

**Minutes of Audit & Risk Assurance Committee Meeting No. 28
held on Tuesday 10 May 2016 at 09.00am 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
Sonya Breslin, Finance and Admin Manager
Kathryn Jennett, Admin Officer
Denver Lynn, NIAO
Eamonn O'Reilly, DfC Internal Audit
Michael O'Dowd, DfC
Peter Toner, DfC VCU

1. Minutes of Meeting

The minutes of the Audit & Risk Assurance (A&RA) Committee meeting held on 9 February 2016 were proposed by Walter Rader and seconded by Seamus Magee 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 welcomed Denver Lynn and Michael O'Dowd to the meeting.

4. Review of draft Accounts

The Head of Corporate Services introduced the draft accounts which had been forwarded to the NIAO for information and were subject to audit. Feedback to date had identified three minor presentational changes which the Finance & Admin Manager outlined to the committee, namely, a reclassification, detailing an accrual, and stating capital commitments for 2016/17. The Chair noted these were relatively unsubstantial changes which did not affect the bottom line, and expressed thanks to the Finance & Admin Manager for work to date in preparing the draft accounts.

The Committee were briefed on delays by Pensions branch in providing information needed for disclosure in the accounts. The timetable for delivery was yet to be confirmed for the whole NICS, as well as relevant sponsored public bodies. Denver Lynn (NIAO) confirmed the NIAO had received a clean set of draft accounts and the timetable for audit was progressing, however, audit certification could not be completed without pension information. This would delay Board sign off of the final accounts, which the committee were very concerned about. Following discussion it was agreed to recommend the draft accounts to the Board at this time following proposal by Norman Bennett and seconding by Walter Rader.

AP 2: Draft accounts to be recommended to the Board for approval.

5. Draft governance statement

The Chief Executive introduced the draft statement noting the layout and content was not intended to be a 'boiler plate', and while it was lengthy, feedback commended a similar approach last year. The Committee noted the board assessment had just been received and agreed it would be premature to include details, although the process should be reflected in the statement as this demonstrates the organisation having a culture of seeking to improve. Following discussion, it was agreed to recommend the draft governance statement, subject to minor amendment, to the Board as proposed by Norman Bennett and seconded by Walter Rader.

AP 3: Draft governance statement to be recommended to the Board for approval.

6. A&RA Committee Annual Report to the Board

The Chair introduced the report underlining this was an opportunity to outline the work of the committee to the Board. Following discussion, it was agreed to recommend the committee's annual report to the Board as proposed by Seamus Magee and seconded by Walter Rader.

AP 4: Draft annual A&RA committee report to be recommended to the Board for information.

7. Internal Audit report on 2nd Assignment and overall 2015-16 Report

Eamonn O'Reilly (Internal Audit) provided an update on the 2nd assignment noting an overall satisfactory rating with 5 recommendations, including 2 at priority level 2 and 3 at priority level 3. The audit approach and conclusions leading to the recommendations were outlined. In relation to Section 96, it was noted controls around quality reviews could be enhanced. The Committee noted the overall audit had also checked and verified that all recommendations from previous years were cleared.

Eamonn O'Reilly highlighted the 2015-16 Internal Audit report. This detailed the results of Internal Audit work undertaken during 2015/16 including Assignment One, which looked at Registration of Charities, Risk Management, Business Continuity, and Section 96 Consents for Charitable Organisations. Assignment Two assessed IT System, Finance, HR (including recruitment, training and payroll), and previous recommendations. This demonstrated a very clean bill of health. The conclusion was that, as detailed in section 2.2 of the report, overall a robust framework of governance, risk management and control has been established across the Charity Commission for Northern Ireland and again a satisfactory opinion was appropriate.

Following discussion of this wording corresponding to a substantial opinion in Appendix A - Audit Opinions and Definitions, it was agreed the opinion would be rechecked. Following discussion, it was agreed to accept the overall report and recommend it to the board as proposed by Seamus Magee and seconded by Walter Rader.

AP5: Internal Audit to check and confirm level of assurance opinion.

AP 6: Internal Audit 2015/16 Overall report to be recommended to the Board for approval.

AP 7: Audit Recommendations Implementation report to be updated with results of 2nd Assignment.

8. Review of Whistleblowing policy

The Head of Corporate Services highlighted the main findings of the review and a series of suggested changes and developments to the existing policy. The Committee noted there had been a change in emphasis in the wider public sector towards enabling staff to '*speak up and make protected disclosures*' with additional options to go to senior officials and/or named external agencies. Following discussion, it was agreed to recommend the draft revised Whistleblowing policy to the Board following proposal by Walter Rader and seconding by Norman Bennett.

AP 8: Draft Whistleblowing policy to be recommended to the Board for approval.

