
CORPORATE GOVERNANCE FRAMEWORK

Directorate of Legal and Governance Services

August 2012

(Updated December 2016)

Definition of Corporate Governance

Corporate Governance is the way in which an organisation is directed and controlled. It defines the distribution of roles and responsibilities among the different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs including the processes through which the organisation's aims are set and provides the means of attaining those aims and monitoring performance.

This Framework provides an overview of the corporate governance processes and responsibilities within the Secretariat of the Northern Ireland Assembly. It is consistent with the role and responsibilities of the Assembly Commission which is the body corporate for the Northern Ireland Assembly.

Introduction

The Northern Ireland Assembly was established pursuant to the Belfast Agreement. The powers and functions of the Assembly are set out in the Northern Ireland Act 1998.

As a legislature the Assembly is independent from the Executive and is responsible for its own governance. As a self-governing institution, the Assembly must demonstrate that the Commission and the Secretariat:

- are able to show excellence in and withstand detailed scrutiny of its governance and management;
- are responsive to the needs of Members and others;
- meet recognised standards of best practice; and
- ensure the effective, efficient and economic use of resources.

The Corporate Governance Framework sets out details of the Northern Ireland Assembly Commission's corporate governance arrangements. It is intended to be a living document which will evolve as the Assembly Secretariat's corporate governance practices develop. It will therefore be kept under continuing review. It will be formally reviewed at least once a year in the context of the Annual Report and Accounts of the Assembly Commission and as part of the Business Planning cycle.

Organisation and Structures

Background

The structure of the Assembly Secretariat is illustrated at Annex A. There are three key organisational structures which support the delivery of corporate governance in the Assembly Secretariat. These are:

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- The Assembly Commission
 - The Secretariat Management Group
 - The Secretariat Audit and Risk Committee

The relationship between groups is illustrated at Annex B.

The decision making process

The authority of the Assembly Commission derives from the Northern Ireland Act 1998. The Clerk/Chief Executive operates within the authority formally delegated to him/her by the Assembly Commission. Business Plans and associated policies and procedures are developed by the Assembly Secretariat as directed by the Secretariat Management Group for approval as appropriate by the Assembly Commission.

The Assembly Commission

The Commission was established by the Northern Ireland Act 1998 (Section 40) to “provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly’s purposes”. The Commission’s statutory duties are listed at Annex C. The Assembly Commission may delegate any of its functions to the Speaker or a member of staff of the Assembly and may determine its own procedures.

Membership

The Assembly Commission is chaired by the Speaker and consists of five other Assembly Members. The current membership is as follows:

The Speaker (Chairman),
Mr Jim Wells, Democratic Unionist Party
Mr Alex Maskey, Sinn Féin
Mr Ross Hussey, Ulster Unionist Party
Mr Alex Attwood, Social Democratic and Labour Party
Mr Stewart Dickson, Alliance Party

The Independent Chair (or Independent Member) of the Secretariat Audit and Risk Committee attends meetings of the Assembly Commission in an observer capacity.

Meetings

The Assembly Commission normally meets monthly. The minutes of Commission meetings, once approved, are placed on the Assembly website.

Commission Secretariat

The Commission is supported by staff from the Assembly Secretariat in the Commission/Chief Executive's Office.

Annual Report and Accounts

The Assembly Commission produces an Annual Report which provides a comprehensive explanation of the work of the Commission and the Assembly. In addition, the Assembly's annual financial statements are audited by the Comptroller and Auditor General as required by the Government Resources and Accounts Act (Northern Ireland) 2001.

Clerk/ Chief Executive's Report

The Clerk/Chief Executive submits a short written update at each Assembly Commission meeting. This provides information on activity across the organisation, and the progress of the Assembly Secretariat in the delivery and development of its Business Plan aims and its services.

Secretariat Management Group (SMG)

Role

The Secretariat Management Group is a top level leadership and management forum to advise and support the Clerk/Chief Executive in the exercise of his/her duties. Decisions are taken both corporately and objectively. Its Terms of Reference are attached at Annex D. The SMG aims to undertake its responsibilities in a manner which is consistent with the Department of Finance and Personnel's Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013. It also aims to ensure that the Commission complies with the Parliamentary and Health Service Ombudsman's Principles of Good Administration (Annex E). The members of SMG are required to adhere to the Seven Principles of Public Life (the Nolan Principles) (see Annex F).

Membership

The Secretariat Management Group (SMG) comprises the Clerk/Chief Executive (Chair) and the Directors of:

- Corporate Services
- Facilities
- Legal and Governance Services
- Parliamentary Services

Other advisers may be invited to attend for particular agenda items.

The Clerk/Chief Executive operates within the authority conferred on him/her by the Commission in a formal Letter of Delegation. Similarly the scope of the authority under which each Director operates is contained in Letters of Delegation from the Clerk/Chief Executive.

Meetings

The Secretariat Management Group meets monthly or as required. SMG meetings are scheduled to co-ordinate with Assembly Commission meetings. Approved minutes of SMG meetings (and, where appropriate, papers considered at meetings) are placed on the Assembly intranet (AssISt).

Evaluation

The performance of SMG is evaluated as follows:

- Annual evaluation against Corporate Strategy strategic goals and aims
- Annual appraisal of Chairperson's performance by the Assembly Commission
- Individual assessment of Directors' performance by the Clerk/Chief Executive
- Identification of performance improvements in relation to individual members of the Secretariat Management Group
- Regular self review of SMG's remit, and operating procedures

SMG Secretariat

The Secretariat Management Group is supported by staff from the Commission/Chief Executive's Office (CCEO). CCEO is responsible for ensuring compliance with the SMG procedures including recording Directors' interests. An agenda and papers are circulated at least four working days in advance of meetings and a summary of the SMG Action Points is prepared within two working days of each meeting. Draft minutes are prepared within three working days of a meeting for consideration by the Clerk/Chief Executive. CCEO provides an induction pack and programme for new members.

