

OFFICIAL DAERA MINUTES

MEETING TITLE	DAERA AUDIT AND RISK ASSURANCE COMMITTEE MEETING
DIVISION/BRANCH REFERENCE	Corporate Governance Directorate: Governance Branch
VENUE	Conference Room, Clare House
DATE/TIME	Friday 14 November 2025 @ 14.00pm

LIST OF ATTENDEES	ARAC MEMBERS	
	Shane Lynch (SL)	Non-Executive Board Member (Chair)
	Mike Johnston (MJ)	Non-Executive Board Member
	Robbie Davis (RB)	Independent Member
	Michelle Scott (MS)	Independent Member
	OTHERS IN ATTENDANCE	
	Katrina Godfrey (KG)	DAERA Permanent Secretary
	Mark O'Donnell (MD)	Head of Corporate Services
	Alison Caldwell (AC)	Director of Corporate Services
	Roger Downey (RD)	Finance Director
	Dermot Millar (DM)	Head of DAERA Internal Audit (IA)
	Seamus Wade (SW)	Director Northern Ireland Audit Office (NIAO)
	Gary Currie (GC)	Audit Manager NIAO
	Hannah Thompson (HT)	Auditor NIAO
	Hugh Quinn (HQ)	Strategic Planning Branch (SPB)
	Amanda McFarland (AF)	Secretariat (Governance Branch)

Introduction

Agenda Item 1 – The Chair welcomed everyone to ARAC and advised that he had taken on the committee chair role. He also introduced AF who would act as ARAC Secretary. The chair also noted a change to arrangements that would see ARAC members meeting as a group without officials in attendance before and following conclusion of the main business to discuss issues to be raised and to agree key points to report back to the Departmental Board.

Agenda Item 2 – No apologies were noted.

Agenda Item 3 – DM asked for a potential conflict of interest to be noted in relation to an audit of Water Regulation Unit where a family member was employed. It was noted that IA had put in place arrangements to manage this potential conflict, and the Committee agreed that should the topic need discussion it could be considered separately or at a later date. The Chair and members were content to proceed on this basis.

Agenda Item 4 – Minutes of previous ARAC meeting.

The previous minutes of the meeting on 1 July 2025 were agreed.

Agenda Item 5 – Action Points from previous ARAC meetings.

AF updated members on five action points from the July meeting.

ARAC was advised that all but one had been completed. Those completed included more detail on the business intelligence and data analytics contract modification being provided, the format for future reporting of actions taken in relation to Departmental responses to NIAO recommendations, the issuing of the ARAC Terms of Reference and the circulation of the NIAO ARAC good practice guide.

ARAC was advised that the action point in relation to the People Risk review was ongoing.

Agenda Item 6 – Public Expenditure Position

Roger Downey provided a verbal update on the public expenditure position and the pressures in the wider block. He advised that it had been decided to combine the October and January Monitoring Rounds into a December one which would consider the reduced requirements declared by departments along with any Barnett consequentials in the Chancellor's 26 November 2025 Budget.

Roger reminded ARAC that DAERA was allocated £3.2m for bTB compensation at June Monitoring and that, going forward, it was important to secure this early in the year for financial planning purposes. He also advised that December Monitoring Round proposals were due shortly to be discussed with the Minister.

Looking ahead to future years, Roger advised that DAERA's Budget return was submitted to Department of Finance (DoF) in September. He noted that there had been no formal update on potential allocations as DoF was waiting to see if there would be any further Barnett consequentials arising from the Chancellor's Budget.

Roger noted that it was likely that the Minister of Finance would circulate proposals on both December Monitoring and the multi-year Budget shortly after the funding envelopes for these years were confirmed by the Chancellor on 26 November.

The Committee discussed the financial position facing DAERA for the rest of 2025-26 as well as the implications for next year if there were an overspend at block level in this year.

ARAC noted the update provided.

Agenda Item 7 – IA Progress Report November 25 / IA Recommendations Update Paper / Bovine Tuberculosis (bTB) Control Programme Final Report / NICS IA DAERA Charter and Mandate

DM updated members on the IA Progress Report at November 25, advising that 14% of the 2025/26 audit plan had been delivered and that the plan overall was on track for delivery. Twelve final reports had been issued since the meeting in July, ten with satisfactory opinions and two with limited opinions. The two limited reports were on Bovine Tuberculosis (bTB)

Control Programme and Water Regulation Unit (WRU) Abstraction & Impoundment Licence Applications and Discharge Consents.

