

AUDIT & RISK COMMITTEE

Minutes of Meeting on Wednesday 14 January 2015 @10.30am

Present:

Richard Buchanan **RB** (Chair)
Patrick Farry **PF** (Member)
Mary Mclvor **MMI** (Member)

In Attendance:

Linda Mervyn **LM** (OFMDFM)
Julie Shirlow **JS** (OFMDFM)
Brian Clerkin **BC** (Head of Internal Audit)
Christine Burns **CB** (NIAO)
John Beggs, Secretary to the Commission **JB** (CVSNI)
Craig Gartley, Head of Corporate Services **CG** (CVSNI)
Marie Neill, Finance Assets & Premises Officer **MN** (Minutes)

1. Introduction and Apologies

- 1.1. The **Chair (RB)** welcomed everyone to the meeting and in particular Mary Mclvor as the new Committee Member..
- 1.2. Christine Burns(**CB**) explained that as a result of the reorganisation of responsibilities in NIAO she would replace Collette Kane (**CK**) as a representative on the Committee.

2. Register of Interests / Contractor-Supplier List

- 2.1. There were no conflicts noted.

3. Minutes of meeting on 8 October 2014

- 3.1. The minutes were agreed by all. **RB** appropriately approved the minutes.

4. Update – Accounting Officer

Budget

- 4.1. **JB** noted the final resource budget for 2014/15 of £957K, following budget cuts of 7.4% on the original 2014/15 budget which had been applied in year and highlighted the fact that staff vacancies, including that of Commissioner, had enabled the Commission to absorb the cuts this year.

- 4.2. It had been noted that a bid for £9,000 for capital expenditure in the October Monitoring Round had been approved. This was for IT equipment which had already been purchased by the Commission without capital budget cover, however, this expenditure had now been regularised.
- 4.3. **JB** advised he anticipated the Commission would come in on target and within the 1.5% tolerance limit for the 2014/15 year.
- 4.4. **JB** advised of anticipated £20K under spend in salaries mainly due to ongoing vacancies including that of Commissioner. This would be utilised to assist the Victims and Survivors Service (VSS) in the procurement of a Management Information System Officer.

Update on Business Cases and Procurement & Direct Award Contracts

- 4.5. **RB** questioned the projected spend of £16K on the Follow Up Assessment of VSS as the Business Case approval was for £10K.
- 4.6. **JB** advised that follow up work was planned as support is required to assist with the implementation of Independent Assessment recommendations and a new Business Case would be completed to cover the additional costs before procuring the services.
- 4.7. **MMI** queried the delegated approval limits for SMT. For the purposes of clarity it was agreed that the schedule would be amended to show "Approved by **AO**" instead of "Approved at SMT".

ACTION: SECRETARIAT

Corporate Plan and Business Plan

- 4.8. It was noted that both documents were last reviewed by SMT on 15 December 2014
- 4.9. **JB** noted that the two key actions with Red/Amber status were as a result of being unable to meet the key output of the forum producing advice to the Commissioner by the end of January 2015 and also due to the delay for completion of RSM research.
- 4.10. It was agreed that the RAG status for the delivery of advice to Ministers should be amended as these key actions will be non-deliverable without a Commissioner in post.
- 4.11. It was also noted that the expected budget reduction between 10% - 15% for 2015/16 was yet to be confirmed. Draft 2015/16 Business plan in place however an issue surrounds approval due to the fact of having no Commissioner/Board in place, **JB** has sought legal advice in relation to this matter and will then correspond with the Department to obtain the necessary confirmation that they are content to proceed on whichever basis is advised.

ACTION: SECRETARIAT

Risk Management

- 4.12. It was noted that the Commission had corresponded with the Department on the status of risks. Discussion deferred until Item 7.

Internal Audit Contract

- 4.13. It was noted that the Commission appointed ASM Ltd as the service provider from 23 October 2014 until 31 March 2017.
- 4.14. It was noted that fieldwork for reviews on Communications and Payroll were scheduled to take place at the end of January 2015.

Audit and Risk Committee Membership

- 4.15. The Committee welcomed Mary McIvor as a new member who has been appointed for a period of 11 months from 1 January 2015 until 30 November 2015.
- 4.16. **RB** noted that induction with **MMI** had been completed and if any additional information required **MMI** is to advise.

