

Minutes of the Audit and Risk Assurance Committee meeting held on Monday 17 September 2020 at 10.00am via videoconference

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

In attendance: Tom Evans (Chief Executive)
Don Leeson (Director of Corporate Services)
Sarah Livingstone (Board Apprentice)
Wendy Carberry (Department for the Economy)
Christine Hagan (ASM)
Brian O'Neill (NI Audit Office)
Ahsan Sarwar (PWC)

Apologies: Louise Crilly

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 Sarah Livingstone and Ahsan Sarwar to their first meeting of the Committee. Christine Hagan was welcomed back to the Committee following ASM's successful tender for the role as the Agency's Internal Auditor after a gap of three years. Wendy Carberry was welcomed back to her first Committee meeting since her maternity leave.

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 8 June 2020 (paper ARAC 01-09/20) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

- 2.1 The Committee Chair reported on discussions with the Chief Executive and Director of Corporate Services held on 3 September 2020 regarding progressing actions identified as part of the Committee's self-assessment against the NAO's Audit and Risk Assurance Committee Effectiveness Checklist (section 9 of the minutes of the last meeting refers). The key outcomes were:

- The Committee Chair to discuss with the Board Chair the use of the Board member appraisal process to ensure that Committee members have a clear understanding of their role as members of ARAC.

Action: Committee Chair

- A detailed induction programme will be developed for new Board and Committee members for approval at the December 2020 Committee and Board meetings.

Action: Director for Corporate Services

- A presentation on the Agency's information security management arrangements covered by ISO 27001, which encompass cyber security, will be presented to the March 2021 Committee meeting.

Action: IT Manager

- Louise Crilly's role as Board contact for whistleblowing has been communicated to all staff via the Team Briefing system. The policy needs to be updated to reflect this. The NIAO has recently published 'Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector'. Given that the Whistleblowing policy follows that of DfE, the Agency is seeking to find out if DfE is planning to revise its policy in light of the NIAO's guidance. The Agency's revised Whistleblowing policy will be presented to the Committee for review.

Action: Director for Corporate Services

- The previous practice of in-camera Committee meetings with Internal and External Audit will be reinstated. It is proposed to do this at the June Committee meeting when Internal Audit presents its Annual Assurance Statement and External Audit presents the draft Report to those Charged with Governance.

Action: Director for Corporate Services

2.2 The Director for Corporate Services reported that CPD has advised that the Agency should, as a contingency measure, seek an option to further extend the contract for IS Managed Services for one year beyond the planned Head Office relocation date of 2022 (paragraph 2.2 of the minutes of the last meeting refers). This is in case relocation is delayed. The current IS Managed Service provider has agreed to freeze their prices at current levels. DfE subsequently approved the business case for the extension. CPD are making the arrangements for the contract extension.

- 2.6 The Director of Corporate Services reported that revision of the Memorandum of Understanding with OITFET remains pending (paragraph 2.6 of the minutes of the last meeting refers).

Action: Director for Corporate Services

- 2.7 The Committee noted that safety measures to allow Head Office to re-open were approved at the August 2020 Board meeting (paragraph 3.2 of the minutes of the last meeting refers). These are being implemented with a view to re-opening in October 2020, subject to the prevailing public health situation at that time. There has been extensive engagement with the Trade Union Side and Employment Relations Group on this matter. Discussions are regarding safety measures for the Regional Office are scheduled for October. It is not envisaged that the Regional Office will open until early 2021.

Action: Director for Corporate Services

- 2.8 The Director of Corporate Services reported that the Head Office Rent Review has been settled (paragraph 3.6 of the minutes of the last meeting refers). The Agency had challenged the increase on the basis that Covid-19 was likely to have depressed rents. However, Land and Property Services (LPS) advised that Covid-19 did not impact on the Rent Review as it applied to market conditions in June 2019; they also provided evidence that the increase was in keeping with rent levels in comparative properties. Given LPS's advice, the Agency has reluctantly accepted the outcome of the Rent Review. Subsequently, the Agency submitted a business case for DfE's approval of the revised rent, which was granted. The increased rent is now being paid and the Agency is seeking additional funding from DfE to cover the costs of this.

Action: Director for Corporate Services

- 2.9 The Committee noted that there was a slight delay in obtaining the Comptroller and Auditor General's (C&AG) certificate, which meant that the Annual Report and Accounts for 2019-20 were not laid in the Assembly until 9 July 2020 (paragraph 4.5 of the minutes of the last meeting refers). They were published on the Agency's website, shortly after this.

- 2.10 The Committee noted that the Corporate Risk Register for 2020-21 was approved at the June 2020 Board meeting (paragraph 6.1 of the minutes of the last meeting refers). The Board also approved a change to the Risk Management Framework to incorporate the project risk register template (paragraph 6.2 of the minutes of the last meeting refers).

Action: Director for Corporate Services

- 2.11 The Audit and Risk Assurance Committee's Annual Report to the Board for 2019-20 was presented to the June 2020 Board meeting (paragraph 7.3 of the minutes of the last meeting refers).

3. Chief Executive's Business

Budget

- 3.1 The Chief Executive reported that the Agency is awaiting the outcome for bids for additional funding. Resources have been sought as part of October Monitoring to offset a number of pressures, including the outcome of the Rent Review. Funding has been sought for additional staffing to respond to an increase in demand for services caused by the Covid-19 pandemic.
- 3.2 The Committee noted that the Agency is seeking an increase to its baseline as part of the current Spending Review, which will set resource budgets for the three-year period to 2023-24. This is to offset budget addressed through in-year bids in the past number of years.

