



An Roinn Gnóthaí Eachtracha
Department of Foreign Affairs

Audit Committee

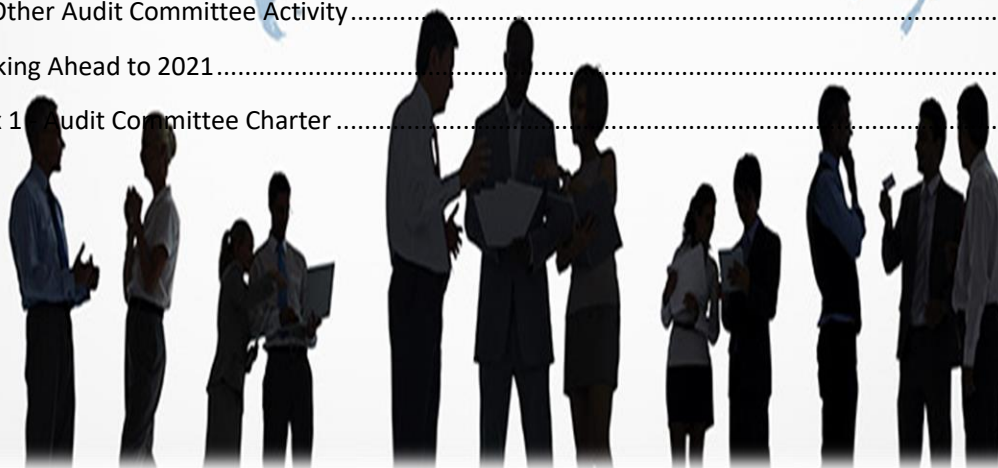
ANNUAL REPORT 2020





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1. Chairperson's Statement

It is my pleasure to present the 17th Annual Report of the Audit Committee of the Department of Foreign Affairs which records the Committee's activities during 2020.

The Audit Committee met on six occasions during the year; five of the meetings were held by video conference due to the restrictions of the Covid-19 pandemic, including meetings with the Secretary General in June and November. I met the Secretary General separately on two occasions. I attended a Management Board meeting via video conference in October, updated the Board on the work of the Committee and we discussed some of the major challenges ahead. Meetings were held with the Chief Financial Officer and the Chief Risk Officer, and these provided the Committee with assurances regarding the work carried out to help strengthen controls in the Department.


Despite the pandemic, the Committee implemented its work plan for 2020 that included the many significant areas set out in this report. Based on the information, reports and briefings received, the Committee is satisfied that the Department's systems and controls operate effectively. There are a number of areas that are being managed well but, by their nature, require ongoing attention, including risk management, tracking of audit and evaluation recommendations, oversight of large and complex projects, ICT and business continuity planning and the ongoing work on the prevention of fraud.

The Committee met with representatives of the Comptroller and Auditor General's Office and noted the unqualified opinions provided in their reports on the audits of the 2019 Appropriation Accounts of both Vote 27 (International Co-operation) and Vote 28 (Foreign Affairs). The Committee also welcomed the very helpful Guidance Note published in September 2020 by the Comptroller and Auditor General's Office entitled "OCAG Insights: The Impact of Covid-19 on your Control Environment", which was circulated to managers within the Department and which we asked the Head of the Evaluation and Audit Unit to take into account in his Unit's work plans.

Looking ahead to 2021, the Committee will continue to focus on key aspects of the systems and controls that require ongoing attention, as outlined in the report below. The impact and implications of the Covid-19 pandemic for the systems and controls will be particularly important in that regard. In early 2021 we held an additional special half day virtual meeting to carry out a self-assessment/review of the Committee and its Charter to ensure we follow best practice and continue to provide the best service and advice to the Secretary General. The groundwork for that special meeting was well advanced in the latter part of 2020, including a meeting with the Secretary General, the engagement of an external facilitator (the Institute of Public Administration) and the completion of a questionnaire by members of the Committee.