Secretariat Audit and Risk Committee (SARC)

Role

The Secretariat Audit and Risk Committee supports the Clerk/Chief Executive in his/her role as Accounting Officer. It also provides support to the Assembly Commission in monitoring its responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances and reviewing the reliability and integrity of these assurances. SARC Terms of Reference are attached at Annex G.

Membership

Membership of the SARC includes a member of the Assembly Commission and two independent non-executive members, one of whom acts as Chairperson. The Clerk/Chief Executive, a representative of the NI Audit Office, the Assembly's Director of Corporate Services and Head of Internal Audit attend SARC meetings but are not members of SARC. Other Directors and senior officials are invited to attend meetings of SARC as required.

Meetings

The Secretariat Audit and Risk Committee meets quarterly and on other occasions as deemed necessary by the Chairperson and/or the Commission.

SARC Secretariat

The Committee is provided with a secretariat function by the Directorate of Legal and Governance Services. Minutes of SARC meetings are placed on the Assembly website and also on the intranet (AssISt) once approved.

SARC Evaluation

An assessment of the performance of SARC is undertaken as follows:

- SARC undertakes a self evaluation annually and includes the results in their Annual Report to the Commission.
- The appraisal of the SARC Chairperson is carried out annually by the Clerk/Chief Executive against objectives contained in the Letter of Appointment, the SARC Terms of Reference and the annual objectives for SARC. The Speaker as Chair of the Assembly Commission countersigns the Appraisal Report.
- The appraisal of the SARC independent member is carried out annually by the Clerk/Chief Executive against objectives contained in the Letter of Appointment, the SARC Terms of Reference and the annual objectives for SARC. The Chair of SARC countersigns the Appraisal Report.

Roles and Responsibilities

Clerk/Chief Executive

The Clerk/Chief Executive operates within the authority formally delegated to him/her by the Assembly Commission. The role of the Clerk/Chief Executive comprises three elements. First, as Clerk he/she is responsible for providing or ensuring the provision of procedural advice to the Speaker and Members of the Assembly. Secondly, as Chief Executive he/she is responsible to the Assembly Commission for the management of the administrative support services to the Assembly. Thirdly, the Clerk/Chief Executive is the Accounting Officer for the Assembly Commission's budget. The Clerk/Chief Executive is supported by the staff of the Commission/Chief Executive's Office. The Commission/Chief Executive's Office is managed by the Advisor to the Speaker/Head of Corporate Support, who in turn reports directly to the Clerk/Chief Executive.

Accounting Officer

Acting within the authority of the Assembly Commission to which he/she is responsible, the Clerk/Chief Executive as Accounting Officer takes personal responsibility for ensuring the highest standards of probity in the management of public funds. He/she may be called to account to the Assembly for the stewardship of the resources within the organisation's control. The standards the Accounting Officer is expected to deliver in the organisation are

summarised in the Department of Finance document “Managing Public Money Northern Ireland”. It should be noted that while the Commission is not accountable to the Executive in financial matters, it seeks to operate to common standards of best practice.

The Accounting Officer signs the resource accounts, the Annual Report and the Governance Statement.

Directors

Directors operate within the authority delegated to them by the Clerk/Chief Executive in formal Letters of Delegation. They are required to:

- Lead, manage and develop their staff, their allocated responsibilities and projects.
- Develop and deliver Directorate Business Plans and report quarterly to the Clerk/Chief Executive on progress against the achievement of aims.
- Develop and manage Directorate Risk Registers and contribute to the management of corporate risks.
- Prepare assurance statements twice yearly for the Accounting Officer to support his/her review of the effectiveness of controls.
- Prepare and manage Directorate budgets
- Attend SMG meetings and declare an interest where appropriate in relation to agenda items.

Internal Controls and Risk Management

Risk Management

The Assembly’s Risk Management Strategy (Annex H) forms a central part of the Secretariat’s internal control and corporate governance arrangements. It defines the Secretariat’s approach to risk management throughout the organisation. It also ensures a consistent approach to dealing with risks which may have an impact on the Secretariat’s ability to achieve its strategic goals and aims. It outlines the key aspects of the Risk Management process, and identifies the main reporting procedures.

The policy is subject to regular revision as the Risk Management process becomes embedded throughout the Assembly Secretariat, and is updated as necessary to reflect the changing environment.

Corporate Risk Register

To assist in the process of managing Risk, the Secretariat has produced a Corporate Risk Register which identifies high level risks, assesses the impact

of each risk and likelihood of it occurring. The measures in place to mitigate each risk are listed as well as any other controls which are being developed. A Risk Owner at Director level is identified for each Risk. Risk Owners have overall responsibility for ensuring that controls are in place at all levels to manage the risk or risks for which they are the “owners”.

Directorate Risk Registers

Directorate Risk Registers underpin the Corporate Risk Register. Each Directorate is responsible for identifying lower level risks which have specific relevance to their business objectives. As with the Corporate Risk Register, the impact of each Risk is assessed together with the likelihood of it occurring. A Risk Owner is appointed who is responsible for ensuring that the Risk is managed effectively. Directors provide the Clerk/Chief Executive with Assurance Statements at the end of September and March each year to confirm that Directorate Risks are being managed.

Assurance Statements

Assurance (or Stewardship) Statements are provided by Directors at the end of September and March each year to the Clerk/Chief Executive as Accounting Officer and to the Secretariat Audit and Risk Committee to:

- confirm that the Corporate Risk(s) for which they are responsible and their Directorate Risks are being managed effectively;
- confirm that all expenditure has been incurred within agreed budgets, has been properly authorised, complies with the Assembly’s procurement procedures and represents value for money;
- confirm that information is generated, transmitted and stored in an appropriate manner and in a way which does not pose a risk to the business or reputation of the Assembly;
- verify that all accepted recommendations made by Internal Audit and the Northern Ireland Audit Office (NIAO) have been/are implemented as agreed; and
- highlight any additional material issues which may be of interest to the Accounting Officer and the Secretariat Audit and Risk Committee.

