

Minutes of the Audit and Risk Assurance Committee meeting held on Wednesday 19 June 2019 at 10.00am at the Labour Relations Agency, Gordon Street, Belfast

Present: Deirdre Fitzpatrick (Chair)
Louise Crilly
Gary McMichael
Daire Murphy

In attendance: Tom Evans (Chief Executive)
Don Leeson (Director of Corporate Services)
Paul Cassidy (Finance Officer)
Stacy Bonar (Deloitte)
Brian McFetridge (Baker Tilly Mooney Moore) – agenda item 4 only
Barry McLeod (Department for the Economy)
Brian O'Neill (Northern Ireland Audit Office)
Rosemary Peters-Gallagher (Moore Stephens)

Apologies: Alison Millar
Pauline Shepherd

Members of the Audit and Risk Assurance Committee met 'in-camera' before the meeting formally commenced. The key points from this discussion are recorded at agenda item 9.

Declarations of Interest: no conflicts of interest were declared.

1. Minutes of the Last Meeting

1.1 The minutes of the Audit and Risk Assurance Committee meeting held on 12 March 2019 (paper ARAC 01-06/19) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

2.1 The Committee noted that DSO legal advice on aspects of the Agency's work on non-Tribunal related conciliation agreements has not yet been received (paragraph 6.2 of the minutes of the last meeting refers). The Chief Executive will follow this up with the legal adviser.

Action: Chief Executive

2.2 The Committee noted that the improvement actions identified following the Committee's self-assessment against the NAO's Audit and Risk Assurance Committee Effectiveness Checklist are outstanding and will be progressed over the summer (paragraph 8.2 of the minutes of the last meeting refers).

Action: Committee Chair/Chief Executive/Director of Corporate Services

3. Chief Executive's Business

3.1 The Chief Executive reported that Early Conciliation (EC) will be the main focus of the June 2019 Board meeting. This will include a comprehensive briefing from the Project Team on work to date. The project is on track for implementation of EC from January 2020.

Action: Chief Executive

3.2 The Committee noted the Court of Appeal ruling in the case of Agnew v Chief Constable for the Police Service in Northern Ireland regarding holiday pay claims and the wider resourcing implications this judgement may have for the Agency. The Chief Executive reported that the practical implications of this are being considered by the recently appointed Director of Employment Relations Services.

3.3 The Chief Executive reported that the Agency has contributed to an NICS review of the handling of EU exit preparations to date.

3.4 The Committee noted that terms of reference for a joint project with the Trade Union Side (TUS) to improve levels of employee engagement are being prepared for sign-off by the JNCC. The TUS will be invited to the September 2019 Board meeting for a discussion on this matter. In the meantime, the Chief Executive is discussion with an external expert on employee engagement to seek his input to the working group's deliberations.

Action: Chief Executive

3.5 The Chief Executive reported on the Agency's joint Board/SMT meeting with the Workplace Relations Commission on 18 June 2019. This is expected to result in joint working with WRC, and possibly Acas, on issues of common interest, and co-operation on cross-border issues in the light of the UK's exit from the EU.

4. External Audit Matters

Annual Report and Accounts for 2018-19

- 4.1 Baker Tilly Mooney Moore presented the Financial Statements contained within the Annual Report and Accounts for 2018-19 (paper ARAC 02-06/19).
- 4.2 The Committee approved the submission of the Annual Report and Accounts to the June 2019 Board meeting. Thereafter, the Annual Report and Accounts will be laid by the Department in the Assembly on 5 July 2019.

Action: Director of Corporate Services

Report to Those Charged with Governance

- 4.3 Moore Stephens presented the draft RTTCWG, which reports the outcome of the audit of the Annual Report and Accounts for 2018-19 (paper ARAC 03-06/19).
- 4.4 The Committee noted that no significant issues were identified by the audit and it is recommended that the C&AG certifies the Annual Report and Accounts without qualification. One minor recommendation for action is made in the draft report, which relates to an administrative oversight.
- 4.5 The Chief Executive paid tribute to the Agency's staff, particularly those involved in governance and control roles, for an excellent year's work and the positive outcome from the audit.

