

**Minutes of the VSS Audit and Risk Committee**  
**Wednesday, 17 April 2019, 2pm**  
**Seatem House, Belfast**

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**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:**

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

**Apologies:**

David Reid (DR)	ARC Member
Pauline Poots (PP)	Ernst & Young (Internal Audit)

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**A Apologies**

Apologies were received from DR and PP.

**B Minutes of Previous Meeting**

**B1** The minutes of 17 January 2019 were agreed and adopted.

**C Action Points**

The Committee noted that CD had attended a TEO meeting of audit Chairs and had attended Audit and Corporate Governance refresher training for ARC Chairs. All action points are now closed.

**AP1** – ARC training report to be updated.

## **D Conflict of Interest**

All papers were noted by the Committee and no conflicts of interest were declared.

## **E Accounting Officer Update**

### **E1 CEO Exception Report**

MB advised the Committee of an ongoing whistleblowing incident regarding a funded organisation which has been referred to GFIS. VSS currently await a response from TEO regarding the suspension of funding and anticipated that GFIS will undertake their investigation as soon as possible.

MB also advised of an ongoing Governance review within a funded organisation. The report is expected shortly and will be communicated to the ARC accordingly.

AW provided an update regarding the release of the INP Self Directed Assistance awards and the potential delay caused by the INP spot checks. It is expected that the scheme will open in early May. The number of incoming phone calls is expected to rise as a result of clients enquiring about the scheme.

### **E2 Progress against Budget**

TL provided a VSS progress against budget update including provisional year-end figures and the current anticipated underspend.

It is anticipated that the maximum underspend will be within the department tolerance of 1.5%.

The Committee noted that the 2019/20 opening budget position has been confirmed.

TL also provided an update regarding the vouching progress of PIV expenditure. It was noted that an exercise to vouch 100% of the Period 3 & 5 PIV expenditure had been carried out by SEUPB as a result of issues arising from the Article 27 review of those periods.

A more recent Article 27 review was conducted without issue so it is anticipated that this vouching requirement of 100% won't reoccur.

### **E3 Strategic Risk Register**

The Committee noted this paper, including the four new risks identified during the period and relating to 2019/20 INP, the VSS Board, Staff Health and Wellbeing and Senior Management Team Pressures.

### **F Quarterly Reports**

#### **F1 Quarterly ALB Report**

MB presented this report, noting the following key points:

- The number of interventions / individuals availing of two PIV Frameworks, 1-to-1 Literacy and Numeracy and Social Isolation, was below the target set in the Delivery Plan. The reasons for this are well documented, and have been discussed.
- Three key strategic risks have Red RAG Status, as follows:
  - o Regional Trauma Network – the assessment process and client journey have not yet been agreed and may risk service delivery.
  - o VSS Cash Flow – Senior Management are currently liaising with SEUPB and TEO to resolve any risk to VSS Cash Flow.
  - o Spot Checks – these have been impacted and delayed as a result of difficulties in obtaining information from DFC such as DLA documentation. The data sharing issue has been resolved since the quarter end and will not be an issue in subsequent years.

#### **F2 Quarterly Assurance Statement**

The Committee noted this report.

#### **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 Internal Audit – 2018-19 Progress Update / Annual Assurance**

LM Presented the following reports and updates:

#### **a. Internal Audit Report – PEACE IV**

This report looked at the PIV financial management procedures, the monitoring and reporting of progress against delivery targets and the project governance. The report resulted in three recommendations: two **priority three** recommendations relating to financial management and one **priority two** recommendation relating to targets. VSS confirmed that the implementation of all three recommendations is already underway. Overall the report resulted in a **Satisfactory** audit rating.

#### **b. Internal Audit Report – HR**

This report looked at documented policies and procedures in place to support key HR processes and reviewed the recruitment and induction / onboarding arrangements in details.

The report resulted in one **priority two** recommendation relating to the review and update of Policies and Procedures and one **priority three** recommendation relating to induction / onboarding arrangements. VSS confirmed that 4 of the 7 policies identified for review have since been updated, approved and implemented and that the process for staff induction has been reviewed and rolled out across all posts.