In terms of Committee membership, Mr Louis Bradley retired in June 2020 having served since June 2017; the Committee wishes to express its thanks to him for his commitment and excellent contributions to the work of the Committee and Department during that time. The Committee welcomed Mr Bill Cunningham following his appointment by the Secretary General in May 2020.

Finally, on behalf of the Audit Committee, I would like to thank the staff at all levels of the Department of Foreign Affairs who continue to deliver high standards of service to Irish citizens. I would also like to take



this opportunity to thank staff in the Evaluation and Audit Unit for the ongoing support and valuable Secretariat service to the Audit Committee, especially during an exceptional year due to the Covid-19 pandemic.

Jim O'Brien
Chairperson, Audit Committee
Department of Foreign Affairs
22 April 2021



2. Membership of the Audit Committee

Members of the Audit Committee are drawn from outside the Department of Foreign Affairs. They are appointed by the Secretary General of the Department. During 2020, Mr Louis Bradley retired and Mr Bill Cunningham was appointed. Membership of the Committee comprises:

Mr. Jim O'Brien *Chairperson* Jim has been Chairperson of the Audit Committee since July 2016 and is a retired civil servant, having last worked at Second Secretary General level in the Department of Finance (Appointed in July 2014).

Ms. Mary Sutton *Member* Mary is former country director for the Republic of Ireland at The Atlantic Philanthropies, and prior to that worked in Irish Aid and Trócaire (Appointed in March 2017).

Ms. Noeline Blackwell *Member* Noeline is a solicitor and the CEO of the Dublin Rape Crisis Centre (Appointed in July 2017).

Mr. Louis Bradley *Member* Louis is a retired chartered accountant having trained with KPMG, who worked for some time with UNICEF in New York (Appointed in July 2017, retired in June 2020).

Mr. Anthony Hegarty *Member* Anthony is a retired chartered accountant and former Chief Financial Management Officer and Head of the Financial Management Sector Board of the World Bank (Appointed in September 2018).

Mr. Bill Cunningham *Member* Bill is a retired chartered accountant and former senior partner at PricewaterhouseCoopers. Bill also chairs the Audit Committee of the Pensions Authority and holds a number of non-executive directorships in the public, not-for-profit and private sectors (Appointed in May 2020).

3. Role of the Audit Committee

The Audit Committee is formally appointed by, and advises, the Secretary General of the Department, who is the Accounting Officer for Votes 27 (International Co-operation) and 28 (Foreign Affairs). As appropriate, it advises the Minister for Foreign Affairs, and the Minister of State for Overseas Development and the Diaspora.

The Audit Committee is part of the governance framework, appointed to provide independent advice to the Accounting Officer regarding the suitability and robustness of the organisation's internal control systems and procedures, and is responsible to him/her for its performance in this regard.

The Audit Committee has an advisory role with no executive functions, responsibilities or powers and has no role in approving evaluation and audit reports. It does not have any responsibility or involvement in the review and approval (on behalf of management) of annual financial statements for the Department's Votes.

The Committee provides an independent appraisal of the audit and evaluation arrangements, with a view to strengthening internal controls, fraud and risk management, as well as enhancing the effective operation of the audit and evaluation function within the Department. In particular, and in keeping with its Charter, the Committee:



Reviews

- the Department's evaluation and audit strategy and the annual work programmes arising from this
- the implementation of these programmes
- the resources available for this purpose




Examines

- reviews of the internal control systems and provides support, as necessary, to the Secretary General with the completion of the Annual Statement on Internal Financial Control to the Comptroller and Auditor General
- reviews of the risk management systems
- reviews of the fraud control systems

In line with the Department's Internal Audit Charter, the Head of the Evaluation and Audit Unit prepares an annual report on the activities of the Unit for the Secretary General, a copy of which is provided to the Audit Committee.

