



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI (HQ) Newforge
on Tuesday 25 September 2012 at 10.00am**

Present – Board Members

Mr Sean Hogan, Chair
Mr David Lindsay
Prof Patrick Murphy
Mr Seamus McCaffrey
Mr Bob McCann
Mrs Hilary McCartan
Dr Cecil McMurray
Mrs Sarah Havlin
Mr Ken Millar
Mrs Hilda Stewart
Mr Trevor Hinds

In Attendance - AFBI Executive

Prof Seamus Kennedy, CEO
Dr Michael Camlin, DCEO APSBD
Dr Glenn Kennedy, DCEO VSD (Acting)
Dr Alistair Carson, DCEO AFESD (Acting)
Mr Joel Ferguson, Head of Corporate Services Division (Acting)
Mr Darren Griffiths, Interim Director of Finance
Mr Paul Brennan, Head of AFBI HR

Dr Derek Evans, AFBI Senior Fisheries Scientist
Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair opened the meeting and thanked everyone present for attending.

2. Presentation – Lough Neagh Eels

Dr Derek Evans, AFBI Senior Fisheries Scientist, Fisheries and Aquatic Ecosystems Branch gave a presentation on the subject of Lough Neagh eels.

The presentation provided a brief overview of the work being undertaken by AFBI which revolves around advice, monitoring and compliance evaluation as well as a successful bid for Lough Neagh eels to be granted Protected Geographical Indicator (PGI) status by the EU.

The presentation concluded with an invitation from the Lough Neagh Eel Fishermen's Co-operative Society Limited (LNEFCS) being extended to the AFBI Board to visit the eel fishery at Toomebridge.

On behalf of the Board, the Chair thanked Dr Evans for his interesting and informative presentation and confirmed that the AFBI Board would be delighted to accept an invitation to visit the eel fishery sometime in the not too distant future.

Board

(Dr Evans left the meeting)

3. Apologies

Apologies were received on behalf of Prof Bill McKelvey (Deputy Chair AFBI Board) and Mr Alan McKeown (AFBI Board Member).

4. Conflict of Interests Declaration

There were no conflicts of interest declared.

5. Draft Minutes of the Previous AFBI Board Meeting held on 28 August 2012

On a proposal from Dr Cecil McMurray seconded by Mrs Hilary McCartan, the Board approved the draft minutes from the previous AFBI Board meeting held on 28 August 2012 subject to the following –

1. Item 10.1 - Revised Timeline for Implementation of Recommendations
- after the third paragraph insert the following paragraph –

“In the discussion that followed the Board agreed that the attainment of Gov-Co status for AFBI would not be a viable option for some considerable time, if at all. Thus the Institute should remain a Non-Departmental Public Body (NDPB) for the foreseeable future and pursue fuller freedoms under the status of an NDPB.”

Sec

2. Item 13.1 - July Budget Monitor -second paragraph, delete the words “AFBI Internal” and replace with “External”.

Sec

6. Matters Arising/Action Points from Previous AFBI Board Meeting held on 28 August 2012

6.1 Equal Pay Deal (EPD) – Item 5.1

The target date for signing-off the business case by DARD prior to submission to Department of Finance and Personnel is the end of October 2012.

Exec

6.2 AFBI Board Scheme of Delegation and Draft Standing Orders – Item 5.3

The Executive will present a paper in time for the next AFBI Board meeting in October 2012.

Exec

6.3 Proposed Presentation by the Institute of Grocery and Distribution – Item 5.5

The Chair was content for the Secretary and Mr Hinds to consider this matter outside the meeting and agree a suitable date.

Sec / TH

6.4 Freedom of Information Request – Item 5.6

AFBI have now received a formal request from the Information Commissioner

Exec

who has asked for sight of the individual performance appraisals in respect of AFBI Board members. The matter has been referred to AFBI's solicitors for a legal opinion.

