

Governance and Corporate Information

COMMITTEE REPORTS

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee assists the Agency in:

- the oversight of the quality and integrity of the financial statements, the review and monitoring of the effectiveness of the systems of internal control, the internal audit process and the compliance function, and the review and consideration of the outputs from the statutory auditor; and
- the oversight of the Agency's risk management framework including setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

In addition, the Committee oversees the internal audit and risk management functions, which are managed on a day to day basis by the Head of Internal Audit and the Head of Risk (Financial, Investment and Enterprise) respectively.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members (excluding the Agency Chairperson).

The current members of the Committee are:

- Gerardine Jones (Chairperson)
- Susan Webb
- Rachael Ingle
- Brian O'Kelly

The membership of the Committee in 2019 was:

- Martin Murphy (Chairperson)
- Mary Walsh¹⁷
- Susan Webb

The Committee met formally on seven occasions in 2019. It also held an additional working session to review the financial statements.

Financial Reporting

The Committee reviewed the draft 2019 financial statements and recommended them to the Agency for approval. The review focused on the consistency of approaches across the financial statements, appropriate estimates and judgements, the clarity and completeness of disclosures in line with applicable accounting standards, and relevant provisions of the Code of Practice for the Governance of State Bodies (2016). The Committee also reviewed the Governance Statement and Agency Members' Report, and statements on risk management for inclusion in the Annual Report. As part of its review of the financial statements, the Committee met with representatives of the Office of the Comptroller and Auditor General (the statutory auditor) to discuss its Audit Findings Report.

Internal Control

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the 2019 financial statements and recommended it to the Agency. The review was informed by a report from management in relation to the assertions contained in the Statement and also the Committee's detailed work programme, including regular reports from Internal Audit, Risk, Compliance and the Data Protection Officer (DPO).

Internal Audit

The Committee received regular reports from the Head of Internal Audit (the Head of Internal Audit is supported by an external firm, currently KPMG). It reviewed the key findings from the individual internal audit reviews completed under the 2019 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2020 risk-based internal audit plan and updates to the Internal Audit Charter. It also reviewed the effectiveness of the Internal Audit function.

The Committee reviewed and recommended the re-appointment of KPMG as internal audit service provider, arising from the relevant public procurement process for these services. The Agency approved the re-appointment of KPMG at its 9 July meeting.

The Committee met with the Head of Internal Audit without management at least annually.

Statutory Audit

The NTMA's statutory auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2019 financial statements. The Committee meets with the external auditor without management at least annually.

Risk

The Committee reviewed and recommended to the Agency updates to the Risk Management Policy and Framework and to the Risk Appetite Framework. It also approved updates to a number of specific risk policies as provided for under the Risk Management Policy and Framework. It monitored the NTMA's position against its defined risk appetite and approved updates to the suite of key risk indicators. It also approved the annual Risk Management Plan and Terms of Reference of the Enterprise Risk Management Committee.

The Committee reviewed the principal risks faced by the NTMA based on a strategic risk assessment performed twice yearly prior to the review by the Agency. It also reviewed the principal risks of the underlying risk registers and a report under the NTMA's stress testing framework.

¹⁷ Mary Walsh's term expired on 21 December 2019.

The Committee reviewed regular reports from the NTMA's Risk function in relation to financial, investment and enterprise risks. It also reviewed the effectiveness of the Risk function.

The Committee monitored the ongoing implementation of recommendations arising from the 2017/2018 review of the NTMA Risk function which was conducted by an independent third-party. A 2020 independent review of these recommendations was undertaken in Q1 2020.

The Committee carried out a number of other activities including consideration of a number of specific business issues from a risk perspective.

The Committee met with the (Interim) Head of Risk without management at least annually.

Compliance and Protected Disclosures

The Committee reviewed and approved updates to the Reporting of "Relevant Wrongdoing" and Protected Disclosures Policy and other compliance policies as provided for in the Compliance and DPO Framework. It monitored progress against the 2019 Compliance Plan. It also approved a combined 2020 Compliance and DPO Plan and the Compliance and DPO Framework, and received regular reports from the Head of Compliance. The Committee reviewed the effectiveness of the Compliance function.

Other

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. It conducted an annual self-assessment review and a skills matrix questionnaire in respect of 2019. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

INVESTMENT COMMITTEE REPORT

The Investment Committee is a statutory committee provided for by the *National Treasury Management Agency Act, 1990* (as amended).

The Committee assists the Agency in the control and management of the Ireland Strategic Investment Fund by making decisions about the acquisition and disposal of assets within such parameters as may be set by the Agency, advising the Agency on the investment strategy for the Fund and overseeing the implementation of the investment strategy.

The Committee is required to comprise of two appointed members of the Agency and not more than five persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members). The Agency has decided that the Committee should have three external members.

The current members of the Committee are:

- Susan Webb, Chairperson (Agency member)

- Martin Murphy (Agency member)
- Richard Leonard (external member) *Company Director and former Partner, Grant Thornton Ireland*
- Mark Ryan (external member) *Company Director and former Managing Director, Accenture Ireland*
- Julie Sinnamon (external member) *CEO, Enterprise Ireland*

Gerardine Jones stepped down as a Committee member on 27 February 2020 having served on the Committee since 29 March 2017. Martin Murphy was appointed to the Committee with effect from 28 January 2020.

