

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

Present: Deirdre Fitzpatrick (Chair)
Louise Crilly
Clare Duffield
Daire Murphy
Lee Wilson

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

Apologies: Kevin McCabe
Christine Hagan (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 asked attendees to introduce themselves on the basis that this was the first meeting for some attendees.

The Chair extended the Committee's best wishes to Kevin McCabe for a speedy recovery.

The Chair welcomed Aideen Duggan, Boardroom Apprentice, to her first ARAC meeting and to the Agency Board.

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. Cyber Security Presentation

- 1.1 Paul Herink provided a detailed presentation on cyber security to ARAC members and confirmed that the Agency is ISO 27001 compliant. The Chair thanked Paul for his informative presentation.

2. Minutes of the Last Meeting

- 2.1 The minutes of the Audit and Risk Assurance Committee meeting held on 7 June 2021 (paper ARAC 01-09/21) were agreed as an accurate record.

3. Matters Arising from the Last Meeting

- 3.1 It was anticipated that the update to the Memorandum of Understanding between the Agency and OITFET will be progressed during autumn (paragraph 2.2 of the minutes of the last meeting refers). An update will be provided at the December 2021 Committee meeting.

Action: Director of Corporate Services

- 3.2 User testing continues to be worked through with Civica and arrangements are advanced to engage a new service provider (paragraph 2.3 of the minutes of the last meeting refers). An update will be provided at the December 2021 Committee meeting.

Action: Director of Corporate Services

- 3.3 A number of themes, including connection and job enrichment, arising from Healthy Place to Work's interviews with staff are contained in the People Strategy, which will be submitted to the September 2021 Board for approval (paragraph 2.4 of the minutes of the last meeting refers). The issues identified are being addressed through an action plan set out HR's 'You said, We did' response to Healthy Place to Work's report.

- 3.4 The Chief Executive reported that DfE have indicated that it is unlikely the shortcoming in the Agency's founding legislation will be addressed in this current mandate (paragraph 2.7 of the minutes of the previous meeting refers).

- 3.5 Training for staff in financial procedures and other governance matters has been captured in this year's Learning and Development Plan and will be addressed as soon as possible (paragraph 2.8 of the minutes of the last meeting refers).

Action: Director of Corporate Services

3.6 Plans to address outstanding actions from the Committee's self-assessment will be discussed by the Chief Executive, Director of Corporate Services and Committee Chair (paragraph 2.14 of the minutes of the last meeting refers).

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

3.7 The Chief Executive reported that an Accommodation Manager has been appointed to lead on a range of issues, including regional hubs and hybrid working arrangements (paragraph 3.4 of the minutes of the last meeting refers). There has been no announcement by the Executive regarding a return to the office.

3.8 Lee Wilson shared details of an approach to assurance mapping; this has been considered in the context of the Corporate Risk Register, which is a substantive agenda item for discussion (paragraph 6.4 of the minutes of the previous meeting refers). Lee Wilson suggested that assurance mapping could be trialled until the auditors provided feedback. The Chief Executive indicated that he is not aware of any obvious gaps in the current process, but the Committee could consider the best approach to take.

3.9 The Committee's annual report was noted at the June 2021 Board meeting (paragraph 7.3 of the minutes of the last meeting refers).

3.10 Changes in IR34 tax rules have been taken into account in the review of the independent appeals service (paragraph 8.3 of the minutes of the last meeting refers). Recommendations will be made to the September 2021 Board meeting.

Action: Chief Executive/Director of Employment Relations Services

4. Chief Executive's Business

4.1 The Chief Executive reported that, as part of the October monitoring round, the Agency surrendered £150K of additional funding allocated for economic recovery activities. The non-recurrent nature of the funding had presented recruitment difficulties in attempting to attract suitably qualified candidates to fixed-term and temporary posts.

4.2 In highlighting the difficulties of the non-recurrent funding, the Chief Executive reported that one appointee due to join the Agency has been offered a permanent post elsewhere and is no longer going to join the Agency. The Committee Chair highlighted resourcing challenges as an issue in that offering temporary contracts meant that the Agency may not be attracting suitably qualified people. Aideen Duggan said this was a common problem with so many people looking for permanent employment.

- 4.3 Barry McLeod reported that there was no word from the Department of Finance on the Spending Review and undertook to provide an update once this was known.

Action: DfE

- 4.4 The Chief Executive reported that the increase to Employer National Insurance contributions will cost around £40K next year, which equates to one post. The Agency will submit a bid to cover the costs but may have to absorb these.

- 4.5 Following the Board's approval to the preferred business case option to move ICT services to IT Assist, the business case has now been submitted to DfE. Preparatory work is progressing with IT Assist to identify what needs to be done and effectively plan the migration.

Action: Chief Executive

5. External Audit Matters

Report to those Charged with Governance

- 5.1 The NI Audit Office (NIAO) apologised that, due to other workloads, they were unable to present the Report to those Charged with Governance (RTTCWG). However, it was expected that the report will be issued within the next few days.
- 5.2 The NIAO reported that the current external audit contractor has taken a strategic decision to withdraw from certain contracts. A procurement process is ongoing to appoint another contractor to undertake work on behalf of NIAO. When a contractor is appointed NIAO will contact the Chief Executive to ensure there are no conflicts of interest. It was anticipated that the new contractors will be appointed before the next Committee meeting in December.
- 5.3 The Committee noted that the RTTCWG remained unchanged.
- 5.4 The Committee Chair thanked NIAO and PWC for their work and also Agency staff for their contribution. It was good to get a clean bill of health with no risks or recommendations identified.