ACTION

6.5 AFBI Board Strategy Session – Item 6

The Chair proposed that the Board meeting to be held in October 2012 be divided between a Strategy Session in the morning and a Board meeting in the afternoon. The Executive were asked to provide a paper outlining a number of strategic items to be considered and the Chair and the CEO will set an agenda. The CEO indicated that Carol Moore had offered to help draft an agenda.

**Exec /
Chair /
CEO**

The Chair then took the opportunity to appraise Board members of a meeting that he and the Deputy Chair had attended along with the DARD Permanent Secretary, Mr Gerry Lavery and DARD Deputy Secretary, Dr Mark Browne. It was intended that this meeting would be an opportunity to focus on the future of AFBI, however the meeting concentrated on issues surrounding AFBI's Financial Management and whilst the Chair and Deputy Chair gave assurances in that regard, the meeting did not get to discuss the strategic direction of AFBI, particularly in relation to growth in non GIA income or the implementation of the organisational review.

In light of this the Chair informed the Board that there was nothing specific he could add to the strategy session in terms of DARD's future plans for AFBI in this regard, but he stated this should not detract from the planned Strategy Session and he would like to see the Board consider its own future.

The Board expressed disappointment with the outcome of the meeting and reflected on the recent letter from Mrs Michelle O'Neill MLA Minister for Agriculture and Rural Development in Northern Ireland that had been sent to all Board members.

The Chair advised that he was currently drafting a response to the Minister's letter and will circulate to Board members for final comment before submitting.

Chair

The Chair also informed the Board that he and the Deputy Chair are due to meet with the DARD Minister in October when they will take the opportunity to discuss, among other things, the future of AFBI.

Chair

In the discussion that followed the Board focused on the unpredictability of AFBI's commercial income and the associated issues including the essential need for end-of-year flexibility in the context of the large proportion of AFBI's income (>30%) that now comes from outside grant-in-aid (GIA) and the correspondingly large number of AFBI posts that are now financed by that income. It was agreed that, because of the certainty that not all bids will be successful, AFBI must bid for more contracts than required to meet its non-GIA income target under its deficit funding model. Without end-of-year flexibility for at least a proportion of its income, it would be impossible to avoid

the risk of considerable over or under spends at year-end. In the context of the major contribution of non-GIA funding to building scientific capacity within AFBI and the likelihood of future major reductions in GIA and animal vaccine royalty income, it was agreed that it was essential that AFBI maximise the potential for further growth in non-GIA income. The Board expressed the opinion that there appears to be a need to convince DARD that it has a role to play in finding a solution to this problem.

ACTION

In the absence of end-of-year flexibility one of the suggestions put forward was the possibility of splitting the income streams into GIA and non-GIA and the Chair indicated that he was open to discussing this with the Minister.

Chair

The Board also acknowledged that the Executive had developed a Financial Improvement Plan (FIP) in response to the recent Internal Audit Review of Budgetary Control and Management Information and agreed there was a need to ensure that the actions contained in the FIP are delivered.

Exec

In response the Executive agreed that it would –

1. Circulate the FIP to Board members.
2. Present a copy of the FIP at the next meeting of the AFBI Finance Sub-Committee in October 2012 for consideration and comment.
3. Provide monthly progress reports to the Board on the implementation of the FIP and include as a standing item on the Board agenda.

6.6 Internal Communications – Item 10.1

AFBI Corporate Communications are in the process of populating an AFBI staff newspaper.

6.7 AFBI Business Plan 2011/12 – Internal Audit Validation Report on Business Targets – Item 11.1

An Internal Audit draft report on validation of the 2011/12 Business Plan targets has been received by AFBI Senior Management. The Executive are considering the draft report and will reflect the findings of the final report in the AFBI Annual Report and Statement of Accounts for 2011/12 which will be presented to the Board at its October meeting.

