

AUDIT & RISK COMMITTEE
Minutes of Meeting on Wednesday 22 April 2015 @10.30am

Present:

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

In Attendance:

Rodney Allen **RA** (NIAO)
Brian Clerkin **BC** (Internal Audit)
Linda Mervyn **LM** (OFMDFM)
Maria Kane **MK** (OFMDFM)
Ricky Irwin **RI** (OFMDFM)
Craig Gartley, Head of Corporate Services **CG** (CVSNI)
John Beggs, Secretary to the Commission **JB** (CVSNI)
Marie Neill **MN** (Minutes)

1. Introduction and Apologies

- 1.1. The **Chair (RB)** welcomed everyone to the meeting.
- 1.2. There were no apologies

2. Register of Interests / Contractor-Supplier List

- 2.1. There were no conflicts noted.

3. Minutes of meeting on 14 January 2015

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

4. Update – Accounting Officer

Budget 2014/15

- 4.1. The Budget and final outturn was noted. **JB** confirmed that the Commission had a projected underspend of 1.4% which was within the Departmental tolerance limit for 2014/15.
- 4.2. **RB** asked if a Commissioner had been appointed would overall spend have been closer to budget.

- 4.3. **JB** advised there could have been potential overspend as Commission had retained c. £20K to cover salary costs which we were unable to keep. However additional year end expenditure areas had been identified as a contingency and overall he was content with the final outturn.
- 4.4. **RI** commended the Commission for remaining within the Departmental tolerance particularly given the efficiency savings sought from all ALBs in 2014/15 and the uncertainty around the appointment of the Commissioner.
- 4.5. **PF** queried if there would be any sanctions on the Commission having an underspend at year end.
- 4.6. **JB** advised that the Department had been made aware of the situation during the interim governance period and received assurance that the Department would have taken a sympathetic view given that the Commissioner appointment was a Ministerial decision.
- 4.7. **RI** advised that the Department had a good working relationship with the Commission and given that the circumstances were outside of the Commission and the Department's control there would have been no penalties.

Budget 2015/16

- 4.8. It was noted that **JB** had written to the Department to highlight concerns over the confirmed 12.8% reduction in the Commission's budget for 2015/16.
- 4.9. **MMI** expressed concern over the substantial cut in the 2015/16 budget particularly in light of the extra pressures generated by the enhanced salary which would be offered to a new Commissioner. **RB** asked whether the proposed relocation expenses would also be met from the Commission's budget.
- 4.10. **RI** confirmed relocation costs would be met from the Departments budget. **CG** pointed out that the Commissioner was not expected to be in post until July therefore a full year's salary would not be paid during 2015/16. Whilst the Commission submitted a nil return in the June monitoring round a separate bid has been submitted to allow for the increase in employer's pension contributions from 1 April 2015 which is taken from the Departments budget.
- 4.11. **RB** queried if the Commission had a contingency plan in place in order to stay within the budget and continue to fulfil mandatory and statutory functions. **RB** also expressed concern that there is a risk the new Commissioner may feel frustrated because of limitations imposed by restrictions in areas of the business plan due to budget cuts. **JB** was satisfied that the Commission can tolerate the reduction in 2015/16 and keep within budget by putting the efficiency savings plan into effect and the 2015/16 business plan also reflects this. A bid for further resources will also be made in October.
- 4.12. **RI** acknowledged the challenges the new Commissioner and commission staff will face and acknowledged that the Commission played a key part in the Victims and Survivors Strategy.

Update on Business Cases and Procurement

- 4.13. **JB** provided an update on Business Cases and Procurement.
- 4.14. **JB** advised that the Commission met with SIB to discuss the accommodation at Head Line Building. SIB had recognised that the current accommodation was highly inefficient and they intended to bid for capital funding to change the configuration of the building to improve efficiency. **JB** advised that the preferred

option for the Commission would be to move accommodation. However, SIB had advised they were unable to identify alternative suitable accommodation within the government estate prior to the termination of the Commission's current lease at the end of May 2015. **CG** provided further background into the two meetings with SIB since January's ARC meeting. The Commission have submitted a business case to the Department for accommodation up to the end of March 2016 as an interim solution. **JB** acknowledged the oversight in not providing an update to the Chair in advance of submitting the business case to the Department and will provide a written explanation for his course of action.

ACTION: JB

- 4.15 **RI** sympathised with the Commission's frustration in this matter and agreed that significant savings could be made if alternative accommodation were to be available.

Corporate Plan and Business Plan

- 4.15. **JB** provided an update on the 2014/15 business plan, highlighting that 29 out of 32 targets had been achieved. **JB** confirmed the advice was provided to the Department rather than Ministers during the interim governance arrangements. **RI** wished to acknowledge on behalf of the Department the hard work of **JB** in the absence of the Commissioner in meeting the majority of targets.