The Committee met on 10 occasions in 2019. Its main activities consisted of reviewing and approving investment sub-strategies, considering detailed investment proposals from ISIF management and oversight and monitoring of the ISIF Portfolio. Decisions on investment proposals for Irish Portfolio investments of up to €150m have been delegated to the Committee by the Agency. Where the Committee supports an investment proposal in excess of €150m, it makes a recommendation on the matter to the Agency. Matters considered at Committee meetings in 2019 include:

- Review and approval of a number of Priority Theme sub-strategies in accordance with the Committee's monitoring role of the implementation of the ISIF Investment Strategy 2.0 including (i) Housing; (ii) Indigenous Business; (iii) Regional Development; and (iv) Climate Change.
- The Committee approved 15 investments across the regional, indigenous business, housing and climate change Priority Themes.
- The Committee also actively monitored the near-term investment pipeline in order to provide timely feedback to management on potential investment opportunities.
- On a quarterly basis the Committee formally reviewed and monitored the ISIF's Irish Portfolio; the Portfolio Diversification Framework; the ISIF Global Portfolio Strategy; and the Sustainability and Responsible Investment Strategy.
- Overall ISIF performance, deployment and activity were reviewed at each scheduled Committee meeting.

Information on the ISIF Priority Theme sub strategies and the Fund's investments, performance and economic impact in 2019 is set out in the ISIF Section of this Report.

The Committee reviewed its Terms of Reference and was satisfied that no amendments were required. It also conducted its annual self-assessment evaluation in respect of 2019. The Committee members were satisfied that the Committee was working well and agreed a number of minor enhancements to the process.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

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COMMITTEE REPORTS (CONTINUED)

REMUNERATION COMMITTEE REPORT

The Remuneration Committee assists the Agency through review and approval of the NTMA's overall remuneration policy, review and approval of any performance-related pay schemes operated by the NTMA and approval of the total annual payments to be made under any such schemes. It also makes recommendations to the Agency on the remuneration of the Chief Executive.

Under its Terms of Reference the Committee is to comprise four members appointed by the Agency from among its members including the Agency Chairperson.

The current members of the Committee are:

- Martin Murphy (Chairperson)
- Maeve Carton
- Robert Watt
- Rachael Ingle

Martin Murphy, a member of the Committee was appointed as Chairperson with effect from 28 January 2020. In addition Rachael Ingle was appointed as a Committee member with effect from 28 January 2020.

The Committee met on two occasions in 2019. It reviewed and approved the total amount in performance related payments to be made in respect of 2018.

The Committee reviewed its Terms of Reference and recommended minor amendments to the Agency.

SCA STRATEGY COMMITTEE REPORT

The State Claims Agency Strategy Committee assists the Agency in the performance of its State Claims Agency ("SCA") functions by providing advice and guidance on strategic, policy and certain operational issues. The Committee comprises seven members: two members of the Agency, the Director, SCA and four persons who are not members of the Agency but who have acquired substantial relevant expertise and experience and who are appointed by the Agency with the consent of the Minister for Finance (external members).

The current members of the Committee are:

- Martin Murphy, Chairperson (Agency member)¹⁸
- Derek Moran (Agency member)
- Ciarán Breen (Director, SCA)
- Professor Sir Sabaratnam Arulkumaran (external member) *Professor Emeritus of Obstetrics and Gynaecology at St. George's University of London*
- Tom Beegan (external member) *Risk Consultant and former CEO of the Health and Safety Authority*
- Donogh Crowley (external member) *Former Partner, Arthur Cox Solicitors*
- David Moloney (external member) *Assistant Secretary, Department of Public Expenditure and Reform*

Mary Walsh, who served as the Committee Chairperson since the Committee's establishment in 2017 to end-2019, was replaced by Martin Murphy with effect from 28 January 2020.

During 2019, the Committee's Terms of Reference were reviewed and updated to provide for an enhanced level of oversight by the Committee. These enhanced duties include advice and guidance on certain operational matters such as the SCA component of the NTMA operating budget.

The Committee met six times in 2019. It also held an additional working session to review the SCA operating budget and business unit goals.

At each meeting, the Committee reviewed detailed reports from management on active claims, mass actions, sensitive claims, significant cases or judgments and other current issues. Other matters considered at Committee meetings included:

- The Committee reviewed the cash flow projections for the SCA's indemnity schemes for 2019 and 2020 and an updated projection for 2019, prepared by the SCA's actuaries, LCP.
- The Committee reviewed the strategic approach being taken by the SCA in respect of a number of significant mass actions against the State.
- The Committee discussed the *Patient Safety Bill*, which provides for the use of the NIMS system for mandatory reporting of certain incidents by both the public and private healthcare sectors.
- The Committee received a number of external expert briefings to keep itself in abreast of recent developments and best practice in a number of areas.
- The Committee discussed the SCA's support and sponsorship of the Neonatal Encephalopathy Action Group (NEAG) which was set up to drive an integrated system-wide effort to reduce the risk of the occurrence of cerebral palsy.

It conducted a self-assessment review and a skills matrix questionnaire in respect of 2019. The Committee members were satisfied that the Committee was working well and identified a small number of minor actions to be undertaken.

The Committee's priorities in respect of 2020 were approved as part of its Work Programme 2020.

¹⁸ Appointed as Committee Chairperson with effect from 28 January 2020.