Exec

6.8 Review of Board Members Register of Interests – Item 14.1

The Board accepted a suggestion from the Chair that during future AFBI Board meetings, members will be asked to declare any changes to their Register of Interests as well as being asked to declare any Conflict of Interests in respect of items appearing on the meeting agenda. The Secretary will amend the agenda for future AFBI Board meetings.

Sec

6.9 AFBI Draft Human Resources Strategy – Item 17

Following the submission of the draft HR Strategy paper at the previous AFBI Board meeting, the Executive are now in the process of making a number of

Exec

suggested changes. A further draft will also be forwarded to the AFBI Board Appointments and Remuneration Sub-Committee for consideration and comment before it is resubmitted to the AFBI Board for formal approval.

ACTION

7. Chair's Business

The Chair informed the Board that unfortunately due to other business commitments he would be unable to attend the National Ploughing Championships (NPC) being held in New Ross, Co. Wexford, Republic of Ireland. This would be the first time that he would be unable to attend since AFBI's first participation in 2006, but he was pleased to report that Mrs Hilda Stewart (Board member) would be deputising for him on this occasion.

The CEO informed the Board that he would also be in attendance at the NPC and had issued an invitation to Mrs Michelle O'Neill, Minister of Agriculture and Rural Development for Northern Ireland to join Mrs Stewart and himself for lunch.

8. CEO's Report

The CEO presented his report to the Board and in so doing highlighted a number of items for the benefit of Board members –

2012/13 Budget

The CEO referred to the Board Monitor to be presented elsewhere on the agenda by the Interim Director of Finance. The CEO hoped that the outcome of a number of research grant applications would be known by the date of the October Board meeting so that the net impact on AFBI's budget for the remainder of the financial year could be assessed.

2012/13 Statement of Accounts

An explanation was provided in respect of the invoice received from Land and Property Services for a retrospective valuation of AFBI Stormont. The Board were assured that control measures are now in place to capture future invoices received for significant amounts.

Organisational Review of AFBI

Interviews for the post of Director of Finance and Corporate Affairs will be held on 28 September and 1 and 2 October 2012. The CEO reported that Dr McMurray has agreed to act as an ambassador for AFBI and use his influence to highlight the posts of Science Director amongst other scientific institutions.

At this point in the meeting the Board held a closed session with the Chief Executive to discuss the longer term arrangements for the post of Head of AFBI's Finance Unit. The Board expressed a strong view that this post should be graded at G6 level, as recommended by KPMG, to ensure that it

attracted a sufficiently high calibre of candidate to maintain the good progress made by the Interim Director of Finance. The future of the post could be reviewed after two years by which time the new Executive Management Team and restructuring of AFBI would have bedded in.

ACTION

Estate Development

The Executive have produced a paper outlining the advantages and disadvantages in moving business functions from other sites to AFBI Stormont. Essentially only minimal business benefits could be identified for a few functions but these were outweighed by potential biosecurity, business continuity and health and safety disbenefits. The findings have been accepted by the DARD AFBI Estate Project Board who have now agreed to widen the scope of the project to take account of all options ensuring that AFBI has a fit-for-purpose and cost-effective estate.

In response the Board welcomed this development as it would ensure that AFBI's estate needs would be considered in relation to its overall business strategy.

China Links

The CEO and two other AFBI staff members will be visiting the Chinese Academy of Agricultural Sciences and the Shanghai Academy of Agricultural Sciences in November to further develop collaborative links. The visit would be part of an INVESTNI trade mission.

AFBI Strategic Cost Model

The Executive advised that it would be in a position to provide an update on progress at the AFBI Board meeting in November 2012.

Exec

9. Reports from Divisions

Reports from Divisions were presented to the Board and a number of points were noted.

Veterinary Sciences Division

In answer to a query from the Board, Dr Kennedy advised that schemes are in place for the monitoring of wild birds for avian influenza virus.

The Board stated that it found the report useful in noting progress against Key Performance Indicators.

