

NORTHERN IRELAND POLICING BOARD

**MINUTES OF MEETING OF AUDIT AND RISK ASSURANCE COMMITTEE HELD
ON THURSDAY 23 MARCH 2023 AT 2PM AT THE NORTHERN IRELAND
POLICING BOARD WATERSIDE TOWER, BELFAST AND VIA ZOOM**

PRESENT:

MEMBERS

- Mr Michael Atkinson (Chair)
(1) Mr Frank McManus (Vice-Chair)*
Mr Peter Osborne
(2) Ms Nuala McAllister MLA*
Mr Maurice Bradley MLA*

IN ATTENDANCE:

DEPARTMENT OF JUSTICE

Ms Therese Murphy*

INTERNAL AUDIT

Mr Michael Matthews*
Mrs Cathy Hadden*

**NORTHERN IRELAND AUDIT
OFFICE**

- (3) Mr Tomas Wilkinson*

ASM ACCOUNTANTS

Mrs Christine Hagan*

POLICE PENSION BOARD

- (4) Mr Brian Quinn
Mr Michael Burton

OFFICIALS

Mrs Sinead Simpson, Chief Executive
Ms Aislinn McGuckin, Director of Police
Pensions and Injury Benefits

Three Board Officials

*Attended the meeting via video conference.

- (1) From 2.30pm on
(2) Left at 3pm
(3) Left at 2.50pm
(4) Until 3.10pm

1. APOLOGIES

Apologies were received from Ms Liz Kimmins MLA.

2. CONFLICTS OF INTEREST

No conflicts of interest were declared and the Agenda for the meeting was agreed.

No Member raised any matters for discussion under 'Any Other Business'.

3. DRAFT MINUTES OF THE ARAC MEETING HELD 20 DECEMBER 2022

It was **RESOLVED**:-

- That the minutes of the ARAC meeting held on 20 December 2022 be approved.

4. COMMITTEE ACTION LOG

The Chief Executive expressed her thanks to the ARAC Chair, whose term of office finishes on 31 March 2023, for his work and contribution to both the work of the Board and this Committee over the past 3 years and wished him well for the future.

The Committee noted the updates detailed within the Action Log and the related verbal overview provided by the Chief Executive in relation to the actions from the meeting on 20 December 2022.

Action Point 2

The Chief Executive explained the background to the makeup of the Chair's Advisory Group, noting the Terms of Reference (ToR) are included at agenda item 4 of the meeting papers. The Chief Executive advised the group comprises of Chair and Vice-Chair of the Board, plus the Chairs of all the

subcommittees and, where applicable, the lead member for any other political party on the Board which does not hold the position of Chair of a subcommittee. Meetings are convened by the Board Chair when deemed necessary and to provide advice on sensitive matters or those areas that could be considered politically sensitive. The Chief Executive advised that the Group has met only sporadically in recent years and stressed that it has no decision-making role; matters discussed would subsequently be taken to the Board for discussion and where applicable, decision. Members noted that the ToR also provide for this group to consider urgent business in between Board meetings, however the Chief Executive advised in practice, such matters are usually dealt with by way of written procedure and involve all Board Members or where appropriate, the relevant Committee Members.

Action Point 4

In relation to this action point the Chief Executive advised that representatives from the Police Pension Board are present at today's meeting and will provide an update on the McCloud Remedy project.

The Chief Executive noted that if Members were content, these actions could now be closed.

It was **AGREED** that Action Points 2 and 4 from the meeting on 20 December 2022 may be closed.

5. CHAIRPERSON'S BUSINESS

The Chair noted he had no items of Chair's business to report.

