

Minutes of the VSS Audit and Risk Committee
Tuesday 15 December 2015, 2pm
VSS, Seatem House, Belfast

ARC Members Present:

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

VSS Officers in Attendance:

Margaret Bateson (MB) Interim CEO and Accounting Officer
Brendan Smith (BS) Head of Service Delivery
Sara Templer (ST) Communications Officer (Minutes)

Other Officers in Attendance:

Marie Matthews (MM) OFMDFM
Rodney Allen (RA) NIAO (External Audit)
Christine Burns (CB) NIAO (External Audit)
Pauline Poots (PP) Capita (Internal Audit)

Apologies:

Caroline Armstrong (CA) Finance and Governance Manager (Secretary)
Seamus Magee (SM) Board Member
Patricia McIntyre (PMcI) OFMDFM

A Apologies

A1 Apologies were received from SM, PMcI and CA.

B Minutes of Previous Meetings: 15 September 2015

B1 The minutes of the previous meeting were agreed.

C Action Points

C1 The ARC asked the VSS for an update in respect to the Action Points.

- C2 AP1: OFMDFM reported that the Finance branch believes it is highly unlikely that the requirement for Ministerial Approval of the Corporate and Business Plan within the MSFM will be removed
- C3 AP2: MM reported that it has been established that it is not normal practice to copy Internal Auditors into notifications of suspected fraud, and that going forward the VSS should maintain the current practice of notifying Internal Audit of such concerns in the quarterly ARC meeting.
- C4 MB reported that AP3, 4 and 5 were now closed.
- C5 The Committee reviewed the Status Update on Actions required for the OFMDFM Corporate Governance Checklist. It was noted that 8 actions remain outstanding. MM and MB updated the Committee in relation to these as follows:

MM reported that OFMDFM will conduct an NICS trawl based on advice to be provided by the VSS Board.

MB reported that the VSS Board had conducted planning days in November and December to review and update the organisation's vision, mission and objectives, and to set up dedicated sub-committees to take forward work in relation to the ARC, VSS Policy and Resource matters, etc. This means the remaining points are expected to be closed in 2016.

D Conflict of Interest

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

E Accounting Officer Update

The Committee asked the Accounting Officer to present her report. The Accounting Officer presented the report in the new summary format, referencing the appended progress reports. The Committee confirmed it is content with this new format.

The Accounting Officer highlighted the following key points:

E1 Potential 2014-15 Accounts Qualification

The Accounting Officer reported that the VSS had been advised that there may be significant governance issues. However, the issue of qualification was only reported to the VSS by NIAO on 7 December 2015. This was due to the fact that 10% spot checks had not been carried out on £1.8m paid out under the *Financial Assistance Scheme* on the basis of applications made by individuals self-declaring that their financial circumstances had not changed since the previous year. In January 2015, the VSS Board made a decision to postpone these spot checks to 2015-16 due to a

number of valid reasons. These reasons, together with further supporting data and evidence to substantiate the decision, were provided by VSS to NIAO on 8 December 2015.

The Chair asked the NIAO representatives for an update in this regard. RA clarified that the VSS Annual Report and Accounts for 2014-15 would not be qualified. However, the omission of the 10% spot check has been deemed a significant issue by the NIAO and a short report will be included in its final public report and certificate, to which RA directed the Committee's attention.

The Chair thanked the NIAO for this clarification, and opened a discussion. He asked the NIAO representatives at what point in the fieldwork the 10% spot check was identified as an issue, and whether the VSS Accounting Officer was given sufficient time to respond to the NIAO's concerns. It was noted that these concerns were first raised with VSS via OFMDFM on 7 December 2015. The NIAO stated that the issue had been identified in the course of the audit fieldwork, and confirmed that there was sufficient communication between the parties concerned.

The VSS Accounting Officer reiterated that VSS was not advised until 7 December 2015 that the spot check was considered by NIAO to be a significant governance issue. The VSS Board members emphasised that the decision to postpone the spot checks to 2015-16 was taken not only on the basis of sound evidence of the minimal risk involved, but also in line with recommendations made to the VSS in previous years regarding the importance of ethical, sensitive, and victim-centred service delivery.