Governance Statement

DAO (DFP) 03/12 replaced the requirement to produce a Statement on Internal Control with a requirement for Accounting Officers to complete a Governance Statement to be published with the Accounts each year. The statement should reflect the organisation’s governance, risk management and internal control arrangements and how they operate in practice.

Internal Audit

The Assembly's Internal Audit Service is responsible for providing the Accounting Officer and the Secretariat Audit and Risk Committee with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. It does this by carrying out audits across the Directorates, focusing on the key risks in each business area. Internal Audit also has a role to play in:

- acting as an independent advisor by providing advice on the management of risk, especially those issues surrounding the design, implementation and operation of systems of internal control;
- monitoring, reporting and providing assurance on the effectiveness of the risk and control mechanisms in operation;
- investigating fraudulent activity and advising on financial and other security procedures; and
- promoting Risk Management and control concepts across the Assembly.

As required by the Government Internal Audit Standards, the Head of Internal Audit has direct access to the Clerk/Chief Executive in his/her role as Accounting Officer.

The Business Planning Process

Corporate Strategy

In June 2015, the Assembly Commission agreed a revised Corporate Strategy for the period 2012-2017. The Corporate Strategy is being delivered by means of Directorate Business Plans.

Directorate Business Plans

Each Director prepares, for the approval of the Clerk/Chief Executive, an annual Business Plan for his/her Directorate which contributes to the achievement of the Corporate Strategy's strategic goals and associated aims. In developing Directorate Business Plans, it was recognised that input from staff at all levels was essential to ensure that the Plans were relevant to the needs of the organisation, were achievable and also that staff would have ownership of the various planned outcomes and targets. All Secretariat staff had opportunity to input to, and comment on, the plans.

Performance against Corporate Strategic Goals and Associated Aims

At the end of each quarter, performance against the Directorate Business Plans is monitored and reported to the Secretariat Management Group.

The Clerk/Chief Executive provides the Assembly Commission with a report at the end of each financial year which states how the Secretariat performed against the corporate aims for that year.

Directors will monitor the delivery of Directorate Business Plans on a monthly basis along with associated Business Unit/Office Business Plans. In addition, the Clerk/Chief Executive will review with Directors on a bi-monthly basis the delivery of both the Corporate Strategy and Directorate Business Plans.

Management Accounts are produced on a monthly basis and presented to SMG and the Commission. The purpose of these Accounts is to provide Senior Management with a report in relation to expenditure by the Secretariat against the funds voted to the Assembly in the Budget Bill. Management Accounts are supplemented by more detailed monthly expenditure reports which are produced and circulated to budget holders within the Assembly Secretariat.

Performance Management System

Managing the performance of individual staff members is fundamental to the success of the Northern Ireland Assembly in achieving its business aims. The key factors in managing performance are setting objectives, monitoring /reviewing performance, providing regular feedback (through face to face reviews and written assessment) and coaching/development.

The objectives of the performance management framework are to:

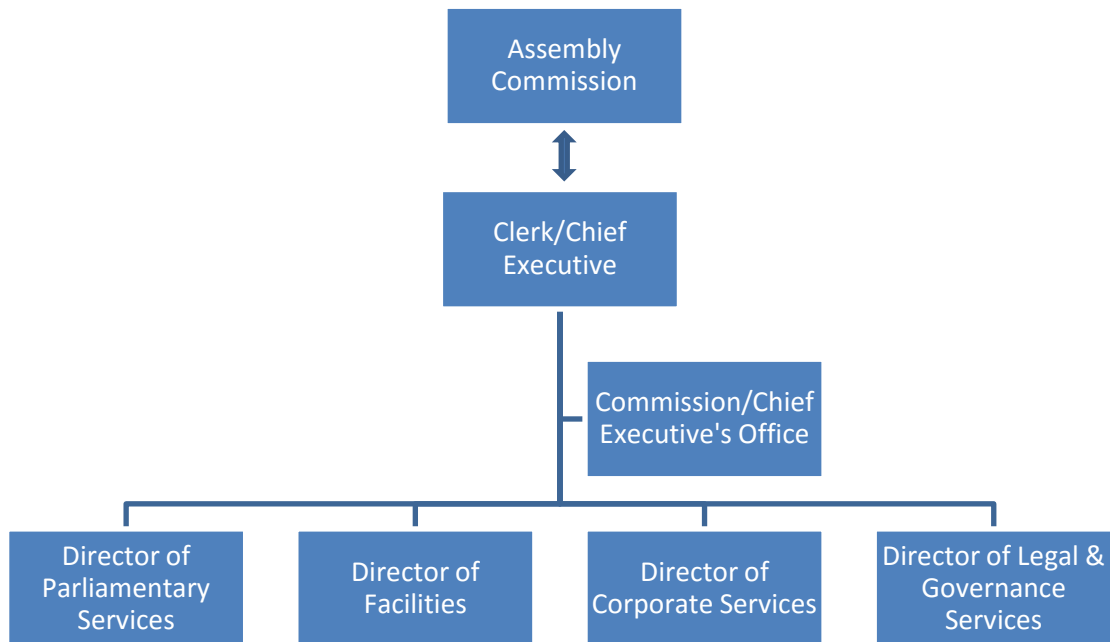
- provide a framework which embeds best practice for performance management;
- clearly identify the standards/values and how an individual's work contributes to business aims and the agreed performance and outputs;
- ensure individuals have regular and constructive feedback on how effectively they are performing;
- help identify and support an individual's development needs to enhance performance and develop potential;
- help identify good and bad performance; and
- support vacancy filling/staff movement.

