

MINUTES OF AUDIT COMMITTEE MEETING HELD 13TH JUNE 2014

Members Present: Mary Halton (Non Executive Member- Chair)
Gary Martin (Non Executive Member)
Diane McGiffen (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)
John Davin (Baker Tilly Mooney Moore (BTMM) – External Audit)
Joanne Small (BTMM – left the meeting after item 5)
Anne Fitzpatrick (BTMM - left the meeting after item 5)
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 1st May were approved subject to the correction of one typing error. Outstanding matters arising from the minutes not addressed elsewhere in the agenda were noted as indicated below:

- A detailed reconciliation of open audit points and Internal Audit recommendations will be presented at the September meeting.
- The Terms of Reference for the Audit Committee have been agreed and circulated to members and to External and Internal Audit.
- The process to appoint a non executive member to the Committee will progress over the summer.
- An annual review of audit committee effectiveness is underway, facilitated by Mazars.

Other matters arising form part of the meeting agenda.

4. Internal Audit

Internal Audit presented the following reports to the Committee.

Annual Statement of Assurance for the year ended 31 March 2014

Mr Barron of Mazars indicated that there were no changes to the draft statement

presented at the previous meeting and provided substantial assurance in relation to arrangements for internal control, risk management and governance in areas where audit work was performed for the year ended 31 March 2014.

Internal Audit Strategy 2014-15 – 2015-16

A revised Audit Strategy was reviewed and approved by the Committee, subject to some changes in scope.

Internal Audit Report on Data Security and Data Management

The Committee discussed the report and noted that management have accepted the recommendations made and are in the process of implementation. Internal Audit will carry out a review of controls as part of a follow up review when it is considered timely to do so. The Committee agreed that the report was helpful in light of recent work in the IT area and the migration to IT Assist for the provision of the Office's IT services. It was agreed that regular reports should be made to the Executive Team on the issue of data security and data management including progress on the implementation of the recommendations in the internal audit report.

Draft Interim Internal Audit Report - Review of Governance Arrangements

The Committee discussed the draft report on governance arrangements. The report will be completed following the overall review of governance structures which is currently underway.

The Committee thanked Mr Barron and the internal audit team for their work.

5. External Audit

External Audit presented two reports:

- **Audit Findings Report.**

Ms Small reported on the audit of the draft annual report and accounts for the year ended 31 March 2014. She reported that the audit was conducted in accordance with the audit plan presented at the previous meeting and the accounts were presented within the estimate and were unqualified. Two changes were required but there were no significant issues identified. Queries from Committee members were addressed in full.

- **Review of Quantified Impacts for the year ended 31 March 2014**

Mr Davin presented his report on quantified financial impacts. He concluded that the process for quantifying the 2013-14 financial impacts has been applied properly and conservatively by the NIAO and each quantified financial impact in the sample audited was accurately stated and reasonable. The ratio of net resource outturn to financial impact was 2.7, indicating the benefit brought by the work of the Office.

External Audit acknowledged the assistance provided by NIAO staff in the completion of their audit.

The Committee thanked the External Audit team for their work. The Committee welcomed Ms Fitzpatrick and thanked Ms Small for her work over the last number of years.

6. Finance

The Committee discussed the annual report, including the governance statement, and accounts. Committee members had provided comment in advance of the meeting, and some amendments in presentation were agreed. It was proposed that the final accounts would be signed by the C&AG as Accounting Officer and sent to the auditor for certification on Monday 16 June. The Committee acknowledged the work done by those members of staff involved in the preparation of the accounts.

The role of the Committee in relation to financial management was discussed and agreed in light of changes to the Committee's ToR.

7. Risk Management

Mrs Sides briefed the Committee on Risk Management. She presented the annual review of corporate risk and informed the Committee that the Risk Management Strategy was currently under review. The Corporate Risk Register was discussed as was the review and update of risk escalation triggers and the outcome of the Executive Team's most recent consideration of horizon scanning and emerging risks. The Committee recommended some changes to the scope of the register and the process for escalating issues. The Committee reviewed the Divisional Assurance Statements, noting the review of corporate services currently underway.

8. Annual Quality Assurance monitoring Report 2013-14

In accordance with ISQC1 (International Standards on Quality Control 1: Quality control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements'), NIAO's quality control procedures are reviewed annually by its Compliance Partner. Mrs Sides presented the annual report and responded to queries from Committee members.

9. Senior Management Expenses

A summary of the expenses of senior management as well as those of non executive members was presented to the Committee. There were no issues arising.

10. Annual Health and Safety Assurance Report

The Annual Health and Safety report was reviewed and some recommendations for further enhancing the report were made.

11. Report on Anti-fraud policy, Whistleblowing and Complaints

The Committee discussed the report and looked for assurance as to the appropriate handling of issues raised.

12. Audit Committee Annual Report

The Chair presented the Committee's draft annual report and invited comments from attendees.

13. AOB

The next scheduled Audit Committee meeting will be held on Friday 12th September 2014.