

NIAO AUDIT COMMITTEE MEETING
Friday 28th November 2014 at 9.00 am
Conference Room, NIAO

- 1. Meeting of committee members only**
- 2. Confidential Meetings with Internal and External Audit (9.30am)**
- 3. Declaration of Conflicts of Interest**
- 4. Minutes of meeting of 12th September 2014 and matters arising from minutes (Paper 1)**
- 5. Appointments to and Resignations from the NIAO Audit Committee – (Oral Update – Chair)**
- 6. Internal Audit**
 - **Open Audit Points (Paper 2a)**
 - **Open Audit Points Schedule (Paper 2b)**
 - **Review of Consolidated Fund (Paper 3)**
 - **Review of Procurement procedures (Paper 4)**
- 7. Finance**
 - **Financial Report to 31 October 2014 (Paper 5A)**
 - **Forecast surplus 2014-15 (Paper 5B)**
 - **Draft budget 15-16 (Paper 5C)**
- 8. Risk Management**
 - **Divisional Risk Management updates**
 - **Division V Risk Register (Paper 6A)**
 - **Division V Assurance Statement (Paper 6B)**
 - **Division A Assurance Statement (Paper 7)**
 - **Division F Assurance Statement (Paper 8)**
 - **Corporate Risk Register (Paper 9)**
 - **Summary Risk Management report (Paper 10)**
 - **Review of Risk Management Strategy (Paper 11)**

9. Whistleblowing

- **Update on current issues oral up-date (Oral Brief – Neil Gray)**
- **Policy and procedures (Paper 12)**
- **NIAO Report – Whistleblowing in the Public Sector (Paper 12a)**

10. Draft Programme of work for Audit Committee (Paper 13)

11. AOB

- **Internal Whistleblowing Report (Paper 14a)**
- **Internal Report on Review of Audit Work on NIHE Land Deals (Paper 14b)**
- **Update on October 2014 meeting with the Audit Committee of the Northern Ireland Assembly (Oral Update - Chair)**
- **Update on review of Effectiveness of Audit Committee (oral up-date Mazars)**
- **Review of effectiveness of Internal Audit process (Paper 15 a)**
- **Review of effectiveness of External Audit process (Paper 15 B)**
- **Draft Corporate Plan (Paper 16)**

MINUTES OF AUDIT COMMITTEE MEETING HELD 28TH NOVEMBER 2014

Members Present: Mary Halton (Non Executive Member- Chair)
Diane McGiffen (Non Executive Member)
Paul Douglas (Non Executive Member)
Áine Gallagher (Non Executive Member)

In Attendance Kieran Donnelly (C&AG)
Janet Sides (NIAO Principal Finance Officer)
Patricia Blair (NIAO Finance Manager) (Papers 5A, 5B & 5C)
Bernard Barron (Mazars – Internal Audit)
John Davin (Baker Tilly Mooney Moore (BTMM – External Audit)
Neil Gray (NIAO Director Financial Audit Division) (Papers 6A, 6B, 12A & 12B)
Joe Campbell (Secretary)

<p>1. Meeting of Committee Members Only A meeting was held of the members before other attendees joined the meeting.</p>
<p>2. Confidential Meetings with Internal and External Audit No confidential meeting was required by members or by Internal or External audit.</p>
<p>3. Declaration of Conflicts of Interest There were no issues declared by the Committee members and attendees which would be in conflict with the agenda for the meeting.</p>
<p>4. Committee Membership The Chair welcomed all to the meeting, and welcomed the new Non Executive Directors, Paul Douglas and Áine Gallagher to the committee. She noted the significant knowledge and experience that each bring and encouraged them to provide active contribution and challenge. On behalf of the committee, the Chair also noted sincere thanks to Gary Martin (former non executive), for the huge contribution he had made to the Committee over a number of years before his recent resignation due to potential a conflict of interest.</p>
<p>5. Minutes of Meeting held 12th September 2014 and Matters Arising The minutes of the meeting held on 12th September were approved. Outstanding matters arising from the minutes not addressed elsewhere in the agenda were noted as indicated below:</p> <ul style="list-style-type: none">• Media Consultants had been engaged with a particular focus on advising on internal business.• Full cost recovery for chargeable audits is under active consideration by the AAG of Financial Audit and the wider Executive Team. Where it is anticipated that costs will exceed budget, overruns will be agreed with departments on a timely, case by case basis.

