

**NORTHERN IRELAND OMBUDSMAN**

**SUMMARY OF AUDIT COMMITTEE MEETING**

**held on Thursday, 6 December 2007 at 10.00 am**

<b>AGENDA REFERENCE</b>	<b>MINUTE</b>		<b>ACTION REQUIRED</b>
	<b><u>Present:</u></b>  Mr G Martin (Chair & Independent Member) Mr J MacQuarrie Mr G McBride	<b><u>In attendance:</u></b>  Dr T Frawley Mr S McCormick (NIAO) Ms E Johnston (Internal Audit – BDO Stoy Hayward) Mrs A Scott	
	<b><u>APOLOGIES</u></b>  Miss Mills (Minute Taker)		
	<b><u>AUDIT COMMITTEE</u></b>  The Chair convened the meeting by welcoming members and attendees to the meeting.		

<p>1.</p>	<p><b>MINUTES OF MEETING HELD ON THURSDAY 11<sup>TH</sup> OCTOBER 2007</b></p> <p>The Chair commended Mrs Scott and Miss Mills on the early distribution of the draft minutes of the last meeting allowing members and attendees to review the content and suggest amendment. The Chair asked if all were agreed with the draft, Dr Frawley suggested one amendment on Page 10, Item 6, Risk Register where “around the” had been repeated on the first line of the second paragraph.</p> <p>The Chair thanked the Ombudsman for his comment and with this minor amendment, the Minutes were accepted.</p> <p>Dr Frawley reported that the Minutes from the Audit Committee meetings are published on the Ombudsman’s website. He stated that in keeping with a spirit of openness and transparency that the Committee should be aware some deletions are made due to their commercial ‘in confidence’ nature or indeed, if their inclusion would contravene Data Protection legislation – thus protecting the Office from potential criticism.</p> <p>The Chair commented that the summarized format is of a sufficiently detailed and substantive nature to reflect a commitment to openness and transparency of the operation of the Office and the discussions at its meetings, whilst offering protection since some of the issues are by their very nature confidential.</p>	<p>Noted</p>
<p>2.</p>	<p><b><u>UPDATE ON ACTION POINTS FROM MEETING HELD ON 11<sup>th</sup> OCTOBER 2007</u></b></p> <p><u>Comment on the Internal Audit Brief</u></p> <p>The Chair reported that Mrs Scott would discuss Internal Audit in due course.</p> <p>The Chair reminded members that any comment be made to the Ombudsman by the 30<sup>th</sup> December 2007, following the invitation extended to the Audit Committee to suggest improvements that would assist the long term operation of the Office.</p>	



	<p>the Office and the measures required to protect officers from risk, in particular Mrs Scott.</p> <p>It was agreed that the Office will continue to look at the possibility of obtaining an official Credit Card and that this matter would be kept under review.</p> <p><u>Financial Report September 2007</u></p> <p><u>1. Asset Register</u></p> <p>The Chair invited update from the members of the Committee in relation to the Asset Register. Mrs Scott reported that it had been agreed in conjunction with the Northern Ireland Audit Office not to take any further action at this time in relation to whose Asset Register the assets should be listed on, until the Report to those charged with Governance had been received. Mrs Scott stated that she had no further information on the matter, other than a verbal confirmation that issue had not been finalised. Mrs Scott added that the key factor in this matter had been the requirements of the December Monitoring Round.</p> <p>Mr McCormick confirmed that some comment had been received in relation to the report, and it had not yet been issued in final form. He added that he had just received a communication this morning from DFP confirming that the assets were not on their fixed asset register, but that they wanted to check if they had been previously registered at any point on their fixed asset register.</p> <p>Mrs Scott informed to the meeting that when this issue had been raised initially, the assets in question had been written off by DFP at the beginning of 2006/2007, and then had been put back on the Register again. Mrs Scott stated that as a result no agreement can be reached for provision in the Office's estimate to cover increased depreciation or cost of capital. Mrs Scott concluded that this situation is unlikely to be resolved in this financial year, since in DFP's view these assets are not currently on their asset register.</p> <p>Mr McCormick reported that DFP have recognized an asset in relation to capitalized part of Progressive House Accommodation Project, replacement mechanical services 4<sup>th</sup> and 5<sup>th</sup> Floors, but have not identified anything further. In response, Mrs Scott</p>	<p>Dr Frawley, Mr MacQuarrie, Mrs Scott</p>
--	--	---

