

NORTHERN IRELAND OMBUDSMAN

SUMMARY OF AUDIT COMMITTEE MEETING

held on Wednesday, 4 July 2007 at 10.00 am

AGENDA REFERENCE	MINUTE		ACTION REQUIRED
	<u>Present:</u> Mr G Martin (Chair & Independent Member) Mr G McBride	<u>In attendance:</u> Dr T Frawley Mr A Allen (NIAO) Ms V Leeman (NIAO) Ms E Johnston (Internal Audit – BDO Stoy Hayward) Mr I Houston Mrs A Scott	
	<u>Apologies:</u> Mr J MacQuarrie Mr S McCormick		

	<p><u>AUDIT COMMITTEE</u></p> <p>The Chairman opening this meeting welcomed members and attendees.</p> <p>The Chairman outlined the agenda for the meeting which he explained was detailed in the papers that had been circulated with the Agenda. The Chairman explained some changes he intended to make to the format of the Agenda for future meetings. He explained that the Agenda would delineate items that required substantive discussion from items that were included for information.</p> <p>The meeting accepted the approach proposed by the Chairman.</p> <p>The Chairman suggested that he felt it would be more appropriate to adopt the term “Chair” in relation to his role and to dispense other forms of address such as “Chairman” or “Chairperson”.</p> <p>1. MINUTES OF MEETING HELD ON WEDNESDAY 4TH JULY 2007</p> <p>Mr Martin invited comment from the Committee on any matters arising from the minutes of the last meeting</p> <p>Dr Frawley noted the difficulties encountered in obtaining written confirmation from DFP in relation to the ongoing pension provision query. He voiced concerns about the ‘minor’ status applied to the Office by NI Departments such as DFP, due to the relatively limited financial sums acquired to support the work of the office.</p> <p>Mr McBride supporting this comment emphasized that assistance should be readily forthcoming from all Departments in view of the role of the Office.</p> <p>Mr Martin concurred and echoed the views already expressed. He noted the lack of reciprocity in transparency of DFP’s dealings with the Office with a degree of disappointment. This he said was reflected in the quality and frequency of correspondence issued by this Office and the lack of response by DFP. He suggested that contact be made with DFP to express the Committee’s concerns rather than</p>	<p></p> <p></p> <p>Noted</p> <p>Noted</p> <p></p> <p>Noted</p> <p>Noted</p> <p>Noted</p>
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<p>2.</p>	<p>expend further energy re-visiting the same issues at future meetings of the Committee.</p> <p>Dr Frawley suggested that this decision on the way forward be deferred until examination of the Finance Report later in the Agenda; this was agreed.</p> <p>Dr Frawley commended Mrs Scott for the production of the Office's Annual Accounts. The Chair concurred with this comment.</p> <p>Mr Allen added that the NIAO were impressed with the content and scope of the Annual Accounts.</p> <p><u>UPDATE ON ACTION POINTS FROM MEETING HELD ON 3 MAY 2007</u></p> <p>Action Point 1</p> <p><u>Internal Audit</u></p> <p>The Chair invited comment from Ms Johnston in relation to the redesigned grading framework. Ms Johnston responded that further amendments were being examined and the final design would be available in the near future.</p> <p>Action Point 5</p> <p><u>Competencies</u></p> <p>Mr Houston reported that DFP are currently examining whether the overall competency framework is fit for purpose, but that no definite timescale for final decisions is currently available.</p> <p><u>Sick Absence</u></p> <p>Mr Houston reported that sick absence recorded for the Office would now also include absolute figures as well as absence as a percentage of working days available.</p>	<p>Mr Martin, Chair</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>
