



AUDIT & RISK COMMITTEE

Minutes of Meeting on Wednesday 2 October 2013

Present:

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

In Attendance:

Collette Kane **CK** (NIAO)
Brian Clerkin **BK** (Head of Internal Audit)
Linda Mervyn **LM** (OFMDFM)
Arlene McCreight **AMC** (CVSNI)
Adrian McNamee **AMN** (CVSNI)
John Beggs, Secretary to the Commission **JB** (CVSNI)
Ross Boyd **RB** (Ross Boyd Ltd)
Victoria White **VW** (Ross Boyd Ltd)
Laura Kennedy **LK** (Secretary to the Committee)

1. Introduction and Apologies

- 1.1. The **Chair (RB)** welcomed everyone to the meeting.
- 1.2. Apologies were given from Commissioner Kathryn Stone and Peter Robinson (OFMDFM)

2. Register of Interests / Contractor-Supplier List

- 2.1. There were no conflicts noted.

3. Minutes of meeting on 17 July 2013

- 3.1. The minutes were agreed by all.

4. Annual Report and Accounts

- 4.1. **CK** advised that due to resourcing issues at NIAO the audit of the Annual Report and Accounts had begun a week later than expected. In addition there had been a substantial number of adjustments to be made to the Draft Annual Report and Accounts. This had resulted in the Draft Annual Report and Accounts not being tabled at the meeting for decision.

- 4.2. It was agreed an extraordinary meeting of the ARC would be convened on 8 October 2013 at 12pm to review and approve the Annual Report and Accounts.
- 4.3. The representatives from Ross Boyd Ltd left the meeting.

5. Update – Accounting Officer

- 5.1. **RB** welcomed **JB** into this new role at the Commission and to the meeting.
- 5.2. **JB** advised the Commission had made no easements in the October Monitoring Round therefore the budget remained at £1,061,000. He advised a review of the 2013/14 Work Programme in August 2013 had resulted in adjustments to the budget which had been approved by OFMDFM and by the Commission Board in September 2013.
- 5.3. **JB** noted two risks regarding the budget;
 - Dilapidations and refurbishment – procurement was being progressed through CPD to engage professional services to take forward the terminal Schedule of Dilapidations. An exact figure for the budget was presently unknown.
 - Conference on Dealing with the Past – due to take place in February 2014. In the event that external circumstances would mean the conference could not go ahead the Commission had put in place contingencies.
- 5.4. In response to a question from **RB**, **JB** advised the new Policy Officer was starting on 7 October 2013 and advised he was considering options for the vacant Administrative Officer role.
- 5.5. **RB** requested the date on the Budget Report be amended to ‘March 2014’

ACTION – Secretariat

Update on Business Cases and Procurement

- 5.6. Procurement Guidance Note PGN 04/12 advises of the PCLs for Goods and Non-construction Services. The £5,000 - £30,000 limit refers to “A minimum of two tenders invited by the person authorised to procure for their organisation in accordance with a Service Level Agreement (SLA) with a CoPE.”
- 5.7. **JB** advised he had received the requisite training from CPD to be the authorised person within the organisation to undertake procurement exercises.
- 5.8. On 22 August 2013 the Commission received advice from the Department that the Departmental Finance Director, Mark Browne, had agreed that the Commission could manage their own procurement between £5k and £30k in line with CPD guidelines.
- 5.9. The Secretary to the Commission provided training related to procurement to the Head of Corporate Services, Head of Policy, Development and Research, Research Officer and Corporate Services Manager on 9 September 2013.
- 5.10. As a result procurement was being progressed on a number of outstanding projects including the Communications Expert.
- 5.11. **CK** reminded the Commission of delegated limits and approvals for Consultancy.

2013-16 Corporate Plan and 2013/14 Work Programme

- 5.12. The amended 2013-16 Corporate Plan and 2013/14 Work Programme were resubmitted to the Department on 21 August 2013.

- 5.13. **LM** advised they were submitted to Ministers on 4 September 2013 and it was hoped there would be a response within two weeks.
- 5.14. It was noted that the budget had been approved, but that the 2013/14 Work Programme was still awaiting approval. **RB** expressed concern that the Commission was working without authority.
- 5.15. **2014-17 Corporate Plan** – A Staff Corporate Planning Day had been arranged for 18 October 2013
- 5.16. **RAG Status** - Following confirmation from the Department on 23 August 2013 the Green/Amber RAG status was to be adopted.

