

**Minutes of Audit & Risk Assurance Committee Meeting No. 31
held on Monday 20 February 2017 at 10am in the Charity
Commission for Northern Ireland office, Lurgan**

Present:

Norman Bennett, Chair
Séamus Magee, Commissioner
Kieran Donaghy (Independent Member)

In Attendance:

Frances McCandless, Chief Executive
Aubrey McCrory, Head of Corporate Services
Peter Toner, DfC VCD
Eamonn O'Reilly, DfC Internal Audit
Peter O'Sullivan, NI Audit Office
Jennifer Black, Admin Officer

The meeting commenced at 10.00 am

1. Minutes of Meeting

The minutes of the Audit & Risk Assurance (A&RA) Committee meeting held on 15 November 2016, were agreed as a true and accurate record. Proposed by Kieran Donaghy, and seconded by Séamus Magee.

AP1: 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 informed the meeting that Commission representatives would be attending a Chief Executives' Forum - Public Accountability & Governance event in March, and would report on any issues arising and the value of the training to the next A&RA committee.

4. Risk register

The Head of Corporate Services introduced the risk register and recommended an increase to risk 7 'Oversight and Governance arrangements' in light of the reduced number of Commissioners. It was noted the Board had taken steps to manage this situation, which would continue until a new Minister was in place to make new Commissioner appointments.

It was pointed out for a number of years the level of resourcing had been regularly flagged as an extreme risk to the sponsor department. It was agreed in the coming year the Board may need to consider resetting risk levels to reflect that this is the normal environment the organisation operates in, and sponsor department is content to tolerate this situation.

Peter Toner outlined anticipated funding arrangements by Department of Finance (DoF) from 1 April in the absence of an Executive. He indicated the sponsor department could therefore commit to resourcing the Commission for six months, although it was unclear when further funding would be decided. The chair asked that a letter be drafted for a new minister highlighting risks regarding ongoing resourcing and shortfall of Commissioners.

The Chief Executive outlined SMT's plans for spend in 2017/18 including extending secondments and prioritising expenditure on temporary staff for registration and compliance work in the first half of the year. The Committee were briefed on the current rate of Annual Monitoring Return defaulters, which was sitting at 11%, and SMT plans to shift resources to this work in 2017/18. The risk register was agreed for recommendation to the Board as proposed by Séamus Magee, seconded by Norman Bennett.

AP2: Risk register to be recommended to the Board for approval.

AP3: Letter to be drafted for new minister highlighting risks regarding ongoing resourcing and shortfall of Commissioners

5. Internal Audit Plan 2017-18

Eamonn O'Reilly introduced the Internal Audit Plan for 2017/18. This was drawn up following discussions with the Committee chair and the Chief Executive. Planned audit work included Advice and Guidance, Budget Management, Recruitment, Business Planning, Programme & Project Teams, Payroll, Contingency, Compliance Monitoring, Investigations, Corporate Governance Structures, Training Plans, and

Previous Recommendations. Corporate Governance had been put into Assignment Two to allow the outcomes of DfC's strategic review to be considered if there were any significant recommendations. Following discussion the committee agreed to recommend the audit plan to the Board, subject to minor amendments, as proposed by Kieran Donaghy and seconded by Norman Bennett.

The Committee noted initial feedback on the latest internal audit assignment following fieldwork in February. At this time the conclusion was likely to be an overall 'satisfactory' rating, with some minor recommendations. Changes within NICS internal audit set up were outlined. With effect from 1 April 2017, all Internal Audit teams will be based within the Department of Finance. Within the new centralised audit arrangement it was planned existing staff would continue to serve DfC and Commission audit needs.

AP4: Eamonn O'Reilly to amend plan and reissue to Commission.

AP5: IA Plan to be recommended to Board for approval, subject to minor amendments.

6. Risk policy review and risk appetite for new business plan

The Head of Corporate Services outlined details of the risk policy and, acting on behalf of the Board, the committee undertook its annual review the organisation's approach to risk management. A series of recommended tracked changes to enhance the role of middle managers and incorporate the organisational risk appetite and assurance framework in one document were discussed and agreed as proposed by Séamus Magee, seconded by Kieran Donaghy.

The committee discussed arrangements for making the Board aware of the review and policy changes. The committee agreed this must continue to involve a cover paper summarising the changes and the revised document for information.

AP6: Revised policy to be recommended to the Board, with a covering paper summarising the changes.

7. Review A&RA terms of reference

The Chief Executive highlighted the Committee's temporary reduced quorum which was to be kept under review and agreed to add details of the committee's role in the Quarterly Assurance Statement reporting. It was agreed to recommend the revised TOR to the Board,

subject to minor amendments, as proposed by Séamus Magee and seconded by Norman Bennett.

