

Minutes of the VSS Audit and Risk Committee
Tuesday 1 March 2016, 2pm
VSS, Seatem House, Belfast

ARC Members Present:

Colm Doran (CD)	ARC Chair
Bertha McDougall (BMcD)	Board Member
Richard Solomon (RS)	Board Member
Seamus Magee (SM)	Board Member

VSS Officers in Attendance:

Margaret Bateson (MB)	Interim CEO and Accounting Officer
Brendan Smith (BS)	Head of Service Delivery
Caroline Armstrong (CA)	Finance and Governance Manager (Secretary)
Sara Templer (ST)	Communications Officer (Minutes)

Other Officers in Attendance:

Colin Moffett (CM)	OFMDFM
Marie Matthews (MM)	OFMDFM
Nikki Graham (NG)	OFMDFM
Rodney Allen (RA)	NIAO (External Audit)
Christine Burns (CB)	NIAO (External Audit)
Pauline Poots (PP)	Capita (Internal Audit)

Apologies:

Patricia McIntyre (PMcI)	OFMDFM
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A Apologies

A1 Apologies were received from Patricia McIntyre.

B Minutes of Previous Meetings: 15 December 2015

B1 RA requested some changes to the narrative in section E1 regarding notification to the VSS of a possible qualification of the 2014-15 Annual Report and Accounts. After a discussion it was agreed that RS will communicate with the VSS and NIAO to agree a form of words and bring back to the next ARC for agreement.

AP1: Form of words regarding paragraph E1 of the 15 December 2015 minutes to be worked up and brought back to the next ARC for agreement.

C Action Points

- C1 The ARC asked the VSS for an update in respect to the Action Points.
- C2 AP1: The 2014-15 Annual Report and Accounts were signed off by the VSS on 16 December 2015 and certified by NIAO on 17 December 2015.
- C3 AP2: The VSS provided a Management Response on 7 January 2016. The final version was issued by NIAO on 24 February 2016.
- C4 AP3: The Corporate Services Progress Report, which includes an update on outstanding audit recommendations, was added to today's agenda. It was agreed that this would be included going forward.
- C5 AP5: ARC Training Update and Requirements has been added as a Standing Agenda item.
- C6 AP6: Board and ARC dates have been agreed for 2016.

D Conflict of Interest

- D1 The Committee reviewed the Supplier List. No conflicts of interest were declared.
- D2 No other conflicts of interested were declared.

E Accounting Officer Update

The Committee asked the Accounting Officer to present her report. The Accounting Officer presented the report and reported that this it takes into account SMT monthly reporting and risk management.

The Accounting Officer highlighted the following key points:

The Accounting Officer reported that the 2015/16 budget is 100% committed, however, drew 2 risk areas to the attention of the ARC:

- INP Disability Aids Pilot Scheme - High risk of under-spend: £112k due to a higher than anticipated provision by the NHS negating engagement under the Scheme
- Pilots and Co Design - High risk of under-spend: £25k due to not being able to schedule the Chronic Pain clinic.

The Accounting Officer notified the ARC that the draft Corporate and Business Plan was submitted to Department prior to the 28 February 2016 deadline. The Plan incorporated a number of PEACE IV actions.

The Accounting Officer provided an update to the Committee in respect of the spot checks of the 2015/16 Financial Assistance self declarations and the level of risk in terms of ineligible expenditure. It was agreed this would be discussed further in the agenda.

The Accounting Officer provided an update in respect of Peace IV and indicated that a first lead partner training event with SEUPB had occurred.

The Accounting Officer reported that the two vacant G7 positions are now being filled in a temporary capacity: Brendan Smith as Head of Corporate Services and Geraldine Hamilton as Head of Health and Wellbeing Services.

E1 Progress Against Corporate and Business Plan

The Accounting Officer reported that progress against all objectives is currently on track to be achieved by 31 March 2016 with the following exceptions:

- Dungannon Office Move
- Timeliness of Co-Design Programme

E2 Progress against Budget

The Accounting Officer noted actions are being taken to utilise under spend of £137k. It was noted that the programmes budget was fully committed but the risk of further under spend being declared in this area was hi-lighted.

E3 Strategic Risk Register

The Chair asked the Accounting Officer to provide an update in relation to the Strategic Risk Register.

The Accounting Officer updated the ARC on the amber and risk risks and indicated that 3 risks had been closed in month: STG01, STG04 and SG16

E4 Corporate Services Progress Report

The Chair asked the Accounting Officer to provide an update in relation to the Corporate Services Progress Report.

