

**Minutes of the Audit and Risk Assurance Committee meeting held on Tuesday
10 December 2019 at 2.00pm at the Labour Relations Agency, Gordon Street, Belfast**

Present: Alison Millar (Acting Chair)
Louise Crilly
Daire Murphy

In attendance: Tom Evans (Chief Executive)
Don Leeson (Director of Corporate Services)
Michael Crozier (Department for the Economy)
Barry McLeod (Department for the Economy)
Camille McDermott (Deloitte) – agenda items 1–5

Apologies: Deirdre Fitzpatrick
Gary McMichael
Stacy Bonar (Deloitte)
Brian O’Neill (Northern Ireland Audit Office)

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 8.

It was noted that Alison Millar was acting Chair in Deirdre Fitzpatrick’s absence because of bereavement. The Committee expressed their condolences to Deirdre.

The acting Chair welcomed Michael Crozier from the Department for the Economy to the Committee.

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 1 October 2019 (paper ARAC 01–12/19) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

2.1 The Committee noted that the Departmental Solicitor’s Office (DSO) has provided legal advice on aspects of the Agency’s work on non-Tribunal related conciliation agreements (paragraph 2.1 of the minutes of the last meeting refers). Louise Crilly declared an interest in this matter. The Chief Executive reported that the advice raises no concerns about current practice and the Risk Register has been updated accordingly.

2.2 It was noted that, once the Committee Chair resumes her duties, a meeting will be arranged to progress the improvement actions identified following the Committee's self-assessment against the NAO's Audit and Risk Assurance Committee Effectiveness Checklist (paragraph 2.2 of the minutes of the last meeting refers).

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

2.3 The Committee noted that draft terms of reference for the proposed Employment Relations Project, focusing on health and wellbeing issues, have been sent to the Trade Union Side (TUS) for consideration (paragraph 2.4 of the minutes of the last meeting refers). Their response is awaited.

Action: Director for Corporate Services

2.4 The Director of Corporate Services reported that proposals regarding the longer term support arrangements for the Agency's information systems will be discussed at the at the December 2019 Board meeting (paragraph 7.2 of the minutes of the last meeting refers).

Action: Director for Corporate Services

2.5 The Director of Corporate Services reported that all outstanding HR policies have been reviewed. Proposed amendments to policies will be discussed with the TUS at the Joint Negotiating and Consultative Committee meeting in January (paragraph 7.4 of the minutes of the last meeting refers).

2.6 The Committee noted that the ISO 27001 audit of the Agency's information security management arrangements had identified no significant issues and accreditation has been retained (paragraph 7.5 of the minutes of the last meeting refers). The audit report will be shared with the Committee when received.

Action: Director for Corporate Services

3. Chief Executive's Business

Budget

3.1 The Chief Executive referred to a letter sent to arm's length bodies by DfE's outgoing Permanent Secretary on the financial outlook (Noel Lavery's letter of 4 November 2019 refers). The letter highlighted the need for contingency planning for possible budget reductions in 2020-21. This will be considered at the Board's planning workshop in February 2020.

Action: Chief Executive

- 3.2 However, it was noted that the Agency's cost base is almost wholly staff-related; DfE understands this and appreciates that there is little scope to reduce the budget without impacting on staffing and service levels. Furthermore, the Agency had earlier declined to submit a bid for voluntary exit funding in 2020-21 on the basis that it recently recruited additional staff to deal with an anticipated increase in demand for services following EU exit. It was also noted that the opportunity to bid for such funding pre-dated the Permanent Secretary's letter.

