



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at
Silverbirch Hotel, Omagh, Co Tyrone
on Tuesday 28 August 2012 at 10.00am**

Present – Board Members

Mr Sean Hogan, Chair
Prof William McKelvey, Deputy Chair
Mr David Lindsay
Prof Patrick Murphy
Mr Seamus McCaffrey
Mr Bob McCann
Mrs Hilary McCartan
Mr Alan McKeown
Dr Cecil McMurray
Mrs Sarah Havlin
Mr Ken Millar
Mrs Hilda Stewart

In Attendance - AFBI Executive

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

Mr Stephen Cousins, AFBI Secretariat

1. Welcome and Introduction

ACTION

The Chair opened the meeting and thanked everyone present for attending. The Chair reminded Board members that following the meeting there would be a tour of the laboratory facilities at AFBI Omagh and he took the opportunity to thank all those involved in making the arrangements for the Board's visit.

2. Apologies

Apologies were received on behalf of Mr Trevor Hinds (AFBI Board Member) and Mr Paul Brennan, Head of AFBI HR.

3. Conflict of Interests Declaration

There were no conflicts of interest declared.

4. Draft Minutes of the Previous Board Meeting held on 26 June 2012

On a proposal from Mr Seamus McCaffrey, seconded by Dr Cecil McMurray, the Board approved the draft minutes from the previous AFBI Board meeting held on 26 June 2012 without amendment.

5. Matters Arising/Action Points from Previous AFBI Board Meeting held on 26 June 2012**5.1 Equal Pay Deal (EPD) – Item 5.1**

With the agreement of the Department of Agriculture and Rural Development (DARD), AFBI have amended the latest Business Case to one of seeking approval to pay the Equal Pay Deal rather than seeking approval along with the funding as AFBI's cash flow is now sufficiently strong to allow it to make payments from its own resources. AFBI is now awaiting approval from DARD and Department of Finance and Personnel.

Exec**5.2 Directors Liability Insurance – Item 5.3**

The Chair of the AFBI Audit Committee informed the Board that information relating to this matter had been presented during the recent meeting of the AFBI Audit Committee and advised the Board that members will be indemnified by DARD as long as they have acted honestly and in good faith. The Board was content to note.

5.3 AFBI Board Scheme of Delegation and Draft Standing Orders – Item 5.6

The Executive advised that the details contained in this paper were still under consideration but it would hope to be in a position to present an amended paper at the next meeting of the AFBI Board in September 2012.

Exec**5.4 Reports from AFBI Divisions – Item 5.7**

It was agreed that the format of the Reports from AFBI Divisions will be a topic for discussion at the next AFBI Board Strategy Session.

**Exec /
Board****5.5 Proposed Presentation by the Institute of Grocery and Distribution – Item 5.8**

This matter is still on hold pending confirmation of the date of the AFBI Open Meeting. Following discussion it was noted that the Open Meeting is likely to take place in November 2012 in which case the presentation may have to wait until the New Year.

**Sec /
TH****5.6 Freedom of Information Request – Item 6.2**

The Chair provided the Board with an update on the latest developments in relation to a Freedom of Information request.

The Board were unanimous in underlining the need for AFBI to engage with all its stakeholders and suggested that one possible way of achieving this could be through the establishment of a stakeholder forum.

The Board asked the CEO to give the matter further consideration and provide Board members with a paper that outlines the Executive's suggestions for engaging with AFBI stakeholders. The Board requested that

the paper be presented at the next meeting of the AFBI Board in September 2012.

**ACTION
Exec**

6. Draft Note of AFBI Board Strategy Session held on 26 June 2012

A draft note from the AFBI Board Strategy Session held on 26 June 2012 was presented to the Board for noting. The Chair reported that he was making plans to hold a second Strategy Session and that he and the CEO would work on possible themes.

**Chair /
CEO**

At the request of the Chair of the AFBI Science Strategy Sub-Committee the Board agreed to hold the second Strategy Session in October 2012. This would allow time for the Science Strategy Sub-Committee to meet and consider a number of issues which may feature on the agenda.

The CEO also informed the Board that Mrs Carol Moore (DARD) had offered to facilitate the next Strategy Session and the Chair indicated that he was open to this suggestion.

7. Chairman's Business

The Chair informed the meeting that other than the update on the Freedom of Information request, covered under Matters Arising, he had nothing further to report.

