

**Minutes of Audit and Risk Assurance Committee meeting
Wednesday 19 June 2019 at 11.30am**

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 (Comptroller and Auditor General (C&AG))
Pamela McCreedy (Chief Operating Officer)
Rodney Allen (Director)
Colette Kane (Director) –agenda item 4
Tomas Wilkinson (Director) – agenda items 5.4 and 5.5
Richard Ross (Audit Manager) – agenda items 6 and 7
Brian McFetridge – External Audit - Baker Tilly Mooney Moore (BTMM)
John O’Rourke – External Audit - Baker Tilly Mooney Moore (BTMM)
Louise Donnelly (Committee Secretary)

<p>The Chair welcomed members to the meeting. A card congratulating the C&AG on his recent investiture was passed to him by the Chair on behalf of the Non-Executive Directors.</p>
<p>1. Apologies No apologies were noted. The Internal Auditor was not required to attend the meeting.</p>
<p>2. Declaration of Conflicts of Interest There were no issues declared by Committee members or attendees.</p>
<p>3. Minutes of Meeting held on 8 May 2019 and Matters Arising Minutes of the meeting held on 8 May 2019 were agreed. The Matters Arising were noted as updated.</p>
<p>4. Risk Management</p> <p>End of year Assurance Statement The assurance statement covering 1 April 2018 to 31 March 2019 was presented having been agreed by the Senior Management Team (SMT). Colette Kane provided a detailed overview of the risk management activities and assurance mechanisms observed throughout the year. The Committee approved the Assurance Statement presented.</p> <p>Issues and Near Misses Log A nil return was reported, there were no near misses or issues logged. Members queried how a near miss was identified. Colette Kane advised risks were monitored and identified by procedures and activities ongoing throughout the year via the Corporate Risk Register Working Group (CRRWG) and team meetings. In addition a staff brief was held in July to encourage staff to familiarise themselves with the Office’s risk strategy and to remind them to take time to review the Corporate Risk Register (CRR) on an ongoing basis. Staff also have access to the CRR on the NIAO intranet.</p> <p>Horizon Scanning and Brexit</p>

In response to the request by the Chair from the previous meeting a paper was provided to inform members on the Office's approach to horizon scanning. The report documented the future challenges the Office may face in the short to medium term and any action that may need to be taken to ensure the Office is in a position to meet issues that may arise. Six issues deemed highly likely to impact were detailed.

Members noted and welcomed the comprehensive paper.

5. Annual Assurances

5.1 Anti-fraud, Whistleblowing and Complaints statement

This statement is prepared to assist ARAC in the completion of its 2018-19 assurance considerations. The Committee approved the statement.

5.2 Senior Management/NED Expenses and Hospitality

This report is prepared for inclusion on the NIAO website. Members approved the statement for the website.

5.3 IT Assurance Statement

This statement provides assurance that adequate arrangements and controls are in place for 2019-20 to oversee and manage the provision of NIAO IT services. The Report was approved by ARAC.

5.4 ISQC1 Monitoring and Transparency Reports

Tomas Wilkinson joined the meeting and briefed members on the content of the reports. He advised that the Transparency report was intended for publication on the Office's website and the Monitoring report was for internal distribution. Members noted the reports had been considered by SMT at their meeting of 11 June 2019. There was a full discussion of the documents, with members making several suggestions and comments on the content. Members were particularly interested in the findings of external reviews of financial audits and queried the extent of regular staff training on the financial audit manual. The C&AG commented this is an area he is keen to see more time spent to improve continuously quality, including "back to basics" training. Subject to some amendments, both reports were endorsed by ARAC. It was noted that the Transparency Report will be published on the NIAO website.

5.5 VFM External Panel Results

A summary paper on the composition, remit and findings of the VFM External Panel was presented to provide assurance on the quality control procedure. ARAC endorsed the report.

6. Draft Annual Report and Accounts

Richard Ross joined the meeting and briefed members on key areas in the Annual Report and Accounts. He advised that some minor modifications were required to the figures in the Remuneration and Staff Report and this would be finalised today. The printing/publication process has commenced and it is anticipated the final Accounts will be laid at the Assembly on 28 June 2019.

Richard Ross expressed his thanks to the External Auditors. ARAC also recorded their thanks to all concerned. Members recommended the Annual Report and Accounts to the C&AG.

7. External Audit

Report to those charged with governance

External audit presented their report summarising the key findings of their audit of the 2018-19 draft Annual Report and Accounts.

Brian McFetridge confirmed the audit was conducted fully in accordance with the plan and reported that no modifications were anticipated to the audit report.

Two minor internal control issue weaknesses were identified but neither of these directly impact on the Financial Statements.

The External Auditors recorded their thanks to the NIAO team for their assistance in conducting the audit.

Report on Financial Impacts

A report on the review of quantified financial impacts for the year ended 31 March 2019 was presented. BTMM reported that all impacts had been reviewed and challenged individually, it was concluded that the systems NIAO have in place for identifying, agreeing and monitoring the achievement of the 2018/19 financial impacts continue to be appropriate.

Members queried if the C&AG was statutorily required to perform this exercise, the C&AG advised that this was not a statutory requirement but is a practice that has been in place for a number of years, consistent with the National Audit Office and is kept under regular review. Members commended the Office for the considerable savings impact identified for the year.

8. Internal Audit Strategy

The Internal Audit Strategy remained unchanged from the draft presented at the ARAC meeting on 7 May 2019. It was reported that overall assurance levels were assessed as satisfactory with only minor recommendations made. The Strategy for 2018-19 was endorsed by the members.

9. Fraud Whistleblowing and Complaints Report

Members noted the position remained unchanged from the previous meeting held on 8 May 2019 with no new cases arising in the period.

10. AOB

- Date of next meeting 24 September 2019 @ 11.30am.
- The September meeting will incorporate a Risk Management Workshop.

11. The Committee met with External Audit for private discussions.