



**An Roinn Talmhaíochta,
Bia agus Mara**
Department of Agriculture,
Food and the Marine

Audit Committee ANNUAL REPORT 2018



CONTENTS

Chairman’s Statement 2 - 4

1. Membership of the Audit Committee 5 - 6

2. Role of the Audit Committee (the “Committee”) 7

3. Audit Environment of the Department 8- 12

4. Expenditure of Funds13

5. Audit Committee Objectives 2018 and Related Outcomes14 - 17

6. 2019 Priorities 18 - 20

Appendix I – Internal Audit Unit work completed in 2018 21

Appendix 2 – Detail regarding IAU work completed in 2018 22 - 25



It is my pleasure to present the Annual Report of the Audit Committee of the Department of Agriculture, Food and the Marine (“the Department”), which covers the activities of the Committee for the period 1 January to 31 December 2018.

As set out in the Audit Committee Charter, the Committee has an independent role in the provision of assurance to the Secretary General, which includes consideration of the adequacy and effectiveness of the Department’s internal control systems, risk management processes and on the operation of the internal audit function. On the basis of its considerations during the past year, the Audit Committee is satisfied that the Department’s internal controls and risk management frameworks are operating satisfactorily.

The Committee acknowledges the excellent support and advice provided by the IAU, including the valuable secretariat service to the Committee.

The Committee could not carry out its functions without the excellent support and assistance provided by the Internal Audit Unit (“IAU”), including its Secretarial role. It is satisfied that the IAU continues to make a significant contribution to both internal controls and the overall governance environment of the Department.

It is important to note that the Department, as an EU accredited Paying Agency, is required to undergo annual certification. EY was appointed as the Certifying Body to audit the activities of the Department in its role as a Paying Agency. In their report for the year ended 15 October 2018, they issued an unqualified audit opinion in relation to the administration of both the European Agriculture Guarantee Fund (EAGF) and the European Agriculture Fund for Rural Development (EAFRD) funds. As part of their audit they also reviewed IAU’s activities and assigned it the highest possible rating. The Committee met the Certifying Body in March 2019 to discuss the audit and its findings.

The Certifying Body issued an unqualified opinion in relation to the EAGF and the EAFRD.





The Committee also met with representatives of the Comptroller and Auditor General (C&AG) on two occasions in 2018 (March & December) to discuss the findings in relation to the controls operated by the Department. The C&AG issued an unqualified opinion on the Department's 2016 and 2017 Appropriation Accounts.

During 2018, the Audit Committee met on four occasions. It's work focussed on a number of key areas in 2018 including:

- Reviewing the operation of the Department's Risk Management System;
- Considering the Department's performance with regard to the GDPR Regulation;
- Monitoring the progress being achieved by the Department in improving debt management, and
- Reviewing the Department's compliance with procurement rules.

I am satisfied that the Committee has achieved the objectives it set for the year, with details in relation to each priority set out in Section 5 of this report.

The Committee received presentations from a number of key Divisions of the Department during the year. These presentations form a very important contribution to the Committee's work, and assist in providing appropriate overview of operations throughout the Department. They also provide the Committee with an opportunity to stay abreast of developments in important areas such as Brexit and CAP Reform.

The Committee notes and supports the contribution of the IAU in providing consultancy and advice across the Department.

On behalf of the Committee, I would like to express my thanks to the former Secretary General, Mr. Aidan O'Driscoll and the Department's senior management team for their positive internal audit engagements and their continued implementation of the audit recommendations.

I would also like to express my sincere gratitude to my fellow members of the Audit Committee for their continued commitment and support throughout 2018, and I look forward to working with each of them again in 2019. Dairine Walsh retired from the Committee in September 2018, having served on the Committee since September 2012. The Committee wishes to express its thanks to Dairine for her commitment and excellent contribution to the work of the Committee, and the Department during that time. Mr. Brendan Gleeson resigned from the Committee in October 2018 on his successful appointment as Secretary General of the Department. This Committee would also like to thank Brendan for his invaluable contribution to the Committee, and wish him every success on his new appointment.

We welcomed Ms. Paula BarryWalsh, Ms. Carol Bolger and Mr. Conor Flynn as new members to the Committee in 2018. We are delighted to have their skills and experiences on board and look forward to working with them over the coming years.

Finally, I would also like to thank Mr. Gordon Conroy, the Director of the Internal Audit Unit, and all of the team in IAU, for their work throughout the year.

