MINUTES OF THE UTILITY REGULATOR AUDIT AND RISK COMMITTEE MEETING ON 20 MAY 2026 IN MILLENNIUM HOUSE, BELFAST

Present

Anthony Pygram (Interim Chair)
Paul McGowan (Interim member)

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)
Leigh Greer (Head of Security of Supply and Market Regulation)
Sarah Teer (Head of Private Office)
Debbie Quinn (Project Management and Quality Assurance Manager)
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 7 only
Patricia Stewart (Analyst) – agenda item 13 only

Apologies

None

1. Welcome and Declaration of Conflicts of Interest

1.1 The Interim Chair, Anthony Pygram, welcomed the Committee and the new interim member, Paul McGowan.

1.2 No conflicts of interest were declared.

2. Minutes of the Previous Meeting (ARC 02-05/26)

2.1 The minutes of the February 2026 meeting were approved with no amendments.

3. Action Points (ARC 03-05/26)

3.1 Completed actions were noted.

3.2 Action two, relating to reporting on outstanding Governance Guide policies, remains open until the remaining policies are brought to the Committee, which is scheduled for September.

3.3 The remaining open actions were agreed to be closed following the meeting and presentation of the relevant papers.

3.4 The action points were approved.

4. Finance Report (ARC 04-05/26)

4.1 The Finance and Procurement Manager presented the Finance Report, setting out the financial position at 31 March 2026 and the year-end outturn position, which confirmed an underspend against the agreed 2025/26 budget.

4.2 Professional services fees were identified as the main driver of the underspend, and the reasons for this were outlined.

4.3 A provision relating to the outcome of legal cases remains in the accounts.

4.4 There were no outstanding licence fee debtors at 31 March 2026. One amount receivable remains in relation to the outcome of a legal case.

4.5 There were underspends in both revenue and capital funding, and the UR remains within the spending limits requested.

4.6 No actual or suspected instances of fraud were reported during the year to date.

4.7 No direct award contracts had been issued since the last meeting. The Committee were updated on one significant procurement exercise valued at over £500k.

4.8 An update was provided on the Dear Accounting Officer (DAO) letters issued since the last meeting and the submissions made to the Department of Finance (DoF).

4.9 The Finance Report was approved.

5. Annual Report and Accounts (Draft) 2025/26 (ARC 05-05/26)

5.1 The Finance and Procurement Manager presented the draft Annual Report and Accounts to the Committee and noted that the final document will be reviewed again by the Board in June following the incorporation of final amendments.

5.2 The Head of Finance and Project Management provided a brief overview of the report's structure and format, noting that it follows the relevant guidance and highlighting the audit work being conducted by the NIAO.

5.3 The Committee noted that the report was well presented and comprehensive. The Head of Finance and Project Management confirmed that the layout and level of detail are in line with the Government Financial Reporting Manual (FReM)

5.4 The Committee raised a small number of amendments relating to the phrasing and format of the document, which will be reflected in the final version.

Action	Update the draft Annual Report and Accounts to reflect review points raised by the Committee.
Responsible	Finance and Procurement Manager

5.5 The Committee recommended the report to the Board for approval and delegation to the Chief Executive to sign subject to no material issues or adjustments being identified.

6. 2026/27 Opening Corporate Risk Register (at 30 April 2026) (ARC 06-05/26)

6.1 The Finance and Procurement Manager presented the paper and noted that there was one new risk since the previous month. There were also six emerging risks recorded. Updates on emerging risks were highlighted to the Committee, and no new emerging risks were identified in April.

6.2 The Committee was asked to consider the appendix included with the paper, which set out the risks with a residual risk assessment of H/L and M/M across all directorate risk registers. It was noted that this was provided for transparency and visibility of the risks being monitored at directorate level. The Committee noted the appendix.

6.3 The Committee queried the likelihood assessment of CR8. The Head of Security of Supply confirmed that this reflected a cautious approach, with the focus on long-term resilience rather than a short-term reaction to security of supply issues.

6.4 The Committee discussed CR14 and agreed the wording be revised by the risk owner with the residual risk assessment to be re-considered.

6.5 Emerging risk ER2 is to be split into two risks and considered by the Board at its next meeting.

6.6 The Committee also requested an update to the wording of one of the directorate risks relating to legal challenge.

Action	Update the corporate risk register as highlighted by the Committee.
Responsible	Finance and Procurement Manager in conjunction with risk owners.

6.7 The Committee recommended the register to the Board for approval.

7. HR Update (ARC 07-05/26)

7.1 The HR and Training Manager presented the paper, providing an update on staff headcount, absence management, performance management and ongoing recruitment activity.

7.2 Sickness absence continues to be closely managed. It is reported monthly to the Executive Leadership Team. Long term sickness of 20 days or more continue to be referred to Occupational Health Services (OHS).

7.3 An update was provided on performance appraisals, noting that year-end appraisals are largely complete. The Committee also discussed the new HR management system (HARK), with confirmation that support and training have been provided to staff. The benefits of the system are expected to be realised as familiarity increases.

