

NORTHERN IRELAND POLICING BOARD

**MINUTES OF MEETING OF AUDIT AND RISK ASSURANCE COMMITTEE HELD
ON THURSDAY 20 JUNE 2024 AT 2PM IN JAMES HOUSE AND VIA ZOOM**

PRESENT:

MEMBERS

Mr Patrick Nelson (Chair)
Mr Gerry Kelly MLA
Mr Keith Buchanan MLA
Mr Tommy O'Reilly*

IN ATTENDANCE:

INTERNAL AUDIT

Mrs Cathy Hadden
Ms Lacey Walker

**NORTHERN IRELAND AUDIT
OFFICE**

Ms Sarah Heanen

FPM ACCOUNTANTS

Ms Suzanne Villiers
Ms Teresa Campbell*

DEPARTMENT OF JUSTICE

Ms Lindsay McCormick

OFFICIALS

Mrs Sinead Simpson, Chief Executive
Mr Sam Hagen, Senior Director of
Resources

Five Board Officials

* Attended the meeting via video conference.

1. APOLOGIES

Apologies were received from Mr Frank McManus and Mr Peter McReynolds

MLA.

2. CONFLICTS OF INTEREST

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

No matters for discussion were raised under 'Any Other Business' and it was confirmed the meeting was quorate.

3. DRAFT MINUTES OF THE MEETING HELD ON:

3.1 Thursday 28 March 2024

It was **RESOLVED**:

- That the minutes of the ARAC meeting held on 28 March 2024 be approved.

3.2 Thursday 23 May 2024

It was **RESOLVED**:

- That the minutes of the ARAC meeting held on 23 May 2024 be approved.

At this point, and to ensure the key decision in relation to the Annual Report was taken while the necessary number of Members were in attendance, the Chair requested Members move to consider Item 9 of the agenda, the NIPB Annual Report and Accounts 2023-24 before returning to Item 4. Details of the discussion are included at Item 9 below.

4. COMMITTEE ACTION LOG

The Committee **NOTED** the updates detailed within the Action Log and the related verbal overview provided by the Senior Director of Resources in respect of the open action from the meeting held on 28 March 2024.

Action point 6 from 28 March meeting

The Senior Director of Resources advised that the results of the Audit & Risk Assurance Committee Effectiveness Review would be presented to the Committee at agenda item 11 of today's meeting.

5.0 CHAIRPERSON'S BUSINESS

There were no items under Chair's Business brought to Committee.

6.0 PSNI ARAC MEETING – 30 APRIL 2024

The Chief Executive provided an update on key issues from the PSNI ARAC meeting on 30 April 2024. The Chief Executive gave an overview of the issues discussed at the meeting which included:

- An update on Operation Sanukite including the establishment of a Data Board, role of delivery group, bid for transformation monies, group litigation and the potential for a fine.

The Committee Chair noted that the role of Chair of the Data Board was held by a PSNI officer rather than a civilian staff Member. Board

officials provided some context in respect of the role of the then ACC Todd as SRO (Senior Responsible Officer) at the time of the data breach and that when he assumed the role of T/DCC, for continuity, that piece of work came across with him to the new post. The CE advised the Committee that an update from the Data Board is expected very shortly following which the Board would give consideration to accountability arrangements in terms of the implementation of the recommendations.

- A deep dive into Attendance Management including revisions being made to the Standard Operating Procedures, training for first line supervisors, ongoing resourcing issues, reducing touch points and the availability of performance data through PULSE. Members discussed the potential availability of more officers and considered whether this issue is being robustly managed. CE noted this is also an area of focus for the Resources Committee but not yet seeing any results. The Chair noted the importance for this remaining an area of focus for the Board.
- The Audit Strategy for 2024/25 was considered and the Committee noted that approximately 30 internal audits had been completed which was considered satisfactory by auditors. On the external audit the Chief Executive advised that planning work continued.
- Corporate Risk Register which the Chief Executive reported, from her perspective as an observer, appeared to be working effectively. Data Breaches and the work in future around the Data Protection Act and AI/facial recognition. A Member asked if Artificial Intelligence and its appropriate use in policing is something the Board's Human Rights Advisor is aware of it. **AP1**
- Outstanding PSNI Recommendations which the CE advised PSNI ARAC were also taking an active role in monitoring.
- Other items of business such as routine financial reporting, stewardship statements, Fraud and DAC reports.

