewable Energy Report. Discussions with Commissioners indicated changes were made in the approach to the development and launch of the Flood Report to ensure it had greater impact. Discussion with the Secretariat has also suggested a cultural element to the acceptance of external recommendations by individuals and divisions within Welsh Government, exacerbated by the maturity and resources of the respective teams.

Discussion with Year 1 and Year 2 report recipients has indicated required timescales for Government response would be dependent on the number of report recommendations, the extent to which the recommendations were ‘exceptional’ and the extent of advance notice of report publication (allowing response times to be scheduled into work plans). There was consensus across report recipients that response timeframes of 6 to 12 months are too long and may impact the relevance of report recommendations.

The Senedd Committee’s recommendation for a response time of between 6 weeks and 3 months is not unreasonable but the most workable approach might be for the response deadline to be discussed with the relevant Welsh Government teams on an individual report basis, to allow clarity at report publication date of the expected response date and any circumstances which would justify and support the expected response date being extended. Notifying teams of report publication dates well in advance of report launch will also allow appropriate time to be scheduled in diaries and support report responses within shorter timescales.

Consideration of Commission Status, Remit & Objectives

Consideration of Commission Status, Remit & Objectives

Committee Recommendation: As part of the comprehensive review of the Commission's status, remit and objectives, the Welsh Government should consider whether there is merit in requiring the Commission to undertake a national infrastructure assessment (comparable to that of the assessments undertaken by the UK National Infrastructure Commission).

e. National Infrastructure Assessment:

A UK National Infrastructure Assessment is carried out once in every UK Parliament, setting out the UK Commission's assessment of long-term infrastructure needs, with recommendations to the UK Government. The National Infrastructure Commission (UK) carried out their second National Infrastructure Assessment in October 2023. Whilst the costs of carrying out the National Infrastructure Assessment (NIA2) are not publicly available, the NIA2 does confirm Commissioners and Chief Executives held over 130 hours of face-to-face meetings with Ministers, government officials and political and industry leaders. In addition, over 500 hours of face-to-face meetings took place with stakeholders across the various infrastructure sectors. The Chair of the National Infrastructure Commission for Wales has also discussed Infrastructure Assessments with counterparts in the New Zealand Infrastructure Commission (population comparable in size to Wales) who confirmed the cost of carrying out their comprehensive Infrastructure Assessment was in the region of £2.5m.

In the absence of a National Infrastructure Assessment, Welsh Government receive assurances around devolved infrastructure sectors from relevant policy areas. In addition, an assessment of risks that have the potential to compromise Critical National Infrastructure (CNI), Significant Local Infrastructure (SLI) and supply chain resilience in Wales, forms an integral part of the Welsh Government's strengthened approach to risk assessment. Having been finalised in November 2024, a new Wales risk register sits alongside a number of new risk management products developed by the Welsh Government to support statutory emergency preparedness work undertaken by Category 1 responders as set out in the Civil Contingencies Act 2004. Working in conjunction with UK Government departments and agencies, such as the National Protective Security Authority (NPSA) and National Cyber Security Centre (NCSC), the Welsh Government monitors risks to Wales' infrastructure and supply chains and provides specific support to help address vulnerabilities.

The Senedd Committee has recognised it would be unreasonable to expect the current Commission to carry out a National Infrastructure Assessment given the constraints within which it is operating. In the current financial climate, there is unlikely to be appetite for a comprehensive Infrastructure Assessment for Wales; any such decision would require considerable additional resource and would need to be considered alongside structural changes to the Commissions' status and remit. Recognising this, the Commission is in the process of planning a mini-infrastructure assessment for 2025/26 built on work already undertaken by the Commission and work scheduled for Year 3 of the Commission. The 'mini' Infrastructure Assessment is a pragmatic solution in the interim, with the outcomes used as a basis for determining if a larger exercise would be appropriate and provide value for money for the Welsh Government.

Following the publication of the Commissions mini-infrastructure assessment (currently anticipated in March 2026), we would advise a formal exercise is carried out by the LGH&CCRA Group to ensure a robust understanding of the costs and benefits of a full National Infrastructure Assessment and to assess whether this offers value for Welsh Government.