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<p>3.</p>	<p><u>SENIOR MANAGEMENT TEAM MEETING MINUTES</u></p> <p><u>Annual Report</u></p> <p>The Chair invited comment from Dr Frawley. Dr Frawley opened his comments by indicating his thanks to staff for achieving the early publication of the Annual Report which had facilitated significant media publicity. He reported that he was particularly grateful to the Speaker of the Assembly for his support and he said he hoped this would offer a basis for further engagement with Assembly Committees in the future.</p> <p>Dr Frawley asked that the particular contribution of Mr Rainey be acknowledged and he extended his thanks to him in achieving the degree of media focus that had been achieved.</p> <p>Dr Frawley stated that he was optimistic that OFMDFM will sponsor the consultation process on the Review of the Office, a process he said that started some 4 years ago, but had not been completed due to the suspension of the Assembly. Dr Frawley said the Review could promote major changes in the role and jurisdiction of the Office, which would be the subject of debate, but he believed this discussion would have benefit in the longer term.</p> <p>Dr Frawley raised the matter of publishing monthly abstracts, as is done in Scotland. Again whether a similar approach is adopted in Northern Ireland would be subject to debate; however he believed such an approach would serve to keep the Office in the public arena.</p> <p><u>Presentation to the Assembly</u></p> <p>Dr Frawley reported to the Committee that he has been appointed as Interim Commissioner for Standards by the new Standards Committee. He said that a number of complaints have been received in the short time since the Assembly had been in sitting. He indicated that he had negotiated a degree of integrity for his role in that the Committee had agreed to publish his report along with their decision in relation to his investigation, however the Committee would be under no obligation to adopt any recommendation that he might make in his Report.</p>	<p>Noted</p> <p>Noted</p>
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	<p>Dr Frawley noted with interest that a number of sponsoring MLA's now occupy the post of Minister for those departments about which complaints have been lodged. He said he had advised the relevant authorities of the difficulty this might present</p> <p><u>Customer Satisfaction Survey</u></p> <p>Mr Houston reported that the Office will write to the 19 bodies polled in the external consultant's Customer Satisfaction Survey and who had not responded. Dr Frawley fully endorsed this course of action stating that he appreciated that resources may be restricted, but that he would like a brief explanation from those bodies as to why they did not take the opportunity to offer feedback. Indeed, Dr Frawley said he would be particularly interested in discovering any difficulties they had encountered in responding – which could inform how the Office approached future surveys.</p> <p><u>New Health & Social Care Trusts</u></p> <p>Dr Frawley reported that he and Mrs McAleer, Director of Health Investigations had now met with the new Belfast Health & Social Care Trust. He stated that he had been impressed by their preparatory work. He reported that the Office would now seek to replicate this meeting with the other four Trusts.</p> <p>4. COMMENT ON EXTERNAL AUDIT FINDINGS AND DISCUSS IMPLICATIONS</p> <p>Dr Frawley brought Mr Allen's attention to the opening page of the Northern Ireland Audit Office's Draft Report, where Mr Dowdall is referred to as an "Officer of the House of Commons", suggesting that it could be amended to read "Officer of the Northern Ireland Assembly". Mr Allen accepted Dr Frawley's comment, explaining that this was a standard document which was being applied for the first time to the Office of the Ombudsman.</p> <p>Mr Allen went on to explain that the Draft Report replaces the previous form of Report and fulfills two purposes: the Completed Audit Memorandum and the Management Letter.</p>	<p>Noted</p> <p>Noted</p>
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Mr Allen reported to the Committee that the NIAO were pleased with the faster closing, but identified a particular concern regarding the Office's non-adherence to the purchasing policy – which has been a recurrent issue and had now been graded as Priority 1 Risk as a result.

