DRAFT MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE MEETING
WEDNESDAY 02 SEPTEMBER 2020 @ 2pm
FACILITATED THROUGH WEBEX

Members:

Sharon McCue	Non-Executive Board Member (NEBM) Chair
Bernie Stuart	Non-Executive Board Member (NEBM)
Donald Henry	Independent Member (IM) (Present for agenda items 1-7)
Sharon Hetherington	Independent Member (IM) (Present for agenda items 1-7)

In Attendance:

Denis McMahon	Permanent Secretary
Brian Doherty	Head of Corporate Services and Contingency Planning Group
David Reid	Director of Finance (Present for agenda items 1-4a)
Declan McCarney	Head of Governance and EU Funding Branch
Alan McKee	Head of Internal Audit
Hanna Hughes	NIAO
Stephen Brannigan	NIAO
Sean McGrade	Director of Corporate Services (Present for agenda items 5-8)

Apologies:

Briege Lafferty	Head of Strategic Planning Branch
Declan Cooper	NIAO

Secretariat:

Gary Humphries	Governance and EU Funding Branch
Rachel Skelly	Governance and EU Funding Branch

Agenda Item	Description	Action Owner
	Introduction	
	Apologies and Conflict of interests declaration	
	Meeting started at 2.02pm. Chair welcomed everyone to the meeting and noted the apologies as above. No conflict of interests were recorded.	
1.	**Minutes and Action Points of previous meeting**	
	No adjustments to the Minutes from 18 August 2020 were raised and therefore these were formally agreed. Chair noted that the Action points from the previous meeting have been completed.	

Agenda Item	Description	Action Owner
2.	**Public Expenditure Position**	
	David Reid provided a verbal update that covered the Department's position in relation to the October Monitoring exercise due with DoF by 02 October and the Budget Information Gathering Exercise currently underway across DAERA which is due back on 18 September and covers the next 3 years on Resource and the next four years on Capital.	
3.	**NIAO Update**	
	Stephen Brannigan provided a verbal update in relation to the current Report to Those Charged with Governance (RTTCWG). Bernie sought confirmation if the 'McCloud judgment' would have any impact on the Department's accounts. It was agreed that Stephen would check and report back to ARAC.	**NIAO**
4.	**Internal Audit Update**	
	Alan McKee presented five papers covering: • Internal Audit Progress Report; • DAERA Internal Audit Charter 2020; • Internal Audit Plan 2020/21 - revised August 2020; • Draft Internal Audit Plan 2020/21 - as at March 2020; and • Internal Audit Recommendations Update. Alan explained how the Audit Plan was developed which included consultation with each Group and would be reassessed when the Corporate Risk Register is available. A lengthy discussion took place in relation to the Audit Plan for 2020/21 with members voicing their concerns on the impact on level of assurance that would be provided by Internal Audit given the limited staff resources and the challenges brought about by the Covid pandemic. It was agreed that the Chair would write to the Accounting Officer highlighting ARAC concerns in relation to the coverage of the Internal Audit Plan for 2020/21. The Director of Finance's forum has some proposals to attract and retain audit staff and DAERAs representative David Reid undertook to liaise with the HIA to progress. Bernie sought confirmation if a letter from the Chief Executive of the Loughs Agency on the procurement issue had been received (as per an action point raised at the 05 February ARAC meeting). Members raised concerns in relation to the OFFC Trade Certification Audit which recorded that 6 recommendations were partially implemented and 3 were not implemented. It was agreed that this would be on the agenda for the December ARAC meeting. In addition concerns were raised that Health and Safety (H&S) recommendations within EMFG that are not implemented. The Permanent Secretary informed ARAC that he would write to David Small outlining the importance of H&S and his concerns that these recommendations were not implemented.	**Chair** **David Reid** **Brian Doherty** **Secretariat** **Permanent Secretary**