The Audit Committee meets with representatives of the Comptroller and Auditor General at least once a year. While the Committee has a good working relationship with the Office of the Comptroller and Auditor



General, these meetings essentially involve the sharing of information and views. The Audit Committee has no direct involvement in the annual audit of the financial statements for the Department's Votes conducted by the Comptroller and Auditor General.

The Audit Committee also refers to guidance provided by the Department of Public Expenditure and Reform to ensure compliance with the role of Audit Committees in central government.

The Charter of the Audit Committee (see Appendix 1), which was revised in 2017 and reviewed in 2018, sets out its role and terms of reference. A review of the Charter took place in early 2021 and an amended Charter has been presented to the Secretary General for approval.

4. Observations and Recommendations of the Audit Committee

a. Financial Management

The financial parameters of the two Votes which comprise the Department's expenditure programmes are as follows:

2020	Revised Estimate (Gross) (€m)	Outturn (Gross) (€m)
Vote 27 International Co-operation	551	548
Vote 28 Foreign Affairs	270	255

The Audit Committee met with the staff of the Office of the Comptroller and Auditor General in March 2020.

The Committee noted the unqualified opinions provided by the Comptroller and Auditor General in the reports on the audits of the 2019 Appropriation Accounts for both Votes 27 and 28. It was further noted that proper accounts were maintained, there were no major issues of concern and that a small number of management letter issues are being addressed by the Department. The Department's Standard Approach to Grant Management system was also commended. The Comptroller and Auditor General did draw attention to some material non-compliance with procurement rules in his audit certificate, to which the Chief Financial Officer provided a response and the Committee has noted. This is an area that the Committee will keep under review. The Committee welcomed the very informative and helpful documentation provided by the staff of the Comptroller and Auditor General's office in advance of the meeting.

The Committee had two meetings with the Chief Financial Officer in 2020. During those meetings we received updates on developments regarding the Department's financial management systems, including steps taken to manage additional potential risks arising due to the Covid-19 pandemic. The Committee commended the Chief Financial Officer and his team on the progress being made.

b. Risk Management

Risk management continues to be an area of significant focus for the Committee. During 2020 we continued to engage with the Chief Risk Officer and Department management on the risk management systems and processes in place across the Department. We met with the Chief Risk Officer and his team in March and December 2020, and reviewed risk registers for key divisions of the Department over the course of our six meetings during the year, focusing in particular on the new and heightened risks being managed by the Department due to the pandemic environment.