Mr. Leo Martin
Chairman
March 2019

I. Membership of the Audit Committee

The Audit Committee of the Department currently consists of six members, five of which are external to the Department. The composition of the Committee at the end of 2018 was as follows:

Mr. Leo Martin	<i>Chairman</i>	Leo is a Chartered Accountant and has served on the Council of the Institute of Chartered Accountants in Ireland. He has also served as Chief Operating Officer of the Grafton Group and was previously Group Chief Executive of the Heiton Group.
Ms. Paula BarryWalsh	<i>Member</i>	Paula is Deputy Chief Veterinary Officer in the Department with responsibility for Animal Health and Welfare, Veterinary Public Health and Food Safety.
Ms. Carol Bolger	<i>Member</i>	Carol has significant governance and board experience across the public and private sectors and is currently serving on the Dept. of Justice Audit Committee.
Mr. Aidan Dunning	<i>Member</i>	Aidan is the former Secretary General of the Dept. of Communications, Energy and Natural Resources.
Mr. Conor Flynn	<i>Member</i>	Conor has extensive IT experience and has established his reputation as an independent information security consultant and advisor to many of the largest public and private sector organisations in Ireland.

Mr. Jim O'Brien *Member* Jim previously served at Second Secretary General level in the Department of Finance. He is also Chair of the Audit Committee of the Dept. of Foreign Affairs and Trade and is a member of the Dept. of Health's Audit Committee.

The following attended the Committee meetings but are not members of the Committee.

Mr. Kevin Smyth *Observer* Kevin is an Assistant Secretary General/Chief Financial Officer in the Department and attended the Committee meetings as an observer.

Mr. Gordon Conroy *Director of Internal Audit* Gordon is a Principal Officer in the Department and the Director of the Department's Internal Audit Unit.

Ms. Michelle Harrison *Committee Secretary* Michelle is a Higher Executive Officer in the Department and is the Secretary to the Committee.

2. The Role of the Audit Committee

The Committee is formally appointed by, and provides independent and objective advice to the Secretary General, who is the Accounting Officer for Vote 30, on the internal audit policies and the management of risk appropriate to the functioning of the Department.

The Committee operates under a Charter which defines the purpose, authority and reporting relationships of the Committee, the Internal Audit Unit (“IAU”) and management of the Department. The Charter also sets out the Committee’s responsibilities including that of:

- Reviewing and advising on IAU’s proposed programme of work, including requesting special reports from IAU as considered appropriate;
- Assessing the content and impact of completed internal audit reports, evaluating the effectiveness of internal controls and advising the Secretary General of its conclusions thereon;
- Monitoring and assessing the implementation of agreed corrective actions by management having regard to follow-up audits;
- Monitoring the Department’s Risk Management Programme and advising the Secretary General on the effectiveness of this process;
- Advising on whether adequate resources and skills are available for IAU and making recommendations on the allocation of resources where it considers this desirable; and
- Advising the Secretary General on the effectiveness of the Internal Audit Unit’s function.

It is also important to note that while the Committee has an important role in monitoring the Risk Management Programme, the ongoing implementation of this Programme is the responsibility of the Department. While the Committee can request special reports from the IAU as considered appropriate, it has no executive role in the Department or in the signing off of audit reports. Neither does it have any responsibility for, or involvement in the review and approval of the Department’s National or EU annual financial statements.

