

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 reviews and monitors the performance of the internal audit, compliance and risk management functions, which are managed on a day to day basis by the Head of Internal Audit, the Head of Compliance 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)
- Rachael Ingle
- Brian O'Kelly
- Susan Webb

The Committee met formally on eight occasions in 2020. It also held an additional working session to review the financial statements.

Financial Reporting

The Committee reviewed the draft 2020 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 judgments, 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 2020 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 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 2020 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2021 risk-based internal audit plan and updates to the Internal Audit Charter. The Committee also reviewed the effectiveness of the Internal Audit function

In December 2020, the Committee approved the appointment of a new Head of Internal Audit. The Committee meets 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 reviewed management's responses to the external auditor's findings arising from the audit of the 2020 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 risk profile in relation to its defined risk appetites and approved updates to 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 prior to the review by the Agency. It also reviewed the principal risks of the underlying Business Unit risk registers and a report under the NTMA's stress testing framework.

The Committee reviewed regular reports from the NTMA's Risk function in relation to financial, investment and enterprise risks. It reviewed the effectiveness of the Risk function. The Committee reviewed a follow-up report on NTMA Risk Management which was conducted by an independent third party and considered, amongst other things, progress against the original enhancements recommended, the on-going relevance of same in the context of the current market and whether any re-prioritisation of those enhancements was required. The Committee noted the good progress against the original enhancements recommended and the next steps. Separately, an external review was initiated in respect of the NTMA Risk Management Policy and Framework, the Risk Appetite Framework and the Enterprise Risk Management Committee to ensure that the NTMA's risk management framework and key executive governance structures were in line with the Code of Practice for the Governance of State Bodies (the Code) and wider market practice.

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

The Committee meets with the 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 2020 Compliance Plan. It also approved an interim combined 2021 Compliance and DPO Plan, and received regular reports from the Head of Compliance and DPO. The Committee reviewed the effectiveness of the Compliance function. The Committee meets with the Head of Compliance without management at least annually.

Other

The Committee reviewed its Terms of Reference and recommended a number of suggested amendments which were approved by the Agency. It conducted an annual self-assessment review in respect of 2020. 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 2021 were approved as part of its Work Programme 2021.

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.*

The Committee met on 23 occasions in 2020. Its main activities consisted of reviewing and recommending the Pandemic Stabilisation and Recovery Fund (PSRF) Strategy to the Agency for approval, considering detailed investment proposals from ISIF management and the oversight and monitoring of the ISIF Portfolio. The volume and urgency

of PSRF investments required a greater number of Committee meetings in 2020 than was required in previous years.

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 2020 include:

- Review and recommendation of the Investment Strategy in respect of the Pandemic Stabilisation and Recovery Fund, a new sub-fund of ISIF, to the Agency for approval.
- Review and recommendation of the ISIF Global Portfolio (Implementation) Strategy (GPS 2.0), to the Agency for approval.
- Review and recommendation of the ISIF Sustainability and Responsible Investment Strategy (S&RIS), to the Agency for approval.
- The Committee approved 26 investments across the regional, indigenous businesses, housing and climate change Priority Themes (ISIF 2.0 Strategy) and the Stabilisation and Recovery phases of the PSRF. Over €400m was committed by ISIF to 20 separate investments during 2020 (average investment size of €20m) – more details can be found on page 24.
- The Committee actively monitored the near-term PSRF investment pipeline in order to provide timely feedback to management on potential investment opportunities. The Committee also reviewed the PSRF investment declines and provided feedback on same.
- The Committee formally reviewed and monitored the ISIF's Irish Portfolio and the ISIF Global Portfolio Strategy on a quarterly basis; and the Portfolio Diversification Framework and the Sustainability and Responsible Investment Strategy on a semi-annual basis.
- Overall ISIF performance, deployment and activity were reviewed at each scheduled Committee meeting.

Information on the ISIF PSRF Strategy and the Fund's investments, performance and economic impact in 2020 is set out in the ISIF Section of this Report.

