

**NIAO AUDIT COMMITTEE MEETING**  
**Thursday 17<sup>th</sup> September 2015 at 9.00 am**  
**Conference Room, NIAO**

- 1. Meeting of committee members only**
- 2. Confidential Meetings with Internal and External Audit (9.am)**
- 3. Declaration of Conflicts of Interest**
- 4. Minutes of meeting of 11<sup>th</sup> June 2015 and matters arising from minutes (Paper 1)**
- 5. Internal Audit**
  - **Open Audit Points (Paper 2)**
  - **Internal Audit Strategy (Paper 3)**
- 6. Finance**
  - **Financial Management Report (Paper 4)**
  - **Paper setting out amendments made to account prior to laying in NI Assembly (Paper 5)**
- 7. Risk Management**
  - **Risk Management Summary inc Corporate Risk Appetite (Paper 6)**
  - **Corporate Risk Register (Paper 7)**
  - **Cluster Assurance Statements (Paper 8)**
  - **Issues Log (Paper 9)**
- 8. Internal Whistleblowing Procedures (Paper 10)**
- 9. Review of Audit Committee Terms of Reference (Paper 11)**
- 10. NIHE Land Deals (Paper 12)**
- 11. BCP/Crisis Management – Progress Paper (Paper 13)**

**AOB**

## MINUTES OF AUDIT COMMITTEE MEETING HELD 17<sup>th</sup> September 2015

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

**In Attendance** Kieran Donnelly (C&AG)  
Janet Sides (NIAO Principal Finance Officer)  
Andrew Allen (NIAO Finance Manager)  
Suzanne Britz (Mazars – Internal Audit) – from 10:05  
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 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 and attendees that would be in conflict with the agenda for the meeting.

### 4. Minutes of Meeting held 11<sup>th</sup> June 2015 and Matters Arising

The minutes of the meeting held on 11<sup>th</sup> June 2015 were approved, subject to minor amendment. In relation to matters arising, the Chair sought clarification on progress against items and noted the carrying forward of actions relating to the implementation of Internal Audit recommendations and the development of a paper on risk appetite. The chair requested that a copy of the minutes are issued to M Halton and D McGiffen.

### 5. Internal Audit

J Sides provided an update on the seven recommendations that had been outstanding at the meeting of 11 June 2015. S Britz agreed that progress had been made and that this would be verified through ongoing testing and a follow-up review in February 2016.

S Britz briefed the meeting on the Internal Audit Strategy and confirmed that two of the audits would commence in the next few weeks. The Committee was interested in how the proposed programme of work compared with that in other bodies, including the Wales Audit Office. Following discussion, it was agreed that the strategy was proportionate and appropriate for the Office.

### 6. Finance Report

A Allen briefed the Committee on the financial management report. Funding had been secured for the Voluntary Exit Scheme (VES) and additional superannuation contributions (for 2015-16 only). As a result, pressure on the Office's 2015-16 budget had significantly

reduced. All parties agreed that an ongoing focus on budgets was essential to ensure that expenditure closely mirrors budget allocation. P Douglas explored how the Office would address any surplus that may arise.

The Committee was informed that the outworking of VES is being addressed in the current workforce planning exercise. The Chair asked about impact on workload. The C&AG highlighted the successful delivery of financial audits in the pre-Assembly summer recess period through efficiencies, but recognised that there was a need to ensure that resourcing financial audit did not impact negatively on the delivery of public reports. Going forward, he noted that there would be some easement arising from a reduction in the number of accounts to be audited with the restructuring of local and central government. Financial requirements for 2016-17 and the subsequent two years will be considered in the annual corporate plan which is normally presented to the Assembly Audit Committee in December. Ongoing uncertainties relating to external events and public sector financing were noted.

The issue of generating additional income was debated, with G Body providing examples from her experience in the Wales Audit Office. P Douglas raised the potential to raise income from the premises, which the Office advised it had been considering.

The C&AG reported that the Office is reviewing its strategy for contracting out financial audits.

The Committee considered the paper setting out the final amendments to the 2014-15 annual report and accounts. It proposed that:

- the 2015-16 accounts should be provided to the membership at the time of issue to external audit and within an agreed timeline;
- the accounts should be reviewed by the Office's in-house technical unit prior to issue; and
- a post project evaluation should be carried out as part of the review of the annual report and accounts exercise.

## **7. Risk Management**

J Sides provided an update on risk management, and clarified that the corporate risk register was considered at each meeting of the Executive Team and the cluster risk registers were reviewed at each cluster management meeting. Management agreed that it would ensure that all registers placed before the Committee reflect the current status of each risk and were consistent with all supporting papers. The risk registers were available to all staff through the Office intranet.

The committee raised the need to update the register in light of recent developments including the recent receipt of funding for VES and the achievements in the pre-summer recess period. Management advised that it had recognised the need to revisit, in particular, finance and delivery risks, and planned to address these at a forthcoming Executive Team meeting.

The Committee considered Cluster Assurance Statements and the Issues log, and agreed that a risk appetite exercise should be completed by 31 December 2015. Management confirmed that the issues log records all near misses and these will be brought to the attention of the Committee at each meeting. G Body suggested that NIAO contact the Wales Audit Office to discuss benchmarking in risk management practice.

#### **8. Internal Whistleblowing Procedures**

The Committee proposed further change to the Office's internal whistleblowing policy, including the provision of clarity around the roles of external audit and the Audit Committee chair, and the inclusion of a flowchart setting out process. The Committee also reviewed the approach adopted by the Wales Audit Office. The updated documents will be considered at the next Committee meeting.

#### **9. Terms of Reference**

The Committee agreed to defer the discussion of its terms of reference to the next meeting. As part of this exercise the Chair has sought a copy of the forward work programme for the Committee.

#### **10. NIHE Land Deals Report**

The Committee noted the circumstances around the initiation and production of the forthcoming NIAO published report.

#### **11. Business Continuity Plan (BCP)**

The Committee was briefed on the update of the BCP and testing conducted. Management advised that the revised BCP would now be approved.

The Crisis Management Plan was noted by the Committee.

#### **12. AOB**

##### **Stakeholder Engagement**

The Committee requested that this should be introduced as a fixed item on the Committee agenda. The Committee was informed of the key stakeholder activities undertaken in the period including the development of the first formal survey of auditees and the staff pulse survey.

##### **Meeting with NI Audit Office Staff**

Non-Executive members to meet with the Employee Engagement Group and TUS. Corporate secretariat to arrange.

The next meeting of the committee will be on Friday 6 November 2015 commencing at 9:00am in the conference Room of the NI Audit Office.