	<p>stated that DFP's Accommodation Unit had purchased the assets in question at the time of the refurbishment of the Office some time ago.</p> <p>2.Pension Costs for Previous Ombudsmen</p> <p>The Chair introduced papers which had been submitted too late to have been included in the papers circulated to the Audit Committee prior to its meeting today. These papers are a response from DFP in relation to the ongoing issue of pension costs for previous Ombudsmen and how they should be treated. The Chair noted that he was pleased to have finally received a response on this issue, but added that he was disappointed with its content. The Chair explained that the letter refers him to two other officials in the event that he found the response unsatisfactory. The Chair indicated his intention to write again to DFP reflecting his dissatisfaction with the response as it did not satisfactorily address the issues queried. The Chair indicated he would circulate a copy of the correspondence to members for their information.</p> <p>3. Machinery of Government</p> <p>Mrs Scott reported on the DAO on Machinery of Government and the transfer of functions. Previous discussions between the Office and DFP have clearly established that the Office is not a transferring a function, but the Office will experience an increased workload. Mrs Scott stated that on consulting with Mrs McAleer, Director of Investigations (Health) that writing to DFP seeking definitive clarification would be inappropriate at this point, since the decision has not yet been taken. She added that future consultation would have to take place between the Office and the Northern Ireland Audit Office to agree definitively that the proposed changes.</p> <p><u>Audit Committee Handbook</u></p> <p>Regarding the appointment of a second Non Executive Member to the Office, the Chair reported that both the Ombudsman and he would arrange to meet Mr McCormick in the New Year to discuss this issue.</p> <p>The Chair reported that the Annual Audit Conference had been attended by Mr MacQuarrie and Mr McBride.</p>	<p>The Chair</p> <p>The Chair, The Ombudsman, Mr McCormick</p>
--	---	--

<p>3.</p>	<p><u>NICS Fraud Reports</u></p> <p>The Chair reported that the review of the system had been completed by Mrs Scott and that the analysis had been incorporated into the Internal Audit Assignment. The Chair stated that further testing of the system is planned.</p> <p><u>Draft Internal Audit Report on the Investigation Process</u></p> <p>The Chair reported Mr MacQuarrie’s comments that the Report had been helpful and that a working group had been established to examine the Reports findings.</p> <p>Mr MacQuarrie confirmed that the working group had now met on a number of occasions. He further reported that good progress had been made toward refining the key points that had been identified in the Report.</p> <p>The Chair stated that this would be examined in further detail, following Ms Johnston’s report to the meeting.</p> <p>Mr MacQuarrie proposed that an invitation be extended to Ms Johnston to come to the Office and present the findings of the Internal Audit on the Investigation Process to Staff, as a precursor to making any change to the Investigation Process itself.</p> <p><b><u>SENIOR MANAGEMENT TEAM MEETINGS MINUTES</u></b></p> <p>The Chair invited Dr Frawley to update the meeting on any progress made in the interim. Dr Frawley suggested that Mr McBride apprise the Committee of progress made on the Knowledge Management Project.</p> <p>a) Knowledge Management Project</p> <p>Mr McBride reported that CAS had been appointed to carry out the technical work and progress is being made. Mr McBride confirmed that the Project is on target to have produced a working model by the end of January 2008. Mr McBride stated that the Project Team will be identifying some key staff to begin work on the information notes which will ‘populate’ the Knowledge Management database. Mr McBride explained that the intention was to have a prototype system in place and working by</p>	<p>Mr MacQuarrie</p>
-----------	--	----------------------

Spring 2008. Mr McBride emphasised to the Committee that the database would be organic in nature, and once up and running, additions would be made on a continuous basis.

