



An Roinn Gnóthaí Eachtracha
Department of Foreign Affairs

Audit Committee

Annual Report 2022

May 2023

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1. Chairperson's Statement

Secretary General,

It is my pleasure to present the 19th Annual Report of the Audit Committee of the Department of Foreign Affairs, which records the Committee's activities during 2022.

The Audit Committee met in regular session on six occasions during the year. The Secretary General met the Committee in July and November, and the then-Chair met the Secretary General separately on three occasions. The Chair attended a Management Board meeting in February, where she updated the Board on the work of the Committee and discussed some of the strategic 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.

The Committee implemented its work plan for 2022 as 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, in particular cyber security risks and business continuity planning, and the ongoing work on the prevention of fraud.

The Committee met with representatives of the Office of the Comptroller and Auditor General and noted the unqualified opinions provided in their reports on the audits of the 2020 Appropriation Accounts of both Vote 27 (International Co-operation) and Vote 28 (Foreign Affairs). The Committee also discussed the control findings raised by the Comptroller and Auditor General in the reports.

In October 2022 the then-Chair and two members of the Committee visited Embassy Mexico and the Consulate General in San Francisco to observe the work of the Department.

In terms of Committee membership, Anthony Hegarty retired from the Committee in October 2022, having served since 2018, and the Committee wishes to express its thanks to him for his commitment and contribution to the work of the Committee and to the Department during that time.

Looking ahead to 2023, the Committee will continue to focus on key aspects of the systems and controls in the Department as well as assuring itself that the work programmes of the Evaluation and Audit Unit and the Audit Committee map appropriately to key expenditures and exposures. Cybersecurity and the preliminary planning for migration to further shared services will warrant particular attention.

Finally, on behalf of the Audit Committee, I would like extend sincere thanks and appreciation to my predecessor Mary Sutton, who completed her term as Chair of the Committee during Quarter 1 of 2023, for her leadership, her invaluable and extensive work on the Committee and for so generously sharing of her time and expertise during the whole of her tenure.

I would also like to thank the officials of the Department of Foreign Affairs for the comprehensive briefings provided to us at our meetings, and the staff of the Evaluation and Audit Unit for their valuable Secretariat service to the Audit Committee.

Bill Cunningham
Chairperson, Audit Committee
Department of Foreign Affairs
May 2023

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 2022, Anthony Hegarty retired from the Committee. Membership of the Committee during 2022 comprised:

Ms. Mary Sutton	<i>Chairperson</i>	Mary took over the Chairperson role in July 2021 and 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	<i>Member</i>	Noeline is a solicitor and the CEO of the Dublin Rape Crisis Centre (Appointed in July 2017).
Mr. Anthony Hegarty	<i>Member (retired October 2022)</i>	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	<i>Member</i>	Bill is a retired chartered accountant and former senior partner at PricewaterhouseCoopers. Bill also chairs the Audit Committee of the Mater Hospital Group and holds a number of non-executive directorships in the public, not-for-profit and private sectors (Appointed in May 2020).
Dr. Susan Murphy	<i>Member</i>	Susan is an associate professor in international development practice, Trinity College Dublin and currently researches and teaches on gender, climate justice, and development research and practice. She is Chair of the Board of Oxfam Ireland (Appointed June 2021).
Mr. Derek Moran	<i>Member</i>	Derek is a former Secretary General of the Department of Finance and is currently a member of the Scottish Government's Exchequer Board (Appointed September 2021).

During Quarter 1 of 2023 Mary Sutton completed her term on the Committee, and Bill Cunningham took over as Chairperson.

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 Vote 27 (International Co-operation) and Vote 28 (Foreign Affairs). As appropriate, the Committee it will advise the Minister for Foreign Affairs, and the Minister of State for International Development and Diaspora.

