

Assembly Commission Audit and Risk Committee (ACARC)

**Thursday 16 February 2023 at 2.00 pm
Room 135**

AGREED

Present: Edward Lord, Chairperson
Dr Maurice Keady, Independent Member

In Attendance: Lesley Hogg, Clerk/Chief Executive
Tara Caul, Director of Legal, Governance and
Research Services
Gareth McGrath, Director of Parliamentary Services
Richard Stewart, Director of Corporate Services
Paula McClintock, Head of Finance
Suzanne Walsh, Northern Ireland Audit Office (NIAO)
Donna-Marie Clark, Data Protection and Governance
Officer

The Chairperson, Edward Lord, commenced the meeting at 2.00pm and formally welcomed all those in attendance.

1. Apologies

Apologies were received from Trevor Clarke, MLA.

2. Declaration of Interests

No interests were declared.

3. Minutes of Previous Meeting

The minutes of the previous meeting, held on 12 October 2022, were agreed.

4. Matters Arising

No matters arose.

5. Procurement of Internal Audit Services Tender Update

Lesley Hogg provided an update on the status of the Internal Audit Services tender. She said that the successful bidder had been notified of the result and that after allowing for the mandatory 10-day standstill period, the contract was expected to commence on 24 February 2023.

Lesley noted the high quality of the submissions received and that ACARC members had been consulted on the tender specification.

ACARC considered and noted the outcome of the Internal Audit Services procurement.

6. Threshold for the Capitalisation of Fixed Assets

Paula McClintock explained that, following recommendations in recent annual Reports to Those Charged with Governance in relation to fixed assets, she had carried out a review of the Fixed Assets Policy, the outcome of which had been considered by the Senior Management Team.

Paula stated that, three further proposals had arisen from this review which related to changes in capitalisation thresholds, the grouping of assets and depreciation calculations. She highlighted that as these represented changes in accounting policy and that as ACARC had a role in advising on accounting policies, the proposals were being presented to ACARC for consideration.

For information purposes, Paula advised ACARC of the change in the method of valuing all fixed assets, other than Land and Buildings and Heritage Assets, from Modified Historic Cost Accounting to Historic Cost from 1 April 2022, that had been agreed by SMT.

Paula outlined the three proposals for consideration by ACARC and their impact. She explained that these consisted of an increase in the threshold for the capitalisation of fixed assets to £5k for all assets; to no longer group smaller assets unless deemed material; and to no longer charge depreciation in the year of acquisition. Paula recommended that the changes be effective from 1 April 2022.

Edward confirmed that this was the correct approach, but queried the position regarding heritage furniture. Paula advised that heritage items, or those of significant historic value, were independently appraised and recorded in a Heritage Register.

ACARC considered and approved the proposed changes to the capitalisation threshold for fixed assets; that smaller assets would not be grouped unless deemed material; and that depreciation would not be charged in the year of acquisition.

7. NIAO Audit Strategy for 2022-23 and Change to Audit Approach

Suzanne Walsh outlined that there had been significant changes to International Standards on Auditing (UK) (ISAs) with the introduction of ISA 315 'Identifying and Assessing the Risks of Material Misstatement' and that the way the NIAO planned and conducted audits was changing as a result. She stated that while the standard required more detailed and extensive risk assessment procedures to identify risks of material misstatement, the additional work pertained more to audit planning and was unlikely to impact the audit timetable.

Suzanne noted that the additional workload had been reflected in the increased fee, but stated that as there were very few risks in the Assembly Commission, the fee increase was at the lower end.

Suzanne then summarised the Audit Strategy for 2022-23. Following consideration of the proposed Audit Timetable, it was agreed that it should be amended so that the Assembly Commission's financial statements would be considered by ACARC at its meeting on 27 June 2023, following clearance by the NIAO.

ACARC was satisfied with the NIAO assessment that the only significant risk for the Assembly Commission was the risk of material misstatement and that sufficient controls were in place to mitigate the risk of management override of controls.

ACARC noted the NIAO Audit Strategy for 2022-23 and change in audit approach and that the Audit Timetable would be amended as agreed.

8. Corporate Risk Register (CRR)

Donna-Marie Clark presented the CRR for December 2022 and highlighted the changes from the September 2022 version. She noted that SMT would be giving further consideration to the potential escalation of cyber security risk from the Parliamentary Services Directorate Risk Register to the CRR at its next review.

Edward sought and received confirmation that the status updates in relation to several actions remained as recorded in the CRR.

ACARC noted the CRR.

9. Outstanding Audit Recommendations Schedule

Donna-Marie summarised the status of the outstanding audit recommendations.

Richard Stewart confirmed that the Assembly Commission had a detailed planned preventive maintenance programme and that the Concerto maintenance system was almost fully embedded, with existing manual systems ensuring omissions did not occur.

Tara Caul confirmed that a Procurement Manager was due to take up post at the end of February, at which time the delivery of delegated procurement training would be arranged for relevant staff. She added that the training was straightforward and that procurement regulations were being complied with.

ACARC noted the Outstanding Audit Recommendations Schedule.

10. ACARC Objectives 2023-24

Donna-Marie presented the draft ACARC Objectives 2023-24.

Edward asked for a forward ACARC work programme so that members could see future agenda items and noted that ACARC should undertake a self-assessment.

Tara confirmed that a cyclical work programme was in place and set out in an internal staff manual and that the annual self-assessment would take place at the May ACARC meeting. She said that a biennial work programme would be presented at the next meeting.

ACARC agreed the draft ACARC Objectives for 2023-24.

11. ACARC Terms of Reference

Donna-Marie presented the ACARC Terms of Reference for annual review.

ACARC agreed that no changes were required to its Terms of Reference.

12. NAO Cyber Security and Information Risk Self-Assessment Action Plan Monitoring

Donna-Marie provided a status update on the outstanding action in relation to cyber security.

Gareth McGrath confirmed that robust cyber security controls were in place to mitigate attacks and that these were regularly reviewed.

ACARC noted the Cyber Security and Information Risk Self-Assessment Action Plan Monitoring.

13. Risk Management Self-Assessment Action Plan Monitoring

Donna-Marie provided a status update on the outstanding action.

ACARC noted the Risk Management Self-Assessment Action Plan Monitoring.

14. Fraud and Bribery Self-Assessment Action Plan Monitoring

Donna-Marie provided a status update on the outstanding actions.

ACARC noted the Fraud and Bribery Self-Assessment Action Plan Monitoring.

15. Key Guidance from the Department of Finance

Richard noted that one Dear Accounting Officer (DAO) letter had been received from the Department of Finance (DoF) since the last ACARC meeting, DAO (DoF) 01/23, which he said was routine correspondence in relation to the financial year end.

ACARC noted the key guidance that had been issued by DoF since the last ACARC meeting.

16. AOB

Lesley noted that it was Richard's last ACARC meeting due to his imminent retirement and thanked him for his very valuable contribution to ACARC over the years.

Edward and Dr Maurice Keady commended Richard on his enormous contribution to ACARC and thanked him for his support since their appointment.

17. Date of Next Meeting

The dates of next meetings were provisionally set for 18 May 2023 and 27 June 2023 respectively.

The meeting ended at 2.45 pm.