At the beginning of the financial year, each member of staff agrees with their line manager their aims and targets for the incoming year. This forms a Personal Performance Agreement. Performance against this Agreement is reviewed after six months and at the end of the year a Performance Appraisal report is prepared by the line manager.

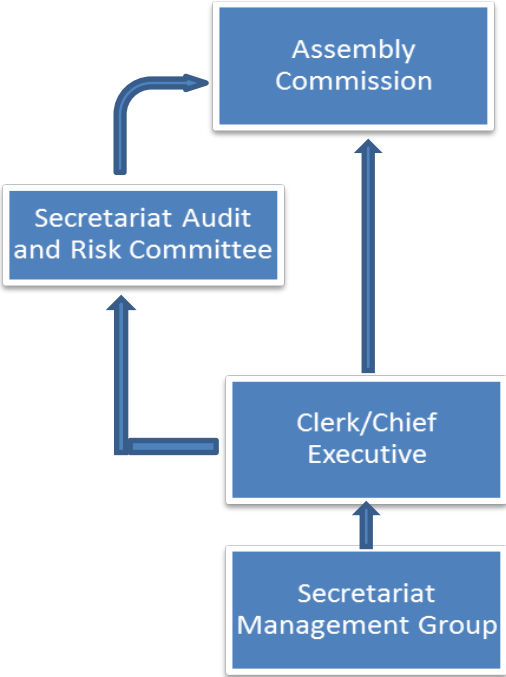
Secretariat Strategies

A wide range of policies and strategies are in place, and initiatives are undertaken across the Assembly Secretariat to deliver the Corporate Strategy.

STRUCTURE OF THE NI ASSEMBLY SECRETARIAT



CORPORATE GOVERNANCE STRUCTURE



ANNEX C

Statutory Responsibilities of the NI Assembly Commission

The statutory duties of the Assembly Commission are set out in Section 40 of the Northern Ireland Act 1998. These are:

- To perform the function conferred on the Commission by virtue of any enactment
- To perform any functions conferred on the Commission by resolution of the Assembly
- To provide the Assembly, or ensure that the Assembly is provided with, the property, staff and services required for the Assembly's purposes

Secretariat Management Group

Terms of Reference

Role

1. SMG brings together the Secretariat's senior staff to form its collective strategic and operational leadership. Its role is to lead the Secretariat to achieve the Commission's vision in a business-like manner. It does so by advising and supporting the Clerk/Chief Executive (C/CEX) in the exercise of his non-procedural duties.
2. Individual functional responsibilities are delegated to SMG members by the C/CEX. Therefore, SMG members have both individual and collective responsibility for the effective operation of the Assembly Secretariat. However, the C/CEX retains final authority for all decisions taken at SMG.

Membership

3. SMG comprises:
 - Clerk/Chief Executive;
 - Director of Corporate Services;
 - Director of Facilities/Keeper of the House;
 - Director of Legal and Governance Services; and
 - Director of Parliamentary Services.

Meetings, papers, and support

4. SMG meets monthly and focuses on strategy, policy and performance.
5. Business may also be dealt with by correspondence. Such a matter must be agreed by the C/CEX, circulated to all SMG members, and noted at the next meeting as agreed.
6. The C/CEX approves the agenda and papers for SMG. In so doing, he must be satisfied that any matter proposed requires consideration by SMG. It is for the SMG member proposing the matter to so satisfy the C/CEX. In particular, attention will be given to:
 - implications for equality, good relations, financial or legal matters,
 - whether the item is within delegated authority;
 - whether the item is cross-Directorate;
 - whether sufficient consultation has occurred;

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- whether the item could instead be agreed by correspondence; and
 - whether the item is novel, contentious or politically sensitive (NoCoPS).
7. Administrative support is provided by the Commission and Chief Executive's Office. It will distribute papers at least four working days before each meeting.
 8. All papers for consideration by SMG must be submitted using the agreed template.
 9. A draft action list will be prepared within 2 working days of a meeting and draft minutes will be prepared for consideration by the C/CEX within 3 working days of a meeting. Approved minutes (and, where appropriate, papers considered at meetings) will appear on AsslSt and the Assembly website no later than ten working days after the meeting.

Business and Agenda

10. SMG will deal with the following business:
 - delivery of Corporate Strategy;
 - consideration of Commission business;
 - Secretariat leadership;
 - strategic and business planning;
 - corporate risk management;
 - change management;
 - strategic resource planning and approvals;
 - strategic communications;
 - cross-Directorate issues;
 - corporate governance;
 - horizon-scanning; and
 - new or emerging issues.

Quorum and decision making

11. SMG is chaired by the C/CEX or a member nominated by him.
12. The quorum for SMG is three, including the chair. A SMG member who cannot attend must identify a deputy, with the consent of the C/CEX, to attend in his place.
13. Members of SMG do not represent their Directorates but act in the collective corporate interest. Accordingly, papers will usually be presented by HoBs.

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14. Decisions will generally be made through consensus. However, the C/CEX retains final authority to make whatever decision he considers fit.

Sub-Committees

15. SMG may create Sub-Committees and if it does so must approve their terms of reference. A Sub-Committee will report through its chair to SMG in a suitable format.

Accountability and performance

16. SMG is accountable collectively to the C/CEX. The C/CEX intends SMG to be an effective, well regarded and visionary leadership group. The C/CEX will lead annually an evaluation of the performance of SMG.
17. Members are also individually accountable to the C/CEX for the delivery of their PPAs, Business Plans and other objectives.

