

**Minutes of Audit & Risk Assurance Committee Meeting No. 27  
held on Tuesday 9 February 2016 at 09.30am in the Charity  
Commission for Northern Ireland office in Lurgan.**

**Present:**

Norman Bennett, Chair  
Walter Rader, Commissioner  
Seamus Magee, Commissioner  
Kieran Donaghy (Independent Member)

**In Attendance:**

Frances McCandless, Chief Executive  
Aubrey McCrory, Head of Corporate Services  
Kathryn Jennett, Admin Officer  
Dorinnia Carville, NIAO  
Eamonn O'Reilly, DSD Internal Audit  
Carol Henry, DSD URCDG  
Peter O'Sullivan, NIAO  
Peter Toner, DSD VCU

At the outset of the meeting the Chair welcomed Peter Toner to the Audit & Risk Assurance Committee, following the recommendation from DSD Internal Audit that a member from the sponsor branch (DSD) be on the Committee.

**1. Minutes of Meeting**

The minutes of the Audit & Risk Assurance (A&RA) Committee meeting held on 18 November 2015 were proposed by Walter Rader and seconded by Kieran Donaghy and agreed as a true and accurate record.

**AP 1: Minutes of the meeting to be recommended to the Board for approval.**

**2. Conflicts of Interest**

The Chair reminded members of the need to declare any conflicts of interest prior to the meeting commencing. No declarations were made in relation to this meeting.

### **3. Chair's Comments**

The Chair had no further comments to make.

### **4. Risk Appetite for 2016-19 Strategic Plan (including Assurance Framework)**

The Head of Corporate Services introduced the paper and the proposed approach to assurance checking. The Committee considered the overall risk appetite noting the risks associated with precedent setting work and the need for arrangements to learn lessons. The risk appetite was agreed for recommendation to the Board following proposal by Walter Rader and seconded by Seamus Magee.

### **5. Terms of Reference**

The Chair highlighted the committee's existing Terms of Reference and the need to undertake an annual review of them. During discussion it was agreed under Section 7.0 Information requirements would cover *"the management of major incidents, control enhancements to address potential weaknesses, and lessons learnt"*. It was agreed that the Terms of Reference be recommended to the Board as a verbal update as proposed by Norman Bennett and seconded by Walter Rader.

### **AP2: Terms of Reference recommended to the Board for approval**

### **6. Internal Audit plan – 3 year Audit Strategy**

Eamonn O'Reilly (Internal Audit) introduced the 3 year strategy to the Committee highlighting its role and that each year the proposed programme of audit work would be subject to review in light of any emerging risks. The Committee agreed in light of the Board's interest in the registration programme and quality review process to include this in the first assignment in 2016-17. The Committee noted in total there would be 105 staff officer days allocated over the term of the strategy. Support to the Commission encompassed managing the audit strategy, attending A&RA committee meetings, undertaking audit assignments, drafting reports, and providing an overall opinion on the Commission's annual governance statement.

The timing of assignments and the process for receiving draft reports from Internal Audit were discussed and NIAO confirmed under normal circumstances the Board do not have input to shaping the draft report. It was agreed going forward that Internal Audit's final report would be issued simultaneously to the CEX, A&RA committee and NIAO.

**AP3: Eamonn O'Reilly (Internal Audit) to send final report to Management, A&RA Committee members and NIAO at the same time.**

**AP4: Eamonn O'Reilly to amend the Strategic plan 2016-17 priority 1 assignment to include Registration programme.**

**7. Risk Policy**

The Head of Corporate Services introduced the revised draft policy to the Committee highlighting its role as part of the Commission's internal controls and corporate governance arrangements. The policy explains the Commission's underlying approach to risk management and documents the role and cascade of responsibilities including Commissioners, middle managers and all staff. It was agreed to recommend the revised risk policy to the Board as proposed by Walter Rader and seconded by Norman Bennett.

**AP5: Revised risk policy recommended to the Board for approval**

**8. Review Fraud policy (including NIAO managing fraud risk in a changing environment self assessments)**

The Chief Executive introduced the results of the self assessment and the Committee agreed actions to address areas for development, including creation of a unified code of conduct for staff and updating of the whistle blowing policy. The committee were content with the amber level assessment of Internal Audit's work in reviewing new programmes as the Commission had a busy programme agenda and was making good use of available Internal Audit time. NIAO underlined the self assessment was a very useful summary of steps to be taken to reduce the fraud risk.

The Head of Corporate Services briefed the Committee on the review and redrafting of the fraud policy document, which drew on the Sponsor Department's updated approach. The Committee noted the fraud policy included a series of practical controls/actions following the introduction of the Bribery Act 2010, including staff awareness in raising and discussion of fraud and bribery indicators. Areas of concern and updates to the potential areas of risk were noted. Following discussion, the fraud policy was approved for recommendation to the Board following proposal by Walter Rader and Seamus Magee.

