

NIAO AUDIT COMMITTEE MEETING

Thursday 24 November 2016 at 2:00pm

Conference Room, NIAO

- 1. Meeting of committee members only (2:00pm)**
Review of Evaluation Templates
 - EA Assessment (Paper 1)
 - IA Assessment (Paper 2)
 - NEM Assessment (Paper 3)
- 2. Confidential Meetings with Internal and External Audit (2:30pm)**
- 3. Declaration of Conflicts of Interest**
- 4. Minutes of meeting of 20th September 2016 and matters arising from minutes – (Paper 4)**
- 5. Finance**
 - 5.1 Financial Management Report - (Paper 5)**
- 6. Risk Management**
 - 6.1 Corporate Risk Register - (Paper 6)**
 - 6.2 Issues Log - (Paper 7)**
 - 6.3 Operational Clusters Assurance Statement (Paper 8)**
 - 6.4 Cluster C Assurance Statement (Paper 9)**
- 7. Internal Audit**
 - 7.1 Internal Audit Report(s) - (Nil return)**
 - 7.2 Open Audit Points - (Paper 10)**
- 8. Summary of Complaints, Internal Whistle Blowing and Grievance Cases - (Paper 11)**
- 9. Stakeholder Engagement - (Paper 12)**
- 10. Forward Work Programme (Paper 13)**
- 11. AOB**
 - Report on Wales Visit from Secretary - (Paper 14)**
 - NAO Report – Round Up for Audit Committees (Paper 15)**

MINUTES OF AUDIT COMMITTEE MEETING HELD THURSDAY 24TH NOVEMBER 2016

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

Apologies Kieran Donnelly (Comptroller and Auditor General)

In Attendance Janet Sides (NIAO Principal Finance Officer)
Andrew Allen (NIAO Finance Manager) – (in attendance 3:10pm to 3:45pm)
Lee Glover (Haines Watt – Internal Audit) – in attendance until 3:00pm)
John Davin (Baker Tilly Mooney Moore (BTMM) – External Audit)
Joe Campbell (Secretary)
Eddie Bradley (Assistant Auditor General) – item 6 only
Louise Mason (Assistant Auditor General) –item 6 only

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. 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 20th September 2016 and Matters Arising

The minutes of the meeting held on 20th September 2016 were approved, subject to minor amendment regarding risk management. In considering the minutes and matters arising, members noted that a date for a risk workshop had not yet been set. Members agreed that, rather than confirming a date at this stage, it would allow the internal audit review of risk management to take its course, await its outcome and re-visit the decision at the next meeting of the Committee.

5. Finance Report

The Committee was briefed on the outturn to 31 October 2016, the forecast surplus for 2016-17, and the NI Budget information gathering exercise. A surplus of 2.7 per cent of the Net Resource Requirement was forecast but projections would be updated shortly for the January Monitoring round, as part of which the Office would consider the potential for in-year surrender of funds.

Members were further briefed on the NI Assembly Audit Committee's meetings with the Office on the 2017-18 budget, a further meeting on which would take place on 30 November 2016. They were also advised of a HMRC inspection of payroll and benefits and expenses records which had identified one issue in relation to payment of meal allowances which may result in a penalty. The Office awaits a decision by HMRC.

As this was Andrew Allen's final meeting in his role as Finance Manager, members thanked him for his services to the Committee and wished him well in his future role within the Office.

6. Risk Management

Corporate Risk Register - Members were informed that the corporate risk register was in a state of transition, as it had been through a major review and re-design following an internal risk workshop attended by the Executive Team and representatives of the operational risk register teams. The revised model submitted to the Committee for consideration had been considered and approved by the Executive Team.

Management noted that, subsequent to the submission of papers to the Committee, internal audit had commenced its review of risk management which had yet to be completed. However, initial discussions had suggested further changes, including incorporating the Office's three risk registers (one corporate/two operational) into one single register as well as assessing risk management using a three lines of defence model.

Members welcomed the ongoing developments and shared their experience within their organisations. They also recognised that, primarily, the register had to be a useful and suitable tool for the Office and confirmed that risks were discussed at each Executive Team. Given the discussions with internal audit and ongoing developments in the reshaping and re-formatting of the register, the Committee agreed that it would await the outcome of the latest iteration before determining if it met its needs in overseeing and advising on risk within the Office.

There was a debate around risk 3 relating to sufficiency of resources (capacity and capability) to secure the delivery of Office objectives, focussing on the ability of the Office to deliver its nine value for money reports in year.