9. Review of Information Security Policy

The Head of Corporate Services highlighted the main findings of the review which identified changes in Cabinet Office guidance and the sponsor department's own policy. The revised draft policy therefore included a series of suggested changes and developments. Following discussion, it was agreed, subject to minor amendment, to recommend the draft Information Security policy to the Board following proposal by Walter Rader and seconding by Seamus Magee.

AP 9: Draft Information Security Policy to be recommended to the Board for approval.

10a. Corporate risk register

The Head of Corporate Services introduced the register and noted SMT recommended a reduction in Risk 4 at this time as a result of budget confirmation. Following discussion, it was agreed to recommend the revised risk register to the Board following proposal by Norman Bennett and seconding by Walter Rader.

AP 10: Corporate risk register to be recommended to the Board for approval.

10b. Draft 2016-17 Business Plan risk register

The committee discussed the initial draft register produced by the Task & Finish group and highlighted several additional risks that merited inclusion, in particular risks arising from Tribunal and Court decisions. The Task & Finish group agreed to produce a revised draft which will be submitted to the June Board meeting for approval.

AP 11: Revised draft Business Plan risk register to be produced and submitted to June Board meeting for approval

11. End of year report on SMT and Board expenses

The Committee noted the report and agreed this work should not be repeated going forward.

12. Audit recommendations implementation report

The Head of Corporate Services updated the Committee on progress, highlighting all previous recommendations were cleared and the remaining two recommendations from the first assignment in 2015/16 were underway.

13. Budget

The Head of Corporate Services introduced the year end budget report to the Committee, highlighting an overall under spend of 1.6% (1.65% revenue, 0.65% capital) and that 99.5% of invoices were paid within 10 days well above the target of 90%. The committee noted year end results and the April month end spend and variances.

14. Review of Conditions attached to business case approvals

The Head of Corporate Services introduced the report to the Committee which noted the conditions.

15. Quarterly Assurance Statement

The Chief Executive introduced the latest assurance statement to the Committee. This included the view Commission resources were well below that required for compliance monitoring. In discussion it was pointed out the Charity Commission for England & Wales had previously been criticised by the NAO for not raising concerns about inadequate resourcing to carry out compliance monitoring. The Accounting Officer and Board therefore intended to continue to raise their concerns on an ongoing basis.

16. DAO Letters summary

Noted.

17. AOB

The Chief Executive noted the benefits of the previous DSD Audit Chairs' Forum. Peter Toner indicated although there was no discussion yet on the way forward, DfC recognise the potential of a new forum. Michael O'Dowd outlined DfC's new audit committee arrangements.

AP 11: DSD to advise on plans for DfC Audit Chairs' Forum

18. Issues for next meeting 6 September 2016

NIAO audit report

Committee meeting with auditors (without officers present)

The meeting ended at 10.30am

Audit & Risk Committee
Register of Outstanding Action Points

Committee Meeting and Action Point Number	Date Raised	Agenda Item	Action	Owners	Status
27 (3)	9/02/16	Internal Audit plan – 3 year Audit Strategy	Internal Audit to send final report to Management and Committee members at same time.	Eamonn O’Reilly	Complete
27 (7)	09/02/16	Risk Register	Task & Finish group established to look at CRR	HCorpS	Complete
28 (1)	10/05/16	Minutes of meeting 27 held on 09/02/16	Minutes to be recommended to Board for approval	HCorpS	Complete
28 (2)	10/05/16	Review of draft accounts	Draft accounts to be recommended to Board for approval	HCorpS	Complete
28 (3)	10/05/16	Draft Governance Statement	Draft governance statement to be recommended to Board for approval	HCorpS	Complete
28 (4)	10/05/16	Committee’s annual report	Draft annual A&RA committee report to be recommended to Board for information	HCorpS	Complete
28 (5)	10/05/16	Internal audit report	Internal audit to check and confirm level of assurance opinion	Eamonn O’Reilly	Complete

28 (6)	10/05/16	Internal audit report	Internal audit 2015/16 overall report to be recommended to Board for approval	HCorpS	Complete
28 (7)	10/05/16	Internal audit report	Audit Recommendations Implementation report to be updated with results of 2nd Assignment	HCorpS	Complete
28 (8)	10/05/16	Review of Whistleblowing policy	Draft Whistleblowing policy to be recommended to Board for approval	HCorpS	Complete
28 (9)	10/05/16	Review of information security	Draft information security policy to be recommended to Board for approval	HCorpS	Complete
28 (10)	10/05/16	Corporate risk register	Corporate risk register to be recommended to Board for approval	HCorpS	Complete
28 (11)	10/05/16	Draft 2016/17 Business Plan Risk Register	Revised draft Business Plan Risk Register to be produced and submitted to June Board meeting for approval	HCorpS	Underway