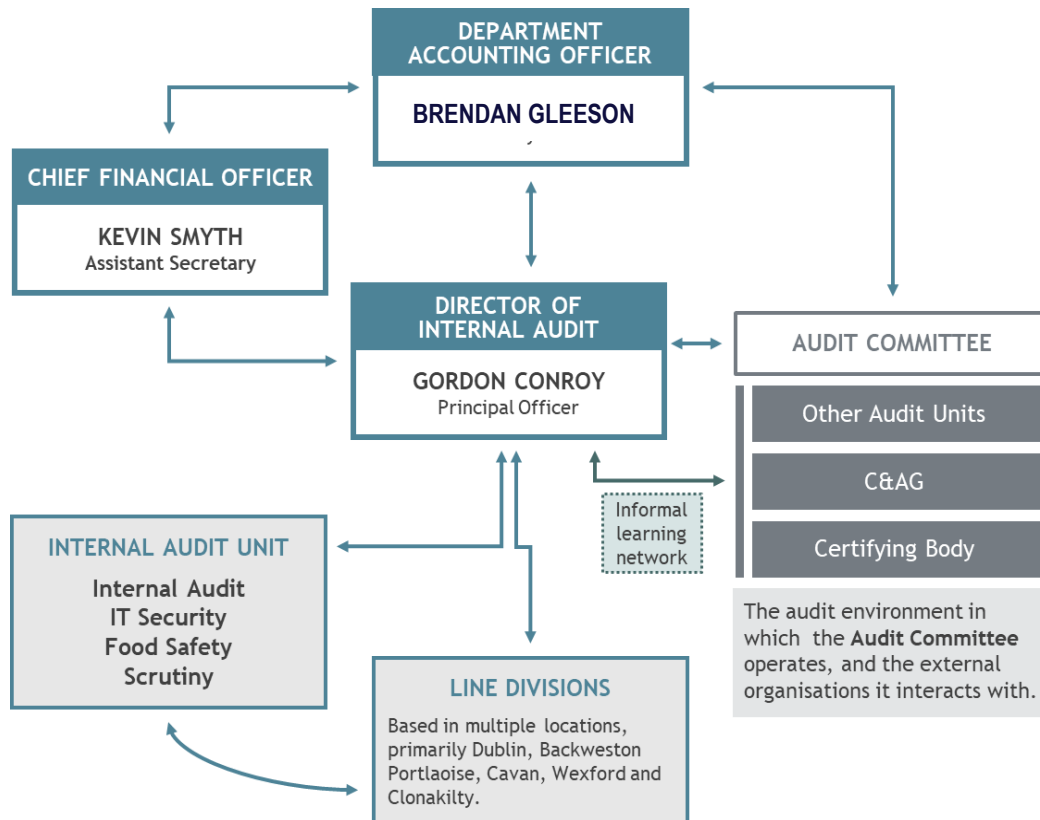
3. Audit Environment of the Department

Internal Audit

In carrying out its mandate, the Department undertakes a variety of functions including:

- Providing policy advice and development on all areas of Departmental responsibility, and
- Developing and implementing national and EU schemes in support of Agriculture, Food, Fisheries, Forestry and Rural Environment.

The Department has a fully functioning Internal Audit Unit and an independent Audit Committee. The Director of Internal Audit reports to the Chief Financial Officer for administrative purposes, and directly to the Secretary General as Accounting Officer. The Director also reports to the Audit Committee on a quarterly basis, and crucially has a strong working relationship with the Audit Committee Chair.



Independent External Audit

As well as having its Internal Audit and Scrutiny functions, the Department has five sources of independent external audit. In addition, it is also subject to scrutiny by the EU's Food and Veterinary Office in relation to animal and public health, and the animal welfare aspects of its activities. The number of audit bodies arises primarily from the large percentage of the Department's expenditure that is funded by the EU. IAU interacts with each of these external auditors as appropriate and considers the work carried out by them in developing its own annual plan, in order to prevent an inappropriate overlap of work and to ensure the efficiency of IAU. The role of these external auditors is outlined in the following paragraphs:



The Comptroller & Auditor General

The Comptroller & Auditor General (C&AG) audits all Departmental expenditure, and has a full time staff presence based in the Department. He reports annually to the Houses of the Oireachtas on findings arising from his audits. The primary responsibility of the C&AG is in relation to Central Government expenditure, as reported on in the C&AG's Annual Report on the Appropriation Accounts. This Report is subject to scrutiny by the Public Accounts Committee (PAC), and the Secretary General of the Department appears before the PAC and is questioned on the Report.



The Certifying Body

EU Regulations require that an audit certificate and a report on the internal controls of the Department, from an independent Certifying Body must accompany the Annual Accounts that are submitted to the EU Commission. Following a competitive tendering process a contract was awarded to EY in 2017. The Body's work covers the Department's compliance with the accreditation criteria, the existence and functioning of the key internal controls and the procedures for ensuring compliance with EU rules, the legality and regularity of expenditure claimed for reimbursement from the Commission and the procedures for the protection of the financial interests of the EU.



Commission Audit Services

Audit Services from the EU Commission also carry out a number of audits annually on the Department's expenditure of EU funded schemes and the related controls.



The European Court of Auditors

The Court of Auditors is the EU's independent external auditor and is required to give an annual statement of assurance on the reliability of the European Communities' accounts and the legality and regularity of the transactions underlying those accounts. On foot of this requirement, it carries out individual audits, on the Department's EU related expenditure.



OLAF (EU Anti-Fraud Office)

OLAF, the European Anti-Fraud Office, has responsibility for conducting administrative anti-fraud investigations involving EU Funds. It fulfils its mission by carrying out independent investigations into fraud and corruption, so as to ensure that all EU taxpayers' money is appropriately spent. It is the only EU body mandated to detect, investigate and stop fraud with EU funds and the Department cooperates fully and assists in any missions that this body undertakes in Ireland.