6. PENSION SCHEME MANAGER REPORT & BRIEFING FROM INDEPENDENT PENSIONS ADVISOR

The Committee received a briefing and presentation from the Board's Independent Pensions Advisor and the Chair of the Police Pension Board

which provided Members with an update on the current position of the McCloud Remedy Project. This project relates to changes in public sector pension schemes which came about as a result of a legal case following a reform of public sector pensions in 2014/2015. The Board's Independent Pensions Advisor explained the background to the project, highlighting the multiple, complex workstreams being progressed and the implications of each for both the affected members and the Board and PSNI.

During discussion Members raised the following points with the Independent Pensions Advisor and Pension Board Chair:

- key milestones and implementation timeframes for various different aspects of the project;
- the possible tax implications for affected pension scheme members and the requirement for Ill Health Retirement reassessments to be carried out by 1 October 2023 for pension scheme members affected;
- the significant financial and resourcing implications for both the Board and PSNI;
- the quantum of the arrears that are likely to be due, and who will have responsibility for funding these awards;
- ongoing technical issues with the McCloud benefits calculator.

The Chief Executive advised that as the Accounting Officer she will be writing to DoJ to highlight the resourcing/staffing implications for the Board to enable it to meet its responsibilities in this regard. The Chief Executive noted there is insufficient funding within the current budget to procure the staff to deliver what is required under the project, however the Board have a statutory obligation to fulfil these responsibilities. **(AP1)**

The Director of Police Pensions and Injury Benefits (PPIB) also presented Members with a paper providing a quarterly update on the ongoing and upcoming work in relation to the area of police pensions. As well as the work

on the McCloud remedy project as discussed above, the Director of PPIB updated Members on work being done on Consultations with the Home Office on Regulation Amendments, reassessment of those who were ill health retired under legacy schemes, The Pensions Regulator Supervisory Report and a recent judicial review judgment in relation to the injury benefit scheme.

Members **NOTED** the update provided.

The Chair thanked the Independent Pensions Advisor and the Chair of the Police Pension Board for their comprehensive briefing to the Committee.

7. VERBAL UPDATE - PSNI'S ARAC MEETING HELD ON 24 JANUARY 2023

The Chief Executive provided an update on key issues from the PSNI ARAC meeting on 24 January 2023. The Chief Executive gave an overview of the issues discussed at the meeting which included:

- Significant discussion on the budget shortfall and the ongoing situation regarding holiday pay;
- A review of the risk register, noting that risks around mandatory training, records management, data quality and corporate information were deescalated while in year and future funding remain of significant concern. There was also a risk deep dive into records management;
- Discussion on implementation of audit recommendations and the rationale for lack of progress on some very old recommendations;
- The meeting also noted a review of the PSNI Internal Governance procedures which was due to go to Service Management Board in February 2023 and which when implemented will streamline processes and bring greater clarity and accountability;
- Other items of business such as routine financial reporting, stewardship statements, Fraud and DAC reports.

8. NIPB INTERNAL AUDIT

8.1 NIPB Internal Audit Progress Report

The Internal Audit Manager presented a paper which provided Members with an update on the work of the Internal Audit service since the last meeting in December 2022.

The Internal Audit Manager advised there are 3 assignments remaining on the 2022/23 workplan and noted since the previous ARAC meeting an advisory review of Belfast City Council PCSP 2022/2023 Funding has been completed and the draft report was issued on 20 March 2023, with the Management Responses due by 12 April 2023. Following receipt of those the final report will be issued.

The Internal Audit Manager advised draft Terms of Reference in relation to the Advisory Review of Causeway Coast and Glens PCSP Funding were issued on 20 March 2023 with an anticipated commencement date of 3 April 2023.

In relation to the audit of the Complaints Handling processes, the Internal Audit Manager advised that following engagement between the Head of Internal Audit and consultation with the Chair of ARAC and the Board Chief Executive, it was agreed that the audit regarding the Board's Complaints policy would be deferred until the 2023/2024 year. As this would be a longer more advisory piece of work, it was agreed it could not be completed within the remaining allocated days in the 2022/23 year and as such has been deferred. The Internal Audit Manager noted that due to the deferral of the Complaints review the overall days for the NIPB's 2022/2023 Internal Audit Plan has been reduced from 35 days to 30 days and the annual invoice will be amended accordingly.