Mr Allen also indicated that the negotiation of car parking charges had been raised in the audit analysis as the relevant documentation did not demonstrate if the outcome of discussions represented value for money.

For completeness Mr Allen reported that the annexe attached at the end of the Draft Report dealt with minor issues not normally discussed at Audit Committee meetings.

Dr Frawley and the Chair of the Audit Committee explained that they had reviewed the NIAO Audit findings as presented to them at that point in time. They had recorded their agreed assessment in the Office's letter dated 20th June 2007. At that stage, they were not aware that three of the issues raised identified in the Report would be classed by NIAO as Priority 1 Risks.

Dr Frawley went on to commend Mr Allen on the accessibility of information contained in the Draft Report, which would facilitate a wider engagement and understanding of the risk to the organisation and would serve to highlight that audit is something which is a responsibility for all staff and not solely the province of those concerned with finance.

The Chair, while echoing Dr Frawley's comments, queried the materiality of the Priority 1 that had been attributed to the Procurement issue.

Mr Allen explained that where issues have been raised before in the Audit, they were automatically designated as a Priority 1 Risk issue.

Mr Martin stated that he was satisfied that the results did not indicate any systemic weakness.

In response to a request to elaborate on the matter of Fraud Assessment by the Chair, Mr Allen explained that DFP had issued guidance and it had been noted that Departments had not adhered to this guidance. Mr Allen stated that the NIAO believe

that this is something which they must highlight in any organisation where it is identified as a Priority 1 Risk.

With regard to Fraud Risk Assessment issue that attention was drawn to in the Audit Results, the Chair asked Mr Allen whether the Risk Register is sufficient as an effective tool in the management of resources. Mr Allen replied by explaining that the Risk Register needs to go further in proactively assessing the fundamental risks to an organisation, and not just merely putting in place fraud policies and ticking boxes.

The Chair thanked the representatives of the NIAO for its work and ‘user friendly’ format of the Draft Report.

Mr Houston asked if the ‘checklist review’ he had undertaken represented sufficient assurance, but Mr Allen explained that an opportunity to examine his checklist had not presented itself, but a review of his submission would be completed and the Committee advised accordingly.

The Chair commended the Audit Office and its staff for its support and guidance on the substantive issues of Audit.

5. COMMENT ON ANNUAL REPORT

Dr Frawley reminded the Committee that the Annual Report is an important document of record and that he commended it to all the public bodies within jurisdiction of the Office and other stakeholders and interested parties. He added that many public bodies have found it useful in their review of the services they provided to the public.

Dr Frawley outlined one case which had been widely reported, which had given rise to two problems. Firstly, despite the robust legislation governing this Office, there is no obligation on independent contractors to act on recommendations. He stated that he hoped this matter would be brought to the attention of the Assembly. Secondly, the media had referred to the practice as “Bangor Health Centre” on a number of occasions. This is something which the Office must address since it was unfair to other health professionals working in the Centre who were not involved in the complaint.

The Chair commended the accessibility of the Report and emphasized the role of this Office and the influence which it exerts on public bodies and how they deliver their responsibilities.

6. DISCUSSION ON THE REVIEW OF RISK REGISTER

Mr Houston reported on the impact of the Corporate & Business Plan on the Statement of Internal Control and the Risk Register, where recommendations were realigned to key risks with the Business Plan. He indicated that there will be additions made to the Risk Register following the review of April 2007.

Mr McBride said that our approach needed to be dynamic and linked to the Business Plan for the Office, it was therefore important to review and update the Register to maintain its relevance for the organisation.

The Chair agreed that the Risk Register must be a dynamic document being constantly realigned to make it cohesive with the realities of the work carried out within the Office.

Dr Frawley added that the opportunities to realign and to keep the document under review needed to be practically managed. The review would permit relevant issues to be added and to discard those which are no longer germane. He continued that an emerging challenge would be presented by the 'roll out' of e HR which will require robust management in view of the significant costs involved, yet it is an initiative from which this organisation cannot afford to be excluded. Dr Frawley anticipated that problems could emerge from an increasing range of support services over which the Office will no longer have direct management control. He suggested this may require staff particularly in Admin to acquire new skills.

7.	<p>UPDATE ON GOVERNANCE MODEL</p> <p>Mr Martin reported that the role of this Office is significant despite its small size. The Governance Model is therefore important in informing that role; however, it remains a work in progress at this time and its ongoing progress is being kept under review.</p>	Noted
8.	<p>UPDATE ON THE PROGRESS OF WORK IDENTIFIED IN THE 2007-2008 BUSINESS PLAN</p> <p>Mr Martin reported that there were no matters arising.</p>	Noted
9.	<p>UPDATE ON CUSTOMER SURVEY REPORT</p> <p>Dr Frawley informed the Committee of the decision to pilot the individual complainant Feedback Questionnaire in-house. He informed the meeting that the external consultant was found to be too expensive. He wished to convey his thanks to the Admin Team for their central role in creating the pilot.</p> <p>Mrs Scott reported that the months April, May and June 2007 will be examined at the end of August 2007 and that thereafter; feedback will be sought on a monthly basis. She added that the Admin Team has agreed to issue the questionnaire and collate the results. Mrs Scott also wanted to record her appreciation of the commitment of the Admin Team in developing the pilot. The pilot will run for 12 months and that the evaluation at the end of that period will inform how the Office progresses this initiative.</p> <p>Mr Martin welcomed the initiative to develop a bespoke customer service. He further commented that it was important to recognise it as an evolving process; he commended the brevity of the questionnaire which he said would help maximize the resultant response rate.</p> <p>Dr Frawley concluded the discussion by emphasizing it was essential to evaluate the pilot before committing to it in the longer term. He suggested that the results could be published on the Office's website and consideration should be given to the different</p>	

ways in which this information could be presented to make them more accessible to the public.

