

Minutes of the Audit and Risk Assurance Committee meeting held on Monday 8 June 2020 at 10.00am via videoconference

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

In attendance: Tom Evans (Chief Executive)
Don Leeson (Director of Corporate Services)
Paul Cassidy (Finance Officer)
Matthew Kaye (PWC)
Camille McDermott (Deloitte)
Brian McFetridge (Baker Tilly Mooney Moore)
Barry McLeod (Department for the Economy)
Brian O'Neill (NI Audit Office)

Apologies: None

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.

The Chair welcomed everyone to what was the first meeting of the Committee conducted by videoconference.

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 9 March 2020 (paper ARAC 02-06/20) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

2.1 The Committee noted that the Employment Relations Group (ERG) is now active, with representation on it from across the Agency and at all grades (paragraph 2.2 of the minutes of the last meeting refers). Four sub-groups have been formed looking at: safety measures required for the Agency's offices in light of Covid-19; reward and recognition; James House design and relocation planning; and development of the intranet.

2.2 The Director of Corporate Services reported that discussions are ongoing with CPD regarding approval to extend the current contract for IS Managed Services until relocation to James House (paragraph 2.3 of the minutes of the last meeting refers). The Agency met CPD on 20 May 2020 to discuss their requirements to approve the extension. This was a helpful meeting and the Agency is now preparing its submission to CPD for their consideration. Once CPD is content to proceed with this matter, DfE will need to approve a business case for the extension.

Action: Director for Corporate Services

2.3 The Director of Corporate Services reported that the Agency held a 're-set' meeting with the CMRS developer on 26 March 2020 to air concerns about the problems with the web portal (paragraph 3.4 of the minutes of the last meeting refers). There was then a follow-up meeting at which the company proposed changes in their approach.

2.4 The Committee noted that priority problems with the web portal have been addressed. The Agency is now preparing a specification for changes to address outstanding glitches and further enhancements to the portal; an internal user group is being consulted on the requirements for this (paragraph 3.5 of the minutes of the last meeting refers).

Action: Director for Corporate Services

2.5 The Committee noted that minor explanatory changes were made to the Data Protection Impact Assessment (DPIA) for Early Conciliation in response to queries raised by the Information Commissioner's Office (ICO) (paragraph 6.3 of the minutes of the last meeting refers). These have been agreed with DfE; ICO did not require the DPIA to be re-submitted.

2.6 The Director of Corporate Services reported that difficulties in agreeing a Data Sharing Agreement with OITFET were raised at the EC Project Board on 27 May 2020 (paragraph 6.4 of the minutes of the last meeting refers). As an alternative, it was agreed to revise the Memorandum of Understanding with OITFET to more closely align with the delivery requirements of Early Conciliation.

Action: Director for Corporate Services

2.7 The Committee noted that a start-up meeting is being arranged with the new internal audit service provider, who will attend the next Committee meeting to present a new three-year Strategic Internal Audit Plan (paragraph 8.2 of the minutes of the last meeting refers).

Action: Chief Executive/Director for Corporate Services

3. Chief Executive's Business

Covid-19

3.1 The Chief Executive provided an update on the Agency's response to the Covid-19 pandemic. Prior business continuity planning meant that staff have been able to work from home effectively since public health restrictions in response to the crisis came into effect in March 2020.

3.2 Preparatory work, in consultation with the Trade Union Side and an ERG sub-group, is underway to install a number of safety measures in the Agency's offices, beginning with Head Office. A presentation on these measures will be given at the August 2020 Board meeting to inform a discussion on when the offices should begin to re-open.

Action: Chief Executive/Director for Corporate Services

3.3 In the meantime, it was noted that staff have been informed that the offices will not re-open before September 2020, at the earliest. This is in line with the NI Executive's continuing guidance that employees who can work from home should do so; a position endorsed by the NI Engagement Forum, which the Agency is facilitating.

Services

3.4 The Chief Executive reported that conciliation and the Workplace Information Service (WIS) have continued to operate effectively during the Covid-19 restrictions. WIS call volumes had been very high during the early part of the pandemic and volumes continue to be above previously normal levels. The Agency is now looking at how other services, which have traditionally been delivered face to face, can be provided virtually.

Budget

3.5 The Committee noted that the Agency's budget for 2020-21 includes additional funding for increased employer pension contributions and a 2% uplift for pay and price inflation.

3.6 Nevertheless, there are still financial pressures. One of these is the anticipated outcome of the Head Office Rent Review, which is significantly higher than expected. The Agency is currently in discussion with Land and Property Services about this.

Action: Chief Executive/Director for Corporate Services

James House

- 3.7 Alison Millar declared a possible conflict of interest in this matter.
- 3.8 The Committee noted that planning for relocation to James House in 2020 continues. The Agency is waiting to hear from the Department of Finance's project team about whether Covid-19 has impacted on the timetable or design principles, such as 'hot desking', for James House.

4. External Audit Matters

Annual Report and Accounts for 2019-20

- 4.1 The Chief Executive introduced the Agency's Annual Report and Accounts for 2019-20 (paper ARAC 03-06/20). It was noted that the Performance and Accountability Reports had been reviewed at the May 2020 Board meeting.
- 4.2 The Director for Corporate Services highlighted a number of changes made to the Annual Report and Accounts since the paper had issued to Committee members. These were:
- Confirmation that the Agency's response to Covid-19 required little additional expenditure in 2019-20, and that it is anticipated that expenditure incurred in response to the virus in 2020-21 will be met from existing budget provision;
 - The inclusion of a 'going concern' statement;
 - Changes to notes in the Financial Statements to take account of the increased provision for the Rent Review; and,
 - Declaration of a contingent liability regarding Head Office dilapidations when the Agency's lease expires.