The Committee reviewed its Terms of Reference and recommended a number of minor amendments, primarily to reflect the activities of the PSRF, to the Agency for approval. It also conducted its annual self-assessment evaluation in respect of 2020. The Committee members were satisfied that the Committee was working well and agreed a number of minor enhancements to its processes.

The Committee's priorities in respect of 2021 were approved as part of its Work Programme 2021.

Remuneration Committee

The Remuneration Committee supports the Agency through the review and approval of the NTMA's overall remuneration policy, the review and the 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.

Governance and Corporate Information

Committee Reports (continued)

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

Members of the Committee in 2020 were:

- Martin Murphy (Chairperson)
- Maeve Carton
- Rachael Ingle
- Robert Watt²⁵

The Committee met on three occasions in 2020. Matters considered at Committee meetings in 2020 included:

- The Committee reviewed the Remuneration assumptions in respect of 2021 and agreed, in light of prevailing circumstances, the 2020 PRP provision in the expenditure budget would not be used and that base salary awards in 2021 would take account of economic conditions.
- The Committee reviewed the Succession Planning arrangements in place in respect of senior management.
- The Committee reviewed the NTMA's Pension Scheme arrangements.
- Following the Agency's delegation to the Remuneration Committee of the authority to approve the appointment of up to two additional external members to the SCA Strategy Committee, the Committee reviewed and approved the appointment of two new members to the SCA Strategy Committee.
- The Committee reviewed its Terms of Reference and recommended minor amendments to the Agency.
- The Committee carried out its review of the Chief Executive's 2019 performance and recommended his 2020 Objectives to the Agency for approval.

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 currently comprises nine members: two members of the Agency, the Director, SCA and six 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)²⁶
- 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*

- Kerry McConnell (external member) *Chartered Accountant, former CFO RSA Insurance Ireland DAC, currently CFO IPL Global*
- David Moloney (external member) *Acting Secretary General (since January 2021), (previously Assistant Secretary), Department of Public Expenditure and Reform*
- Julie O'Neill (external member) *Former Executive Vice President, Alexion Pharmaceuticals Inc.*

In 2020, upon the recommendation of the SCA Strategy Committee, the Agency approved an amendment to the Committee's terms of reference to expand its membership from seven to nine members with the aim of adding additional skills identified by the Committee as relevant to its work and improving the composition of the Committee. Julie O'Neill and Kerry McConnell were appointed to the SCA Strategy Committee for a three-year term with effect from 1 August 2020. Martin Murphy was appointed as Chairperson of the Committee by the Agency at its 28 January meeting. The pre-existing SCA members of the Committee, including Derek Moran, were reappointed by the Agency at its July meeting.

The Committee met five times in 2020.

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 from mid-2020 to year-end 2022, prepared by the SCA's actuaries, Lane Clark & Peacock.
- The Committee reviewed the SCA's response to COVID-19. It focused particularly on claims management and the provision of incident analysis and risk and indemnity advice to State authorities, as well as the implications of the pandemic for the SCA's claims portfolio.
- The Committee reviewed the legal strategy approach taken by the SCA in respect of a number of significant mass actions against the State.
- The Committee reviewed the SCA's clinical and enterprise risk management plans in respect of 2020 and progress against these plans.
- The Committee reviewed and recommended to the Agency the SCA component of the NTMA Budget and the SCA's business goals and Key Performance Indicators and monitored performance against same.
- The Committee received a number of external expert briefings to keep itself informed of recent developments and best practice in a number of areas.

It conducted a self-assessment review and a skills matrix questionnaire in respect of 2020 as part of its effectiveness assessment and arising from same, agreed a small number of actions the most notable of which is to undertake a Strategy workshop in late May 2021.

The Committee's priorities in respect of 2021 were approved as part of its Work Programme 2021.

²⁵ Following his recent appointment as Secretary General of the Department of Health, Robert Watt is no longer an ex officio member of the Agency nor a member of the Remuneration Committee.

²⁶ Appointed as Committee Chairperson with effect from 28 January 2020.