

**MINUTES OF THE UTILITY REGULATOR AUDIT AND RISK COMMITTEE MEETING ON
18 FEBRUARY 2026 IN MILLENNIUM HOUSE, BELFAST**

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)

Kevin Shiels (Executive Director)

Paula McCann (Head of Finance and Project Management)

Elaine Cassidy (Director of Price Controls)

Barbara Stevenson (Head of Compliance and Enforcement)

Jillian Ferris (Head of Networks)

Barbara Cantley (Director of Consumer Protection and Enforcement)

Brian Mulhern (Director of Networks and Energy Futures)

Andrew Allen (Northern Ireland Audit Office (NIAO))

Chris Telford (SCC Chartered Accountants)

Megan Murray (Finance & Governance Analyst)

Rachel Allister (Finance & Procurement Manager) – agenda items 4, 5 and 6

Susan Lavery (HR and Training Manager) – agenda item 8 only

Shauna McAuley (Head of Legal) – agenda item 9 only

Ian Campbell (Estates, IT & Records Manager) – agenda item 15 only

Greg Irwin (Secretariat Manager) – agenda item 16 only

Katrin Busch (Secretariat Analyst) – agenda item 16 only

Apologies

Debbie Quinn (Project Management & Quality Assurance Manager)

Sarah Teer (Head of Private Office)

Sinead Dynan (Head of Domestic and Business Consumer Policy and Protection)

1. Welcome and Declaration of Conflicts of Interest

1.1 Chair welcomed the Committee and noted the apologies.

1.2 There were no declarations of interest.

2. Minutes of the Previous Meeting (ARC 02-02/26)

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

3. Action Points (ARC 03-02/26)

3.1 All actions that were complete were noted. Action 1 regarding Board member devices remains open, noting the devices have been ordered and this will be closed out shortly.

3.2 Action 7 relating to the updated Business Continuity Plan (BCP) remains open with the Chair requesting a date of completion and also for the Committee to review the Cherton report's recommendations and management responses (together with proposed completion dates) at the next meeting.

3.3 Action 5 relating to the review of Governance Guide policies is to be reopened to allow the Committee to receive the outstanding policies which require updates and to approve the change of review frequency of any applicable policies at the next meeting.

Action	Action 5 to be reopened. Report on the review of the outstanding policies and proposed changes to the review cycle for policies to be provided to the next meeting.
Responsible	Megan Murray and Policy Owners

3.4 The actions were approved.

4. Finance Report (ARC 04-02/26)

4.1 The Finance and Procurement Manager presented the Finance report which set out the financial position at 31 January 2026 with the variances to budget and predicted forecast position.

4.2 There is an underspend YTD with various reasons outlined to the Committee, the Directors have re-profiled the spend for the remainder of 2025/26 to give an accurate forecast of the year-end outturn.

4.3 The Finance and Procurement Manager noted that the dilapidation costs relating to the Queens House lease have been finalised and paid and costs in relation to legal cases and JRs are being monitored closely with the legal team.

4.4 One outstanding debtor (not relating to licence fees) is with the legal team but not considered material. At this stage it is envisaged that the debtor will be outstanding at the year end.

4.5 There was no reported fraud, or suspected fraud, instances for the year to date.

4.6 There was no direct award contracts issued, or significant procurements (>£500k) completed since the last meeting.

4.7 The Committee were briefed on the Dear Accounting Officer (DAO) letters issued since the last meeting and the submissions made to DoF.

4.8 The Committee discussed several areas which are underspent with the Directors present confirming several key milestones in projects that will be met in Q4 which will make up a large portion of the underspend.

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- 4.9 The Finance and Procurement Manager agreed to update the finance report with more detailed explanations of spend/budget variances in consultancy and procurement spend.

Action	Update finance paper for further explanation of variances and reasons for any delays in consultancy and procurement spend (e.g. third-party dependencies, internal resource issues etc.)
Responsible	Finance and Procurement Manager

- 4.10 The Committee briefly discussed the different procurement routes that UR utilise and contract award evaluation options.

Action	Provide further update to the Committee on the guidance in respect of contract award weightings for quality/cost aspects whilst complying with the requirement to award the Most Advantageous Tender (MAT).
Responsible	Head of Finance and Project Management

- 4.11 The Committee approved the finance report.