8. CEO's Report

In presenting his report, the CEO highlighted a number of issues –

- Budget 2012/13 –
The CEO advised the Board that AFBI is looking at a possible surplus for the current year and the Executive are very positive in respect of the year ahead.
- Statement of Accounts 2011/12 –
Reference was made to a revaluation of AFBI Stormont carried out by Land and Property Services. This revaluation covers a number of previous years and as such the bill has been accrued to the 2011/12 Financial Year.

The CEO advised the Board that he was also aware that a revaluation of AFBI Hillsborough has also been requested and is likely to result in a further increase in rates. However, the Executive are hopeful that any increase can be accrued to the 2012/13 financial year and a provision will be made in the accounts.

In the lengthy discussion that followed the Executive assured the Board that it was working on a system that will capture all of the financial information relating to research projects and commercial contracts. The Executive outlined details of the systematic approach being put in place by AFBI Finance and also advised the Board that it was very close to

producing income and expenditure reports that will be followed by the creation of Profit and Loss Accounts based on the out-workings of the Strategic Cost Model.

ACTION

- Business Development Executive (BDE) in USA – One of the first tasks assigned to the new BDE, Mr Ray Atkinson is the development of a paper that summarises potential opportunities for collaboration and funding. It was also noted that the BDE will be visiting AFBI during week commencing 3 September 2012.
- China Links- Discussions are currently underway regarding the development of a “Virtual Meat Science Centre” with the Chinese Academy of Agricultural Sciences. Mention was also made in respect of the forthcoming Invest NI visit to China. Confirmation was given that AFBI will be represented.
- AFBI Estate The Executive are preparing a detailed paper on evaluation of the potential for relocation of business areas from other AFBI sites to AFBI Stormont for presentation to DARD by 31 August 2012. In the discussion that followed the Board underlined the need for the Executive to not only concentrate on AFBI Stormont but to give careful consideration to an overall strategy for the review of the entire AFBI Estate.

Exec

9. Northern Ireland Audit Office (NIAO) Value for Money Review – Draft Report and Management Responses

A copy of the AFBI / DARD response to the first draft Report on AFBI (Annex A – Summary of the Main Issues) was presented to the Board for information and noting.

The Executive informed the Board that it had nothing further to add at this point in time but did highlight the fact that the joint DARD/AFBI response had been highly resource intensive. The Executive will now respond to any NIAO queries and await a further draft from the NIAO.

The Board commended the Executive on the tremendous work that had been carried out and recognised that there was a need for the Executive to respond in this manner given the initial findings of the review. The Board also acknowledged the good co-operation between AFBI and DARD and encouraged its continuation.

10. Organisational Review of AFBI

10.1 Revised Timeline for Implementation of Recommendations

The CEO provided the Board with an update on the work being carried out on the implementation of the recommendations arising from the Organisational Review of AFBI most of which has concentrated on the recruitment process for the senior posts.

ACTION

The recruitment process is continuing in respect of the Grade 5 posts but the Executive have had to place on hold the advertisement in respect of the two Grade 6 posts pending confirmation of the grading. The Executive advised that it was confident that advertisements for the two G5 Director of Science posts would be issued in September 2012.

A meeting with TUS has also been requested and the Executive confirmed that it would be accommodating this with a meeting having been arranged for Friday 7 September 2012.

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.

In relation to some of the other recommendations arising from the organisational review, the Board expressed disappointment that DARD had removed the target relating to seeking approval for end of year flexibility from AFBI's 2012/13 business plan. The Chair reported that he and the Deputy Chair, Prof McKelvey are due to meet with the DARD Permanent Secretary and Head of Central Policy on Friday 7 September 2012. In light of the Department's action they will seek clarity of DARD's position on end of year flexibility and its future vision for AFBI in relation to its proposals for commercialisation.

**Chair /
Deputy
Chair
Exec**

The Board also expressed the need for the Executive to ensure that there is good internal communications during this period of change and encouraged the Executive to pursue the introduction of an AFBI staff newsletter.

Exec

10.2 Carol Moore Project Plan

Mrs Carol Moore was introduced to the Board and asked to comment on her work within AFBI.

In response Mrs Moore informed the Board that she had been asked by DARD to provide AFBI with assistance and had agreed to work with the organisation but not be part of it.

