

REVIEW OF THE GOVERNANCE ARRANGEMENTS IN DCAL'S ARM'S LENGTH BODIES

This paper provides information on the eight Department of Culture, Arts and Leisure Arm's Length Bodies in Northern Ireland. The contents of this paper are a summary of the document produced by CIPFA entitled, 'Review of the Governance Arrangements in DCAL's Arm's Length Bodies'. This Review was conducted in May 2008.

The paper highlights the weaknesses of the eight Arm's Length Bodies, as detailed in the CIPFA's Review.

ARTS COUNCIL NORTHERN IRELAND

- The Board of the **Arts Council Northern Ireland (ACNI)**, as appointed by DCAL, is **light on financial skills**;
- The current Board **does not have a qualified accountant**; the Board has co-opted two qualified accountants to its Audit Committee;
- CIPFA would advise that it is **very difficult for a small internal audit function** (of less than three staff) **to fully comply with Government Internal Audit Standards**, in particular the requirements to have quality review of all audits and independence;
- **ACNI does not have a Scheme of Delegation or Schedule of Matters Reserved to the Board**;
- In CIPFA's opinion, an organisation of the size of the Arts Council should ideally have a qualified accountant on the Senior Management Team;
- Board Members are provided with training opportunities but attendance is often poor;
- CIPFA noted that, in more than half the minutes of meetings held during 2007, ACNI finances were not referred to;
- Risks are reviewed quarterly by senior management and discussed by the Audit Committee. However, risk management was discussed at Board level on only one occasion during 2007 (11 Board meetings);and

- ACNI believe that the quarterly accountability meetings between DCAL officials and ACNI staff would be more appropriate and more strategic if DCAL's Grade 5 attended.

NATIONAL MUSEUMS NORTHERN IRELAND

- The current **National Museums Northern Ireland (NMNI) Board has no professional accountant;**
- The Board places a strong **reliance on the General Purposes and Finance Committee to monitor the financial progress** of NMNI against the budget;
- A number of **high priority recommendations** by the internal auditor are currently being addressed but have been **outstanding for some time** e.g. corporate governance of W5;
- Members of the Audit Committee have not had specific audit committee training, which **does not comply with HM Treasury guidelines;**
- In CIPFA's view, it is not good practice to appoint an entirely new Board all at the same time, as the benefits of experience and continuity may be lost; and
- W5 may represent a higher risk in terms of potential governance failure.

NORTHERN IRELAND SCREEN

- **No Audit Committee training has been provided** for members;
- CIPFA found **little evidence in the Board minutes that risks are discussed** at Board level;
- **Northern Ireland Screen does not have a Scheme of Delegation or a Schedule of Matters Reserved** to the Board;
- Northern Ireland Screen **does not have a disaster recovery plan** but is currently in the process of preparing one;
- The **Board does not appear to monitor performance against the key Performance Indicators** nor does it consider the key business risks facing the organisation at Board level.
- In the past, DCAL sent observers to the Finance and Audit Committee meetings but now no representative attends;
- The current funding arrangements do not guarantee year-on-year funding and require different management and reporting arrangements. The short-term and fragmented nature of funding creates a level of uncertainty in Northern Ireland Screen; and

SPORT NORTHERN IRELAND

- There are **no qualified accountants on the Audit Committee**. No formal training has been provided to members of the Audit Committee although Sport Northern Ireland informed CIPFA that the Chairman of the Audit Committee has attended a DFP seminar on Audit Committees;
- As Board Members generally have a strong involvement in local sport, there is a **high risk of conflicts of interest**;
- CIPFA was not convinced that the Board has strong financial, business and governance skills and there may be an **over reliance on the executive team in financial matters**;
- CIPFA was **concerned at the minimal training provided** to the Sport Northern Ireland Board Members who were nominated to join the Board of the Sports Institute; and
- CIPFA would advise that it is very difficult for a small internal audit function to fully comply with Government Internal Audit Standards.

ARMAGH OBSERVATORY AND PLANETARIUM

- The Armagh Observatory and Planetarium (AOP) has **no qualified accountant** internally;
- No members of the Audit Committee are professionally qualified or have finance experience and **no training has been provided recently**;
- The **Audit Committee falls short of HM Treasury guidelines**;
- CIPFA believes that the AOP Board should “**steps up to the plate** in terms of discharging its governance role – it needs to be “fit for purpose””;
- CIPFA noted that Board Members and members of the Management Committee do not have the range of skills associated with governance of public bodies;
- Lack of clarity over the status of AOP and resulted in a number of recent difficulties; and
- There is a feeling that DCAL lacks a champion for AOP.

FISHERIES CONSERVANCY BOARD

- There are **no qualified accountants** on the Board;
- There are **no qualified finance staff in Fisheries Conservancy Board (FCB)**;

- The **majority of Board Members are from stakeholder groups**; a risk that Members may not necessarily maintain a corporate focus on the conservation and protection of fisheries; and
- No hard copy financial report is provided for Board meetings.

NORTHERN IRELAND MUSEUMS COUNCIL

- The **majority of the Board Members represent stakeholder groups**;
- There are **no qualified accountants on the Audit Committee or the Board** and no training for Audit Committee members is provided;
- The **Audit Committee does not comply with HM Treasury Guidelines**;
- There is **no Scheme of Delegation or Scheme of Matters Reserved** to the Board; and
- CIPFA would have concerns that NIMC is too small an organisation to justify the trappings of a public body.

NORTHERN IRELAND EVENTS COMPANY

- CIPFA's review of the governance arrangements in place within Northern Ireland Events Company (NIEC), was based on an interview with the Acting Chief Executive and a review of the limited documentation available within the organisation;
- There are currently only three staff in NIEC as part of the 'winding-up' process;
- The Board of NIEC consisted of stakeholders;
- There were **no qualified accountants on the Board**;
- The Board **did not receive any induction training**;
- Until recently there **has not been an Audit Committee** within NIEC;
- There has been **no internal audit** information within NIEC since its inception;
- NIEC has **no risk register** for the organisation nor is there evidence that the Board ever formally considered the key risks facing the organisation;
- The **quarterly accountability meetings did take place**.
- Comprehensive **post-event evaluations were not carried out**;
- At the time of this Review (March 2008), **no-one within NIEC was acting as Company Secretary**;

- There was **no Scheme of Delegation within NIEC or Schedule of Matters Reserved** to the Board;
- A detailed budget was not presented to the Board;
- Deficiencies in financial reporting;
- NIEC did have a procurement process that was understood by staff but this was not documented until recently; and
- Monthly finance meetings to be held between NIEC and DCAL but these did not happen.

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