

**DRAFT MINUTES OF AUDIT AND RISK ASSURANCE COMMITTEE MEETING**  
**Wednesday 8 February 2023**  
**14:00 to 14:30 – Pre- meeting with Permanent Secretary**  
**14:30 to 16:30 – normal ARAC meeting**  
**FACILITATED THROUGH WEBEX (#) AND RM105/108 DUNDONALD HOUSE**

**Members:**

Sharon McCue	Non-Executive Board Member (NEBM) Chair
Bernie Stuart	Non-Executive Board Member (NEBM)
Donald Henry	Independent Member (IM)
Michelle Scott	Independent Member (IM)

**In Attendance:**

Katrina Godfrey	Permanent Secretary
Brian Doherty	Deputy Secretary Central Services & Contingency Planning
Roger Downey	Finance Director
Declan McCarney	Deputy Finance Director
Nichola Patton #	Governance and EU Funding Branch
Dermot Millar #	Internal Audit
Declan Cooper	NIAO
Neil Gray	NIAO
Hugh Quinn	Head of Strategic Planning Branch
Kathryn Clarke	Director of Corporate Services
Francine Manikpure #	Head of Sponsor Branch to AFBI
Carla McElrone	Boardroom Apprentice

**Apologies:**

Alan McKee	Head of Internal Audit
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**Secretariat:**

Rachel Skelly	Governance and EU Funding Branch
Paul McElwee #	Governance and EU Funding Branch

<b>Agenda Item</b>	<b>Description</b>	<b>Action Owner</b>
	<b>Introduction</b>	
	Meeting started at 14:40. Chair welcomed everyone to the meeting.  No conflicts of interests were recorded.	
<b>Agenda Item</b>	<b>Description</b>	<b>Action Owner</b>
<b>1.</b>	<b>Minutes, Action Points and Collated Comments / views of previous meeting</b>	
	No further adjustments to the minutes from 10 October 2022 were raised and these were formally agreed.	

	Chair discussed Action Points from the meetings on 27 April, 27 June and 10 October and acknowledged these could all now be marked complete. Chair requested that dates be included for the status of action points.	<b>Secretariat</b>
<b>2.</b>	<b>Northern Ireland Food Animal Information System (NIFAIS) Update</b>	
	Brian Doherty, the SRO of the NIFAIS Project, provided a background to the project including its purpose, progression, and current position. ARAC noted that Stage 1 is intended to go live on 12 <sup>th</sup> June 2023. Brian addressed queries on costing and assured ARAC the system has been, and will continue to be, rigorously tested prior to going live.	
<b>3.</b>	<b>Public Expenditure Update</b>	
	Roger Downey provided ARAC with an update on the Financial Position in relation to 2022-23 with the Secretary of State having agreed a final Budget for the period.  ARAC were asked to note that the Department have been asked to model a 10/15% cuts exercise for 2023-24.	
<b>4.</b>	<b>NIAO Update</b>	
	Neil Gray provided an update on the concerns the NIAO have on AFBI completing the 2021/22 audit despite the renewed efforts of the AFBI team. NIAO communicated that failure to complete will also delay the Audit for 2022/23. This will impact consolidation of the DAERA Accounts 2022-23 and therefore also delay the audit of consolidated accounts in time to meet summer recess. Concerns around AFBI's system/control risks were also highlighted due to the fact that AFBI's systems have had issues in the first half of 2022-23. Concerns were raised on the severity of the situation and lack of a shared understanding of this between AFBI, DAERA and the NIAO. It was agreed DAERA, AFBI and NIAO would meet to discuss what decisions need to be made and options to be implemented to move this forward	<b>Roger Downey/Neil Gray/Kathryn Clarke</b>
<b>5.</b>	<b>ALB Assurance Reports</b>	
	ARAC noted that all the Reports now have their Accounting Officer's signature and noted the contents of the dashboards. ARAC would like to be able to track the expenditure and requested that an opening budget position versus current position is included on the dashboards moving forward. ARAC discussed how the ALBs define risk and Kathryn Clarke assured ARAC that she would take this message back to all Accounting Officers and that this is an ongoing area of work. ARAC also questioned if the ALB Business Plans for 2023-24	<b>Kathryn Clarke</b>