The NIAO representatives agreed that proportionality is key to the implementation of governance checks in the delivery of support under the Individual Needs Programme. However, it was emphasised that the NIAO does not consider the self-declaration process to constitute a sufficient control.

The Committee noted that a discussion will need to be undertaken between the NIAO, VSS and OFMDFM in early 2016 in relation to the checks applied to awards made to individual victims and survivors and communication and due process for future audits. In the meantime, it was agreed that the VSS would provide the signed accounts to NIAO to obtain the final certification by the end of the week, and provide the management response to the audit report as soon as possible thereafter.

AP1 VSS to ensure sign-off of 2014-15 Annual Report and Accounts for submission to NIAO for certification

AP2 Following certification of the 2014-15 Annual Report and Accounts, VSS to furnish Management Response to the Report to those Charged with Governance (RTTCWG)

The Chair acknowledged the hard work of both the VSS and NIAO staff teams, and noted the Committee's thanks to all involved in the delivery of the final 2014-15 Annual Report and Accounts.

E2 Progress against Corporate and Business Plan

The Committee asked the Accounting Officer to provide an update in relation to the progress of delivery against the Corporate and Business Plan.

The Accounting Officer reported that progress against all objectives is currently on track, with the exception of 4 targets marked Amber where the targets will be met but outside of the initial timeframe set. These targets concern the delivery of the Co-Design Programme and the associated implementation of an agreed Monitoring and Evaluation Framework, discussed in detail at the previous meeting, and the delivery of the bespoke VSS Management Information System, which is being driven forward in conjunction with CPD and currently expected to complete in May 2016 (previously forecast March 2016).

E3 Progress against Budget

The Chair asked the Accounting Officer to provide an update in relation to the Progress against Budget.

The Accounting Officer reported that the VSS was allocated an additional £314K in November by OFMDFM. Plans are in place to deliver this funding. Approximately £200K will enable VSS to support additional individuals that have applied in 2015/16 under the Individual Needs Programme. The remainder will be delivered to VSP groups under two limited calls for specific applications: one for Critical Health and Wellbeing Services, to address counselling waiting lists and ensure safe exit of clients from therapies, and the other for IT requirements that will enhance the groups' capacity to meet the new monitoring and evaluation requirements.

The Committee asked whether the VSS has concerns of a potential underspend for the year. The Accounting Officer confirmed that this is always a risk but not a significant concern at this time. VSS will assess any additional slippage across its budget headings in January 2016, and implement contingency plans for the allocation of any monies identified in that process.

E4 Strategic Risk Register

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

The Accounting Officer noted that nine risks remain open on the Risk Register. Two of these are highlighted as current concerns:

- A newly listed risk: the potential qualification of the 2014-15 Accounts, discussed above; and
- The delivery of the Co-Design Process and the proposed PEACE IV Victims and Survivors Programme, as discussed at the previous meeting. It was noted that the European Commission has now approved the proposed PEACE IV Programme.

The Committee noted the actions being taken to mitigate all of the open risks identified.

F Internal Audit Update

F1 2014/15 Annual Assurance Report

The Committee asked PP to present the final 2014/15 Annual Assurance Report.

PP advised that no substantive changes had been made to the draft report, which was presented at the previous meeting. The Committee noted the final version, and the overall Satisfactory assurance rating.

The Committee asked how many audit recommendations currently remain to be implemented. The Accounting Officer advised that of 132 recommendations made since 2012/14, 27 currently remain open, and that these are detailed in the Corporate Services Progress Report. The Committee noted this positive status update, and requested that the more detailed progress report is included in the ARC papers going forward.

AP3 VSS to ensure Month End Corporate Services Progress Report including 'Implementation of Audit Recommendations' status update is included in ARC papers

F2 2015/16 Internal Audit Plan – Status Update (30.11.15)

The Committee asked PP to brief them on the updated Internal Audit Plan.

PP advised that, in line with recommendations made in previous years, the plan had been developed to ensure completion and approval well in advance of the end of the financial year.