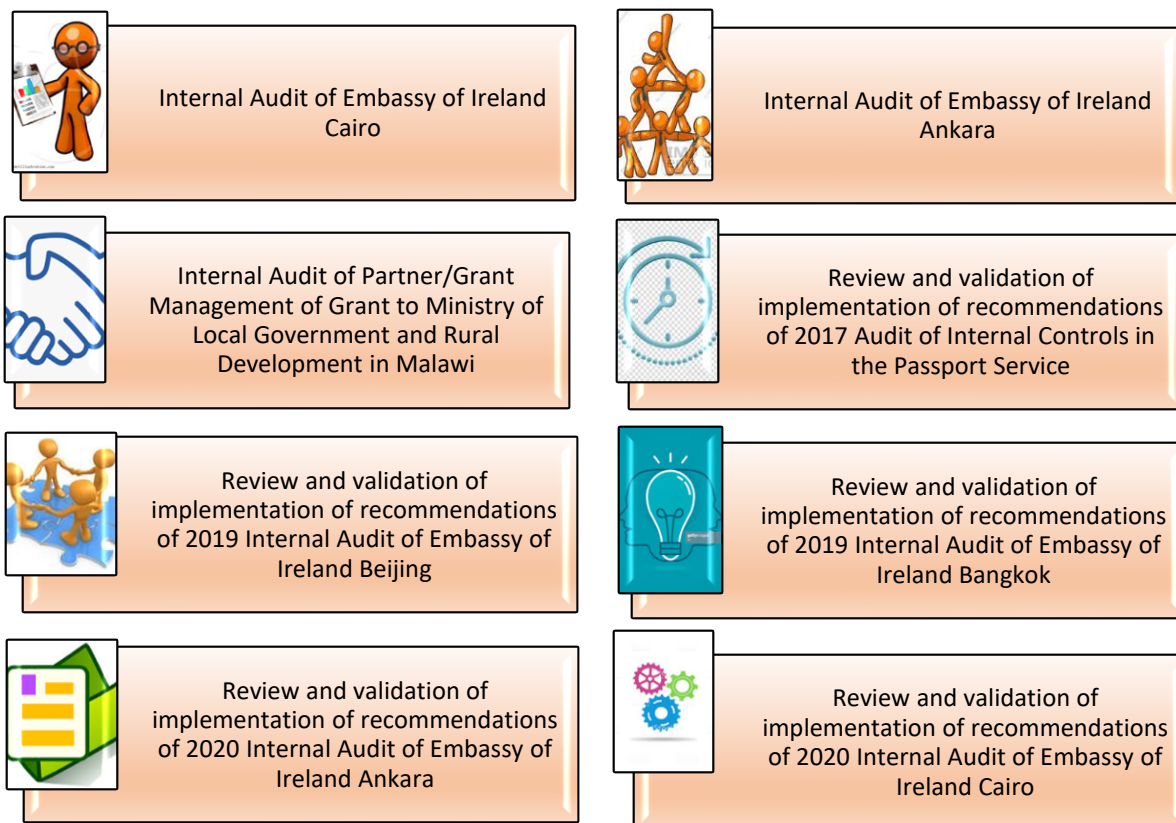
The Committee welcomes the good progress made by the Chief Risk Officer and the Risk Management Committee Secretariat in embedding risk management across the Department and the Management Board's continued focus on strengthening risk management. We look forward to receiving updates on the

evolution of the risk management system across the Department, including the continuing work on developing the risk appetite statement and the engagement with the Inter-Departmental eRisk Working Group on the Whole of Government work on risk.

c. Audit Report Review and Recommendations Tracking


The Audit Committee continued to monitor and track the implementation of audit report recommendations by management. We regard this focus on progress on the implementation of recommendations as important and as one of the means of assurance for the Accounting Officer that the control environment in the Department is maintained and improved where necessary. The Committee acknowledges that considerable progress was made during 2020. We note also that outstanding recommendations are the subject of ongoing management attention and we will, therefore, continue to monitor and track their implementation or note the acceptance by management, via the Risk Register, of the risks arising.

Internal audit reports reviewed during 2020 were as follows:



During the year the Evaluation and Audit Unit continued to follow up on recommendations of previous audit reports, and presented progress updates to the Committee on the following audits:

- Review of progress on implementation of recommendations of 2019 Audit of Governance of Health and Safety

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- Review of progress on implementation of recommendations of 2015 and 2019 ICT Security / Governance / Business Continuity Audit
 - Review of progress on implementation of recommendations of 2019 Joint Audit of Governance Arrangements for the Provision of Visa Services through the Mission Network (with Department of Justice and Equality)
 - Review of progress on implementation of recommendations of 2019 Property Management Unit Readiness Assessment

We welcomed the confirmation of progress on implementation of the audit recommendations.

d. Evaluation and Audit Work Plan and Annual Report

Due to the Covid-19 pandemic and the move to remote working, the Evaluation and Audit Unit's work plan was adjusted a number of times in response to both the impact of the pandemic on the Unit's ways of working and to support the Department in responding to the emerging risks caused by the pandemic. Methodologies were adapted to enable evaluation and audit assignments to be conducted remotely. The Committee supported this development and was kept informed appropriately of progress during the year.

The Committee received a report from the Head of Evaluation and Audit on implementation of the Unit's work plan for 2020. We are satisfied that the work was completed appropriately in line with the plan and its amendments for the year.