Early Conciliation

- 3.3 The Chief Executive reported that the EC project remains on track for implementation of the new service on 27 January 2020.
- 3.4 The Committee noted that a senior Acas colleague had facilitated a workshop for EC project team members on 2 December 2019 to review preparations. This had provided assurance that the Agency has addressed all key issues.
- 3.5 It was further noted that other Acas colleagues had facilitated a training workshop for experienced Conciliation Officers on 4/5 December 2019, which had reassured them about EC.
- 3.6 Systems testing of the new web portal for the public to make EC notifications is ongoing; no significant issues have been identified to date.
- 3.7 Implementation of the EC Communication Plan is continuing, including a recent presentation to NIPSA's officials.

Accommodation Update

- 3.8 The Committee noted that the Board has approved relocation of the Agency's Head Office to James House when the current lease expires in 2022.
- 3.9 The Chief Executive reported that the Director of Corporate Services and he had met James House project team members and the architect on 29 November 2019 to discuss the initial plans for the Agency's new accommodation. The project team has a good understanding of the Agency's particular requirements. A staff briefing on the plans is being arranged.

Action: Chief Executive

4. External Audit Matters

4.1 The Committee noted that there was nothing to report under this agenda item.

4.2 The strategy for the audit of the Agency's Annual Report and Accounts for 2019-20 will be presented to the next Committee meeting.

Action: Northern Ireland Audit Office

5. Internal Audit Matters

Internal Audit Update Report

5.1 Deloitte presented the update report (paper ARAC 02-12/19), which was noted by the Committee.

Internal Audit Report on Procurement

5.2 The Committee noted that the Agency has achieved an overall satisfactory rating for its procurement arrangements. Three recommendations have been made to further improve controls, which are in the process of being implemented.

Action: Director for Corporate Services

5.3 The Committee approved the report and the actions to address the findings (paper ARAC 03-12/19). The Committee passed on their congratulations to the Finance Team for a positive outcome.

Terms of Reference for Internal Audit of Early Conciliation

5.4 The terms of reference (paper ARAC 04-12/19) were approved. The audit is scheduled for March and outcome will be reported to the June 2020 Committee meeting.

Action: Deloitte

The Deloitte representative left the meeting, given a conflict of interest with a subsequent agenda item.

Progress Report on the Implementation Internal Audit Recommendations from 2019-20

5.15 The Director of Corporate Services reported on progress made since the last Committee meeting in implementing audit recommendations (paper ARAC 05-12/19).

5.16 The Committee noted that the outstanding actions, all relating to the Business Continuity Plan, will be completed in January 2020.

Action: Director of Corporate Services

5.17 Implementation of all recommendations will be reviewed by Internal Audit in February 2020, with the outcome reported to the next Committee meeting.

Action: Deloitte

Tender for the provision of Internal Audit Services (2020-23)

5.18 The Committee noted that the current contract for the provision of Internal Audit services ends in June 2020. The Director of Corporate Services reported that the Committee Chair, Chief Executive, and he had considered whether it would be appropriate to use DfE's in-house internal audit team instead of a contractor. It was decided that continued use of an external contractor would offer better value for money – among other issues, there were concerns about the availability of resources to the Agency for internal audits might be compromised by the Department's priorities. The Committee concurred with this decision.

5.19 The draft Invitation to Tender (paper ARAC 06-12/19) was approved by the Committee. It will be issued in January 2020 and the outcome will be reported to the next Committee meeting.

Action: Director of Corporate Services

6. Risk Management

Corporate Risk Register (as at December 2019)

6.1 The updated Risk Register (paper ARAC 07-12/19) was noted by the Committee.

6.2 Director of Corporate Services reported that there is no change in the assessment of the identified risks.

7. Any Other Business

Direct Award Contracts agreed since the last meeting

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

External Guidance Documents Received

7.2 The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting (paper ARAC 08-12/19).

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

8.1 The Chair reported that the matters arising from the in-camera session were discussed under the relevant substantive agenda items.

9. Date of Next Meeting

9.1 It was noted that the schedule of meetings for the period to March 2021 coincided with a regular external meeting involving with one of the Committee members. It was agreed to seek to revise the schedule of Committee meetings.

Action: Director of Corporate Services