External Quality Assessment

The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing "the Standards" requires that an external assessment of an Internal Audit Function be conducted at least once every 5 years. In that context, the Audit Committee was supportive of the Internal Audit Unit (IAU) initiating and conducting such an exercise in 2018.



Following a competitive tendering process, BDO were appointed by the Department in July 2018, to perform an External Quality Assessment (EQA) of the IAU in the Department. The main objective of the review

was to assess the key structures and processes that the IAU has in place and to evaluate these against the principles set out in the IIA Standards and the Code of Ethics. The work in relation to this assessment was carried out in August and September 2018 and also involved participation by IAU staff, Audit Committee members and Management Board members.



BDO found that the IAU is extremely knowledgeable and well placed to provide an assurance service, and to add-value to the Departments operations. The review also found that the IAU has sufficient interaction and engagement with the Audit Committee and the respective stakeholders across the Department. BDO made several recommendations that would enhance the assurance provided by the IAU, including to:

- consider performing Computer Assisted Audit Techniques (CAATs) using IDEA (analytical software) for all audits where possible and conducting paperless audits;
- formally document the other advisory work that is carried out in addition to the normal programme of internal audits to allow for better resource planning and to highlight the added value being delivered; and
- develop a more strategically focussed annual audit plan.

BDO presented the report to the Audit Committee in December 2018. The Director committed to consider each of the recommendations and implement as appropriate, in the manner outlined to the Audit Committee.

AUDIT DAYS 2018

An indication of the extent of audit coverage, measured in audit days per year, is shown below.

Body	2018	2017	2016	2015	2014	Comment
Internal Audit Unit	1,207	1,165	1,023	1,214	1,312	New staff and additional training resulted in a dip in audit days in 2016. However, due to additional resources the days increased in 2017 & 2018.
Certifying Body	801	747	740	656	756	Has remained close to the average of 740 days per annum.
Comptroller & Auditor General	260	330	320	340	372	Average of 324 days a year over the past 5 years
EU Commission	40	20	55	32	33	Average number of Commission audit days over the past five years is 36.
Court of Auditors	0	0	50	34	20	The Court of Auditors has not conducted any audits in Ireland since 2016.
	2018	2017	2016	2015	2014	In 2018 total audit days rose 2% and 5.5% compared to 2017 and 2016 respectively
Totals	2,308	2,262	2,188	2,276	2,493	

ANNUAL SCRUTINY WORK PROGRAMME

The 2017/18 annual work programme was completed on schedule and the 2018/19 programme which ends on 30th June 2019 is on target to be completed on time.

SCRUTINY AUDITS

The 2017/18 scrutiny programme comprised of 14 commercial organisation audits. The minimum number of scrutiny audits prescribed by the Regulation for the programme was 13.

4. Expenditure of Funds

2018 Exchequer and EU Funds



In 2018, the Department managed approximately €2.6bn in support of the agriculture, fisheries, food and forestry sectors. Significant payments were made in respect of the Basic Payment Scheme, Forestry and various Rural Development Programme Measures, with an additional, c. €237m, incurred in administrative costs. The Department proactively managed its debt and received some €472m in appropriations-in-aid from various sources, which includes €28m from various fees in respect of official controls carried out by its staff. Further detail on EU and National expenditure in 2018 is outlined below.

EU Funded Expenditure
€1.232bn

Comprising:

- €1.208bn Direct Payments
- €19.5m Intervention & Aid to private storage
- €4.5m Market Supports

Exchequer Expenditure
€1.309bn

Including:

- €645m Rural Development Programme (co-funded)
- €326m State Bodies
- €95m Forestry & Biofuels
- €87m Animal Health
- €36m Fisheries
- €28m Research, Quality & Certification
- €25m Brexit Response Loan Scheme
- €19m Food Aid & World Food
- €10m Haulbowline
- €38m Other

5. Audit Committee Objectives for 2018 and Related Outcomes

The 2017 Annual Report of the Audit Committee set out a number of priorities for its work in 2018. Together with an overview of the Committee's review of the IAU's work the following paragraphs list these priorities and includes a short update in respect of 2018 activity.

Reviewing the work of IAU and satisfying itself that it is sufficiently resourced to carry out an appropriate work programme

Throughout the year, the Committee worked with IAU and monitored its output in order to ensure that a comprehensive body of quality audit work was completed. It provided support to IAU in carrying out its role, with the annual plan for 2018 being discussed and agreed by the Committee prior to its approval by the Management Board in January 2018.



