

**Minutes of the Extraordinary Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Tuesday 17 December 2019 at 9.30am**

Present – Board Members

Mr Colin Coffey, Chair

Mr Ian Buchanan

Ms Kate Burns

Ms Theresa Cullen

Mrs Fiona Hanna

Mrs Sharon Smyth

Ms Joan Houston

Mrs Maureen McKeague

**Present Via Teleconference –
Board Members**

Dr Michelle Costello-Smith

Dr Richard Horton

In Attendance - AFBI Executive

Dr Stanley McDowell, Chief Executive Officer

Mrs Josephine Kelly, Director of Finance and Corporate Affairs Division

Mr Conor O'Neill, Head of Finance

Mr Glenn Montgomery, Head of Governance & Performance (AFBI Secretariat)

1. Welcome and Introduction

ACTION

The Chair welcomed everyone to the Extraordinary meeting.

2. Apologies

An apology was received on behalf of AFBI Board Member Mrs Roberta Brownlee. An apology was also received from Dr Elizabeth Magowan, Director of Sustainable Agri-Food Sciences Division.

3. Conflict of Interests/Register of Interests Declaration

There were no conflicts of interest declared.

4. AFBI Annual Report and Accounts 2018 - 2019

ACTION

4.1 Report to Those Charged with Governance 2018/19

4.1.1 *Cover Report – Northern Ireland Audit Office (NIAO) - 2018/19 Report to those Charged with Governance (RTTCWG)*

The Executive presented a cover report on the NIAO's 2018/19 RTTCWG which provided an update around the NIAO certification of the AFBI Annual Report and Accounts 2018 - 2019. A draft AFBI press release and draft minutes of the Audit & Risk Assurance Committee meeting held 9 December 2019 were also provided to the Board for background information.

Mrs Kelly set out the background including the initial intention of the NIAO to issue a qualified audit opinion on the AFBI Annual Report and Accounts 2018 - 2019 on the basis of a 'limitation of scope' due to the lack of evidence supporting the £7m royalty income should these misstatements not be adjusted. This position was considered by the Audit & Risk Assurance Committee on 5 November 2019 who endorsed management's reasons for not adjusting these misstatements. The AFBI Board provided approval at their meeting on 13 November 2019 for the AFBI CEO as Accounting Officer and the Chairman to sign the AFBI Annual Report and Accounts 2018 - 2019.

Since this date and following a technical review of the audit qualification previously presented the NIAO intended to amend their original 'limitation of scope' audit qualification to the following qualifications:

1. An '*except for*' qualification on the £7 million income and £2.7 million of related expenditure as the NIAO does not consider the estimate meets the recognition requirements of the relevant accounting standard IFRS 15;
2. A '*regulatory*' qualification because if the adjustment was to be made then the additional net expenditure of £4.3 million would cause a breach of the amounts approved by the Department for the year by £3.96 million.

It was noted that the Audit & Risk Assurance Committee, at its meeting on 9 December 2019, had expressed its disappointment that the NIAO internal process had not been completed prior to the presentation of the revised RTTCWG and it was accepted by the NIAO that lessons needed to be learned from the process. The NIAO also advised the Committee that its position in relation to the qualifications is purely an accounting one and does not adopt a legal position or legal interpretation.

The Board also noted the conversation at the Audit & Risk Assurance Committee meeting around the wording of the RTTCWG and that the NIAO confirmed that they did not intend to make any further changes at this stage.

The Board noted the current position on the NIAO certification of the AFBI Annual Report and Accounts 2018 – 2019 and was content with the updated management responses within the revised RTTCWG.

4.1.2 *Draft Report to those Charged with Governance 2018/19 presented to AFBI Board on 13 November 2019*

The draft Report to those Charged with Governance 2018/19 presented to AFBI Board on 13 November 2019 was noted by the Board.

4.1.3 *Revised Report to those Charged with Governance 2018/19 presented to Audit and Risk Assurance Committee on 9 December 2019.*

The revised RTTCWG which was presented by the NIAO to the Audit & Risk Assurance Committee on 9 December 2019 was noted. The main changes compared to the draft presented to the AFBI Board on 13 November 2019 are highlighted for reference purposes.

4.2 AFBI Annual Report and Accounts 2018 - 2019

4.2.1 *Cover Report - AFBI Annual Report and Accounts 2018 - 2019*

The Executive presented a cover report on the AFBI Annual Report and Accounts 2018 – 2019. As a result of the latest NIAO qualifications, AFBI has updated the wording in the Governance Statement and as discussed under Item 4.1.1, the management responses to the NIAO's RTTCWG.

During the discussions the following points were noted:

- The 'except for' qualification highlights that this is the only area of the AFBI Annual Report and Accounts 2018 – 2019 which is disputed;
- The Board was content with the revised wording of the Governance Statement and there are no changes to the accounting figures and notes previously presented to the Board on 13 November 2019;
- Having considered the revised documentation at its meeting on 9 December 2019 and the entire AFBI Annual Report and Accounts 2018 – 2019 in preparation for this meeting, the Audit & Risk Assurance Committee recommends to the Board that they approve the AFBI Annual Report and Accounts 2018 – 2019;

- DAERA has been fully briefed in relation to the latest qualifications and continue to be supportive of AFBI's position in relation to the recognition of the 2018/19 Royalty income and associated spend; **ACTION**
- QUB who act in relation to the management of the royalty income have also been made aware of the amended qualifications.

The Board also took the opportunity to have an in-depth discussion on the royalties issue and it was noted that a protocol / route map on the matter should be developed and presented to the Oversight & Governance Committee.

Exec

4.2.2 *Draft AFBI Annual Report and Accounts 2018/19 (with tracked changes)*

The Board noted for information the tracked changes version of the AFBI Annual Report and Accounts 2018 – 2019.

4.2.3 *Draft AFBI Annual Report and Accounts 2018/19 (For signature)*

In noting the final version and current position as discussed under Item 4.2.1, the Board was content to approve the AFBI Annual Report and Accounts 2018 – 2019 for signing by the AFBI Accounting Officer and the Chairman. A signed copy of the AFBI Annual Report and Accounts and Letter of Representation by CEO will then be provided to the Comptroller & Auditor General and it was noted that all parties will endeavor to conclude the process as soon as possible.

Exec

5. Any Other Business

There were no additional items of business.

17. Date of next meeting – 21 January 2020

The next AFBI Board meeting will take place on Tuesday 21 January 2020.

Signed: _____
(Chairperson)

Date: _____