The Committee depends on an Evaluation and Audit Unit that is appropriately resourced and which pursues a well-articulated Work Plan and Strategy. We are satisfied that this is the case, and that the Department supported the resourcing levels of the Unit during the year, notwithstanding the pandemic environment.

e. Advisory

The Committee notes that the Evaluation and Audit Unit provides time in its work plans for the provision of advice when required by business units within the Department. In particular advice is given when decisions may arise involving increased risk, in addition to fraud issues and investigations. Committee members appreciate that the skills and experience which the Unit has, and continues to develop, is important as a support mechanism for the Department when advice is required. The Committee is also aware that it can be difficult to estimate exactly the time required in any given year to allow for this work and encourages sufficient contingency planning in this regard in annual work plans.

In 2020, as a result of the particular circumstances of the Covid-19 pandemic and its impact on the Department of Foreign Affairs, the Evaluation and Audit Unit's level of advisory work increased significantly and included preparation of an Initial Reflections paper for the Management Board. Additionally, some staff resources were contributed to assist in the Department's crisis response.

f. Fraud Register

The review of the Department's Fraud Register was an agenda item at all of the Audit Committee meetings

during 2020. The Committee was updated on changes to existing items on the Register, when new items were added and when existing items were removed and cases closed. We noted and welcomed the ongoing work by the Evaluation and Audit Unit to support the Department in relation to fraud prevention and investigations.

Following the establishment in 2019 by the Unit of a dedicated fraud desk, one of the plans for 2020 was to undertake greater analysis of the information received to support the Department in identifying and addressing root causes of potential fraud, and strengthen management of programme risk. We were pleased to be informed that this was progressed and look forward to further progress in that regard in 2021.

g. Evaluation Review

The Audit Committee reviewed and discussed the following evaluation work during the year:



The Committee welcomed these evaluation reports, which inform members about key elements of the Department's work. The Committee noted the lessons identified in the evaluations and the value afforded to the Department by the findings. We welcome the introduction of the mechanism for tracking of evaluation recommendations and look forward to regular updates on progress on their implementation.

h. Irish Government Economic and Evaluation Service

The Evaluation and Audit Unit is a constituent unit of the Irish Government Economic and Evaluation Service (IGEES) and is represented on its Internal Advisory Group. The Committee welcomes the active participation of the Evaluation and Audit Unit in IGEES and supports it in exploring the opportunities that the service affords for knowledge sharing and learning between Government Departments.

i. Other Audit Committee Activity



Meetings and briefings regarding Covid-19 pandemic

The Covid-19 pandemic had a profound effect on the staff and work of the Department throughout 2020. It required the Department to re-prioritise work to support the cross-Government response and, in common with other organisations, to maintain key objectives and activities while at the same time adjusting to working fully remotely, supporting staff at Headquarters and at over ninety missions abroad, as well as providing consular support to Irish citizens globally. The Audit Committee received briefings from the Secretary General, the Director General of Development Cooperation and Africa Division, and other members of the Management Board throughout the year, which provided us with assurance on the Department’s management of the multi-faceted and complex risks and challenges involved.

Further, the Committee was informed of advisory support that the Evaluation and Audit Unit provided to the Secretary General and Management Board including in the preparation of the “Covid-19: Department of Foreign Affairs Initial Reflections, Report for the Management Board”. This exercise captured the experiences of staff across the Department and its missions during the initial period of the Covid-19 pandemic to identify lessons learned and inform subsequent decision-making.



Peer Review of the Evaluation Function

A report on the Peer Review of the evaluation function, conducted jointly and mutually with counterparts of Finland and Switzerland, was presented to the Committee at its final meeting in 2020. This was an important piece of work that the Committee supported. The Committee noted the positive findings and the constructive recommendations regarding the Department’s evaluation function across all areas of the review, which confirmed that evaluation is operating well. The Committee looks forward to updates in 2021 on the implementation of the recommendations made by the reviewers which will help develop the evaluation function further in the future.



