

AUDIT & RISK COMMITTEE
Minutes of Meeting on Wednesday 2 July 2014 @10.30am

Present:

Richard Buchanan **RB** (Chair)
Patrick Farry **PF** (Member)

In Attendance:

Linda Mervyn **LM** (OFMDFM)
Julie Shirlow **JS** (OFMDFM)
Brian Clerkin **BC** (Head of Internal Audit)
Colette Kane **CK** (NIAO)
John Beggs, Secretary to the Commission **JB** (CVSNI)
Laura Kennedy, Acting Head of Corporate Services **LK** (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 15 January 2014

- 3.1. The minutes were agreed by all.

4. Annual Report and Accounts

- 4.1. **JB** advised he had previously met with NIAO to agree the Audit Strategy, and that Ross Boyd Ltd had prepared draft accounts for review. These would be discussed with NIAO and Ross Boyd at a meeting on 3 July 2014. It was expected the draft accounts would be finalised for NIAO audit by the end of July 2014, with audit fieldwork starting on 11 August 2014.
- 4.2. **CK** advised of updated guidance and changes to guidelines in relation to the preparation and formatting of the Annual Report and Accounts.

ACTION: SECRETARIAT

5. Update – Accounting Officer

Budget

- 5.1. The Budget was noted and **JB** advised the budget was based on a planning figure which reflected a 3% budget cut as advised by OFMDFM. Formal correspondence from OFMDFM on the Commission's budget was awaited.
- 5.2. **RB** noted a projected underspend. **JB** advised this was underpinned by assumptions and forecasted spend on salaries as a result of the resignation of the Commissioner and two other members of staff.
- 5.3. The recruitment of the Commissioner was being undertaken by OFMDFM. **LM** advised it was anticipated the advert would be placed after the July holidays.
- 5.4. Recruitment for the Head of Corporate Services post was being undertaken through HRConnect and it was hoped the successful candidate would be in post by October 2014. The role of Information and Records Officer was under review.
- 5.5. Following the Commissioner's resignation the Commission may not undertake activity in the area of International Engagement.
- 5.6. The Commission had identified a potential area of work regarding a Follow-up Assessment of the Victims and Survivors Service that had not yet been agreed to proceed.

Update on Business Cases and Procurement

- 5.7. **JB** provided an update on Business Cases and Procurement and advised there would be no more procurement until later in the year when the Internal Audit contract would be up for renewal.
- 5.8. Following discussion of the current risks to the Commission and taking into account advice received from CPD, the Committee proposed that an extension of the Internal Audit contract would pose less risk than going out to procurement in-year for a new contractor. It was agreed that **JB** would prepare a document assessing what posed the greater risk to the Commission: extending the contract for a further six months or facing the possibility of appointing a new Internal Auditor at a time when the Commission was already facing considerable turbulence through the absence of a Commissioner and several key members of staff. If it was concluded that the latter represented the greater risk, it was agreed **JB** would consider writing formally to CPD asking for an extension of the current Internal Audit contract until March 2015.

ACTION: JB

Accounts

- 5.9. **JB** advised CPD had extended the contract for one further year and Ross Boyd Ltd had prepared the draft Accounts.
- 5.10. It was anticipated the Draft Annual Report and Accounts would be prepared for review by the ARC at the meeting on 8 October 2014.

Corporate Plan and Work Programme

- 5.11. Amendments to the 2014-17 Corporate Plan and revised 2014/15 Business Plan were submitted to the Department on 29 May 2014, and having been cleared by the Departmental Board were now with Ministers for review and approval.

- 5.12. It was noted any amendments as a result of the Commissioner's resignation would be updated accordingly. At the end of the first quarter all targets were on track for completion except 4.5 International Engagement.

Interim Forum Business Case

- 5.13. **JB** advised the Forum had finished its term at the end of March 2014, however, the Business Case, providing cover for the extension of the Forum until September 2014, had been approved on 1 April 2014.
- 5.14. A new Business Case for 2.5 years, co-terminus with the then Commissioner's term of office, had also been submitted to the Department for approval.
- 5.15. It was noted that in the absence of a Commissioner the Commission could not make any new appointments to the Forum. It was hoped that approval of the new Business case would allow the Forum to continue with current membership, until a new Commissioner was appointed and could make appointments.
- 5.16. The risks associated with the Forum continuing in its current format were discussed and the importance of the Forum to the work of the Commission was noted.
- 5.17. **LM** advised she understood the new Business Case would not require review and approval by Finance, and therefore could quicken the process.

