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Audit Committee

Minutes of Meeting of 23 July 2019

Attendance & Declaration of Interests

Audit Committee:

Ms Patricia Byron (Chair), Ms Ilona McElroy, Mr Liam Irwin, Mr John McCarthy, Ms Emma Cunningham.

Internal Audit Unit:

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

Declaration of Interests:

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

There was no declaration of interest in any item on the agenda for the meeting.

Agenda item 1 – Minutes and action points arising from the meeting of 02 May 2019

(i) Minutes

The minutes of the Audit Committee meeting of 02 May 2019 were approved by the Committee.

(ii) Action Points

The Audit Committee noted that the action points from the meeting of 02 May were implemented. Discussions on the action points were as follows:

- The Committee noted the number of audit days allocated to the Audit of Cybersecurity and disaster recovery. It was noted that the technical aspects of the audit will be conducted by winner of the mini competition from the OGP's Framework Agreements for the provision of Business and Management and ICT Consultancy Services. The Committee requested that it should be confirmed that the winning Framework Member has not previoiusly acted in a consultancy role for OGCIO (**Action point 1**).

- The testing of the non-technical aspects of the audit will be carried out by Internal Audit and this will not compromise the quality of assurance to be provided by the audit.

- It was noted that the Principal Officer for both the Corporate Affairs and the Risk Management areas have been invited to the October Audit Committee meeting.

Agenda item 2 – Progress of audits against plan

(i)   Progress of 2019 IA Plan

The Committee noted progress of audit assignments on the 2019 plan. The draft report of the Audit of Corporate Strategy formulation as well as the Terms of Reference (ToR) and progress of fieldwork of the Review of the third Language Scheme were discussed under the relevant agenda items.

The Committee discussed the possibility of Internal Audit engaging with Divisions prior to the quarter for which an audit is scheduled, so that draft ToRs can be reviewed by the Committee prior to commencement of audit fieldwork. Based on discussions of timing constraints for Divisions being audited, particularly with the approaching annual Budget preparations, it was agreed that this approach should be adopted wherever practicable.

The HIA gave an overview of the recently implemented Audit Management system. He outlined how the system manages the logical flow of activities and documents for a typical audit – encompassing,

- the initial development of the ToR,
- the subsequent preparation of the work programme that outlining high level risks, specific risks and expected controls,
- the control processes/procedures to be tested during fieldwork, and finally,
- the structure of the audit report.

It was noted that Internal Audit has signed off on the implementation of the audit management system and the new ToR, work programme and report formats will be applied to all future audit reports.

(ii)   Terms of reference: review of third Language Scheme implementation

The Auditor assigned to this audit joined the meeting to brief the Committee on the scope of the review and the progress of fieldwork to date. The Committee noted the risks related to this area and the need to ensure that mechanisms are put in place to ensure that the Department is compliant with the legislation.

It was noted that on completion of the review, the report will outline the progress of implementation of the Scheme to date and action plans for achieving full compliance.

(iii)   Draft report: audit of corporate strategy formulation and business planning

The Auditor assigned to this audit joined the meeting to speak to the report and outline the main findings and best practice recommendations arising from the audit. Based on discussions, it was agreed that a footnote should be added to the background section of the report to highlight that the Department played a significant role in the initial development of the Governance Standard for the Civil Service November 2015 (**Action point 2**).

The Committee noted that PMDS forms were not available for review during the audit because the forms are controlled by Peoplepoint. Based on discussions, it was agreed that the HR Manager should be invited to the next meeting to brief the Committee on the operation of this aspect of the Department's interaction with Peoplepoint (**Action point 3**).

It was noted that the best practice recommendations in the report demonstrates the role of Internal Audit in providing insights to Management in addition to the traditional role of providing assurance.

The draft report was approved by the Committee.

Agenda item 3 – Assistant Secretaries' presentation series

(i) Economic Division

The Chief Economist gave a presentation to the Committee on the Economic Division. He provided an overview of the structure, role, main objectives and activities of the Division as well as the topical issues, key risks and main challenges facing the Division.

(ii) International Finance Division

The Head of International Finance, who is also the Chair of the Risk Committee, provided an overview of the two Sections in the Division and the responsibility of the Division for promoting risk management and compliance culture in the Department. The Principal Officer for the International Financial Institutions Section and the PO for International Financial Services, Risk and Compliance Section also briefed the Committee on the main activities, issues, risks and challenges facing their respective Sections.

All the presentation slides and reports are to be circulated to the Committee members after the meeting (**Action point 4**).

Agenda item 4 – Audit Committee Administration

(i) Risk Committee update

The Committee discussed the summary report provided by the Risk Committee and the Secretary gave a brief update of the main items discussed at the last quarterly Risk Committee meeting. It was agreed that the possibility of a cross-over meeting with representatives of the Risk Committee once a year will be considered when the Head of Risk Management attends the next Audit Committee meeting (**Action point 5**).

(ii) Freedom of Information requests / Protected Disclosures update

The HIA confirmed that there were no protected disclosures to report for the quarter.

Internal Audit was notified of one FOI request on 22 July 2019. The request is for reports of all Internal Audits completed between 1st July 2018 and 19th July 2019. IAU will make these available to the Corporate Affairs Section as usual.

(iii) Internal audit recommendations tracking

The Committee noted the progress made to date and additional plans to fully implement the outstanding recommendations. The recommendations for which implementation depends on third parties were also highlighted and are to be continuously monitored.

The Principal Officer for both the Corporate Affairs and the Risk Management Sections will provide further updates on progress of implementation of outstanding recommendations in their Sections at the October Audit Committee meeting.

The Committee also noted that the format of the recommendations tracking report generated from the new Audit Management system was easier to read than previous formats.

Agenda Item 5 – AOB

(i) Dates of next meeting

Meetings for the remainder of the year will be at 09.30am on Tuesday 15 October and Tuesday 10 December respectively.

(ii) Audit Committee membership

The Committee welcomed the Chair to the new role.

END

Appendix

Action Points Identified at Audit Committee Meeting of 23 July 2019

No.	Action Required	By Whom	When
1	It should be confirmed that the winning Framework Member for the Audit of Cybersecurity and disaster recovery has not previously acted in a consultancy role for OGCIO.	Secretary	Before the next meeting
2	A footnote should be added to the background section of the report of the Audit of Corporate Strategy Formulation and Business Planning.	Secretary	Immediately
3	The HR Manager should be invited to the next meeting to brief the Committee on the operation of the PMDS aspect of the Department's interaction with Peoplepoint.	Secretary	Before the next meeting
4	All the slides and reports for the Assistant Secretaries presentations are to be circulated to the Committee members after the meeting.	Secretary	Immediately
5	The possibility of a cross-over meeting with representatives of the Risk Committee once a year will be considered when the Head of Risk Management attends the next Audit Committee meeting.	Members	At the next Meeting