b) Principles of Good Administration

Dr Frawley reported on the issue of Principles of Good Administrative Practice explaining that Mr McBride had contacted OFMDFM and would continue to work with OFMDFM in addressing this matter.

c) eHR

Dr Frawley reported that Mrs Lamont has been assigned the task of progressing eHR for the Office, but that it had been delayed. Dr Frawley stated that Mrs Lamont has advised that the Office should be online by April/May 2008.

d) Business Planning

In relation to progressing the Business Plan, Dr Frawley advised the Chair that he will speak on that issue under that heading.

e) Housing Seminar

Dr Frawley stated that the Office is to proceed with a Seminar on Complaints Management for Housing Associations. Mr McBride confirmed this is in preparation, and a notice providing details will be circulated this week.

f) Directorate Business

1.

Dr Frawley reported that he was happy to take questions on the updates from individual Directorates. He continued that the delay in making a final decision in relation to Health Complaints was presenting difficulties. He said the delay meant the Office could not update its literature until the matter has been settled.

2.

Dr Frawley reported that Mrs McAleer has also been conducting an internal review of the investigation process for health complaints. He also reported that Management are reviewing caseload and how that impacts on performance management.

3.

Dr Frawley reported that the ICO for Northern Ireland is coming in to the Office to discuss information issues, particularly the issue of ownership of medical records.

4.

Dr Frawley continued by stating that while Mr MacQuarrie had reported on the Planning Directorate's meeting, Mrs Lamont has now assumed responsibility for that Directorate, supported by Mr MacQuarrie initially.

5.

Dr Frawley confirmed that Mr McBride had now also reported on the progress of the Housing Team in meeting timescales.

6.

Dr Frawley reported that that the Cross-Directorate meetings have been cancelled.

7.

Mrs Scott reported that the Fraud Report has been completed and that the review of car parking is ongoing. Dr Frawley added that although no formal communication to this effect has been received, that the Office has become aware through the media that ownership of the car park currently being used, has changed. It is not clear what implications that this will have on current arrangements when the contract expires at the end of March 2008. Dr Frawley stated that he felt it was timely that this issue be examined. Dr Frawley commented that from the statistics, that there was only one occasion when all available car park spaces had been in use. Dr Frawley stated that a judgement will have to be made about whether the Office will continue to use one provider for all the required parking spaces, or if consideration should be given to spreading the user requirement among a number of providers.

Mr MacQuarrie pointed out that the current provider is the only one known to the Office who would facilitate it in providing 15 pass cards for only 11 contracted

spaces. Mr MacQuarrie stated that the change of ownership in the current provider could have implications for this facility. He added that it would be a challenge to find other providers who would facilitate the Office in this way.

8.

Dr Frawley stated that Mr McBride is to lead on the Business Plan.

9.

Dr Frawley spoke about the deletion of the Director of Corporate Services post, which now required that consideration be given to the range of responsibilities which have now to be re-allocated. Dr Frawley stated that both he and the Deputy Ombudsman have to examine these various duties to determine their continued relevance in the operation of the Office.

10.

In developing the interim management structure, Dr Frawley indicated that in discussion with Mr MacQuarrie they had examined the type of model that needs to be developed to take account of Mr MacQuarrie's retirement in mid 2008. To address this, Dr Frawley indicated that the job description for the Deputy Ombudsman was being finalized and that it was envisaged that it would be circulated in February 2008.

Dr Frawley reported that he had been advised by both Mrs Lamont and Mr MacQuarrie that there should be a 3-person panel convened to conduct interviews of the candidates. From this interview process, (as suggested by Mrs Lamont and Mr MacQuarrie) a small number of candidates would then be invited for a personal interview with Dr Frawley to confirm the final appointment.

11.