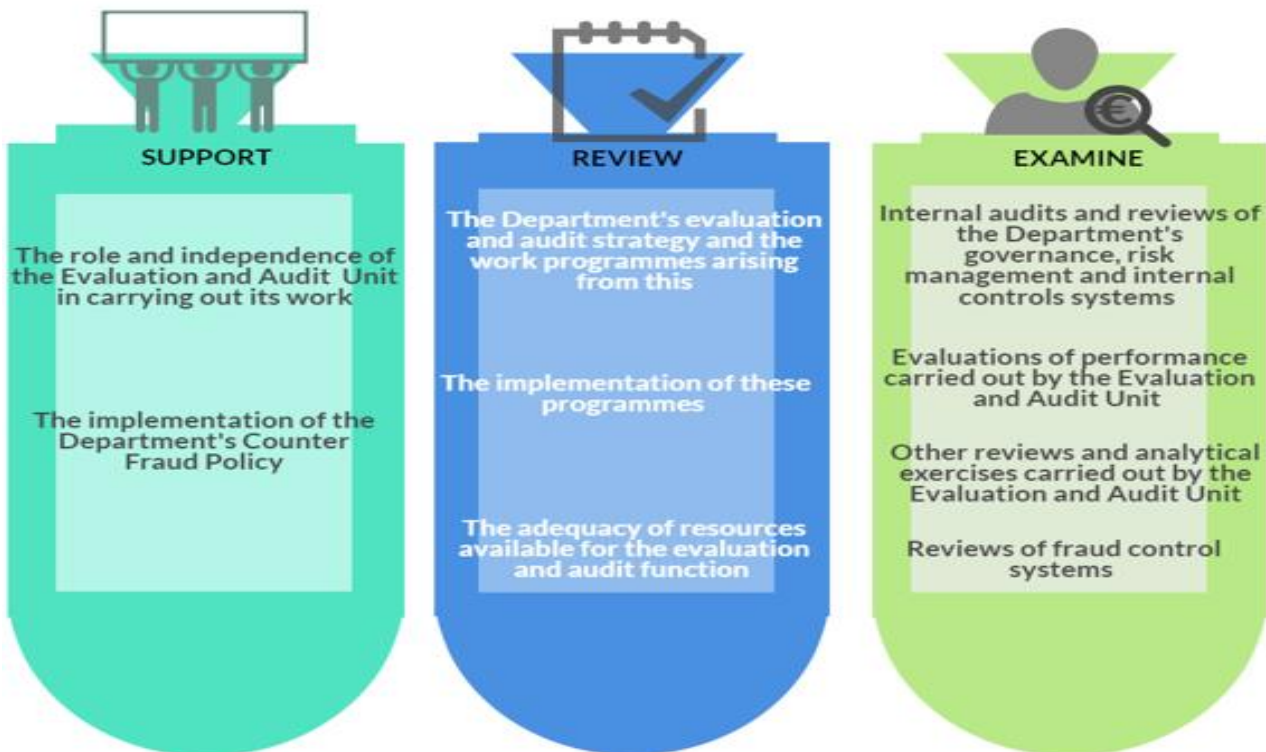
The Audit Committee is part of the Department’s governance and assurance framework, appointed to provide independent advice to the Accounting Officer regarding the suitability and robustness of the organisation’s frameworks, systems and procedures for:

- (1) governance, risk management, internal controls and
- (2) evaluation of the Department’s policies and strategies

and is responsible to him for its performance in this regard.

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



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 Committee has no direct involvement in the annual audit of the financial statements for the Department's Votes conducted by the Office of the Comptroller and Auditor General, but does review comments on internal controls and track implementation of any recommendations made.

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

The Charter of the Audit Committee (see Appendix 1) sets out its role and terms of reference.

4. Observations and Recommendations of the Audit Committee

Financial Management

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

2022	Revised Estimate (Gross) (€m) ¹	Outturn (Gross) (€m)
Vote 27 International Co-operation	634.9	632.0
Vote 28 Foreign Affairs	400.4	396.2

The Audit Committee met with officials of the Office of the Comptroller and Auditor General in March 2022 to discuss the audits of the two appropriation accounts for 2020, and the progress on the 2021 audits.

The Committee welcomed the unqualified opinions provided by the Comptroller and Auditor General in the reports on the audits of the 2020 Appropriation Accounts for both Vote 27 and Vote 28 and the assurance provided to the Committee by the audits. It was noted that there were no issues of major concern in the audits and that the Comptroller and Auditor General was satisfied in all the main risk areas. The Office of the Comptroller and Auditor General officials thanked the Department for the level of cooperation and assistance received during the audit process, noting that this had also enabled timely completion of the audits, despite ongoing pandemic-related remote working.