10.

COMMENT ON AUDIT ASSIGNMENT BRIEF

Ms Johnston reported that BDO have been in communication with the Deputy Ombudsman on when, how and who the Audit would be completed. The outcome of these discussions will be fed back to the Office for comment, prior to the commencement of the Audit of the Investigation process in September 2007.

Mr Martin thanked Ms Johnston for her report and asked her about the co-operation that she had received from the Office and its staff in the information gathering element of the process.

Ms Johnston reported that she considered the support and responses offered by the staff timely and consistent and is unequalled with any other organisation with which she has had similar engagement.

Mr Martin asked Ms Johnston to elaborate on proposed timelines and modalities of the audit of the Investigation process.

Ms Johnston explained that a number of cases, which have been closed at various stages, will be selected, from which a sample will be audited and a feedback report made to the Office. Ms Johnston stated that 6 days have been set aside to undertake the audit and produce the report.

At this point, Mr Martin invited comment from the rest of the Committee.

Mr McBride said that he felt it was a timely examination of the fitness for purpose of the investigative processes undertaken by the Office.

Dr Frawley noted that the audit of the investigative process was central to the business of the Office and as such had the potential to present a real challenge for the way the Office undertook its core business. He stated that he anticipated that the investigative process would be a difficult area to audit, not least because of the number of new

<p>11.</p>	<p>complaints which pass across his desk, but added that it was also an important aspect of the development of Knowledge Management, another project which the Office was currently undertaking. .</p> <p>The Chair commended BDO Stoy Hayward on the clear planning and methodology they were adopting towards the audit. He suggested a formal signing off of the Audit Report to indicate agreement with the Office when the analysis was completed.</p> <p>The Chair expressed his thanks to Mr MacQuarrie for his commitment to the process. He also thanked Ms Johnston for her professional approach.</p> <p>UPDATE ON ACTION TO BE TAKEN REGARDING IT SECURITY AUDIT</p> <p>Mr Martin commented that he had found the IT ‘Health Check’ useful. He commented on the issues going forward and how these processes would be implemented. He said it was heartening to note that recommendations made in the report are time bound and have a designated officer assigned to each to ensure completion.</p> <p>Regarding the weaknesses identified in CHAS, Mrs Scott reported that Mr Rainey is involved in ongoing discussion with CAS, the provider. She added that the recommendation made to address weaknesses in passwords is already being implemented.</p> <p>Dr Frawley suggested to the Committee that interested members could meet with Mr Rainey to discuss the report in greater detail, if they considered that helpful.</p> <p>Mr Martin welcomed this suggestion, indicating that since much of the work in this area came within the remit of Mr Rainey that he would follow up on this on his return from leave.</p>	<p>Noted</p>
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<p>12.</p>	<p>UPDATE ON ACTION TO BE TAKEN MONTHLY IT CHECK</p> <p>Completed</p>	<p>Noted</p>
<p>13.</p>	<p>UPDATE ON ACTION TO BE TAKEN FIRE ASSESSMENT</p> <p>Mr Martin addressed the significant priority identified in item 2 where the Fire Assessment Report recommended “Fill fire stop service penetration and holes in half hour resisting material”.</p> <p>Mrs Scott reported that with the support of the Ombudsman, Mr Rainey is actively pursuing this matter with CPD.</p> <p>Mr Martin stated that efforts to resolve outstanding issues impacting on Fire Risk had the full support of the Audit Committee and that further delay from CPD would not be acceptable. He added that as Chair of the Audit Committee, he may follow up Mr Rainey’s efforts with a letter to the relevant Department.</p>	<p>Noted</p>
<p>14.</p>	<p>UPDATE ON ACTION TO BE TAKEN INTERNAL AUDIT REPORT</p> <p>It was reported that all items had been completed and changes implemented.</p>	<p>Noted</p>
<p>15.</p>	<p>REVIEW FINANCE REPORT</p> <p>Mrs Scott explained the variation in Vote in cash terms. She added that the Forecast Expenditure was not especially relevant in view of the upcoming Budget Review to be undertaken in July 2007 – which she believed would prove to be more informative and therefore more relevant to the Committee.</p> <p>Mrs Scott reported that the Resource Accounts 2006/2007 have been completed.</p> <p>Mrs Scott explained that the Capital Expenditure reprofile has been completed and the relevant issues identified.</p>	<p>Noted</p>

