

Audit Board

Meeting 26 March 2024, 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
Mitchell McIntyre, Deputy Director, secretary to the Audit Board

1. Agreement of agenda

The draft agenda was agreed. It was also agreed that items 9 disclosure log and 11 protected disclosures and speak-up policies review would be taken together.

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 10 November 2023 were agreed with minor amendments and approved for publication on the Office intranet and website.

The action list was reviewed and discussed.

- The Board noted progress made on the project to develop a legislative summary database and requested a paper be presented at the next meeting.
- The Board agreed that, starting with the financial year ended in 2024, the Land Development Agency will be included as a high risk audit requiring an annual EQR due to increasing complexity in the organisation. This action point was closed.
- The Board agreed to close the action point relating to a definition of 'cross-cutting' for application in performance audits because it is dealt with in agenda item 6 of this meeting.
- In relation to a need for a formal documentation process for evaluating disclosures, it is planned to have a discussion of the issue at the management board annual away day in May.

4. Emerging risks

No new emerging risks were noted by the Board.

5. Financial audit programme (paper A)

The Board noted the paper, which reported the outcome of Office's three financial audit KPI targets for 2023.

- 97% of accounts, as measured by turnover, were certified within 9 months of year-end, compared to the target of 95%.
- 66% of accounts, as measured by number, were certified within 9 months of year-end, compared to the target of 70%. The Board discussed the reasons this target was not met and the plans for addressing the issues in 2024.
- Ten 2022 year-end accounts were in arrears at the end of 2023, compared to the target of 29 or less. The Board discussed the status of each audit in arrears and stressed the importance of completing them as soon as possible.

The Board discussed whether the target for arrears is still appropriate given the Office comfortably achieved it in each of the past three years. The Board agreed to reduce the target from 29 or less to 20 or less—this will apply for 2025 because the target for 2024 was already set at 29 or less.

The Board noted that Departments and Offices with 2023 appropriations of less than €100 million were requested, on a voluntary basis, to submit their accounts to the Comptroller and Auditor General by 11th March 2024 rather than the statutory deadline of 31st March 2024. The Office received 12 appropriation accounts, including from the Office of the Comptroller and Auditor General, by Monday 11th March out of 22 accounts that were expected to fall under the threshold. A further four accounts were submitted by Friday 15th March.

6. Performance audit programme (papers B and B.1)

The Director of Performance Audit gave the Board an overview of the status of chapters for the Report on the Accounts of the Public Services 2023.

The Board noted paper B that presented updates on the status of ongoing performance audit special reports.

The Board discussed paper B.1 and agreed the definition of 'cross-cutting' for application in performance audits as *"A function or activity or issue common to three or more audited bodies such as estate management, SDGs or internal audit. Further, while Shared Services for example would be included, a number of Departments working on a shared initiative (e.g. Health and Housing working on a drug treatment initiative) would not meet the criteria."*

7. New/final audits (paper C)

The Board noted the paper and agreed the changes presented. The Directors gave further updates regarding the first accounting period and assigned Deputy Director for a number of new audits.

The C&AG requested a note on the legal structure and administrative arrangements of the new Market Cap Fund, which is included on the list of new entities.

It was agreed to remove the following entities from the list of new audits because the entities have been established and the audit team assigned.

- An Rialálaí Agraibhia (regulator in agricultural and food supply chain)

The audits of the final accounts of the following clients have been completed, and they are therefore removed from the tables.

- Ordnance Survey Ireland
- Carlow IoT
- Waterford IoT
- Commission for Aviation Regulation

8. Quarterly legislative update (papers D and D.1)

The Board noted these papers.

The Board requested that for future meetings, the legislative update include more context around the sections of a bill or act in which Comptroller and Auditor General is referenced.

9. Disclosures log (paper E)

The Board noted the paper, which sets out summary details of disclosure cases that are currently open and those that have been closed since the last meeting.

Before the next meeting, Directors will review the log, with the relevant Deputy Director for each disclosure, with a view to close out older disclosures where actions to follow-up concerns are complete.

The Board discussed and approved for publication on the Office website the Report on the protected disclosures for the period 1 January 2023 to 31 December 2023.

10. International activity review (paper F)

The Board noted the paper which outlined the Office's engagement with international agencies during 2023. The Board requested the paper be revised to focus only on activity during 2023 and to remove references to activity in 2024 and pre-2023.

The Director of Performance Audit gave the Board an update on the work of the INTOSAI Performance Audit Subcommittee.

11. Protected Disclosures and Speak-up — policies and procedures review (papers G and G.1)

The paper included proposed revisions to the existing Policy on Disclosures to the Office of the C&AG and the Speak Up Policy following an annual review.

The Board approved the revised Policy on Disclosures to the Office of the C&AG subject to a number of amendments. The revised Speak Up Policy was approved, subject to any changes necessary to mirror changes agreed to the Protected Disclosures Policy, where applicable. The agreed versions of both documents will be posted on the Office website.

12. Accounting for office accommodation (paper H)

The Board noted the paper, which outlines accounting and value for money implications of current trends in the office accommodation market. Issues around property valuation or utilisation are arising on a small number of financial audits so far, but are likely to have a wider impact in the coming years. The Board noted the accounting standards are evolving and agreed to keep this matter under review.

13. Implementation of accruals accounting (paper I)

The Board noted the paper, which provided an update on the Government's project to transition central government departments and offices (Votes) to an accruals accounting framework. The Department of Public Expenditure, National Development Plan Delivery and Reform has indicated that it will ensure that the updated accounting framework and associated audit have statutory underpinning. At this stage, the Department is focused on the implementation of the nine standards already issued and will review its plan for the implementation of the other standards, including legislative change, based on the experience of the first phase.

It is anticipated that a number of Votes may receive derogations from specific standards. The Board agreed that it must be decided as soon as possible which Votes will receive derogations in order to avoid unnecessary work.

The Board agrees that, if all Votes are required to be certified by 30th June, the publication of the appropriation accounts must be decoupled from the statutory deadline for the C&AG's annual Report on the Accounts of the Public Services. In addition, it will be necessary for audited bodies to publish their own appropriation accounts.

The Secretary and Director of Audit will write to the Department of Public Expenditure, National Development Plan Delivery and Reform summarising the Office's position as outlined in the paper and above. The Board will keep further developments under review.

14. Any other business

The next regular Audit Board meeting is scheduled for Friday 12 July 2024.