

MINUTES OF THE UTILITY REGULATOR AUDIT AND RISK COMMITTEE MEETING ON 10 DECEMBER 2025 IN MILLENNIUM HOUSE, BELFAST & ON MS TEAMS

Present

Claire Williams (Chair)
David de Casseres
Anthony Pygram

Attending

Rosamund Blomfield-Smith (Board Chair, not Committee member)
John French (Chief Executive)
Peter Russell (Executive Director)
Paula McCann (Head of Finance and Project Management)
Debbie Quinn (Project Management & Quality Assurance Manager)
Megan Murray (Finance & Governance Analyst)
Andrew Allen (Northern Ireland Audit Office (NIAO))
Chris Telford (SCC Chartered Accountants)
Colin Broomfield (Director of Markets)
Rachel Allister (Finance & Procurement Manager) – agenda items 4 and 5 only
Susan Lavery (HR and Training Manager) – agenda item 6 only
Shauna McAuley (Head of Legal) – agenda item 7 only
Sarah Teer (Head of Private Office) – agenda items 11 and 15 only
Ian Campbell (Estates, IT & Records Manager) – agenda items 13 and 14 only
Mark Gilmore, Cherton Security – agenda item 13 only

Apologies

Kevin Shiels (Executive Director)

1. Welcome and Declaration of Conflicts of Interest

- 1.1 Claire Williams welcomed the Committee and noted that this was her first meeting as Chair (albeit having been a member of the Committee for a number of years) and Anthony Pygram's first meeting as a Committee member.
- 1.2 There were no declarations of interest.

2. Minutes of the Previous Meeting (ARC 02-12/25)

- 2.1 The Committee approved the minutes from the September 2025 meeting with no changes to be made.

3. Action Points (ARC 03-12/25)

- 3.1 All actions that were complete were noted. One action from 11/12/2024 meeting regarding Board member devices remains. This is to be prioritised.
- 3.2 The actions were approved.

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4. Finance Report (ARC 04-12/25)

- 4.1 The Finance and Procurement Manager presented the Finance report which set out the financial position at 31 October 2025. It is noted this paper has already been approved by the Board. The full November position is not yet available due to the earlier meeting dates in December. The Finance and Procurement Manager provided a verbal update on any material matters.
- 4.2 Dilapidation costs relating to Queens House lease are in the final stages of negotiations and it is expected that these will be finalised shortly.
- 4.3 Costs in relation to legal cases and JRs are being monitored closely with the legal team.
- 4.4 There is an underspend YTD with various reasons outlined to the Committee.
- 4.5 One outstanding debtor (not relating to licence fees) is being followed up on but not considered material.
- 4.6 There was no reported fraud, or suspected fraud, instances for the year to date.
- 4.7 The Committee was briefed on the Dear Accounting Officer (DAO) letters issued since the last meeting and noted updated monitoring of legal spend as a result of recommendations made in the DAO (DoF) 06/25 letter.
- 4.8 The Committee noted the necessity for the budget setting process to balance prudent provision with ensuring appropriate challenge.
- 4.9 The Finance and Procurement Manager noted that forecast will be closely monitored with budget holders and re-profiled until the year end with regular updates provided to DoF.

Action	Include table in the Finance paper going forward items the UR receive DoF / vote funding for.
Responsible	Finance and Procurement Manager

- 4.10 The Committee approved the finance report.

5. Corporate Risk Register 2025/26 (as at 30 November 2025) (ARC 05-12/25)

- 5.1 The Finance and Procurement Manager presented the paper for review by the Committee. It was noted there are currently 6 H/M and 4 H/H risks in the register at 30 November 2025. There are two emerging risks being monitored.
- 5.2 It was also noted that the corporate risk register had been updated in its current format and did not yet reflect the further updates which are to be made following the recent Board risk workshop. The updated register will be presented to the Board in January.
- 5.3 The Committee agreed that emerging risk ER3 was to be escalated as a corporate risk in the risk register as the risk has materialised.
- 5.4 The Committee noted the paper and asked for horizon scanning to continue to help identify emerging risks, particularly in relation to business continuity and cyber security.

Action	<ul style="list-style-type: none"> • Update the corporate risk register (CR2) to include business continuity planning training for all staff. • ER3 to be added as a new corporate risk
Responsible	Risk Owners <ul style="list-style-type: none"> • HR and Training Manager and EIR Manager • Director of Consumer Protection and Enforcement

- 5.5 The Committee recommend to Board for approval

6. HR Update (ARC 06-12/25)

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- 6.1 The HR and Training Manager presented an HR update to the Committee and gave an update on the current staff headcount and live recruitment. It was clarified that the reference to St Helena was to a fairly minor matter not involving material staff time, recruitment or cost.
- 6.2 It was noted sickness is being closely managed and within reasonable limits.
- 6.3 Update on mid-year performance appraisals was provided. The Committee requested that remaining outstanding documentation is prioritised.
- 6.4 The Committee noted the paper with no further questions.

7. Vires Update (ARC 07-12/25)

- 7.1 The Head of Legal provided a verbal update on the UR vires and noted the ongoing work with DfE to progress legislation with the timescale now likely to be late 2026 at the earliest for this to pass through the NI Assembly.
- 7.2 The operational vires controls are continuing, including the vires working group which meets weekly to discuss this area and to closely manage the UR work in line with the vires currently in place.
- 7.3 The Committee noted the update.