Members **NOTED** the update provided.

8.2 Internal Audit Open Recommendations

The Chief Executive presented a paper which provided Members with an update on the progress taken to implement open internal audit recommendations.

The Chief Executive noted there are currently eight remaining open recommendations, 4 of which are from a recently completed audit of Mid and East Antrim Council (MEA) PCSP Funding and are due for implementation by 31 March 2023. The Chief Executive advised that in relation to these recommendations, the Joint Committee met with the Council Chief Executive to discuss the findings of the report and confirmed they are content with the gravity with which the council are dealing with the recommendations and the vigour being applied to ensuring the lessons learned are being implemented. The Chief Executive noted these recommendations will remain open to allow for continued monitoring of MEA's expenditure, however it is hoped that they will close after year end. The CE also noted however that the Joint Committee may wish to await the outcome of the PCSP's next audit in order to be satisfied that that these recommendations can be closed.

With regard to the other open recommendations, the Chief Executive advised that work attributed to two recommendations arising from the Business Continuity Planning (BCP) Review in May 2021 has been paused due to the office relocation to James House. Once the move has been complete the development of a new Business Continuity Plan for James House will be undertaken, which will incorporate the recommendations made as part of this audit.

The Chief Executive advised work on the implementation of a recommendation arising from an audit on Information Management and Security in March 2022, in particular with regard to the Retention and Disposal Policy and Schedule continues to be delayed due to the absence of a

functioning Executive. The Board's Retention and Disposal Schedule was laid at the NI Assembly on 14th July 2022, however due to the ongoing absence of an Executive the Schedule cannot be progressed further at this stage. The Board's Schedule needs to sit through a period of ten plenary sessions allowing for government scrutiny and challenges to be addressed. When a functioning Executive is restored, this sitting period will begin immediately.

The Chief Executive advised that in relation to the recommendation regarding the Risk Management Framework, this work will be incorporated into the Strategic Planning & Governance branch programme of work for the coming year and it is intended it will include the sourcing of risk management refresher training for staff involved in the development of Risk Registers.

Members **NOTED** the update provided.

8.3 NIPB Audit Plan for 2023/24

The Internal Audit Manager presented a paper outlining the NIPB proposed Internal Audit work plan for 2023/24. The Internal Audit Manager advised that in compiling the plan consultation had taken place with the Chief Executive and ARAC Chair. Members were advised that they considered the results of Internal Audit work completed to date in the previous 4 financial years, any new or emerging risks, areas where previous audit coverage highlighted issues; the audit resources available and any key risk areas identified by management on the corporate and directorate level risk registers.

The Internal Audit Manager noted the proposed plan for 2023/2024 indicates a resource requirement of 40 days. The Internal Audit Manager advised this Audit Plan will facilitate the provision of an appropriate opinion on NIPB risk management, control and governance for the 2023/2024 year and will be reviewed on a quarterly basis in conjunction with the quarterly updates to the risk registers and discussions with Senior Management.

The Internal Audit Manager noted that areas for the Audit Plan for 2023/24 included assurance work on PCSPs, Complaints Handling processes, Procurement and Contract Management and the second call of the Police Property Fund as well as advisory work in relation to Corporate Governance. The Chief Executive requested that the Complaints Handling work become an advisory piece of work rather than an assurance – the Head of Internal Audit agreed to update the workplan and re-issue. Subject to this amendment being made Members agreed to **APPROVE** the Internal Audit work plan for 2023/24.