The Accounting Officer briefed the Committee on the key points drawing particular attention to the progress of the MI project and the outstanding audit recommendations.

It was agreed that a separate paper be compiled in respect of outstanding Priority 1 audit recommendations, and added as an Annex to the paper.

AP2: Outstanding Priority 1 audit recommendations be added to this report.

E5 The ARC Chair noted thanks for clear and comprehensive papers.

F Internal Audit Update

F1 2015/16 Internal Audit Plan – Status Update

The Committee asked PP to present the 2015/16 Internal Audit Plan. PP advised that 2 audit reports have been finalised with a third, ICT, drafted. Fieldwork in respect of the remaining areas has been scheduled to commence in March 2016:

- Client Services
- VSP
- Compliance
- Review

CD thanked PP for Capita's hard and timely work.

F2 Final Report – Financial Controls

The Committee asked PP to brief them on the Financial Controls audit report.

PP advised that it was a detailed report with 6 recommendations made, none of which were priority 1.

The Committee noted this report.

G External Audit Update

G1 RTTCWG 2014-15

RA presented the final 2014-15 RTTCWG referencing that 15 recommendations had been made noting that all had been accepted by the VSS except recommendation 11. RA welcomed the Committee's comments.

The Committee noted these recommendations, in particular, the five priority one recommendations.

The Committee discussed, at length, recommendation number one. The AO provided a status update on the 10% spot check of the 2015-16 Financial Assistance declarations which, currently, was calculating an extrapolated error of up to 8%. The AO noted that, this equated to an extrapolated amount of c£130K.

The Committee discussed the various options that could be considered for 2016-17 that would not present the same audit challenges as had been experienced in 2014-15. In addition, the AO outlined recent CVS recommendations for service delivery that would impact on this from a governance perspective. She noted this was a separate issue to consider but related to the same principles now under consideration.

The Committee acknowledged that the matter could not be resolved today and agreed that the AO should outline proposals to OFMDMF and CVS..

AP3: MB to outline proposals in relation to the approach to Financial Assistance for 2016/17.

H Standing Agenda Items

H1 ARC Self-Assessment

The Chair asked the Finance and Governance Manager to provide an update in relation to the status of the action plan.

The Finance and Governance Manager reported that a number of actions had been completed and indicated that the remaining outstanding actions would be taken forward within the 2015/16 Self Assessment action plan.

The Committee noted that it is content that all of the outstanding actions are being addressed.

H2 ARC Training Update and Requirements

The Committee noted that one training course is to be scheduled pending a date being made available by the supplier.

H3 Gifts and Hospitality Update

The Committee noted the Gifts and Hospitality Update.

H4 Compliance Update

The ARC asked the Finance and Governance Manager to present the Compliance paper.

The Finance and Governance Manager provided an update on each of the open cases.

The ARC noted the actions being taken and were content these were appropriate.

H5 Procurement Update

The Committee noted the Procurement Update.

H6 Policies and Procedures Update

The Committee noted the Policies and Procedures Update.

The Finance and Governance Manager informed the Committee that, going forward, this update would be considered by the new Resource and Policies Sub-Committee who would report back to the Board directly. The ARC agreed that this agenda item should be removed from the ARC agenda.

AP4: Policies and Procedures Update to be removed as a Standing Agenda Item from the ARC agenda.

I Any Other Business

I1 ARC Terms of Reference

The Committee considered the revised Terms of Reference. The Chair advised that comments should be provided to the Finance and Governance Manager.

In the absence of any comments made, the Committee approved the revised Terms of Reference and agreed they should be submitted to the Board for approval.

AP5: ARC revised Terms of Reference to be submitted to the VSS Board for approval

I2 Review of New Internal Audit Terms of Reference

The Finance and Governance Manager indicated that, in accordance with the MSFM, the Terms of Reference for each new internal audit engagement must be reviewed by ARC.

The Committee noted the Terms of Reference.

I3 VSS Code of Conduct

The Committee considered the VSS Code of Conduct Policy and were content that it was appropriate.

I4 Appointment of Accountant to the VSS ARC

MM reported that OFMDFM is awaiting direction from the VSS Board on whether an NICS trawl should be carried out to secure this appointment.

The Finance and Governance Manager indicated that this matter had been discussed by the Board at the Board 2015/16 Self Assessment and an update would be provided to OFMDFM shortly regarding this matter.

J Date of Next Meeting

The date of the next meeting is scheduled for Monday, 11 April 2016 at 2pm.

Dates of future meetings are as follows:

- Tuesday, 26 July 2016 at 2.00pm
- Wednesday, 12 October 2016 at 2.00pm