National Infrastructure Commission for Wales

Methodoleg Adolygu / Review Methodology

Review Methodology

The Commission's Remit Letter was issued in April 2022 and is supported by the Commission Terms of Reference, which confirm the requirement for a comprehensive review of the Commission's status, remit and objectives at least once every 5 years.

The Climate Change, Environment and Infrastructure Committee undertakes annual scrutiny of the Commission. Recommendations from the Committee's 2023 scrutiny report, in relation to the review of the Commission's status, remit and objectives, confirmed expectations that;

- The recommendations in the scrutiny report will be used to inform the internal audit review.
- Consultation would take place with the various infrastructure sectors and other relevant stakeholders.

The 2023 Scrutiny Report can be found at: <https://senedd.wales>.

A systematic review and evaluation of the Commission was undertaken through:

- ✓ Evaluation of responses to confidential online questionnaires issued to Commissioners, providing scored and narrative responses to a series of statements.
- ✓ Evaluation of responses to confidential online questionnaires issued to representatives from various infrastructure sectors and wider stakeholders, providing scored and narrative responses to statements around the effectiveness of the Commission.
- ✓ Open and productive confidential interviews with 4 selected Commissioners.
- ✓ Confidential interviews with 2 stakeholders who had not returned a completed questionnaire.
- ✓ Observation of the Commission's July 2024 meeting.
- ✓ Discussion with the Welsh Government Secretariat.
- ✓ Benchmarking against Welsh public bodies established as Advisory Panels / Advisory Groups.
- ✓ Examination of evidence supporting the governance arrangements in place within the Commission (terms of reference; board papers, risk registers; performance reports).
- ✓ Consideration of the specific issues raised by the Climate Change, Environment and Infrastructure Committee around the Commission's status, remit and objectives; Commissioner term of appointment; timeframes for Welsh Government Responses to Commission Reports and the merits of carrying out a National Infrastructure Assessment.

National Infrastructure Commission for Wales

Methodoleg Adolygu / Review Methodology (cont.)

External Stakeholder Questionnaires

- Questionnaires were issued to all 8 x Commissioners, with a 100% completion rate.
- Questionnaire were issued to 79 x infrastructure representatives and external stakeholders, with a 38% response rate / 34% completion rate.
- Responses to the external questionnaires, together with a list of those organisations who responded, are detailed below.

1 = Strongly Disagree 2 = Partly Disagree 3 = Neither Agree nor Disagree 4 = Partly Agree 5 = Strongly Agree DK= Don't Know

		1	2	3	4	5	DK
1	The work undertaken by the National Infrastructure Commission for Wales (NICW) is focused on Wales' most pressing infrastructure challenges.			3	9	13	2
2	NICW works in an open, transparent and collaborative way to identify Wales' future infrastructure needs.		1	1	10	14	1
3	NICW engages stakeholders, including the public, to promote its work and gather a wide range of views on future infrastructure.			1	10	13	3
4	NICW seeks to be transparent and consultative in its work, engaging widely and building consensus for its recommendations.			3	8	14	2
5	The work carried out by NICW appropriately addresses the nature and climate emergencies; Wales' decarbonisation targets and the goals of the Wellbeing of Future Generations Act.		1	1	9	14	2
6	NICW considers the impact future technological and other change may have on infrastructure needs and solutions.			5	10	10	2
7	NICW recommendations are clearly prioritised and underpinned by a robust evidence base.			3	11	12	1
8	NICW has appropriate regard to the trade-off between maintaining and maximising the potential of existing infrastructure assets and the opportunities arising from new infrastructure.		1	4	11	6	5
9	NICW takes account of the likely scale of costs associated with its recommendations and ensure that there is a realistic prospect of its recommendations being accommodated.	1	1	3	12	4	6
10	Welsh Government responses to NICW Reports are timely and robust and address all recommendations made.		1	7	7	1	11
11	There are clear linkages between NICW recommendations and the Welsh Government policy decisions around longer-term infrastructure objectives.		2	7	8	3	7

National Infrastructure Commission for Wales

Methodoleg Adolygu / Review Methodology (cont.)

