NORTHERN IRELAND POLICING BOARD

MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE (ARAC) MEETING HELD ON THURSDAY 19 MARCH 2026 AT 2PM IN JAMES HOUSE AND VIA VIDEO CONFERENCE

MEMBERS PRESENT:		Mr Patrick Nelson* (Chair), Mr Tommy O'Reilly (Vice-Chair) Dr Kate Laverty* Mr Gerry Kelly MLA
IN ATTENDANCE:		
INTERNAL AUDIT		Mr Gary Curran, Head of Internal Audit Mr Paul McIlroy, Audit Manager
NORTHERN IRELAND AUDIT OFFICE		Ms Laura Murphy, Audit Manager
DEPARTMENT OF JUSTICE		One Official*
AAB ACCOUNTANTS		Ms Suzanne Villiers, AAB Engagement Manager
NORTHERN IRELAND POLICING BOARD	 **(1)**	Mrs Sinead Simpson, Chief Executive Mr Sam Hagen, Senior Director of Resources Mr Adrian McNamee, Director of Performance Four Officials

* Attended via video conference.

(1) From item 5.2 on

1. APOLOGIES

Apologies were received from Mr Keith Buchanan MLA and Mr Peter McReynolds MLA.

The meeting was confirmed as quorate.

2. CONFLICTS OF INTEREST

No conflicts of interest were declared.

3. DRAFT MINUTES OF THE MEETING HELD ON THURSDAY 18 DECEMBER 2025

It was **RESOLVED:-**

- That the minutes of the Audit and Risk Assurance Committee meeting held on Thursday 18 December 2025 be approved as a correct record for publication on the Board's website.

4. COMMITTEE BUSINESS

4.1 Objective E Dashboard (including Governance Updates)

The Director of Resources asked Members to **NOTE** the latest version of the Board's Corporate plan Objective E reporting dashboard for the period 1 April 2025 to 28 February 2026.
The Committee was advised that the dashboard now includes governance updates, and that all updates have been recorded alongside the previous comments considered by the Committee at its meeting in December 2025.

Members were updated on the following matters:

- Two complaints were received during the reporting period; however, both were deemed not to fall within the scope of the Board's Complaints Policy.

- The implementation of the Model Complaints Handling Procedure (MCHP), as rolled out by the NI Public Services Ombudsman; and

- the updated gifts and hospitality register for the reporting period.

In respect of resource management at the Board, a Finance official provided an overview of the Board’s management accounts for February 2026, outlining the reasons for a forecast underspend versus budget for the financial year due to a variance in costs relating to salaries, travel & subsistence, accommodation, Senior Officer recruitment, and Policing and Community Safety Partnerships (PCSPs).
Members were advised of a revised budget situation following a monitoring round in December 2025 and that weekly expenditure updates have been requested by the Department of Justice (DOJ).

Members discussed the Board’s implementation plan for the MCHP outlined above; previous easements reported to the Committee; an update on the value champion initiative at the Board; and welcomed the information provided welcoming the low level of sickness absence at the Board.

Members **NOTED** the updates provided.

4.2 Review of Committee Terms of Reference & Draft Programme of Work 2026-27

The Director of Resources presented the Committee Terms of Reference (TOR) and advised that amendments would be actioned in response to feedback already received.
The changes primarily relate to the Committee’s oversight of additional areas included within the Objective E reporting dashboard, which had previously been considered by the Board’s Resources Committee.

Members were presented with the draft Committee programme of work for 2026–27, which was broadly in line with the previous year's programme and included the usual items of business, alongside a change to the scheduling of external attendees to achieve a more balanced schedule.

The Vice-Chair suggested updates to the following sections of the TOR - Role and Authority, Responsibilities, and that all the items listed within the Information Requirements section were incorporated as part of the Committee's programme of work.
The Head of Internal Audit (IA) suggested changes to the wording of the title for the IA representative referenced in the TOR and that the IA Charter section be expanded to include reference to the Mandate that has been added.

