

NORTHERN IRELAND POLICING BOARD

MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE (ARAC) MEETING HELD ON THURSDAY 18 JUNE 2026 AT 2PM IN JAMES HOUSE AND VIA VIDEO CONFERENCE

MEMBERS PRESENT:

Mr Patrick Nelson (Chair),
Mr Tommy O'Reilly (Vice-Chair)
Ms Deirdre Hargey MLA

IN ATTENDANCE:

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, Senior Audit Manager

NORTHERN IRELAND POLICING BOARD

Mrs Sinead Simpson, Chief Executive
Mr Sam Hagen, Senior Director of Resources
(1) Ms Paula Gow, T/Director of Partnership
Five Officials

* Attended via video conference.

(1) From items 7.1 to 9.2

1. APOLOGIES

Apologies were received from Mr Keith Buchanan MLA, Dr Kate Laverty 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 MEETING HELD ON:

3.1 Thursday 19 March 2026

It was **RESOLVED**: -

- That the minutes of the Audit and Risk Assurance Committee meeting held on Thursday 19 March 2026 be approved as a correct record for publication on the Board's website.

3.2 Chair's Report - Thursday 28 May 2026

Members **NOTED** the Chair's report from the Audit and Risk Assurance Committee meeting held on Thursday 28 May 2026.

4. ACTION LOG

The Director of Resources asked Members to **NOTE** the action log and related updates for the meeting held on Thursday 19 March 2026.

In respect of closed action points the following updates were provided:

- Action points 1 to 3 relate to the Board's Annual report and accounts 2025-26, specifically amendments to the Board Chair's foreword, the policing plan performance assessment, and the inclusion of additional content on remuneration and within the staff report.
- In respect of action point 4 and recognising sustainability obligations within the Chief Constable's annual assurance statement, this matter will be considered further when the statement is next due.

5. FINAL DRAFT NIPB ANNUAL REPORT AND ACCOUNTS 2025-26

The Director of Resources reminded Members that the draft NIPB annual report 2025-26 was considered by the committee at the previous meeting in May 2026 and invited an official from the finance team to provide an overview of proposed changes.

The finance officer updated Members on changes to the Chair's foreword, Internal Audit arrangements, Policing and Community Safety Partnership (PCSP) assurance, disclosure of remuneration for Board Members, an amendment to percentage remuneration for average employee salary and allowances, and an additional disclosure under non-cash items for other operating expenditure, and provision expense.

Members raised the following matters:

- In relation to PCSP assurance, the Chair sought clarification on the timetable for the approval and sign-off of the NIPB Annual Report and Accounts, and on the wording used within the assurance statement. Reference was made to the fact that Internal Audit was scheduled to undertake an on-site review of the relevant PCSP council at the end of June 2026, prior to the Annual Report and Accounts being laid before the Northern Ireland Assembly.

In response the Director of Resources advised that the annual report covers the period up to 31 March 2026 and that any updates and timings of an Internal Audit review relating to the PCSP matter will be captured, as appropriate, as part of the 2026-27 annual report.

- Clarity on breakdown and disclosure for total non-cash expenditure and accompanying notes to explain the split for non-cash items (depreciation and amortisation); and additional detail requested on the depreciation expense reported.

Following consideration of the annual report and financial statements for the year ended 31 March 2026, Members indicated they were content to:

- **RECOMMEND** that the NIPB Annual Report and Financial Statements 2025-26 be signed by the Accounting Officer.

The Chief Executive, together with the Chair, thanked the Board's finance team and auditors for their hard work to ensure the annual report and accounts were completed within the required timescales and to a high standard.

5.1 Northern Ireland Audit Office Letter of Understanding

Members **NOTED** the Letter of Understanding from the NI Audit Office to the Chief Executive which sets out the basis on which the Comptroller and Auditor General (C&AG) audits the accounts of the NIPB; and the respective responsibilities of the Chief Executive, as Accounting Officer, and the NIAO, acting on behalf of the C&AG.

6. EXTERNAL AUDIT

6.1 Draft Report to Those Charged with Governance

The senior account manager from AAB accountants presented the Draft Report to Those Charged with Governance in respect of the NIPB Annual Report & Financial Statements for the year ending 31 March 2026.

Key messages from the report were outlined including the intention to provide an unqualified audit opinion without modification, an adjustment to the financial statements and a provision following the settlement of a legal case in favour of the Board (£230k), noting the potential for an appeal, and that there were no other uncorrected misstatements and irregular expenditure.

In respect of the audit status, Members noted that it was substantially complete with key outstanding items relating to an assurance report for service organisations (AccountNI and ITAssist), that there were no issues to report from an independence perspective, no significant risks around management override of controls have been identified, and of an observation on accounting estimates under key findings.