External Quality Assurance Assessment of Internal Audit

During the third quarter of the year, the Committee was provided with an update on the implementation of the action plan prepared on foot of the 2018 External Quality Assurance Assessment of the audit

function. The Committee was satisfied with the continuing progress being made, noting also that some of the recommendations are of an ongoing nature.



Meeting with the Director General of Development Cooperation and Africa Division

The Committee met with the Director General of Development Cooperation and Africa Division during the year. He provided the Committee with a clear and helpful briefing on:

- Developments in the Division, including the progress, challenges, risks and opportunities in implementing Ireland’s policy for international development, A Better World;
- Additional needs and challenges caused by the global pandemic, including the steps to mitigate existing and emerging risks, and noted that the Standard Approach to Grant Management is a valuable tool in identification, monitoring and communication of risk in relation to grant partners;
- Completion of the OECD Development Assistance Committee’s Peer Review of Ireland’s development cooperation programme, which was completed in April 2020. The Committee commended him on the positive findings of the Peer Review and welcomed the briefing on the progress to date in addressing recommendations made by the Review Team.



Meeting with the Director General of Corporate Services Division - Covid 19

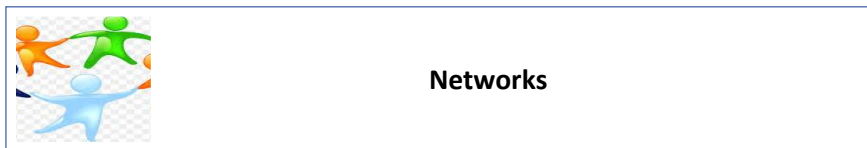
The Director General of Corporate Services Division met the Audit Committee in June to provide a briefing on how the Department was responding to date to the Covid-19 pandemic, how systems and controls were operating so far and the lessons being learned. We discussed the work of the Department to date, the multiple and highly complex challenges and risks posed by the onset of the pandemic and the steps taken by the Department to respond. We acknowledged the fast-changing and unpredictable nature of the pandemic environment globally, and the challenges this posed for operations and planning. We welcomed in particular the discussion on crisis response and cross-function systems for business continuity, and we welcome the Department’s plan to work towards achieving the ISO standard on business continuity planning.