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4.	**Internal Audit Update**	
	Chair recorded the Committees appreciation to Alan for the service that Internal Audit provide under the current difficult circumstances. The Permanent Secretary also recorded his gratitude to Alan McKee as Head of Internal Audit.	
5.	**Update on Counter Fraud Activities**	
	Declan McCarney presented the paper and outlined the key issues. It was agreed that a paragraph would be included in future papers summarising the key issues of Counter Fraud Forum (CFF) meetings rather than providing the minutes.	**Declan McCarney**
6.	**Update on Whistleblowing / Raising Concerns**	
	Declan McCarney presented the paper and outlined the key issues. Bernie sought clarification on the date the initial report was received for a "specific case" on Annex B. Bernie provided additional information in relation to the paper submitted to the Permanent Secretary on Raising Concerns. It was agreed that, once Departmental Board (DB) had decided how to take this forward, ARAC would consider further. The Permanent Secretary confirmed his support for this topic.	**Declan McCarney**
7.	**Update on NIFAIS**	
	Brian Doherty presented the paper and outlined the key issues.	
8.	**ALB Assurance Reports**	
	Chair thanked Sean McGrade for his attendance, but due to time constraints, confirmed that the papers would be covered by correspondence. Sean confirmed that his verbal update would have highlighted some additional changes to the papers and it was agreed that the papers would be reissued to take these into account.	**Sean McGrade and Secretariat**
9.	**Delivery Committee Update**	
	Chair confirmed that this paper would be covered by correspondence.	
10.	**Update on actions taken in response to the NIAO recommendations**	
	Chair confirmed that this paper would be covered by correspondence.	
	Any Other Business	
	Chair requested that an additional ARAC meeting should be arranged during November to discuss Risk Management. Date of next meeting confirmed as 2 December 2020 at 2pm. Chair thanked all attendees and the meeting finished at 4.13pm.	**Secretariat**

ACTION POINTS FROM THE ARAC MEETING HELD ON THE 02 SEPTEMBER 2020

Agenda Item	Description	Action by	Current Status
3.	NIAO to confirm if the 'McCloud judgment' impacts on the Department's accounts.	NIAO	Complete - The McCloud judgement does not impact on the DAERA accounts. It impacts on the NICS pension liabilities which is not reflected in departmental resource accounts.
4.	Chair to write to the Accounting Officer highlighting ARAC concerns in relation to the coverage of the Internal Audit Plan for 2020-21.	Chair	Complete 9/9/20 Letter from ARAC chair to Perm Sec.DC -
4.	DAERAs representative on the Director of Finance's forum to liaise with the HIA on proposals to attract and retain audit staff.	David Reid	David raised this with Michele and it will be considered as part of broader discussions at FD Forum as work progresses on the development of longer term financial strategy for the finance profession.
4.	Confirm if a letter from the Chief Executive of the Loughs Agency on the procurement issue has been received.	Brian Doherty	Ongoing - email sent for update
4.	OFFC Trade Certification Audit be on the agenda for the December ARAC meeting.	Secretariat	Ongoing – if work constraints permit, Perpetua will present a paper and discuss at Feb meeting
4.	The Permanent Secretary to write to David Small outlining the importance of H&S and his concerns that these recommendations were not implemented.	Permanent Secretary	Complete - The H&S audit was a cross cutting audit and responsibility has now moved to CSCPG. Brian Doherty updated both the Permanent Secretary and the Chair of ARAC that the audit recommendation have been actioned and this will be reflected in the IA database when they have completed their update review.
5.	Future Counter Fraud Activities papers to include a paragraph summarising the key issues of Counter Fraud	Declan McCarney	Noted – actioned in 2 December ARAC Counter Fraud Activities paper

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	Forum (CFF) meetings rather than providing the minutes.		
6.	Clarification to be provided on the date the initial report was received for a “specific case” on Annex B.	Declan McCarney	Ongoing
8.	Updated ALB Assurance Reports to be provided and circulated to members.	Sean McGrade and Secretariat	Complete – sent 7th Sept
AOB	Additional ARAC meeting to be arranged during November to discuss Risk Management.	Secretariat	Complete – meeting 13th Nov