At the end of 2018 there were three audits with outstanding recommendations (audits <12months)

All audit reports finalised by the IAU during 2018 (see Appendix 1) were reviewed and discussed by the Committee. Critically, the Committee also focussed on the timely implementation by management of outstanding audit recommendations with this resulting in a substantial reduction in outstanding recommendations. More detail regarding the outcome of the specific areas of the Unit's work is contained in Appendix 2

The Committee took a keen interest in ensuring that audit staff are facilitated in their individual training and development needs and also closely monitored the staffing resources available to the IAU throughout 2018. The Committee is satisfied that IAU undertakes an on-going programme of training for all staff in line with its internally developed training programme, which also includes Continuous Professional

Development for relevant qualified staff members. The Committee monitors and is satisfied that the Unit has appropriate resources to carry out its programme of work.

Reviewing the operation of the Risk Management System (“RMS”) within the Department

The Internal Audit Unit completed a comprehensive review of the Department’s Risk Management Framework in 2017. Following the completion of this audit Finance Division prepared an action plan designed to address the recommendations in this audit and also to ensure compliance with the revised Risk Management guidelines published by the Department of Public Expenditure and Reform.

A new risk management system will be rolled out in early 2019 as recommended by the IAU. The Committee monitored the implementation of this plan throughout 2018 and provided advice to the Secretary General, on the implementation of the Department’s risk management strategy, and on the effectiveness of this process. The Committee acknowledged the significant progress made in the Department in relation to risk management during 2018.

Improving familiarity with Departmental schemes and operations through presentations and briefing sessions

The Committee is regularly briefed and received presentations on matters of significance to the operation of the Department, which is a large and complex organisation. These briefings help members become familiar with the issues facing the organisation and in developing an appreciation of the context in which the Department and its staff operate.

The Committee allocated additional time in 2018 to meeting with key personnel in the Department and were briefed on important topics including Brexit, CAP Reform, Border Inspection Posts, the Department’s new Food Safety & Authenticity Strategy, Procurement, Oversight of State Bodies, Business Continuity Planning and on the Departments interaction with the National Shared Services Office



(NSSO). The Committee was also received regular briefings throughout the year on standing items such as Risk Management and Debt Management.

Focusing on the Department's performance with regard to the GDPR Regulation

The Committee was informed at its quarterly meetings during 2017 and early 2018, of the ongoing preparations being made to ensure compliance with the 25th May 2018 deadline. This included the establishment of a GDPR Project Group to examine and identify the implications of its application in the Department, and to put in place policies, practices, systems and guidelines to ensure that the Department met its compliance obligations.

Throughout 2018, the Data Protection Officer and representatives from Corporate Affairs Division provided the Committee with updates on the Department's compliance with the GDPR Regulation. The Committee acknowledged and complimented the Division on the substantial programme of work carried out to date in relation to GDPR.

Monitoring the progress being achieved by the Department in improving Debt Management

The Committee is very committed to monitoring the management of debt across the Department and met regularly with representatives from the Central Debt Monitoring and Recovery Units throughout 2018 in this regard. The Committee noted that:

- scheme debts were more proactively monitored to ensure timely action on all debts, including in some cases an assessment and the referral of cases to the Legal Services Division, and
- a debt Collection Management System ("CMS") was developed, and rolled out to major business areas that have significant debt to monitor and control.

The Committee was informed that the overall level of debt in the Department remained stable in 2018. Salary overpayments reduced by 10% over the year, and scheme debts reduced by 2%. Debts for service provision, however, increased by 4% overall. However, the Committee noted that this reflects the introduction of an annual year end billing process in the Crop Production and Safety area, and revisions to billing

practices in relation to Aquaculture licensing. The Committee recognised the efforts of the Department is addressing the debt levels and will continue to monitor activity in this area in 2019.

Reviewing the work of the IAU in relation to Technical Audits on Food Safety

The Committee had undertaken to review technical audits completed in the area of Food Safety at its quarterly meetings. Due to a number of reasons, linked primarily to the complexity of the audits and other work pressures in this area, the Unit was unable to present completed audits at its quarterly meetings. Accordingly the Committee was unable to fulfill its commitment in this regard. This priority will be carried over to 2019.

Procurement

The Committee is cognisant of the high findings in recent C&AG reports relating to the Department's compliance with Procurement rules. In this regard, the Committee was briefed by the Department's Central Procurement Unit in June 2018 on the continuous improvement in its procurement processes, and the work undertaken in this area to reduce non-compliant expenditure.

