

## MINUTES OF NIAO AUDIT COMMITTEE HELD ON 8 NOVEMBER 2013

**Members Present:** Mary Halton (Non Executive Member- Chair)  
Gary Martin (Non Executive Member)  
Diane McGiffen (Non Executive Member)  
Daniel McLarnon (Non Executive Member)

**In Attendance** Kieran Donnelly (C&AG)  
Janet Sides (NIAO Principal Finance Officer)  
Andrew Allen (NIAO Finance Manager)  
Bernard Barron (Mazars – Internal Audit)  
Joe Campbell (Secretary)  
Karen Beattie (Item 5 only)

Committee members met without others present prior to the audit committee meeting. Subject to minor changes, members approved a final summary of the review of committee effectiveness for 2012/2013.

### **1. Confidential Meeting with Internal Auditor**

No meeting was required. The Chair met with Bernard Barron of Mazars following the audit committee meeting to confirm reporting arrangements and the process for finalisation of the 2013/14 Internal Audit Plan.

### **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 30<sup>th</sup> September 2013 and Matters Arising**

The minutes of the meeting held on 30<sup>th</sup> September were approved subject to a minor amendment agreed at the meeting. Outstanding matters arising from the minutes were considered as part of the meeting agenda, other than the paper on the “Effectiveness of the Audit Committee” as noted above.

### **4. Internal Audit**

#### ***Implementation of Internal Audit Recommendations***

Members reviewed the outstanding action points and discussed with management the progress made. It was agreed that going forward the report should indicate those that have been closed. Those points remaining open will continue to be tracked and progress reported back to the Audit Committee.

#### ***Internal Audit Plan 2013-14***

The Committee considered the updated draft Internal Audit plan for 2013-14 and

discussed the proposed changes. In light of the significant change in the provision of IT Services to the Office over the past year, it was agreed that this would be a particular focus of the Data Security and Data Management review. It was also agreed that the review of performance management and training arrangements would be carried out in 2013-14. The C&AG approved appropriate budget provision and, subject to the above changes and pending discussion on a review of the IT Plan and Strategy noted below, the committee approved the plan.

The committee noted a reconciliation of planned vs actual internal audit work for 2012/2013.

***IT Audit Report***

This was agreed as final, subject to a minor editorial amendment highlighted by the Committee.

***Review of Division A Quality Assurance***

The review of quality assurance processes applying to the Office's financial audits was discussed and satisfactory assurance noted. The Committee was pleased to note the level of progress already made in response to recommendations in the report.

**5. ICT**

Mr Campbell briefed the Committee on the paper on ICT Progress and Assurance.

Members welcomed the continued progress in IT development, including the development of a new NIAO IT Strategy and operational plan. Suggestions were made to enhance the strategy, which will be addressed in the final document. It was agreed that Internal Audit would review the draft strategy and plan as part of their 2013/2014 work programme.

Members sought clarity on the relationship with IT Assist. It was confirmed that, while IT provision had been outsourced to IT Assist, responsibility and accountability for the delivery of IT remained with NIAO. Arrangements for the assessment and reporting of service delivery were discussed.

**6. Appointment of External Auditor**

The meeting was informed that the Department for Finance and Personnel had issued the invitation to tender documentation with tenders sought by 22 November.

**7. Risk Management**

Mrs Sides briefed the Committee on the implementation of the risk management strategy. Members queried a number of issues, including the application of risk appetite controls, reporting of near misses and identification and management of emerging risks. The corporate risk register was reviewed and changes were discussed. Management agreed to review the risk rating process to ensure that residual ratings fully reflect the

controls in place. The committee noted risk register updates for each of the divisions.

**8. Audit Committee Annual Work Programme**

The annual work programme for the committee was considered by the members and agreed. Meeting dates will be finalised in due course.

It was noted that the remit of the Committee may be extended to cover strategic financial management oversight, and should this take place, the work programme will be appropriately amended.

**9. Review of NIAO budget process**

The Finance Manager briefed the Committee on the Office's review of its financial budgeting processes, highlighting recommended actions. Internal Audit will be examining this area in its 2013-14 programme.

The management of both resource and cash requirements was discussed and the Committee asked that the risks and controls associated with each need to be separated in assessing risk.

**10. Audit Committee Terms of Reference**

Following consideration, the Committee endorsed the paper subject to minor amendment. It will now be submitted to the C&AG for approval.

**11. Review of arrangements for Crisis Planning**

The members considered ongoing work in this area and confirmed that a crisis scenario plan, together with an updated Business Continuity Plan, should be presented to its February 2014 meeting.

**12. AOB**

The next scheduled Audit Committee meeting will be held on Friday 7<sup>th</sup> February 2014.