Approved by Clerk/Chief Executive 1 February 2016

ANNEX E

Principles of Good Administration (Source: Parliamentary and Health Service Ombudsman)

Good administration by a public body means:

Getting it right

- Acting in accordance with the law and with due regard for the rights of those concerned
- Acting in accordance with the public body's policy and guidance
- Taking proper account of established good practice
- Providing effective services using appropriately trained and competent staff
- Taking reasonable decisions based on all relevant considerations

Being customer focused

- Ensuring people can access services easily
- Informing customers what they can expect and what the public expects of them
- Keeping to its commitments, including any published service standards
- Dealing with people helpfully, promptly and sensitively bearing in mind their individual circumstances
- Responding to customers' needs flexibly including, where appropriate, co-ordinating a response with other service providers

Being open and accountable

- Being open and clear about policies and procedures and ensuring that information and any advice provided is clear, accurate and complete
- Stating any criteria for decision making and giving reasons for decisions
- Handling information properly and appropriately
- Keeping proper and appropriate records
- Taking responsibility for its actions

Acting fairly and proportionately

- Treating people impartially with respect and courtesy
- Treating people without unlawful discrimination or prejudice and ensuring no conflict of interests
- Dealing with people and issues objectively and consistently
- Ensuring that decisions and actions are proportionate, appropriate and fair.

Putting it right

- Acknowledging mistakes and apologising where appropriate
- Putting mistakes right quickly and effectively
- Providing clear and timely information on how and when to appeal or complain
- Operating an effective complaints procedure which includes offering a fair and appropriate remedy when a complaint is upheld

Seeking continuous improvement

- Reviewing policies and procedures regularly to ensure they are effective
- Asking for feedback and using it to improve services and performance
- Ensuring that the public body learns lessons from complaints and uses these to improve services and performance

ANNEX F

The Seven Principles of Public Life (The Nolan Principles)

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

ANNEX G

Secretariat Audit and Risk Committee

Terms of Reference

The Commission has established the Secretariat Audit and Risk Committee (SARC) to support the Clerk/Chief Executive (in his/her role as Accounting Officer), the Assembly Commission and Secretariat Management Group in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the organisation's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

The members of the SARC include:

- One member of the Assembly Commission;
- Two independent External members;
- The SARC will be chaired by an independent External member.

The SARC will be provided with a secretariat function by the Directorate of Legal and Governance Services.

(See Annex 1 for current membership details)

Reporting

After each SARC meeting, all Assembly Commission members, SARC members and attendees will be provided with the minutes and action points arising from the meeting.

The SARC will provide the Commission, Accounting Officer and the Secretariat Management Group with an Annual Report, timed to support the finalisation of accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

The report will summarise the SARC opinion regarding:

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- the effectiveness of governance, risk management and control;
 - the comprehensiveness of assurances in meeting the Commission's and Accounting Officer's needs;
 - the reliability and integrity of these assurances;
 - whether the assurance available is sufficient to support the Commission and Accounting Officer in their decision taking and their accountability obligations;
 - the implication of these assurances for the overall management of risk;
 - any issues the SARC considers pertinent to the Governance Statement and any long-term issues the Committee thinks the Commission and/or Accounting Officer should give attention to;
 - financial reporting for the year;
 - the quality of both Internal and External Audit and their approach to their responsibilities;
 - the SARC view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed; and
 - the manner in which issues involving best use of resources/value for money have been addressed.

The Chair of the SARC should attend at least one meeting of the Commission each year to report in private, without the presence of members of the Secretariat.

The Independent Chair and Member of the SARC will undergo an annual appraisal.

Responsibilities

The SARC will advise the Commission, the Accounting Officer and the Secretariat Management Group on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts and the annual report of the Assembly Secretariat, including the process for review of the accounts prior to submission for audit, levels of error identified

and management's letter of representation to the Northern Ireland Audit Office (NIAO);

- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including the Report to those charged with Governance from the NIAO;
- assurances relating to the management of risk and corporate governance requirements for the Assembly Secretariat;
- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and
- the SARC will annually review its own effectiveness by way of a self-assessment exercise and report the results to the Commission.

Actions taken by the SARC in order to discharge its responsibilities will include:

- the commissioning of specific audits;
- approval of the Internal Audit Strategy and periodic audit plans;
- the identification (where appropriate) of sources of expert advice;
- advising the Accounting Officer on the skills, experience and competency requirements for the Head of Internal Audit (HIA) post;
- the SARC Chair having the opportunity to comment in relation to any review of the grading of the HIA post; and
- the SARC Chair having the opportunity to provide input into the performance appraisal of the HIA.

Rights

The SARC may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the Assembly, subject to budgets agreed by the Commission.

Access

The Chair of the SARC should have right of access to the Speaker in his role as Chair of the Commission.

The Head of Internal Audit and the representative of the Northern Ireland Audit Office will have free and confidential access to the Chair of the SARC.

Meetings

The SARC will meet at least four times a year. The Chair of the SARC may convene additional meetings, as he/she deems necessary.

A minimum of two Members of the SARC will be present for the meeting to be deemed quorate. In the absence of the Chair, the Independent Member will preside.

SARC meetings will normally be attended by the Accounting Officer, the Director of Corporate Services, the Director of Legal and Governance Services, the Head of Internal Audit and a representative from the Northern Ireland Audit Office.

The SARC may ask any other officials of the Assembly to attend to assist it with its discussions on any particular matter.

The SARC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Commission, the Accounting Officer or Secretariat Management Group may ask the SARC to convene further meetings to discuss particular issues on which they want the Committee's advice.

At the discretion of the Chair, minor matters which require attention between scheduled meetings of SARC may be dealt with by correspondence and reported to the next scheduled meeting.

Information requirements

For each meeting the SARC will be provided with:

- A report summarising any significant changes to the Assembly Secretariat's strategic risks and a copy of the Corporate Risk Register;
- A progress report from the Head of Internal Audit summarising:
 - Work performed (and a comparison with work planned);
 - Key issues emerging from the work of Internal Audit;
 - Management response to audit recommendations;
 - Changes to the agreed Internal Audit Plan; and
 - Any resourcing issues affecting the delivery of the objectives of Internal Audit.
- A progress report (written/verbal) from the NIAO representative summarising work done and emerging findings;
- Management assurance reports;
- Reports on the management of major incidents, "near misses" and lessons learned; and
- Copies of all Internal Audit Reports.