The Chair requested further details on the £230k adjustment referenced above and under accounting estimates, the legal provisions reported at year-end, and the likelihood and potential value of claims.

Members **NOTED** the Draft Report to Those Charged with Governance and related updates.

6.2 Letter of Representation

The committee **NOTED** the Letter of Representation from the Board's Chief Executive to the Comptroller and Auditor General of the NI Audit Office to confirm fulfilment of the responsibility for preparing accounts that give a true and fair view of the state of affairs, net expenditure, cash flows, changes in taxpayers' equity; and the related notes for the year ended 2025-26.

7. COMMITTEE BUSINESS

7.1 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 March 2026 to 31 May 2026.

Members raised the following matters:

- Resource management – requested an update on the Board’s budget allocation for 2026-27.

The Director of Resources referred to recent correspondence from the Department of Justice (DOJ) advising of the indicative budget allocation based on the 2025-26 opening budget, and that work will progress to phase the budget allocation accordingly and take decisions on proposed options to address a funding gap of £375k.

- Sickness absence - positive feedback on the low level of sickness absence at the Board compared to the wider NI Civil Service.

- Systems development – requested an update on the assessment and testing of ‘Generative AI’ Microsoft 365 Co-Pilot.

Officials advised Members that work is underway to assess the potential use of Microsoft Copilot to support improved productivity and operational efficiency across the organisation.

Members were informed that data security and information governance would be key considerations in any implementation. It was noted that the PSNI has already embraced Artificial Intelligence (AI) technology, and consideration is being given to the potential development of a bespoke Copilot solution that could integrate with the Board’s existing records management system.

Members discussed the availability of guidance from NICS or IT providers, whether the AI options available were open or closed systems, and following discussion it was agreed to provide the committee with any available guidance and to engage with PSNI for advice and support. **(AP1)**

- Information management – Members discussed ongoing pressures within the organisation to manage Freedom of Information (FOI) and Data Protection Act (DPA) requests, the nature and extent of AI generated requests and the potential use of AI to support responses.

Members **NOTED** the updates provided.

7.2 Committee Effectiveness Evaluation 2025-26

The Director of Resources asked Members to **NOTE** the results of the ARAC Self-Assessment Effectiveness Questionnaire to assess the committee's performance throughout the 2025-26 year.

Members discussed the availability of training, provision of committee reports to the wider Board and audit teams following meetings, ensuring that meeting papers clearly state action to be taken by Members, consideration given to a future discussion on risk appetite and to share a report from a previously completed project on risk appetite with the committee, and to review the appetite section of the Board's Risk Management Framework.

Following discussion it was agreed to progress the matters outlined above.

(AP2)

8. INTERNAL AUDIT (IA)

8.1 Internal Audit (IA) Annual Report & Opinion 2025-26

The IA audit manager briefed the committee on the IA Annual Report & Opinion 2025-256.

Members were provided with an overview of the four audit reviews completed in 2025-26 and the deferral of one review (Causeway Coasts & Glens follow up) to the 2026-27 audit plan.

Members noted the overall "Satisfactory" opinion and there are no significant issues arising from the IA work carried out in 2025-26; progress against Key Performance Indicators (KPIs) for the IA Service; continuing resourcing pressures with the recruitment of trainee auditors; and assurance processes

in place.

Members raised the following matters:

- IA coverage of shared services within Digital and Security Services and the change in audit opinion from limited to satisfactory over the last 4 years for Information Assurance within Digital Shared Services (now Digital, Security and Finance Shared Services).
- Sought clarity on the introduction of a new annual cyber security assurance process (January 2026) for organisations connected to the NIGov corporate network, and if this includes the Board, or whether there is a need for separate assurance (standalone versus core systems).
- Board processes in place to ensure the safe sharing of data with external stakeholders, and it was agreed to confirm the assurance structures and security arrangements in place for transferring records.

(AP3)

Members **NOTED** the updates provided.

8.2 IA Progress Report

The committee **NOTED** a verbal update on the work of IA and that fieldwork will soon commence on the CC&G PCSP follow up review deferred from the 2025-26 audit plan, and a report to the committee is expected at the next meeting in September 2026.

8.2.1 IA Review of NIPB Governance and Oversight of PCSP's

Members **NOTED** the final audit report.

8.2.2 IA Review of NIPB Resources Committee

Members **NOTED** the final audit report.

8.2.3 IA Review of Financial Management and Budgetary Control within NIPB

Members **NOTED** the final audit report.