Overall the report resulted in a **Satisfactory** audit rating

#### **c. Internal Audit Report – Follow Up**

EY followed up on six recommendations arising from four Internal Audits conducted during 2017/18. The report found that five recommendations had been implemented in full and one recommendation was no longer applicable. Two 2017/18 recommendations were not included in the Follow-Up review as they are not due for implementation until December 2019 and January 2020.

On the basis of a request by management, the Follow-Up included a review of current controls relating to cheque management. The report identified four areas where it was considered that improvements could be made to the current control framework. As this review formed an advisory report no priority ratings or overall audit opinion was provided.

#### **d. Annual Assurance Statement 2018-19**

LM presented a summary of Internal Audit activities undertaken during the year. As at April 2019 the Internal Audit Plan had been delivered in full producing five reports with a total of ten recommendations comprised as follows:

- Three Priority Two Recommendations
- Seven Priority Three Recommendations.

This, in addition to the outcome of the Follow-Up review, resulted in an audit opinion that the framework of controls in place provides **Satisfactory** assurance over the effective and efficient achievement of the VSS's objectives and the management of key risks for the 2018-19 year.

LM thanked AW, TL and their teams for their assistance in facilitating smooth and efficient audits throughout the year.

## **G2 Internal Audit – 2019-20 Audit Plan**

LM presented this paper noting that the previously proposed plan had been revised following discussion with AW and TL to reflect the context of the current risk register and the previous year's audits.

The Committee noted the following:

- The proposed ICT review was removed and replaced with a GDPR audit.
- Risk Management and Corporate and Business Planning was removed
- A review of the end to end process for INP and VSP was added, looking specifically at operational business risks.

The Committee approved the revised audit plan, with the understanding that it can be updated during the year if required.

## **H External Audit Update**

### **H1 2018/19 Audit Strategy**

KD presented this report specifically noting how the figure for account materiality had been arrived at and the significant audit risks identified.

The audit timetable, fees and staffing were discussed.

CD noted the good processes and relationships currently in place which facilitate a successful audit, but stressed the importance of flexibility to allow the management of issues arising with funded organisations.

The Committee noted that the sample of funded organisations selected for testing would be revised this year to include smaller / lower value organisations.

## **I Standing Agenda Items**

AW presented these papers.

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

The Committee noted that all actions have been closed with a new action plan to be developed.

## **I2 ARC Training Update and Requirements**

The Committee noted this paper.

AP2: AW to review training update and members to identify and request training.

## **I3 Gifts and Hospitality Update**

AW presented this paper, noting that it has been simplified to provide more useful, high level information.

## **I4 Compliance Update (tabled)**

AW provided an update on the three suspected fraud cases open at the quarter end. The Committee noted that one case is awaiting a CCNI Final Report, one is pending closure following the receipt of a completed GFIS Report and one is ongoing following referral to TEO / GFIS.

The Committee noted that five INP debtor balances remain open which are being actively sought / offset.

The Committee noted that one new Whistleblowing case emerged during the period. Following preliminary investigations the case has been referred to TEO / GFIS as suspected fraud.

There were no new Ombudsman Complaints or Assembly Questions received during the period.

It was noted that three Freedom of Information Requests were received during the period which have all since been closed within the appropriate timeframes.

One Governance Review was initiated following the quarter end following a number of concerns around governance arrangements within the funded organisation.

The Committee noted that no complaints regarding VSS were received in the period. Three complaints have been received and two carried forward in respect of VSS Funded Organisations. Two have been closed and three remain open at the quarter end.

The Committee noted a spike in the level of incoming calls to VSS and the number of client drop-in due to the impending release of INP payments.

## **I5 Procurement Update**

The Committee noted the update.

## **I6 Data Protection**

The Committee noted that a Data Sharing Agreement remains outstanding from one funded organisation. It was also noted that three data breaches occurred during the period which were deemed to be low-risk and did not require reporting to the ICO. Staff have been reminded to take additional care in relation to protecting data.

## **J Any Other Business**

### **J1 Audit Committee Self-Assessment**

Self-assessment questionnaire completed by members prior to this meeting. No major action points arising.

### **J2 Social Media Policy**

AW confirmed that the Social Media Policy has been updated and will soon be issued.

## **K Date of Next Meeting**

The date of the next meeting is scheduled for Wednesday 23 July 2019.