

**Minutes of Audit & Risk Committee Meeting No. 22
held on Tuesday 18 November 2014 at 10.00 in the Charity
Commission for Northern Ireland office in Lurgan**

Present:

Philip McDonagh, Chair
Norman Bennett, Commissioner
Brenda Maitland, Commissioner
Graeme Allen (Independent Member)

In Attendance:

Frances McCandless, Chief Executive
Aubrey McCrory, Head of Corporate Services
Eamonn O'Reilly, DSD Internal Audit
Tomas Wilkinson, NIAO
Kathryn Jennett, Charity Commission

Apologies

Colin Hegarty (DSD Internal Audit)
Martin Devine, DSD URCDG
Brian O'Neill, NIAO
Lacey Walker, DSD Internal Audit

At the outset the Chair noted this would be Graeme Allen's last meeting, and on behalf of the committee and Board expressed appreciation for his contributions over the past 5 years.

1. Minutes of Meeting 9 September 2014

Subject to amendments, the minutes of the A&R meeting held on 9 September 2014 were proposed by Brenda Maitland and seconded by Graeme Allen and agreed as a true and accurate record. Action points were noted as completed, and plans to bring the assurance check framework, including the Hospitality policy, to the committee in February were agreed. Committee members noted the delays in implementing certain policy changes arising from previous audit recommendations and that these had previously been passed to the

HR&R committee which would report back in quarter 4. It was also noted a revised audit report was yet to be received from NIAO.

AP 1: Minutes of the meeting to be recommended to the Board
AP2: NIAO to check progress on issuing revised report to CCNI

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 updated on work by the Department to appoint a new Independent member to the Committee. The Department have identified an individual and the Chair is due to speak to them shortly. It was noted a meeting of the Audit Chairs' forum had taken place, with both the chair and other members attending. It was also noted the annual self assessment exercise had been completed and the results were on the meeting agenda. Finally, the Chair noted that a meeting between the Board and the DSD Minister had occurred on 17 November 2014, and concerns about future resourcing were highlighted.

4. Finance Procedures amendments

The Head of Corporate Services introduced the paper to the Committee noting the introduction of controls around the posting of accruals. The NIAO confirmed their view this was a particular risk and the proposed amendment was appropriate. The amended procedures were agreed, subject to several minor amendments including Section 16.4 to reflect additional scope for the Head of Corporate Services to sign off in absence of staff, following proposal by Philip McDonagh and seconding by Graeme Allen.

AP3: Draft Finance Procedures to be amended for Board consideration.

5. Internal Audit update on progress

Eamonn O'Reilly, DSD Internal Audit, outlined details of recent field work as part of the first audit assignment. It was noted the comment sheet had been responded to and the report was going through

internal quality review processes. At this time there were no major issues of concern, a good level of facilitation by staff was commended, and on the whole there was a very positive audit opinion, albeit with some recommendations for going forward. A meeting with the Chief Executive was scheduled shortly, and following this Internal Audit expected the report on the first assignment would be considered by the February committee meeting.

In terms of the second assignment it was agreed this would take place in January to avoid overlap with NIAO fieldwork. The second report would therefore be provided in April to allow drafting of the governance statement.

AP4: IA to provide report on first audit assignment for committee consideration.

6. NIAO Audit Strategy

Tomas Wilkinson, NIAO, indicated the full audit strategy would be available for the next committee meeting. Plans to undertaken interim work during the first week in February and timetabling of full audit work in May were noted. At this time NIAO were not aware of anything material or risks of concern.

AP5: NIAO to provide full audit strategy for committee consideration.

7. A&R Self assessment summary

The chair introduced the report detailing the results from consideration of the checklist at a meeting held on 6 November 2014 in NIHE offices, Adelaide Street, Belfast. In broad terms the committee were content with their approach but noted various conclusions and recommendations under relevant sections. These included seeking strategic knowledge of IT as a desirable skill in the next Commissioner recruitment, establishing a Task & Finish group to focus on articulation of risks and outcomes in the corporate risk register and that a list of action points should be circulated by email within 3 days of a committee meeting. Finally the committee agreed this was a useful exercise to do annually.

AP6: Task & Finish group to be established to consider Corporate Risk Register.

AP7: List of action points arising from committee meeting to be circulated within 3 days of meetings going forward.