In relation to the PSNI's Whistleblowing/Raising Concerns policy, a Member

sought clarification that whistleblowing and Raising Concerns were one in the same policy. The CE also advised that she would ensure the PSNI policy was circulated following today's meeting. **AP2**

The Chief Executive also informed the Committee that she would be attending the PSNI ARAC Committee meeting on the 21st June and following this would provide Members with an update of the key issues from the meeting. **AP3**

7. NIPB INTERNAL AUDIT

7.1 Internal Audit Annual Report & Opinion 2023-24

The Head of Internal Audit presented the Annual Report and Opinion for year ended 31 March 2024 highlighting that the Annual Report and Opinion was a key document in terms of the Accounting Officer's Annual Governance Statement which is included within the Annual Report and Financial Statements. The Head of Internal Audit advised that Internal Audit's opinion on NIPB's internal governance, risk management and internal control system was 'satisfactory' based on both internal audit activity during this financial year and also cumulative assurances derived from internal audit activity during the previous four years. The Head of Internal Audit also noted there were no Priority 1 recommendations made during the 2023-24 year.

The Head of Internal Audit confirmed there were no significant issues arising from their internal audit work in 2023/24 and that Internal Audit has operated independently, and in line with Public Sector Internal Audit Standards (PSIAS)

Members were advised that an Internal Quality Assessment was carried out in August 2023 and a five yearly External Quality Assessment was carried out by the Chartered Institute of Internal Auditors in March 2024. Both assessments concluded that NICS IAS generally conforms to the IIA's professional standards.

The Head of Internal Audit also informed Members that one audit had not been delivered as scheduled by 31 March 2024 due to staffing issues within

the Internal Audit team however the Head of Internal Audit advised that additional resource had now been introduced to the team to mitigate this issue.

Members **NOTED** the Satisfactory Internal Audit Opinion for 2023/24

7.2 IA Verification Review of Causeway Coast and Glens Council's Compliance with Procurement Policies and Procedures - 2023/24 PCSPS Funding

Internal Audit introduced and provided context to this agenda item, (that the Verification Review of Causeway Coast and Glens Council's (CCG) Compliance with Procurement Policies and Procedures in respect of 2023/24 PCSP funding had been carried out following a previous audit relating to conflicts of interest following which they had written to the council highlighting issues that had emerged during the previous audit). This earlier work resulted in agreement to progress this audit with targeted work on CC&G Procurement Policies and procedures, the objective of which was to select a sample of procurements and verify that procurements were undertaken in accordance with the CCG's procurement policies and procedures as stipulated in the PCSP letter of funding.

IA advised there were 3 recommendations in the report and 1 follow up recommendation from the previous Conflict of Interest Audit. Members were also advised of the upcoming meeting of the Joint Committee at which this report would be discussed.

Internal Audit informed Members that following an April 2023 Advisory Review of CC&G's management of any potential PCSP Conflicts of Interests, instances of non-compliance with CCG's procurement policies and procedures were observed. A separate management letter was sent to the NIPB on 23

May 2024 explaining they had been unable to fully verify funding and made the following observations:

- An incorrect procurement method chosen for one and potentially two of the six projects selected for testing when appointing providers to manage and administer projects.
- CC&G's PCSP's Strategic Assessment not being in line with other PCSP's creating issues with the procurement method being chosen for PCSP projects.
- Inconsistencies within the Procurement Policy and associated forms failing to capture key information.
- Direct Award Contract (DAC) forms were not completed and/or separate evidence retained for any of the selected sample where the provider or goods and services were procured without competition.

