**MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE MEETING**

**Tuesday 27 June 2023 @ 14.00pm  
FACILITATED THROUGH MICROSOFT TEAMS**

**Members:**

Sharon McCue ARAC Chair

Bernie Stuart Non-Executive Member

Robbie Davis Independent Member

**In Attendance:**

Roger Downey Finance Director

William Peel Head of Financial Reporting Branch

Melvyn McCurdy Financial Reporting Branch

Declan McCarney Head of Governance and EU Funding Branch

Alan McKee Head of Internal Audit

Hugh Quinn Head of Strategic Planning Branch

**Apologies:**

Michelle Scott Independent Member

**Secretariat:**

Paul McElwee Governance and EU Funding Branch

|  |  |  |
| --- | --- | --- |
| **Agenda Item** | **Description** | **Action Owner** |
|  | **Apologies and Conflict of Interests declaration** |  |
|  | Meeting started at 14.00. Chair welcomed everyone to the meeting and attendees introduced themselves to new Independent Member, Robbie Davis.  No conflict of interests recorded. |  |
| **Agenda Item** | **Description** | **Action Owner** |
| **1.** | **Minutes and Action Points of April ARAC meeting** |  |
|  | One minor adjustment was made to the Minutes from 26 April 2023, and these were then formally agreed.  Chair discussed when ongoing Action Point 3 will be completed: C&AG’s draft report on AFBI’s 2021-22 accounts will be shared with ARAC.  There was a brief discussion on AOB in the minutes regarding assurances provided to the Accounting Officer through ARAC in relation to NIEA and FS.  The Committee were informed that a paper is been prepared for DB covering the relationship with ALBs and the role of any Board Committees. This was an action following a DB workshop in February 2023. A further update will be provided to ARAC on 11th October 2023. | **Secretariat** |
| **2.** | **Annual Report and Accounts** |  |
|  | William Peel presented a summary of the significant financial information contained within the Financial Statements section of the Annual Report and Accounts.  ARAC noted the achievement of the Department in attaining 99.9% Provisional Outturn and passed on recognition to all business areas involved.  There was a discussion on key issues of the accounts including the impact of RoFP, material variances from 2022/23 Financial Statements, the treatment of Forest Service subsidies, and disclosures relating to prior year remote contingent liabilities.  The committee recognised the significant work that went in to preparing the 2022/23 Annual Report and Accounts, particularly considering RoFP and agreed there was no significant issues that would prevent them being shared with NIAO.  Declan McCarney then provided a summary of governance and control issues. It was noted that further unlawful spend of £1.6m in relation to grants to councils is to be included in the accounts. There was a discussion regarding governance risk and this issue was due to be discussed by DB in June but postponed. ARAC agreed governance risk still needs to be addressed. An assurance was given that although all failures of governance are being addressed, risks still exist.  ARAC discussed the Enterprise Shared Services assurance report and requested clarity to be sought on:   * what assurances can DAERA give in relation to implications for DAERA systems in the face of cyber security risks. | **Declan McCarney / Secretariat** |
| **3.** | **Internal Audit Annual Opinion and Report 2022/23** |  |
|  | Alan McKee gave a summary of the IA report reflecting that all scheduled audits for 2022/23 have been completed and an overall satisfactory rating awarded. There were 26 satisfactory reports, 11 special exercises and 5 limited opinion reports which was acknowledged as being higher than average. Alan highlighted that a common theme with limited opinion reports is the lack of documentary evidence and stressed the importance of accurate, evidential record keeping.  Although DAERA management have accepted all IA recommendations, there was a discussion on the increased risk of lack of resources impacting on the future timely implementation of IA recommendations within the Department.  ARAC requested that the IA report on DAERA Temporary Promotions be circulated to ARAC.  There was a discussion in respect of including IA reports that were finalised post March 2023. ARAC agreed that the report allows for changes until it is signed off and any material adjustments should be recorded. | **Declan McCarney** |
| **4.** | **Letter of Comfort** |  |
|  | The Letter of Comfort was agreed by ARAC, and it was agreed that it should be signed by the Chair and issued to the Permanent Secretary. After some discussion ARAC agreed that additional lines were to be included:  • Recognising potential impact of limited resources;  • Recognising the IA DoF / ESS report on cyber risk management and recommendations; and   * Acknowledging the work of DAERA colleagues in producing this full set of consolidated accounts for the first time. | **Declan McCarney / Sharon McCue** |
| **5.** | **Any Other Business** |  |
|  | Next ARAC scheduled for 5th July 2023 and venue confirmed as Greenmount. Governance Team side liaising with CAFRE to ensure IT is available for virtual attendance.  ARAC Chairs meeting 4th July 2023 will be hosted virtually via Teams. ARAC Annual Report to be shared with attendees.  Chair thanked all attendees and the meeting finished at 15.48pm. | **Secretariat** |

| **Action Points from the ARAC meeting held on The 27 JUNE 2023** | | | |
| --- | --- | --- | --- |
| **Agenda Item** | **Description** | **Action by** | **Current Status** |
| **1.** | C&AG’s draft report on AFBI’s 2021-22 accounts to be shared with ARAC. | **Secretariat** | Completed 28.6.23 |
| **2.** | Seek assurances from DSD on implications for DAERA systems in the face of cyber security risks | **Declan McCarney**  **/ Secretariat** | Ongoing |
| **3.** | Circulate the IA report on DAERA Temporary Promotions to ARAC. | **Declan McCarney** | Completed 27.6.23 |
| **4.** | Include additional lines in Letter of Comfort re: impact of less resources, cyber security risk and thanks to DAERA staff for producing the first consolidated accounts. | **Declan McCarney / Sharon McCue** | Completed 27.6.23 |
| **5.** | ARAC Annual report to be shared with ARAC Chairs | **Secretariat** | Completed 29.6.23 and discussed at ARAC Chairs meeting 4.7.23 |