

Audit Board

Meeting of 21 May 2020 – minutes

In attendance: Seamus McCarthy, C&AG
Colette Drinan, Secretary and Director of Audit
Andy Harkness, Director of Audit
Patricia Sheehan, Director of Audit
Deirdre Quaid, Deputy Director Central Services, secretary to the Board

1. Agreement of agenda

The draft agenda as circulated 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 and matters arising

The minutes of the last meeting held on 20 March 2020 were previously agreed and noted by the Board.

4. Emerging risks

The Board noted that until such time as a new government is formed, there has been no Dáil vote to give legal effect to the estimates for 2020. The Central Fund (Permanent Provisions) Act 1965 caps the amounts which can be spent on each service at 80% of the sums appropriated in the preceding year until the Dáil passes the estimates. While the 80% rule is normally sufficient to maintain the funding of services of a department until the estimate is voted, the current Covid-19 pandemic will have increased costs for government departments and offices for which the 80% rule may not be sufficient. In particular, the Department of Employment Affairs and Social Protection (DEASP) has increased spending due to the distribution of the Covid-19 pandemic unemployment payments. The Director responsible agreed to supply a note on how the current year appropriations are being managed in DEASP and the Board agreed to note the possible insufficiency of the 80% provision as an emerging risk.

The Board also noted that given the elapse of time and the acceptance of working from home, it may be timely to remind all staff of the Office on managing data security, physical and virtual, while working from home. The secretary to the Board will address the risk through the Office's Data Protection Officer and use of a video messaging format will be considered.

5. Covid-19 impact update

The Secretary of the Office circulated an updated return to work plan to the Board on 20 May 2020 and the plan will be shared with management board and partnership on 22 May 2020. The National Standards Authority of Ireland (NSAI) '*Covid-19 Workplace Protection and Improvement Guide*' has been circulated to the necessary staff and the facilities unit is working through the document and actioning requirements. The Government's '*Roadmap for Reopening Society and Business*' states that there will be a long-term need for physical distancing and therefore managing that risk in high traffic areas on the Office premises and the advised actions in the NSAI guide will need to be wholly addressed before a return to work on premises for all staff could be progressed. An updated back to work plan will be sent via email to all staff on the 29 May 2020.

The Board noted that first 'Employee pulse' survey had a 52% participation rate and is to be repeated fortnightly to measure the movement in staff wellbeing and capabilities for teleworking. The results of the first survey showed that most staff were not finding working from home that disruptive. The Directors reported that staff are understandably reluctant to use public transport, that working from home has had minimal impact on productivity and that they were happy generally to continue with the remote working arrangements.

6. Audit board actions (Paper A)

The secretary to the Board noted that the paper did not contain actions arising from the February meeting and committed to updating the actions paper and circulating to the Board by 27 May 2020.

7. Reporting programme (Paper B)

The Director stated that a number of the reports mentioned in the paper had moved on in status and should be updated. The Board requested that the paper for the next meeting include another category in the reporting programme paper being the chapters/specials which were yet to be addressed by the Committee of Public Accounts. This would allow the Board to also note the number of reports signed in the year to date. The Board noted that specials to be produced in 2021 needed to be scoped by October 2020.

The allocation of resources to reporting was 34 in 2019, increased to 38 for 2020 following the estimates process. There were 30 staff allocated to reporting in January 2020 (17% WTEs), but this will be reduced to 23 (16% WTEs) in May/ June due to a resignation, a maternity leave, the permanent transfer of two staff to audit and the temporary transfer of three staff to audit and editing function upon finalisation of reports. The reduced staffing level in June 2020 represents 16% of the available staff of the Office. This will impact on the plan to scope in the third quarter of 2020.

8. Financial audit programme

The Board noted that focus at the moment is on those audits that have a statutory requirement to clear by the end of June. Consideration will be given to limitation of scope qualification where the audit clients remain unable to service the audit.

The Board also suggested it would be beneficial to report the clearance of audits by week rather than by month to better reflect the progress made year on year.

The Board noted the need to re-examine definitions of timeliness in the context of the ongoing (strategic) push for more timely completion. The sector that is most affected is 3rd level and in that context there is a need to re-examine

- The timelines the C&AG has set for universities and IoTs for submission of accounts (in general they have a month longer than everybody else)
- How the Office defines arrears and implications for entities in 3rd level with September year-end if an account is an 'arrear' if not certified within 12 months of its period end date.

The Office would need to be writing to entities in 3rd level to indicate any proposed changes. The Director with responsibility for 3rd level will develop a document for discussion with the C&AG.

9. New/final audits (Paper C)

The Board requested that the type of body be added to the table of new audits to indicate where the funding was originating e.g. semi state, vote, department fund.