External Stakeholder Questionnaires (cont.)

Completed questionnaires were received from the following organisations / bodies:

Design Commission for Wales	Wales and West Utilities	Conwy CBC
Welsh Government	Western Power Distribution	Met Office
Menter Mon	Trydan Gwyrdd Cymru	Cardiff University
Renewables UK Cymru	Cynnal Cymru	Future Generations Commission
Institute of Civil Engineers	Cardiff Council	Institute of Civil Engineers
SP Energy Networks	Flood & Coastal Erosion Committee	IWA
Mace	WLGA	Learning & Work Institute
Arup	Miller Research	JBA Consulting

National Infrastructure Commission for Wales

Adolygu Cylch Gorchwyl a Diffiniadau Archwilio/ Review Terms of Reference & Audit Definitions

Review Terms of Reference

Objective of the Review:

The objective of the review was to provide assurance to Management, the NICW Commissioners and the Senedd around the Commissions status, remit and objectives.

Description of the System / Area being Reviewed:

The NICW is a non-statutory, advisory panel. Its remit is to assess the economic and environmental infrastructure needs of Wales over the next 5 – 80 years. The NICW conduct studies into Wales' most pressing infrastructure challenges making recommendations to the Welsh Government. The NICW Terms of Reference require a comprehensive review of its status, remit and objectives at least once every 5 years, with the date of the first review being no later than 2024.

Review Scope:

A comprehensive review of the NICW was undertaken, with focus on:

- Commission effectiveness, dynamics and functioning, including;
 - ✓ Consideration of the case for extending the term of appointment for Commissioners.
 - ✓ Assessment of the merit in requiring the Commission to undertake a national infrastructure assessment.
- Governance arrangements, including;
 - ✓ Evaluation of the Commissions status, remit and objectives.
 - ✓ Timeframes for the WG response to Commission reports.

Review Approach:

A systematic review and evaluation of the Commission was undertaken through;

- Use of a confidential online questionnaire, completed by Commissioners and wider stakeholders;
- Confidential interviews with selected Commissioners / stakeholders;
- Consultation with various infrastructure sectors and other relevant stakeholders;
- Observation of Commission meetings;
- Benchmarking against similar organisations;
- Examination of evidence supporting the activities of the Commission (remit; terms of reference; agenda packs; performance reports; self-assessments; risk registers, etc.).

Our observations focus on the extent to which the NICW has demonstrated its effectiveness and the adequacy of its governance arrangements.

National Infrastructure Commission for Wales

Adolygu Cylch Gorchwyl a Diffiniadau Archwilio/ Review Terms of Reference & Audit Definitions (cont.)

Audit Definitions

ASSURANCE CLASSIFICATIONS

Category	Definition
Substantial	Substantial assurance that governance, risk management and control processes are suitably designed and applied effectively. Either no, or very minor, matters exist with low-risk exposure which may not need to be resolved.
Reasonable	Reasonable assurance that governance, risk management and control processes are suitably designed and applied effectively. Some matters require attention with moderate risk exposure until resolved.
Limited	Limited assurance that governance, risk management and control processes are suitably designed and applied effectively. Some significant matters require attention with moderate to high-risk exposure until resolved.
None	No assurance that governance, risk management and control processes are suitably designed and applied effectively. Urgent action is required to address the control framework with high residual risk exposure until resolved.

OBSERVATION CLASSIFICATIONS

Category	Definition
Fundamental	A weakness of control where there is a serious failure or absence of key internal controls and/or leadership. This could lead to a substantial loss of resources, a failure to comply with legislation or policy, fraud, impropriety, poor value for money or a failure to achieve Departmental objectives. Immediate remedial action is required.
Significant	A weakness of control which, though not fundamental, could expose the system to level of significant risk. Such a risk could impact on the operational objectives of the Department and should be a concern to senior management. Requires remedial action as soon as possible.
Merits Attention	Areas that individually have no major impact but where management would benefit from improved control and/or have the opportunity to achieve greater effectiveness and/or efficiency.