Mrs Scott then spoke to the Committee about concerns that had been previously raised by Mr McBride about the current telephone systems. She explained that the current provider had been invited to the Office to examine the system. Mrs Scott reported their assessment that the existing system would become increasingly redundant; in January 2009 a new system network will be introduced. They had advised that the system used by the Office may not be compatible with this new system. They suggested an interim solution to resolve the messaging facility, estimated at £3k and another to resolve the whole system, estimated at £5k. Mrs Scott

stated that it would be more cost effective to choose to address the whole system rather than implementing an interim solution and still be faced with resolving problems with the whole system at a later date. Mrs Scott reported that this will be examined over the coming months to identify the optimum course of action.

The Chair commented that it was important to future proof the system and Mr MacQuarrie emphasised that there will be technical change implemented within one year. It was agreed that it would be pointless to spend money on a resource that would be obsolete within a year. Dr Frawley reported that he had asked Mr Rainey that in his discussions with the providers that he raises the issue of text facilities, to facilitate people with speech and hearing impairment.

The Chair commended the efforts of SMT in its proactive attitude toward future-proofing the organization.

4. **DRAFT INTERNAL AUDIT ASSIGNMENT BRIEF**

The Chair invited Ms Johnston to brief the Committee on the Draft Internal Audit Assignment Brief.

Ms Johnston stated the background to Audit Plan for the upcoming audit of the Finance Systems was developed in discussion which had taken place between Mrs Scott and herself, reviewing the Strategic Audit Plan and the development of an Annual Audit Plan for the year of 2008. She added that since it had been a year since BDO's appointment as Internal Auditors, she felt that it was appropriate timing for such a review to have taken place. Ms Johnston reported that there had been some changes between the Strategic Audit Plan and the Annual Audit Plan – in that a number of areas have been identified that have been included which were not within the original plan, such as allocation of internal audit resource based on a greater familiarity with how the Ombudsman's Office operates. The particular areas are transition arrangements for IAS, reallocation of function and fraud risk assessment. Ms Johnston clarified that although changes have been made to how audit resource is allocated, there has not been a change to overall planned audit days. Ms Johnston confirmed to the meeting that the stated number of days was for guidance only,

	<p>explaining that where a day is afforded to a particular area and used but extra time is required to complete examination that will be made available.</p> <p>Ms Johnston stated that the Audit Plan is in draft at this time. During the course of her examination of the papers, Ms Johnston noted that there was an error where the Plan is titled “Investigating Complaints &amp; Managing Information”. Ms Johnston stated that this should read “Financial Systems”. Subsequent to submission of the draft, Ms Johnston reported an internal review with SMT had resulted in some changes to the Plan.</p> <p>Mrs Scott commented that the detail in relation to Reallocation of Function is incorrect. The purpose now agreed, is to identify the gaps in responsibility and how the Office intends to fill those gaps in the interim arrangements in light of the deletion of the post of Director of Corporate Services. She further reported that there has been some change to the wording of the document to more accurately reflect its overall purpose.</p> <p>Ms Johnston reported that the Draft Report would be available for the next Committee meeting scheduled for March 2008. Mrs Scott stated that it might be useful to circulate this document to the members in February 2008. This was agreed.</p> <p>The Chair sought clarification on the matter of the ratings namely 1, 2 &amp; 3 to indicate weakness and urgency. Ms Johnston stated that the same ratings will be used on this occasion.</p> <p>Mr McBride stated that he was satisfied at the comprehensiveness of the document, adding that as time progressed the Draft Plan would be subject to change and amendment.</p> <p>Mr McCormick commended the Plan as an adequate review of every area but suggested that if any specific risks were identified that a more focused review of a sub-system or specific transactions should be considered e.g. consultancy contracts. He suggested the Audit Committee had a role in identifying such potential areas for review.</p> <p>The Chair stated that he would consult with other members to comment on the issues</p>	<p>The Chair</p>
--	--	------------------

raised, which will take place before fieldwork commences.

In relation to the size and scale of the Office, the Chair queried Ms Johnston if Internal Audit could comprehensively examine the control environment in 7.5 days. Ms Johnston confirmed this would be achieved.

5. **MANAGEMENT RESPONSE TO INTERNAL AUDIT REPORT (September 2007)**

Dr Frawley raised a concern about the wording of the Management Comment on Page 5 of the Report where it states, "...notify claimants...". He suggested that this is surely an error and should read complainants. This was accepted by the meeting.