Following the presentation Members discussion focused on the following:

- DACs not being completed, (Members noted the report stated only 3 complete from a possible 12 required). Members expressed concern that this may be indicative of a more systemic issue. IA noted that due to the timing of their review the completion of DAC forms was not mandatory at the point the procurement exercises were undertaken, however noted that IA will be undertaking a follow up review to ensure that all applicable 2024-25 projects have been completed correctly.
- Broader issues that may be of concern across councils, the assurances/accountability mechanisms in place for PCSPs, and what tools remain available to the Board/Joint Committee should they not be satisfied following the completion of the follow up audit.

Members **NOTED** the update provided.

7.3 IA Fact Finding Review of NIPB's Assurance Framework (verbal update)

Internal Audit provided an update on the review of NIPB's Assurance Framework and advised Members they welcomed the wealth of assurances within the Framework and that some suggestions had been made in terms of updating the Assurance Framework for key sources of assurance particularly those relating to Police Pensions.

Internal Audit also advised that the draft Management letter had now been issued and that it was Internal Audit's view that there are no significant gaps or duplications within the framework.

Members **NOTED** the update provided.

7.4 IA Progress Report (verbal update)

The Head of Internal Audit provided an update on progress in the first quarter of the 2024-25 year and informed Members that the Terms of Reference for the Internal Audit review of Information Management and Security have recently been agreed and work will commence on the review in the coming weeks.

Members **NOTED** the update provided.

7.5 NIPB Internal Audit Open Recommendations

The Director of Resources presented a paper which provided Members with an update on the progress made on the implementation open Internal Audit recommendations.

It was reported that three Priority 3 Recommendations which had been identified following an Internal Audit review of NIPB Procurement and Contract Management in March 2024 were now considered closed.

The Director of Resources advised there are currently seven remaining open recommendations, 4 of which, as previously discussed are from the verification review completed of Causeway Coast and Glens (CCG) Council's compliance with its procurement policies and procedures in respect of 2023/24 PCSP funding and included **three Priority 2** Recommendations and **one Priority 3** Recommendation.

The Director of Resources advised that the final report including NIPB management responses was issued in June 2024 and implementation dates for these recommendations has been agreed for completion between September 2024 and December 2024.

In respect of the **other Priority 3** Recommendation regarding the testing of the Business Continuity Plan following the review, it is anticipated that this testing will be undertaken at the end of August 2024.

With regards to the older open recommendations the Director of Resources advised there was an issue around insufficient assurance regarding the implementation of **one Priority 2** Recommendation arising from the 2022-23 advisory review of 'CCG Council's Management of any Potential and/or Perceived PCSP Conflicts of Interests'. It was explained that this relates to PCSP Community Safety Grant Assessment Panels and has been added as a follow up recommendation with confirmation by NIPB management of an implementation date by December 2024.

In regard to the **Priority 2** recommendation arising from an audit on Information Management Security in March 2022, the Director of Resources noted the similar challenges being faced by other organisations in terms of applying the Schedule to electronic records. However following the return of

the Assembly, the Retention and Disposal Schedule is now active and **resource** permitting, Board officials will progress an exercise to review physical files held at James House.

Following the presentation Members discussion focused on the following:

- Steps available to the Board/Joint Committee in terms of managing risks around PCSP funding such as putting in place an action plan or the possibility to withhold a letter of offer if PCSP action plans do not properly take account of strategic priorities for the Minister.
- Board officials advised that funding has never previously been stopped as a result of an audit issue.
- Governance issues at a council level
- How assurance will be provided to ARAC regarding the test of the BCP scheduled at the end of August. Board officials advised that it will be carried out as a desktop exercise.

Members **NOTED** the updates provided.

8.0 EXTERNAL AUDIT

8.1 Draft Report to those charged with Governance

The Committee noted the NIAO Draft Report to Those Charged with Governance in relation to the Annual Report and Financial Statements for the year ended 31 March 2024.