It was noted that clarification may be required in 2020-21 regarding the extent of the potential liability for dilapidations and when a provision will need to be made in the Agency's accounts for this.

Action: Director for Corporate Services

- 4.3 The NIAO drew the Committee's attention to the declaration in the Related Party Transactions regarding the Agency's Board Chair also being a non-executive member of the NIAO's Advisory Board. This was noted by the Committee.
- 4.4 The Committee noted and approved the Governance Statement, contained within the Accountability Report, as an accurate reflection of the Agency's corporate governance arrangements in 2019-20.

- 4.5 The Committee approved the Annual Report and Accounts for 2019-20 for submission to the June 2020 Board meeting. Thereafter, the document will be submitted to the NIAO for certification by the Comptroller and Auditor General and then laid in the Assembly before summer recess on 3 July 2020.

Action: Director for Corporate Services

Draft Report to those Charged with Governance

- 4.6 PWC presented the draft Report to those Charged with Governance (RTTCWG) (paper ARAC 04-06/20), which sets out the findings of the audit of the Annual Report and Accounts for 2019-20.
- 4.7 The Committee noted that the audit had taken place under challenging circumstances, given the Covid-19 restrictions. PWC thanked the Agency for being so responsive to audit queries as they arose.
- 4.8 PWC drew the Committee's attention to the Agency's satisfactory response to the recommendation from the audit of the previous year's Annual Report and Accounts.
- 4.9 The audit fieldwork will now be completed by PWC and a final report submitted to the NIAO.
- 4.10 The NIAO commented that the Agency had presented a good, 'clean' set of accounts and that no concerns have arisen.
- 4.11 The Committee and Chief Executive thanked everyone involved in preparing the Annual Report and Accounts and the audit, particularly the Director of Corporate Services and the Finance Office. It was noted that credit for the positive outcome was also due to staff across the Agency involved in governance and financial transactions.

5. Internal Audit Matters

Internal Audit Update Report

- 5.1 Deloitte presented the update report (paper ARAC 05-06/20), which was noted by the Committee.

Internal Audit Report on Early Conciliation

- 5.2 Deloitte presented the report on the outcome of the advisory audit of the Early Conciliation project (paper ARAC 06-06/20).

- 5.3 The report highlights a number of areas of good practice in the management of the project and makes recommendations for future projects. The recommendations and proposed actions were approved by the Committee.
- 5.4 The Chief Executive reported that he was pleased with the outcome and this reflected well on all involved in its successful delivery, particularly the project manager.

Internal Audit Report on Follow-up of Previous Recommendations

- 5.5 Deloitte presented the report on the implementation of audit recommendations from 2018-19 (paper ARAC 07-06/20), which was noted by the Committee.

Internal Audit Annual Assurance Statement

- 5.6 The Committee noted that Internal Audit has awarded a satisfactory assurance rating, the highest available, for the Agency's overall controls in 2019-20 (paper ARAC 08-06/20).
- 5.7 The Committee noted that this meeting marked the end of Deloitte's contract as the Agency's internal audit service provider. Committee members expressed their appreciation for the work carried out by Deloitte during the last three years. Deloitte wished the Agency well for the future.

6. Risk Management

- 6.1 It was noted that Committee and Senior Management Team members held a workshop on 1 June 2020 to discuss the risks facing the Agency in 2020-21. The Corporate Risk Register is now being prepared for review by Committee and Senior Leadership Team members at a follow-up meeting on 19 June 2020, before it is submitted to the June 2020 Board meeting for approval.

Action: Director for Corporate Services

- 6.2 The Committee agreed that the Agency's Risk Management Framework remains appropriate. It was noted that the template for project risk registers (Appendix G of the Framework) needs to be updated in light of an Early Conciliation audit recommendation.

Action: Director for Corporate Services

7. Audit and Risk Assurance Committee - Annual Report to the Board for 2019-20

- 7.1 The Committee Chair presented the Committee's draft annual report to the Board for 2019-20 (paper ARAC 09-06/20).
- 7.2 The Committee Chair thanked Alison Millar and Daire Murphy for chairing the December 2019 and March 2020 meetings respectively in her absence.
- 7.3 Subject to a number of minor revisions, the annual report was approved for submission to the June 2020 Board meeting.

Action: Committee Chair

8. Any Other Business

Direct Award Contracts agreed since the last meeting

- 8.1 The Committee noted that no Direct Award Contracts were awarded during 2019-20, and none 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 10-06/20).

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

- 9.1 The Chair reported on the Committee's self-assessment against the NAO's Audit and Risk Assurance Committee Effectiveness Checklist (paper ARAC 01-06/20).

- 9.2 A number of actions were identified:

- Declarations of conflicts of interest should be a specific item on Committee agendas.

Action: Director of Corporate Services

- The Committee Chair to discuss with the Chair of the Board the use of the Board member appraisal process to ensure that Committee members are clear about expectations of them in this role.

Action: Committee Chair

- An induction programme will be prepared for new Committee members following Board appointments, which are expected in early 2021.
Action: Committee Chair/Director of Corporate Services
- The Committee Chair will discuss the Agency's anti-fraud and cyber security arrangements with the Chief Executive and Director of Corporate Services.
Action: Committee Chair/Chief Executive/Director of Corporate Services
- The Agency's Whistleblowing Policy will be updated to reflect Louise Crilly's role as the Board contact for staff for whistleblowing and this to be communicated to staff.
Action: Director of Corporate Services
- The previous practice of in-camera Committee meetings with Internal and External Audit to be reinstated.
Action: Committee Chair/Director of Corporate Services

10. Date of Next Meeting

10.1 The next Committee meeting will be on 14 September 2020.