

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	Wednesday 4 February 2026 @ 14.00pm

LIST OF ATTENDEES	<p>ARAC MEMBERS</p> <p>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</p> <p>OTHERS IN ATTENDANCE</p> <p>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) Gary Currie (GC) Audit Manager NIAO Hugh Quinn (HQ) Strategic Planning Branch (SPB) Amanda McFarland (AF) Secretariat (Governance Branch)</p>
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Introduction

Agenda Item 1 – The Chair welcomed everyone to ARAC.

Agenda Item 2 – No apologies were noted from ARAC members. However, apologies were noted from Katrina Godfrey and Seamus Wade.

Agenda Item 3 – No Conflicts of Interest were noted.

Agenda Item 4 – **Minutes of previous ARAC meeting.**

The previous minutes of the meeting on 14 November 2025 were agreed.

Agenda Item 5 – **Action Points from previous ARAC meetings.**

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

ARAC was advised that all had been completed. These included an update on the long-term outstanding IA recommendations; the amendment of the ARAC Terms of Reference to reflect that at least one member of the quorum had to be a non-executive departmental board member; the issuing of an ARAC work programme; the ARAC Chair advising on a suggested Deep Dive topic; and the circulation of the Corporate Governance Framework for comment by correspondence.

Agenda Item 6 – Public Expenditure Position.

Roger Downey provided a verbal update on the public expenditure position. In relation to the December Monitoring Round, he advised that DAERA now had the final budgets for 2025-26 and the Budget Bill was due to be considered by the Assembly later this month.

Looking ahead, Roger advised that, although there was no Executive agreement yet on a multi-year budget, the Minister of Finance is consulting until 3 March 2026 on his proposals on Resource DEL for the three years to 2028-29 and on Capital DEL for the four years to 2029-30. He also advised that an iterative process was underway with Minister Muir on how the Minister of Finance's proposals could be allocated internally. He further noted that in June 2025 Treasury had already confirmed Windsor Framework earmarked funding for DAERA over the multi-year budget period.

In addition, Roger advised members of the recent ministerial direction in relation to a Financial Support Scheme for Bluetongue Pre-Movement Testing which was approved by the Minister of Finance on 6 January 2026.

The Committee discussed the financial position in DAERA in relation to the draft Budget and noted the update provided, including in relation to the ministerial direction issued.

Agenda Item 7 – Comptroller & Auditor General's Report on Financial Audit Findings 2025.

RD summarised the Comptroller & Auditor General's Report on Financial Audit Findings 2025 paper, advising that 122 sets of accounts were certified with 15 qualified opinions, one of which including the DAERA accounts due to the treatment of the Mobuoy issue. RD also highlighted that there were 18 recommendations made and the report tabled provided detailed the actions taken by DAERA on these.

Members discussed the reasons for the DAERA accounts qualification noting that the Department and the NIAO had different positions on the matter. RD advised that the Department was content with its conclusion on the matter but that it would be kept under ongoing review.

ARAC members raised questions regarding compliance with delegated expenditure limits and the robustness of procedures around direct award contracts. RD informed members of the ongoing training on delegations, most recently through the new G6 induction and highlighted the ongoing liaison with his team for advice. RD also set out the approval process for direct award contracts, advising that there were processes in place to ensure that contracts were renewed to prevent the need for DACs.

MS asked if board effectiveness reviews were completed within ALBs. AC confirmed that ALBs were aware of the need to carry out such reviews but would confirm the position on these.

AP1 – AC to provide an update on completion of board effectiveness reviews by DAERA’s agencies and ALBs.

Agenda Item 8 – IA Progress Report February 26 / IA Review of DAERA Cyber Security.

DM updated members on the IA Progress Report at February 2026, advising on follow up reviews of limited opinion reports and on progress to date on reviews completed which included 11 satisfactory, two limited and one consultancy report. DM also advised that there were two draft reports which were not in the report: one on Government Procurement which was satisfactory; and one on Sustainable Utilisation of Livestock Slurry Scheme which was limited. More detail on these would be provided to ARAC at the next meeting.

DM discussed the amendments to the audit plans and ARAC members were content with proposals after discussion. DM advised that a third audit manager would join the IA team in March and there was a current recruitment competition for 16 trainee auditors, 2 of which would be allocated to DAERA.

Members discussed the report and highlighted that it would be useful for them to see the status of reviews and if recommendations had been implemented and were advised that this would be provided at the next meeting as part of the six-monthly report.