Ms Heanan from NIAO thanked the Head of Finance and his team for their work and noted that the audit had been completed over the previous 4 weeks. She went on to provide an overview to the Committee of the draft report noting the unqualified opinion and highlighting key points below:

- The Financial Statement adjustments are as at May, noted the one

uncorrected misstatement and no irregular expenditure.

- The current status of the audit – that they are still awaiting information from one of the Shared Services organisations (HRConnect) but had received all requested info from ITAssist.
- Noted that the Audit Strategy had been presented in March.
- Highlighted the adjustment which in their opinion should be a provision not an accrual. She noted that the priority 2 recommendation related to this, and should the related legal case not be resolved this year, EA recommend this sum show as a provision in next year's accounts. The Chair sought clarification on why this had not been changed for the current year and Board officials advised that this was due to the expectation that the case would have been brought to a conclusion throughout the 23-24 year.

Following the presentation the Chair thanked the NIAO and requested clarification on whether segregation of duties would be tested as part of the audit process. It was clarified that significant expenditure is incorporated in the sampling and journal entries would be tested for this as well.

Ms Heanan noted thanks to FPM, the NIPB Finance Manager and his team and outlined the early July timeframe for the laying of the accounts with the NI Assembly.

Members **NOTED** the update provided.

8.2 Letter of Representation

Following on from the above, the Director of Resources presented this paper which asked the Committee to consider the Letter of Representation, and if content recommend that the Letter of Representation be signed by the Accounting Officer.

Members confirmed they were content with the letter and agreed to recommend that it be signed by the Accounting Officer. Members also noted that this would be tabled at the next Board meeting for Members' information.

AP4

9.0 DRAFT ANNUAL REPORT & FINANCIAL STATEMENTS

The Committee considered the NIPB's draft Annual Report and Financial Statements for the year ended 31 March 2024 including the Chair's Report, Performance Report, Accountability Report and Financial Statements.

A Board official informed Members there had been no substantive changes to any of the reports following the previous meeting on 23 May 2024 and the Director of Resources advised that External Audit have confirmed that they are satisfied with the content of the reports.

Following discussion Members agreed to recommend that the Chief Executive, in her role as Accounting Officer, sign the Annual Report and Accounts prior to formal submission to NIAO. **AP5**

Members noted that the full Board would be advised of this at the next scheduled meeting in September 2024.

10.0 RISK

10.1 NIPB Corporate Risk Register

The Director of Resources presented the Corporate Risk Register (CRR) and advised that this is reviewed by the Senior Management Team (SMT) at regular intervals and was reviewed earlier in June ahead of this meeting.

Members were advised that the CRR is a live document and while no new risks have been added to the register since the previous meeting in May 2024,

the related actions have been updated. It was also noted that following today's discussion, Risk 5 around PCSPs could be updated to reflect the discussions. The Chair asked officials to consider if today's discussion could or would also lead to consideration of the inherent and residual scores around Risk 5.

A Member also asked how the date of any updates made could be reflected on the Register. **AP6**

The CE noted a detailed discussion which took place at SMT in relation to Freedom of Information requests, and whether or not this risk, which is currently on the Directorate RR should be escalated to the CRR. While no proposal has been made to escalate this risk as yet, the CE noted that SMT will continue to monitor this closely.

10.2 Resources Directorate Risk Register

The Director of Resources presented the Resources Directorate Risk Register and advised that this is reviewed regularly at a Directorate level.

An overview of the 4 branches comprising Resources Directorate was given and Members noted that 2 Directorate level risks have already been escalated to CRR [NIPB staffing & PSNI HR]. The Director of Resources highlighted ongoing issues relating to the James House premises and the ongoing related remedial work currently taking place.

The Director of Resources also advised that Risk 3 on the Corporate Risk Register NIPB Capacity and Capability (Staffing) had been reassessed and moved to a higher residual score and amber classification.

Members **NOTED** the update provided.