The Chair invited comment from Ms Johnston's on the Management Response. Ms Johnston began by stating that the fieldwork for this Audit took place in September 2007 and the overall opinion was one of substantial assurance. She stated that 7 recommendations were made, one of which was scored at a 2, the remainder being scored at 3. Ms Johnston referred the Committee to Page 4 of the document which gives a high level summary of the findings. It was felt that overall the internal control procedures were comprehensive and well documented. She stated that only one area was identified where no formal policy existed, that of the handling of Freedom of Information requests. However, it was noted that there were ongoing improvements to the systems. Ms Johnston also referred to the finding that Statements of Complaint were not always held on file, but added that this was a recent procedure and as such some of the files examined commenced before this procedure had been adopted.

I Automatic Notifications:

Ms Johnston explained that she would now discuss with the Committee the findings in more detail. She stated that the first finding was that in a majority of Stage 3 & 4 cases, complainants were not notified on a 6 weekly basis as per Section C of the Office Manual. Ms Johnston also acknowledged the spelling error where 'claimants' occurs rather than 'complainants'. Ms Johnston undertook to amend the report and ensure that this error is corrected.

In response Mr MacQuarrie stated that an automatic reminder has now been added to

<p>CHAS to flag up to the Investigation Officer the requirement for an update every 6 weeks. He added that during discussion within the Working Group, clarification on the 6 week update had been defined as a gap of no longer than 6 weeks between contact rather than an update on how the case is progressing on a 6 weekly basis – which is very different. Mr MacQuarrie reported that Mr Rainey has been tasked with adjusting the running of the clock on CHAS, so that it runs from the date of the last documented contact with the complainant, whether that be written correspondence or a telephone call. Furthermore, Mr MacQuarrie stated that staff will not be expected to adhere slavishly to this reminder, giving the example that where a Stage 3 Rejection Letter is being prepared and awaiting approval, that it would not be appropriate to contact the complainant to discuss the content of this correspondence.</p> <p>In response, Ms Johnston sought clarification that such action would be formally recorded on CHAS – which was confirmed by Mr MacQuarrie.</p> <p>The Chair posed a question on how discretionary issues would be dealt with in relation to CHAS. Mr MacQuarrie confirmed that within CHAS all these actions would be recorded.</p> <p>Ms Johnston moved onto the next finding where documents held on file did not appear on the CHAS record and vice versa. Mr MacQuarrie stated that the Working Group is looking to ensure that any document generated or received should be recorded on CHAS. He explained that scanning individual documents may not be feasible, but stated that where documented contact occurs with the complainant that this must be recorded on CHAS. He stated that a record of a telephone call does not necessarily require a print to be placed on the file in hard copy. The issue of paramount importance is that the CHAS record is complete and comprehensive. Mr MacQuarrie stated that all staff would be reminded of this requirement.</p> <p>II Managing Targets:</p> <p>Ms Johnston addressed the next finding where targets on the progress of cases are not set and formally monitored. Mr MacQuarrie explained that the key issue as identified by the Working Group, is the recording of milestones which he stated is more than a simple timing issue. He stated as an example that formal recording of the appraisal of why a case is moved from Stage 3 to Stage 4 investigation. He reported that all cases</p>	<p>Mr Rainey</p>
--	------------------

will be by default move to a 6 month closure date. When that milestone was reached, he explained that an assessment will have to take place conducted by the Investigation Office who will seek agreement from their respective Director as to why the case cannot be closed at that time – this will be fully documented.

