



Minutes of the VSS Audit and Risk Committee
Wednesday, 12 October 2016, 2pm
VSS, Seatem House, Belfast

ARC Members Present:

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

VSS Officers in Attendance:

Margaret Bateson (MB)	CEO and Accounting Officer
Brendan Smith (BS)	Head of Corporate Services
Caroline Armstrong (CA)	Finance and Governance Manager (Secretary)

Other Officers in Attendance:

Kathy Doey (KD)	NIAO (External Audit)
Alan Davidson (AD)	Capita (Internal Audit)
Colin Moffett (CM)	TEO
Marie Matthews (MM)	TEO

Apologies:

Rodney Allen (RA)	NIAO (External Audit)
Pauline Poots (PP)	Capita (Internal Audit)

A Apologies

A1 Apologies were received from RA.

A2 NIAO confirmed that Kathy Doey will be attending the ARC, replacing Christine Burns.

A3 TEO confirmed that Colin Moffett will be attending the ARC, replacing Patricia McIntyre.

B Minutes of Previous Meetings

B1 26 July 2016: The minutes of the previous meeting were agreed.

C Action Points

C1 The Committee noted the update provided.

D Conflict of Interest

D1 No conflicts of interest were declared.

D2 No conflicts of interest were declared.

D3 The Committee noted the 2016/17 Register of Interests register.

E Accounting Officer Update

The Chair asked the Chief Executive to present the Accounting Officer Update report. MB highlighted the following points:

- Pressures on the front line team have eased;
- The second Financial Assistance payment was issued by the stated deadline of 30 September 2016 to 2,439 individuals;
- Achievement of KPIs outlined within the Business Plan are on target, however, management of call handling targets are being reviewed. MB noted, however, that no complaints have been received in this respect;
- The CVS Policy Advice has been issued and is being progressed by TEO;
- The Peace IV pre contract check has been completed with no significant issues to report;
- Progress continues in respect of partnership working with the BHSCT.

The Chair thanked MB for the update and commended VSS staff for continuing to work under the existing pressures and congratulated those involved in the issue of the second Financial Assistance payment.

E1 Quarterly Assurance Statement

The Committee noted the content of the Quarterly Assurance Statement.

E2 Quarterly ALB Report

The Committee noted the content of the Quarterly ALB Report

E3 Progress against Budget

The Committee noted the Progress against Budget particularly that £13.4m has been committed against a budget of £14.1m.

F Internal Audit Update

The Chair asked AD to present these papers.

F1 Final 2015/16 Report – Client Services

AD provided an update on this report and the reasoning behind the Limited assurance provided, which is primarily due to the Financial Assistance self declarations/spot check exercise.

F2 Final 2015/16 Report – VSP Compliance

AD provided an update on this report and outlined a Satisfactory assurance in this area.

F3 Final 2015/16 Internal Audit Annual Assurance Report

AD indicated this report has now been finalised with minor changes adopted following VSS management comments.

F4 Proposed 2016/17 – 2019/20 Internal Audit Strategy

AD presented the proposed strategy and outlined this had been compiled following discussions with VSS management. AD welcomed comments and feedback from the ARC in this regard.

CA conveyed that the strategy had been shared with TEO and that feedback had been received

The Committee were content to approve the strategy following incorporation of feedback from VSS management and TEO.

AP1: Finance and Governance Manager to collate feedback and forward to Capita.

G External Audit

NIAO informed the Committee that fieldwork in respect of 2015/16 had commenced on Tuesday, 4 October 2016. The target date for completion is 9 December 2016 with finalisation the week commencing 12 December 2016.

The Chair enquired about the materiality threshold, particularly in respect of the Financial Assistance spot check exercise. NIAO indicated that they consider both qualitative and quantitative issues when determining the qualification of accounts, even if the materiality threshold is not exceeded.

MB expressed concern about the timing of NIAO fieldwork to VSS funded organisations, particularly as these are only being scheduled this week. The ARC wanted to ensure that there were no delays that might impact on the targeted completion of fieldwork.

NIAO noted these concerns and said this would be taken into consideration when planning the 2016/17 fieldwork.