Mrs Moore reported that her main focus is on four key areas –

- *HR* – filling the vacancies in the Senior Management structure as identified in the Organisational Review of AFBI.
- *Governance* – the main focus of attention is on the Sponsorship Manual with particular attention on the reporting structures between AFBI and DARD.
- *Finance* – this is mainly an oversight role and challenging the organisation in terms of its management of financial information.
- *Training* – working with the existing members of AFBI senior

management and those being appointed to help bind them into a cohesive team. **ACTION**

Mrs Moore also advised the Board that she provides a written report to the DARD Permanent Secretary on a monthly basis as well as speaking with the Head of Central Policy regularly. Mrs Moore confirmed that no written reports are forwarded to DARD without the CEO having had sight of them in the first instance. Mrs Moore also thanked the Executive for the co-operation she has received. **Exec**

The Board agreed that it would be content for Mrs Moore to provide Board members with a monthly update in respect of her project.

11. AFBI Business Plans – Progress on Business Targets

11.1 AFBI Business Plan 2011/12 – End of Year Outturns

The Board focused on the targets contained in the 2011/12 AFBI Business Plan that had not been achieved and received an explanation from the Executive as to why this was the case.

In one particular case the Executive informed the Board that AFBI's internal auditors were content for the status to be changed to "*achieved*" however, due to an administrative oversight this change had not been reflected in the report. The Board were content to note and the Secretary will arrange for the report to be amended. **Sec**

11.2 AFBI Business Plan 2012/13 – 1st Quarter Outturns

The Board also considered the report on the 1st Quarter Outturns for the 2012/13 AFBI Business Plan and focused on a number of targets that are at risk of not being achieved or have not been achieved by the stated deadline.

The Executive provided an explanation in respect of these targets and the Board was content to note.

12. AFBI Board Finance Sub-Committee

12.1 Final Minutes of AFBI Board Finance Sub-Committee Meeting held on 25 July 2012

The final minutes from the Finance Sub-Committee meeting held on 25 July 2012 were presented to the Board for noting.

The Chair of the Finance Sub-Committee, Mrs Hilary McCartan informed the Board that the main purpose of the meeting held on 25 July 2012 was to consider the draft AFBI Statement of Accounts for 2011/12. The Chair confirmed that the Finance Sub-Committee were content.

The Chair also informed the Board that during the course of the meeting, members of the Finance Sub-Committee had also considered a number of

other items such as the Statement of Internal Control, Equal Pay Deal and the Northern Ireland Audit Office (NIAO) Value for Money review. **ACTION**

12.2 Draft Report on AFBI Board Finance Sub-Committee Meeting held on 21 August 2012

The main purpose of the recent meeting of the AFBI Finance Sub-Committee held on 21 August 2012 was to review the format and presentation of the AFBI Budget Monitor for July 2012.

Having received sight of the AFBI Budget Monitor in advance of today's AFBI Board meeting, the Chair informed the Board that members of the Finance Sub-Committee were content with the format being used by the Executive to provide the Board with financial information.

The Chair also confirmed that the draft minutes from the Finance Sub-Committee meeting held on 21 August 2012 would be presented at the next AFBI Board meeting in September 2012. **Sec**

13. Finance

13.1 July Budget Monitor

The Executive presented the July Budget Monitor and the Board congratulated the Executive on the tremendous improvement in the presentation and overall format of the report. The Board also noted the section of the report headed "*Forecasting Risks*" and acknowledged that whilst improvements in estimates were being made, there were inherent risks in forecasting commercial income that were difficult to mitigate.

In the discussion that followed the issue of irrecoverable VAT was highlighted and the Board were advised that this matter is being examined in conjunction with External Audit with the aim of maximising potential savings. **Exec**

Discussion also focused on the issue of royalty payments. The Board were informed that members of the Executive would be meeting shortly with representatives from Queens University Belfast (QUB) to consider improvements to the current arrangements for the forecasting, transfer and receipt of royalty payments between QUB and AFBI. **Exec**

14. AFBI Board Audit Committee

14.1 Draft Minutes from Audit Committee Meeting held on 4 July 2012

The Chair of the Audit Committee, Mr Bob McCann presented the draft minutes from the Audit Committee meeting held on 4 July 2012 and highlighted a number of items for the benefit of the Board.

- Review of Board Members Register of Interests:
Following discussion at the recent meeting of the Audit Committee it had been recommended that the Chair and CEO carry out a review of

Board members Register of Interests following the six monthly updates. The Chair and the CEO accepted the recommendation and the Secretary agreed to note for future reference.

**ACTION
Sec**

- Delay in Management Responses to Audit Reviews:
The Chair informed the Board that in future the Audit Committee would seek an update or report directly from the Head of Branch or Division should there be an unreasonable delay in providing internal or external audit with a management response.
- Internal Audit Overall Assurance Rating:
While the Chair was pleased to report that AFBI had received an overall “*satisfactory*” assurance rating he emphasised the point that this was marginal and the Executive need to ensure that improvements are made.
- Procurement of Internal Audit Services:
AFBI is on track to have a new contract in place with effect from 1 October 2012. In the discussion that followed the Board queried the need for two sets of Internal Auditors. While the Audit Committee agreed that it would be ideal to have one internal audit service the way to achieve this is by gaining the confidence of DARD.