As and when appropriate, the SARC will also be provided with:

- Proposals for the Terms of Reference of Internal Audit / the Internal Audit Charter;
- The Internal Audit Strategy;
- The Head of Internal Audit's Annual Opinion and Report;
- Quality Assurance reports on the Internal Audit function;
- The draft accounts of the Assembly;
- The draft Governance Statement;
- A report on any changes to accounting policies;
- The NIAO's Report to those charged with Governance;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit;
- The NIAO audit strategy;
- The Assembly Secretariat's Risk Management Strategy; and
- Stewardship Statements.

Register of Interests

Members of the SARC will record in the SARC Register of Interests any issues on which they might have a conflict or perceived conflict of interest. The SARC as a whole should consider how matters on which a member may have a conflict of interest will be handled.

Secretariat

The Directorate of Legal and Governance Services will provide secretariat services to the SARC. The secretariat will be responsible for ensuring compliance with procedures and maintenance of a Register of Interests. An agenda and papers will be circulated one week in advance of each meeting. Draft minutes and a summary of action points will be sent to the Chairperson within five working days of the meeting. The formal minutes will be posted on the Assembly website within three working days of their approval. Approved action points will be issued to relevant staff within one working day of receipt.

The secretariat will prepare an induction pack for new members.

Review

The SARC Terms of Reference will be reviewed annually.

SECRETARIAT AUDIT AND RISK COMMITTEE

MEMBERSHIP

Independent Chairperson: Jim Brooks

[Appointed: 1 December 2016; Appointment due to end / be extended: 30 November 2019]

Independent member: Derek Martin

[Appointed: 1 December 2016; Appointment due to end / be extended: 30 November 2019]

Assembly Commission member: Jim Wells MLA [from June 2016]

Secretary: David Johnston, Assembly Secretariat

ANNEX H

RISK MANAGEMENT STRATEGY

Directorate of Legal and Governance Services

First issued July 2012

Revised December 2016

Introduction

This Risk Management Strategy forms a central part of the Northern Ireland Assembly Secretariat's internal control and corporate governance arrangements. It defines the Secretariat's approach to Risk Management throughout the organisation. It also ensures a consistent approach to dealing with risks which may have an impact on the Secretariat's ability to achieve the Commission's vision, strategic goals and aims.

It outlines the key aspects of our Risk Management process, and identifies the main reporting procedures. Risk Management is an essential element of achieving the success of the Corporate Strategy.

The strategy is a living document and is subject to regular revision. The next scheduled review will be in 2017-18.

Background and Standards

DAO (DFP) 03/12 replaced the requirement to produce a Statement on Internal Control with a requirement for Accounting Officers to complete a Governance Statement to be published with the Accounts each year. The statement should reflect the organisation's governance, risk management and internal control arrangements and how they operate in practice.

This Strategy supports the fulfilment of that requirement, and seeks also to ensure compliance with:

- HM Treasury's "Management of Risk – Principles and Concepts" ("The Orange Book"), 2004;
- The Department of Finance and Personnel's Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013; and
- NIAO's "Good Practice in Risk Management" 2011.

Risk

Risk is any event or uncertainty that may enhance or impede our ability to achieve our current or future aims.

This definition makes a direct connection between Risk and the aims of the Assembly Commission as set out in the Corporate Strategy 2012-17 (Revised 2015) and our Business Plans.

A risk must be assessed in respect of the combination of the likelihood of it occurring, and the impact which arises if it does occur.

Risk appetite must also be considered, and the NIAO's "Good Practice in Risk Management" 2011 requires it to be defined in the risk management strategy.

However, given the range of activities performed by the Commission, that is not practicable. Instead a risk appetite will be defined for each risk appearing in the Corporate Risk Register.

Risk Management

Risk Management is an essential part of good management and governance, which well run business units will already perform on a day-to-day basis.

When Risk Management processes are in place in an organisation:

- there is regular and ongoing monitoring and reporting of risk including early warning mechanisms;
- an appropriate assessment is made of the risk appetite and the cost of operating particular controls relative to the benefit obtained in managing the related risk;
- the organisation conducts, at least annually, a review of the effectiveness of the system of internal control in place;
- the organisation reports publicly on the results of the review, and explains the action it is taking to address any significant concerns that are identified; and
- Corporate and Directorate Risk Registers are aligned to allow the escalation and de-escalation of Risks.

Risk Management should be ongoing, embedded in the culture of the organisation, and have the potential to re-focus the whole organisation around performance improvement. It is used to complement the normal corporate and business planning processes, at a strategic level or at a project, function or site level.

However, it is not a process for avoiding risk. When used well, it can actively encourage an organisation to take on activities that have a higher level of risk, because the risks have been identified and are being well managed and the exposure to risk is both understood and acceptable.

The Benefits of Risk Management

A comprehensive and sound Risk Management strategy will bring the following benefits:

- a clear assessment of the risks affecting the achievement of Assembly business aims, providing a supporting role to the corporate and business planning process;
- enhanced communication within and between Directorates through a greater appreciation and understanding of the risks facing the organisation;
- better use of resources, by directing these to areas of most need;
- the promotion of a culture of continuous improvement;

-
- more effective tailoring of internal audit programmes to target areas of high risk;
 - a reduction in unwelcome surprises / shocks;
 - reassurance to the Commission, SARC and stakeholders that the Secretariat is continually reviewing the operational environment and actively identifying and managing risk.

