



Audit Committee

Minutes of Meeting of 14 September 2018

Attendance & Declaration of Interests

Audit Committee:

Members: Mr Ambrose Loughlin, Ms Ilona McElroy, Ms Emma Cunningham.

Internal Audit Unit:

Mr Dermot Byrne (Head of Internal Audit), Ms Busola Laiyemo (Secretary to the Committee)

Apologies:

Mr Liam Irwin, Mr John McCarthy.

The initial part of the meeting was held in private session by members of the Committee. The Head of Internal Audit (HIA) and the Secretary to the Committee (Secretary) subsequently joined the meeting.

Mr Loughlin declared an interest in relation to the draft report of the Audit of Litigation Arrangements and confirmed that he will not make any comments on the specifics of the Audit when the item is being discussed although its scope may be discussed.

Agenda Item 1 – Minutes and Action Points arising from the meeting of 20 July 2018

(i) Minutes of the last meeting

The minutes of the Audit Committee meeting of 20 April and 20 July are to be updated and circulated to all members before approval to publish (**Action Point 1**).

(ii) Action Points

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| Action Point 1 | The Audit Committee noted the reports of prior year audits included in the papers for the benefit of new members |
| Action Point 2 | The HIA gave an update on progress with the booking of an induction course at the IPA for the new Audit Committee members. |
| Action Point 3 | The HIA gave a presentation on the role of IA and the Audit Committee in the context of the governance of the Department under Agenda Item 4(ii). |
| Action Point 4 | Minutes of the last Audit Committee meeting was discussed at Agenda Item 1 above. |

- Action Point 5 The Audit Committee was informed that there is currently no formal mobile phone data retention policy in place within OGCIO but they are in the process of developing a wider data policy.
- Action Point 6 The two back up audits on the 2018 plan are discussed under Agenda Item 2(v).
- Action Point 7,8,9,10 & 11. It was noted that the Audit Committee's comments and drafting points from the last meeting are reflected on audit reports as required and for discussion under the respective Agenda items.
- Action Point 12 The Audit Committee noted that the Head of Legal Unit was invited and would join the meeting with the legal adviser to the SFAD for discussion of the draft report of the Audit of Litigation Arrangements under Agenda Item 2(iv)b.
- Action Point 13 The Audit Committee noted the draft letter included in the papers for discussion under agenda item 4(iii).
- Action Point 14 The Audit Committee noted that the final meeting for the year is on Monday 10 December

Agenda Item 2 – Internal Audit Assignments

(i) Progress of audits against Plan

(a) 2017 Plan

Discussion on the draft report for the last audit on the 2017 Audit Plan is detailed at agenda item 2(iii)b below.

(b) 2018 Plan

The Audit Committee noted that all the audit assignments on the 2018 Audit Plan are at different stages of completion. The

(ii) Completed Terms of Reference (TOR) for Audits

(a) Audit of HR Arrangements for Interaction with the NSSO

The Audit Committee noted the scope and risks identified on the TOR and requested that this should be expanded to include overpayment of salaries as well as pensions. The audit should take account of the available NSSO reports and also acknowledge that the scope of the audit is limited to DFIN HR side of the Service Management Agreements (**Action Point 2**).

(b) Audit of Arrangements for Motor and Property Tax Accounting

The secretary gave an overview of the scope of the audit. It was agreed that the audit will focus on the year-end / cut-off transactions for property tax accounting and the central funds procedures for motor tax accounting.

(iii) Draft Audit Reports

(a) Audit of the Implementation of Dignity at Work Policy

The Management representative for HR joined the meeting to speak to this report. The Secretary briefed the Audit Committee on the main areas reviewed and confirmed that all documents reviewed by

IA were redacted. Based on Audit Committee comments, it was agreed that before signatures are arranged, the report should emphasise that IA only reviewed redacted documents and are not privy to the identity of individuals in any complaint **(Action Point 3)**.

(b) Review of the Implementation of Compliance Framework (2017 Audit Plan)

The Audit Committee noted the updates to the format of the report of the Review of the Implementation of Compliance Framework. It was agreed that Management's proposed action plans should be outlined as 'implementation plans' for each assurance activity identified on the report. The implementation plan in relation to the Identification and recording of compliance obligations should also be discussed with Management before finalising the report. **(Action Point 4)**.

(iv) Completed Audits

(a) Audit of IT Fixed Asset Management (2017 Plan)

The Corporate Affairs Officer joined the meeting to brief the Audit Committee on progress with the implementation of IA recommendations on the report of the Audit of IT Fixed Asset Management. The Audit Committee noted the implementation status of the open recommendations and it was agreed that progress will continue to be monitored and reported on.