8.3 IA Open Recommendations

The Director of Resources updated Members on progress made in respect of IA open recommendations for completed audits and advised that since the last Committee update in March 2026 the number of open recommendations has increased from eight to eleven, following the completion of an IA review of *Governance and Oversight of Police & Community Safety Partnerships* (May 2026). Additionally, a summary was provided on the priority 1, 2 and 3 recommendations.

Members discussed progress made in addressing the outstanding recommendation relating to the Retention and Disposal Policy, specifically concerning disposal of the Board's physical records.

Members considered plans in place to achieve completion by the target date of 31 December 2026.

Members **NOTED** the updates provided.

8.4 IA Audit Plan 2026-27 - Final

Members **NOTED** the final IA audit plan 2026-27, following the incorporation of amendments agreed at the committee meeting held in March 2026.

9. RISK

9.1 Corporate Risk Register

The Director of Resources advised Members that the Board's Senior Management Team had reviewed the NIPB Corporate Risk Register (CRR). Members noted that the number of corporate risks remained unchanged at seven since the previous update to the committee in March 2026.

Members discussed the following matters:

- Risk 2: PSNI Human Resources and Estates Responsibilities - progress made in securing confirmed indicative revenue and capital budget allocations for the PSNI for 2026-27.
- Risk 3: NIPB capacity and capability (staffing) – sought clarification on the increase in the residual risk score (was 4 now 9). Members were advised that the score had been increased prior to the March 2026 meeting and reflected the risks arising from the indicative budget allocation and the associated funding gap.
Members noted that these financial constraints could impact the Board's ability to fill vacant posts during the period, with potential consequences for staff capacity, workload, and health & wellbeing
- Risk 4: Ill Health retirement & Injury on duty functions and processes – ongoing concerns relating to the 'red' risk classification and work taking place to review legislation and identify mitigating actions to address the high level of risk.

It was agreed that consideration should be given to amending the way in which the risk is recorded to distinguish between those actions within the Board's control and those matters that are dependent on the current regulatory framework and require legislative change. **(AP4)**

Additionally, Members were advised that work to mitigate the risk remains ongoing, including continued lobbying for legislative change and engagement with senior officials within DOJ.

Following discussion, it was agreed that consideration should be given to the available options for the digitisation of records as part of preparatory work to support any future legislative changes that would permit the transfer of records to PSNI. **(AP4)**

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

9.2 Partnership Directorate Risk Register

The Director of Partnership presented the Partnership directorate risk register and Members **NOTED** the five risk areas: Information management, Police Property Fund, PCSP funding, Independent Custody Visitors, and 25 year anniversary plans.

Members received an update on the following risk areas:

- Information Management – additional resource allocated to assist compliance staff and a recruitment competition for an assistant compliance officer has concluded, and a recruitment competition has been initiated to appoint a new Information and Governance manager.
- Police Property Fund (PPF) – categorised as low risk and that applications were currently open for the fourth call of the PPF small grants scheme.
- PCSP Funding – work remains ongoing in relation to follow up reviews for CC&G PCSP, and that a tracker is in development around PCSP governance following an IA review recommendation.

- Independent Custody Visitors (ICV) – next steps for the ICV Scheme will be considered following confirmation from DOJ that the proposed legislative amendment regarding ICV access to custody records will not be progressed through the Justice Bill.

Members discussed the implications of this decision, including the revised implementation timeline, the potential impact on the morale of Independent Custody Visitors, and the need to involve the Board's Human Rights Advisor in considering future options. Members noted the current position that any legislative changes will be considered in the next Northern Ireland Assembly mandate.

- 25 year anniversary plans – this risk relates to the potential for insufficient capacity within NIPB and partner organisations to provide the resources necessary to deliver the agreed outcomes for the event marking 25 years of the new policing arrangements in Northern Ireland.

Members discussed the ongoing challenges associated with this risk. It was confirmed that a range of options is being explored by the Strategic Oversight Group established to progress the anniversary plans, including opportunities for sponsorship and cost-sharing arrangements with partner organisations.

Members **NOTED** the updates provided.

10. NIPB DRAFT 2026-27 RESOURCE PLAN

The Director of Resources updated Members on the draft NIPB Resource Plan 2026-27 following previous consideration at the committee meeting in March 2026 when Members noted but did not approve the resource plan due to potential unfunded budget pressures of £375k.

Members were provided with the findings of a budget reduction exercise

undertaken by senior officials to identify options for reducing the Board's financial commitments.

Details were presented on each proposed budget reduction, including the budget areas affected, a description of the saving, the estimated financial benefit, and the potential implications associated with implementing the proposed measures.

