



Minutes of the Audit and Risk Assurance Committee held on Monday 13 June 2022 at 10.00 am via videoconference.

Present: Deirdre Fitzpatrick (Chair)
Claire Duffield
Michelle McGinley
Daire Murphy
Lee Wilson

In attendance: Don Leeson (Chief Executive)
Paul Lowe (Director of Corporate Services)
Paul Cassidy (Finance Officer)
Barry McLeod (Department for the Economy)
Jamie Treacy (Baker Tilly Moore)
Brian McFetridge (Baker Tilly Moore)
Christine Hagan (ASM)
Karen Costley (NIAO)
Ross Boyd (Ross Boyd Chartered Accountants)
Jane Gill (Ross Boyd Chartered Accountants)
Karen Beattie (NI Audit Office)
Aideen Duggan (Boardroom Apprentice)
Michelle McLaughlin (Minutes)

Apologies: Kevin McCabe
Wendy Carberry (Department for the Economy)

Members of the Audit and Risk Assurance Committee (ARAC) met 'in-camera' before the meeting formally commenced. They were joined by representatives from NIAO, Ross Boyd Chartered Accountants and ASM for the purposes of the annual meeting with the Committee.

The Chair welcomed everyone to the meeting.

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. Minutes of the Last Meeting

- 1.1 The minutes of the Audit and Risk Assurance Committee meeting held on 07 March 2022 (paper ARAC 01-06/22) were agreed as an accurate record.

2. Matters Arising from the Last Meeting

- 2.1 The Chief Executive advised that the Board Standing Orders have been changed to reflect the constituent parts of the Board in quorum. The provisions in respect of conflicts of interest have also been clarified. These were finalised and subsequently approved at the March Board meeting (paragraph 2.4 of the minutes of the last meeting refers).
- 2.2 The Chief Executive reported that the Business Plan has now been approved by the Minister for the Economy with the first Performance Report against that Business Plan coming to June Board meeting (paragraph 3.1 of the minutes of the last meeting).
- 2.3 The Director of Corporate Services reported that in respect of the planned delay to the relocation to James House the Department of Finance has agreed to meet any additional costs incurred in the extension of the lease for the Gordon Street premises. Since the last meeting of this Committee the Agency's plans for reopening of Gordon Street have advanced considerably. Risk assessments were revisited last week following the lifting of the work from home guidance and the removal of any remaining restrictions. Head Office is now open to the public and restrictions on numbers that we have on site have been removed (paragraph 3.4 of the minutes of the last meeting refers).
- 2.4 The Chief Executive reported that the Corporate Risk Register was formally approved at the last Board Meeting and we're now bringing regular reports on that to the Senior Leadership Team and every meeting of the Audit Committee (paragraph 6.5 of the minutes of the last meeting refers).
- 2.5 The wording at Paragraph 11 of the Board Standing Orders has been amended to better reflect the use of hybrid meeting arrangements and the Chief Executive reported that the last two Board meetings were conducted on a hybrid basis (paragraph 6.12 of the minutes of the last meeting refers).
- 2.6 The Chief Executive reported that provisions in respect of overlapping membership of ARAC and F&P committees has been clarified within

Board Standing Orders and the changes are reflected in that we now have a number of members sitting on both Committees which is working well.

3. Chief Executive's Business

- 3.1 The Chief Executive provided an update on the planned relocation of Head Office to James House. The revised dates reported to the last Board meeting anticipated the move occurring on 12 September and with agreement with the Department of Finance we will exit the lease on 31 October which gives approximately six weeks to clear the building and critically give the Landlord three months notice by end of June. The key thing was assurance from the Department of Finance that this timetable will be met. We are informed that everything is still on track at this stage. It was noted that staying in Gordon Street impacts the depreciation calculation on the accounts.
- 3.2 Head Office has been reopened since the beginning of April and we are in process of completing the risk assessment for reopening of the Regional Office. In the last two years staff numbers in Regional Office have almost doubled so the Agency is reconfiguring the space to accommodate more workstations and facilitate hybrid working.
- 3.3 Hybrid working arrangements are to be trialled over the summer months with staff encouraged to come into the office, but with no specified limits on time to see if a workable equilibrium can be achieved.
- 3.4 The budget has been agreed with DfE and was approved at the May Board Meeting. Additional funding above the baseline figure has been included. This includes funding in respect of the Industrial Court.
- 3.5 Initial outline proposals in respect of Transformation were put to the Board in March. The Senior Leadership Team is planning a day at the end of July to consider plans to progress this alongside the phasing of the relocation and the move to hybrid working. A staff conference will be held, possibly in November to bring the proposals to staff and following that bring the final proposals to the Board for approval.

