An Roinn Airgeadais
Department of Finance

Annual Report of the Audit Committee[1]

of the Department of Finance

for the year ended 31st December 2023

March 2024

[1] Submitted to the Accounting Officer in accordance with the Department of Finance Audit Committee Charter

2023 AUDIT COMMITTEE ANNUAL REPORT SUMMARY

MEMBERSHIP[2]

Ms Patricia Byron – Non-executive Chairperson
Ms Ilona McElroy – Non-executive Member
Mr Liam Irwin – Non-executive Member
Mr Gary Tobin - Executive Member
Ms Aileen Gleeson - Executive Member

MEETINGS

2nd February 2023
27th April 2023
24th August 2023
22nd November 2023

AUDIT COMMITTEE WORK PROGRAM HIGHLIGHTS

Internal Audit and Control

- Approval of annual audit plan and monitoring of progress and completion of audits throughout the year
- Internal audit activity and reviews undertaken in 2023 included :
    - Long Haul Travel
    - Central Fund
    - Cyber Security review (jointly with DPENDR)
    - Risk Management
    - Cost of DFIN/DPENDR Shared Services
    - Data Protection
    - Freedom of Information
    - Use of Departmental Purchase Cards
    - Protected Disclosures
    - Suspense Accounts
- The following audits from the 2022 plan were completed in 2023.
    - Workforce planning & Staff Retention
    - Transposition of EU directives

  The annual Internal Audit report gives more detail on these audits.
- Review of audit report contents, findings, management responses and recommendations
- Monitoring of audit recommendations tracker report, which incorporates management updates.

[2] Ms Aileen Gleeson Joined the Committee on 1st January 2023, Ms Ilona McElroy finished her term on 4th June 2023 and Mr Gary Tobin finished his term on 22nd November 2023.

Stakeholder interactions

- Interaction with the representatives from the Office of the Comptroller and Auditor General (OCAG) to discuss the 2022 Management Letter and related matters.
- Annual discussion between the Chair and the Secretary General on the progress of internal audit and corporate governance in the past year.
- Interaction with Senior Management across the Department on relevant issues and relating to the work of the Audit Committee.

Risk Management

- Review of current Risk Register and management dashboards and in particular how it informs the development of the internal audit plan.
- Review of quarterly reports on the Risk Committee meetings in addition to quarterly updates by the Head of Internal Audit.
- Interaction with the Head of the Risk Team.

Chairperson's Statement On behalf of the Audit Committee

I am pleased to present the Committee's annual report for 2023 and to acknowledge and commend the work and commitment of the outgoing Chair, the members of the Committee and the Internal and EU Audit Unit staff.

I recently stepped into the role of the Chair of the Audit Committee, following the completion of Ms Patricia Byron's term in December 2023.

During the year, the Committee met virtually on two occasions and in person on two occasions and actively engaged with a variety of stakeholders, including representatives from the OCAG with whom we share our plans and findings in order to maintain an overall joined up approach in determining the scope of reviews in the Department.

The Committee tracked the audit work programme throughout the year. The quality of the Internal Audit function is a credit to Mr Dermot Byrne who retired as Head of Internal Audit during the year, Ms Busola Laiyemo, the new Head of Internal Audit, Ms Cora Roche (Audit Manager) and the entire Internal Audit Team. The Internal Audit Annual Report as detailed does not highlight any significant adverse findings, providing good assurance on the ongoing effectiveness of internal controls across all Divisions in the Department.

Mr Dermot Byrne, the Head of Internal Audit retired in March 2023. On behalf of the entire Committee, I would like to thank him for his work in the Department and wish him well in his retirement.

Ms Ilona McElroy concluded her term on the Audit Committee in June 2023, Mr Gary Tobin concluded his term in November 2023 and Ms Patricia Byron finished her term as the Audit Committee Chairperson in December 2023. On behalf of the Committee, I would like to thank them for their excellent contributions to the work of the Committee.

I would also like to congratulate Ms Busola Laiyemo on her appointment as the new Head of Internal Audit, and look forward to working with her. In addition, I welcome Ms Aileen Gleeson who joined the Audit Committee in January.

