

Minutes of the VSS Audit and Risk Committee
Tuesday, 14 August 2018, 2pm
Seatem House, Belfast

ARC Members Present:

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

VSS Officers in Attendance:

Margaret Bateson (MB)	CEO and Accounting Officer
Andrew Walker (AW)	Head of Corporate Services
Tara Lewsley (TL)	Finance and Governance Manager
Lizzy Graham (LG)	Governance Officer (Minutes)

Other Officers in Attendance:

Colin Moffett (CM)	TEO
Marie Matthews (MM)	TEO
Kathy Doey (KD)	NIAO (External Audit)
Lisa Malcolmson (LM)	Ernst & Young (Internal Audit)

Apologies:

Pauline Poots (PP)	Ernst & Young (Internal Audit)
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A Apologies

A1 Apologies were received from PP.

B Minutes of Previous Meeting

B1 The minutes of 19 April 2018 were agreed.

C Action Points

The VSS provided an update on the outstanding action points:

- 20.6.17: AP1: An accountant has now been successfully recruited to the ARC and will be in attendance from the October meeting.

- TEO Checklist: No TEO Audit workshops have been held since the previous meeting. The ARC Chair awaits notification from TEO.
- TEO Checklist: Bi-laterals: These took place in April 2018.

D Conflict of Interest

No conflict of interests were declared.

E Accounting Officer Update

The Committee requested an update on the following:-

E1 CEO Exception Report

MB provided an update on the key strategic issues including:

- Progress against Business Plan targets: VSS is on track to meet all business plan targets
- VSS Budget: There is currently a £4k liability for a residual cost relating to the new MIS system for which 2018/19 Capital budget has not yet been secured. A bid was made to TEO in June for this additional Capital funding which was unsuccessful. A further bid will be made in October, and VSS is optimistic that this bid will be approved.
- Risks STG45: It has been identified that there will be underspend against the PIV budget over the lifetime of the programme. This is being reviewed by the Finance and Governance Manager, and a new business case will be submitted to SEUPB incorporating both the underspend, and a bid for additional funds which SEUPB has confirmed are available for additional project activity.
- Employment Tribunal: The tribunal has been scheduled for Monday 20 August. NIPSA have now withdrawn their support and the only witness statement has been provided by an ex VSS CEO.

E2 Progress against Budget

AW provided an update on the VSS Budget Position, including:

- 2018/19 INP: The main spend to date has been the 2018/19 period cash payments to individuals. Commitment against frameworks are expected start increasing in the coming months as more INCs are received and processed.
- 2018/19 VSP: There has been a slight under commitment of funds against the VSP budget caused by a reduction in some VSP awards. However, as this has been identified early in the financial year it should be easily addressed.

- 2018/19 PIV: No underspend expected within this budget during the year. It was noted that a cash flow issue may materialise in 2020 with regard to PIV funding, however, the finance team is currently developing an action plan to address this, in collaboration with SEUPB and TEO.

E3 Strategic Risk Register

MB provided an update on the current risks and indicated that two risks had been downgraded from red to amber, as follows:

- Mental Health Trauma Service: Geraldine Hamilton, previously acting VSS Head of Health and Wellbeing, has been appointed to the post of Regional Trauma Network Manager and the partnership board have agreed that VSS will be included in the pilot.
- HR: Permanent staff have now been appointed to a number of vacant posts within the SMT: Head of Health and Wellbeing, INP Manager and Finance and Governance Manager.

One risk remains red or critical / possible, as follows:

- Financial Management: Cash flow with regard to PIV funding remains a material concern, however, the committee acknowledged that mitigating actions are being taken.

F Quarterly Reports

F1 Quarterly ALB Report

The Committee noted this report.

It was acknowledged that the sickness absence figures would increase during July as a result of short term illness affecting a number of staff in the Belfast office. In addition, two members of staff are currently on long term sick absences.

F2 Quarterly Assurance Statement

The Committee noted this report.

It was noted that retrospective approval had been granted for a special severance payment to a service provider.

F3 Quarterly M&E Report

The Committee noted this report.

G Internal Audit Update

The Committee requested an update from the Internal Audit representative.

G1 2017/18 Internal Audit Report – Budget Management / INP

LM presented this report highlighting the one priority 2 recommendation. The Committee noted the recommendation, that it was accepted by VSS management and that the overall rating for this report was “satisfactory”.