AP7: Changes to A&RA TOR to be recommended to Board for approval.

8. Review of fraud policy (including bribery risk assessment)

The Head of Corporate Services outlined details of the fraud policy review and the updated bribery risk assessment. The Committee noted the assessment of the Commission's arrangements and the principles set out in the Dear Accounting Officer (DAO) 09/16 letter. It was agreed no changes to the fraud policy were required at this time, and that the revised bribery assessment be recommended to the Board as proposed by Séamus Magee, seconded by Kieran Donaghy.

AP8: Amended Bribery risk assessment to be recommended to Board for approval with a cover paper summarising the DAO assessment.

9. Review business continuity plan

The Head of Corporate Services outlined details of the review and a series of further developments in light of experience of testing the plan. Committee members felt a cycle of fuller testing of the Business Continuity Plan should be considered and agreed to recommend the revised plan to the Board as proposed by Séamus Magee, seconded by Kieran Donaghy.

AP9: Revised plan to be recommended to the Board, with a covering paper summarising the changes.

10. Review of whistleblowing policy

The Head of Corporate Services outlined details of the review and consideration of the Dear Accounting Officer (DAO) 02/15 letter. Changes to broaden the range of persons that concerns could be brought to and arrangements to use the sponsor department's investigative expertise and resources where appropriate were discussed. It was agreed to recommend the revised policy to the Board as proposed by Séamus Magee, seconded by Norman Bennett.

AP10: Revised policy to be recommended to the Board, with a covering paper summarising the changes.

11. Budget

The Head of Corporate Services highlighted the overall budget position and the Committee were briefed on various areas of spend down. The significant use of temporary agency staff in light of funding arrangements was noted, and it was agreed to put additional information on reallocations between budget heading into future reports. Arrangements for calculating year to date budget figures in line with sponsor branch monthly reporting requirements were outlined.

12. NIAO update on nine month accounts

Peter O’Sullivan briefed the committee on details of NIAO fieldwork in February and indicated no issues had been identified. It was indicated the NIAO would query funding by the sponsor branch for the Commission on a six month basis during the forthcoming audit of accounts.

13. Audit recommendations implementation report

Progress against a previous recommendation on quality reviews was outlined and recommendations cleared since the last meeting were noted.

14. Review conditions attached to business case approvals

The committee noted the range of work underway and agreed to add details of the date of business case approval.

AP11: Date information to be included in Business Cases update going forward.

15. DAO letters summary

The Head of Corporate Services drew attention to the assessment undertaken in relation to FD (DoF) 11/16 regarding the Issue and Use of Payment Cards. The Committee accepted the Commission would not cancel use of the current arrangements in preference to the Government Procurement Card as Internal Audit had previously reviewed and provided a satisfactory assurance on the Finance procedure, including controls in relation to the credit card.

16. AOB

None

17. Issues for next meeting

Agenda to include draft Governance Statement, draft Annual Report and Accounts and the committee’s own annual report, plus standing items as per the annual schedule.

Meeting ended at 11.30am

Audit & Risk Committee

Register of Outstanding Action Points

Committee Meeting and Action Point Number	Date Raised	Agenda Item	Action	Owners	Status
31 (1)	20/2/16	1	Minutes of 15 November meeting to be brought to Board for approval		Underway
31 (2)	20/2/16	4	Risk register to be recommended to the Board for approval.		Complete
31 (3)	20/2/16	4	Letter to be drafted for new minister highlighting risks regarding ongoing resourcing and shortfall of Commissioners	CEX	Underway
31 (4)	20/2/16	5	Eamonn O'Reilly to amend plan and reissue to Commission.	IA	Complete
31 (5)	20/2/16	5	IA Plan to be recommended to Board for approval, subject to minor amendments.	A&R Cttee	Underway
31 (6)	20/2/16	6	Amendments agreed and paper approved for recommendation to the Board, with summary of changes	A&R Cttee	Complete
31 (7)	20/2/16	7	Changes to A&RA TOR to be brought to Board for approval.		Underway

31 (8)	20/2/16	8	Amended Bribery risk assessment to be recommended to Board for approval and HCorpS to prepare summary of changes		
31 (9)	20/2/16	9	Revised plan to be recommended to the Board, with a covering paper summarising the changes		
31 (10)	20/2/16	10	Revised policy to be recommended to the Board, with a covering paper summarising the changes		
31 (11)	20/2/16	14	Date information to be included in Business Cases update going forward		
30 (3)	15/11/16	7	A&RA involvement in Section 22 decisions to be part of wider Board discussion		Underway
29 (8)	29/9/16	12	New assurance check on complying with Code of Good Governance (2013) to be developed	HCorpS	Underway