Applied Plant Science Division

The Board were pleased to note that fifteen new research projects have been initiated across the Division.

The Board were pleased to note that an AFBI entry has reached the final stages of the Northern Ireland Science Park £25K Awards and wished the participants good luck in the final.

The Board noted that regular monthly governance meetings with AFBI Sponsor Branch are now taking place and asked the Head of Corporate Services Division if this part of the report could be expanded to enable the Board to obtain an understanding of the issues under discussion at those meetings.

Exec

10. Organisational Review of AFBI

The CEO advised that this agenda item had been covered under his earlier report to the meeting (see Item 8 - CEO's Report).

11. Governance Issues

11.1 AFBI Risk Management

The Executive informed the Board that there were no new risks to the Institute. The Executive advised that the most recent version of the AFBI Corporate Risk Register had been presented to the AFBI Audit Committee at its meeting on 20 September 2012 and will be presented to the AFBI Board at its next meeting on 23 October 2012.

The Board requested that the future agenda for AFBI Board meetings include a Corporate Risk as this would afford Board members the time to consider the risk in more detail.

Sec

11.2 Whistleblowing and Fraud

The Board was made aware that DARD's Central Investigation Branch had agreed to investigate a whistleblowing complaint and received an assurance that the Comptroller and Auditor General and Principal Accounting Officer had been notified.

Exec

11.3 Health and Safety

There were no reports of any major health and safety issues.

12. Sponsorship Manual

12.1 Update on Implementation

The Executive provided the Board with an update on the progress being made on the implementation of the DARD Sponsorship Manual (SM). While the Executive acknowledged that the DARD SM provided structure to the relationship between AFBI and DARD, for example the establishment of

formal accountability meetings, there were two issues requiring Board **ACTION** attention -

1. Risk Assessment of AFBI

Under the terms of the DARD SM, AFBI Sponsor Branch is required to carry out a risk assessment of AFBI. This assessment is currently underway and meetings are ongoing. As it would be useful to have further discussion with the AFBI Board on the findings of the risk assessment, it was agreed that the Executive would let the AFBI Board have sight of AFBI's draft response for the AFBI Board meeting in October 2012.

Exec

2. Request for Sight of Draft Minutes of AFBI Board Meetings

Following discussion the Board rejected the clause in the DARD SM stating that draft minutes of the AFBI Board are to be forwarded to DARD within fifteen working days from the date of the Board meeting as draft minutes were subject to change.

However, the Board did agree that those in attendance at AFBI Board meetings would be granted sight of the draft minutes pertaining directly to them and have an opportunity to comment/amend before the draft minutes are formally approved by the AFBI Board. It also agreed that any major issues be brought to DARD's attention as they arise.

The Executive was asked to convey this decision to DARD on behalf of the AFBI Board.

Exec

13. Finance

13.1 AFBI Board Monthly Budget Report

The Board were presented with the Budget Monitor Report for the period ending 31 August 2012.

In the discussion that followed the Board were advised that the details provided on income received is done so on the basis of invoices raised and expenditure is based on goods receipted.

Overall the report provided a forecast 2012/13 outturn for AFBI as an underspend of £549k. However, the Board agreed that before any decision is taken to offer an easement to DARD there are some unresolved issues that need to be quantified.

In response to a question from the Board on additional income targets for the three AFBI Divisions, each of the DCEOs assured the Board that their respective Division was on target except for Applied Plant Science and Biometrics Division.

In commending the Interim Finance Director on the quality of the report and

his accompanying narrative, the Board acknowledged the huge improvement in the financial management information provided to the Board and suggested that a copy of the report be appended to the Chair's response to the DARD Minister as a means of letting her see the level of financial detail that is provided to the Board. The CEO and Chair agreed to give this suggestion further consideration.