Other issues to note

- 5.17. **Management Statement & Financial Memorandum** - Comments had been sent to the Department on the most recent draft on 3 July 2013 and a final draft was awaited. **LM** advised it was being reviewed by Departmental Finance.
- 5.18. **Industrial Tribunal** - The decision of the Industrial Tribunal Panel regarding the claim for redundancy by a former Commissioner has determined that the claimant was an officer holder and not an employee. The claim for redundancy therefore failed. It was noted the timeline for appeal had lapsed.
- 5.19. **Update on Financial/Corporate Guidance** - DAO (DFP) 07/13 Internal Audit Opinions to be noted.
- 5.20. **Update on Recommendations from Internal Audit & NIAO** - All recommendations have been implemented or are on target for implementation.
- 5.21. **Freedom of Information Requests** - Two FOI requests were received in September 2013.

6. Internal Audit

- 6.1. **BC** presented a revised Draft Internal Audit Strategy.
- 6.2. There was discussion regarding the inclusion of a new high risk under CR 3 - Failure to effectively demonstrate impact and relevance to victims and survivors, key stakeholders and wider community.
- 6.3. It was noted that the risk would remain high pending a response from the Interim Chair of the Victims and Survivors Service (VSS) to a letter from the Commissioner voicing concerns about the VSS.
- 6.4. **JB** advised the Commissioner would be appearing before the OFMDFM Committee on 9 October 2013 regarding the same matter.
- 6.5. **RB** expressed his concern about what he regarded as the biggest risk the Commission had yet faced. Indeed, it was not only a risk to the Commission but one shared by the Department, the Service and Ministers. There was exposure to reputational risk for all concerned as well as to the credibility of the Department's commitment to policies in relation to Victims and Survivors. He also expressed his concern about the inappropriate interim governance arrangements at the Service and that concern was echoed by CK. He referred to DAO 01/10 Internal Audit Arrangements – Relationships between Departments and Arm's Length Bodies and the importance of managing shared risks. He added that it was unbelievable that there had been no immediate response to the Commissioner's letter which outlined a range of issues of the most serious nature. He requested that any response from the Interim Chair of the VSS be forwarded to him once received.

ACTION – Secretariat

- 6.6. **LM** to provide update on response from the Interim Chair of the VSS, and to advise if Mark Browne, Departmental Accounting Officer had been made aware of the situation.

ACTION – LM

- 6.7. **RB** to write to **JB** to urge the Commission to regard action to mitigate this risk as a top priority and advised on the need for joint action by the Department, the VSS and the Commission.

ACTION – RB

- 6.8. **CK** advised the audit had resulted in recommendations regarding Purchasing and Procurement.
- 6.9. It was agreed that Human Resources Performance Management would be replaced with Purchasing and Procurement.
- 6.10. The revised Strategy for Internal Audit 2013/14 was approved. **BC** to provide final draft for circulation.

ACTION - BC

- 6.11. Internal Audit would begin fieldwork on 7 October 2013.

ACTION – Secretariat and BC

- 6.12. **BC** to liaise with Head of Internal Audit at the Department to discuss the Review of the Effectiveness of ALB Internal Audit Arrangements as per DAO 01/10 and to determine arrangements and timescale for a review.

7. Risk Register

- 7.1. The revised Risk Register was noted and new risk discussed under Internal Audit (see point 6.2).
- 7.2. There were no other amendments and therefore the Risk Register was recommended for approval to the Board.

ACTION – Secretariat

8. AOB

- 8.1. **LM** confirmed there had been no change of the format of the Stewardship Statement to date.
- 8.2. **RB** requested the Accounting Officer use his judgement and ensure all relevant DAO letters are brought to the attention of the ARC.

ACTION – Secretariat

- 8.3. **LM** confirmed that the Commission completes an ALB Quarterly Performance Report from which information is forwarded to the Departmental Board.
- 8.4. **RB** requested Direct Award Contracts be specifically highlighted in future ARC agendas

ACTION – Secretariat

- 8.5. **PF** noted there had been problems with the Preparation of Accounts in a previous year and **CK** advised that the possible inexperience of the Accountants in preparing Public Sector Accounts may have contributed to similar problems with the Preparation of the Commission accounts in this year.
- 8.6. **JB** advised that correspondence had been received by the Commission regarding recommendations arising from the Review of the Commission in 2011. The Commission would collate responses to the recommendations and table them at the next ARC meeting.

ACTION – Secretariat

8.7. **JB** advised that the Department had provided an update on an historic investigation of potential fraud involving a Pilot Forum/Forum Transition Group member. There was to be no further action on the behalf of the Department, however, the Commission has been advised to determine if it needs to take any action. **JB** advised he had requested all records on the investigation from the Department and assured ARC members the Commission would be addressing the matter.

ACTION – Secretariat

8.8. **LM** advised that DAO 07/07 Audit Committees detailed a requirement for Audit and Risk Committees to have 3 members. The committee noted the requirement.

ACTION – Secretariat

The date of the next meeting is Wednesday 15 January 2014 @ 10.30am

Signed _____
Name RICHARD BUCHANAN

Date 15 January 2014