The Risk Management Framework

The Assembly's Risk Management Framework consists of the following key elements:

- this Risk Management Strategy;
- the Corporate Risk Register;
- regular review of the Corporate Risk Register by the SMG;
- regular presentation of the Corporate Risk Register to the Commission;
- Directorate Risk Registers;
- regular review of Directorate Risk Registers by Directors;
- Stewardship Statements, provided by Risk Owners to the Clerk/Chief Executive twice yearly;
- the Secretariat Audit and Risk Committee (SARC);
- Corporate Risk Register submitted to SARC at each quarterly meeting;
- Stewardship Statements submitted to the SARC twice yearly;
- Internal risk-based audit by Internal Audit Unit;
- External risk-based audit by NIAO; and the
- Annual Governance Statement.

Roles and Responsibilities

Clerk/Chief Executive

The Clerk/Chief Executive is the Accounting Officer under the Managing Public Money Northern Ireland framework. He/she has ultimate responsibility for managing the risks faced by the Commission and Secretariat.

As Accounting Officer, he/she is required to sign the annual Governance Statement as part of the preparation of the Annual Report and Accounts.

In order to fulfil this responsibility, he/she will ensure that risk management is promoted, embedded and operational within the Assembly Secretariat.

Secretariat Audit and Risk Committee

SARC supports the Clerk/Chief Executive in his/her role as Accounting Officer and the Assembly Commission and Secretariat Management Group in monitoring their responsibilities for issues of risk, control and governance. Membership consists of two independent members, one of whom chairs the Committee, and a member of the Assembly Commission.

The Secretariat Audit and Risk Committee reviews the adequacy of all risk and control-related disclosure statements, together with any accompanying Internal Audit statement, prior to endorsement by the Clerk/Chief Executive, as well as the structures, processes and responsibilities for identifying and managing key risks facing the organisation.

The Secretariat Audit and Risk Committee reviews the Corporate Risk Register at each quarterly meeting and Stewardship Statements twice yearly.

Secretariat Management Group (SMG)

SMG members are responsible for ensuring risk management is considered fully at SMG, and also for maintaining a culture of Risk Management within their area of responsibility. This includes:

- ownership and approval of the Corporate Risk Register through monthly review by SMG;
- corporately agreeing risk appetite;
- considering risks escalated from Directorate risk registers;
- considering contents of all Directorate risk registers twice yearly at SMG;
- determining what types of risks are acceptable and the level of risk that the Assembly will carry in relation to specific major activities or projects across the organisation as a whole;
- ensuring that line management and staff are aware of their risk and control responsibilities;
- approving major decisions affecting the organisation's risk profile or exposure;
- identifying risks and monitoring their management and control;
- satisfying themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- regularly reviewing the Secretariat's Risk Management Strategy and approving changes or improvements to key elements of its processes and procedures;
- ownership of Directorate Risk Registers for their area of responsibility through monthly review;
- submission of Stewardship Statements to the Clerk/Chief Executive twice yearly;
- alerting the Clerk/Chief Executive to any risks which arise within the reporting cycle; and
- alerting the Clerk/Chief Executive of any 'near miss' incidents as they occur and reviewing and implementing controls to address weaknesses.

Director of Legal and Governance Services

The Director of Legal and Governance Services is responsible for maintaining and reviewing the Corporate Governance Framework, including the Risk Management Strategy.

He/she supports the Clerk/Chief Executive in ensuring that risk management is promoted, embedded and operational within the Assembly Secretariat.

Senior Information Risk Owner (SIRO)

In recognition of the need to protect corporate information and to manage it effectively, the Clerk/Chief Executive, as Accounting Officer, has appointed the Director of Legal and Governance Services as SIRO. The SIRO has overall authority in relation to decisions about protective marking and ensuring information risks are assessed and mitigated to an acceptable level. The role of the SIRO also includes dissemination and monitoring of the Information Assurance policy, and the type and use of information held in each directorate, and responsibility for monitoring use of assets including hardware and software. An Information Management Programme is in place, which provides a Governance Framework for the strategies and policies relating to Information Management, Information Security and Information Technology.

Line management and staff

All line management and staff are expected to:

- work to the Assembly's Risk Management Strategy;
- alert management to emerging risks or control weaknesses;
- participate fully in the regular risk review process; and
- assume responsibility for risks and controls within their own areas of work.

Internal Audit

Although Risk Management and internal control are Management's responsibility, Internal Audit clearly has an interest in supporting the maintenance of effective internal control. Internal Audit's primary objective is to provide an independent opinion on the effectiveness of the Risk Management, internal control and governance framework to the Clerk/Chief Executive in his or her role as Accounting Officer, and to the Secretariat Audit and Risk Committee. It does this by carrying out audits across the Directorates, focusing on the key risks in each business area.

Internal Audit also has a role to play in:

- acting as an independent advisor by providing advice on the management of risk, especially those issues surrounding the design, implementation and operation of systems of internal control;
- monitoring, reporting and providing opinion on the effectiveness of the risk and control mechanisms in operation;
- promoting Risk Management and control concepts across the Assembly.

The Risk Management Process

Consistent with the approach outlined in NIAO's "Good Practice in Risk Management" 2011 our risk management process consists of five core stages:

- identifying risk;
- assessing risk;
- determining risk appetite;
- addressing risk;
- reviewing and reporting risk.

Risks will be reported on in the Corporate and Directorate Risk Registers using identified risks using a 5x5 Risk matrix, based on:

- the impact that the risk would have on the business should it occur, and
- the likelihood of the risk materialising.

Colour coding is used in a traffic-light system to clarify the gross rating.

Risks will be identified and scored using the agreed Risk Register format, outlined in Annex A of the Risk Management Process guidance.

The Reporting of Risk

The process of regularly updating and reviewing Risk Registers will be monitored by SARC and will form part of its annual report to the Accounting Officer. The Risk Management section of SARC's Annual Report should consider:

- any significant change in the nature and extent of the risk profile of the organisation since the last report;
- the scope and quality of management's ongoing monitoring of risks and of the system of internal control, and, where applicable, the work of internal and external audit;
- any significant gaps in the provision of Stewardship Statements; and
- the incidence of significant control failings or weaknesses that have been identified at any time during the reporting period.