The Plan will be delivered in three tranches as follows:

- Part 1 is complete, covering Communications, Finance and IT. The final report for Communications is presented at F3 below; the draft reports for Finance and IT will be provided at the next ARC meeting. No significant issues have been identified to date.

- Parts 2 and 3 of the Internal Audit Plan are scheduled for January and March respectively, and will be reported on in line with the ARC meetings schedule.

F3 Final Report – Communications

PP presented the final audit report on Communications and briefed the Committee on the 2 recommendations made. PP indicated the assurance rating was Satisfactory.

G External Audit Update

G1 2014-15 Annual Report and Accounts

The Committee agreed that this agenda item had been addressed in sufficient detail in the discussion above.

MB briefed the Commission on the final changes requested by NIAO that morning. The Committee approved the 2014-15 Annual Report and Accounts presented on the basis that the final changes requested by NIAO were made and the revised document submitted to NIAO by return.

H Standing Agenda Items

H1 ARC Self-Assessment

The Chair asked the Accounting Officer to provide an update in relation to the status of the action plan.

The Accounting Officer reported that steps are being taken to ensure the implementation of each of the action points by the end of the financial year. It was highlighted that the actions regarding the ARC Terms of Reference and Independence/Relationship to the Executive will be addressed in January 2016 in line with a review to be carried out by the VSS Board, facilitated by the VSS Head of Services, and that the matter of Reporting to the Board would be resolved by reviewing the ARC and Board meeting schedules from January 2016 onwards to ensure an adequate time lapse between the two.

With regard to handling Suspected Fraud, it was noted that the ARC will adopt the VSS Code of Conduct going forward. PP reported that the Internal Audit function will undertake to review existing guidance and report back to the Committee as to whether any additional internal controls are required.

AP4 Internal Audit to review guidance regarding internal controls and report back as to whether any additional controls are needed alongside the VSS Code of Conduct

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

H2 ARC Training Requirements

The Committee noted that, per the paper discussed at H1 above, a training and skills review was carried out by OFMDFM, of which a summary was provided to VSS on 23 October 2015. Two ARC members attended courses in November with a further two to attend a course in December; training has yet to be scheduled for a third member. The Committee requested that a register showing the details of training undergone to date be included in the papers going forward.

AP5 VSS to include register showing the details of ARC members' training undergone to date in papers going forward

H3 Gifts and Hospitality Update

The Committee noted the Gifts and Hospitality update summary.

H4 Compliance Update

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

The Finance and Governance Manager reported that no new cases of Suspected Fraud or Whistleblowing had been identified since the previous meeting, and provided updates in relation to each of the eight open suspected fraud cases.

The ARC noted the remainder of the Compliance Paper and the actions being taken in relation to each of the outstanding matters identified.

H5 Procurement Update

The Committee reviewed the update provided by the VSS, and noted that no DACs or External Consultancy contracts had been awarded in the previous quarter. The Finance and Governance Manager reported that one new contract was awarded in the previous quarter, for the delivery of Mindfulness Training. This contract will expire in March 2016.

The Committee noted the clarity and usefulness of the information provided in the Procurement, Compliance and Hospitality update reports, and recorded its thanks to the Finance and Governance Manager in this regard.

I Any Other Business

I1 ARC Terms of Reference

The Accounting Officer reported that the VSS Board is scheduled to review the ARC Terms of Reference, currently out of date and lacking in detail, in January 2016, as part of its ongoing process of strategic planning being facilitated by the VSS Head of Service Delivery (see point H1 above). A draft document will be presented to the Committee at the next meeting.

J Date of Next Meeting

It was noted that the next meeting is currently scheduled for Tuesday, 15 March 2016 at 2.00pm. However, in line with the commitment to facilitate better reporting between the ARC and the VSS Board, it was agreed that the ARC meetings going forward should be scheduled to fall 10-12 days before the monthly Board meeting.

The VSS agreed to revert to all members with revised dates.

K Date of Future Meetings

AP6 VSS to review ARC and Board meeting schedules and contact members with new meeting dates for 2016

Following the meeting, the annual closed session was held between the ARC members, NIAO representatives and OFMDFM representatives.