Risks to the Commission in the absence of the Commissioner

- 5.18. The Committee discussed and noted the risks to the Commission in the absence of a Commissioner, and noted the work undertaken by **JB** since the Commissioner's resignation to mitigate against those risks.
- 5.19. It was noted that **JB** had sought and received legal advice, which had advised the Commission could continue to undertake basic functions and progress the annual Business Plan. The Commission could provide advice to OFMDFM officials, but could not provide advice to Ministers.
- 5.20. OFMDFM was also currently awaiting legal advice from DSO which was expected to be received in the near future.
- 5.21. It was noted an option could be that some of the administrative powers of the Commissioner would be delegated to the Secretary to the Commission.
- 5.22. **RB** expressed concern that with over two months having elapsed since the Commissioner had given notice of her intention to resign, the apparent lack of urgency in initiating the process to find a replacement might be interpreted by the sector and the wider public as Ministers not regarding victims and survivors as a priority matter.
- 5.23. **LM** advised that Ministers were very committed to the sector and noted the restructured Victims and Survivors Update Meetings at which the Forum and the Commission were both participants in discussion on policy strategy.
- 5.24. **CK** advised that a Letter of Comfort from the Department to the Commission would be an ideal outcome, and, if possible, it should also include information on the extent of the powers and role of the Commission with regards to financial expenditure.
- 5.25. **JB** to seek legal advice on requirements of the Commission with regards to approval and ratification of the Annual Report and Accounts.

ACTION: JB

- 5.26. **JB** to provide an update when any formal agreements on how to proceed are received from the Department.

ACTION: JB

Audit and Risk Committee Membership

- 5.27. The Board had previously approved a recommendation to appoint a third ARC Member from another public body.
- 5.28. The Commission had agreed a process for recruitment with the Department, and would be taking it forward asap.

ACTION: SECRETARIAT

- 5.29. The current skills and knowledge of the ARC were noted and it was agreed to seek a third member with a background in policy and research development.

Management Statement & Financial Memorandum

- 5.30. Comments had been sent to the Department on the most recent draft on 3 July 2013.
- 5.31. The Department is currently revising both the Commission and the VSS MSFM.
- 5.32. **CK** advised that if the MSFM were not agreed and formalised in the near future NIAO may provide comment or criticism. **RB** advised this should be brought to the attention of Mark Browne, Departmental Accounting Officer.

ACTION: LM

DAO 09/13 Remuneration - non-executive directors

- 5.33. Following confirmation from the Department that **all** non executives must be paid through payroll from the start of the next financial year the Commission has liaised with CJS Payroll and arrangements to include ARC members on payroll took effect from the start of the new financial year.

Review of the Commission

- 5.34. **LM** advised a review of the Commission scheduled to take place in 2014/15 would not happen until a new Commissioner was in post.

Update on Recommendations from Internal Audit & NIAO

- 5.35. Internal Audit Reviews for 2014/15 were due to commence in Quarter 2.

Freedom of Information

- 5.36. No FOI requests had been received to date in 2014/15.

Historic Investigation – Pilot Forum/ Forum Transition Group

- 5.37. The Accounting Officer had reviewed the case and recommended no further action to be taken. The Department confirmed that the case was closed on 27 May 2014.

HR

- 5.38. The Commissioner resigned in April 2014 giving three months notice and left post on 3 July 2014.
- 5.39. The Commission had completed recruitment for the Policy Support Officer (AO) post through HR Connect with a new member of staff appointed.
- 5.40. The Commission had started recruitment for the Head of Corporate Services post. Interviews were scheduled to take place at the end of August 2014 and it was anticipated the successful candidate will be in post by October 2014.
- 5.41. The Corporate Services Manager and the Finance, Assets and Premises Officer were temporarily promoted until a new Head of Corporate Services is appointed.

5.42. The vacancy created by the departure of the Information and Records Officer had been filled by an agency worker.

Direct Award Contracts

5.43. No Direct Award Contracts undertaken in year to date.

DAO Guidance

5.44. No new guidance to report.

6. Internal Audit

- 6.1. **BC** presented the Internal Audit Charter. It was noted and approved.
- 6.2. The proposed audits for 2014/15 were noted.
- 6.3. **JB** noted that a review of the Risk Management Strategy and the Risk Register was being undertaken and it was hoped revised versions of both would be presented to the Committee for consideration in October 2014.
- 6.4. It was noted that Internal Audit would feed into the review.

7. Risk Register

- 7.1. **JB** presented the Risk Register for June 2014. As a result of Commissioner and other staff resignations occurring since the year end the Corporate Risk Register reported two risk targets as Red and three risk targets as Amber at 30 June 2014. The Red risks could be categorised under "Business Planning" (CR3 Failure to effectively demonstrate impact and relevance to victims and survivors, key stakeholders and wider community) and, "Staff" (CR6 - Threat to business activity due to understaffing and reductions in future budget) whilst CR4 - Threat to business continuity was assessed and re-rated as Amber, again categorised under "Staff".
- 7.2. **JB** noted these risks have been identified and will be tolerated in the short term in the knowledge that both the Commission and Department have plans in place to manage a reduction in those risk ratings.

8. AOB

8.1. There was no AOB.

The date of the next meeting is Wednesday 8 October 2014 @ 10.30am

Signed _____
Name RICHARD BUCHANAN

Date