

# Minutes of Irish Fiscal Advisory Council (IFAC) conference call to review the effectiveness of internal control in 2017

3:00pm–3:40pm, Thursday 29th March 2018

## Present

- Mr Seamus Coffey (Chairperson)
- Mr Sebastian Barnes
- Dr Íde Kearney
- Mr Michael G. Tutty

## Apologies

- Dr Martina Lawless

## Attending

- Mr Alan Dalton

## Proceedings

- Michael gave some background for the call:
  - The Code of Practice for the Governance of State Bodies now requires state bodies to review not only their internal financial controls, but all of their internal controls. The Code requires each state body to do this no later than three months after the end of the year in question.
  - The Council contracted Mazars to carry out a review of internal control. They looked at two areas:
    - They **reviewed the recommendations from their audit of internal financial controls from the previous year**, and the progress that the Secretariat had made on them. (Michael explained that the Council typically alternates between a full audit of internal financial controls one year, and a review of the recommendations in the following year.)
    - They gave the Secretariat an “**Internal Control Questionnaire**” to complete and performed a high-level, onsite sample based validation of the responses and evidence relevant to the system of internal control as outlined by management .

- Referring to the “Internal Audit Review — Statement of Internal Control (SIC) 2017 (Follow Up Review of SIFC 2016; Internal Control Questionnaire) Final Draft Report” dated March 2018, Michael noted that **Mazars were happy with the direction that the Council are going in**. He mentioned some recommendations that Mazars had assigned a “Medium” priority to:
  - The Secretariat need to further develop their Business Continuity and Disaster Recovery Plan;
  - The Secretariat need to resolve an incorrect payment issue with the Central Bank, relating to a formerly seconded employee;
  - The Council needs to document its process for setting strategy;
  - The Secretariat need to arrange for the ESRI to periodically test IT disaster recovery backups.
- Mazars also noted that the **Council considered their risk register at every meeting**, and that the Council’s **Audit and Risk Committee met regularly during the year**.
- The Audit and Risk Committee recommends to the Council that they take on board the findings of the report from Mazars, and feel it gives enough reassurance to allow the Council’s Chairperson to approve a Statement of Internal Control.
- Alan explained that the draft unaudited financial statements that he circulated follow the structure of the previous year’s financial statements, but also include the extra elements that DPER’s recent “Guide to the Implications for the Annual Financial Statements and the Annual Report” requires.
- The Council discussed the mention of non-competitive procurement in the financial statements: “During 2017, the Council incurred expenditure of €106,165 for services in line with the rollover of an existing service arrangement, without competitive procurement.” Alan included it because the C&AG mentioned Department of Finance Circular 40/02 in their requirements for this year’s audit file. The Council noted that although the Secretariat have not carried out competitive procurement for office space and the range of business services that the ESRI provide to IFAC, that arrangement proved cost-effective and practical given IFAC’s requirements in its early years, and

continues to do so. They feel that requesting tenders for such services every year would not make sense. They wish to modify the relevant sentence in the draft unaudited financial statements to say, "The Council believes this [procurement] is cost effective and practical given IFAC's requirements." The Council mentioned that the ESRI have sourced comparable rent prices, and given these to IFAC when preparing SLAs. The Secretariat will mention the current situation to DPER and DoF and ask for their opinions.

- In the table of Council members' attendance at meetings, the Council recommended rounding the "9¾" figure up to "10".
- The Secretariat will draft minutes to describe this review, and send it to all Council members.