8.4 Internal Audit Charter

The Internal Audit Manager presented the 2023/24 Internal Audit Charter to the Committee noting that in accordance with Public Sector Internal Audit Standards (PSIAS) there is a requirement to present the Internal Audit Charter to the Audit and Risk Assurance Committee on an annual basis. The Internal Audit Manager advised the Committee are asked to recommend that the Board approve the Charter. The Charter detailed the purpose and authority of the internal audit function, and the relationship between the Head of Internal Audit, the Accounting Officer and the Committee. The Internal Audit Manager advised that the Charter was last reviewed by the Committee in June 2022 and there have been no significant changes made to it since that date.

Members confirmed they are content to recommend that the Board approve the 2023/24 Internal Audit Charter.

9. EXTERNAL AUDIT

9.1 NIAO Strategy for NIPB External Audit 2022-23

The Director from ASM Accountants presented a paper which briefed Members in relation to the NIAO Audit Strategy for the certification of the Board's Annual Report and Accounts for the year ended 31 March 2023. The audit strategy detailed the NIAO approach to the audit, the roles and responsibilities of Board and Audit staff, the cost of the audit, associated risks, and also a detailed audit project plan which included a proposed

commencement date of 15 May 2023. Members were advised that it is envisaged that the Annual Report and Financial Statements will be certified by the Comptroller and Auditor General by 3 July 2023.

The ASM Director highlighted the section on page 3 of the Audit Strategy report regarding ARAC Members responsibilities and considerations and asked if any Member had anything they would like to raise – all Members confirmed they had no issues to raise.

10. CORPORATE RISK REGISTER

The Chief Executive presented the Corporate Risk Register (CRR) and advised this is reviewed by the senior management team (SMT) at regular intervals and was last reviewed at length on 15 March 2023. The total number of Corporate Risks is five. No new risks have been added to the register since the previous meeting in December 2022. The Chief Executive confirmed she is assured that the Board is taking all action necessary to manage the risks that are currently open on the register.

The Chief Executive advised that, at its meeting in December 2022 Members raised concerns regarding the wording of Risk 1 “PSNI’s Actions on the Policing Board Reputation” and it was agreed that consideration would be given to amending the language of and mitigating actions around this risk. The Chief Executive advised the Board’s SMT considered a reword of Risk 1, however were of the view that it could potentially look like a risk of PSNI not informing the Board about actions/behaviours which have or are likely to cause damage. SMT therefore suggested that it would be more appropriate to add into the mitigating actions an action on monitoring PSNI performance across a range of PSNI activities [HR, training, standards etc] through the existing committee structure. By way of including this additional action it captures that to properly manage this risk the Board needs to ensure officer behaviour/skills etc are correct and that the necessary systems, processes and training is in place, alongside the actions taken in the communications

space when adverse incidents occur. Members confirmed they were content with this proposal.

Members discussed each of the 5 risks in turn and agreed that they all should remain live and it was **AGREED:**

- that the Corporate Risk Register should be updated to reflect the risks associated with the McCloud Remedy project. **(AP2)**
- That the wording of Risk 4 regarding the Independent Medical Referee process would be updated once the implications of a recent judicial review case are fully known. **(AP3)**

The Chief Executive also advised that SMT suggested that it would be beneficial for ARAC Committee members and Board officials to attend a Risk Management workshop/refresher training over the course of the next several months, following which an in depth review of the Corporate Risk Register would be undertaken. Members welcomed this proposal. **(AP4)**

11. NIPB COMPLAINTS UPDATE

The Chair noted there are currently no live complaint cases being progressed by the Board.

12. NIPB GIFTS AND HOSPITALITY REGISTER

The Chair noted that in the period 20 December 2022 to date there were no Gifts or Hospitality to report.

13. NIPB DIRECT AWARD CONTRACTS (DACs)

The Chair noted there were no Direct Award Contracts to report within the period.

14. COMMUNICATIONS ISSUES

None.

15. ANY OTHER BUSINESS

None.

16. DATE OF NEXT MEETING

The next meeting will take place on Tuesday 23 May 2023 at 2pm.

(Meeting closed at 16:00)

CORPORATE SERVICES

Date: March 2023

Chair