	<p>are nearing completion as the 2023-24 year is due to commence in several weeks' time.</p> <p>Sponsor Branch was asked to seek assurance on Cyber Security Risk from AFBI</p>	<b>Kathryn Clarke</b>
<b>6.</b>	<b>Raising Concerns – Action Plan</b>	
	<p>Permanent Secretary and ARAC members had a pre-meeting to discuss the action plan. ARAC will monitor the progress in relation to the 16 recommendations for DAERA in line with the timescale stated. It was noted that those for immediate action have been addressed with a Designated Officer appointed. There was a commitment from Internal Audit that a validation exercise would be undertaken once the action plan has been completed. Chair also sought confirmation that the associated matters raised in the Internal Audit Review of Cattle Traceability within VSAHG which was highlighted in an update to ARAC in October 2022 be considered to provide ARAC in April with confirmation of progress.</p>	<b>Secretariat</b>
<b>7.</b>	<b>Governance Risk</b>	
	<p>ARAC proposed that there is a separate risk on the corporate risk register on Governance. It was agreed that this proposal is submitted to Departmental Board for discussion.</p>	
<b>8.</b>	<b>Corporate Risk Register Update</b>	
	<p>Hugh Quinn provided an update on the Corporate Risk Register and 9 Month DAERA Balanced Scorecard Progress Report. On the Corporate Risk Register, all 9 risks have an amber rating. Of the 17 targets on the Balanced Scorecard, 7 are green, 8 amber and 2 red. In relation to Risk Management Training, ARAC noted the 90% uptake figure which is a very positive outcome. ARAC acknowledged the work being carried out to embed the risk management framework and processes across the organisation through training, providing support and advice and exploring individual business areas risk registers in turn - previously RAFSET and shortly NIEA.</p>	
<b>9.</b>	<b>Internal Audit Update</b>	
	<p>Dermot Millar gave a progress report to ARAC on the 4 final reports and 6 draft report which had issued since the last update to ARAC.</p> <p>ARAC requested an assurance that Internal Audit are content that a satisfactory reason has been given for those Business Areas which have rejected the recommendations given by Internal Audit. In addition, ARAC sought an assurance that IA have been provided with valid reasons by management relating to recommendations that are partially implemented despite a number of years passing. The Permanent Secretary</p>	<b>Dermot Millar</b>

	suggested a separate annex for Priority 1s to be provided for future meetings with a timescale given for full implementation of the recommendations.	<b>Dermot Millar</b>
<b>10.</b>	<b>6 Month Stewardship Reports</b>	
	Nichola Patton outlined to ARAC the significant issues for each Group within the Department for the first 6 months of the year and noted that the 12-month Stewardship Report will be commissioned at the beginning of April.  The Finance Director informed the committee that a further OBC was being developed on Mobuoy that will update the estimated figure for the financial cost of implementing the preferred option for the waste remediation strategy for the Mobuoy site	
<b>11a and b</b>	<b>Report To Those Charged with Governance and Review of Financial Processes</b>	
	ARAC noted the contents of both papers and had nothing further to comment	
<b>12.</b>	<b>Counter Fraud Activities</b>	
	ARAC noted the progress in relation to DAERA'S Counter Fraud Targets and cases.	
<b>13.</b>	<b>Whistleblowing Activities</b>	
	ARAC sought clarification on the categorisation of Whistleblowing and Business as Usual cases. The recently appointed Designated Officer, Declan McCarney explained how all cases reported will be categorised and monitored either as whistleblowing – Raising Concerns, fraud or Business as Usual.  WB21/22 refers to an allegation of the herd keeper not presenting animals for TB testing. ARAC asked for assurance (in the form of a note to ARAC from VSAHG) that systems are in place to prevent /minimise such a practice	<b>VSAHG</b>
<b>14.</b>	<b>Direct Award Contracts Update</b>	
	ARAC noted the contents of the papers which showed the larger number of Direct Award Contracts in relation to AFBI.	
	<b>Any Other Business</b>	
	Date of next meeting was confirmed as 26 April 2023.  On behalf of everyone, ARAC Chair and the Permanent Secretary thanked Independent Board Member, Donald Henry for his input over the past 6 years to the committee. As his membership comes to an end, members gave their note of appreciation and best wishes.  Chair thanked all attendees and the meeting finished at 16:30.	