Members were provided with context in relation to 2016-17 deliverables, including the impact of the PAC's extended investigation into the Renewable Heating Initiative. Wider concern was expressed around the future delivery of reports as a result of the loss of experience and skills from the VES exercise. Members were informed that this was recognised and would be addressed in the ongoing training and development plans and in resource planning. The Committee agreed that this risk should be monitored closely over the next 12 months.

Members also challenged the Office to consider if further steps could be taken to manage and control the risk focusing on Office culture. It was agreed that this would be considered as part of the ongoing review of the register.

Issues Log - The issues log was noted.

Operational Clusters Assurance Statement – Given the lengthy discussion around the risk register, which incorporated many of the same issues arising in the paper, the assurance statement was noted.

Cluster C Assurance Statement – Noted.

The meeting was informed that Eddie Bradley, was leaving the Office under the latest VES scheme. He was thanked by all present for his contribution to the Office over many years and was bid best wishes on his future endeavours.

7. Internal Audit

Internal Audit gave an update on their work to date.

Open Audit Points - Members noted the up-to-date position on the implementation of a small number of outstanding recommendations. Management confirmed in the absence of the NICS review of ICT policies, it had reviewed its own policies and reported no issue in terms of “business as usual” due to the wider delay.

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

Members reviewed the summary paper, noting that the figures provided to date showed a reduction in the overall number of complaints, internal whistle blowing and grievance cases in 2016-17 compared to 2015-16. Members noted the external complaints and also clarified the wording on the internal whistleblowing conclusion.

9. Stakeholder Engagement

The paper setting out the latest developments in stakeholder engagement was noted by the Committee.

10. Forward Work Programme (Paper 13)

Members were informed that the forward work programme was, largely, a roll forward from 2015-16. It was accepted that there was sufficient flexibility within the document, and that it could be amended on an ongoing basis to meet the needs of the Committee. The Secretary agreed that he would confirm dates as soon as possible.

11. AOB

Report on Wales Visit from Secretary – the Committee was briefed on the visit undertaken by the Chair and Secretary to the Wales Audit Office on 6th to 8th June, when they attended an Audit and Risk Committee Meeting, a Board Brief and a Board Meeting. This proved to be an invaluable visit. Overall, comfort was taken from the similarities in business conducted and lessons were learned in relation to stakeholder engagement, committee membership, the development and presentation of papers for Committee consideration and how the meetings were conducted.

Members were informed that thanks had already been placed on record to Gillian Body, the Assistant Auditor General and the Board Chair for the warm welcome they provided, the time given in discussing and benchmarking process and for providing the opportunity to observe the whole process in such an unrestricted manner.

NAO Report – Round Up for Audit Committees – Members were informed that the C&AG had asked that the NAO report be drawn to their attention as part of the meeting.

Assessment evaluation forms – Members considered the forms to be too detailed given the Committee’s interaction with internal audit and external audit and tasked the secretary with sourcing more appropriate papers.

The meeting was brought to a close.

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

AUDIT COMMITTEE TUESDAY 24TH NOVEMBER 2016

MATTERS ARISING FROM MEETING

ISSUE	TARGET DATE	RESPONSIBILITY	PROGRESS/ OUTCOME
<p>Matters Arising from Minutes of Previous Meeting</p> <p>Risk Management Re-schedule risk workshop.</p>	Discuss at next meeting	Secretary	Workshop held 6 February – major exercise being conducted on NIAO risk management process.
<p>Corporate Risk Register</p> <p>Risk 4 - Negative culture and staff disengagement impacting upon staff well being and motivation. It was agreed that its assessment and the ongoing activities in addressing it would be reconsidered as part of the review of the register.</p>	23 Feb 2017	J Sides Secretary	Will be taken on board as part of the exercise detailed above
<p>Summary of External Complaints, Internal Whistle Blowing and Grievance Cases</p> <ul style="list-style-type: none"> Complaints should be retitled “External Complaints” New cases should be highlighted in red. 	23 Feb 2017 23 Feb 2017	Secretary Secretary	Addressed Addressed
<p>Forward Work Programme</p> <p>Dates should be confirmed as soon as possible.</p>	2 Dec 2016	Secretary	Confirmed
<p>Assessment evaluation forms</p> <p>Members considered the forms to be too detailed and tasked the secretary with sourcing more appropriate papers.</p>	23 Feb 2017	Secretary	Issued February 2017
<p>Corporate Plan – issue early draft to members</p>	Dec 2016	Secretary	Issued January 2017

Annual Report – issue early draft to members	April/May 2017	Secretary	
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