DM discussed the Audit Recommendations update noting that there were 87 recommendations ongoing (13 were priority 1, 50 priority 2, 16 priority 3 and 8 with no priority). Of the recommendations ongoing, 69 were from the 2024/25 year with a few older recommendations also outstanding. He indicated that it should be possible to clear one recommendation from 2019.

AP1 – DM to confirm position with long outstanding recommendations.

DM highlighted the summary of all reports at Annex 1 of the Audit Recommendations Update. ARAC noted the update provided and the progress made on audits and recommendations.

DM took members through the key findings of the Bovine Tuberculosis (bTB) Control Programme Final Report, which had received a limited assurance opinion. It was noted that this was a key priority area for the Department and that the Chief Veterinary Officer had requested that this audit be undertaken. Members asked questions about the recommendations made and the timescales for a follow up to be undertaken, probing in particular the relationship with the current risk rating for the People Risk in the Corporate Risk Register and whether weaknesses related to cultural practices, resourcing, or both. It was agreed that the findings from the follow up audit would be helpful in informing further scrutiny by ARAC in this area.

DM also provided members with an overview of the new NICS IA DAERA Charter and Mandate, highlighting ARAC oversight of internal audit. It was noted that this was a standard charter for internal audit across all NICS departments and had been developed following a global review of internal audit standards. Having considered the mandate and the charter, ARAC agreed that it was content for the chair should sign on behalf of the Committee.

DM also provided an update on staffing within the IA function, noting that both Auditor and Audit Manager competitions were running at present.

Members noted all the updates from IA.

Agenda Item 8 - NIAO Update.

HT presented DAERA's Consolidated Resource Accounts 2024/25 Report to Those Charged with Governance, detailing that the audit of DAERA's group financial statements for the year ending 31 March 25 was complete and that the accounts had been certified. HT advised that the report provided no real change since the draft presented earlier other than the inclusion of management responses to the two recommendations on the Mobuoy illegal waste site and the grants control framework. Members noted the recommendations made and management's response to them. It was noted that that the NIAO and the Department had differing views on the accounting treatment of Mobuoy but that this would be kept under review.

Members noted the update provided by the NIAO.

Agenda Item 9 - NIAO Reports

AC advised ARAC members that the requirements of DAO (DoF) 3/24 – Guidance on Responding to NIAO Public Reports means that departments now needed to provide responses to recommendations contained in NIAO VFM reports and that ARACs had a role in

monitoring implementation of the commitments contained in these responses. AC advised that her Governance Team would follow up with business areas on the commitments made to NIAO recommendations and would provide a paper, which would be tabled periodically for ARAC's scrutiny and monitoring of commitment implementation. Members noted that this would be in addition to any scrutiny by the Public Accounts Committee.

ARAC noted the update and was content with the process outlined.

Agenda Item 10 – Corporate Risk Register (CRR)

HQ presented the CRR update, summarising the Department's five core risks. There were currently four medium risks – Cyber Security; Health and Safety; Animal Disease and Welfare; and Policy, Programme and Delivery. It was noted that the People risk assessment (which was noted should be as recorded impact high, likelihood very high), reflected Departmental Board discussions in July but was being further reviewed by the board's capability and capacity committee.

ARAC discussed the current CRR, focusing particularly on three of the risks: the People risk; cyber security; and stakeholder engagement in relation to the Policy, Programmes and Delivery risk. ARAC noted the work being undertaken in relation to the People risk and the possibility of the risk level being decreased. In relation to Cyber Security, members noted that work had been done to put controls in place and that there were well established protocols for annual testing by the NI Cyber Security Centre. A further discussion took place regarding stakeholder engagement with the efforts of officials and ministers in this area being noted.

ARAC members noted that the next CRR received would include the allocation of ownership for each risk at an appropriate level. In addition, it was noted that internal audit considered risk registers when carrying out its work, that a corporate governance audit had been completed in the past, and that the Departmental Board also considered and monitored the Department's risks on a regular basis.

Members noted the high-level risk summary position and the CRR provided.

Agenda Item 11 – ALB Assurance Reports

AC presented the ALB sponsorship report, highlighting the AFBI data breach, allegations at AFBI Hillsborough and the Lough's Agency staff complement review which was being progressed.

