

**Minutes of the Audit and Risk Assurance Committee meeting held on Monday
13 December 2021 at 10.00am via videoconference**

Present: Deirdre Fitzpatrick (Chair)
Daire Murphy
Lee Wilson

In attendance: Don Leeson (Chief Executive)
Paul Lowe (Director of Corporate Services)
Alison Wolfe (Secretary)
Barry McLeod (Department for the Economy)
Christine Hagan (ASM)
Karen Beattie (NI Audit Office)
Paul Herink (Employment Relations Manager)
Patrick McAuley (Employment Relations Manager)
Aideen Duggan (Boardroom Apprentice)

Apologies: Louise Crilly
Clare Duffield
Kevin McCabe
Angela Bryans (Employment Relations Manager)
Wendy Carberry (Department for the Economy)
Matthew McNeice (ASM)

Members of the Audit and Risk Assurance Committee (ARAC) 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 the meeting. The Chair also welcomed Patrick McAuley, Employment Relations Manager and Paul Herink, IT Manager to the meeting. Patrick was attending as part of the Senior Management Team development programme. Paul was attending to brief the Committee on ICT issues.

Declarations of Interest: no conflicts of interest were declared. The Chair advised attendees of the need to raise any conflicts that may arise during the meeting.

1. ICT issues

- 1.1 The IT Manager reported that the Agency recently underwent the ISO 27001 audit (paper ARAC 07-12/21). This was the third year of the current three year cycle with a full audit undertaken at the beginning and two surveillance audits in years two and three. Given the current global pandemic the audit was carried out remotely involving the sharing of documentation and information through a secure shared platform. The audit findings indicate that compliance with ISO 27001 is established and embedded within the Agency and no actions are required. There is a high level of management commitment, resilience in dealing with information and a very effective and secure IT infrastructure exists. There are currently no threats identified in terms of infrastructure. The Agency demonstrated its ability to transition as part of covid response to agile remote working. The Agency was rated outstanding in management which is a reflection of all levels of management and recognises the effectiveness of arrangements.
- 1.2 There is an awareness of the threats that exist, which are routinely monitored allowing for corrective action when required. In relation to future threats and potential abuses of technology it was recognised that the Agency monitors these in a constructive and controlled manner and maximises the use of resources.
- 1.3 The Chief Executive reported that following on from the audit contact will now be made with the National Cyber Security Centre (NCSC) to ensure that the arrangements in place are as robust as they can be.
- 1.4 The Chair congratulated the IT Manager on the outcome of the audit.
- 1.5 The IT Manager then reported on the procurement exercise for the continuing support and development of the Agency's Case Management and Record System (CMRS) (paper ARAC 08-12/21). Arrangements with the current provider have been extended through to 31 January 2022 to ensure continuity of support provision of the system. The paper outlined the options available to the Agency and the risks and costs associated with each. The G-cloud framework was utilised for the procurement exercise to identify and select an appropriate partner going forward. CEOX were identified as meeting the Agency's requirements and have now been engaged as part of familiarisation arrangements.
- 1.6 The IT Manager confirmed that approval to use the G-cloud framework was given by CPD in 2014.
- 1.7 The Chair thanked the IT Manager for his report.

Paul Herink left the meeting.

2. Minutes of the Last Meeting

- 2.1 The minutes of the Audit and Risk Assurance Committee meeting held on 13 September 2021 (paper ARAC 01-12/21) were agreed as an accurate record.

3. Matters Arising from the Last Meeting

- 3.1 The Chief Executive reported that it is anticipated that the update to the Memorandum of Understanding between the Agency and OITFET will be completed by the end of the financial year as set out in the Business Plan (paragraph 3.1 of the minutes of the last meeting refers). It was noted that a new OITFET President will take up that role in March 2022.

Action: Director of Corporate Services

- 3.2 Civica anticipate satisfactorily resolving one outstanding issue by end December 2021 (paragraph 3.2 of the minutes of the last meeting refers).

Action: Director of Corporate Services

- 3.3 Training for staff in financial procedures and other governance matters will be progressed before the end of the financial year as part of the Learning and Development Plan (paragraph 3.5 of the minutes of the last meeting refers).

Action: Director of Corporate Services

- 3.4 A meeting with the Chief Executive, Director of Corporate Services and Committee Chair is scheduled to take place on 6 January 2022 to address outstanding actions from the Committee's self-assessment exercise (paragraph 3.6 of the minutes of the last meeting refers). An update will be provided at the March 2022 meeting.