### III Recording of Written Complaints:

Ms Johnston introduced the next finding of the Audit on Internal Complaints Procedure which states that Administration Section will maintain records of written complaints being received and that these will then be maintained on computer. This she said is currently not the case. Due to their confidential nature such complaints are maintained by the Deputy Ombudsman, in hard copy only. While acknowledging the need to protect confidentiality, Ms Johnston pointed out that the Procedure is not in line with practice. Mr MacQuarrie accepted this point, adding that the Procedure had been drawn up in anticipation of a flow of work which has not yet become a reality. He reported that there have only been 2 cases over a period of 3 years. Mr MacQuarrie stated that action has been taken to amend CHAS to allow the recording of the receipt of such a complaint, but any records created on CHAS are restricted only to Mr MacQuarrie and or the Director tasked with responsibility for Administration he explained that Procedure is being rewritten to reflect the changes required.

The Chair addressed the issue of control, Mr MacQuarrie responded that CHAS has already been amended so that such records are only available to Mr MacQuarrie and or the Director tasked with responsibility for Administration. The Chair specifically asked how this control is set up and whether it is password protected. Both Mr MacQuarrie and Mrs Scott explained that this is set up on CHAS by Mr Rainey with the server and that only those who have been cleared for access could have such access. Mrs Scott also explained that in all likelihood a group called Internal Complaints will be set up with access rights and only those named in that group will have access to the record on CHAS. Such a group is likely to comprise of, and be limited to Mr MacQuarrie and the Director responsible for Administration.

#### IV Freedom of Information:

Ms Johnston in introducing the next finding explained that it required some amendment. The finding related to the lack of any formal procedures for handling requests under the Freedom of Information Act, which historically have been dealt with by Mr MacQuarrie; the Director of Corporate Services or the Office Manager. Ms Johnston was concerned that a further knowledge gap may arise through the loss of the Director of Corporate Services post and on the retirement of Mr MacQuarrie. Mr MacQuarrie acknowledging the validity of this point stated that a document setting out the necessary guidance had now been drafted. He considered that this document should be introduced by 31<sup>st</sup> January 2008.

#### V Records Management:

In relation to Records Management, Ms Johnston stated that the procedure specified when files are due for review or destruction. This is not noted on the files. In responding Mr MacQuarrie accepted that this was not the case, but that this weakness has now been addressed. Mrs Scott added that although not recorded on the physical file, it was recorded on the CHAS record. Mrs Scott explained that the file cover has now been amended to indicate when the review date is required. Mr MacQuarrie stated that the system would still have captured the file records, and have produced a task list for Mr Rainey, but that would not have been borne on the physical file – which is where it should have been.

#### VI File Referencing:

Finally, Ms Johnston raised the implication of file referencing, explaining that where documents are added to the file it has not always been referenced, nor is it always identified as to which file it belongs. Ms Johnston used the example that where papers came loose from a file, this would present difficulty in readily associating these papers correctly. Mr MacQuarrie responded by stating that this area is being re-examined by the Working Group work through a process of revision. Mr MacQuarrie accepted that within the group it has emerged that different individuals within the Office employ different approaches, but he stated that the Group has now come to a consensus position. He added that the Group had identified that cases closed at Stage 2, do not warrant this kind of file referencing, since it is unlikely that there will be

	<p>sufficient volume of papers or detail. Furthermore, some cases closed at Stage 3 may not require file referencing, since the response from the public body had been prompt and comprehensive. However, Mr MacQuarrie recognised that probably all cases that moved to Stage 4 would require referencing, but that what the Office and the Working Group want to develop is a consistent approach. Mr MacQuarrie explained that when it comes to draft reports, the Investigation Officers do generally reference the documents, so that those who review the draft do not need to read every document. Few will be involved in constructing an index for the file.</p> <p>Discussion</p> <p>Dr Frawley added that he valued the detail analysis and evaluation in the Audit, because it served to highlight the difficulties in achieving absolute compliance from a diverse range of staff, who inevitably each have their own method of working. Mr MacQuarrie also stated that the Report had been well received by the Working Group and he felt this was largely due to the approach adopted by those undertaking the audit.</p> <p>The Chair concluded the discussion by stating that the audit had resulted in a positive outcome and echoed Dr Frawley’s view that it was useful as a ‘signaling exercise’ serving to focus people’s minds on how they can contribute to making the Office more efficient and effective. The Chair confirmed with Ms Johnston that her substantive conclusion was that she had assurance in the Investigation Process. Ms Johnston added that in the majority of findings the recommendations merely ‘tweaked’ existing practice, rather than changing how the organization conducts its investigations. Ms Johnston stated that on examining the Action Plan, she was pleased to note the progress made to date. The Chair thanked Ms Johnston for her presentation and Mr MacQuarrie for contextualizing the report. He stated that he was content with the comprehensive Action Plan which serves to identify individuals responsible for action to a timescale, so that people can be held accountable. The Chair stated the intent to follow this through to the next meeting of the Committee to determine if the Action Plan has been implemented.</p>	<p>Mr MacQuarrie &amp; Working Group</p>
--	--	--

