**Minutes of Audit and Risk Assurance Committee (ARAC)**

**Meeting Tuesday 5 May 2020 at 11.30 a.m.**

**Members Present:** Noel Hyndman (Chair)

Marie Mallon

John Turkington

**In Attendance:**  Martin Pitt (Chair Advisory Board - at the invitation of the Chair of ARAC)

Pamela McCreedy (Chief Operating Officer)

Rodney Allen (Director)

Colette Kane (Director) –agenda item 4

Brian McFetridge – External Audit

Lee Glover – Internal Audit

Louise Donnelly (Committee Secretary)

|  |
| --- |
| **In line with official Government advice all Northern Ireland Audit Office staff are currently working from home until further notice. This meeting was conducted remotely online.**  The Chair welcomed members to the meeting. |
| 1. **Apologies**   No apologies were noted. |
| 1. **Declaration of Conflicts of Interest**   There were no issues declared by Committee members or attendees. |
| 1. **Minutes of Meeting held on 28 January 2020 and Matters Arising**   Minutes of the meeting held on 28 January 2020 were agreed subject to minor amendment. The Matters Arising were noted as updated. |
| 1. **Risk Management**   The operation of NIAO has changed significantly as a consequence of COVID 19. Colette Kane briefed members on the current risk management position in response to the pandemic and advised a COVID 19 Risk Register had been prepared to address the unique and unprecedented risks facing the Office.  **COVID 19 Risk Register**  The COVID 19 Risk Register was presented to ARAC and members were advised that it had previously been considered by the Senior Management Team (SMT) at meetings held on 6 and 24 April 2020. Members welcomed the Register and agreed it provided a good focus on the current highest risk areas affecting the Office.  **Corporate Risk Register (CRR)**  Members were advised the CRR had been considered by SMT at their meeting on 6April 2020 and it was agreed the main focus should be the COVID 19 register until further notice. The CRR will be revised when the COVID 19 Risk Register requires less emphasis and there is a return to ‘normal’ working conditions. Members recognised the CRR will require significant change as ways of working and priorities change post pandemic.  Members highlighted possible additional concerns/risks as a consequence of the pandemic: the increased risk of fraud, the effect of budget constraints, the availability of key goods and services and the build-up of leave accruals by staff. Assurance was given that these areas would be considered by the Corporate Risk Register Working Group at their meeting scheduled for 7 May 2020.  NIAO were commended for prioritising the welfare and health and well-being of staff in the current challenging climate and for their methods and frequency of communication with staff during the ongoing crisis. |
| 1. **External Audit - Update**   Brian McFetridge advised that it was still early in the audit timetable so there were no key issues to report except that in the current circumstances target dates were unlikely to be achieved. Rodney Allen referred to discussions with external audit and explained NIAO was hopeful that delays would amount only to a number of weeks but, given the current uncertainties, it was impossible to be definitive at this stage. |
| 1. **Internal Audit (IA)**   Lee Glover presented the Final Visit 2 Audit Progress Report, the draft IA Strategy and the IA Annual Report, he summarised the content for members.   * **Final Visit 2 Audit Progress Report**   Each of the areas under review received an overall assessment of “Satisfactory” with some minor recommendations made. This report concluded the review for 2019-20.   * **Draft IA Strategy**   Lee Glover advised the draft strategy had considered three additional areas of BTP, accommodation and training and development. Minor amendments were discussed and agreed regarding wording and terminology used in the Strategy. Martin Pitt queried whether NIAO published the Internal Audit Charter on their website. This was discussed and it was agreed that this should be considered as an aspect of transparent and good practice. Lee Glover agreed to follow up on this and report to the Committee.   * **Internal Audit Annual Report**   The report covered the areas of corporate governance, management of contracted-out audits, miscellaneous financial controls, stakeholder engagement and management of in-house audits. Overall assurance levels were assessed as satisfactory with a number of minor recommendations made. Martin Pitt queried if there was a requirement in current IA standards to make specific reference to “Satisfactory” in the annual audit opinion. Lee Glover agreed to follow up on this and report to the Committee.  Lee Glover was asked about progress on the ISQC1 Review. He agreed to provide an update at the next meeting. |
| 1. **NIAO Report Tracking Implementation of Audit Recommendations**   Members were updated on NIAO progress on the implementation of audit recommendations. Currently four recommendations remain outstanding with work in progress to address the recommendations. |
| 1. **Fraud Whistleblowing and Complaints Report**   Rodney Allen briefed members on the fraud, whistleblowing and complaints activity in the period since January 2020 with no new fraud or whistleblowing cases arising in the period. The one existing matter of complaint remains open. |
| 1. **ARAC Terms of Reference (TOR) Review**   Members reviewed the TOR and were content that no changes were required. |
| 1. **Draft Annual Report and Accounts and Governance Statement**   Rodney Allen reported that work was progressing on the production of the Annual Report and Accounts, although, as discussed earlier, some slippage is anticipated in light of current circumstances. If slippage does occur, members were advised that the June ARAC meeting may be rescheduled to July 2020. This will be monitored and members advised as soon as possible. |
| 1. **Current policies to note**   Members were briefed on the following updated policies and plans:   * Anti-Fraud Policy * Fraud Response Plan * Raising Concerns Policy * Business Continuity Plan * Crisis Management Plan   Members noted the papers presented. The Chairman pointed out some inconsistencies in his contact details and asked for all contact details provided in each of the documents to be checked and amendments made if necessary. |
| 1. **AOB**  * No items listed or raised. |
| 1. **Dates of Next Meetings:**  * 23 June 2020 @ 11.30 a.m. (subject to confirmation) * 23 September 2020 @ 11.30 a.m. |
| 1. The Committee met with External and Internal Audit for private discussions. |

**Audit and Risk Assurance Committee**

**Matters arising from the meeting**

|  |  |  |  |
| --- | --- | --- | --- |
| **ISSUE** | **TARGET DATE** | **RESPONSIBILITY** | **PROGRESS/**  **OUTCOME** |
|  | | | |
|  | | | |
|  |  |  |  |
|  |  |  |  |
| **Issues arising from meeting of 5 May 2020** | | | |
| Option of the Internal Audit Charter being published on the NIAO website. | 23 June 2020 | L Glover | Complete. There is no requirement to publish the Charter however a copy has now been placed on the NIAO website for transparency and compliance with good practice. |
| Internal Audit to check wording required in the annual audit opinion. | 23 June 2020 | L Glover | Complete. There is no requirement in internal audit standards for the specific wording that was queried. |