The Chair indicated that any further comments or suggestions for the TOR were shared with officials after the meeting and following discussion Members:

- **AGREED** that a revised document of the Committee Terms of Reference with track changes will be shared with Members to approve by written procedure **(AP1)**, and

- **APPROVED** the Audit & Risk Assurance Committee programme of work for 2026-27.

4.3 Northern Ireland Policing Board Draft Resource Plan 2026-27

The Director of Resources presented Members with the draft NIPB Resource Plan 2026-27 outlining the challenges presented in relation to inflationary pressures due to an anticipated flat cash settlement.

Additionally, DOJ have outlined indicative allocations with a flat cash settlement for a multi-year budget 2027-28 and 2028-29, and this will add further challenges to resourcing the work of the Board.

Members were advised of unfunded potential pressures of £375k based on an indicative (not final) settlement for 2026-27 and a summary breakdown of these unfunded pressures in the following areas – pay pressure (progression/ rise), employer National Insurance contributions, a 5% increase in PCSP funding, the 25-year anniversary event to mark new policing arrangements in NI, and the Members research allowance.

Members were advised of additional unfunded potential pressures of £335k in respect of known legal cases which could be realised but due to the nature of these cases the Board is unable to determine a definitive timescale for these pressures.

Members raised the following matters in relation to the NIPB Resource Plan 2026-27:

- Whether NI Assembly monitoring rounds in 2026-27 will be used to address some of the budget shortfall and how a flat cash budget for the Board compares against the percentage increases (year on year) for DOJs overall budget allocation.
  In response Members were advised that Board officials will explore options available to maximise resource allocation to live within the budget, and that further detail was not available in relation to the additional general allocation to the DOJ budget.

- Whether the easements previously highlighted to the Committee and returned to DOJ in the 2025-26 financial year are likely to recur in 2026-27.
  In response, Members were advised that salary and PCSP costs had been lower than budget earlier in the year, that any future savings would become clearer in the coming months, and that changes to the

staff profile and pay obligations were likely to have an impact on the Board's future financial position.

Additionally, there may be a requirement to consult with the Board on the potential pausing of delivery in certain areas of Board business, however, there is limited scope to reduce costs given the Board's obligations to fulfil its statutory duties.

The Chief Executive raised concerns regarding funding in future years beyond 2026–27, particularly in relation to the additional expenditure required to reconstitute PCSPs, and advised that consultation will likely take place with DOJ, as joint responsibility exists for PCSP funding.

- Whether the full Board should be notified of the NIPB budget situation for 2026-27 to ensure that the Committee's concerns are clearly communicated.

  In response Members were advised that the Board will be advised of the budget situation and that work continues to review the Board's costs and reduce the budget shortfall.

The Committee **NOTED** the update provided and the potential unfunded pressures outlined.

Following discussion Members **AGREED** to recommend that the Board:

- **NOTE** but **NOT APPROVE** the NIPB Resource Plan 2026-27.

5. INTERNAL AUDIT

5.1 Internal Audit Progress Report

The Head of IA presented a paper to provide Members with an update on progress against the audit plan 2025-26 since the last Committee meeting in December 2025.

Members were advised that a final audit report on the Board's Risk Management framework (RMF) has been issued, with an overall audit opinion of satisfactory and two Priority 3 recommendations.
The first recommendation relates to the Board's role on the review and approval of the Corporate Risk Register, Risk Management Framework, and Risk Appetite Statement, and the second recommendation relates to the periodic review of the RMF in line with the Orange Book (Management of Risk and Principles).

Members were advised that fieldwork has been completed on the *review of financial management and management control*, and following the completion of quality assurance the draft report will be issued.

Fieldwork has also commenced on two other assignments within the IA work plan – *PCSPs: Governance and Oversight*, and *Resources Committee.*

Members were advised that in respect of the follow up review of Causeway Coast and Glen's PCSP (Conflicts of Interest and Procurement) the Council's internal investigation into issues identified regarding PCSP Conflicts of Interest has now concluded and the Board has received the associated report.
The Council has submitted its final information and evidence, and, to facilitate a review by Board officials, Members were asked to consider deferring the follow-up review scheduled for 2025–26 to Quarter 1 of the 2026–27 audit plan.

