**Minutes of the Audit and Risk Assurance Committee meeting** **held on Tuesday**

**12 March 2019 at 2.00pm at the Labour Relations Agency, Gordon Street, Belfast**

**Present:** Deirdre Fitzpatrick (Chair)

Louise Crilly

Gary McMichael

**In attendance:** Tom Evans (Chief Executive)

Don Leeson (Director of Corporate Services)

Stacy Bonar (Deloitte)

Barry McLeod (Department for the Economy)

Brian O’Neill (Northern Ireland Audit Office)

Rosemary Peters‑Gallagher (Moore Stephens)

**Apologies:** Alison Millar

Daire Murphy

Pauline Shepherd

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 8.

**Declarations of Interest:** no conflicts of interest were declared.

1. **Minutes of the Last Meeting**
   1. The minutes of the Audit and Risk Assurance Committee meeting held on 11 December 2018 (paper ARAC 01‑03/19) were agreed as an accurate record.
2. **Matters Arising from the Last Meeting**
   1. The Committee noted that the outcome based accountability scorecards were discussed at the Board’s planning workshop on 28 February 2019 (paragraph 2.2 of the minutes of the last meeting refers). These are being incorporated into the draft Business Plan for 2019-20 for discussion at the March Board meeting.
   2. The Committee noted that the Transformation Programme has been concluded and residual issues are being carried forward as part of normal employment relations discussions with the Trade Union Side (paragraph 3.5 of the minutes of the last meeting refers).
   3. The Director of Corporate Services reported that the Financial and Operating Procedures Manual has been updated to reflect the outcome of the financial controls audit (paragraph 5.3 of the minutes of the last meeting refers).
   4. The Director of Corporate Services reported that the Agency had written to CPD to seek assurances regarding safeguards for the use of the Agency’s Government Procurement Card by the NICS travel agency, in line with Internal Audit’s recommendation (paragraph 5.4 of the minutes of the last meeting refers). Subsequently, NICS HR announced on 12 February 2019 that consideration is being given to the removal of the facility of using the GPC for travel bookings and switching to an alternative e‑invoicing process. This is currently being piloted by DoF with a view to implementation from April 2019.
   5. The Chief Executive reported that he had had a productive discussion with DfE’s Director of Corporate Governance about the administrative burdens placed on ALBs through some of its approval and monitoring requirements (paragraph 7.3 of the minutes of the last meeting refers). The Committee noted corporate governance is an issue that the C&AG is taking an interest in and will be speaking on the matter at an event during the week commencing 18 March 2019.
3. **Chief Executive’s Business**
   1. The Chief Executive reported on preparations for the implementation of Early Conciliation (EC). The Committee noted that the Agency has proposed an implementation date of January 2020 to give more time for full systems testing. DfE is considering this.
   2. A project team, chaired by the Chef Executive, has been established to co‑ordinate preparations for EC implementation. The HR Manager has been appointed as Project Manager. The project plan, once finalised, will be presented to the Board.

**Action: Chief Executive**

* 1. The Committee noted that the Agency has received the Investors in People report. The Agency has achieved the new IiP Silver Standard, but will retain Gold status for 12 months, pending implementation of an action plan to meet the requirements of the new Sixth Generation standard. The Chief Executive reported that the focus of this work will be to increase levels of employee engagement and is seeking to establish a joint project with the Trade Union Side to achieve this.

**Action: Chief Executive**

* 1. The Committee noted the budget pressures on the Agency for 2019-20, which have increased as a result of the recent announcement by DoF to raise employer pension contributions by almost 8%. While this is likely to be offset by additional funding, it is possible that this will not cover the full cost of the increase. Moreover, it is not clear whether the additional funding will be for 2019-20 only or be added to the Agency longer term budget baseline. The budget for 2019-20 will be presented to the March 2019 Board meeting for approval.

1. **External Audit Matters**
   1. Moore Stephens presented the strategy for the audit of the Annual Report and Accounts for 2018-19 (paper ARAC 03-03/19).
   2. The Committee noted that the audit is due to commence on 13 May, with the draft Report to Those Charged with Governance (RTTCWG) available for consideration the Committee’s next meeting on 18 June. It was also noted that the NIAO has asked that the signed Annual Report and Accounts be submitted for the C&AG’s Certificate as soon as they are approved at the June 2019 Board meeting.