15. AFBI Board Appointments and Remuneration Sub-Committee

15.1 Report from Appointments and Remuneration Sub-Committee Meeting held on 5 July 2012

The Chair of the Appointments and Remuneration (A&R) Sub-Committee presented a copy of the draft Terms of Reference (ToR) for the A&R Sub-Committee for comment. The Chair reported that the ToR had resulted from a meeting of the A&R Sub-Committee held on 5 July 2012.

Following discussion the Board signified that it was content to approve the draft ToR for the A&R Sub-Committee subject to an amendment to the wording contained in Item 7.2.

**A&R
Com**

The Chair also advised the Board that he had received documentation from the Executive relating to the second annual payment to a group of inventors under the terms of the AFBI Rewards to Inventors Policy. The Chair sought the approval of the Board to delegate authority to the A&R Sub-Committee to endorse the recommendation of the CEO subject to confirmation being received that the correct procedures had been followed in assessing the value of the award.

The Board were content to approve in principle subject to the A&R Sub-Committee confirming that the correct procedures had been followed.

16.	Governance Issues	ACTION
16.1	<u>AFBI Risk Management – AFBI Corporate Risk Register (dated 6 July 2012)</u>	
	The latest version of the AFBI Corporate Risk Register (CRR) was presented to the Board.	
	The Board was content to note the latest version of the AFBI Corporate Risk Register but in light of the recent flooding incident in Dundonald House which had affected the power supply to AFBI Stormont (VSD), the Board sought an assurance that the Executive had addressed the issue relating to the single point of failure.	
	The Executive confirmed that the matter was being addressed and that a separate power line for AFBI Stormont had been installed which would eliminate the risk of the same thing happening again in the future. AFBI was working with DARD to review standby generator capacity.	
16.2	<u>Whistleblowing and Fraud</u>	
	There were no reports of any new cases of whistleblowing or fraud.	
16.3	<u>Health and Safety</u>	
	There were no reports of any near misses or accidents to report.	
17.	AFBI Draft Human Resources Strategy	
	In presenting the draft AFBI Human Resource Strategy the Executive advised that it would welcome comments from the Board and then enter into a fuller discussion at a later date.	
	A number of comments were received by the Executive and it was agreed that these would be given further consideration.	Exec
	It was also agreed that the Appointments and Remuneration Committee would consider the subsequent draft and provide comment before it is brought back to the Board.	A&R Com
18.	Reports from Divisions	
	The Board received a report from each of the AFBI Divisions and some key points were highlighted for the benefit of Board members.	
	The Board also requested that Reports from Divisions feature further up the agenda at future Board meetings.	Sec
18.1	<u>Veterinary Science Division</u>	
	The report provided an update following the flooding of Dundonald House in June 2012 and the subsequent disruption caused to the electricity supply to	

AFBI Stormont (VSD). The Board highlighted the need for AFBI Estates to take cognisance of the issues caused by the disruption and ensure that the lessons learnt are taken into consideration during discussion on the future of the main building

ACTION

18.2 Applied Plant Science and Biometrics Branch

The report highlighted the work undertaken by the Division and incorporated the Board's request to see information relating to bids and project applications. The Board expressed its satisfaction regarding the information provided.

18.3 Agri-Food and Environmental Science Division

The Board congratulated the work of the Division that had resulted in the recent signing of a Memorandum of Understanding (MoU) between AFBI and the Government of Kurdistan.

18.4 Corporate Services Division

The Board acknowledged that the majority of the items mentioned in the report had been addressed during the course of the meeting.

19. Any Other Business

19.1 Rolling Database of Issues Raised at Board Meetings

The Board were content to note the updates made to the Rolling Database of Issues Raised at AFBI Board Meetings and agreed that reference to the appointment of an AFBI representative in the USA could be marked as complete.

The Secretary will update the database to reflect the change.

Sec

19.2 AFBI Board Open Meeting

The Board decided that it would aim to have the AFBI Board Open Meeting in November 2012.

20. Date of Next Meeting

The next meeting of the AFBI Board will be held on Tuesday 25 September 2012 in AFBI HQ, Newforge at 10.00 am.

Signed: _____
(Chairperson)

Date: _____