Review of the Commission

- 4.17. The next triennial review of the Commission was planned for 2014/15, however, it is anticipated this will not take place until a new Commissioner has been appointed.

Update on Recommendations from Internal Audit & NIAO

- 4.18. CG provided updated on current recommendations.
- 4.19. It was noted that the recommendations have been implemented/accepted and will be monitored on an ongoing basis.

HR

- 4.20. The recruitment process to appoint a new Commissioner was currently under review by the department. **LM** advised that the officials were meeting with Minister's Special Advisers this week to discuss options available and would update the Commission further in due course. **JB** to correspond with the Department and keep the ARC informed.

ACTION: JB

DAO Guidance

- 4.21. DAO FD (DFP) 12/14 Government Financial Reporting Manual (FReM) 2014/15 was noted.
- 4.22. **CB** highlighted whilst there were no significant amendments to report that she would liaise with **CG** to discuss any key issues.

5. Internal Audit

- 5.1. The two year audit plan was discussed in detail. **RB** questioned the timing of the Corporate Governance Review. Due to the ongoing absence of Commissioner the ARC would want to seek assurance in relation to the operation of the current interim governance arrangements. **JB** agreed that the Corporate Governance review should be brought forward to the start of 2015/16. **BC** to take forward for review in the first quarter of 2015/16.
- 5.2. **JB** noted that the preparation of Annual Report and Accounts would be undertaken in house by **CG**.
- 5.3. **PF** advised that the Financial Reporting and Budgetary Control review should be brought forward to 2015/16 to audit the transition to in-house accounts.
- 5.4. It was agreed that Work Programme Performance Management, Programme/Project Management and Complaints and FOI handling be put back for review until 2016/17.
- 5.5. The proposed strategy for the two year period beginning 2015/16 was approved subject to required amendments. **BC** to revise internal audit

strategy to take account of amendments. Revised strategy to be circulated to ARC members.

ACTION: BC/ SECRETARIAT

- 5.6. **MMI** queried the current reporting process given the interim governance arrangements. **JB** confirmed that the Commission was still presenting advice and reports to the Department. However, due to the lack of a Commissioner such reports could not be submitted directly to Ministers. **LM** confirmed reports had been received and forwarded to Special Advisors to raise with Ministers.

6. Risk Register

- 6.1. **JB** presented the Risk Register for December 2014. The Risk Register was subsequently approved subject to the outlined amendments being made.
- 6.2. **RB** questioned the amendment of the wording on current issues to be noted under CR1 due to the reported progress of the VSS against the Independent Assessments recommendations.
- 6.3. **JB** agreed to update in light of both RSM research and follow up reviews being completed in December 2014.

ACTION: SECRETARIAT

- 6.4. **JB** advised that the current lease with NIJAC for Head Line Building was due to expire at the end of May 2015.
- 6.5. **CG** advised that significant savings could be made if the Commission was to move to alternative accommodation for example in Equality House. A Business case has been drafted to assess value for money on a range of accommodation options.
- 6.6. OFMDFM currently have a 15 year lease on Head Line Building and consequently SIB has advised against the Commission moving premises in the short term.
- 6.7. **JB** will ask the Department to confirm in writing if the Commission is constrained in assessing alternative options to Headline building before the Business Case is signed. It was also agreed that the potential for negotiating more favourable terms for the remainder of the lease should be explored.
- 6.8. **MMI** concurred with this approach if best value for money is to be achieved for the Commission.
- 6.9. **RB** asked that the ARC be kept informed of any further developments before the Business Case is signed off.

ACTION: JB/CG

- 6.10. It was agreed under CR4 to include the Accommodation Business Case until this matter is resolved by the Department.
- 6.11. It was agreed to continue to use a 3 x 3 matrix for assessing risk as opposed to a 5 x 5 matrix.
- 6.12. **BC** queried the downward facing arrows associated with CR1 and CR2 and highlighted a revision was necessary to portray an accurate reflection of current risk exposure. **RB** agreed and requested that the arrows be removed.

ACTION: SECRETARIAT