11.0 COMMITTEE EFFECTIVENESS QUESTIONNAIRE

The Director of Resources provided an update on the Audit Risk & Assurance Committee Effectiveness Questionnaire and highlighted several themes arising from the questionnaire including:

- Induction and training requirements for new Committee Members
- Issues in relation to Membership of more than one Committee
- Engagement and information sharing with Internal/External audit

The Director of Resources then sought Members views and made suggestions as to how they would like to proceed following consideration of the results of the Effectiveness questionnaire.

Following discussion, it was agreed that the Chief Executive and Director of Resources would work through responses with the Audit and Risk Assurance Chair and Vice Chair, consider next steps and bring a paper to a future meeting of the Committee. **AP7**

Members **NOTED** the update provided.

12.0 GOVERNANCE UPDATES

12.1 NIPB Fraud (including Annual Review of NIPB Fraud Policy)

A Board official presented papers on NIPB Anti-Fraud and Fraud Response Policies and informed Members that the Board takes a zero tolerance approach to fraud and discussed the processes and mechanisms currently in place for reporting and responding to a suspected fraud.

The Board official advised Members that the Senior Management Team had last approved both policies in December 2023.

Following the presentation, discussion focused on the contact and access arrangements currently in place in relation to the Chair of Audit Committee and, in response to a query from a Member as to why managing fraud sits with the Executive branch rather than the Board, the CE noted details of her role as accounting officer and managing risk within the organisation as part of the executive function.

Members **AGREED** the NIPB Anti-Fraud and Fraud Response Policies and noted that these will now be published on the Board's website. ***AP8***

12.2 NIPB Direct Award Contracts

The Director of Resources noted there were no Direct Award Contracts to report within the period.

12.3 Raising Concerns

The Director of Resources noted there were no cases of Raising a Concern reported within the period.

12.4 Complaints

The Director of Resources noted there were no live complaint cases currently being progressed by the Board.

12.5 NIPB Gifts and Hospitality Register

The Director of Resources noted there had been two Gifts or Hospitality reported within the period.

13.0 FOI/ Data Protection Act Request Statistics

13.0 A Board official presented a paper which provided Members with summary information on Freedom of Information Requests (FOIs) and Data Protection Subject Access Requests received by the Board between 1 April 2023 and 31 March 2024.

The Board official advised there had been a significant increase in the number of FOI's received during this period noting that these had approximately doubled and were directed primarily to Resources Directorate and PPIB (but mostly PPIB). He highlighted the volume of cases received into Police Pensions and Injury Benefits Branch (PPIB) and the complexities in processing some of the cases received.

Members were also made aware of the number of SARs received during this period (43 requests) and the Chair asked whether this is likely to be an "outlier" or whether this could represent a new normal. Board officials noted the disproportionate impact on PPIB and that this was likely to continue for the foreseeable future. This led to a broader discussion around the possibility to petition DoJ for additional resource and the wider issue of challenges in recruitment of permanent staff.

Members also discussed:

- Issues around the recruitment of additional Selected Medical Practitioners (SMPs), and Members noted that these career vacancies are currently posted on the Board's website.
- The maximum costs and timescale restrictions for processing requests under FOI/DPA legislation.
- Scope, progress or intentions regarding digitisation of PPIB records. The CE noted that this would be part of a longer term piece of work which would require structural change, and integral part of which would require procurement of a case management system.

Members **NOTED** the update provided and thanked the FOI/DPA team for their work throughout the year.

14.0 Communication Issues/ Opportunities

No communication issues were reported.

15.0 Any Other Business

The Director of Resources advised Members of a previous recommendation from the Audit & Risk Assurance Committee to the Chief Executive around reducing staff turnover and highlighted a sizable reduction in 2023/24 with staff turnover down to 13.5% from the previous year's percentage of 38.5%.

16.0 DATE OF NEXT MEETING

The next meeting is scheduled to take place on Thursday 26 September 2024 at 2pm in James House.

RESOURCES DIRECTORATE

July 2024

Chair