6. Internal Audit Matters – Terms of Reference 2021-22

- 6.1 ASM reported that reviews of Corporate Governance, Early Conciliation and Information Management are due this year along with a follow-up review of previous recommendations.

Review of Corporate Governance

- 6.2 The Committee Chair indicated that the Committee were keen that, as part of the review, ASM consider the risk register in terms of adequacy and effectiveness. The Committee were also keen that this would include benchmarking against other similar sized organisations and without making the risk register unduly complicated. Board members would be happy to liaise with ASM during the review.
- 6.3 Lee Wilson indicated that some strategic risks are normally analysed separately so would be clearly defined with causes and consequences, risks and mitigations, ranked so that they can be prioritised. Controls and actions in place to manage risks are normally mapped to the individual risk that they relate to in order to determine whether or not they are being effectively managed and in turn for the Committee to provide assurances to the Board. He contrasted this with the current Agency approach. Other members had different views. The Committee therefore requested that ASM look at best practice in similar organisations as part of the Review of Corporate Governance.
- 6.4 Louise Crilly indicated that the Committee had previously come to an agreed position but was happy to support further discussion. She suggested that ASM meet with the Chief Executive, Director of Corporate Services and Board members to discuss different views of practices. ASM agreed to add another objective to the Review of Corporate Governance to address the issue; approval for an amendment to the terms of reference will be sought by email.

Review of Early Conciliation

- 6.5 ASM to amend paragraph 5 to include compliance with statutory legislation.
- 6.6 ASM to amend paragraph 6 to consider the mechanisms that have been established to obtain feedback from those engaging with the early conciliation service and whether this information is being presented to the Agency's Board.

Review of Information Management

- 6.7 Committee members were content with the terms of reference.

Follow-up Review

- 6.8 Committee members agreed the terms of reference for the follow-up review.
- 6.9 ASM reported that a number of recommendations were being brought forward from pre 2020-21; an update will be provided on these.

7. Corporate Risk Register for 2021-22

- 7.1 The Committee Chair reported that, following the Risk Workshop, the Corporate Risk Register was being presented today for approval by the Committee for onward submission to the September 2021 Board.
- 7.2 Committee members were content with the Register subject to completion of the Internal Audit review (see paragraph 6.4 above), with any subsequent changes to be brought back to the Committee as appropriate.
- 7.3 The Director of Corporate Services presented the Corporate Risk Register (paper ARAC 07-09/21). He pointed out that in terms of the approach agreed and to avoid duplication, each action was listed once against the most appropriate risk area. Information has also been added from the new Corporate Plan under each strategic theme to show clear alignment between the management of the risks and the relevant corporate objectives.
- 7.4 The Director of Corporate Services highlighted a number of hazards emerging this year, mainly around accommodation and ICT, which have been captured under Risk 1 and 4.
- 7.5 The Senior Leadership Team will continue to monitor the Risk Register on a formal basis each month and report quarterly to the Committee. Subject to any further discussion the intention was to present the Risk Register to the Board on 1 October 2021.
- 7.6 It was agreed, when presenting the Risk Register to the Board, to emphasise that it is a 'live' document and accordingly remains subject to ongoing review as circumstances, hazards or risks change.

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.

Register of Contracts

- 8.2 The Director of Corporate Services highlighted the CMRS maintenance contract which has been extended to October pending appointment of a new provider. A business case is being prepared and a paper will be submitted to the Committee in December 2021 to brief members.

- 8.3 A procurement specification is being developed for website support. It is anticipated that the new arrangement will be in place for January 2022.
- 8.4 External legal services will no longer be provided under the existing NICS collaborative arrangement from January 2022 and the Agency will need to procure its own legal services.

Action: Director of Corporate Services

Louise Crilly declared an interest.

Register of Policies

- 8.5 Following review it is intended to bring the policy on Expenditure on Gifts and Hospitality to the Committee in December 2021 for approval.
- 8.6 The Business Support Team Manager is currently undertaking a review of the Publications Scheme.
- 8.7 The Agency continues to maintain alignment insofar as possible to the NICS Competency Framework.
- 8.8 HR will undertake a review of Conduct at Internal Meetings procedure.
- 8.9 Reviews of a number of other policies are in progression but have been delayed due to competing priorities.
- 8.10 IT policies are reviewed annually and are up-to-date.

External Guidance Documents Received

- 8.11 The Chief Executive drew attention to Governance and Accountability Notice 12/21 - Key Governance Lessons - Independent Review into the Circumstances leading to Board Member Resignations in the Regulation and Quality Improvement Authority (RQIA) Annex 1. The facilitator at the Board Strategy workshop has been asked to highlight some of the particular lessons relevant to the Agency.
- 8.12 Lee Wilson said he will be attending a workshop on this matter and will feed back anything of relevance.
- 8.13 Survey of Audited Bodies 2021 was noted.
- 8.14 The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting (paper ARAC 10-09/21).

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 terms of reference for internal audit. These have now been discussed with ASM.

10. Date of Next Meeting

10.1 The next Committee meeting will be on 13 December 2021.