

MINUTES OF AUDIT COMMITTEE MEETING HELD THURSDAY 2ND MARCH 2017

Members Present: Áine Gallagher (Non Executive Member - Chair)
Paul Douglas (Non Executive Member)
Gillian Body (Non Executive Member)
Pat Cumiskey (Non Executive Member)

Apologies

In Attendance Kieran Donnelly (Comptroller and Auditor General)
Janet Sides (NIAO Principal Finance Officer)
Conor McGeown (NIAO Finance Manager)
Lee Glover (Haines Watt – Internal Audit)
John Davin (Baker Tilly Mooney Moore (BTMM) – External Audit)
Joe Campbell (Secretary)

1. Meeting of Committee Members Only

A meeting of Committee members only took place.

Mr Campbell was invited to attend part of the meeting to discuss the proposed evaluation templates on internal audit, external audit and non-Executive member assessment. Members were content that the more streamlined approach proposed properly focused on those aspects of performance that Committee members could reasonably comment upon. They approved the templates subject to the removal of the peer review process.

2. Confidential Meetings with Internal and External Audit

The Committee met with Internal Audit and External Audit for a private discussion. Other attendees were then invited to join the meeting.

3. Declaration of Conflicts of Interest

There were no issues declared by the Committee members or attendees.

4. Minutes of Meeting held 24th November 2016 and Matters Arising

The minutes and matters arising from the meeting held on 24th November 2016 were approved, subject to minor amendment.

It was agreed that members will receive draft minutes of all future meetings for comment at the same time as the Chair.

5. Finance Report

Conor McGeown briefed members on the finance paper. He advised that there would be no Spring Supplementary Estimate for 2016-17 due to the dissolution of the Assembly. As a result, the Office will be held to account against the January monitoring submission in budgetary terms. However in accounting terms, it will be held to account against the Main Estimate for 2016-17. Latest figures indicated a resource surplus of £162,000 and

capital surplus of £10,000 on the January Monitoring Round position (within 2% of total spend). A resource surplus of £237,000 and capital surplus of £30,000 had been forecast in respect of the Main Estimate for 2016-17.

Members questioned the shortfall in expenditure against budget and were provided with explanations by management. Members discussed the trend of healthy surpluses in the face of year-on-year cuts to the budget and urged the Office to ensure that it was optimising the use of any surplus funds.

While a resource surplus was projected, Mr McGeown advised that the cash position remained under a degree of pressure. The Committee was reassured to hear that a range of ongoing measures were in place to manage cash flow up until year end.

Members were also informed that a 4 per cent budget reduction for 2017-18 had already been agreed with the NI Assembly Audit Committee and that there was no indication that further cuts were likely to be required in-year.

The paper was noted by the Committee.

6. Risk Management

C&AG and Mr. Campbell briefed members on progress on risk management since their participation in a risk workshop held on 6 February. At this workshop all Internal Audit recommendations arising from its report into risk management were accepted. It was also agreed to adopt the templates provided by internal audit, recognising that significant input would be required initially to set up the revised risk management arrangements. The paper provided set out the step by step process in the development of the register.

The paper was noted by the Committee.

Issues Log - The issues log was noted.

7. Internal Audit

Open Audit Points - Members noted the up-to-date position on the implementation of a small number of outstanding recommendations. Three internal audit reports were received in January 2017, raising three amber (priority 2) and two green (priority 3) recommendations. The two green recommendations have been addressed, but the three amber recommendations remain open. It was noted that these reports had not been formally considered by members and therefore will be submitted for the next Committee meeting.

Members were also informed by Internal Audit that it was in the process of conducting three further audits, the results of which would also be with the Committee for its next meeting.

The paper was noted by the Committee.

8. External Audit

External Audit Strategy - The External Audit Strategy presented to the Committee set out how BTMM will conduct its audit of the NIAO financial statements.

Members approved the paper.

VFM Study on Workforce Strategy and Planning in NIAO – Members considered the report, which had been discussed in some detail earlier by the Advisory Group. The Committee agreed it was a useful review that provided helpful findings and conclusions to support the further development of the Office’s strategic workforce planning. Members discussed the impact of the external environment and the way in which the Office undertakes horizon scanning to keep abreast of external developments and to assess the potential implications for the C&AG’s audit work. In discussion, it was noted that, in addressing future external challenges to the Office, the report did take on board the OECD NI Report recommendation relating to the need for audit focus to shift from compliance to outcome and the need to be prepared for the digital revolution.

As a result of discussions, Mrs. Sides agreed that she would link up with BTMM to provide Audit Committee feedback prior to formal sign off and general circulation to staff.

The paper was noted by the Committee.

9. Summary of External Complaints, Internal Whistle Blowing and Grievance Cases

Members reviewed the summary paper, noting that only two cases had been opened since the November 2016 meeting. Further detail was provided on these. The Committee encouraged the Office to monitor for trends in such cases and to ensure that they are appropriately categorized prior to investigation. Members noted the number of grievances, with a peak in 2015-16 and urged the office to seek to deal with complaints etc. informally at line management level, where possible, to avoid unnecessary escalation of the concerns.

The paper was noted by the Committee.

10. Stakeholder Engagement

Mr. Campbell briefed members on the activities of the Stakeholder Engagement Group for the period from 24 November 2016, including the development of the auditee and the IPSOS Mori MLA Surveys. In discussing developments in social media, the C&AG and members agreed that there was a need to be less risk averse in this arena.

The paper was noted by the Committee.

11. AOB

The meeting was brought to a close.

The next meeting will be held on **Tuesday 2nd May 2017** in the NIAO Conference Room, starting at **2:00pm**.