G1 Draft 2015/16 Annual Report and Accounts

The Chair asked the Chief Executive to provide an update on the draft accounts, particularly in respect of the Governance Statement.

MB communicated that the draft accounts were issued to NIAO by the agreed deadline of 26 September 2016.

MB highlighted the net deficit of c£120k which was primarily due to a pension provision of £300k. MB pointed out that the exact timing and amount of this liability was only confirmed in the days preceding submission of the draft accounts and communicated that the provision was included for prudence reasons pending further detailed discussion and clarification with TEO and NIAO on payment liability.

MB provided an update on the format and layout of the accounts which had been revised in accordance with 2015/16 FReM.

MB also provided an update in respect of each significant issue detailed within the Governance Statement, in particular the 10% spot check on Financial Assistance.

The Committee noted the high risk of the qualification of the accounts due to this issue which had been considered in detail previously.

H Standing Agenda Items

H1 ARC Self Assessment Update

The Committee noted the update on the outstanding issues and noted the nine actions that had been completed since the last meeting.

H2 ARC Training Update and Requirements

The Committee noted the update provided.

No further training needs were identified by the Committee.

H3 Gifts and Hospitality Update

The Committee noted the update provided.

H4 Compliance Update (Tabled)

The Chair asked the VSS Finance and Governance Manager to present this paper.

CA provided an update in respect of all compliance cases that remain open.

CA also provided an update on the meeting that occurred on 3 August 2016 between TEO, GFIS and the PSNI in respect of revised procedures for managing and referring cases to the PSNI. CA indicated that a further update will be provided following the FIOG meeting which is scheduled for 20 October 2016.

H5 Procurement Update

The Committee noted the update provided.

I Any Other Business

I1 VSS Anti-Fraud Policy and Fraud Response Plan

The Chair asked the Finance and Governance Manager to provide an update on the revised Policy.

CA briefed the Committee on the areas that had been updated.

The Committee suggested updates to section 2.6 and 2.7 to enhance clarity.

The Committee approved the updated Policy, pending incorporation of the suggested changes and noted that formal approval would be obtained from the Policy and Resources Sub-Committee.

AP2: The Finance and Governance Manager to update section 2.6 and 2.7 of the Anti-Fraud Policy and Fraud Response Plan

I2 VSS Code of Conduct Policy

The Chair asked the Finance and Governance Manager to provide an update on this Policy.

CA explained that one recommendation arising from the ARC Self Assessment exercise carried out in March 2016 included seeking confirmation from the Committee that the VSS Code of Conduct Policy was appropriate and had been distributed and communicated to VSS employees.

CA indicated that the Policy had been re-circulated to all VSS employees and that 'receipt and read' acknowledgement slips had been completed by all VSS employees

The Committee were content with the Policy and were assured that the document had been appropriately distributed. A review by Internal Audit in terms of additional controls was noted.

I3 VSS Whistle-Blowing Policy

The Chair asked the Finance and Governance Manager to provide an update on the revised Policy.

CA briefed the Committee on the areas that had been updated.

The Committee approved the updated Policy and noted that formal approval would be obtained from the Policy and Resources Sub-Committee.

I4 DAO 07/16: Internal Audit Opinions and Prioritisation of Recommendations

The Chair asked the Finance and Governance Manager to present this document.

CA indicated that this correspondence had been issued by DoF with the recommendation that it should be brought to the attention of Internal Audit and the Audit and Risk Committee.

CA indicated that the correspondence largely sought to communicate changes in assurance opinions, particular the removal of the Substantial assurance opinion. CA communicated that implementation for ALBs was advised to commence from 2017/18.

The Committee noted the content of this correspondence and advised Internal Audit to adopt the changes with immediate effect in respect of their forthcoming fieldwork relating to 2016/17.

AP3: Internal Audit to adopt recommendations arising from DAO 07/16 with effect from 2016/17.

J Date of Next Meeting

The date of the next meeting is to be scheduled to coincide with the Board meeting in December to facilitate sign off of the 2015/16 Annual Report and Accounts:

- 9 December 2016 at 2pm (Business as usual agenda)
- 13 December 2016 at 11am (Annual Report and Accounts)