- 4.16. **RB** queried the way in which impacts are measured and articulated in the Business Plan. **RI** suggested using an outcomes based accountability approach and offered to have the Department Statisticians meet with the Commission to take this forward. **JB** welcomed the offer of support from the Department and **MMI** agreed.

ACTION: JB

- 4.17. **RB** queried the purpose of the Media Evaluation. **JB** advised that the contract with Emeritus ended March 2015 and following the review on communications carried out by internal audit the Commission had been advised to seek independent assurance in order to provide feedback that media presence had improved. **CG** highlighted that the evaluation would contribute significantly to the PPE of the communications contract. A Draft of the report has been provided and finalised version is to be received by end of April 2015.

- 4.18. **JB** advised that the Corporate Plan for 2014/17 had been cleared by the Department and would not be updated until the new Commissioner had been appointed. The draft 2015/16 Business Plan had been submitted and accepted by the Department under interim governance arrangements and will be subject to review when the new Commissioner is in post.

- 4.19. **RB** advised the explanatory notes at the end of the Corporate Plan need to be updated as they appeared to be dated. **JB** agreed to review for consideration but was mindful of the current interim governance arrangements and his ability to update as a rolling Corporate Plan.

ACTION: JB

- 4.20. **RI** pointed out that the longer term legacy for victims and survivors is not articulated in the current Business Plan and **JB** confirmed this exercise will be carried out when the new Commissioner is in post and will align with the 2009/19 Victims and Survivors Strategy period.

External/Internal Audit

4.21. **CG** confirmed no external audit recommendations were outstanding and all but one internal audit recommendation had been fully implemented.

Other issues to note.

4.22. DAO Guidance

RB queried if the Commission's whistleblowing policy had been adapted to comply with the guidance in the DAO letter. **CG** confirmed the Commission policy had been reviewed and guidance issued to all staff.

4.23. **Review of the Commission** – It was noted that the next triennial review was planned for 2014-15 but due to the absence of a Commissioner this had been deferred until 2015-16

4.24. No complaints received during the quarter.

4.25. No instances of Fraud reported during the period.

4.26. No exceptional gifts or hospitality given or received during the period.

4.27. Annual Report and Accounts

It was noted that the preparation of the accounts would be carried out in house by **CG**. **PF** highlighted previous issues in relation to preparation of the Annual Report and Accounts and asked that this be taken into consideration to ensure that this does not re-occur. **CG** provided assurance that support will be given by Ross Boyd Accountants in the form of interim preparation work.

Direct Award Contracts

4.28. **JB** advised that two direct award contracts (both under £5K) had been awarded during March 2015.

4.29. HR

It was noted that the interviews for the Commissioner would take place in week commencing 4 May 2015.

5. External Audit

5.1. **RA** presented the NIAO Audit Strategy. It was noted that no significant risk had been identified. Risk factors to note were the absence of a Commissioner and the preparation of the Annual Report and Accounts being undertaken in house.

5.2. It was noted that the certification of accounts by NIAO would take place week ending 10 October 2015 and that it would be necessary to re-arrange the date for the Audit and Risk Committee in October to ensure this timeline is met.

ACTION:MN

6. Internal Audit

- 6.25. **BC** presented the draft Annual Internal Audit Assurance Report 2014/15, the proposed 2015/16 audit plan, 2014/15 year Follow up review report, 2014/15 Payroll and Expenses report and the 2014/15 Communications report. Four internal audit assignments were completed during 2014/15. Two received satisfactory assurances and two obtained substantial assurances. All documents were accepted and finalised by ARC. Overall satisfactory assurance provided by Internal Audit.
- 6.26. **PF** queried the partially implemented recommendation on the Follow up Review report. It was agreed that **CG** would clarify and circulate an explanation. All reports were agreed.
- 6.27. It was noted that the Interim Governance Arrangements and Business Continuity reviews would take place at the beginning of May.

ACTION: CG

7. Risk Register

- 7.25. **JB** presented the Risk Register for March 2015.
- 7.26. Discussion took place regarding Corporate Risk 1 and 2 both categorised as red. **RI** proposed that the risk rating had potential to be reduced to amber. **RB** proposed these two corporate risks be reviewed in the coming weeks. The proposed downgrading of CR1 and CR2 were dependent upon assurances provided by Internal Audit in relation to the Interim Governance assignment and the Department successfully appointing a new Commissioner.
- 7.27. Agreed by all ARC members to downgrade CR4 to green due to successful delivery of year end, work programme, budget and audit assurances.

8. AOB

The date of the next meeting is Wednesday 8 July 2015 @ 10.30am

Signed _____
Name RICHARD BUCHANAN

Date