On behalf of the Audit Committee, I would like to thank the Accounting Officer Mr. John Hogan, for his support during 2023 and for taking the time to meet with the Committee in November. His support is greatly appreciated.

Finally, it has been my pleasure to work with my colleagues on this Committee throughout 2023 and I would like to extend a sincere thank you to the members for their commitment and expert contributions to the work of the Committee throughout the year.

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Liam Irwin
Chairperson
7th March 2024

1. Introduction

Under the provisions of the Audit Committee Charter for Department of Finance (DFIN), the Committee is required to report to the Accounting Officer on an annual basis after the end of a calendar year and, in any event, no later than the end of February.

This annual report covers the period from 1st January 2023 to 31st December 2023 during which time the Committee met on four occasions.

Good governance and effective control systems across all public service organisations including Government Departments are essential to protect the public funds and manage the limited financial and personnel resources.

The Committee will continue to assist and support the Accounting Officer and the Department by delivering effectively on its oversight and advisory mandate and through its interaction with senior and line management.

In addition to the annual reporting process, the Chairperson of the Audit Committee has a right of access to the Accounting Officer to report any significant issues that arise.

This annual report from the Chairperson has been approved by the Committee.

2. Role of the Audit Committee

The role of the Committee is:

- To consider the adequacy and effectiveness of the Department's internal control systems, control environment and control procedures;
- To oversee the work of Internal Audit and to provide advice and professional guidance; and
- To provide advice and guidance in relation to the systems of risk management and internal control within the Department.

In compliance with the *Report of the Working Group on the Accountability of Secretaries General and Accounting Officers*, the Committee met with the Office of the Comptroller & Auditor General in November 2023.

As specified in its Charter, the Committee does not have any executive role and is not responsible for any executive functions. It has no role in the detailed audit process or in signing off audit reports.

3. Membership of the Committee

The composition of the Committee as at 31 December 2023 was:

- Ms Patricia Byron, non-executive member and Chairperson, member of the Central Bank Commission.
- Mr Liam Irwin, non-executive member, retired Revenue Commissioner.
- Mr Gary Tobin, Assistant Secretary General, Department of Finance.
- Ms Aileen Gleeson, Principal Officer, Department of Finance.

4. Role and Responsibility of Internal Audit

Internal auditing is an independent, objective, assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The Internal Audit function is based in DPENDR. A Service Level Agreement (SLA) between DPENDR and DFIN regulates the business relationship between the two Departments in relation to the provision of internal audit services. The SLA for 2023 provided 450 audit days to DFIN in order to undertake audit reviews and examinations consistent with the audit plan approved at the start of the year. At the end of the year, internal audit expended the full 450 audit days.

5. Role of Management

Management within the Department are responsible for the:

- Adoption and implementation of good governance arrangements
- Establishment of an effective control environment
- Review and maintenance of effective internal controls
- Compliance with risk management policy including the maintenance of integrated risk management structures
- Prevention and detection of fraud and irregularities and resolution of any such situation
- Support of the work of internal audit including the provision of information, responding in a timely manner to audit queries and appropriate implementation of audit recommendations

6. Review of 2023 Audit Committee activities

Committee Meetings

The Committee met on four occasions in 2023: 2nd February, 27th April, 24th August and 22nd November.

The initial part of each meeting is for the Chairperson's business. The Committee members meet in a private session without the secretariat and Head of Internal Audit present. This allows the Committee to deliberate on matters arising on the agenda and the contents of meeting documentation. It also provides an opportunity to discuss additional relevant matters and declare any conflicts of interest in relation to items on the agenda.

2023 Audit Plan

The Internal Audit work plan for 2023 was agreed with the Executive Board, the Secretary General and the Audit Committee at the start of 2023. Internal Audit tabled a progress report on this work program at each meeting. This process worked well with the Committee kept apprised of the work underway and any delays in finalising the reports. The 2023 Audit work program included the following:

- details of ongoing audits carried over from 2022
- new audit reviews proposed
- follow up audits on issues raised by the Committee and validating the implementation of prior audit recommendations
- management and administration
- training and development

In terms of the reports presented, the Committee in general expressed its satisfaction with the quality and nature of the reports. The Committee held discussions with the auditors about the level of engagement of the units being audited. Following consideration of all matters, including discussion with management responsible for the area under review, reports were accepted, amended or sent for further work.