5. Draft Opening Budget 2026/27 (ARC 05-02/26)

- 5.1 The Finance and Procurement Manager presented the draft opening budget for the 2026/27 year. The key movements from the prior year were outlined included increases in salaries (based on full staff complement) and professional fees.
- 5.2 Licence fees for all licensees will be calculated based on the opening budget position.
- 5.3 The Committee clarified the items covered by DoF funding and were briefed on the process for securing this funding and the option to bid for any pressures through monitoring rounds.
- 5.4 The budget includes amounts for AI licences. It was confirmed staff training will be provided, including to Board members.
- 5.5 The Directors discussed how the budget is robust to respond to anticipated developments in the sector and will be re-visited at the mid-year point and forecasted throughout the year.
- 5.6 The Committee discussed the proposed budget provision for salaries, how it related to the planned recruitment schedule, the concept of contingency and the level of third party and CPD dependency in relation to the proposed consultancy and procurement budget.
- 5.7 The Committee noted the draft opening budget and confirmed that the approach to the salary budget and contingency would be discussed further at the Board meeting on 19 February 2026.

6. Corporate Risk Register 2025/26 (at 31 January 2026) (ARC 05-02/26)

- 6.1 The Finance and Procurement Manager presented the paper for review by the Committee. It was noted there are currently 10 H/M and 3 H/H risks in the register at 31 January 2026. There are 4 emerging risks being monitored.
- 6.2 The Committee referred to CR17 (relating to the succession of the Committee and new Board appointments) and noted that the detail of the risk should be updated

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to include the potential adverse affect on the Board, decision making and Board member workload due to running with reduced numbers due to vacancies.

Action	Update CR17 to include the potential affect Board effectiveness due to vacancies.
Responsible	Head of Private Office

6.3 The Committee recommended the risk register to Board for approval

7. CP&E Directorate Risk Register – bi-annual deep dive (ARC 07-02/26)

7.1 The Director of Consumer Protection and Enforcement presented the paper for the Directorate and noted the pro-active approach that is taken to risk management. The directorate meet fortnightly to discuss the risks, action plans and mitigating actions in place.

7.2 The Committee noted that the Directorate risk appetite for all risks needs to align with the Board agreed risk appetite for each risk category.

Action	Update Directorate risk register to ensure risk appetite aligns with the Board agreed risk appetite.
Responsible	Director of Consumer Protection and Enforcement

7.3 The Committee suggested that further consideration be given to whether the Directorate risk register should cover the risk of having inadequate staffing, the risk of reliance on the availability of the legal team and the risk of commercially sensitive information being released inadvertently. The risk may be low but should still be recorded and monitored, particularly if the number of enforcement matters increase.

Action	Consider if necessary to add a risk to the register in relation to staffing resources, commercially sensitive data and related issues.
Responsible	Director of Consumer Protection and Enforcement

8. HR Update (ARC 08-02/26)

8.1 The HR and Training Manager presented the paper to the Committee and gave an update on the current staff headcount and live recruitment.

8.2 It was noted sickness is being closely managed and within reasonable limits.

8.3 It was noted while there are a large number of vacancies, it is expected that these will be filled by a small number of competitions expected to be completed by Autumn 2026.

8.4 An update on performance appraisals was provided, noting year-end appraisals will be due in April 2026.

8.5 The Committee noted the paper with no further questions.

9. Vires Update (ARC 09-02/26)

9.1 The Head of Legal provided a verbal update on the UR vires and noted the progress made which will be taken forward to the Executive and Assembly in due course with a substantial update hopeful for the September Committee meeting.

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9.2 The Chair positively noted the progress made and that the area of UR vires is monitored through the risk register and by the Board, therefore current regular ARC updates are not required for every meeting going forward but only when issues arise.

9.3 The Committee noted the update.

10. FWP Q3 2025-26 update (ARC 10-02/26)

10.1 The Head of Finance and Project Management presented the paper and noted the Q3 position has already been reported to the Board.

10.2 A number of projects which were previously at risk of not being completed have since made considerable progress and Project Owners are hopeful that they will be achieved by year-end. It has been confirmed that one project will not be completed this year and one is still at risk at this stage.

10.3 The Committee noted the paper with no questions.

11. Audit Recommendations update (ARC 11-02/26)

11.1 The Head of Finance and Project Management presented the paper on live audits which are being tracked. Based on the most recent update there are ten audit recommendations outstanding for implementation, four of which are now overdue.