The Committee had two meetings with the Chief Financial Officer in 2022. During those meetings, the Committee received updates on implementation of management letter points noted by the Comptroller and Auditor General, the possible timeline and process for the Financial Management Shares Services project, and updates on capital investment budgets being managed by the Department. The Committee commended the Chief Financial Officer and his team on the progress during the year.

Risk Management

Risk management continues to be an area of significant focus for the Audit Committee. Risk registers for key divisions of the Department were reviewed over the course of the six meetings held during the year, focusing in particular on emerging and heightened risks being managed by the Department due to, inter alia, the conflict in Ukraine, the transition from the pandemic and move to blended working, cyber security, and other external factors. The Committee met with the Chief Risk Officer and her team in November on the risk management systems and processes in place across the Department. The Committee welcomed the continued work of the Chief Risk Officer and the Risk Management Committee Secretariat in updating and streamlining the system for risk management and looks forward to further progress during 2023.

¹ [Estimates 2022 \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/105421/Estimates_2022.pdf) plus [supplementary allocations: Supplementary estimates 2022 \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/105421/Supplementary_estimates_2022.pdf)

Audit Report Reviews and Recommendations Tracking

The Audit Committee continued to monitor and track the implementation of audit recommendations by management. Sustained focus on progress in implementing recommendations is important and is 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 notes that outstanding recommendations are the subject of ongoing management attention and the Committee will continue to monitor and track implementation or failing that acceptance by management of the attendant risks.

Internal audit reports reviewed during 2022 were as follows:

Title	
Internal audit reports reviewed during 2022	Audit of application of Debt Management Policy
	Audit of Embassy Amman
	Audit of Embassy Tel Aviv
	Audit of Embassy Stockholm
	Audit of internal controls for partner/grant management in Civil Society and Development Education Unit
	Follow up on implementation of 2018 Audit of Governance in the Passport Service Reform Programme recommendations
	Five audits and a synthesis report on internal controls for the operation of grant management in five bilateral country programmes during the COVID-19 pandemic
	Audit of the Cyber Security Risk Approach (Phase 1) – Compliance Assessment against the National Cyber Security Centre (NCSC) Public Sector Baseline Standards

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 during the year.

The Committee welcomed confirmation of progress on implementation of the audit recommendations, including completion of all recommendations for six reports.

Counter-Fraud

The review of the Department’s Fraud Register was a standing agenda item at each of the Audit Committee meetings during 2022. The Committee was updated on changes to items on the Register, when new items were added and when existing items were removed and cases closed. The Committee noted and welcomed the ongoing work by the Evaluation and Audit Unit to support the Department in

relation to fraud prevention and investigations, and the work to analyse trends and root causes to provide wider strategic focus on identifying and addressing root causes of potential fraud and strengthen management of programme risk, including through bespoke fraud awareness training.

Evaluation Review

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

Title	
 <p>Mission and Country Strategy Evaluations</p>	Review of Ireland’s Tanzania and the Great Lakes sub-region Strategy 2017–2021
	Review of Embassy of Ireland Uganda’s Programme in Karamoja 2016–2020
	Review of Ireland’s Strategy for Partnership with Small Island Developing States (SIDS) 2019–2025
 <p>Spending & Corporate Governance Reviews</p>	Spending Review of Ireland’s Humanitarian Support to UN Pooled Funds (Part A: Contextual and Expenditure Overview and Analysis)

The Committee welcomed these 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. It also welcomed the updates received during the year on the implementation of recommendations of previous evaluations and looks forward to continued progress in tracking implementation of evaluation recommendations.

Evaluation and Audit Work Plan and Annual Report

At the start of the year, the Head of Evaluation and Audit Unit discussed with the Audit Committee the Unit’s proposed rolling work plan for 2022 to 2025, together with the detailed plan for 2022. The Committee noted the plan and received regular updates on progress during the year.

The Committee received a report after the year end from the Head of Evaluation and Audit on implementation of the Unit’s work plan for 2022. The Committee is satisfied that the work was completed appropriately in line with the plan and appropriate amendments.