Mrs Scott went on to speak about the continuing difficulties encountered with CED regarding the cost lines for past Ombudsmen. She added that regarding the ISNI project, guidance still had not been received.

Mrs Scott indicated to the Committee that there is some uncertainty between CED and Supply as to whether this Office is part of the ISNI project. She added that these difficulties have been discussed and the relevant information shared with colleagues in NIAO.

Mr Martin commenting on the email excerpts noted in the strongest terms that branches within DFP tasked with investment and expenditure decisions have failed to engage with this Office effectively in achieving resolution of these matters. He remarked that he found it ‘rather ironic’ that these were the very organisations who issue guidance on ‘Best Practice’.

Dr Frawley stated that he considered this matter to be serious. He noted a lack of control and cohesion, something for which the leadership of these Branches of DFP need to take responsibility. He confirmed that it was absolutely right to expect consultation on these matters and thanked Mrs Scott for her diligence in pursuit of a clear position on how they could impact on the Office. He added that the difficulties encountered were he believed indicative of a systemic failure.

Mr Martin noted the fragmentation of Branches within one organisation, and emphasized his disagreement with some of the contentions expressed in the email correspondence before the Committee. He stated that this Office although small in terms of the other organisations with which CED and Supply engage, it is not “minor” and in spite of AOCC’s small size has an important role in relation to government departments, their agencies and other public bodies. He voiced his disappointment that time spent negotiating with DFP and its branches has not resulted in any substantive decisions by them to date.

Mrs Scott advised the Committee that she had raised the matter of DAO’s with AASDNI, suggesting that these documents could be published on their website, since it was a central point of reference – however, to date no response has been forthcoming.

<p>16.</p>	<p>Mr Martin invited further comment from the Committee.</p> <p>Mr Allen expressed his appreciation to Mrs Scott for the way she had shared with NIAO and the Committee the nature and scale of the problems experienced in engaging with DFP.</p> <p>Dr Frawley asked Mr Allen if DFP have an Audit Committee. Mr Allen confirmed that DFP did, and that it was also chaired by an independent member. Mr Allen offered to pass the concerns of the AOCC's Audit Committee onto Mr Stephen McCormick, NIAO who also attends DFP's Audit Committee.</p> <p>There was general agreement among the Committee that engaging with DFP has been fraught with difficulty and that this Office has been forced to make decisions without the benefit of appropriate and relevant guidance.</p> <p>UPDATE ON FINANCE PROCESS</p> <p>Mrs Scott reported that the Financial Process Schedule records continuous review, of the Office's resources, providing timely insight into the financial performance of the Office and ultimately providing a prompt production of the Annual Resource Accounts.</p>	<p>Noted</p>
<p>17.</p>	<p>COMMENT ON REVISED PURCHASE POLICY</p> <p>Mr Martin invited comment from the Committee on the revised Purchase Policy.</p> <p>Dr Frawley in his response referred to the Office's size, and the limitations imposed as a result, for instance there may be occasion when the requestor may also be required to approve the payment.</p> <p>He suggested that the Purchase Policy be used as a communication tool and that a clear message of expectation of the procedure to be followed be sent to individual staff. He also suggested that the Committee focus its examination on the</p>	