## ACTION POINTS FROM THE ARAC MEETING HELD ON THE 8 FEBRUARY 2023

Agenda Item	Description	Action by	Current Status
<b>1a</b>	Chair requested that dates be included for the status of action points.	<b>Secretariat</b>	Completed 03/03/23
<b>4</b>	DAERA, AFBI and NIAO would meet to discuss what other options could be implemented in relation to the audit of AFBI.	<b>Roger Downey/Neil Gray/ Kathryn Clarke</b>	Meeting held Tuesday March 28 <sup>th</sup> 2023.  Completed 28/03/23
<b>5</b>	ARAC would like to be able to track the expenditure and requested that a starting position versus current position is included on the dashboards moving forward.	<b>Kathryn Clarke</b>	Sponsor branches are working with DSD to incorporate the opening budget position into the dashboard.  Ongoing
<b>5</b>	Sponsor Branch was asked to seek assurance on Cyber Security Risk from AFBI.	<b>Kathryn Clarke</b>	AFBI has this risk classified as amber on its risk register. This will be reviewed once the training on cyber security has completed.  Completed 10/03/23
<b>6</b>	Chair also sought confirmation that the associated matters raised in the Internal Audit Review of Cattle Traceability within VSAHG which was highlighted in an update to ARAC in October 2022 be considered to provide ARAC in April with confirmation of progress.	<b>Secretariat</b>	ARAC were updated on the Internal Audit Review at the meeting on the 26 April 2023.  Completed 26/04/23

<p>9</p>	<p>ARAC would like assurance that Internal Audit are content that a satisfactory reason has been given for those Business Areas who have rejected the recommendations given by Internal Audit and those with recommendations that are still partially implemented despite several years passing.</p>	<p><b>Dermot Millar</b></p>	<p>Verbal update to be provided to ARAC</p> <p>1) An audit comment is included in final reports (FR) where IA consider risk is not addressed by the mgt response. The FR is issued to G3 Group Heads who are accountable for any residual risk in their Business areas. In rejecting a recommendation Mgt/G3 are accepting the risk identified by the IA finding. Rejected recs are highlighted for ARAC to consider and assurance that this is acceptable would need to be provided by Mgt.</p> <p>2) The biannual Recommendations paper collated by IA is for ARAC information and is not an assurance. Updates on recs is requested from Mgt but this is not validated by IA unless they relate to a limited opinion report or P1 recommendation. This approach was agreed with ARAC and PS in 2018. Providing assurance on longstanding recommendations would require the allocation of IA resource to validate responses and conduct formal follow up procedures. This work would need to be prioritised and included within the agreed IA Plan. Assurance on recommendations within IA reports with a</p>
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			<p>satisfactory opinion is provided by mgt through the stewardship reporting process.</p> <p>Completed 06/04/23</p>
9	<p>The Permanent Secretary suggested a separate annex for Priority 1s to be provided for future meetings with a timescale given for full implementation of the recommendations.</p>	<b>Dermot Millar</b>	<p>A separate table highlighting the P1 recommendations will be included in the next biannual IA Recommendations paper.</p> <p>Timescale for full implementation is a mgt responsibility and confirmation on this can be included in the request for update sent to G3s (and included in our paper if provided). It should be noted that P1 recs are subject to formal follow up procedures by IA.</p> <p>Completed 06/04/23</p>



<p><b>13</b></p>	<p>WB21/22 refers to an allegation of the herd keeper not presenting animals for TB testing. ARAC asked for assurance (in the form of a note to ARAC from VSAHG) that systems are in place to prevent /minimise such a practice</p>	<p><b>VSAHG</b></p>	<p>Until VSAHG obtain Identification, Registration and Movement (IRM) powers, related to the AHL, VSAHG will not be in a position to investigate this aspect of the allegation further.</p> <p>If/when we do get our IRM powers back, this herd keeper is already on the list to receive a full Cattle Identity Inspection carried out by our Welfare and Enforcement Branch. There will also be inspections of fields used by the herd keeper to see if we can identify any batches of untagged/unregistered calves.</p> <p>Completed 07/03/23</p>
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