The Committee depends on an Evaluation and Audit Unit that is appropriately resourced and that pursues a well-articulated work plan and strategy. While there were some staff changes during the year, the Committee is satisfied that, overall, the Unit was appropriately resourced for the year.

Advisory

The Audit 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 that the Unit has, and continues to develop, are 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 providing advisory services, the Unit is conscious of the need to maintain its independence from the implementation of such advice.

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 among Government Departments.

Other Audit Committee Activity

Visit to Missions

In October the Chair and two members of the Audit Committee undertook a visit to Embassy Mexico and the Consulate General in San Francisco, which was a valuable opportunity for the Committee to gain an overview of the range of work and engagements with stakeholders at missions, and to deepen their understanding of the work of the Department.

Meeting with the Director General of Corporate Services Division

The Committee met with the Director General of Corporate Services Division in March to discuss the work of the Division, which covers ICT, property management, and security and corporate compliance. The Division has a central role in supporting the operational efficiency of the Department and its mission network across the world. The Committee welcomed the update from the Director General, recognising that the Division manages areas of significant and dynamic risk for the Department, including a number of substantial property projects both in Ireland and abroad. This briefing, including programme updates on implementation of recommendations arising from reports of the Evaluation and Audit Unit on areas of the Division's work, reassures the Committee that the Division and Department are identifying and dealing with risk appropriately. The Committee also welcomed the completion by the Department of the compliance assessment against the National Cyber Security Centre Public Sector Baseline Standards during the year.

Meeting with the Director General of Human Resources Division

In November the Committee met with the Director General of Human Resources Division, who briefed on the Department's management of the demands on staff resources, and in particular the implementation of the Blended Working Policy. The Committee welcomed the update on implementation of the Human Resources Strategy, and roll out of related policies, which support the Division and the Management Board in managing and responding to human resources needs across the Department, and commended in particular the measures taken to strengthen work force planning.

The Director General briefed the Committee on measures taken to anticipate and address key risks, including those due to staff change and turnover.

Meeting with the Director General of Development Cooperation and Africa Division

The Director General of Development Cooperation and Africa Division met with the Committee during the year. He provided the Committee with an informative briefing on developments in the Division and the scope and complexity of the work of the Division. The Committee discussed the challenges and risks being managed, in particular the adverse effects of the conflict in Ukraine, and the increasingly complex humanitarian situations. The Committee welcomed the updates on strengthening the partnership approach in Ireland's development cooperation programme, and on managing and mitigating risk, both internally and with programme partners.

Meeting with the Director General of Citizen Services Division

In April 2022 the Committee met with the Director General of Citizen Services Division to discuss the work of the Passport Service, Consular Directorate and the Irish Abroad Unit. The Committee noted the importance and challenges of the areas under this Division, in particular the Passport Service, and the steps being taken to manage and mitigate the particular risks involved, including managing the significantly increased volume of passport applications, which the Committee will continue to monitor.

Meeting with the Data Protection Officer

The Committee met with the Department's Data Protection Officer in September, to discuss the systems and resources in place for data protection in the Department. The Committee welcomed the steps being taken by the Department in this area including work on completion of Data Privacy Impact Assessments, and the ongoing training and awareness raising for all staff on data protection obligations.

Training

During the year members of the Audit Committee attended the Institute of Public Administration Governance Forum events Risk Management – Maximising Value from the Process; and its Training for Audit Committee members.