DM brought to the attention of ARAC members the review of DAERA Cyber Security Report.

Members noted all the updates from IA.

Agenda Item 9 - NIAO Update.

GC provided a verbal update, advising that the Financial Audit for the 2025/26 accounts would be tabled at the next meeting. Gary also advised that they were currently conducting a feasibility study on resistance to animal diseases and that the NIAO had met with Katrina Godfrey and Brian Dooher regarding this.

Members were also advised that the report on the Horse Racing Fund for year ended 31 December 2024 was completed and that a clean audit opinion had been received.

Members noted the update provided by the NIAO.

Agenda Item 10 – Update on actions taken on NIAO Report Recommendations.

AC advised ARAC members that this report was provided in line with the requirements of DAO (DoF) 3/24 – Guidance on Responding to NIAO Public Reports and that ARACs had a role in monitoring implementation of the commitments made in response to NIAO recommendations.

AC advised that this was the first time the report had been produced and that going forward further improvements would be made, including better categorisation of progress on actions. A

discussion was had about ways the paper could be improved, including colour coding, summaries and consistency in reporting.

Members discussed the content of the report, noting the risk especially with policy implementation and the volume of work to be done. It was noted that the report would be a useful tool for management to monitor implementation of actions.

Members also noted that there were a lot of recommendations with actions falling to NIEA as an executive agency to implement. As NIEA had its own ARAC members considered that NIEA ARAC should monitor agency specific actions.

AP 2 – Governance Branch to improve the reporting format for action implementation and liaise with the NIEA ARAC to ensure scrutiny of progress in implementing actions.

ARAC noted the update and considered that management needed to give appropriate focus to implementing actions on a timely basis.

Agenda Item 11 – 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 remained red, which reflected ongoing resourcing challenges which had been discussed at DB. It was noted that this risk would be closely monitored.

HQ also highlighted, in relation to the Policy, Programmes and Delivery Risk, that it had been identified that specific improvements were required in programme and project governance. In terms of the Animal Disease and Welfare Risk, it was noted that the NAO had produced a report on Resilience to Animal Disease with recommendations that needed to be considered.

ARAC discussed the People risk in depth and noted that the Department's People Strategy would address some issues, however some were in the remit of NICSHR and that DAERA had added complexity with the volume of specialist staff. ARAC noted that excluding Windsor Framework staff, DAERA was in the same staffing position as in 2017/18 while having much more statutory responsibility.

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

Agenda Item 12 – Departmental mid-year Assurance Report summary.

AC explained the assurance reporting process within the Department, highlighting the paper was a summary of the G3 assurance report which was reviewed by the permanent secretary. It was noted that this process helped ensure compliance across a range of issues but also sought to ensure that appropriate actions were taken on control issues.

Members noted that the VSAHG assurance report was not included due to work pressures, including dealing with bluetongue, but that this would be provided to the permanent secretary in due course.

Members had a general discussion regarding the report but agreed it was consistent with the CRR.

Members noted and were content with the update provided.

Agenda Item 13 – Business Case and Post Project Evaluation (PPE) test drilling report 2024/25.

RD summarised the outcomes of the business case and PPE test drilling report for 2024/25 completed by Resource Economics Branch (REB), advising that 13 business cases and 14 PPEs were selected for test drilling.

RD summarised the key findings for and the conclusion that both processes were generally of a satisfactory standard. Key areas for improvement were noted.

RD advised members that the report was provided to the permanent secretary who subsequently wrote to DAERA Group Heads and Agency Chief Executives advising of its findings and actions required.

Members asked a number of questions to clarify the processes and limits. Members were advised that any project over £10 million for Capital and IT would go to the Casework Committee.

AP3 – REB to confirm if they test drill PPEs of business cases above delegated limits

ARAC noted the update.

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 in addition to the counter fraud strategy targets.

Members noted the report and were content with the update.

Agenda Item 15 – Governance Update.

AC gave a verbal update on governance activities, mentioning the ARAC training, which was held on 14 January 2026, that the updated Corporate Governance Framework had been circulated to DB members for comment with replies awaited and that the ARAC Chairs' meeting had been arranged for Monday 2 March. A proposed agenda for this meeting will be discussed with SL.

AP4 – Secretariat to discuss agenda with SL for ARAC Chairs meeting.

ARAC noted the governance update.

AOB

None.

Dates of next meeting

The date of the next meeting was noted as Wednesday 15 April 2026.

Meeting ended 16.00.

Minutes written by: Amanda McFarland	Date: 4 February 2026
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