

NIAO AUDIT COMMITTEE MEETING
Friday 12th September 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 13th June 2014 and matters arising from minutes (Paper 4)**
- 5. Internal Audit**
 - **Open Audit Points (Paper 5A)**
 - **Open Audit Points Schedule (Paper 5B)**
- 6. Finance**
 - **Financial Management (Paper 6)**
 - **Financial Management (Paper 6 Annex A)**
 - **Financial Management (Paper 6 Annex B)**
- 7. Risk Management**
 - **Divisional Risk Management updates**
 - **Division A (Paper 7A)**
 - **Division F Risk Register (Paper 7B)**
 - **Division F (Paper 7C)**
 - **Division V (Paper 7D)**
 - **Corporate Risk Register (Paper 7E)**
 - **Summary Risk Management report (Paper 7F)**
- 8. Whistleblowing**
- 9. AOB**
 - **Update on review of Effectiveness of Audit Committee**

MINUTES OF AUDIT COMMITTEE MEETING HELD 12TH SEPTEMBER 2014

Members Present: Mary Halton (Non Executive Member- Chair)
Diane McGiffen (Non Executive Member)

In Attendance Kieran Donnelly (C&AG)
Janet Sides (NIAO Principal Finance Officer)
Patricia Blair (NIAO Finance Manager)
Bernard Barron (Mazars – Internal Audit)
John Davin (Baker Tilly Mooney Moore (BTMM) – External Audit)
Louise Mason (NIAO Assistant Auditor General Financial Audit Division)(Papers 7B & 7C)
Rodney Allen (NIAO Director Financial Audit Division) (Papers 7B & 7C)
Calwell Steele (Secretary)

1. Confidential Meetings

Committee members met in confidential session and then met with Internal and External Audit before the other attendees joined the meeting.

2. 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.

3. Minutes of Meeting held 1st May 2014 and Matters Arising

The minutes of the meeting held on 13th June were approved. Outstanding matters arising from the minutes not addressed elsewhere in the agenda were noted as indicated below:

- The appointment of new non executive members to the Committee will be made by the next Committee meeting which is scheduled for 21 November 2014.
- The Internal Audit review of governance arrangements will be carried forward to the next meeting.
- The review of the monitoring report to be undertaken by management will be carried forward and will be completed by 31 December 2014.
- The Internal Audit review on the effectiveness of the Audit Committee will be carried forward to the next meeting.

Other matters arising form part of the meeting agenda.

4. Internal Audit

Internal Audit presented its revised Strategy for 2014-15 – 2015-16 to the Committee.

The schedule of open audit points prepared by management was reviewed by the Committee. A number of Internal Audit recommendations have been implemented and

others are in the process of implementation. The Committee urged management to progress implementation of recommendations as soon as possible as there was some concern about the pace of implementation.

5. Finance

The Committee discussed the paper presented on financial management. It agreed to accept, for future meetings, the papers which are presented to the Executive Team. Management agreed to add an additional commentary for the Committee drawing attention to any key points and any levels of concern. The Committee wishes to see a reconciliation between spend to date, budgets to date, and forecasts against budget in future reports. Currently the Office is operating within tight financial constraints and the Committee discussed these and questioned management on areas where there may be flexibility in spend. Discussion took place on the recovery of audit costs. The Committee emphasised the importance of full cost recovery in chargeable audits. The committee discussed with management the possible actions to be taken to ensure that funding arrangements sufficient to meet agreed deliverables.

6. Risk Management

The Committee reviewed the Financial Audit Division's risk register which was presented by Mrs Mason and Mr Allen. The main areas discussed were resourcing pressures and the impact on the delivery of audits. The Committee would like to see greater progress on the actions to improve controls and greater clarity on the paperwork presented to it.

The Committee also reviewed the Corporate Risk Register and questioned management on a number of issues including the rating of some risks and the actions to improve controls. Committee members underscored the need to finalise crisis planning arrangements and a well developed media strategy. Management informed the Committee that the register was in the process of being refreshed with a view to being more strategic.

The Committee reviewed the Divisional risk management updates noting the review of corporate services currently underway. Management indicated that resourcing is a key factor in risk management and the current workforce planning exercise will provide a clearer strategic direction.

7. Whistleblowing

Management indicated that a legal opinion on the Office's internal whistleblowing policy had been sought and it had been declared fit for purpose. The Committee noted that an amendment to clarify reporting was currently being made to the policy and the revised document should be issued presently. The Committee noted progress to date in the investigation of open whistleblowing complaints.

8. AOB

The Chair noted that Committee members had met informally with the Chair of the Audit Committee of the Northern Ireland Assembly in July 2014. A formal meeting between members of the two committees will be scheduled in line with the provisions of the MoU.

The Committee discussed with management the uncertainties around future funding allocations for the Office. In this context it was agreed that;

- The Business Improvement Programme including restructuring of Divisions needed to move ahead with urgency and pace.
- Scenario planning to inform the Corporate Plan should commence immediately.

Following the Audit Committee meeting, Committee members met in confidential session with management to discuss further the progress in implementing the Business Improvement Programme, funding and other issues.

The next scheduled Audit Committee meeting will be held on Friday 21st November 2014.