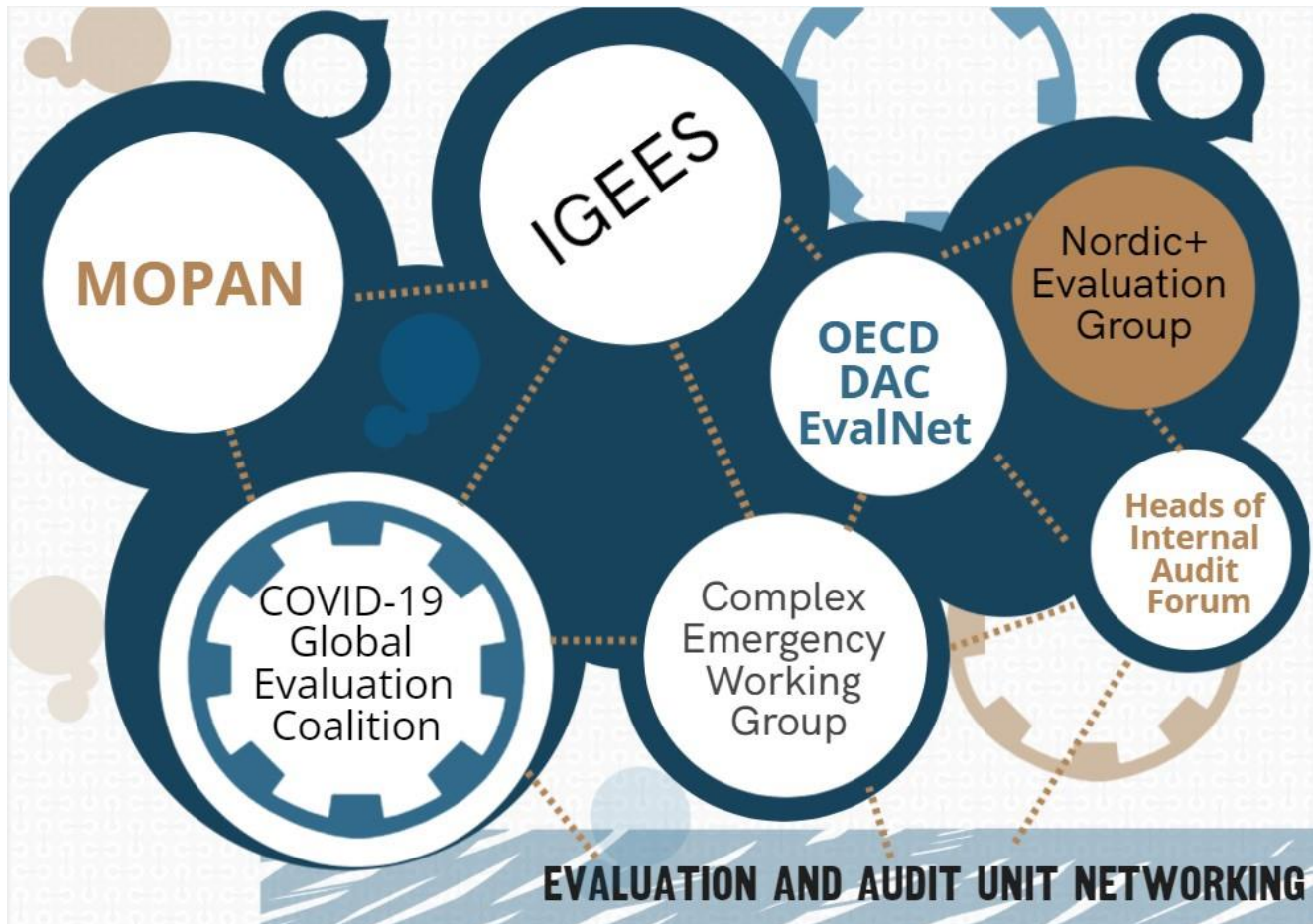
External Quality Assurance Assessment of Internal Audit

The Committee noted the final review and closure of the action plan prepared on foot of the 2018 External Quality Assurance Assessment of the audit function. The Committee also welcomed the preparatory work towards the next External Quality Assurance Assessment, including the review of the Internal Audit Charter, which was discussed with the Committee during the year.

Networks

The Evaluation and Audit Unit participates in a number of national and international networks for the purposes of professional collaboration, keeping abreast of best practice, and experience sharing, as illustrated in the diagram below. With the pandemic abating, participation at some of these meetings

returned to being in-person.



5. Looking Ahead to 2023

In January 2023, the Audit Committee’s work plan for 2023 was discussed and agreed with the Secretary General to ensure that it covers key areas of strategic concern to the Audit Committee and to the Secretary General. The Committee’s work plan largely tracks that of the Evaluation and Audit Unit. However, the Committee will continue its thematic approach to frame its work plan during the year. Areas of particular focus, in addition to standing items including fraud, will likely include risk management and cyber security as well as the rollout of the updated Evaluation Policy. The Committee will continue to monitor implementation of audit and evaluation recommendations and emerging issues and risks of strategic importance to the Department including in the area of climate.

