

Audit Board

Meeting 9 December 2022, via Skype for business

In attendance: Seamus McCarthy (Chair), C&AG
Colette Drinan, Secretary and Director of Audit
Andy Harkness, Director of Audit
Deirdre Quaid, Director of Audit
Shane Carton, Deputy Director, secretary to the Audit Board

1. Agreement of agenda

The draft agenda was agreed.

2. Noting of any conflicts of interest

No conflicts of interest were reported in relation to the items scheduled for discussion at the meeting.

3. Minutes of previous meeting, matters arising and action list

The minutes of the meeting of 24 October were agreed and approved for publication on the Office intranet and website.

The action list was reviewed and discussed

- The Board noted that a Director and a DD had met with the OGP and clarified the rules in relation to procurement aggregation.
- The Board noted that the project to develop a legislative summary database was about 30% complete but that the legal intern has recently resigned. An alternative resource is being sought to complete the project. The Board will continue to receive updates on the progress of the project at future meetings.
- The Board received a verbal update on the implementation status of ISSAI 140.
- The Director of Reporting informed the Board that a draft strategy on the Office's approach to following up on recommendations would be submitted to the C&AG shortly.
- The Board noted the completion of the action relating to a change in the Office's performance indicators for REV 2023.
- It was noted that the final report on the reporting cold reviews had been circulated to Audit Board members by email on 5 December. The action plan arising from that report and the review of reporting outputs by members of the Performance Audit Forum, UK & Ireland is tabled for discussion at the December meeting of the management board. The combined action plan will be circulated to Audit Board members following management board approval.
- The Board agreed that the action relating to developing an approach to cases where revised signed appropriation accounts are not submitted prior to publication should be progressed internally without a requirement for legal advice at this stage.

4. Emerging risks

No new emerging risks were noted by the Board.

5. Reporting Directorate update (paper A)

The Board noted the paper which included updates on a number of reporting-related matters including recent training courses, ongoing work to update sectoral strategies and the development of an action plan arising from recent external quality assurance reviews.

The Board noted that the Office was approved as the new chair of the INTOSAI Performance Audit Subcommittee (PAS) at the XXIV INCOSAI conference which took place in Rio de Janeiro in early November. The subcommittee's work plan for 2023-2025 has been circulated to PAS members for approval via written procedure and work is underway to transfer the PAS website to the Office along with preparation for the PAS annual meeting to be held in Dublin Castle in March 2023.

The Board also noted the status of eight ongoing special reports, including one being carried out under Section 2 of the C&AG (Amendment) Act 1993 on the control of disbursements by the C&AG.

6. Financial audit programme (paper B)

The Board noted the paper which set out the financial audit performance to end November for account years ending in 2021. It was noted that all but one of the fourteen accounts with years ending in 2020 that had been uncertified at end 2021 had been certified by the end of November 2022.

7. New/final audits (paper C)

The Board noted the changes highlighted in the paper. The Board noted the new audit of

- The Corporate Enforcement Authority.

The Board noted that a limited liability company has recently been established by the Department of Housing, Planning and Local Government. The Department has been asked for information regarding this entity. Initial information suggests that it is a special purpose vehicle (SPV) to facilitate a joint venture for housing purposes.

8. Quarterly legislative update (paper D)

The Board noted the paper. It was noted that the Water Services (Amendment) (No. 2) Bill 2022 had completed the final stage in the Seanad on 30 November 2022. It is likely that the first set of accounts for Uisce Éireann for audit by the C&AG will cover the period from 1 January 2023 to 31 December 2023.

The C&AG requested that a legislative summary be prepared for Uisce Éireann to capture the key obligations arising from the legislation. The three directors will meet to discuss planning and resourcing for the new audit to include consideration of how potential reporting work will be organised.

9. Disclosures log (paper E)

The Board noted the paper which set out summary details of open disclosures and those that have been closed since the last meeting. The C&AG is due to meet with the Ombudsman (and Protected Disclosures Commissioner) shortly to discuss working arrangements under the Protected Disclosures (Amendment) Act 2022 which commences on 1 January 2023.

10. Irish language scheme progress report (paper F)

The Board noted the paper. The good performance in relation to timely translation of the appropriation accounts and annual report chapters was acknowledged by the Board, particularly given the heavy workload for staff in late September.

11. Strategy implementation progress report (paper G)

The Board discussed the strategy update paper and noted the good progress to the end of Q3, 2022 on strategic actions. The Board noted the reasons for delays on the 13 actions (of a total of 69) that are overdue.

12. Protected Disclosures (Amendment) Act 2022 (paper H)

The Board noted the paper which set out the key changes arising from the Act and proposed an implementation approach for the Office. The Board agreed the proposed approach, including those to be named as designated persons for internal and external disclosures.

13. Pension accounting emphasis of matter (EOM) proposal (paper I)

The Board noted and discussed the paper which proposed a revised audit approach in respect of pension accounting for certain client bodies, mainly in the education sector.

Since the introduction of FRS 17 in 2000, the general principle adopted was that where a State body relies on State grants for the bulk of its funding, the accounts should recognise both the pension liability and a corresponding asset. An issue arose for bodies that receive annual State grants but also have the capacity to generate their own revenue that is capable of being applied for pension funding purposes. In those cases, given the significance of the sums involved, an emphasis of matter (EOM) was included in the audit report drawing attention to the recognition of the deferred pension funding asset.

In view of a number of recent developments, the paper proposed the following revised approach to the issue

- where the bodies make an appropriate disclosure of this critical accounting assumption, then discontinue the EOM if we have previously reported on the assumption
- If the body doesn't disclose the assumption, then we will need to continue with the EOM.
- in future, the EOM would only be required where we become auditors of a new body with significant own-resource income or where a body's resource base moves from being dependant on the annual exchequer grant.

The paper included template wording for the disclosure that relevant bodies should make in their accounts. The Board approved the proposal.

14. Audit Board forward agenda for 2023 (paper J)

The Board agreed the forward agenda as presented.

15. Any other business

The next Board meeting is scheduled for Friday 24 March 2023. The Board provisionally agreed the following meeting dates for the remainder of 2023 — 3 July, 13 October, 8 December.