6.

**FINANCIAL REPORT FOR OCTOBER 2007**

The Chair invited Mrs Scott to address this item on the agenda. Mrs Scott stated that the report for October 2007 has probably been superseded by report for November 2007, which has just been issued to the Ombudsman. Mrs Scott apologized to the Committee for Points 1.1 & 1.1.2 stating that these were actually September figures.

- December Monitoring Round

Mrs Scott added that December Monitoring has now been completed and after reviewing the situation with the Accounting Officer, it was decided to release further monies.

- Capital Expenditure

Mrs Scott stated that there will be significant capital expenditure in the coming months for example, replacement firewalls, rolling replacement costs, servers, back ups to servers etc. Mrs Scott explained that whilst there is not a great deal of capital expenditure at this time, it is anticipated that this situation will change within next few months.

- Status of Progressive House Lease

Mrs Scott stated that included in the notes that had been circulated was the response from DFP, but that this matter had been dealt with earlier in the meeting. Mrs Scott stated that she has updated Mr Andrew Allen, NIAO by email advising of the current situation. Mr McCormick welcomed this.

- Accounting Consultant – Tender Update

With regard to the Tender for Accountancy Consultancy, Mrs Scott explained this work was still in process. Mrs Scott stated that tender submissions and been received, that the evaluation panel has now met and she expected a recommendation to be forthcoming.

	<ul style="list-style-type: none"> <li>• Appraisal – Independent Member</li> </ul> <p>Mrs Scott reported that the appraisal of the Chair and Independent Member had been completed by the Accounting Officer with an agreement to extend the contract for a further 2 years.</p> <ul style="list-style-type: none"> <li>• Discussion of Financial Report</li> </ul> <p>The Chair thanked Mrs Scott for her presentation to the Committee. The Chair also commented regarding the appraisal of his role, that it was useful for him to obtain feedback on how he was fulfilling his role. The Chair also wished to record that he was pleased to have been re-appointed.</p> <p>Mr MacQuarrie wished to make comment in relation to Appendix 1, the letter from Niall Hobbs, DFP Properties Division of 12<sup>th</sup> October 2007. Mr MacQuarrie drew the Committee’s attention to the last two sentences of the first paragraph of this letter – stating that there appeared to be some confusion in this matter. Firstly, Mr MacQuarrie clarified that this Office does not have a parent department. Secondly, current legislation does not permit this Office to hold the lease in its own name. Mr MacQuarrie explained that this would be something which the Office would be addressing in negotiations regarding the consultation on the Review of the Office. He concluded that if there is no legislative change by December 2009, then the Office will avail of the facility offered by DFP.</p> <p>In relation to the upcoming renewal of the lease for the premises, Dr Frawley questioned if negotiations should not be opened up in preparation for its expiry. Mr MacQuarrie advised that it would be sufficiently timely to embark on such negotiations this time next year, though certainly they could initiate discussion earlier if it was felt appropriate. Mr MacQuarrie added that it may be worthwhile awaiting the recommendations of the Review of the Office before entering into discussion on the lease. Mr McBride stated that in his view, the Office would now need to voice its intention to remain in these existing premises. Dr Frawley suggested that a document be drafted up to this effect, at the beginning of the New Year.</p> <p>Dr Frawley introduced to the Committee that consideration should also be given to the proposed refurbishment of the lift in Progressive House, with negotiations for</p>	<p>Mr MacQuarrie, Mr McBride, Mrs Scott</p>
--	--	---