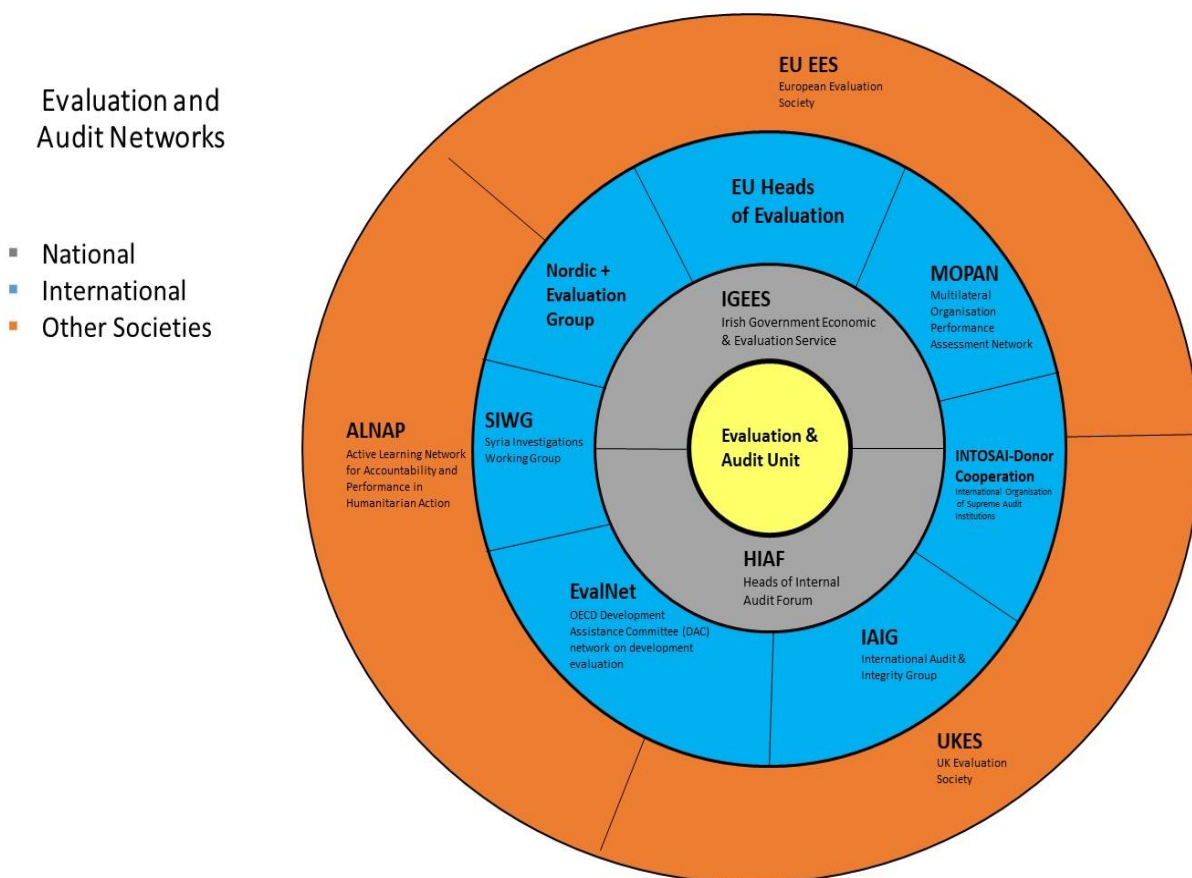
Meeting with the Director General of Human Resources Division

During the third quarter of the year, the Department created a new Human Resources Division, separated out from Corporate Services Division. The Committee was pleased to meet the Director General in

September, and receive a briefing on how the Department and staff have responded to the pandemic, and also adjusted to working in the changed and changing environment, both at headquarters and in missions abroad, noting also the risks particular to the varied contexts of missions abroad. The Committee noted that the Department has stepped up and contributed to the Government’s response, and that staff have had to work differently and be more flexible to keep the Department operating well. From all our briefings and interactions with officials of the Department, we have observed its excellent response to the pandemic crisis, which is a tribute to Human Resources Division and staff across the Department. We look forward to further updates on the progress to be made during 2021 in this regard.



The Evaluation and Audit Unit participates in a number of national and international networks for the purposes of professional collaboration, keeping abreast of best practices and experience sharing, as illustrated in the diagram below. Despite the global pandemic, most of the networks continued to meet, albeit virtually, during the year.





5. Looking Ahead to 2021

The Audit Committee started 2021 with a self-assessment/review exercise in January, to reflect on its effectiveness, and how it operates, and to consider what adjustments may usefully be made. The exercise included a review of the Committee's Charter to ensure that it adequately captures the role and responsibilities of the Committee and is a relevant and practical guide to how the Committee operates. An amended Charter has been presented to the Secretary General for approval. The Committee, with the support of the Secretariat, carried out substantial preparation for the exercise during the last quarter of 2020, including preparing and responding to a questionnaire, meeting with the Secretary General and consulting other key stakeholders, and engaging external input. We reported our conclusions to the Secretary General and our work plan incorporates implementation of the resulting agreed actions.

The Audit Committee's work plan for 2021 was discussed and cleared with the Secretary General in January 2021, with a view to ensuring that it covers the key areas deemed appropriate by the Audit Committee and Secretary General. The areas to which we will pay particular attention will include risk management, tracking audit and evaluation report recommendations, oversight systems for large and complex projects, ICT and cyber risks, business continuity planning and the Department's ongoing response to the Covid-19 pandemic.