- The Chair indicated that a copy of the Audit Committee Annual Report had been passed to the Office on 18th June 2014.

6. Internal Audit

Committee members considered the Open Audit Points Schedule, noting the progress made by the Office in implementing recommendations contained in 2013-14 Internal Audit reviews.

The Committee discussed two reports presented by Bernard Barron of Mazars covering reviews recently completed by Internal Audit on the Consolidated Fund and Procurement. Following recommendations from the committee, it was agreed that the approach to addressing the findings of internal audit reviews would be reviewed with a view to enhancing efficiency and obtaining the full benefit of the reviews.

7. Finance

The Committee was briefed on the paper presented on financial management. The Office continues to operate within tight financial constraints and the Committee discussed these and the potential implications that this could have on Office outputs. It was proposed that this potential impact on service should be flagged to the Assembly. The Committee noted the need to scrutinise and actively manage spend for the remainder of the financial year and made a number of suggestions in this regard.

The Committee again discussed with management the financial information required and it was agreed that the format and content of financial reports would be revised for the next meeting.

8. Risk Management

The Committee considered the Risk Assurance Statements of Division F and Division A. This was followed by a presentation by Mr Gray on the Division V Risk Register. He advised that the register had last been updated in September 2014 and would be revisited following Office restructuring in January 2015. Mr Gray answered a number of queries from the Committee, including around the delivery of reports to the Assembly, the assessment of 'likelihood' attaching to this and other risks, and actions being taken to address concerns, including around resourcing issues.

Corporate Risk Register – The Committee was informed that the Executive Team had carried out a major review of the Corporate Risk Register. Key risk areas in the updated register, which categorises risks as strategic or operational, relate to finances, resourcing and business restructuring.

The committee discussed the report and raised a number of queries with management, including in regard to the consistency of ratings assigned, the treatment of reputational risks and the adequacy of actions being taken in relation to cultural change. It was agreed that the register would be reviewed in light of recommendations made by the committee.

Summary Risk Management Report – The Committee noted the report, highlighting the need to monitor closely those risks highlighted as red (high).

Risk Management Strategy – The meeting was briefed on the updated draft strategy paper. The committee asked management to clarify and document the role of the Advisory Group in the risk management process. Further clarity was also sought from the members on how risk triggers feed into the various divisional and corporate risk registers, and the need to log and appropriately report issues and near misses was noted. The strategy will be amended to reflect these issues and other recommendations made by the committee.

9. Whistleblowing

Mr Gray provided the meeting with a short briefing on the Office’s internal whistleblowing policy document. Following discussion and a number of queries from the committee regarding related procedures, it was agreed that Management would produce a draft process map for handling whistleblowing disclosures, detailing specifically the practical steps to be taken by management and the audit committee in the event of a complaint being raised. Minor amendments to the policy itself were also agreed. The committee noted that a draft report had been prepared by internal audit in relation to whistleblowing complaints referred to the committee by the NI Assembly Audit Committee. It is expected that the final report will be available for consideration at the next Committee meeting.

The Committee was also briefed on an internal whistleblowing complaint and noted the report detailing the investigation and findings in this regard. It was proposed that for future reports a more detailed covering note would be provided, setting out the context and increased detail in support of the key findings .

10. Audit Committee Annual Work Programme

The programme for 2015 was discussed and a number of changes agreed.

11. AOB

Oral Update on Attendance at NI Assembly Audit Committee – The Chair advised that the non-Executives had attended the meeting of NI Assembly Audit Committee on 6 October and discussion centred on:

- Whistleblowing cases
- Governance Arrangements
- NIAO Change Programme

Oral Update on Review of Effectiveness of the Audit Committee – Given the appointment of two new members, it was agreed that the Committee would delay the review until early 2015. This issue will be dealt with in the April 2015 meeting.

Templates for Assessment of Internal Audit and External Audit – The Chair thanked the Secretariat for the provision of templates to carry out this exercise. Feedback from members, management and internal and external audit, as appropriate, will be collated by the Secretariat and circulated to committee members in advance of the next meeting.

Following the Audit Committee meeting, Committee members met in again confidential session.

The Secretariat will circulate proposed dates for meetings in 2015 and agree same with the membership.

