

Minutes of the Audit and Risk Assurance Committee meeting held on Monday 9 March 2020 at 10.00am at the Labour Relations Agency, Gordon Street, Belfast

Present: Daire Murphy (Acting Chair)
Louise Crilly
Gary McMichael

In attendance: Tom Evans (Chief Executive)
Don Leeson (Director of Corporate Services)
Stacy Bonar (Deloitte) – agenda items 1–7
Matthew Kaye (PWC)
Barry McLeod (Department for the Economy)

Apologies: Deirdre Fitzpatrick
Alison Millar

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 Daire Murphy was acting Chair in Deirdre Fitzpatrick’s continuing absence because of bereavement.

The acting Chair welcomed Matthew Kaye from PWC 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 10 December 2019 (paper ARAC 01–03/20) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

2.1 The Committee noted that the, 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

2.2 The Committee noted that terms of reference for the Employment Relations Project, focusing on health and wellbeing issues, have been agreed with the Trade Union Side (TUS). Membership, which includes staff at all grades and from all parts of the Agency, has been finalised. An inaugural meeting is being organised. The initial focus will be on agile working and the design of James House (paragraph 2.3 of the minutes of the last meeting refers).

Action: Director for Corporate Services

2.3 The Director of Corporate Services reported that Board approval has been given to seek an extension of the current contract for IS managed services until the Agency relocates to James House in 2022. CPD advice for this action has been sought and a business case for DfE approval is being prepared. The extension is intended to provide space to seek to resolve technical and financial issues associated with possible migration to IT Assist. Failing this, new cloud-based IT managed services will be procured (paragraph 2.4 of the minutes of the last meeting refers).

Action: Director for Corporate Services

2.4 The Director of Corporate Services reported that all recommendations from the internal audit of procurement have been actioned (paragraph 5.2 of the minutes of the last meeting refers).

3. Chief Executive's Business

Budget

3.1 The Chief Executive reported that the Agency is on track to meet its expenditure target for 2019-20.

3.2 It was noted that the Agency anticipates its budget allocation for 2020-21 being unchanged from 2019-20. However, DfE has indicated that it will seek to provide the Agency with additional provision to offset the impact of pay and price increases.

Early Conciliation

3.3 The Chief Executive reported that Early Conciliation (EC) was implemented with effect from 27 January 2020 and the one month transition period is now past.

- 3.4 The Committee noted that this is a substantial undertaking for the Agency, which has not been without some 'teething' issues. There have been some problems experienced with the new web portal and these are being worked through with the IT service provider. A high level meeting to discuss the problems with the provider is being arranged.

Action: Chief Executive / Director for Corporate Services

- 3.5 In addition, an IT helpline is being put in place to help users who have encounter difficulties in using the portal. An internal user group is also being established to deal with issues with the case management system.

Action: Director for Corporate Services

- 3.6 The Chief Executive reported that, in order to manage the current volume of EC notifications, which are higher than previous trends had suggested, a number of measures have been taken. These include creating a temporary Employment Relations Manager post to accelerate the development of less experienced staff to be able to work in conciliation; and asking senior managers with experience of conciliation to take on EC caseloads.

- 3.7 It was noted that the internal audit of EC has commenced. The outcome will be reported to the next Committee meeting.

Action: Deloitte

Accommodation Update

- 3.8 The Committee noted the James House Project Manager and architect gave a presentation to staff on the outline plans for James House on 18 December 2019. This was a very positive engagement and the plans were well received. The plans have now been signed off. The next step is the interior design and layout, which will be carried out in close consultation with staff through the Employment Relations Project (paragraph 2.2 above refers).

Coronavirus

- 3.9 The Chief Executive updated the Committee on action that has been taken in respect of the threat posed to the Agency's staff and services by the Coronavirus outbreak. In addition, the Business Continuity Plan has been reviewed in light of the threat and the SMS text arrangements, which is used to alert staff of a crisis outside of office hours, has been tested. Further action is currently being considered. The Agency has also been proactive in advising employers and employees on related issues.

Action: Chief Executive

4. External Audit Matters

- 4.1 PWC presented the strategy for the forthcoming audit of the Agency's Annual Report and Accounts for 2019-20 (paper ARAC 02-03/20). The Committee approved the strategy.
- 4.2 The Committee noted a number of changes to the draft timetable for the actions contained within the strategy.
- 4.3 The NIAO explained the reasons for the significant increase in the audit fee. This is due to increased costs following the outcome of the procurement exercise for a new audit support contract and higher NIAO costs.

5. Internal Audit Matters

Internal Audit Update Report

- 5.1 Deloitte presented the update report (paper ARAC 03-03/20), which was noted by the Committee.

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

- 5.2 The Committee noted that the report (paper ARAC 04-03/20) has not yet been completed. It was agreed to clear the report by correspondence, rather than hold it over until the next Committee meeting.

Action: Deloitte

6. Risk Management

Corporate Risk Register (as at December 2019)

- 6.1 The updated Risk Register (paper ARAC 05-03/20) was noted by the Committee.
- 6.2 The Director of Corporate Services reported that there is no change in the assessment of the identified risks. However, new actions have been included in respect of the threat posed by the current Coronavirus outbreak.

6.3 The Director of Corporate Services reported that the Information Commissioner's Office had raised some points of clarification about the Data Protection Impact Assessment of the Agency's EC processes. These were in relation to the statutory basis for collecting and processing personal data. A response to these queries is being prepared.

Action: Director for Corporate Services

6.4 The Committee noted that a draft Data Sharing Agreement to cover EC processing has been prepared. However, it has since been clarified that individual Employment Judges and not the Tribunal office are the data processors, which may mean that a data sharing agreement is not appropriate. The Tribunal office is taking advice on this matter. In the meantime, as the data sharing agreement is considered good practice, rather than a legal necessity, it was noted that both organisations are content to continue to operate under the current arrangements.

Action: Director for Corporate Services

6.5 The Director of Corporate Services reported that, with the end of the financial year approaching, the Agency is carrying two risks that might impact on the year-end outturn. Provisions have been made for the outcome of the staff pay award for 2019-20 and the Head Office Rent Review, which have not yet been resolved; the latter of these was supported by additional funding from DfE. While these provisions are based previous increases, there is a risk that either or both outturns might be greater than the amounts set aside. These will continue to be carefully monitored and DfE alerted if the risk of overspend materialises.

Action: Director for Corporate Services

6.6 The Committee noted that the Agency continues to monitor EU exit issues. The Agency is an active participant in DfE's EU Exit Stakeholder Forum, which was addressed by the Minister for the Economy on 5 March 2020.

6.7 Looking ahead, the Committee agreed to hold a workshop with Senior Management Team members to consider the risks facing the Agency in 2020-21. This will then inform the development of the new Corporate Risk Register, which will be considered at the next Committee meeting for submission to the June 2020 Board meeting.

Action: Director for Corporate Services

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 06-03/20).

ISO 27001 Audit Report

- 7.3 The Committee noted the very positive outcome and passed on their congratulations to everyone involved in maintaining the standard.

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

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.
- 8.2 The Director of Corporate Services reported the outcome of the procurement exercise to appoint a provider of Internal Audit Services, with effect from June 2020. It was noted that that Deloitte will attend the next Committee meeting to present the Internal Audit Assurance Statement and the report on the outcome of the EC audit. The new service provider will attend the subsequent Committee meeting to present a new three-year Strategic Internal Audit Plan.

Action: Director for Corporate Services

9. Date of Next Meeting

- 9.1 The next Committee meeting will be on 8 June 2020.
- 9.2 The Committee noted the revised schedule of meetings through to March 2021.