Staffing

- 3.3 The Chief Executive reported on the work of the HR Team to support staff's health and wellbeing during the Covid-19 pandemic.
- 3.4 The Employment Relations Group is now well established and has put in place four sub-groups to take forward specific tasks: Covid-19 safety measures; James House design and relocation planning; intranet development; and, reward and recognition. The Reward and Recognition sub-group presented proposals to the Finance and Personnel Committee on 1 September – these will be reported to the September 2020 Board meeting.
- 3.5 The Committee noted that the Agency's re-assessment against the Investors in People Standard is underway.

Services

- 3.6 The Chief Executive reported that the Agency is planning to trial the virtual delivery of mediation and arbitration. Work is being undertaken to scope the various videoconferencing platforms available to enable this. The Committee noted that there is no standard platform in use across the public sector. The Agency and other organisations use Zoom, while others including the NICS, use Webex. DfE agreed to identify a contact within the NICS who could advise on the use of Webex.

Action: DfE

Corporate Planning

- 3.7 The Chief Executive reported the development of the Agency's new Corporate Plan will be a particular focus of the September 2020 Board meeting. The Committee noted that planning will take place amidst a complex external environment, given the economic and wider societal impact of Covid-19 and the UK's exit from the European Union.

4. External Audit Matters

- 4.1 The NIAO presented the final Report to those Charged with Governance (RTTCWG) (paper ARAC 02-09/20), which sets out the findings of the audit of the Annual Report and Accounts for 2019-20.
- 4.2 The NIAO reported that there are no issues for management contained in the RTTCWG. However, the RTTCWG contains a change from the draft presented to the Committee in June 2020. This highlights conflicting guidance regarding payments to public sector employees who sit on boards, which is set out in DAO (DfP) 02/11 and the NICS Staff Handbook. The NIAO acknowledged that, while this is a wider issue beyond the Agency's control, it has been included in the RTTCWG because Board members covered by the guidance have received payment for their role.
- 4.3 Committee members registered their concern that this has matter has been referred to in the Agency's RTTCWG, given the C&AG's acknowledgement that the matter has a wider application and that the Agency has no locus in its resolution. The Committee requested that the report should make it clear that Board members sought guidance from the NICS on the issue of payment. The NIAO, in agreeing to convey the Committee's disquiet over this matter to the C&AG, stressed that the RTTCWG is final and cannot be changed.

Action: NIAO

5. Internal Audit Matters

Internal Audit Strategy for 2020-23

- 5.1 ASM presented the draft Internal Audit Strategy for the next three years (paper ARAC 03-09/20). The Strategy was approved by the Committee.
- 5.2 It was agreed to clear the terms of reference for the first internal audit by correspondence, given that this is expected to take place before the next Committee meeting. The draft terms of reference for the internal audit planned for early 2021 will be presented to the December 2020 Committee meeting.

Action: ASM/Director for Corporate Services

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

- 5.3 The Director of Corporate Services presented the progress report on the implementation of Internal Audit recommendations from 2019-20 (paper ARAC 04-09/20).
- 5.4 The Committee noted that all but one of the 23 recommendations have been implemented or are on target for implementation. The outstanding recommendation related to the review of the Absence Management Policy. The HR Team has completed the review and has proposed some minor changes, which require consultation with the Trade Union Side. However, priority is being given to signing-off changes to out-of-date policies (agenda item 7 refers).

6. Risk Management

- 6.1 The Director of Corporate Services presented the updated Corporate Risk Register (paper ARAC 05-09/20). Progress in implementing planned actions to mitigate identified risks was noted by the Committee.

7. Annual Review of Registers

Register of Contracts

- 7.1 The Director of Corporate Services presented the Register of Contracts (paper ARAC 06-09/20).

- 7.2 The Committee noted that the contract for mobile telephones had been rolled forward on a year by year basis, pending a decision on whether the Agency would migrate to using IT Assist's services. As this would not now be the case until, at the earliest, the Agency relocates to James House in two years' time, a new contract is being procured. This is expected to be in place by October 2020.

Action: Director for Corporate Services

Register of Policies

- 7.3 The Director of Corporate Services presented the Register of Policies (paper ARAC 07-09/20).
- 7.4 The Committee noted that good progress has been made in updating HR policies. All have been reviewed, although Trade Union Side comments are awaited on some of these before they can be formally signed-off.
- 7.5 The focus now is on reviewing the corporate governance policies to ensure they are up-to-date in time for the induction of new Board members. Revised governance policies will be presented to the December 2020 Committee meeting, and then to the Board.

Action: Director for Corporate Services

- 7.6 It was agreed that key overarching policies, such as the Equality Scheme, should be presented to the Board when they have been updated.

8. Any Other Business

Direct Award Contracts agreed since the last meeting

- 8.1 The Committee noted that, to date, no Direct Award Contracts have been awarded during 2020-21.

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 08-09/20).
- 8.3 The Committee's attention was drawn in particular to the NIAO's guidance on Covid-19 Fraud Risks.

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

9.1 The Chair confirmed that the matters arising were discussed under the relevant agenda items.

10. Date of Next Meeting

10.1 The next Committee meeting will be on 7 December 2020.