ACTION

**Chair /
CEO**

The Board recommended a number of minor improvements to the format of the report and the Interim Finance Director advised that he also had a number of suggestions that would further enhance the report. He was working with Sponsor Branch to incorporate some changes requested by the DARD Board and would submit these to the AFBI Finance Sub-Committee before seeking approval from the AFBI Board.

**Exec /
FC**

On a proposal from Mr Ken Millar, seconded by Mrs Hilary McCartan, the Board approved the Monthly Budget Report.

14. AFBI Board Finance Sub-Committee

14.1 Final Minutes of AFBI Board Finance Sub-Committee Meeting held on 21 August 2012

The final minutes from the Finance Sub-Committee meeting held on 21 August 2012 were presented to the Board and members of the Board were content to note.

(Mrs Hilda Stewart, Mr Seamus McCaffrey, Prof Seamus Kennedy and Dr Glenn Kennedy, left the meeting due to other commitments)

15. AFBI Board Audit Committee

15.1 Report from AFBI Audit Committee Meeting held on 20 September 2012

Mr Bob McCann, Chair of the AFBI Audit Committee provided the Board with a verbal report on the AFBI Audit Committee meeting held on 20 September 2012.

The Chair informed the Board that the Audit Committee had considered the 2011/12 Statement of Accounts and would be recommending that the Board approve the accounts whenever they are presented at a future AFBI Board meeting. The Chair also confirmed that AFBI had received an unqualified audit opinion from AFBI's External Auditors and was also pleased to report that the quality and timeliness of the supporting documentation provided by AFBI during the audit review had improved.

The Chair advised the Board that the Audit Committee had also considered the report from AFBI's Internal Auditors on Budgetary Control and Management information that had received a limited assurance rating. While the Chair acknowledged the findings in the report he was assured by AFBI Senior Management that these were being addressed and significant steps

have been taken for example –

ACTION

1. AFBI Finance Branch has been strengthened with increased resources being employed.
2. A Finance Implementation Plan has been developed and will be monitored monthly by the AFBI Board through a progress report delivered by the Interim Finance Director.

In the discussion that followed the Chair of the Audit Committee informed the AFBI Board that he had received a letter from the DARD Permanent Secretary Mr Gerry Lavery, expressing DARD's concerns at the findings contained in the reports. However, following a reply to the initial letter which outlined the actions being taken to address the areas of concern, the Chair had received a further letter from the Permanent Secretary stating that he has been reassured.

The Board were content to note that the current position is considerably improved from the time when the Internal Audit review was undertaken and the Board confirmed that it is agreeable to sharing the Financial Improvement Plan and progress reports with DARD.

16. AFBI Board Science Strategy Sub-Committee

16.1 Report from AFBI Board Science Strategy Sub-Committee held on 21 September 2012

The Chair of the AFBI Board agreed to circulate a paper to Board members on behalf of the AFBI Board Science Strategy Sub-Committee.

Chair

17. AFBI Board Appointments and Remuneration (A&R) Sub-Committee

17.1 Draft Minutes from the AFBI Board Appointments and Remuneration Sub-Committee Meeting held on 5 July 2012

The draft minutes from the A&R Sub-Committee meeting held on 5 July 2012 were presented to the Board and duly noted.

17.2 Outcomes following Previous AFBI Board Meeting held on 28 August 2012

The Board received confirmation that the A&R Sub-Committee had met and approved a recommendation from the CEO that a reward be paid to a group of inventors in line with AFBI's Rewards to Staff Scheme. The Sub-Committee was content that the appropriate procedures had been applied when determining the award.

18. Any Other Business

18.1 Northern Ireland Science Park (NISP) 25k Awards

The annual NISP 25K Awards Ceremony will be held on Thursday 27

ACTION

18.2

The Board was content to note the changes made to the Rolling Database since the previous AFBI Board meeting.

19.

The next meeting of the AFBI Board will be held on Tuesday 23 October 2012 in AFBI (HQ) Newforge at 10.00 am.

Signed: _____
(Chairperson)

Date: _____