- The Judicial Council will be assigned to the Deputy Director responsible for the Justice group.
- The Land Development Agency has not yet had legislation passed and as such will not have the C&AG as auditor. This will bring it outside the remit of the PAC. This should be noted in the local government annual report chapter.
- The number of Bord na gCon subsidiaries has reduced from ten to three.
- CURB is heading for three arrears and should be included in the timeliness report. Also the Department of Finance should reference this arrear in the bodies under the aegis section of its appropriation account.

The secretary to the Board agreed to circulate an email to all Deputy Directors requesting details on any dormant accounts or those accounts which no longer serve a purpose. Once collated, this list will be added to the new/final paper for the next meeting.

The legal horizon scanning report is to be restricted to pieces of legislation that mention the C&AG only. The report for future meetings is to be provided with a brief note from the secretary of the Board that highlights more relevant sections of the report as legislation passing through the Dáil will increase significantly once a new government is formed.

10. Proposed audits for EQCR (Paper D)

Audit board approved the proposed audits for EQCR, subject to delaying inclusion of the National College of Art and Design for one year to balance the workload. The Board also agreed to a number of minor presentation changes to the tables.

11. International report (Paper E)

The Board discussed the draft international report and agreed that the report should be reformatted and updated to include a section on INTOSAI. Further, the report should be checked to the quarterly travel reports for Directors and the C&AG to ensure all conferences attended have been reflected. The Board noted that once the above actions have been completed, the secretary to the Board will circulate the approved report to the members for note by 27 May 2020. The format of the report will be reviewed for the 2020 report.

Generally, the Board decided that staff of the Office will not be requested to travel for business purposes at least until year end. The Board also recommended that those attending conferences remotely should be reminded of the requirement to fill out a return detailing the learning at the event and that this to be posted on the intranet.

12. Monitoring and Ethics Director Report (Paper F)

The Board noted the paper and requested that it be broken into three main parts – monitoring of quality on financial audit, monitoring of quality on reporting and the last section on ethics. Once the report had been adjusted, the secretary to the Board will circulate the approved report to the members for note by 27 May 2020. The format of the report will be reviewed for the 2020 report to review the structure of the report and will consider the structure of the FRC report which includes a greater number of graphics as part of that review.

13. Performance Report (Paper G)

The Board noted the draft report and requested that

- the introduction should include a reference to Covid-19 such as: *'As the statement of strategy being developed, the Office will take on board that Covid-19 is likely to have impact on performance in 2020 and to involve significantly more remote working.'*
- the international section of the report should note the Office's participation in INCOSAI XXIII in 2019.
- the gender pay gap information needs a little more elaboration by setting out definitions.

The Board noted that the performance report is to be passed by the Audit Committee before publication. The next meeting of the committee on 15 June 2020 and therefore the final report should be ready for circulation to the committee members by 8 June 2020. The completed report should therefore be circulated to the Board members by close of business on 28 May 2020 for comments and approval by written procedure.

In general however the Board noted that the performance report needs a review in particular of the format and undertook to deliver that for the 2020 report.

14. Any other business

Communications

The Board noted their satisfaction with the intranet and were impressed with content and management but noted it is resource intensive.

The Board also noted that there is a growing need to have a whole of Office communications strategy, also noted by the peer review. In the new working environment, written documents are increasingly important and video messaging is developing internally with software requested from OGCI. The Board suggested external advice be sought on a communications update and to be included as part of the Office's statement of strategy 2021 - 2025.

Statement of strategy 2021 - 2025

The Board noted that the statement of strategy should form part of the agenda for the next meeting.

Peer review

The Board noted the report of the peer review, carried out by a group of experts with extensive experience at a senior management level in public sector audit bodies in the UK, the European Union and Canada, using a comprehensive framework for assessing the performance of national audit offices that was developed by the International Organisation of Supreme Audit Institutions (INTOSAI). The Board welcomed the findings of the Peer Review Group and were happy to accept all the recommendations made. The Secretary and Director of Audit will take forward the recommendations.

The group has also provided helpful suggestions and inspiring ideas in a number of areas that the Board will consider in developing a planned new statement of strategy for the period 2021-2025.

Quality and standards unit

The Director with responsibility for the quality and standards unit has three discussion papers for feedback and observations:

- a revised approach to propriety for 2020 audits and beyond,
- a proposal on good practise reviews and
- a communications strategy for contractors dealing with public sector audit.

The Board noted the three papers and agreed that, subject to any feedback being given by the end of June, they should be approved electronically.

The Board also noted and approved updated technical bulletin for financial audit on the health emergency.

Next meeting dates

The dates of the next meetings are early July and October and the secretary to the Board will finalise and book these dates.