Note of Thanks

Finally, the Committee wishes to thank the Evaluation and Audit Unit for the support and assistance provided throughout 2022 and in particular for its role as Secretariat to the Committee. To deliver on its mission, the Audit Committee depends on an Evaluation and Audit Unit that is appropriately resourced to execute an extensive programme of work. We are pleased to note that the Unit was so resourced in 2022.

Appendix 1 - Audit Committee Charter

Purpose and Authority

The Audit Committee of the Department of Foreign Affairs (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). As appropriate, it will advise the Minister for Foreign Affairs, and the Minister of State for Overseas Development and the Diaspora.

The Audit Committee is part of the governance and assurance framework, appointed to provide independent advice to the Accounting Officer regarding the suitability and robustness of the organisation's frameworks, systems and procedures for:

- (1) governance, risk management, internal controls and
- (2) evaluation of the Department's policies and strategies

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, including the Chairperson. The Secretary General shall endeavour to ensure that membership of the Committee reflects the Department's commitment to gender balance, equality, diversity and inclusion, in accordance with relevant Government policies and guidelines.

The Secretary General will appoint the Chairperson and members of the Committee. Members may be appointed for three years, with the option to extend by up to three years, subject to the approval of the Secretary General.

Skills / Competencies

Members of the Committee should collectively possess sufficient knowledge relevant to the Committee including audit, finance, law, governance, risk and internal controls. At least two members of the Committee should be qualified accountants. The Committee membership should 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 of development cooperation

and evaluation of civil and public sector and official development assistance programmes. Additional experience may be co-opted on a consultancy basis, as required.

Functions

The Committee will provide advice and an independent appraisal of the audit and evaluation arrangements, with a view to strengthening governance, risk management and internal controls, as well as helping to enhance 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 work programmes arising from this
- review the implementation of these programmes
- review the adequacy of resources available for the evaluation and audit function
- support the role and independence of the Evaluation and Audit Unit in carrying out its work
- examine internal audits and reviews of the Department's governance, risk management and internal controls systems and provide advice, as necessary, to the Secretary General with the completion of the Annual Statement on Internal Financial Control to the Comptroller and Auditor General
- examine evaluations of performance carried out by the Evaluation and Audit Unit
- examine other reviews and analytical exercises carried out by the Evaluation and Audit Unit
- monitor the follow up and implementation of recommendations made in reports of the Evaluation and Audit Unit.
- support the implementation of the Department's Counter Fraud Policy².

In carrying out these functions the Committee will be cognisant of best practices and relevant guidelines³.

Role requirements will be clearly communicated to new members of the Committee at the outset of their appointment, including time commitments and an indication of frequency of meetings.

Meetings

To facilitate regular engagement with the organisation, the Audit Committee will normally meet

² Department of Foreign Affairs Counter Fraud Policy, 19 December 2017

³ These include for example: Department of Public Expenditure and Reform (DPER) Audit Committee Guidance, relevant audit and accounting standards, DPER IGEES and OECD DAC guidance and other best practice on spending reviews and policy evaluation.

six times per annum, with the authority to convene additional meetings as circumstances require.

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

The Secretary General will meet with the full Committee at least once per annum. In addition, the Chairperson will have the right of access to the Secretary General, and will meet with him / her at least twice per annum.

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.

Conflict of interest

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.

Secretariat

The Audit Committee will be assisted and supported by an appropriately resourced Secretariat.

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

Minutes will be prepared and circulated to the Secretary General and to the Management Board (including its sub-committees the Executive Management Group, and the Senior Management Group of Development Cooperation and Africa Division).

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

Annual Report

The Audit Committee will provide an annual report to the Secretary General and, subject to his / her approval, the report will be published on the Department's website and circulated to key stakeholders as appropriate.

This report will outline the work of the Audit Committee during the year, and include observations and recommendations of the Audit Committee, together with a brief prospective for the coming year.

Amendments to Charter

This Charter may be amended or updated following consultation and agreement between the Secretary General and the Chairperson and, in any case, will be reviewed at least every five years.

Review of Committee Performance

The performance and operation of the Audit Committee should be reviewed at least every three years.

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.

Chairperson, Audit Committee
Department of Foreign Affairs
May 2021

Secretary General
Department of Foreign Affairs
May 2021