7.4 The Committee noted the paper with no further questions.

8. Audit Recommendations update (ARC 08-05/26)

8.1 The Project Management and Quality Assurance Manager presented the update paper and noted that 15 audit recommendations are currently being tracked. Of these, three are overdue, with revised implementation dates proposed, six are on track, and the remainder are complete.

8.2 One of the delayed recommendations relates to the Priority 3 NIAO recommendation. The NIAO confirmed that this would not affect the outcome of the audit provided evidence is available to demonstrate that the recommendation is being progressed.

8.3 The Committee noted the paper with no further questions.

9. Internal Audit (SCC) Reports and Updates (ARC 09-05/26)

9.1 Internal Audit presented the papers included on the agenda to the Committee, including the year-end assurance report, and confirmed a satisfactory audit opinion on all work completed during 2025/26.

9.2 Internal Audit highlighted the significant input from teams across the organisation in delivering the final reports for the year and thanked those involved for their continued engagement.

9.3 It was agreed at the meeting that management responses in relation to the Markets Monitoring Unit Review (MMU) audit were to be revised. The updated report is to be presented to the Committee in September for final approval.

Action	Management responses for the MMU Review audit report to be revised to provide clearer commitments within each recommendation / management response to actions to be taken. The updated report will then be presented at September ARC meeting for approval.
Responsible	Head of Monitoring and Analysis and Markets Monitoring Analysis Manager

9.4 The Committee discussed the Priority 3 recommendations from the Board Effectiveness Review audit and noted that these will be reviewed with Board and dates to be agreed for February meetings going forward.

9.5 The report on Recruitment and Selection included a recommendation to develop a suite of HR KPIs. The Committee noted that any KPIs developed should be meaningful and carefully considered. It was noted that input from the UKRN may be helpful for this.

9.6 The Committee discussed the Internal Audit Plan for 2026/27 and noted that it covered a broad range of areas. It was clarified that several of the proposed audits were follow-up reviews, with the remainder covering key areas identified by management to provide assurance. The Committee concluded that the plan was proportionate and deliverable.

9.7 The Committee approved all papers presented except for the MMU Review report noted above.

10. Annual Committee Report to Board (ARC 10-05/26)

10.1 The Chair presented the paper and noted that it had been reviewed by the previous Chair, who had been in post throughout 2025/26.

10.2 There were no comments, and the Committee approved the paper for presentation at the next Board meeting.

11. Governance Guide (outstanding reviews and review frequency) (ARC 11-05/26)

11.1 The Head of Finance and Project Management presented the paper and highlighted that several policies within the Governance Guide will be updated and brought to the Committee at the September meeting.

Action	Review outstanding Governance Guide policies and present an update to the Committee if required.
Responsible	Policy Owners

11.2 Except for three policies, all policies will continue to be reviewed annually.

11.3 The Committee approved the paper.

12. Timetable of Business (ARC 12-05/26)

12.1 The Committee was asked to approve the proposed timetable of business for 2026/27. It was highlighted that the timetable followed best practice and covered all requirements for the core agenda items at future meetings.

12.2 The Committee confirmed that the next deep-dive review of a directorate risk register will focus on HR and will be presented at the September meeting.

Action	Prepare and present to the Committee a paper covering all risks managed in the HR directorate risk register.
Responsible	HR and Training Manager and Executive Director

12.3 The Committee approved the paper.

13. Updates - Security Arrangements, Business Continuity Plan (BCP) and Artificial Intelligence (AI)Usage Policy (ARC 13-05/26)

13.1 The Executive Director presented the papers and highlighted that the external consultancy firm had delivered its final security report with the UR BCP Framework now drafted. It was noted that the recommendations contained within the report are being progressed.

13.2 Testing of the BCP will now be undertaken to conclude the review.

Action	Update the Committee on the outcome of BCP testing.
Responsible	EIR Manager and Executive Director

13.3 The Executive Director provided an update on the AI licences available to staff and presented the policy governing internal use. The Committee welcomed the policy and was content with its scope. It was noted that the policy may be revised as AI becomes more widely used across the organisation and will continue to evolve accordingly.

13.4 The Committee approved the papers.

14. Updates – Interests, Gifts and Hospitality (ARC 14-05/26)

14.1 The Head of Finance and Project Management presented a paper on interests, gifts and hospitality for 2025/26 and confirmed that no concerns had been identified. It was noted that good governance arrangements are evidenced through the gifts and hospitality registers and the associated sign-offs confirming that reviews have been completed. Final declarations of interests are to be submitted and published externally on UR website.

14.2 The Committee noted the update.

15. Updates – Freedom of Information (FOI), Raising Concerns and Complaints (ARC 15-05/26)

15.1 The Head of Private Office presented the update and outlined the status of open FOI requests. It was also confirmed that complaints received are being handled in line with policy.

15.2 The Committee noted the update.

16. AOB

16.1 The date of the next meeting is 16 September 2026 at 12.00 pm.

16.2 No other matters were raised, and the meeting was concluded.

16.3 A closed discussion was held with the Committee and audit representatives after the meeting.