The IAU completed a Procurement Audit in Q3 2018 and presented the report to the Committee in December 2018. The objective of the audit was to establish whether procedures, processes and controls operated by the Central Procurement Unit provide assurance in relation to oversight of the Department's procurement. The audit identified three low findings which referred to procedures, the Contracts Register and use of the Risk Management System. The IAU are of the opinion that current developments in relation to the Contract Register have the potential to substantially improve compliance with procurement requirements, and have encouraged the Central Procurement Unit to maintain and develop further the progress that has been achieved.

The Committee will continue to focus on the Department's efforts to improve compliance in all areas of procurement in 2019.

6. Priorities for 2019



Each year, the Committee sets out a number of priority issues for its own work programme in addition to its normal functions as outlined in the Charter. The priorities identified for 2019 are as set out below.

- ***Reviewing the work of IAU and ensuring that IAU is sufficiently resourced to carry out an appropriate work programme***

The Committee will continue to monitor IAU in the delivery of its functions. This will be achieved primarily through the quarterly meetings scheduled for 2019 at which the Committee will continue to closely monitor the timely implementation of audit recommendations by line management.

The IAU programme of work for 2019, which has been approved by the Management Board, has wide ranging targets and the Committee will support IAU in its efforts to deliver this plan. The plan has a broad focus with a strong emphasis on the Department's high level goals particularly, in the areas of providing income and market supports to farmers, and maintaining and developing organisational capacity.

The Committee is satisfied that the Unit possesses the necessary skills and resources to execute the audit plan

- ***Monitor the Department's preparedness for Brexit***

The Committee has no direct role or involvement in the Department's preparedness for Brexit. On foot of its remit in relation to financial controls and risk management, the Committee will monitor as appropriate relevant elements of the Department's Brexit preparations, in conjunction with the Internal Audit Unit.

- ***Reviewing the operation of the RMS within the Department***

The Committee will monitor the roll out of the new Risk Management System throughout 2019, and provide advice to the Secretary General on the implementation of the Department's risk management strategy and on the effectiveness of this process.

- ***Improving familiarity with Departmental schemes and operations through presentations and briefing sessions***

The Committee will continue to be regularly briefed and receive presentations on matters of significance to the operation of the Department. This will be particularly important in 2019 in the context of Brexit and the potential impacts to the strategic objectives of the Department. These briefings help members become familiar with the issues facing the organisation and in developing an appreciation of the context in which the Department and its staff operate.

- ***Monitoring the progress being achieved by the Department in improving debt management***

The Department has placed increasing emphasis on improving the management of debt across the organisation. The Central Debt Monitoring and Recovery Units were both established in 2017 to proactively monitor scheme debts and to ensure timely action on all debts. This includes the referral of cases to the Legal Services Division within two years of establishment of the debt, if there is no engagement or co-operation from the debtor.

The Committee will continue to focus on this area in 2019, with the aim of assisting the Department in achieving further improvements.

- ***Monitor IAU in its assessment of the IT related risks***

The Department places a critical reliance on its Information and Communication Technology to enable it deliver on its high level goals. In this regard it employs a large and complex suite of technology applications and systems to support its delivery in a wide range of areas. This includes the delivery of schemes and associated financial management, supporting animal health and welfare, and ensuring best practice in governance and management of risk.

The Unit has committed to conducting a risk assessment of its IT system environment during 2019 to determine the extent of the potential threat and associated risks in this area. The Committee understands that this exercise will help inform the Unit on the selection of audits in the five year period up to 2024, with the Committee to be updated on progress throughout 2019.

Audits Completed in 2018

Appendix 1

Audit Plan	Audit Name	
2017	BPS - Greening	Farm/Sector Supports
2017	BPS – Young Farmer	Farm/Sector Supports
2017	Organic Farming Scheme	Farm/Sector Supports
2017	Overtime (Administrative Budget)	Vote
2017	GLAS	Farm/Sector Supports
2017	Business Continuity Planning	Corporate Development
2018	Targeted Agricultural Modernisation Scheme	Farm/Sector Supports
2017	State Bodies – Bord Bia	Corporate Development
2017	Internal Financial Controls Review - Pesticides	Vote
2018	Non-Production Environments (IT)	Corporate Development
2018	BPS – Interface Audit (IT)	Corporate Development
2017	Horizontal State Bodies Review	Corporate Development
2018	Procurement	Vote
2018	Third Party Audit (IT)	Corporate Development
2018	Laboratory Information Management Audit (IT)	Corporate Development