8. Risk register

The Head of Corporate Services introduced the revised draft register, highlighting SMT recommended changes to risk levels and underlying assumptions. These included reducing the resourcing risk following DSD's confirmation of the annual budget and in year bid as part of the September monitoring round. In addition the risk relating to development of information systems was increased as the Charity Commission for England & Wales (CCEW) development agenda, which the Commission had chosen to piggy back, had experienced timescale slippage. Consequently the Commission's overall Integrated Information Technology Systems (InITS) project was slowing and there was a risk the overall project would not be live and user acceptance tested by year end. In terms of support for development work a series of workshops were in hand to progress the online annual return. However, delays in bringing forward subsequent phases of CRM which had arisen in part due to CRM project issues in CCEW, and a major focus on securing Cabinet Office modernisation agenda funding.

9. Audit recommendations implementation report

The Head of Corporate Services outlined various progress and outstanding items to be addressed in quarter 4. Issues related to delays in achieving a recognition agreement with the Trade Union were discussed, and the Chief Executive underlined the view that, while noting the concerns of Commissioners, to have forced through and implemented HR policy changes would have made relationships much more difficult.

It was agreed to remove any elements of recommendations that had been completed, and Internal Audit undertook to provide a sample of high level reporting to aid analysis of recommendations over several years.

AP8: Internal Audit to provide sample summary report showing overall progress on implementation of audit recommendations

10. Review of Conditions attached to business case approvals

The Head of Corporate Services introduced the report and highlighted departmental approved spend related to the InITS project. This

included the registration customer relationship management and the new Commission web site.

11. Quarterly Assurance Statement

The Chief Executive introduced the report and noted the building security risk had been transferred to DSD. Two key business plan measures had been assessed at this point in the year as unlikely to be achieved ie registration target and sickness absence, and accordingly these had been highlighted.

12. DAO Letters summary

The Head of Corporate Services' update was noted. Details of the PAC report on Whistle blowing were highlighted and potential changes to the Commission's policy would be assessed as part of the strategic HR review.

13. Budget Review

The Head of Corporate Services introduced the report and noted updated projected spend in light of DSD's confirmation of annual budget and in year bid. It was agreed to add an additional section to highlight pressures and easements.

AP9: Budget Review to include section on pressures and easements.

14. AOB

None.

15. Issues for next meeting 10 Feb 2015

NIAO Audit Strategy
2015/16 Business Plan - Risk Appetite and Assurance Framework
Review of A&R Ctte Terms of Reference
Internal Audit report on 1st Assignment
Internal Audit verbal update on 2nd Assignment
Induction of new Independent member
Review of Schedule of meetings
Output from Risk register Task & Finish Group

The meeting ended at 11.40am

Audit & Risk Committee
Register of Outstanding Action Points

Committee Meeting and Action Point Number	Date Raised	Agenda Item	Action	Owners	Status
21 (4)	09/09/14	Risk Register	The Chair to recommend that the Board the costs and benefits of CCNI adopting terms and conditions that closely align with those used in the NI Civil Service	HCorpS	Complete
21 (5)	09/09/14	Audit Recommendations Implementation report	Confirm with DSD arrangements for SEPU to progress a security audit and Loughview building security risk reflected in relevant register.	HCorpS	Complete
21 (6)	09/09/14	DSD help in Independent Member appointment – Update	Martin Devine to progress with the Department	Martin Devine	Complete
21 (7)	09/09/14	Quarterly Assurance Statement	It was agreed to clarify assurance reporting regarding DAO 10/6.	HCorpS	Complete

22 (1)	18/11/2014	Minutes of Meeting 9 September 2014	Minutes of the meeting to be recommended to the Board	HCorpS	Underwa
22 (2)	18/11/2014	Minutes of Meeting 9 September 2014	NIAO to check progress on issuing revised report to CCNI	HCorpS	Comple
22 (3)	18/11/2014	Finance Procedures amendments	Draft Finance Procedure to be amended for Board consideration.	HCorpS	Underwa
22 (4)	18/11/2014	Internal Audit update on progress	IA to provide report on first audit assignment for committee consideration	Eamonn O'Reilly	Underwa
22 (5)	18/11/2014	NIAO Audit Strategy	NIAO to provide full audit strategy for committee consideration.	Tomas Wilkinson	Underwa
22 (6)	18/11/2014	A&R Self Assessment summary	Task & Finish group to be established to consider Corporate Risk Register.	Chair	Underwa
22 (7)	18/11/2014	A&R Self Assessment summary	List of action points arising from committee meeting to be circulated within 3 days of meetings going forward	Kathryn Jennett	Comple
22 (8)	18/11/2014	Audit Recommendations implementation report	Internal Audit to provide sample summary report showing overall progress on implementation of audit recommendations	Internal Audit	Comple

22 (9)	18/11/2014	Budget Review	Budget Review to include section on pressures and easements	HCorpS	Underwa