(b) Audit of Litigation Arrangements

The Head of Legal Unit and the Legal Adviser to the Shareholding and Financial Advisory Division joined the meeting to discuss the report of the Audit of Litigation Arrangements. The Secretary briefed the Audit Committee on the main areas reviewed and outlined the audit findings and recommendations. Based on Audit Committee discussion, it was agreed that two of the audit findings should be removed from the report as they are administrative rather than litigation arrangement related. As such, the overall audit opinion on the draft report should be upgraded to moderate assurance. In addition, it was agreed that these findings will still be monitored as usual within the quarterly open audit recommendations tracking process. **(Action Point 5)**.

(v) Backup Audit Assignments

(a) Implementation of Financial Action Task Force (FATF) Recommendations

The Principal Officer and Assistant Principal Officer for the Area and the audit assigned to the audit joined the meeting to give a presentation on the implementation plan for the FATF recommendations. The presentation gave an outline of the stakeholders and DFIN's role. Based on discussion, the Audit Committee agreed that a review of the Area will not be required for another two years.

(b) Readiness Review of Implementation of Anti-Fraud Co-ordination Service (AFCOS)

The HIA briefed the Audit Committee on discussions with the Assistant Secretary for the Area and the request to schedule the audit for Q2 2019. Based on Audit Committee discussions, it was agreed that the review may begin in the current year as a desk based exercise of understudying an AFCOS in a similar sized Member State.

Agenda Item 3 – Audit Committee Administration

(a) Recommendations Tracking

The movement in open audit recommendations since the last meeting was discussed. The Secretary informed the Committee of the addition of three recommendations from the audit of the Award and Management of Consultancy contracts and the closure of 3 recommendations that were implemented in the period since the last Audit Committee meeting, bringing the total open recommendations to 15.

It was agreed that those audit recommendations whose implementation depend on the operationalization of the Financial Management Shared Service System are to be reported separately going forward. **(Action Point 6).**

(b) Risk Committee Update

There were no risks arising from the last Risk Committee meeting for the Audit Committee's attention.

(c) Freedom of Information (and Protected Disclosures) Update

There was no FOI request and there was no protected disclosure notified to the HIA since the last meeting.

Agenda Item 4 – AOB

(a) 2019 Internal Audit Plan

The Audit Committee discussed the high risk Areas identified on the Risk Register and the 2016 – 2019 IA Strategy. It was agreed that DFIN's Statement of Strategy should be fed back to management in terms of actionable areas that can be audited. **(Action Point 7).** A draft programme of Internal Audit assignments for 2019 should be circulated to the Audit Committee ahead of the next meeting. **(Action Point 8).**

(b) HIA Presentation: Role of Internal Audit and the Audit Committee

The HIA gave a presentation on the role of IA and the Audit Committee in the context of the governance arrangements in the Department.

(c) Assistant Secretary (A/Sec) Presentation Series: draft letter of invitation

The Audit Committee discussed a draft letter inviting Assistant Secretaries to give brief presentations on their Area of responsibilities. It was agreed that the letter should be updated and discussed with the Secretary General before circulation to the respective Assistant Secretaries. **(Action Point 9).**

The meeting ended at 1:00pm.

END

Appendix

ACTION POINTS IDENTIFIED AT AUDIT COMMITTEE MEETING OF 14 SEPTEMBER 2018

No.	Action Required	By Whom	When
1	The minutes of the Audit Committee meeting of 20 April and 20 July are to be updated and circulated to all members.	Secretary	Immediately
2	The TOR for the Audit of HR Arrangements for Interaction with the NSSO should be updated to take account of Audit Committee comments.	Secretary	Immediately
3	The draft report for the Audit of Implementation of Dignity at Work Policy should be updated to take account of Audit Committee comments before getting the report signed.	Secretary	Immediately
4	The draft report for the Review of the Implementation of Compliance Framework should be updated to take account of Audit Committee comments.	Secretary	Immediately
5	The draft report for the Audit of Litigation Arrangements should be updated to take account of Audit Committee comments.	Secretary	Immediately
6	Open IA recommendations whose implementation depend on the operationalization of the Financial Management Shared Service System are to be reported separately going forward.	Secretary	Immediately
7	It was agreed that DFIN's Statement of Strategy should be fed back to management in terms of actionable areas that can be audited.	Secretary	Immediately
8	A draft programme of Internal Audit assignments for 2019 should be circulated to the Audit Committee ahead of the next meeting.	HIA	Before next Audit Committee Meeting
9	Letter of invitation for Assistant Secretaries' presentation series is to be discussed with the Secretary General before circulation.	Chairman	Before next Audit Committee Meeting