

MINUTES OF AUDIT COMMITTEE MEETING HELD THURSDAY 2ND MAY 2017

Members Present: Gillian Body (Non Executive Member – Acting Chair)
Paul Douglas (Non Executive Member)
Pat Cumiskey (Non Executive Member)

Apologies Áine Gallagher (Non Executive Member - Chair)

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.

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 2nd March 2017 and Matters Arising

The minutes and matters arising from the meeting held on 2nd March 2017 were approved. Members clarified (in respect of item 1 of the minutes) that the (Stage Two) assessment by the Audit Committee Chair of the performance of non-executive members should not be prescriptive in the requirement of a formal interview.

Members welcomed the early receipt of draft minutes for their consideration.

5. Finance Report

Financial Management Report - Conor McGeown briefed members on the finance paper setting out savings in 2016-17 against the main 2016-17 estimate and the proposed spring supplementary estimate. He informed the meeting that draft financial statements had been issued to the external auditor on 26 April 2017.

In addressing 2017-18, he confirmed that the DoF Permanent Secretary had authorised the use of resources and issue of cash from the Consolidated Fund which facilitated NIAO spending up until the end of July 2017. Members were also informed that discussions had taken place with all internal budget holders to underpin the Office's overall 2017-18 position. Following the briefing, members enquired and were provided with explanations

for the surplus and lessons learned around exercising tighter control over certain budgets and to give early strategic consideration to potential demands on any future surplus. The paper was subsequently noted by the Committee.

Draft Annual Report & Account 2016-17 - Conor McGeown briefed members on the papers. He explained that the report should be considered as an early draft and further information would be issued to NEMs for their consideration as it arose. This approach was endorsed by the members. Management confirmed that an internal technical review would also be carried out on the accounts.

In reviewing the submissions, Members urged that the production of the Annual Report be used as an opportunity to showcase the work and impact of the Office. Members also suggested other approaches, such as the production of a leaflet, be used to aid the accessibility of the headline messages in the Annual Report to external stakeholders and staff. This approach was endorsed by the C&AG.

6. Risk Management

Corporate Risk Register – The Corporate Risk Register was considered by members. While they broadly welcomed the new format, they considered that there remained potential for further transparency, for instance around the movement of risk and the reasons for that movement. It was therefore agreed that the Office would work with Internal Audit on this matter to help embed the new risk management arrangements and will report back in the June 2017 meeting.

The paper was noted by the Committee.

Issues Log - The issues log was noted.

7. Internal Audit

Internal Audit Report 1 - The Committee considered Internal Audit Report 1 which encompassed reviews on: Strategic Planning and Risk Management; Performance Management; and Miscellaneous Key Financial Controls. They were informed that a total of five recommendations (prioritised as three amber and two green) were identified, all of which were agreed by management. Four of the five recommendations have been implemented and the remaining recommendation would be addressed prior to the June 2017 meeting. Overall, Internal Audit had drawn a satisfactory conclusion on each review. The Report was noted by the Committee.

Internal Audit Report 2 - The Committee considered Internal Audit Report 2 which encompassed the reviews on: Staff Utilisation and Work Planning; Management of In-house Audits; and Staff Performance Management. Members were informed that a total of four recommendations (all green priority) were identified, all of which were agreed and actioned by the Office. A satisfactory conclusion was drawn on each review. The Report was noted by the Committee.

Internal Audit Annual Follow up Review Exercise - The Committee was provided with a

brief on the annual follow up exercise conducted by Internal Audit to ensure recommendations had been fully implemented. The findings were noted by the Committee.

Internal Audit Annual Report 2016-17 – The meeting was informed by Internal Audit that, based upon the results of Internal Audit follow up work, management responses and agreed implementation plans, it had concluded that the Office had taken or planned appropriate and timely action to implement recommendations.

Overall, it had concluded, based upon the reviews performed during the year, that the Office had adequate and effective risk management; adequate and effective governance; and adequate and effective control processes. This conclusion was drawn subject to internal audit reserving the right to amend its annual opinion subject to completion and review of the external auditor's audit opinion and management letter on the 2016-17 financial statements. The report was duly noted by the Committee.

Internal Audit Strategy – Lee Glover walked through the proposed strategy for 2017-18 with the members. Following discussion, it was agreed that the review on HR would be brought forward from 2018-19 to 2017-18 (with a specific focus on the Office's management of sickness absence) and a corresponding deferral of the review on the NI Consolidated Fund to 2018-19. Subject to these changes, the strategy was approved by the Committee. In view of the absence at the meeting of the Committee Chair, the Committee sought the opportunity to take further stock of priorities following the first tranche of Internal Audit work.

Open Audit Points – Members were informed that at 2 May 2017, one priority amber and three priority green recommendations remain outstanding. An explanation for each of these were provided and accepted by the members. The Committee noted the paper.

8. Internal Whistleblowing Policy

Members were informed that following the major review of the whistleblowing policy driven by the Audit Committee in 2015-16, there were no major changes to the policy in the past year. Minor amendments had been made in relation to anonymous reports and to reflect the current management structure. Members discussed the reference to the handling of issues raised maliciously and, subsequent to the meeting, management confirmed that this reference was in line with common practice. The policy was considered and approved by the Committee.

9. Complaints, Grievances and Internal Whistleblowing

Members were informed that there had been no new cases opened since the March 2017 meeting. In summary, during 2016-17 there had been five external complaints, one of which remained open, one internal whistleblowing case and four grievance cases, all of which had been addressed. Members probed and were provided with explanations of the circumstances of recent cases. Following consideration of the cases, the paper was noted by the Committee. In considering the paper, the Committee placed on record that it will have a particular interest on any reported cases of bullying.

10. Stakeholder Engagement

Mr. Campbell briefed members on the activities of the Stakeholder Engagement Group for the period from 2 March 2017. He set out the progress by the Group in relation to the development and issue of the auditee survey, updates to the Assembly Action Plan, developments in social media and plans for the 30-year Anniversary of NIAO.

The Committee welcomed the briefing and recommended that the Office's 30-year anniversary also be celebrated in the Annual Report.

10. AOB

The meeting was brought to a close.

The next meeting will be held on **Thursday 22nd June 2017** in the NIAO Conference Room, starting at **2:00pm**.