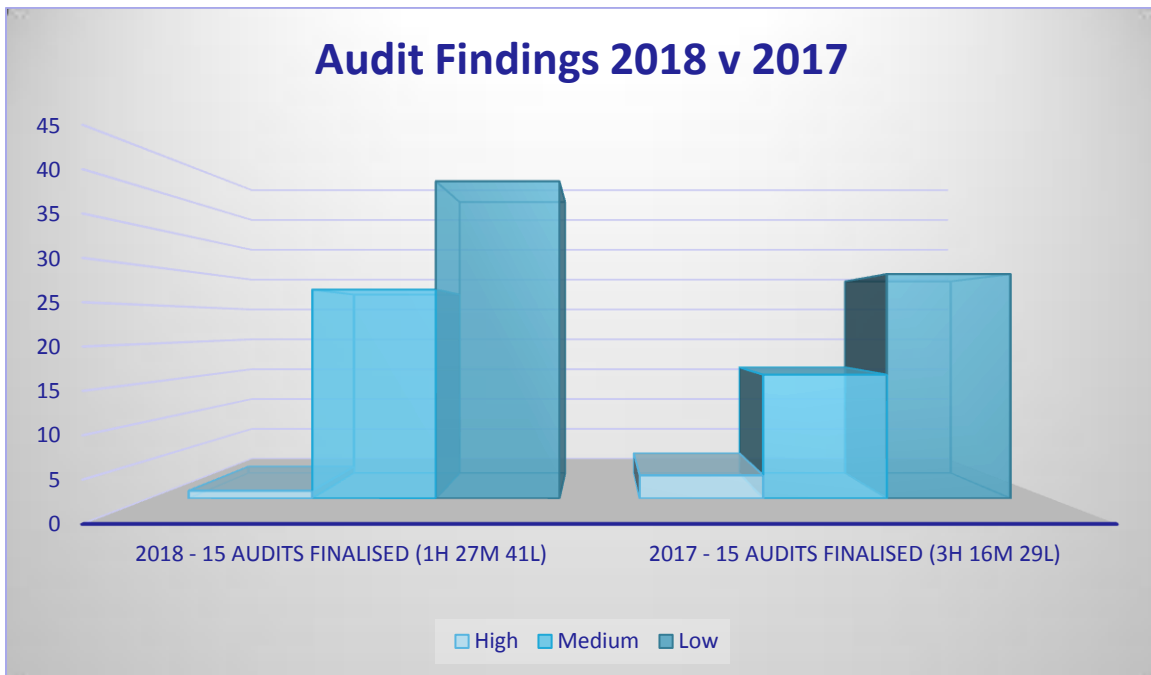
Appendix 2

Detail regarding IAU work completed in 2018

General and IT Audit

The 2018 Internal Audit Plan, as prepared by the IAU, was agreed by the Audit Committee and subsequently approved by the Department's Management Board. Progress in implementing the plan was monitored by the Committee primarily through the quarterly progress reports that were presented to the Committee by the Director of the IAU.

On the general and IT audit side, including fisheries, 15 reports were finalised during the year. A further nine audits were in progress at year end. The following graph indicates the number of findings by category identified in 2018 compared to 2017.



Scrutiny

The Department is required by EU Regulations to submit specific information annually to the Commission and to liaise with other Member States in relation to mutual assistance. As in all previous years, deadlines for submission to the Commission of annual programmes, annual reports, and quarterly reports on mutual assistance and risk analysis criteria relating to the Scrutiny Regulation have been met.

The 2017/18 annual work programme was completed on schedule and the 2018/19 programme, which ends on 30 June 2019, is also on target to be completed on time. The 2017/18 scrutiny audit programme comprised of audits of fourteen commercial organisations, all of which were carried out by the IAU's Scrutiny Audit Team. Each scrutiny involves the post-payment examination of commercial documents held by the undertaking having regard to the various risk criteria, the types of transactions involved and the particular scheme. Scrutiny involves the substantive audit of selected payments and, where appropriate, downstream or upstream verification checks of documents at third party premises. The objective is to determine whether transactions forming part of the system of financing by the EAGF have actually been carried out and executed correctly.

The calculated minimum number of scrutinies prescribed by the Regulation for the 2017/2018 programme was thirteen.

EU Structural Funds – European Fisheries Fund (“EFF”) (2007-2013) and the European Maritime and Fisheries Fund (“EMFF”) (2014-2020)

The IAU is the designated Audit Authority for the EFF (2007-2013) and the EMFF (2014-2020). As such, it has certain audit obligations specified by EU regulations.

