

NORTHERN IRELAND POLICING BOARD

AUDIT AND RISK MANAGEMENT COMMITTEE

MINUTES OF A MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE HELD ON FRIDAY, 25 MARCH 2011 AT 1:30PM IN WATERSIDE TOWER, BELFAST

PRESENT:

MEMBERS:

Mr Trevor Ringland (Chairperson)
Mr Leslie Cree
Mr David Rose

NORTHERN IRELAND AUDIT OFFICE IN ATTENDANCE:

Ms Karen Beattie
Mr Neil Gray

PRICEWATERHOUSE COOPERS IN ATTENDANCE:

Mr Martin Pitt, Head of Internal Audit

DEPARTMENT OF JUSTICE IN ATTENDANCE:

Mr David Hughes, Deputy Director
Policing Policy & Strategy Division

OFFICIALS IN ATTENDANCE:

- Dr Debbie Donnelly (Deputy Chief Executive)
- (1)** Mr Sam Hagen (Director of Corporate Services)
- (2)** Mr David Wilson (Director of Planning)
- (2)** 4 Board Officials

- (1)** Item number 18.1 only
- (2)** Except Item number 18.2

1. APOLOGIES, ETC

Apologies were received on behalf of Mr Daithí McKay (Vice Chairperson), Mr Dominic Bradley, Mr Alastair Ross and Mr Suneil Sharma. NOTED.

No conflicts of interest arising from the agenda were declared by Members. NOTED.

2. MINUTES OF AUDIT AND RISK MANAGEMENT COMMITTEE MEETING HELD ON 10 DECEMBER 2010

The Committee considered the draft minutes of the meeting held on 10 December 2010.

It was:-

AGREED:

That the draft minutes of the Audit and Risk Management Committee meeting held on 10 December 2010 be agreed.

3. MATTERS ARISING FROM MEETING HELD ON 10 DECEMBER 2010

3.1 Review Of The Format, Timing And Content Of Information Supplied To the Board By The PSNI (Item 3.3 Of Minutes Refers)

Officials advised that there had been some slippage in relation to the review, however, the field work was almost complete and it was planned that the report would be brought to the next meeting of the Committee. NOTED.

3.2 Internal Audit Review On The Quality Of Victim Handling And Public Satisfaction Levels (Item 3.4 Of Minutes Refers)

The Committee considered a schedule showing the current status of the internal audit review of communications with victims as of 18 March 2011. NOTED.

3.3 Internal Audit Reports (Item 6 Of Minutes Refers)

Officials advised that the Community Engagement Committee had received a copy of the internal audit report on the Community Engagement Strategy and that the Human Rights and Professional Standards Committee had received a copy of the internal audit report on Human Rights Monitoring. The reports had been considered by the respective Committees. NOTED.

3.4 Risk Management Training (Item 7 Of Minutes Refers)

Officials confirmed that arrangements had been made for the Committee to receive training on risk management later in the meeting. NOTED.

3.5 Independent Assessment Report (Item 9 Of Minutes Refers)

Officials advised that, following a decision taken at the Leadership Group, the Northern Ireland Audit Office (NIAO) had been provided with a copy of the Independent Assessment Report, to assist completion of the Continuous Improvement Inspection Report.

NIAO advised that a draft of the Inspection Report had been issued at the end of February 2011. NOTED.

4. CHAIRPERSON'S BUSINESS

4.1 Review Of The Format, Timing And Content Of Information Supplied To The Board By PSNI

This item was deal with at 3.1.

4.2 Letter From Northern Ireland Audit Office (NIAO) – Fee For The Audit Of The 2010 – 2011 Accounts

The Chairperson referred Members to a letter dated 16 February 2011 from the Office of the Comptroller and Auditor General for Northern Ireland in relation to an estimate of the hard charge of the audit of the 2010 – 2011 accounts. NOTED.

5. TRAINING ON RISK MANAGEMENT

The Chairperson welcomed Mr Martin Pitt (PWC) to the meeting and invited him to make a presentation on risk management.

Mr Pitt reminded Members how corporate governance and the management of risk fits together and in a short presentation defined “risk and risk management” and provided information on the risk management process to identify, analyse, monitor and control risk. Mr Pitt also identified the role of the Board, the Audit and Risk Management Committee, the Board’s Senior Management Team, the Risk Management Champion, Internal Audit and External Audit in the risk management process.