11.2 Revised dates were provided for the implementation of outstanding recommendations which will be followed up by Internal Audit.

11.3 The Committee noted the paper with no questions.

12. Internal Audit Updates (SCC) (ARC 12-02/26)

12.1 Internal Audit presented several papers to the Committee including the Consumer Insight Tracker and Financial and Procurement Controls audits. The remaining papers from the Year 2 audit plan will be presented in May 2026.

12.2 The Head of Internal Audit (SCC) assured the Committee that management would be informed promptly if any significant issues were identified in relation to the internal audits to be provided to the May meeting. He also confirmed that all audit recommendations made will be validated as part of the annual assurance process.

12.3 Outstanding audits have all been scheduled and will be completed per the timescales provided except for the Price Controls audit which is now planned to be delivered in 2026/27.

12.4 The Committee have been asked to be kept updated with any issues arising in the audits in progress / yet to commence ahead of the annual assurance being provided in May 2026.

12.5 The Committee approved all reports.

13. NIAO Audit Strategy (ARC 13-02/26)

13.1 The NIAO Audit Manager presented the strategy for the 2025/26 audit. It was noted there was one priority 3 recommendation last year which will be followed up on as part of the audit this year.

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- 13.2 Other areas of risk are common across many public bodies including the risk of irregular spend.
- 13.3 The risk of irregular spend from ultra vires work was questioned by the Committee who note robust controls are in place to prevent this. The Audit Manager confirmed this would remain an area of focus given the nature of the organisation and potential for this risk to materialise despite the controls in place.
- 13.4 The Audit Manager outlined the key dates for the audit to be completed ahead of the summer recess deadline which were agreed with the Finance team.
- 13.5 The Committee approved the report.

14. ARC Self-Assessment Checklist Summary (ARC 14-02/26)

- 14.1 The Head of Finance and Project Management presented the paper and noted the very positive response received as part of the NIAO checklist for the self-assessment of effective audit and risk committees. While noting one member hasn't been in post for very long, the overall responses show the Committee are following best practice and are effective in their role of supporting the Board.
- 14.2 Minor points raised regarding succession planning and training are already being addressed with new members to be appointed and interim measures decided until they are in post and training agreed for any skills gaps.
- 14.3 The Chair noted the process of completing the checklist could be improved for next year to be streamlined and more relevant for the work of the UR while still capturing best practices.
- 14.4 The Committee approved the paper.

15. IT and Cyber Security Update (ARC 15-02/26)

- 15.1 The EIR Manager presented the paper outlining the shared service model in place between IT Assist and the NICS network which covers the UR for the provision and security of IT services.
- 15.2 The use of AI is available to staff in a limited capacity with further developments to be led centrally by NICS. The Committee requested a formal governance policy be drawn up to set out the guard rails / terms of use of AI for all UR staff, with this policy to be provided for the Committee meeting in May 2026.

Action	Develop and implement an AI governance policy for UR staff to be presented at the May meeting.
Responsible	EIR Manager / Executive Director

- 15.3 The Committee discussed the resourcing relating to this area and noted the forthcoming retirement of the EIR Manager.
- 15.4 The Committee requested an update on the recent Business Continuity Plan (BCP) and security review carried out by a third party.

Action	Provide the Committee at the May meeting with the updated BCP and also with security review plan, including next steps and dates for implementation of any recommendations in the report.
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Responsible	EIR Manager / Executive Director
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16. Updates (FOI, Raising Concerns and Complaints) (ARC 16-02/26)

- 16.1 The Secretariat Manager provided the update to the Committee on the status of FOIs and complaints. It was noted that there are an increased number of FOIs relating to the same area which are being dealt with in conjunction with the legal team.
- 16.2 The Committee noted the paper.

17. Timetable of Business and Future Agenda Proposals (ARC 17-02/26)

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

18. AOB

- 18.1 The Chair of the Committee acknowledged this meeting as her, and Committee member David de Casseres, last with the UR. The Board Chair thanked them for their service to the UR and the Committee during their term.
- 18.2 The date of the next meeting is 20 May 2026 @ 12.00 pm.
- 18.3 No other matters were raised, and the meeting was concluded.
- 18.4 A closed discussion was held with the Committee and audit representatives after the meeting.