Partner Bodies

The Assembly Commission has relations with five "partner bodies", namely:

- the NI Assembly and Business Trust
- Politics Plus Ltd (formerly the NI Assembly Legislative Strengthening Trust)
- the NI Assembly Members' Pension Scheme Trustees
- the NI Assembly Commissioner for Standards
- the Independent Financial Review Panel

All are separate corporate entities with their own governance arrangements.

The purpose of each, and the governance of each relationship with the Commission, is summarised below:

Name	Purpose	Governance of Relationship
NI Assembly and Business Trust	NI Act 1998 S40: provide Assembly with what it requires	MOU
Politics Plus Ltd (formerly NI Assembly Legislative Strengthening Trust)	NI Act 1998 S40: provide Assembly with what it requires	MOU
NI Assembly Members' Pension Scheme Trustees	NI Act 1998 S48: deliver pensions of members as determined by IFRP	Administration Agreement
NI Assembly Commissioner for Standards	Assembly Members' (Independent Financial Review and Standards) Act (Northern Ireland) 2011: self-regulation of conduct	Statute, and Directions issued
Independent Financial Review Panel	NI Act 1998 S40: make provision for pay/ pension etc of members	Statute, and Service Level Agreement

Annual Risk Management Timetable

Corporate Risk Register reviewed monthly by SMG

Directorate Risk Registers reviewed monthly

Stewardship Statements (see Annex A) – completed end March

Interim Accounts submitted to NIAO – mid February

NIAO audit process begins – mid February

Interim Report to those Charged with Governance – mid March

Internal Audit Annual Activity Report – end March

Draft Annual Accounts – late May

Assembly Accounts signed and laid – before Summer recess

Certificate from Comptroller and Auditor General – late June

Report to those Charged with Governance – mid July

Stewardship Statements – completed end September

STEWARDSHIP STATEMENT FORMAT (SAMPLE) ASSEMBLY SECRETARIAT

STEWARDSHIP STATEMENT

RISK OWNER:

DIRECTORATE:

REPORTING PERIOD:

1. **ACKNOWLEDGEMENT OF OWNERSHIP OF RISK**

I acknowledge my responsibility for managing the risks allocated to me as detailed in

the Corporate Risk Register dated:	
the Directorate Risk Register dated:	

(Note checklist at Annex A).

2. **RISK MANAGEMENT STATUS**

(Please tick the box that applies)

Controls appropriate		Controls not appropriate	
I am satisfied that the controls listed in the Registers referred to above are appropriate. They provide reasonable assurance that the risk will not occur or if it does occur, it will be detected and corrected in sufficient time to reduce the impact of the risk to tolerable or negligible levels.	<input type="checkbox"/>	I am not satisfied that the measures/controls in place to manage the risks for which I am responsible are appropriate. Remedial action as detailed below is being taken in order to safeguard the Assembly from the impact of the risk materialising.	<input type="checkbox"/>
<i>Detail the broad basis for this assurance i.e. how does the reporting officer know that controls are effective and operating as intended?</i>		<i>Detail the remedial action or the factors that prevent adequate management of the risk.</i>	

3. **DELEGATED RESPONSIBILITIES**

As detailed in the delegation letter of functions and financial responsibilities of July 2011, I confirm that all expenditure:

- has been incurred within agreed budgets and pursuant to monthly review with Heads of Business / staff with budget responsibilities;
- has been properly authorised;
- complies with the Assembly's procurement procedures regarding Directorate responsibilities; and
- represents value for money.

Outline the measures taken and detail any exceptions below

4. **INFORMATION MANAGEMENT**

I have confirmed that the manner in which information is generated, transmitted and stored is appropriate for the content involved and does not pose a risk to the business or reputation of the Assembly.

Outline the measures taken and detail any exceptions below

5. **FRAUD / BRIBERY**

I am satisfied that the controls in place to manage the risks of fraud and bribery (including those arising from responsibilities under the Bribery Act 2010) are appropriate.

Outline the measures taken and detail any exceptions below

6. INTERNAL / EXTERNAL AUDIT ACTION POINTS

I have verified that all accepted recommendations made by Internal Audit and the Northern Ireland Audit Office have been or are being implemented as agreed, including agreed implementation dates.

Outline the measures taken and detail any exceptions below

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7. Significant Changes to Risk/ Risk Management or other ADDITIONAL INFORMATION

Detail any significant changes to the allocated Corporate risk(s) or Directorate risks (e.g. in respect of impact or likelihood) or to the manner in which risk is managed.

--

Please highlight any additional material issues which may be of interest to the Accounting Officer and the Secretariat Audit and Risk Committee.

--

Business Area Input

I have confirmed with the relevant Heads of Business that there are no additional factors which may impact on risk or the manner in which it is currently managed.

Signed:

Name:

Grade: AG2

Date:

ANNEX A

RISK MANAGEMENT CHECKLIST

All roles, responsibilities and levels of accountability in respect of allocated Corporate risk(s) and Directorate risks are communicated and understood.
Policies relevant to the management of allocated Corporate risk(s) and Directorate risks are in place along with corresponding guidance, instructions etc.
Sufficient resources have been identified and the efficiency and effectiveness of their use monitored.
The management of allocated Corporate risk(s) and Directorate risks has been included in the business planning process.
The controls used to manage allocated Corporate risk(s) and Directorate risks are regularly reviewed to ensure they remain appropriate to the associated likelihood and impact.
All relevant action points in relation to Internal and External Audit reports are up to date.
Effective communications are in place to ensure that incidents relating to allocated Corporate risk(s) and Directorate risks are brought to the attention of the Accounting Officer, SMG and SARC as necessary.