5. Internal Audit Matters

Internal Audit Update Report

- 5.1 The Committee noted the update on internal audit activity since the last Committee meeting (paper ARAC 04-06/19).

Internal Audit Report on Business Continuity Planning

- 5.2 Deloitte presented the report on the audit of the Agency's business continuity arrangements, which took place during in March 2019 (paper ARAC 05-06/19). The Committee noted that satisfactory assurance is given for the controls in this area. A number of recommendations for further improvement have been made by Internal Audit and accepted by the Agency.

Internal Audit Report on Follow-Up of Previous Recommendations

- 5.3 Deloitte presented the report on the audit of the follow-up review (paper ARAC 06-06/19). The Committee noted that all but two recommendations had been implemented by the Agency. Of these, one was no longer relevant, and one related to training for the Data Protection Officer, for which a planned NICS accredited programme is awaited.

Internal Audit Annual Assurance Statement

- 5.4 The Committee noted that Internal Audit has awarded a satisfactory assurance rating, the highest available, for the Agency's overall controls in 2018-19 (paper ARAC 07-06/19).

Terms of Reference for HR Review

- 5.5 The Committee approved terms of reference for the forthcoming audit of key HR systems (paper ARAC 08-06/19). The audit fieldwork is scheduled to take place during the week commencing 1 July 2019. The outcome will be reported to the September 2019 Committee meeting.

Action: Deloitte

6. Risk Management

- 6.1 The Director of Corporate Services presented the draft Corporate Risk Register for 2019-20 (paper ARAC 09-06/19). This had been updated to reflect discussions at the joint Committee/SMT workshop held on 1 May 2019 to review the Risk Register.
- 6.2 The Committee noted that the key changes arising from the workshop were: the inclusion of key current issues that might give rise to risks materialising; more comprehensive coverage of the controls in place, particularly those for EC; and to better reflect the fact that the impact of some risks may never be reduced to the lowest possible level. The Register had also been updated in light of developments regarding a number of actions.
- 6.3 It was noted that actions are largely aimed at reducing the likelihood of risks materialising; few, if any, actions can reduce the impact of the risks. It was agreed to review the impact scores assigned to the future assessment of risks. Subject to this, the Committee approved submission of the draft Risk Register to the Board.

Action: Director of Corporate Services

7. Audit and Risk Assurance Committee – Annual Report to the Board for 2018-19

7.1 The Chair presented the Committee’s annual report to the Board on its activities in 2018-19 (paper ARAC 10-06/19).

7.2 The report was approved for submission to the June 2019 Board meeting.

Action: Director of Corporate Services

8. Any Other Business

Direct Award Contracts agreed since the last meeting

8.1 The Committee noted that no Direct Award Contracts have been awarded since the last meeting.

External Guidance Documents Received

8.2 The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting (paper ARAC 11-06/19).

Phishing attempt

8.3 The Director of Corporate Services reported on a recent phishing attempt (paper ARAC 12-06/19). The Committee noted that the attempt had been thwarted by the vigilance of the Finance Team and the matter had been reported to the police.

9. Record of Any Matters Arising from the In-Camera Session

9.1 The Chair of the Committee reported that a Board member was intending to step down from the Finance and Personnel Committee because of other commitments. This may require an Audit and Risk Assurance Committee member joining the Finance and Personnel Committee. Consideration will be given to whether it would be against good governance for someone to be a member of two committees.

Action: Chief Executive

10. Date of Next Meeting

10.1 The next Committee meeting is scheduled for 24 September 2019 (starting with an in-camera session at 2.00pm).

10.2 The key agenda items will be: the Internal Audit report on HR systems; Terms of Reference for Internal Audit of Financial Controls, which is scheduled for October 2019; and the progress report on implementation of Internal Audit recommendations. The meeting will also review the registers of contracts and policies to ensure currency.

Action: Director of Corporate Services