

**Minutes of Audit and Risk Assurance Committee (ARAC)
Meeting Tuesday 24 June 2021 at 11.00 am (Remotely via zoom)**

Members Present: Noel Hyndman (Chair)
Marie Mallon
John Turkington

In Attendance: Martin Pitt (Chair Advisory Board - at the invitation of the Chair of ARAC)
Kieran Donnelly (C&AG)
Rodney Allen (Chief Operating Officer)
Colette Kane (Director) – agenda item 4
Brian McFetridge – External Audit
John O’Rourke – External Audit
Lee Glover – Internal Audit
Joe Campbell (Audit Manager) – agenda items 5, 6, 9 and 10
Barry Mitchell (Audit Manager) – agenda item 7
Richard Ross (Audit Manager) – agenda items 5 and 6
Louise Donnelly (Committee Secretary)

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	<p>The Chair welcomed everyone to the meeting and thanked them for agreeing to the change of date. It was noted this was Brian O’Neill’s first meeting in his new role as Director.</p>
1. Apologies	<p>No apologies were recorded but it was noted that Lee Glover would join the meeting slightly later due to another meeting commitment.</p>
2. Declaration of Conflicts of Interest	<p>There were no issues declared by Committee members or attendees.</p>
3. Minutes of Meeting held on 4 May 2021 and Matters Arising	<p>Minutes of the meeting held on 4 May 2021 were approved. The Matters Arising were noted as updated.</p>
4. Risk Management	<p>Corporate Risk Register revised The revised Risk Register was presented by Colette Kane, all changes were highlighted in red for member’s convenience. The Corporate Risk Register Working Group (CRRWG) had met and considered the following:</p> <ul style="list-style-type: none"> • The new corporate strategic priorities; • The continuing impact of the pandemic; • The risk appetite and risk ratings; and • Additional assurances and actions. <p>Members noted the aligning of the register to the new corporate strategic priorities. Consideration was asked to be given to the remit of risk 3 suggesting local government audit be added to the risk. Colette thanked members for their input and agreed to progress amendments at the next CRRWG meeting.</p>

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The Chair advised that a workshop on risk would be scheduled for members (and interested SMT and OMT staff) later in the year. He will contact members in the coming weeks to determine a date that suits all concerned. Dates suggested at present for the workshop are either the week commencing 18 October or the week commencing 22 November (any day except Tuesday).

Near misses and issues

Annual assurance requires that the CRRWG advises ARAC of any notified near misses and issues. Near misses and issues are defined as matters which impact on the risks identified during the year. It was confirmed that (with the exception of the COVID pandemic addressed through the COVID 19 risk register which was elevated during 20/21) no other near misses or issues were brought to the attention of CRRWG.

5. Draft Annual Report and Accounts 2020-21

Joe Campbell and Richard Ross joined the meeting. Brian O’Neill provided an overview to members on the current draft of the annual report, he advised that a copy of the draft report had been presented to SMT at their meeting on 15 June. After a detailed presentation and discussion, members suggested some minor amendments for consideration and highlighted issues to be reflected upon for future years. The team agreed to process all amendments accordingly. The final report will be presented to the C&AG to sign off before the summer recess. The Chair thanked those responsible for the excellent work in putting the annual report and accounts together.

Lee Glover joined the meeting.

6. External Audit

External audit presented their report summarising the key findings of their audit of the 2020-21 draft Annual Report and Accounts. Brian McFetridge confirmed that the audit was conducted fully in accordance with the Audit Plan presented to ARAC on 19 January 2021.

No internal control issue weaknesses were identified. A recommendation concerning Employee Benefit accrual and annual leave balances was discussed. ARAC accepted the assurances provided in the report and acknowledged the measures NIAO have in place to monitor this area.

Report on Financial Impacts

John O’Rourke presented a report on the review of quantified financial impacts for the year ended 31 March 2021, he advised that all impacts had been reviewed individually. The report concluded that the systems NIAO have in place for identifying, agreeing and monitoring the achievement of the financial impacts for 2020/21 continue to be as reliable and robust as is possible. No recommendations were made.

Members, while acknowledging the difficulties of providing precise objective estimates, took assurance from the report and commended the Office for the considerable savings impact identified for the year.

7. Annual Assurances

- **Anti-fraud, raising concerns and complaints statement** – ARAC noted the number and nature of cases reported.

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<ul style="list-style-type: none"> • Senior Management/NEM Expenses and Hospitality - ARAC approved the disclosure for publication on the NIAO website subject to minor amendment. Members noted that due to the COVID pandemic there was minimal travel and hospitality in the reporting period. • ISQC1 Monitoring Report – ARAC noted the report. • ISQC1 Transparency Report – ARAC approved the report for subsequent publication on the NIAO website. • Public Reporting – Quality Review Panel – the positive results were noted by members, findings will be reported in the Annual Report and Accounts. 	
<p>8. Internal Audit Annual Assurances</p> <p>Lee Glover advised the Internal Audit Annual Report 2020/21 had previously been presented to ARAC on 4 May 2021, an adequate and effective opinion was reported on NIAO’s risk management, control and governance processes. No questions or comments on the report were recorded by members.</p> <p>The Chair and the C&AG recorded thanks to Lee Glover and Haines Watts for their well received and much appreciated work during the term of their appointment.</p>	
<p>9. Report Tracking Implementation of Audit Recommendations Internal Audit Recommendations</p> <p>Joe Campbell presented a report detailing the work undertaken by management since the May ARAC meeting, he advised that as a result of the Internal Audit Follow Up Report 2020-21 two further “green” recommendations have been added to the list. Currently three “green” recommendations remain outstanding with one “green” recommendation in the process of implementation. No questions or comments on the report were recorded by members.</p> <p>External Audit Recommendations</p> <p>As reported in the May 2021 ARAC meeting, no recommendations were outstanding.</p>	
<p>10. Fraud, Raising Concerns and Complaints report</p> <p>Joe Campbell advised members that no new fraud or raising concerns cases had arisen in the period. He then provided an update on the current position regarding one complaint received.</p>	
<p>Lee Glover left the meeting.</p>	
<p>11. Internal Audit Procurement Update</p> <p>Brian O’Neill advised that RSM had been appointed as the new Internal Auditors. An introductory meeting had been scheduled for 25 June 2021.</p>	
<p>12. ARAC Annual Report</p> <p>The Chair presented a draft report for consideration, no issues or amendments were noted. Members endorsed the report for presentation to the C&AG.</p>	
<p>13. ARAC Self-Assessment Report</p>	

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The Chair asked members to note the results of the ARAC self-assessment exercise. The overall conclusion is that ARAC is performing effectively with some scope for further improvement.

Members endorsed the following actions to be taken forward:

- Take time out to consider Board and ARAC effectiveness (to be facilitated at a joint ARAC/Board event).
- Refresh learning on best practice governance arrangements.
- Obtain a more in-depth review of cyber security arrangements.

14. AOB

No items were listed or raised.

15. Dates of next meetings were agreed:

- September 2021
 - A workshop on risk will be scheduled for October/November 2021.
- The Committee met with External Audit for private discussions.