A copy of the presentational material used by Mr Pitt is attached at Appendix ‘A’.

During the discussion which followed, reference was made by the Department of Justice representative to a Good Practice Guide soon to be published. Officials undertook to obtain a copy of the guide when available.

6. PRICEWATERHOUSECOOPERS (PWC) INTERNAL AUDIT PROGRESS REPORT 2010 – 2011

The Committee noted a paper which provided an update on the progress of the Internal Audit Periodic Work Plan for 2010 – 2011. NOTED.

The Committee noted that 3 internal audit assignments and the follow-up review of outstanding recommendations had been completed since the December 2010 Committee meeting. The completed internal audit assignments were:-

- Review of corporate governance and risk assurance with a focus on committee structure effectiveness;
- Review of the processes for the monitoring and delivery of Patten recommendations;
- Review of procurement arrangements; and
- Internal audit follow-up review.

The Committee considered the reports and the Head of Internal Audit, PWC, responded to a number of questions from Members for further information.

7. PRICEWATERHOUSE COOPERS (PWC) INTERNAL AUDIT ANNUAL REPORT 2010 – 2011

The Committee considered the Internal Audit Annual Report 2010 – 2011.

The Committee was reminded, that at the end of each periodic work plan, the Head of Internal Audit (PWC) provided a report on the work that Internal Audit had carried out during the year and their opinion on the systems and controls currently operating within the Board to deliver its business objectives. Officials highlighted the Head of Internal Audit's opinion contained in the report that, *"on the basis of the audit work performed during the year, we are able to provide Satisfactory Assurance in relation to the adequacy of the systems of control in place within the organisation and their operation throughout the period under review"*.

It was:-

RESOLVED:

To approve the PWC Internal Audit Annual Report for 2010 – 2011.

8. NIPB ANNUAL INTERNAL AUDIT PLAN FOR 2011 – 2012

The Committee considered the Board's Annual Internal Audit Plan for 2011 – 2012.

In line with Her Majesty's Government guidance and Government's internal audit standards, PWC had prepared an Audit Needs Assessment (ANA) for the Board for 2011 – 2012. The ANA outlined a proposed audit strategy (which had been approved by the Committee in June 2010) and from this work 3 Annual Internal Audit Periodic Work Plans were proposed to address the Board's internal audit requirements. The Head of Internal Audit highlighted and commented on a number of the risk areas to be reviewed. With regard to the "review and guidance in relation to District Policing Partnership (DPP) and Community Safety Partnership (CSP) arrangements", he confirmed that given the uncertainty about precise dates for the new arrangements being put in place that requirements would be reviewed during the year.

Following discussion, it was:-

RESOLVED:

To approve the Northern Ireland Policing Board's Annual Internal Audit Periodic Work Plan for 2011 – 2012.

9. ACTING ACCOUNTING OFFICER CONFIRMATION APPROVAL LETTER

The Committee considered a paper which provided a copy of the Acting Accounting Officer confirmation approval letter from the Department of Justice (DOJ) in respect of the Acting Chief Executive, Dr Debbie Donnelly, the approval being effective from 5 January 2011.

NOTED.

10. NIPB CORPORATE RISK REGISTER AND DIRECTORATE HIGH RISK EXCEPTION REPORT

The Committee considered the Board's Corporate Risk Register, the Directorate High Risk Report and management's action to control the risks.

Officials advised that the Independent Assessment Report on the Board had highlighted risk management as an area for improvement. To address this, officials had assessed the Board's approach to risk management and had subsequently combined and consolidated the Corporate and Chief Executive's Risk Registers into a single Corporate Risk Register. Officials highlighted that a new threat had been added that "the Board does not receive the organisational review report (from KPMG) in a timely manner", given the tight deadlines associated with the review.

The Northern Ireland Audit Office (NIAO) officials indicated that they would wish to receive a copy of the final report provided by KPMG.

The Department of Justice (DOJ) officials suggested that the Committee might wish to review the schedule following the recent approval of the Justice Bill. The Chairperson of the Committee advised that the schedule would be reviewed and shared with Members.