**AP6: Fraud policy to be recommended to the Board for approval**

## **9. Risk Register**

The Head of Corporate Services introduced the register. The Committee noted the recommended increase in corporate risk 1 – *“public confidence in charities diminished by delays and difficulties in registration and operating the charity register ...”* given the lack of Departmental indication on planned resourcing for 2016-17 which led the Board to decide not to meet the target on calling forward organisations for registration at this time. It was agreed to establish a Task & Finish group to update the register with the new strategic and business plans. It was agreed to recommend the updated register to Board following proposal by Norman Bennett and seconded by Seamus Magee

**AP7: Task & Finish group established to look at updating register**

**AP8: Risk Register to be recommended to the Board for approval.**

## **10. Finance Procedures**

The Head of Corporate Services introduced the updated procedures to the Committee highlighting the minor amendments that arose from Internal Audit recommendations and staff suggestions. Following discussion the Committee agreed to recommend the revised procedures to the Board for approval, following proposal by Walter Rader and seconded by Norman Bennett.

**AP9: Finance procedures to be recommended to the Board for approval.**

## **11. Update on 2<sup>nd</sup> Audit Assignment**

Eamonn O'Reilly (Internal Audit) provided an update on the 2<sup>nd</sup> assignment noting no significant issues had arisen, and plans were in hand to finalise a report by the end of February.

## **12. NIAO Update on 9 Month accounts**

Peter O'Sullivan (NIAO) advised that Audit fieldwork began on Monday 8 February 2016 and there were no matters of note at the moment. The Committee agreed to give early sight to NIAO of the draft accounts due to be considered at its May meeting so it could begin audit work.

## **13. Audit recommendations implementation report**

The Head of Corporate Services updated the Committee on recommendations completed since the last report. The Chief Executive noted that Internal Audit had looked at the registration assurance check. The Committee noted the report.

**14. Budget**

The Head of Corporate Services introduced the December budget update to the Committee. Following discussion of the closeness in month end and year to date variances it was agreed to review the variance levels used and update committee members.

**AP10: Head of Corporate Services to review budget variance levels**

**14. Review of Conditions attached to business case approvals**

The Head of Corporate Services introduced the report to the Committee and highlighted a novel area of work involving the appointment of Counsel to begin restitution proceedings against trustees related to a section 22 enquiry. The Committee noted the conditions.

**15. Quarterly Assurance Statement**

The Chief Executive introduced the statement to the Committee which noted comments in Section 2 relating to budget scenarios impacting on registration work.

**16. DAO Letters summary**

Noted.

**17. AOB**

None.

**18. Issues for next meeting 10 May 2016**

Audit Report  
End of year accounts  
Governance Statement  
Annual report to Board from Chair of A&RA

The meeting ended at 10.55AM

**Audit & Risk Committee**  
**Register of Outstanding Action Points**

<b>Committee Meeting and Action Point Number</b>	<b>Date Raised</b>	<b>Agenda Item</b>	<b>Action</b>	<b>Owners</b>	<b>Status</b>
25 (3)	18/11/15	Internal Audit first assignment report	Schedule meeting with Lacey Walker, Chair and CEO	Internal Audit	Complete
25 (4)	18/11/15	Internal Audit first assignment report	Internal Audit to prepare draft 2016-19 audit strategy	Eamonn O'Reilly	Complete
25 (6)	18/11/15	Schedule of relevant policies for review	Policies to be added to various forthcoming committee agenda	HCorpS	Complete
27 (1)	9/02/16	Minutes of Meeting	Minutes of the meeting to be recommended to the Board for approval	HCorpS	Complete
27 (2)	9/02/16	Terms of Reference	Terms of Reference recommended to the Board for approval	HCorpS	Complete
27 (3)	9/02/16	Internal Audit plan – 3 year Audit Strategy	Eamonn O'Reilly (Internal Audit) to send final report to Management and Committee members at same time.	Eamonn O'Reilly	Underway

27(4)	09/02/16	Internal Audit plan – 3 year Audit Strategy	Eamonn O'Reilly to amend the Strategic plan 2016/17 priority 1 in each assignment	Eamonn O'Reilly	Complete
27 (5)	09/02/16	Risk Policy	Risk policy recommended to the Board for approval	HCorpS	Complete
27 (6)	09/02/16	Review Fraud policy (including risk assessment Managing fraud risk in a changing environment self assessment	Fraud policy to be recommended to the Board for approval	HCorpS	Complete
27 (7)	09/02/16	Risk Register	Task & Finish group established to look at CR1	HCorpS	Underway
27 (8)	09/02/16	Risk Register	Risk Register to be recommended to the Board for approval.	HCorpS	Complete
27 (9)	09/02/16	Finance Procedures	Finance procedures to be recommended to the Board for approval.	HCorpS	Complete
27(10)	09/02	Budget	Head of Corporate Services to check budget paper with FAM	HCorpS	Complete