8. FWP Q2 2025-26 update (ARC 08-12/25)

- 8.1 The Project Management and Quality Assurance Manager presented the paper and noted the Q2 position has already been reported to the Board.
- 8.2 One project has not started in 2025/26 due to resource constraints and will be carried out in 2026/27.
- 8.3 All required project spend has been captured and profiled in the 2025/26 budget.
- 8.4 The Committee noted the paper with no questions.

9. Audit Recommendations update (ARC 09-12/25)

- 9.1 The Project Management and Quality Assurance Manager presented the paper on live audits which are being tracked. There are five Priority 3 recommendations (four internal) which have revised completion dates due to resource constraints and alignment to other ongoing work. They are expected to be completed by March 2026.
- 9.2 The SRO on the NIAO audit recommendation is confident this will be achieved by March 2026. The NIAO auditor commented this would ideally be closed off or would appear on the RTTWG again at potentially a higher priority rating if not complete.

10. Internal Audit Updates (SCC) (ARC 10-12/25)

- 10.1 Internal Audit presented several papers to the Committee including the remaining reports from the Year 1 audit plan on communications, information governance and price controls. The consumer insight tracker audit is substantially complete but not yet final for presentation.
- 10.2 Year 2 reports covered risk management, project management and the gifts, hospitality and catering policy.
- 10.3 Key future work areas include the markets directorate, finalising the procurement controls review and reviewing procedures around recruitment and selection with the HR team.
- 10.4 Progress on completed audit recommendations was reported and agreed by the Committee.
- 10.5 There are a number of contract audit days remaining to be used. The CEO noted some of these days could be used for further HR/payroll audits.

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Action	Management to consider areas of emerging risks or significant work areas that could be allocated to the available internal audit days in the audit plan.
Responsible	Senior Leadership Team

10.6 The Committee approved all reports.

11. Governance Guide Review (ARC 11-12/25)

11.1 The Head of Finance and Project Management presented the overview paper highlighting the policies within the UR Governance Guide and those which have been updated as part of the annual refresh.

11.2 It was noted that some policies were not updated due to team time constraints and these will be updated as soon as possible and those with significant changes to be presented to the Committee when complete

11.3 The Chair noted an annual update may not be required for each policy within the guide, particular where those policy were fairly future proof and asked that consideration be given to the appropriate review cycle for each policy and for this to be documented

Action	Circulate the governance guide to allow policy owners to reduce the review frequency if appropriate. The updated review cycles for all policies to be documented. The outstanding reviews to be actioned (with action due dates) and the Committee to be updated appropriately on the close out of the reviews.
Responsible	Finance and Governance Analyst and policy owners

11.4 The gifts, hospitality and catering policy, risk management strategy and internal raising concerns policy were highlighted to the Committee with the relevant updates made from the prior year.

11.5 The paper was noted and the Committee approved the updating changes to the policies attached to the paper.

12. ARC Terms of Reference (ARC 12-12/25)

12.1 The Chair presented the paper and noted minor changes have been made to the Terms of Reference of the Committee including updates in line with HM Treasury Orange Book, NIAO Best Practice Guide and new Global Internal Audit Standards.

12.2 The areas governed by the Committee have been updated to reflect what is covered in the agreed timetable of business.

12.3 The Committee recommended the paper for approval by the Board.

13. Security Review (including Business Continuity Planning) (ARC 13-12/25)

13.1 Mark Gilmore from Cherton Security provided detail on his briefing paper which covered business continuity planning and security plans. He provided a verbal update on preliminary recommendations and the strategic plans on the work being undertaken in this area with the relevant UR staff.

13.2 He noted findings of evidence of good governance in this area, but some areas are to be improved following the move to Millennium House.

13.3 Staff training is to be rolled out once the review is complete.

Action	Assign owners to the actions arising from the final security review (with due dates) and to provide an update to the Committee on progress at its next meeting
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Responsible	EIR Manager
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14. Cyber Security Update (ARC 14-12/25)

- 14.1 The EIR Manager presented the paper and noted there is consideration ongoing to the wider digital development of UR policies with a view to effectively utilise AI.
- 14.2 The EIR Manager has been liaising with colleagues from DoF and TEO on how the UR make the best use of the current technology we have available and to identify the expectations around what future developments can offer us.
- 14.3 An AI strategy is currently being developed to be rolled out across the NICS with guard rails for the use of AI.
- 14.4 It was noted that the UKRN are using AI for operational regulatory work, and the UR need to understand the outcomes of prototype AI models and how we can build confidence around the outputs in conjunction with our own work on developing an approach to the use of AI.
- 14.5 The Committee emphasised the importance of having clear governance in place, controls and guardrails in the use of AI within the organisation.

Action	Present to the Committee a status update on cyber security generally, e.g. processes and controls in place and interaction with the Business Continuity Plan.
Responsible	EIR Manager

Action	Present to the Committee the governance and control arrangements around the use of AI within the organisation.
Responsible	EIR Manager

15. Updates (Fol, Raising Concerns and Complaints) (ARC 15-12/25)

- 15.1 The Head of Private Office provided an update on the paper.
- 15.2 The Committee noted the paper with no queries.

16. Timetable of Business and Future Agenda Proposals (ARC 16-12/25)

- 16.1 The timetable of business will form the next agenda together with actions above.

17. AOB

- 17.1 The date of the next meeting is 18 February 2026 @ 12.00 pm.
- 17.2 No other matters were raised, and the meeting was concluded.
- 17.3 A closed discussion was held with the Committee and audit representatives after the meeting.