11. PSNI CORPORATE RISK REGISTER AND STRATEGIC ASSESSMENT

The Committee considered the PSNI Corporate Risk Register and October 2010 PSNI Strategic Assessment.

Officials outlined that the Independent Assessment Report commented that *“the Audit and Risk Management Committee could be more probing in their approach to scrutinising risks across all organisations to take account of the documented strategic risks/threats in the PSNI’s Strategic Assessment”*. The Committee considered the documentation and considered how to best use the Independent Assessment in future. The Committee considered a summary report in respect of PSNI corporate risks. Officials advised that the Chair of the PSNI Audit and Risk Committee would be invited to attend the next meeting to assist Members in understanding the risks.

Officials advised that the Board had access to the October 2010 Strategic Assessment and that linking this with the PSNI Risk Register would assist Members in their discussions with the Chair of the PSNI Audit and Risk Committee. Officials advised that the papers would be brought to the new Audit and Risk Management Committee for consideration. NOTED.

12. OBSERVATION OF THE PSNI AUDIT AND RISK COMMITTEE MEETING ON 25 JANUARY 2011

The Committee had previously agreed to accept an offer from the PSNI to attend its Audit and Risk Committee and that the Board should be represented by a senior official in an observer capacity. The Committee considered a paper which identified the issues discussed at the PSNI Audit and Risk Committee meeting on 25 January 2011. NOTED.

13. COMMITTEE DEVELOPMENT AND WORK PROGRAMME 2011 – 2012

Officials presented a proposed Committee Development and Work Programme for 2011 – 2012. The key element of the documentation was the emphasis placed on training and development.

It was:-

RESOLVED:

To approve the Audit and Risk Management Development and Work Programme for 2011 – 2012.

14. PSNI MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

The Committee considered a Management Statement and Financial Memorandum (MS/FM) which had been drawn up by the Department of Justice (DOJ) in consultation with the Board and the PSNI. The document set out the broad framework within which the Board and PSNI would operate in dealing with the governance of policing. The document was based on a model prepared by the Department of Finance and Personnel (DFP). Officials advised that the MS/FM could be supplemented by guidelines or directions issued by the DOJ in respect of the exercise of any individual functions, powers and duties of the PSNI.

The Chairperson indicated he wished to receive a copy of the previous MS/FM document for comparison purposes.

It was proposed that a copy of the MS/FM should be given to all newly appointed members of the PSNI Senior Management Team, the Board and departmental sponsor staff. In addition, it was planned that the MS/FM should be tabled for the information of Policing Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM would also be brought to the attention of the Board on a timely basis.

It was:-

RESOLVED:

To approve the Management Statement/Financial memorandum for PSNI, after seeking the Department of Finance (DFP) template and the changes between the old and new MS/FM.

15. INFORMATION PAPERS

15.1 Policing Board Report On Expenditure To February 2011

NOTED.

16. MATTERS TO BE RAISED WITH THE CHIEF CONSTABLE AT THE NEXT MEETING

There were no matters arising.

17. COMMUNICATION ISSUES

There were no matters arising.

18. ANY OTHER BUSINESS

18.1 Northern Ireland Policing Board Accounts Audit Strategy 2010 – 2011

The Committee considered a letter, tabled at the meeting, from the Northern Ireland Audit Office (NIAO) dated 21 March 2011 and a copy of the NIPB Accounts Audit Strategy 2010 – 2011. NOTED.

NIAO officials drew attention to an appendix which identified the audit approach where significant risks had been identified.

The Committee discussed delegations and Board officials advised that lead in was required to take account of moving from the previous Management Statement and Financial Memorandum to the proposed new one and also to new regulations issued by the Department of Finance and Personnel.

NIAO officials confirmed that they were confident that the office could meet the target dates in respect of producing audited accounts before the summer recess of the Assembly.

18.2 Confidential Item

The Committee discussed a confidential item. A confidential note on this matter is attached at Appendix 'A'.

The Chairperson thanked the Members and the staff who had supported the work of the Committee throughout his tenure of office. The Chairperson also thanked Mr Pitt, and the NIAO and Department of Justice officials for their contribution to the work of the Committee.

(Meeting closed 3:00pm).

Secretariat
March 2011

Chairperson