G2 2017/18 Internal Audit Report – PEACE IV Funding

LM presented this report highlighting the one priority 2 and one priority 3 recommendations. The Committee noted the recommendations, that they had been accepted by VSS management and that the overall rating for this report was “satisfactory”.

G3 2017/18 Internal Audit Report – GDPR Preparedness

LM presented this report highlighting that there were 9 findings and associated recommendations. LM also drew committee’s attention to the Privacy Framework section, noting that at the time fieldwork was conducted of the 20 points reviewed 7 were on track for completion, 11 were underway with actions to be completed and 1 was still to be started. The Committee noted that since this is an advisory review there is no overall rating, however, LM advised that at the time of the review preparations for the new guidance had been well progressed by the VSS.

G4 Internal Audit Framework (2018/19 plan)

LM provided an update noting that the audit plan for 2018/19 is on target for completion.

G5 Internal Audit Progress Update Report 2018/19

LM noted that there has been no change to the Progress Update Report for 2018/19.

G6 Internal Audit Annual Assurance Report 2017/18

LM presented this report. EY conducted system reviews of 5 areas during 2017/18, as follows:

Budget Management / INP Payments: This audit yielded a “satisfactory” level of assurance and one priority 2 recommendation.

Peace IV Funding: This audit yielded a “satisfactory” level of assurance and one priority 2 and one priority 3 recommendation.

VSP (Opening): This audit yielded a “satisfactory” level of assurance and one priority 2 and one priority 3 recommendation.

VSP Compliance (Closing): This audit yielded a “satisfactory” level of assurance and one priority 2 and two priority 3 recommendations.

GDPR: This was an advisory engagement with no assurance rating provided.

Follow up of previous recommendations: This review found that of the 18 previous recommendations 18 had been fully implemented, 1 had been partially implemented and 4 had been superseded / not applicable.

As a result of their 2017/18 reviews EY considers that VSS has a framework of controls in place that provides “satisfactory” assurance regarding the effective and efficient achievement of the VSS’s objectives and the management of key risks.

The ARC Chair acknowledged the work carried out by VSS staff to achieve this rating.

H External Audit Update

H1 2017-2018 Audit Strategy

KD provided a verbal update and apologised that the audit strategy document had not been provided in advance of the meeting. As expected audit fieldwork will commence in October and the target date for certification is 12 December.

AP1 External Audit Strategy to be circulated to each member of the committee when it becomes available.

I Standing Agenda Items

AW presented these papers:

I1 2017/18 ARC Self-Assessment Report and Action Plan

The Committee noted this paper and specifically that the Corporate Governance Framework will be ready by October.

I2 ARC Training Update and Requirements

The Committee noted the update. Committee members are to submit a request for any desired training as there is additional budget to cover this.

I3 Gifts and Hospitality Update

The Committee noted the update.

I4 Compliance Update (tabled)

AW provided an updated on the suspected fraud cases. There is one case awaiting a CCNI Final Report. There are now 16 cases which have been closed by GFIS, including 8 which have been reviewed by FIOG. In these 8 cases, VSS will now make a proposal on the approach to recovery/sanctions. FIOG has requested VSS responses to the recommendations raised in these cases. Committee noted that the Fraud Policy has been amended and approved and will now be applied to each client suspected of fraud to resolve issues and get them back onto the appropriate framework.

Final approval was received during the period to write off two VSP debtors. One VSP debtor remains.

There was one new whistle-blowing case in the period to 30 June 2018 relating to a client and one previous case which was closed during the period.

There was one Ombudsman complaint open at 30 June 2018 for which the NIPSO investigation is now complete awaiting final report and once closed during the period.

There were two Freedom of Information Requests submitted during the period, both of which are now closed.

There were two complaints received during the period, both of which are now closed.

Call handling remains with NI Direct until the contract runs out at the end of September, after which call handling will be brought back in house.

I5 Procurement Update

The Committee noted the update.

I6 Data Protection

The Committee noted the update.

J Any Other Business

J1 Board Appointments and Extensions

The current term of service for two Board members (both sitting on the Audit & Risk Committee) will expire on 4 December. Currently TEO have been advised that (post-Buick) the Department should not issue any further extensions or appointments. TEO will continue to consider any further DSO advice on this matter. There is a risk that the Audit & Risk Committee would not be quorate

when the External Audit concludes, and the Committee would therefore not be in a position to approve the signing of the final audited accounts.

AP2 update risk register to reflect risk of not having Committee Members in place to sign off Annual Accounts.

K Date of Next Meeting

The date of the next meeting is scheduled for Thursday 18 October 2018.