Department of
Agriculture, Environment and Rural Affairs
An Roinn
Talmhaíochta, Comhshaoil agus Gnóthaí Tuaithe
Depairtment o'
Fairmin, Environment an' Kintra Matthers
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OFFICIAL DAERA MINUTES

MEETING TITLE	**ARAC meeting DAERA Annual Report and Accounts 2025-2026**
DIVISION/BRANCH REFERENCE	**Corporate Governance Directorate: Governance Branch**
VENUE	**TEAMS**
DATE/TIME	**Wednesday 24 June 2026 @ 2pm**
LIST OF ATTENDEES	**ARAC MEMBERS** Shane Lynch (SL) — Non-Executive Board Member (Chair) Scott King (SK) — Non-Executive Board Member Mike Johnston (MJ) — Non-Executive Board Member Robbie Davis (RDa) — Independent Member Michelle Scott (MS) — Independent Member **OTHERS IN ATTENDANCE** Mark O'Donnell (MD) — Deputy Secretary, Strategic Planning and Corporate Services Roger Downey (RDo) — Finance Director Alison Caldwell (AC) — Director of Corporate Governance Gary Currie (GC) — Northern Ireland Audit Office (NIAO) Seamus Wade (SW) — NIAO Richard McAuley (RA) — Head of Financial Reporting Branch Julie McElduff (JE) — Financial Reporting Branch Carl Moyne (CM) — Head of Strategic Planning Branch Paul McElwee (PM) — Secretariat (Governance Branch)

Introduction

Agenda Item 1 - Chair welcomed all to ARAC.

Agenda Item 2 – Secretariat confirmed that there were no apologies.

Agenda Item 3 - Members confirmed that they had no conflicts of interest to declare.

Agenda Item 4 – Minutes and action points ARAC ARA meeting 13 May 2026.

The previous minutes of the meeting on 13 May 2026 were agreed.

PM advised ARAC that three of the four action points from the May ARAC meeting had been cleared and invited RA to provide a verbal update on Action Point 2 relating to the Remuneration Report being compliant with the Financial Reporting Manual (FReM). RA confirmed compliance and ARAC were content to note that Action Point 2 was cleared.

Agenda Item 5 – Highlight Report - Group Annual Report and Accounts.

RA presented the highlight report setting out the areas of the accounts that had been updated since the previous ARAC, including minor amendments and the additions of a Sustainability Report and the Statement of Outturn against Assembly Supply (SOAS) Notes including virements.

Members noted the highlight report and final version of the DAERA Group Annual Report and Accounts 2025-26 and were content that these were submitted to the Permanent Secretary and then on to the NIAO thereafter subject to the subsequent discussion in relation to the Mobuoy issue.

Agenda Item 6 – Report to those charged with Governance.

GC and SW updated ARAC on the Report to those charged with Governance (RttcwG) 2025-26 and the likely proposed audit opinion that the Comptroller and Auditor General (C&AG) would certify the 2025-26 group financial statements with a qualified audit opinion, on an 'except for' basis. It was noted that this would mean that the financial statements would be certified as giving a true and fair view, except for the absence of a provision totalling £111 million to remediate the Mobuoy illegal waste site. They noted that this was still a proposal at this stage and was subject to further consideration by the NIAO Technical Team.

Additionally, GC summarised there were no adjustments to the statement of comprehensive net expenditure and/or statement of financial position. However, he advised irregular expenditure of £1.264m in 2025-26 (2024-25 £3.183m) was identified through the Department's controls checks relating to the Farm Sustainability Transitional Payment, Greening and Young Farmers schemes which were disclosed in the estimated error in the financial statements.

GC noted that other significant risks were management override of controls; risk of fraud in revenue recognition; the SOAS; and the valuation of donated assets transferred from the Department for Environment, Food and Rural Affairs (Defra). NIAO advised no issues were identified for any of these risks.

MJ asked if there was a recovery process in place in relation to the £1.264m identified as irregular expenditure. RDo clarified that the figure was an estimated one using a determined error rate and was lower than previous years as controls and IT improvements had bedded in. He also noted that for any specific identified amounts within the estimated figure, there was a process in place to recover the funding.

There was then a discussion on the 'Actions for the Audit and Risk Assurance Committee' section and whether this was a new requirement.

AP1: NIAO to check if this recommended action was included in previous years' RttcwG.

AP2: Secretariat to check minutes from June 25 DAERA ARA meeting to determine if this was discussed at last year's meeting.

Chair invited GC and RDo to outline their respective positions on how they have assessed the accounting treatment of the Mobuoy issue in accordance with International Accounting Standard (IAS) 37. There followed a detailed and comprehensive discussion on the respective positions of NIAO and DAERA in relation to how the Mobuoy issue was reflected in the accounts.

Members noted the difference in the positions and that on this basis the NIAO's proposed opinion was to provide a true and fair opinion on the financial statements on an 'except for' basis.

Agenda Item 7- Letter of Comfort (LoC).

SL invited feedback on the draft LoC provided for him as Chair to provide to the Accounting Officer. Following discussion, SL suggested that the LoC should reflect that it was being signed off based on the position at his time and noting that there was a process in place to address the draft findings of the NIAO. SL also proposed ARAC members met separately to discuss the wording of the LoC and this was agreed to by members.

AP3: LoC to be redrafted to reflect the basis on which ARAC were providing the LoC to the Permanent Secretary.

Agenda Item 8 – AOB.

RDo and SL thanked everyone involved in contributing to the DAERA Group Annual Report and Accounts 2025-26 and thanked the NIAO for conducting the annual audit.

Agenda Item 9 – Date of next meeting.

Next meeting is 1 July 2026 in Clare House at 10.00am with pre meeting scheduled for members at 9.30am.

Meeting ended at 16.05.

Minutes written by: Paul McElwee	**Date:** 24 June 2026