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

- 3.5 The Chief Executive confirmed that Arbitrators are designated as workers which has implications for the Agency (paragraph 3.10 of the minutes of the last meeting refers). This will be addressed in the review of the Independent Appeals Service. The Agency is currently seeking legal advice and consulting with stakeholders with a view to presenting proposals on the way forward to the January 2022 Board meeting.

Action: Chief Executive/Director of Employment Relations Services

- 3.6 The Permanent Secretary attended the November Board meeting when he reported on the budget situation for DfE (paragraph 4.3 of the minutes of the last meeting refers). The Department of Finance are commencing a consultation exercise on draft budget proposals.

Action: Chief Executive/DfE

- 3.7 As external legal services will no longer be provided under the existing NICS collaborative arrangement the Agency is seeking to procure its own legal services (paragraph 8.4 of the minutes of the last meeting refers).

Action: Director of Corporate Services

4. Chief Executive's Business

- 4.1 The Chief Executive reported that in light of the current public health advice the decision was taken to cancel the staff Christmas party. While the event is staff led the decision was taken for health and safety reasons and from a reputational point of view to protect the Agency.

- 4.2 The Chair has been contacted by the Executive Office and the Permanent Secretary around concerns about the emergence of a new Omicron variant of the virus and recent public health guidelines. It is anticipated that a meeting of the NI Engagement Forum will be convened urgently to provide advice on future restrictions.

Action: Chair/Chief Executive

- 4.3 A paper will be presented to the Board meeting later this week seeking Board approval to postpone the Agency's planned employment relations conference because of increasing public health concerns about a resurgence of Covid. Limited networking opportunities would exist if the event was to proceed on a virtual basis.

Action: Chief Executive

- 4.4 The Senior Leadership Team (SLT) and Senior Management Team (SMT) are engaging with external facilitators on proposals for organisational restructuring. Proposals will be presented to the March 2022 Board meeting for discussion. A further workshop is scheduled this week to look at more detailed proposals. A member of staff has been appointed to look at process arrangements. The Board and Committee will be kept abreast of issues.

- 4.5 The Chief Executive reported that refurbishment work on James House is behind schedule because of Brexit and Covid-related supply chain issues experienced by building contractors. The current Head Office lease ends on 31 May 2022.

- 4.6 A technical barrier with CMRS was identified as a result of workshops with IT Assist. The Agency is now exploring a contingency plan to use the Regional Office to house the main servers rather than operating as the contingency site. A contingency site could be housed within IT Assist's data centre.

- 4.7 The Chief Executive reported that a thorough investigation was carried out into the recent data breach and apologies issued to all parties involved. The Agency was informed by the Information Commissioner that no action would be taken

and no sanctions imposed. One person who had threatened legal action has been informed of the ICO decision.

- 4.8 The Agency has taken legal advice in respect of an internal grievance; Board and Committee members will be kept updated of developments. The Chief Executive confirmed that the conciliation process is available to the applicant and a firewalling process has been established to ensure confidentiality.

Action: Chief Executive

5. External Audit Matters

Contracting out of External Audit

- 5.1 The NI Audit Office (NIAO) reported that following a procurement process, Ross Boyd (Belfast) Ltd have been appointed to undertake audit work on four of the DfE NDPBs, including the Agency (paper ARAC 02-12/21). NIAO are liaising with the firm to finalise arrangements and will schedule an induction meeting with the Chief Executive and Director of Corporate Services. NIAO anticipate that the audit strategy will be available for the ARAC meeting in March 2022.
- 5.2 In relation to the Report to those Charged with Governance (RTTCWG) NIAO confirmed that the uncorrected misstatement in relation to depreciation of Head Office assets had been taken as an unadjusted misstatement and had no impact on audit opinion.
- 5.3 The Chair thanked NIAO for their report.

Karen Beattie left the meeting.

6. Internal Audit Matters – Audit Report

Review of Corporate Governance

- 6.1 ASM outlined the scope of the review and key findings. The Agency was awarded a satisfactory level of assurance. No issues were found in terms of how the Agency is set up including Board and committee composition. Meetings are conducted in line with Standing Orders or terms of reference. A good level of practice exists in terms of reporting conflicts of interest with an anonymised register of interests published on the Agency's website.
- 6.2 Both Corporate and Business Plans were approved by the Board but await DfE approval. No issues have been highlighted, delays are due to changes to the Board and impact of covid restrictions.