In respect of staffing within IA, resourcing pressures continue and are currently being addressed by recent recruitment competitions.

Members discussed the IA programme of work and the completion of fieldwork at the end of the financial year in respect of the two assignments outlined above and following discussion:

- **NOTED** the Internal Audit Progress Report, and

- **APPROVED** deferral of the Follow Up review: Causeway Coast and Glen's PCSP (Conflicts of Interest and Procurement) to Q1 2026-27.

5.2 Internal Audit Review – NI Policing Board Risk Management Framework

Members **NOTED** the Final IA Report on the NIPB Risk Management framework, previously considered at agenda item 5.1.

Members discussed the recommendation in relation to the Board delegating certain responsibilities to ARAC and it was confirmed that this should be clearly documented in the Committee's TOR to ensure alignment with the Orange Book guidance.

5.3 Internal Audit Plan 2026-27

The Head of IA presented a paper on the IA work plan for 2026-27 which includes audit priorities for the coming year, the Strategic Impact Assessment, previous Audit coverage (2020-2026), and IA Performance measures.

Members were advised that it was informed by areas identified in the IA Strategy 2025-30 agreed in March 2025, a review of the current risk register and following discussions with the Chief Executive and Senior Management Team.

Members were informed that the proposed 2026–27 audit plan comprised a total of 50 workdays, reflecting the inclusion of the deferred follow-up review of Causeway Coast and Glens PCSP (Conflicts of Interest and Procurement) carried forward from the 2024–25 audit plan.

Members discussed the proposed review of Ill Health Retirement (IHR) / IOD Files to examine arrangements in place to digitise and share files, and the review of the Board's Human Rights Advisor's (HRA) contract.

In response Members were advised of the proposal to move the review of IHR/ IOD files to the 2027-28 audit plan to allow for the completion of full digitisation, and that the review of the Board's HRA contract would be retrospective, with a focus on the appointment process and contract management.

Members discussed the impact of the reduction in planned audit days for the 2026–27 audit plan from 50 to 45 and were advised that the proposed plan would be sufficient for Internal Audit to provide the necessary level of assurance.

Following discussion Members **AGREED** to move the IHR/ IOD files review to the 2027-28 audit plan and the targeted reviews of specific PCSPs Management and Administration of PCSP Funding from Q4 to Q3, and:

- **APPROVED** the 2026-27 Internal Audit Plan.

5.4 NIPB Internal Audit Open Recommendations

The Director of Resources updated Members on progress made in respect of the IA open recommendations and advised that since the last Committee update in December 2025 the number of open recommendations has increased from six to eight, following the completion of an IA Review of NIPB's Risk Management Framework in January 2026 with two Priority 3 recommendations (discussed earlier in the meeting at agenda item 5.2).

Members **NOTED** the updates provided.

6. EXTERNAL AUDIT

6.1 NI Audit Office Strategy and Audit Plan for NI Policing Board External Audit 2025-26

The AAB Engagement manager presented the NI Audit Office (NIAO) Audit Strategy for certification of the Board's Annual Report and Accounts for the year ended 31 March 2026, noting a similar approach to the previous year, the updated audit timetable, and that the risk approach remains largely unchanged.

The Engagement manager highlighted areas for consideration including key actions for the Committee to take in relation to suspected fraud, incidents of non-compliance and potential irregular spend.

In respect of materiality, Members were advised that this remains consistent with the previous year and therefore is unchanged, and in respect of the error reporting threshold that any misstatements, whether adjusted or unadjusted, above £6,800, will be reported to the Committee.

The audit timetable was outlined with an update on milestones including planning and fieldwork, and that the 'Draft Annual Report and Financial Statements 2025-26' will be brought to the next Committee meeting on 28 May 2026.

Key risks were highlighted including one significant risk on actual, suspected or alleged fraud and that this will be addressed by consideration of the existence of unusual journals, unusual transactions in the accounts, accounting estimates relating to accruals and provisions, and whether any management bias has been identified.