the proposed refurbishment of the lift in Progressive House, with negotiations for renewing the lease in mind. Mrs Scott reported that the landlord has had valuations conducted on the lift, but that a further submission is required from their architect and therefore a definitive schedule is likely to be delayed. She added that this should be included in the schedule for next year. Mrs Scott stated that it was clear from the DFP letter that they consider these works to constitute revenue expenditure. She explained that the Office had written to NIAO to obtain their authorization on this. Mrs Scott reported that there is extra revenue in place to cover this anticipated expenditure.

Dr Frawley queried that if the Office did not renew the lease, would the Office still be liable for this expenditure. Mrs Scott explained that this would be an element of the terms and conditions of the lease to which the Office had already committed itself. Mr MacQuarrie added that the Office would bear liability for this expenditure if it still remained in these premises as of 31<sup>st</sup> December 2009. The Chair noted that such an issue is outside the control of this Office but that it would represent a prudent approach to minimize risk.

7.

**COMMENT ON INFORMATION ITEMS**

10. Mr MacQuarrie noted his agreement with DAO 14/07 where specific reference was given to the consideration as to whether the body created comes under the jurisdiction of this Office – unless a case is made to exclude it from the Schedule.
11. The Chair commented on the inclusion of the Accounting & Accountability Forum Minutes, which he found to be a useful reference as a means of informing his own understanding. Mrs Scott reported on a training programme on International Accounting Standards, organized by AASDNI. She stated that she had attended the first day of this programme. She reported that from that meeting it had been clear that consideration by departments of IAS is now happening however the overall progress has not changed greatly. She added that she had taken from the meeting the need to conduct an impact assessment and create a clear timeline. Mrs Scott relayed to the Committee her feedback to AASDNI, where she had suggested that they take the lead and produce a pro-forma on the impact assessment; the old standards against the new ones; and suggested impacts permitting a

consistent approach by Departments. Mrs Scott stated that the impact assessment will be timetabled in January 2008 for this Office because of the impact of restating this years figures into IAS for next year.

Mr MacQuarrie added that IAS had arisen at the conference attended by himself and Mr McBride – and he had noted that there had been some at that meeting who had not known about the imminent introduction of such standards.

14. With regard to the Business Plan, Dr Frawley stated the need to update the Plan, of which some of the dates have slipped, but confirmed that for the most part the Office is well on track. Dr Frawley reported that attention must be given to marginalized groups and incorporate that into next year's Business Plan.

The Chair concluded that he was satisfied with the progress reported in the Action Point Plan as set against the context of the Fraud Review. He reiterated that he was content with the substantive response in relation to DAO 06/07 & DAO 13/07.

**8. AOB**

The Chair commended Mr MacQuarrie's and Mr McBride's attendance at the Audit Committee Conference at HM Treasury. The Chair added that next week he is undertaking a visit to OPHSO and the Local Government Ombudsman's Office in London to discuss governance issues with the Head of Finance and Risk Management Staff in those organizations. The Chair also announced his attendance as an observer at the Local Government Ombudsman's Audit Committee in February 2008, to inform practice for the Committee.

The Chair also addressed the protection of data held by the Office and invited Mr MacQuarrie to comment. Mr MacQuarrie advised that a reminder to all staff on this issue and on computer security had been prepared and issued. In preparing the note consideration had been given to potential points of vulnerability. The main area of vulnerability which arose around taking information out of the Office; however, a robust computer security policy was in place to protect information held on the

<p>9.</p>	<p>laptops.</p> <p>The Chair stated that this matter will be revisited when a report on the data losses in GB becomes available. He noted that he was satisfied that measures had been set in place in the Office to protect both information and individuals – using both passwords and encryption.</p> <p>Mr McCormick cautioned about the storage of information on pen drives.</p> <p><b><u>PROPOSED DATE OF NEXT MEETING</u></b></p> <p>Thursday, 13<sup>th</sup> March 2008 at 10am</p>	
-----------	---	--