ARAC noted the AFBI data breach, and a discussion was had about the circumstances of the breach, actions being taken by AFBI to deal with it and how any lessons learned could be used to make improvements. AC confirmed that AFBI's Board and ARAC were providing oversight of the work being done. ARAC was content on this basis to note the update provided.

RD asked about the AccountNI migration to AFBI and AC confirmed that AFBI had onboarded with no major issues reported.

MS asked about the Lough's Agency staff complement review. AC advised that, since the complement was agreed in 2004, the Agency's work had changed significantly and that it was generally recognised that an increase in headcount was required. AC advised that the Loughs Agency had put forward initial proposals for this, but that more detailed work would be required

and that a number of approvals, including ministerial, DoF and NSMC approvals would also be required for any increase in complement.

ARAC noted the detail of the ALB report. Members were complimentary of the new layout and thanked AC for this.

Agenda Item 12 – ARAC Self-assessment and Workshop

AC explained the report was a record and update on the top six improvements identified by ARAC members at the workshop in August and advised that some of the improvements were already implemented or being progressed.

Members noted the report and agreed the improvements listed were those they wished to progress in year. It was also noted an external review would be undertaken in 2026/27.

Agenda Item 13 – ARAC Terms of Reference

The Chair introduced this paper, stressing the importance of regularly reviewing the committee's Terms of Reference. AC advised that the ARAC Terms of Reference were routinely updated every 12-18 months, and that the current update followed the ARAC Workshop and took into account the DoF ARAC Handbook and the NIAO Best Practice Guide.

RB raised a query regarding the quorum and balance of attendance between non-executive board members and other independent members. It was agreed that the ToR would be amended to reflect a quorum of two, one of whom must be a non-executive departmental board member (NEBM).

Members considered the financial experience and expertise within the committee and discussed the value of having a qualified accountant with public sector experience on the committee. It was agreed that this would be considered, informed by decisions on appointment of an additional NEBM.

Members requested that a work programme be developed to sit alongside the Terms of Reference.

AP2 – Secretariat to amend wording in the terms of reference to reflect that at least one member of the quorum has to be a Non-Executive Departmental Board Member.

AP3 – Secretariat to develop an ARAC work programme for issue to members.

Agenda Item 14 – Raising a Concern and Counter Fraud Activities

AC presented the update paper on the Department's raising a concern and counter fraud activities, and the number of cases was noted. Members were advised that there were four ongoing raising a concern cases and six live fraud cases.

MJ asked about the fraud proofing of grant schemes etc which was referenced in the paper. AC explained that management was the first line of defence and would be most familiar with the schemes and grants that were in place but that other assurance providers like Internal Audit would also provide assurance where required.

Members noted the report and were content with the update.

Agenda Item 15 – Governance Update

AC gave an update on The Paying Agency Accreditation Committee (PAAC), explaining that all EU accounts were now completed/closed and that, after the last ARAC meeting, it had been notified that PAAC had been stood down.

AC also advised that bespoke DAERA ARAC training was currently being arranged and was likely to be held in early January. In addition, it was anticipated that the ARAC Chairs' meeting would be arranged in late February or early March subject to availability.

AC advised ARAC that there was scope for a risk deep dive at its February meeting. A discussion took place on key risks which might be appropriate for a deep dive. The Chair advised that the committee would come back with its preference after further discussion.

AP4 – ARAC Chair to advise which risk deep dive to complete for February ARAC meeting.

ARAC noted the governance update.

Agenda Item 16 – Departmental Board Key Issues Report.

The Chair advised that the committee would discuss the key issues it considered needed to be raised to the Principal Accounting Officer and Departmental Board during its wash-up session.

AOB

AC advised that the Corporate Governance Framework had been updated and now required consideration by ARAC and Departmental Board approval. Due to timing constraints, she asked whether the Chair was content that it be circulated by correspondence for consideration and response. This was agreed.

AP5 – Corporate Governance Framework to be circulated to ARAC members for comment by correspondence.

Dates of next meeting

Provisional dates for ARAC meetings were discussed for the year ahead. The date of the next meeting was noted as 4 February 2026. The Principal Accounting Officer noted that she would be unable to be in attendance due to a prior commitment on that date.

Meeting ended 16.00.

Minutes written by:
Amanda McFarland

Date:
14 November 2025