

**Minutes of Audit & Risk Assurance Committee Meeting No. 44
Held on Tuesday 12 May 2020 at 10.00am in via Video Conference**

Present:

Séamus Magee, Commissioner (Chair)
Gerard McCurdy, Deputy Chief Commissioner
Carmel Mullan, Commissioner
Caron Alexander, Independent Member

In Attendance:

Frances McCandless, Chief Executive
Aubrey McCrory, Head of Corporate Services
Rossa Keown, NI Audit Office
Conor Hill, NI Audit Office
Eamonn O'Reilly, Department for Communities (DfC) Internal Audit
Clare McElherron, Finance & Admin Officer (Minutes)
Kathleen McLoughlin, Finance & Admin Manager (item 5)

Apologies:

Tracey McCavigan, DfC Internal Audit; Joanna McConway, DfC Voluntary & Community Division (VCD); Martin Ireland, DfC VCD; Colleen Bell, DfC VCD; Lacey Walker, DSD Internal Audit

The meeting commenced at 10.00am

1. Minutes of Meeting No 43

The minutes of the Audit & Risk Assurance (A&RA) Committee meeting number 43 held on 3 March 2020 were agreed as a true and accurate record as proposed by Caron Alexander and seconded by Gerard McCurdy.

AP1: Minutes of meeting No 43 to be recommended to Board for approval.

2. Conflicts of Interest

No declarations were made in relation to this meeting.

3. Chair's Comments

The chair acknowledged the efforts of staff to prepare papers and committee and external timescales continued to be met.

4. Corporate Risk Register

The Head of Corporate Services introduced the draft register noting the need to maintain governance focus in the pandemic circumstances. The CEx confirmed an assurance had been provided to sponsor department that risk to staff and impact on business activities had been assessed. Various individual risks were reviewed including ICT contingency measures and support to ensure staff welfare. It was noted sponsor department were content to move from quarterly to twice yearly assurance statements.

Following discussion the draft register was adopted for recommendation to Board, subject to minor amendment, as proposed by Gerard McCurdy and seconded by Carmel Mullan.

AP2: Draft Risk Register to be recommended to Board.

5. Review of Draft Accounts

The Chair noted the turnaround on the draft 2019-20 Accounts considering the circumstances. Kathleen McLoughlin, Finance & Admin Manager, highlighted the basis of the accounts preparation, provided an overview of financial position and cash flows, and discussed the breakdown of expenditure which was mostly in line with the previous year and supporting notes. The committee noted the increase in cash equivalents at year end attributable to the pandemic slow down and new approval procedures put in place.

The Committee thanked the Finance & Admin Manager and staff for their work on the draft accounts which were agreed for recommendation to the Board, as proposed by Gerard McCurdy and seconded by Caron Alexander.

Details of the audit timetable were outlined and NIAO commended Kathleen McLaughlin for the good draft accounts produced in challenging circumstances.

AP3: Audit of draft accounts to be progressed with NIAO

AP4: Draft accounts to be recommended to Board

6. Draft Governance Statement

The contents of the draft statement were discussed. The CEx advised the committee that a statement regarding the propriety of spending public money in light of the Court of Appeal judgment would be appended to the accounts by the C&AG.

The committee welcomed the governance statement's open approach to reporting the outcome of the Court of Appeal judgment and the Commission's response including extraordinary meetings, briefings and strategies. The Committee thanked the CEx and staff for their work on the draft governance statement which was agreed for recommendation to the Board, as proposed by Carmel Mullan and seconded by Gerard McCurdy.

AP5: Draft governance statement to be recommended to Board

7. A&RA Committee Annual Report

The chair introduced the report and noted its role in outlining to the Board the work of the committee over the past twelve months. Following discussion it was agreed to include further coverage of the Commission's response to the Covid-19 pandemic. The report was agreed for recommendation to the Board as proposed by Caron Alexander and seconded by Gerard McCurdy.

AP6: Draft A&RA committee annual report to be recommended to Board

8. Internal Audit Report assignment 2

Eamonn O'Reilly introduced the report, noting the purpose of the audit review was to provide an opinion on the risk management, control and governance arrangements established by management in respect of Registration of Charities, Dealing with Conflicts of Interest, Information Security, Use of IT Systems and Previous Recommendations.