Audit work for the EMFF (2014-2020) must be reported to the EU in an Annual Control Report and Audit Opinion in February of each year. The Department submitted a claim for co-funding to the Commission in October 2017. This involved expenditure of €37.5m, of which €21.2m was claimed as EMFF co-funding. In compliance with the EMFF regulations these claims were subjected to an “*Audit of Operations*” as defined in the Regulations. As well as carrying out detailed file reviews and checks on 100% of the

expenditure in a sample of operations, all projects must also have a site visit carried out to verify the projects on the ground.

Audit work was carried out throughout 2018, covering four areas co-funded by the EMFF – Department expenditure of €2.9m in relation to developing the Integrated Fisheries Information System (IFIS); Marine Institute expenditure of €18.9m in relation to implementing the Data Collection Framework; Bord Iascaigh Mhara expenditure of €14.8m on various schemes and measures, as well as Bord Bia expenditure of €0.8m on promotional activity. Audit field work was completed in December 2018, and audit results and conclusions were summarised in an Annual Control Report and Audit Opinion, which were submitted to the Commission by the deadline of 15th February 2019.

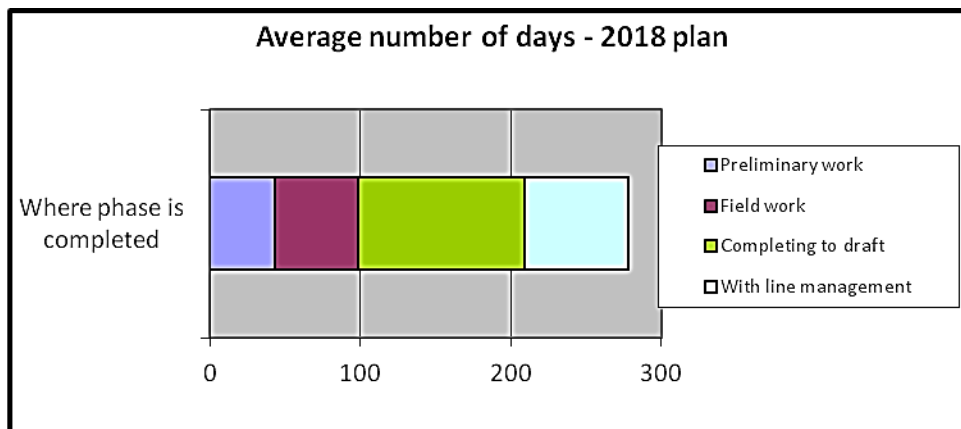
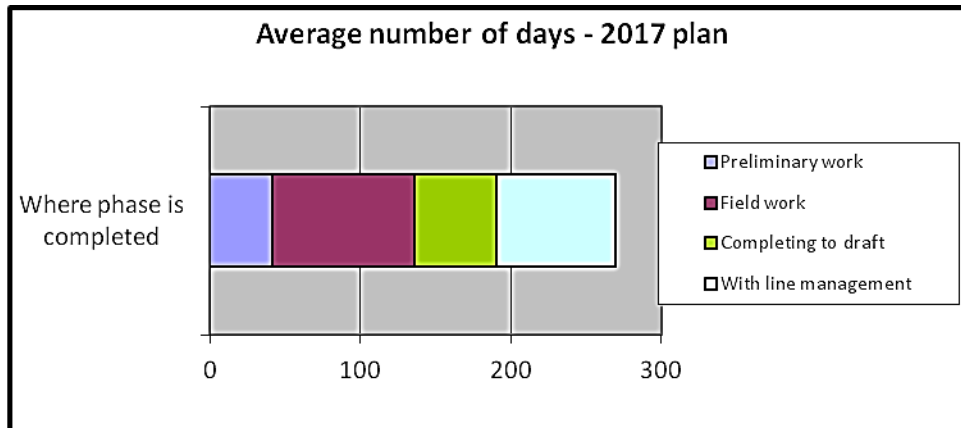
Follow up on Audit Recommendations

Significant progress was made by the IAU during 2018 in addressing and closing out audit recommendations requiring further action. The following table illustrates the position at year end 2017 compared to year end 2018.

Audit Recommendations Requiring Action Position at y/ended 2017 v 2018						
Year	No of Reports with outstanding findings	Findings Open at 31/12	High	Medium	<12 months outstanding	>12 months outstanding
2017	7	12	0	12	1	11
2018	3	10	0	10	10	0

Analysis of Audit Effort 2018

	Cumulative 2018 %
Audit Work	72
Meetings / Administration	23
Training	5



Audit Committee Annual Report Sign-off



Leo Martin, Chairman



Paula BarryWalsh



Carol Bolger



Aidan Dunning



Conor Flynn



Jim O'Brien