

Minutes of the Audit and Risk Assurance Committee meeting held on Tuesday 1 October 2019 at 2.00pm at the Labour Relations Agency, Gordon Street, Belfast

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

In attendance: Tom Evans (Chief Executive)
Alison Wolfe (Minute Secretary)
Angela Bryans (HR Manager)
Claire Kilpatrick (HR Manager)
Kevin Lawless (Department for the Economy)
Barry McLeod (Department for the Economy)
Katrina Bingham (Deloitte)
Brian O'Neill (Northern Ireland Audit Office)

Apologies: Don Leeson (Director of Corporate Services)
Stacy Bonar (Deloitte)
Rosemary Peters-Gallagher (Moore Stephens)

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 Angela Bryans and Claire Kilpatrick, joint HR Managers, to their first meeting. The Chair also welcomed Alison Wolfe, Minute Secretary.

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 19 June 2019 (paper ARAC 01-10/19) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

2.1 The Chief Executive will follow up with DSO outstanding 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.

Action: Chief Executive

2.2 The Committee noted that 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 a presentation of the Early Conciliation project was made to the June 2019 Board meeting, which provided a significant level of assurance that the project is being managed effectively (paragraph 3.1 of the minutes of the last meeting refers).

2.4 The Agency's liP Assessor attended the September 2019 Board meeting to discuss employee engagement within the Agency and to give feedback on the assessment earlier in 2019 (paragraph 3.4 of the minutes of the last meeting refers). The new liP Standard is more exacting - the Agency has retained its Gold status pending further improvement activities. The Agency is in discussion with the Trade Union Side to develop an Employment Relations Project to address related issues.

Action: Chief Executive

2.5 The Committee noted that the Annual Report and Accounts for 2018-19 were laid at the Assembly on 5 July 2019 and have been published on the Agency's website (paragraph 4.2 of the minutes of the last meeting refers).

2.6 The Committee noted that the Corporate Risk Register for 2019-20 was approved at the June 2019 Board meeting (paragraph 6.3 of the minutes of the last meeting refers).

2.7 The Committee's annual report on its activities in 2018-19 was presented to, and approved at, the June 2019 Board meeting (paragraph 7.2 of the minutes of the last meeting refers).

2.8 The Committee noted that changes to the Board's Standing Orders and Terms of Reference for sub-committees were approved at the September 2019 Board meeting (paragraph 9.1 of the minutes of the last meeting refers).

3. Chief Executive's Business

Early Conciliation

3.1 The Chief Executive reported that regular Project Team meetings are continuing - the next meeting will take place on 8 October 2019. The project remains on track.

- 3.2 The Agency will issue correspondence on behalf of DfE announcing EC implementation to stakeholders.
- 3.3 Systems testing is due to start at the end of October 2019. A key aspect of this is the new web portal for the public to make EC notifications.
- 3.4 Sixteen members of staff took part in conciliation training delivered by Acas. This is so that they can provide contingency support to EC implementation if volumes are greater than anticipated.

EU Exit

- 3.5 The Chief Executive reported on his attendance at a recent event to discuss preparations for 'no-deal'.
- 3.6 The Agency has secured funding for additional staff for a 'deal' scenario. Recruitment for these posts is underway.

Budget

- 3.7 The Chief Executive reported that the Agency is working closely with DfE to project budgets through to 2022-23. In the meantime, the Committee noted that DfE has been helpful in providing additional funding to meet in-year pressures in 2019-20.

Accommodation Update

- 3.8 The Chief Executive reported that the Agency has been approached by DoF who have identified a building that could house the Agency's Head Office when the current lease expires in 2022. Following discussion at the September Board 2019 meeting, it was agreed that the Chief Executive would meet DoF representatives to discuss any further options. DoF recognises the nature of the Agency's business and the need for independence. The DoF representative is willing to speak to the Board about the accommodation and has offered a visit to Goodwood House to view the current agile working pilot.
- 3.9 Alison Millar declared an interest due to her involvement in the Goodwood House pilot. She went on to raise her concerns around the practicalities of open plan office space for the sensitive work done by the Agency. The Chief Executive referred to the accommodation needs project carried out in 2016-17. He recognised the Board's concerns about access and independence. The DoF representative is understanding of the Agency's requirements to ensure we develop the right specification for our needs. The matter will be discussed again at the October 2019 Board meeting.

Action: Chief Executive

4. External Audit Matters

- 4.1 Brian O'Neill referred to the Report to Those Charged with Governance. One minor recommendation is made regarding the completion of procurement control sheets (paper ARAC 02-10/19). The Committee noted that procurement will be the focus of the forthcoming internal audit of key financial controls.
- 4.2 The Committee noted that PWC would be taking over from Moore Stephens's to carry out the Agency's external audits. However, they may be unable to attend the next Committee meeting.

5. Internal Audit Matters

Internal Audit Update Report

- 5.1 Deloitte presented the update report (paper ARAC 03-10/19), which was noted by the Committee.

Internal Audit Report on Human Resources

- 5.2 The Committee noted that the Agency has achieved an overall satisfactory rating. One Priority 2 finding was reported around the identification and monitoring of learning and development opportunities. Three Priority 3 findings were identified regarding absence management, policies and procedures, and declarations of interest in recruitment exercises.
- 5.3 The Committee approved the report and the actions to address the findings (paper ARAC 04-10/19).

Terms of Reference for Internal Audit of Key Financial Controls (Procurement)

- 5.4 The Committee noted that the objective is to ensure procurement policies and practices are consistent with DoF guidelines and that appropriate controls are in place.
- 5.5 The terms of reference (paper ARAC 05-10/19) were approved. The outcome of the audit will be reported to the next Committee meeting.

Action: Deloitte

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

5.15 The Committee noted that good progress has been made in implementing audit recommendations (paper ARAC 06-10/19).

5.16 It was also noted that substantive work has been done in respect of business continuity planning, although some updates are required in light of changes in the Senior Leadership Team.

Action: Director of Corporate Services

6. Risk Management

Corporate Risk Register (as at September 2019)

6.1 The updated Risk Register (paper ARAC 07-10/19) was noted by the Committee.

6.2 It was noted that references in the Register regarding liP and the Employment Relations Project need to be updated.

Action: Director of Corporate Services

7. Annual Review of Registers

Register of Contracts

7.1 The Committee noted the Register of Contracts (paper ARAC 08-10/19).

7.2 It was noted that the current mobile phone contract is being carried forward pending decisions on migrating ICT systems to IT Assist. A paper on this will be presented the December 2019 Board meeting

Action: Director of Corporate Services

Register of Policies

7.3 The Committee noted the Register of Policies (paper ARAC 09-10/19).

7.4 The Committee noted that the Agency is in discussion with the Trade Union Side regarding the review of a number of HR policies.

Action: HR

7.5 It was noted that the information management policies will be reviewed ahead of the next ISO 27001 audit, which is due to take place in November 2019.

Action: Director of Corporate Services

8. Any Other Business

Direct Award Contracts agreed since the last meeting

8.1 The Committee noted that no Direct Award Contracts 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 11-06/19).

Data breaches

8.3 The Chief Executive reported on three data breaches that had occurred during the summer (paper ARAC 11-10/19). The Board were informed of these in September. Action had been taken in respect of the three incidents, including the contact with Royal Mail regarding delivery arrangements to the Regional Office and removal of the auto-fill function for email addresses. The ICO had been notified and no further action is required.

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

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

10. Date of Next Meeting

10.1 The next Committee meeting is scheduled for 10 December 2019 (starting with an in-camera session at 2.00pm).