In addition, as part of our 2021 work plan, we will continue to focus on issues and risks of strategic importance to the Department. To this end, we plan to develop a more thematic approach to the structure and content of our meetings and the reports we receive.



Appendix 1 - Audit Committee Charter

PURPOSE AND AUTHORITY

The Audit Committee of the Department of Foreign Affairs and Trade (the Department) is formally appointed by, and advises, the Secretary General of the Department, who is the Accounting Officer for Votes 27 (International Cooperation) and 28 (Foreign Affairs and Trade). As appropriate, it will advise the Minister for Foreign Affairs and Trade, and the Minister of State for Trade and Development.

The Audit Committee is part of the governance framework, appointed to provide independent advice to the Accounting Officer regarding the suitability and robustness of the organisation's internal control systems and procedures, and is responsible to him/her for its performance in this regard.

The Audit Committee has an advisory role with no executive functions, responsibilities or powers and has no role in approving evaluation and audit reports.

MEMBERSHIP

The Committee will have a Chairperson and at least four ordinary members, all of whom will be drawn from outside the Department (the quorum for meetings will be three members). The Accounting Officer will appoint members and the chairperson. The Chairperson of the Committee shall have right of access to the Accounting Officer.

At least two members of the Committee will be qualified accountants. The Committee membership will also ideally include at least one person with experience at a senior level of the civil or public service and some members with professional experience in the area of

development cooperation and the evaluation of aid programmes. Additional experience may be co-opted on a consultancy basis.

The role requirements will be clearly communicated to potential members at the outset including time commitments and an indication of frequency of meetings.

Members may serve up to three years, with the option to extend by up to three years.

All members will be obliged to disclose any conflicts of interest. Where a conflict of interest arises in the course of the work of the Audit Committee, the member will bring this to the attention of the chairperson and, where necessary, leave the room for the duration of the discussion and not take part in any decisions relating to the discussion. A note to this effect will be included in the minutes of the meeting.


MEETINGS

To facilitate regular engagement with the organisation, the Audit Committee will meet at least quarterly, with the authority to convene additional meetings as circumstances require.

The Audit Committee may invite members of management, the Evaluation and Audit Unit, or others to attend meetings and provide information, as necessary.

On at least an annual basis, the Committee will meet with the Comptroller and Auditor General, or his/her nominee, with regard to external audit, to ensure cooperation, and avoid duplication and potential gaps in audit coverage.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.



Minutes will be prepared and circulated to the Accounting Officer and to the Management Advisory Committee.

Appropriate records of the work of the Audit Committee will be maintained.

FUNCTIONS

The Committee will provide an independent appraisal of the audit and evaluation arrangements, with a view to strengthening internal controls, fraud and risk management, as well as enhancing the effective operation of the audit and evaluation function within the Department. In particular, the Committee will undertake to:

- Review the Department's evaluation and audit strategy and the annual work programmes arising from this.
- Review the implementation of these programmes.
- Review the resources available for this purpose.
- Examine reviews of the internal control systems and provide support, as necessary, to the Secretary General with the completion of the Annual Statement on Internal Financial Control to the Comptroller and Auditor General.

- Examine reviews of the risk management systems.
- Examine reviews of the fraud control systems.

In carrying out these functions the Committee will be cognisant of any existing guidelines.

ANNUAL REPORT

The Committee will provide an annual report to the Accounting Officer. This report will outline the work of the Committee during the year and include observations and recommendations of the Committee.

The Audit Committee will follow up on any recommendations from the Accounting Officer arising from this report, or in the course of other interactions.

PROTECTED DISCLOSURES

The Audit Committee will refer any protected disclosures made to them to the Head of Evaluation and Audit who will comply with organisational policy regarding receipt and investigation of protected disclosures, in line with existing guidelines.

Audit Committee of the
Department of Foreign Affairs and Trade
December 2017