4 External Audit Matters

4.1 *Annual Report and Accounts for 2021-2022 (paper ARAC 02-06/22)*

Jamie Treacy of Baker Mooney Tilly Moore presented the accounts for 2021-22, and provided a detailed explanation around the figures. Ross Boyd and Jane Gill outlined the audit process and findings contained within the Report to Those Charged with Governance (RTTCWG). The annual report and accounts were approved by the Committee subject to a few necessary adjustments, as follows:

- A misstatement of £45,000 provision wrongly entered as accruals
- Audit accrual was duplicated
- A purchase invoice for 22/23 should have been entered as a prepayment
- Additional depreciation incurred due to extension of lease.

4.2 The Chair noted that the Agency was within 99% of budget for 2021-22 which is a good position to be in. The Committee recorded its thanks to Paul Cassidy, Paul Lowe and Don Leeson for their work in producing the Annual Report and Accounts. Barry McLeod (DfE) similarly recorded his thanks to Paul, Paul and Don for their efforts in delivering both the business plan performance and the financial performance within 99% of budget as noted in the report and accounts.

4.3 *Draft Report To Those Charged With Governance*

Karen Costley indicated that the RTTCWG was close to completion. She indicated that an initial report has been drafted showing adjusted and unadjusted errors, findings and recommendations to date but that there may be other things to be added as the Audit completes.

4.4 Ross Boyd thanked the Agency for their work on the first year Audit. Jane Gill presented the current findings which at this stage were still subject to management response.

4.5 The Committee agreed that the Accounting Officer should have authority to agree small changes/tweaks, and the Committee would reconvene in the unlikely event something major was reported.

5 Internal Audit Matters – Audit Report:

5.1 *Audit Review Exercise Paper (paper ARAC 04-06/22)*

Christine Hagan presented the report on the Follow-up Review exercise. She indicated that good progress had been made on legacy

recommendations and advised that out of a total of 27 recommendations reviewed, 18 were fully implemented, five were partially implemented, three not implemented and one that could not be tested yet. It was noted that:

- The partially implemented recommendations are planned to be fully implemented
- The three recommendations not implemented related to:
 - IT Contracts/KPIs – can now evidence this
 - Business Continuity Plan – will be completed when the Agency moves to James House
 - IT tags not included on Assets Register – it is planned to reconcile these by the end of June 2022

5.2 *Internal Audit Annual Assurance Statement for 2021-22 (paper ARAC 05-06/22)*

Christine Hagan presented the Internal Audit Annual Assurance Statement.

5.3 All planned internal audit work was completed, based on the agreed plan from 07 June 2021. There were no significant issues to note. In summary, the three substantive assurance reviews provided satisfactory ratings with 12 recommendations made, one at Priority Two and eleven at Priority Three.

5.4 An overall satisfactory opinion was noted.

5.5 ASM met or exceeded all of their KPIs for delivery of the audit work. The Committee expressed thanks to Christine Hagan and Ronan Hamill of ASM for their work and effective communication throughout.

5.6 *Internal Audit Plan 2022-23 (paper ARAC 06-06/22)*

Christine Hagan presented ASM's proposed audit plan for 2022/23, which was approved by the Committee. It was noted that there are two contingency days which can be used for additional work.

6 Risk Management

6.1 Corporate Risk Register 2022-23 as at June 2022 (paper ARAC 07-06/22)

The Director of Corporate Services reported on the eight specific risks as identified this year, with the most significant movement since the report was brought to the May Board being in respect of Risk One, funding. The Agency now has confirmation of budget allocations from the Department of Finance. The Chief Executive drew attention to item on Page 7 of the Register regarding relocation of server environment as part of the critical path activities associated with relocation. He highlighted ongoing efforts to ensure this was properly resourced.

7 Any Other Business

7.1 Audit and Risk Assurance Committee – Annual Report to the Board (paper ARAC 08-06/22)

The Chair presented the Committee's Annual Report to the Board to committee members, which was approved for submission.

In doing so, the Chair extended thanks to all of the individual Committee members as well as Don, Paul, Marie Mallon, and Alison, Secretary to the Board who she wished well for her retirement.

7.2 Direct Award Contracts

The Director of Corporate Services confirmed that there have been no Direct Award Contracts since the last meeting.

7.3 External Guidance Documents Received (paper ARAC 09-06/22)

The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting.

8 Record of Any Matters Arising from the in-camera session

8.1 The in-camera session this quarter was dedicated to a meeting with the NI Audit Office and external Auditors (and will include the internal Auditor going forward). NIAO and auditors expressed their appreciation for the prompt turnaround with information, and the co-operation shown by Paul Cassidy and the Senior Leadership Team. There were no concerns raised and both commented on the positive working relationship that has been formed.

9 Date of Next Meeting

The next meeting is scheduled for 19 September 2022 at 10.00/10.30am.

In closing the Chair thanked NIAO, RB Chartered Accountants and ASM for their input and service to the Agency. The Chair also thanked outgoing Boardroom Apprentice Aideen Duggan.