Members discussed actual, suspected or alleged fraud and it was confirmed by the Audit Manger that it will be assumed as not applicable with the expectation that Members should provide any information to indicate otherwise.

The Director of Resources confirmed that no cases of fraud have been reported in the financial year as part of the governance updates provided to the Committee.

The NIAO Audit Manger highlighted an external issue in relation to the administration within DoJ of security clearances for the audit team and that work is being undertaken to address and resolve the issue.

Members **NOTED** the updates provided and discussion points in the Audit Strategy document in relation to 'Actions for the Audit Committee' and were content with the matters highlighted in respect of the Committee's responsibilities and considerations.

7. RISK

7.1 NI Policing Board Corporate Risk Register

The Director of Resources advised Members that the Board's Senior Management Team have reviewed the NIPB Corporate Risk Register (CRR) and the number of corporate risks remains unchanged at seven since the last Committee update in December 2025.

Members were advised that risk number three in relation to *NIPB Capacity and Capability (Staffing)* has been updated with the residual score increasing from 4 to 9, with the likelihood and impact both increasing from 2 to 3.
The increase is due to the notification of the indicative budget for the Board and the resulting funding gap, which will impact the number of staff posts that can be filled during the period.

Members **NOTED** the Corporate risk register and summary of corporate risks and tracker.

7.2 Performance Directorate Risk Register

The Director of Performance presented the Performance directorate risk register and outlined the three risk areas recorded: *Delivery of a new Annual Performance Assessment for 2025-26; Potential for Data Breach; and Code of Ethics Review.*

Members were advised that, since the last Committee update in March 2025, two risks relating to the *delivery of the new 5-Year Policing Plan 2025–30* and the *appointment of a new Human Rights Adviser to the Board* have been removed, as these matters have been successfully resolved.

Members discussed a potential risk relating to the 25-year anniversary of the new policing arrangements in NI later this year, including whether consideration should be given to the future vision for the PSNI and the associated risks in measuring its future effectiveness and efficiency.
In response, officials advised that these matters had been considered previously and were incorporated into the process for the design and delivery of the Policing Plan 2025–30.

Members **NOTED** the updates provided.

8. PSNI AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON THURSDAY 19 JANUARY 2026

The Director of Resources asked Members to **NOTE** the summary of issues and combined PSNI papers for the PSNI ARAC meeting held on 19 January 2026.

Members discussed PSNI Internal Audit reports including the status of Priority 1 recommendations, the use of direct award contracts, and the management of the Service Operating Model, with particular consideration given to whether current risk mitigations, including resource recovery, were making a measurable difference.

In response, officials advised that a transformation update is scheduled for the Board's Resources Committee in September 2026, allowing these matters to be discussed in more detail.

9. ACTION LOG

The Director of Resources asked Members to **NOTE** the action log and related updates for the meeting held on 18 December 2025.

In relation to open action point 1 as to whether the PSNI first line manger course was mandatory, Members were advised that PSNI has confirmed it is not compulsory for temporarily promoted officers, and that the matter is being taken forward by the Board's Resources Committee.

10. CHAIRPERSON'S BUSINESS

10.1 Committee Effectiveness Evaluation 2025-26

The Director of Resources presented Members with the ARAC Self-Assessment Effectiveness Questionnaire 2025-26 for completion and return to officials.

Members were advised that the questionnaire facilitates compliance with the self-assessment checklist included in the NI Audit Office (AO) Good Practice Guide – Effective Audit & Risk Assurance Committees.

Members **NOTED** the update provided and it was **AGREED** that the questionnaire would be issued by e-mail for Members to complete and return, with a composite document of responses to be brought to a future meeting. **(AP2)**

11. COMMUNICATIONS ISSUES/ OPPORTUNITIES

None.

12. ANY OTHER BUSINESS

None.

13. DATE OF NEXT MEETING

The next meeting is scheduled to take place on Thursday 28 May 2026 at 2pm in James House.

Meeting closed at 3.35pm

Strategic Planning & Governance

Date: March 2026

CHAIR