**Action: Director of Corporate Services**

* 1. The Committee approved the strategy for the audit of the Annual Report and Accounts for 2018-19

1. **Internal Audit Matters**

Internal Audit Update Report

* 1. The Committee noted the update on internal audit activity since the last Committee meeting (paper ARAC 04-03/19). The audit of the Agency’s business continuity arrangements took place during the week commencing 4 March 2019. The report is being finalised and will be presented to the next Committee meeting.

**Action: Deloitte**

Internal Audit Report on Follow-Up Reviews

* 1. The Committee noted that the Internal Audit Report on Follow-Up Reviews (paper ARAC 05-03/19) has not been finalised and will now be presented to the next Committee meeting.

**Action: Deloitte**

Internal Audit Plan for 2019-20

* 1. The Committee approved Internal Audit Plan for 2019-20 (paper ARAC 06‑03/19), which implements the final year of the current three‑year Strategic Internal Audit Plan.

1. **Risk Management**
   1. The Director of Corporate Services presented the updated Corporate Risk Register for 2018–19 (paper ARAC 07‑03/19).
   2. The Chief Executive reported on discussions he had held with the DSO legal adviser who is reviewing the legal basis for some of the Agency’s work on non-Tribunal related conciliation agreements. The legal advice is expected shortly and will be reported to the Board in due course.

**Action: Chief Executive**

* 1. The Committee agreed to hold a Risk Workshop in May 2019 to review the draft Risk Register for 2019-20. Once finalised, this will be presented to the Board for approval.

**Action: Director of Corporate Services**

1. **Any Other Business**

Provision of accountancy services from April 2019

* 1. The Committee noted that, following a procurement exercise, Baker Tilley Mooney Moore have been reappointed as the provider of accountancy services to the Agency.

ISO 27001 Audit Report

* 1. The Committee noted the ISO 27001 Audit Report (paper ARAC 08‑03/19). No non-conformities had been identified.

Direct Award Contracts agreed since the last meeting

* 1. The Committee noted that no Direct Award Contracts have been awarded since the last meeting.
  2. CPD advice regarding a contract variation for the Survey of Workplace Conflict Management Practice in Northern Ireland (paper ARAC 09-03/19), which was a Direct Award Contract that had been agreed in 2018, was also noted.

External Guidance Documents Received

* 1. The Committee noted the list of relevant external guidance documents received by the Agency since the last meeting (paper ARAC 10-03/19).

DfE Audit Committee Chair’s Forum

* 1. The Committee Chair reported on her attendance at a recent meeting of DfE’s Audit Committee Chair’s Forum.

1. **Record of Any Matters Arising from the In–Camera Session**
   1. The Chair reported on the Committee’s self‑assessment against the NAO’s Audit and Risk Assurance Committee Effectiveness Checklist (paper ARAC 01–03/19).
   2. A number of improvement actions were identified:

* The Committee Chair to discuss with the Chair of the Board the use of the Board member appraisal process to ensure that Committee members are clear about expectations of them in this role.

**Action: Committee Chair**

* Regularise meetings between the Committee Chair and the Chief Executive.

**Action: Committee Chair/Chief Executive**

* The Committee to regularly review anti-fraud and corruption arrangements.

**Action: Director of Corporate Services**

* The Committee to regularly review cyber risk management arrangements.

**Action: Director of Corporate Services**

* The Committee to regularly review the Agency’s response to the Cabinet Office’s Counter Fraud Standards (or NI equivalent).

**Action: Director of Corporate Services**

* Identify a Board member to take overall responsibility for the Agency’s whistleblowing arrangements.

**Action: Chief Executive**

1. **Date of Next Meeting**
   1. The next Committee meeting is scheduled for 18 June 2019 (starting with an in‑camera session at 2.00pm). The key agenda items will be Annual Report and Accounts for 2019-20 and draft RTTCWG, Internal Audit reports on the follow-up review and business continuity planning, the Internal Audit Assurance Statement for 2018-19, the terms of reference for the Internal Audit of human resource management, which is scheduled for June 2019, and the Committee’s Annual Report to the Board.