- 6.3 Training needs issues arising from the 2020 audit were reviewed and interviews held with the Director of Corporate Services and four Board members. Board members highlighted the need for further risk training specific to the Agency; the recommendation was accepted by management.
- 6.4 No issues were raised in relation to fraud where it was recognised that robust policies exist.
- 6.5 The Risk Management Framework and Corporate Risk Register have been aligned to Orange Book principles. ASM recognised that the Risk Register has undergone a series of reviews and recommend some streamlining of information to improve effectiveness of the Register.
- 6.6 In relation to complaints handling, the Agency accepted the recommendations put forward by ASM.
- 6.7 The Chair thanked ASM for their report and indicated that at their in-camera meeting the Committee discussed holding a separate workshop to discuss streamlining the Risk Register.
- 6.8 Lee Wilson highlighted that assurance is a key issue. There is a need to see what level an individual corporate risk is going to be included at on the register. For example, if cyber security and relocation were individually defined the Agency would concentrate on them. Risks are being identified and controls and assurances are in place, but there is a need to look at the register and see the clear links.
- 6.9 The Chair highlighted that a lot of issues raised in respect of the register were considered previously and emphasised the need to bear in mind that we have been given a satisfactory assurance. Further consideration would however be given to changing the presentation of the Register.
- 6.10 The Director of Corporate Services agreed that a workshop should be arranged to discuss the above issues. He thanked ASM for completing the audit. The Agency was pleased with satisfactory assurance and has accepted the proposals in the audit. It was agreed to develop a revised risk register for March.

Action: Chief Executive/Director of Corporate Services

Review of Information Management – amendment to TOR

- 6.11 Committee members noted the revision to the Terms of Reference which now include an objective to consider the adequacy of information management policies and email security practices.
- 6.12 The ARAC were content with the Terms of Reference.

6.13 The Chair thanked ASM for their positive contribution. The Agency values internal audit and the information provided.

Progress Report on the implementation of audit recommendations from 2020-21 and the Corporate Governance Action Plan 2021-22

6.14 The Director of Corporate Services reported that the vast majority of actions have been completed or are on target. Some of those which are partially completed relate to resource pressures within the Finance function in the last few months.

6.15 The Business Continuity Plan forms part of the accommodation project as it is highly dependent on future working arrangements and accommodation.

6.16 The Agency will engage with CPD at the appropriate time in obtaining more formal assurance in terms of security arrangements for the use of the procurement card.

6.17 The Chair thanked the Director of Corporate Services for his report.

7. Risk Management - Corporate Risk Register for 2021-22

7.1 The Director of Corporate Services presented the Corporate Risk Register (paper ARAC 06-12/21).

7.2 Based on the current format the SLT continue to formally monitor the Corporate Risk Register each month, reporting quarterly to the Committee. Progress reports are updated against each of the planned actions and a number of actions have now been completed in most areas. No additional risks have been added nor hazards identified and there is no change in assessment ratings of risk. No extreme risks have been identified.

7.3 ARAC accepted the Corporate Risk Register pending discussion at a workshop to be arranged in early 2022. A revised format for the register will be signed off at the March ARAC meeting and be in place by April 2022. The Chief Executive reminded the Committee that the Agency operates within the overarching framework set out by DfE which needs to be borne in mind in agreeing a new format.

Action: Chief Executive

8. Any Other Business

Direct Award Contracts agreed since the last meeting

8.1 The Director of Corporate Services confirmed that no Direct Award Contracts have been awarded during 2021-22 to date.

ISO 27001

8.2 See paragraphs 1.1-1.4 above.

Case Management and Record System (CMRS) Support Contract – G-cloud procurement exercise

8.3 See paragraphs 1.5-1.7 above.

External Guidance Documents Received

8.4 The Chief Executive drew attention to 'Governance and Accountability Notice 15/21: Immediate implementation of the better business cases NI Model' and Governance and Accountability Notice 16/21 – Departmental Delegations/Requirements for Department of Finance (DoF) Approval – Replacement of DAO (DoF) 06/12 with DAO (DoF) 08/21' (paper ARAC 09-12/21). Notice 15/21 concerns a new approach to the preparation of business cases while Notice 16/21 relates to revised universal delegated limits applicable to all departments. The Board will be advised of the changes in early 2022.

8.5 The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting (paper ARAC 09-12/21).

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

9.1 The Committee Chair reported that the Committee had used the in-camera session to discuss the Report to those Charged with Governance (RTTCWG) and presentation of the Corporate Risk Register.

10. Date of Next Meeting

10.1 The next Committee meeting will be on 7 March 2022.

10.2 Committee meeting dates for 2022-23 were issued previously to Members who were reminded to raise any potential clashes with the Secretary.