

## MINUTES OF AUDIT COMMITTEE MEETING HELD 1 MAY 2014

**Members Present:** Mary Halton (Non Executive Member- Chair)  
Gary Martin (Non Executive Member)  
Diane McGiffen (Non Executive Member- participated by conference call)

**In Attendance** Kieran Donnelly (C&AG)  
Janet Sides (NIAO Principal Finance Officer)  
Maria Gannon (Mazars – Internal Audit)  
John Davin (Baker Tilly Mooney Moore(BTMM) – External Audit)  
Joe Campbell (IT Manager Item 7)  
Rodney Allen (Risk Manager Div F – Item 6D)  
Calwell Steele (Secretary)

### 1. Confidential Meetings

Committee members met in confidential session and then met with 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.

The Chair referred to the resignation of non executive member Daniel McLarnon and acknowledged the valuable contribution which he had made to Committee business during the period since his appointment.

The Chair welcomed John Davin from BTMM who have been re-appointed as External Auditors.

### 3. Minutes of Meeting held 13<sup>th</sup> February 2014 and Matters Arising

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

- A Memorandum of Understanding between the NI Assembly Audit Committee and the NIAO Audit Committee has been agreed and as a result some amendments to the Terms of Reference for the NIAO Audit Committee have been made. The Committee agreed these changes and the Terms of Reference will be finalised, approved by the C&AG and circulated to relevant parties including Internal and External Audit.
- The review of the Business Continuity Plan has completed and the revised version is now in operation. The Crisis Scenario Plan will be finalised within the next number of weeks.

Other matters arising form part of the meeting agenda.

#### **4. Internal Audit**

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

Members reviewed the outstanding action points and discussed with management the progress made. Comparison was made with the Internal Audit follow up review. Nine recommendations made remain outstanding and work continues on their implementation.

Internal Audit presented the following reports to the Committee.

##### ***Draft Report on Review of Budgeting Processes***

The Committee discussed the findings of the report and noted Internal Audit's assurance on the budgeting process system. The recommendation in the report has been accepted by management.

##### ***Report on Performance Management and Staff Training***

The Committee discussed the report and noted the assurance provided. Management have accepted the recommendations made in the report and provided the Committee with information on how they plan to implement these.

##### ***Internal Audit Strategy 2014-15 – 2015-16***

The Committee discussed the proposed Internal Audit Strategy. There were a number of matters which required further consideration, including governance arrangements and performance management, and it was agreed that an amended strategy would be presented at the June meeting.

##### ***Draft Internal Audit Assurance Statement 2013-2014***

The Committee noted the substantial assurance provided in the draft statement. Management will consider how best to provide assurance on outsourced IT activity.

##### ***Draft Report on Risk Management Review***

The Committee discussed the report on risk management. The recommendations made have been accepted by management. It was noted that the Risk Management Strategy, including Divisional risk reporting lines and the Terms of Reference for governance structures are currently being reviewed and updated.

#### **5. External Audit**

Mr Davin from External Audit presented his audit strategy for the year ending 31 March 2014 and answered committee queries in relation to the proposed strategy. No high risk areas were identified and, following discussion, the Committee agreed the proposals.

#### **6. Risk Management**

Mrs Sides briefed the Committee on Risk Management activity, including changes to the Corporate Risk Register, 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. Both the Committee and management agreed that there would be value in the C&AG's Advisory Group and the NIAO leadership sub-groups joining the Executive Team in a session planned for summer 2014 to review strategic risk in preparation for the next corporate plan.

The Committee reviewed Divisional Assurance Statements. Mr R Allen presented the Financial Audit Division's Assurance Statement and answered the committee's queries in relation to changes in the risk register and issues raised Mr Allen noted that due to recent turnover in staff there may be a risk that some audits may not be delivered by the deadline dates. Departments had been made aware of this and he emphasised that the quality of audit work would not be compromised. The situation will be closely monitored by the Executive Team. The other Divisional Assurance Statements were accepted.

#### **7. Report on loss of laptops**

Mr Joe Campbell provided an update regarding missing laptops and provided assurance to the Committee as to the unlikely event of a breach of data security. The issue was discussed in some detail, including the Office's response to the matter and the improvements in control. The Committee additionally recommended that a spot check of office wide laptops should be undertaken to determine if the conditions of IT policy were being implemented. The Office has contacted the Information Commissioner's Office (ICO) and a report will be forwarded to the ICO shortly. An update report will be presented to the Committee at its June meeting or earlier if deemed necessary as a result of further investigations.

#### **8. Whistleblowing Policy and Activity**

Mrs Sides presented an oral brief on whistleblowing policy and activity. It was agreed that a written report covering the application of the Office's policies on complaints handling, whistleblowing and countering fraud should be presented to the Audit Committee at its next meeting.

#### **9. Audit Committee Self Evaluation**

Members met with Internal Audit to carry out the initial step in the Audit Committee Self Evaluation which is being facilitated by Internal Audit. Next steps were agreed for completion of the review.

#### **10. Review of progress against Audit Committee work programme**

Committee members reviewed progress against actions arising from its 2012-2013 self-evaluation process.

#### **11. AOB**

The following points were agreed and/or noted;

- At future Audit Committee meetings an agenda item on financial issues is to be

included.

- Following the February meeting, the Committee met to discuss the performance of Internal Audit among members and also with management. The Committee expressed satisfaction with the work of Internal Audit and endorsed the reappointment of Mazars as internal auditors of NIAO.
- The Audit Committee of the NI Assembly has endorsed the extension of the current non executive members by another three years for Mrs Halton and Mrs McGiffen and by one year for Mr Martin.
- The procedures to fill the vacancy caused by the resignation of Mr McLarnon are to commence in May 2014. The Job Specification will be prepared and circulated to members.

The next scheduled Audit Committee meeting will be held on Friday 13<sup>th</sup> June 2014.