Members raised the following matters:

- Sought clarification on whether the reported potential funding gap of £375k for the Board in 2026–27 represented a true reflection of the financial pressures facing the organisation.

In response, a range of potential budget pressures were outlined, including pay pressures arising from the provision for a 3% inflationary uplift, which remains subject to confirmation.

Members were also advised of non-pay pressures identified by individual budget holders and a desire from DOJ to increase the budget allocation for PCSP funding by 5%.

Members noted that these factors contribute to the overall financial challenge facing the Board and may have an impact on the final level of budget pressure for 2026–27.

- Challenges associated with achieving a balanced budget given the budget pressures outlined above, together with the notification of a flat budget settlement for both the current financial year and the subsequent two years.

In response, the Director of Resources outlined the potential impact of *Barnett consequentials*, which provide additional funding to Scotland, Wales and Northern Ireland when public expenditure in England changes under the Barnett Formula. Members were advised that such funding may assist in addressing additional pay-related costs;

however, the extent of any benefit to the Board remains subject to future funding allocations and budgetary decisions.

Members were also advised of a number of uncertainties affecting organisations across the wider public sector; an update on PCSP funding; the low likelihood of additional funding becoming available during the financial year; and the risks associated with implementing budget reductions or ceasing activities within the business areas identified as part of the budget reduction exercise.

- The option of utilising the PPF to address the potential funding gap and concerns were expressed regarding the impact that this approach could have on the level of funding available to support policing and community safety projects within local communities.
- Implications of slowing the processing of caseloads within Police pensions & Injury Benefits directorate including creating a backlog of cases likely to result in an increase in FOI requests, complaints, and stakeholder scrutiny. Members also noted the potential reputational and operational risks associated with any reduction in service delivery in this area.
- Concerns were raised regarding the perception of allocating Board resources to support events marking the 25th anniversary of the new policing arrangements in Northern Ireland, particularly in the context of ongoing financial and resourcing pressures.

Following discussion it was agreed based on the information provided to keep the cost saving measures, the Resource plan and potential financial pressures facing the Board under review as the year progresses.

Members **NOTED** the updates provided.

11. PSNI AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON THURSDAY 28 APRIL 2026

The Director of Resources asked Members to **NOTE** the summary of issues and combined PSNI papers for the PSNI ARAC meeting held on Tuesday 28 April 2026.

Members discussed PSNI Internal Audit reports and noted that no Priority one recommendations had been issued during 2025-26.

Members sought clarification on the criteria used to select audit areas and received an update on a change to the Corporate Risk Register, whereby the tolerable risk rating for the Data and Information Risk Management risk had been reduced in line with PSNI's Risk Appetite Statement.

Members expressed the view that operational risks facing PSNI did not appear to feature prominently on the PSNI ARAC agenda and requested further information on the accountability framework operating at senior levels within the organisation.

Members also emphasised the importance of maintaining a strong risk management framework to support public confidence, including in areas such as representativeness, and highlighted the need for effective governance processes and oversight arrangements to ensure risks are appropriately managed and monitored.

In response to the issue raised regarding PSNI operational risks the Chief Executive advised that the PSNI Chief Operating Officer is scheduled to attend the Board meeting in September 2026 to discuss the PSNI's approach to risk prioritisation and to provide assurance to the Board, and that any further actions needed to provide assurance to the Board around PSNI management of operational risks could be considered following that Board

meeting.

Members were also advised that the PSNI conducts targeted deep-dive reviews, where appropriate, to provide additional assurance in relation to specific risk areas. It was further noted that the CRR is a high level strategic document and should be considered within the context of a large and complex organisation, where more detailed operational risks are managed and monitored through supporting governance and risk management arrangements.

Members **NOTED** the updates provided.

12. CHAIRPERSON'S BUSINESS

12.1 Counter Terrorist Check (CTC) for Northern Ireland Audit Office (NIAO) Staff and NIAO Contractor Staff

Members **NOTED** correspondence from DOJ to the NI Audit Office in respect of issues previously brought to the Committee's attention on CTC security clearance for a number of NIAO staff and contractor staff who were allocated to audits across the Justice portfolio.

The NIAO audit manager advised that following an administrative error DOJ's security vetting team have carried out checks on a sample basis and have gained sufficient assurance to allow the planned NIAO audit work to continue as normal.

13. COMMUNICATIONS ISSUES/ OPPORTUNITIES

None.

14. ANY OTHER BUSINESS

None.

15. DATE OF NEXT MEETING

The next meeting is scheduled to take place on Thursday 24 September 2026 at 2pm in James House.

Meeting closed at 4.10pm

Strategic Planning & Governance

Date: June 2026

CHAIR