<p>18.</p>	<p>dissemination of the document as well as the content.</p> <p>Mr Allen agreed that the onus of responsibility was on the individual officer and not solely the province of Finance function. Ms Johnston emphasized that she agreed with this comment.</p> <p>Mr Martin concurred with the comments made and reiterated that it is of particular importance that these issues are not solely seen as confined to Finance but that they are the responsibility of all staff in the Office. He added that it was important for this message to be conveyed to all staff.</p> <p>Mr Houston report that from date of SMT that Mrs McAleer is to be added as a Nominated Officer for the purposes of purchase approval.</p> <p>Mr Allen indicated that Annex A where it states “Decisions and negotiations must be fully documented.” is of paramount importance from an Audit perspective, because unless actions and decisions are recorded the view from audit is they did not happen.</p> <p>Dr Frawley agreed that the presentation of the document needs to be examined in order to make the language and terminology accessible to all staff. In order to effect this; he suggested forming a focus group to inform and quality assure the document before wider circulation to the Office. This was agreed.</p> <p>UPDATE ON HEALTH COMPLAINTS POSITION</p> <p>Dr Frawley reported ongoing consultation based on the proposed abolition of Health Boards (now deferred to 2009), where the Scottish model may be adopted for Northern Ireland. He explained that if the description contained in the consultation document was agreed the Independent Review stage would be abolished and the complainant would come directly to this Office.</p> <p>Dr Frawley advised the Committee that Health and Social Care complaints are some of the most difficult, sensitive and complex cases and consequently present difficulties both in terms of resources and also management.</p>	<p>Mrs Scott to lead group.</p>
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Dr Frawley informed the Committee that in anticipation of the proposed changes that the Office has applied for additional funding because of the resource pressures that could be faced by the Office. He added, however, that it is unlikely any changes will happen before April 2008, but that he would expect prior notice of a change of at least 6 months. Dr Frawley expressed his belief that all the indicators seem to suggest that the Ombudsman's office will eventually assume direct responsibility for complaints that have not been resolved at Trust level.

19. FREEDOM OF INFORMATION REQUEST

Dr Frawley reported to the Committee that a Freedom of Information request had been received by the Office. He indicated to the meeting that in order to demonstrate transparency and openness, he had asked that Mr Rainey and Mr MacQuarrie deal with this request. Dr Frawley added that the request requiring the detail of the cost of his travel and accommodation over seven years required the assistance of Mrs Gallagher and Ms Mills in order to provide a comprehensive response. Dr Frawley reported that all information requested had been provided.

Mr Martin stated that the issues identified were important but were undermined by the way in which it had been reported.

Mr Martin went on to state that the article had the potential to be misinterpreted, given the lack of contextual information, that the explanations offered by Mr Rainey on behalf of the Office were not included and that as a result the article lacked balance and context. The wider role of the Ombudsman in promoting good, administrative practice and innovation in Northern Ireland's public service – experience of which could only be gained by his involvement in international networks – was not explained. Mr Martin continued that the work environment was changing and is now characterized by building networks of influence and as such alignment with the Ombudsman Offices in the UK, the IOI, the European Board and other like organisations served to achieve this and thus enhance the reputation of the Office and improve outcomes for citizens in Northern Ireland. The Chair concluded by offering the Ombudsman his support in this regard.

<p>20.</p> <p>21.</p> <p>22.</p>	<p>Dr Frawley expressed his appreciation to the Chair for the assurance and support offered.</p> <p>DISCUSS AUDIT COMMITTEE HANDBOOK</p> <p>Mr Martin invited comment, but first proposed to the Committee that he as Chair should prepare a paper for the next meeting of the Audit Committee on what implications the Handbook has for the Committee’s Terms of Reference.</p> <p>Mr Martin suggested that the issue be revisited as a substantive item at the next meeting of the Audit Committee. This was agreed by the Committee.</p> <p>FINANCE CIRCULARS</p> <p>Mrs Scott presented abstracts from the AASDNI website which she feels would be useful in accessing that guidance previously referred to and from which the Office continues to be excluded.</p> <p>Dr Frawley stated that it was a major challenge to keep informed about current and constantly changing guidance. He questioned the relevance of all these documents. He expressed interest in a comparative exercise in the monitoring of guidance published and those emails which the Office was currently not receiving.</p> <p>Mr Allen endorsed Mrs Scott’s suggestion about AASDNI publishing DAO letter and urged her to pursue this actively.</p> <p>PROPOSED DATE OF NEXT MEETING</p> <p>11 October 2007 at 10.00am</p> <p>AOB</p> <p>None</p>	<p>Mr Martin, Chair</p>
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