The committee noted Internal Audit's opinion based on the work performed was that the Commission has established a satisfactory system of internal control to mitigate the key risks relating to the activities examined. There were four findings and recommendations, one risk priority two and three risk priority three.

The Committee noted the overall 2019/20 Internal Audit report had been received. In addition to the assignment two outcomes reported above, the report reflected no recommendations in assignment one. Eamon O'Reilly noted this was very unusual for internal audit and reflected on the culture of governance in the Commission.

9. Internal Audit Plan 20/21

Eamonn O'Reilly introduced the draft plan and highlighted the proposed areas for audit across two assignments. Following a series of queries and discussion it was agreed as proposed by Caron Alexander and seconded by Carmel Mullan to requested a series of changes including;

- replacing Compliance Monitoring with 'Implementation of changes of legislation' to include communications and handling of the court of appeal judgment,
- omitting the Handling of Appeals against regulator decisions as Decision review was now suspended following the court of appeal judgment,
- deprioritising User Access to Systems and replace with Business Continuity Plan and Covid19 response (including staff welfare considerations).

AP7: Eamonn O'Reilly to amend the Internal Audit plan and liaise with management regarding scheduling assignment one and two.

10. Internal Audit Charter

Eamon O'Reilly introduced the charter which the committee noted.

11. Update on Business Continuity Plan

The Head of Corporate Services outlined the report. Committee members discussed management of the COVID-19 incident to date including significant emphasis being put on staff welfare and engagement. Finance systems are now operating entirely by electronic means, and Board and Committee schedules are being maintained. Governance arrangements are being fully operated with the notable difference of meetings being by video conference. A number of lessons have been learnt to date.

Following discussion of the report the Committee agreed the Commission was functioning reasonably well in terms of communication with customers and stakeholders in the circumstances, using entirely electronic means. This reflected high dependence on IT Assist to make effective operational changes and capacity to provide additional information and communication technology. Details of sponsor department prioritising support to areas of benefits provision and community/business support were recognised. Instances of business impacts arising from departmental information risk managers maintaining normal information management protocols in exceptional circumstances were noted and risks to service delivery acknowledged.

12. Business Case Approvals

Update Noted.

13. Audit Recommendations

Update Noted.

14. DAO & FD letters summary

Summary of letters noted.

15. Budget

The Head of Corporate Services outlined the current year position following confirmation of budget on 10 April 2020. Pressures were detailed including £80k related to increase in employer-related pension contributions imposed in the previous year which had not been adjusted in the baseline as anticipated. Instead a one of allocation of £17k had been made. Underspend in relation to fixed term staff vacancies arising at previous year end were noted. Committee members noted at mid-year it may be challenging to progress budgeted spend as some functions were not operating as planned in light of the Court of Appeal judgment and recruitment activities would not be normal in the current pandemic circumstances.

16. Fraud & Whistleblowing

Nothing to report.

17. AOB

The Chief Executive confirmed she had received validation from Internal Audit of the 208/19 Departmental Security Health Check which included a satisfactory rating. Committee expressed thanks to staff and IA for their work noting this work was undertaken at short notice following a late request from sponsor department.

18. Next meeting scheduled for 15 September 2020

Meeting ended at 12.10pm

Audit & Risk Committee

Register of Outstanding Action Points

Committee Meeting and Action Point Number	Date Raised	Agenda Item	Action	Owners	Status
44(1)	12/05/20	1	Minutes of meeting 43 – To be recommended to the board	HoCS	Complete
44(2)	12/05/20	4	Draft Risk Register to be recommended to Board	HoCS	Complete
44(3)	12/05/20	5	Audit of draft accounts to be progressed with NIAO	HoCS	Complete
44(4)	12/05/20	5	Draft accounts to be recommended to Board	HoCS	Complete
44(5)	12/05/20	6	Draft governance statement to be recommended to Board	CEx	Complete
44(6)	12/05/20	7	Draft A&RA Committee annual report to be recommended to Board	HoCS	Complete
44(7)	12/05/20	9	Eamon O'Reilly to amend the internal audit plan and liaise with management regarding scheduling assignment one and two	E O'Reilly	Complete
43(4)	03/03/20	6	Assurance map to be revised and overview diagram produced for consideration at the next committee meeting.	HoCS	Underway

30 (3)	15/11/16	7	A&RA involvement in Section 22 decisions to be part of wider Board discussion.	HCorpS	Complete
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