Follow up arrangements are in place to validate implementation of recommendations whether through formal follow up audits or assurance confirmations by line management.

2023 Audit Reports

The following table sets out the audits and reviews undertaken during 2023 and the status as at 31st December 2023.

2023 Internal Audit Work Program - Status at 31st December 2023

Planned Audit / Review	Status at 31/12/2023	Date of Final Report	Audit Opinion
Transposition of EU*** Directives	Completed	August 2023	Moderate Assurance
Workforce planning & staff retention***	Completed	September 2023	Substantial Assurance
Long haul travel	Fieldwork in progress	Q1 2024	TBC
Central Fund	Completed	December 2023	Limited Assurance
Cyber Security review ** (jointly with DPENDR)	Completed	September 2023	N/A
Risk Management	Completed	September 2023	Substantial Assurance
Cost of DFIN / DPENDR shared services	Draft report – IA review stage	Q1 2024	TBC
Data Protection	Completed	November 2023	Substantial Assurance
Protected Disclosures	Fieldwork in progress	Q1 2024	TBC
Freedom of Information *	Deferred to 2024	N/A	N/A
Use of Departmental * Purchase Cards	Deferred to 2024	N/A	N/A
Suspense Accounts *	Deferred to 2024	N/A	N/A

* Audit on hold until 2024 at the request of Management.
** Due to the consultative nature of these engagements, an audit opinion is not applicable.
*** Audits and reviews carried over from the 2022 IA plan.

Final audit reports incorporating management's comments were provided to the Audit Committee as well as to the Unit audited, relevant senior and line Management. Final reports as well as minutes of the Committee meetings are also forwarded to the Department's corporate office and to the Office of the Comptroller and Auditor General.

Risk Management

Risk assessment and risk management continued to be a priority for the Department and the Committee in 2023. The quarterly risk status report of the Department shared with the Committee and Internal Audit has been helpful in focussing planned audit activity on auditable risk areas. As part of the Committee's agenda, progress on identifying, assessing and addressing key risks and uncertainties continue to be an important aspect of the interaction between the Committee and senior management.

7. Office of the Comptroller and Auditor General (OCAG)

In accordance with the Audit Committee Charter, representatives from the OCAG were invited to the meeting on 22nd November 2023. Discussions took place on issues arising during their statutory audit, the Management Letters relating to the 2022 Audit of the Finance Vote group and the audit plan for 2023.

The meeting also provided an opportunity to discuss areas of mutual interest, assurances given about the OCAG interaction with Department staff and co-operation with Internal Audit.

8. Assurance arrangements

The Committee, Internal Audit and the OCAG are key elements of the overall control and assurance framework within the Department. In governance terms, the Committee and Internal Audit are increasingly seen as "the third line of defence" after the first line, individual line management and staff; and the second line, the business risk and control functions within each Division.

The Committee welcomes the use of the Internal Control Questionnaires as part of the Statement of Internal Financial Control process. The Committee also welcomes the ongoing work embedding risk management as enhancement for the first and second lines of defence. These activities also assist in targeting Internal Audit resources to areas where the greatest benefits can be derived.

9. Audit universe and audit resources

The Committee wishes to emphasise the importance of maintaining and expanding, if possible, investment in internal audit expertise, which is necessary to sustain a robust independent audit and assurance environment across the Department.

10. Acknowledgements

The Committee would like to thank the Secretary General and his secretariat, senior management and other colleagues in the Department for their co-operation and assistance during 2023. In addition, the Committee would particularly like to acknowledge the work of the Head of Internal Audit in DPENDR, Mr Dermot Byrne who retired in 2023, and Ms Busola Laiyemo the new Head of Internal Audit, the members of staff in the Internal Audit Unit and in particular Ms Cora Roche who was the Committee Secretary during the year.

Appendix

Glossary of terms and acronyms

DFIN	Department of Finance
DPENDR	Department of Public Expenditure NDP Delivery and Reform
IA	Internal Audit
OCAG	Office of the Comptroller and Auditor General
SLA	Service Level Agreement