



Córas Iompair Éireann

# CIÉ Board Audit and Risk Committee Charter and Terms of Reference



Bus Átha Cliath  
Dublin Bus



Bus Éireann



Iarnród Éireann  
Irish Rail



CIE TOURS



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## INTRODUCTION

The CIÉ Board by resolution at its meeting on 10th January 1996 formally constituted an Audit Committee (subsequently renamed the Audit and Risk Committee and herein referred to as the “Committee”), a sub-committee of the CIÉ Board to review, report on and make recommendations to the CIE Board on the areas set out below. At meetings on 6<sup>th</sup> February 2002, 5<sup>th</sup> June 2002, 4<sup>th</sup> February 2004, 7<sup>th</sup> November 2007, 3<sup>rd</sup> September 2008, 2<sup>nd</sup> September 2009, 1<sup>st</sup> December 2011, 5<sup>th</sup> September 2013, 30<sup>th</sup> January 2014, 10<sup>th</sup> December 2014, 1<sup>st</sup> July 2015, 6<sup>th</sup> April 2016, 6<sup>th</sup> July 2016, 5<sup>th</sup> July 2017, 13<sup>th</sup> December 2017, 20<sup>th</sup> August 2018, 5<sup>th</sup> June 2019, 12<sup>th</sup> February 2020, 2<sup>nd</sup> September 2020, 10<sup>th</sup> February 2021, 2<sup>nd</sup> June 2021, 9<sup>th</sup> February 2022, 7<sup>th</sup> December 2022, 5<sup>th</sup> April 2023 and 14<sup>th</sup> February 2024, the CIÉ Board adopted amendments to the Committee’s Charter and Terms of Reference and these are incorporated below.

### Definitions:

|                      |   |
|----------------------|---|
| CIÉ Group:           | CIÉ and the CIÉ operating companies namely BÁC, BÉ and IÉ |
| CIÉ:                 | CIÉ Holding Company                                       |
| BAC:                 | Bus Átha Cliath   |
| BE:                  | Bus Éireann   |
| IE:                  | Iarnród Éireann   |
| Operating companies: | BÁC, BÉ and IÉ collectively                               |
| Code:                | The Code of Practice for the Governance of State Bodies   |

## CHARTER

### General

All members of the Committee have a duty to act in the best interests of the CIÉ Group. Any conflicts of interest must be declared. The Committee has a particular role, acting independently from executive management, to ensure that the interests of the CIÉ Group are properly protected in relation to financial reporting, internal control and risk management. In this regard, the Committee should have consideration for the interests of other stakeholders, while acknowledging that the interests of the CIÉ Group have priority. The overarching principle is that of a unitary Board and all CIÉ Board Members remain equally responsible for the affairs of CIÉ as a matter of law. The Committee, like other committees to which particular responsibilities are delegated, remains a committee of the CIÉ Board.

The function of the Committee is to carry out its responsibilities in relation to this Charter and Terms of Reference. Its major role is to exercise an oversight function; initiating detailed investigation (with independent advice where appropriate) in circumstances where there are signs that there is something amiss.



The Committee will ensure that there is full cooperation from within the CIÉ Group with internal and external auditors in order to enable the CIÉ Board to discharge its responsibilities effectively.

The Committee works in concert with and takes comfort from the work of the other CIÉ Board sub-committees, each of which has a specific remit as documented in their own Terms of Reference. Specifically, the scope of this Committee does not cover Safety in the operating companies or in CIÉ.

### Respective Roles and Responsibilities of the Committee and the Audit and Risk Committees (ARCs) of the Operating Companies

Audit and risk governance within the operating companies of the CIÉ Group is within the remit of their respective boards. The risk principles of first, second and third line of defence are adopted throughout the CIÉ Group. The board of each operating company has established a sub-committee entitled Audit and Risk Committee (ARC) in the case of Bus Éireann and Iarnród Éireann and an Audit, Finance and Investment (AFIC) and a Risk Committee (RC) in the case of Bus Átha Cliath and has given it certain roles and responsibilities to act on their behalf.

The Chairmen of the ARCs/AFIC/RC report to their respective boards. However, the Committees are inter-connected and should co-operate with each other and have a consistency in their responsibilities. Therefore,

- Briefings together with the Minutes of the ARCs/AFIC/RC are presented to the Committee and vice versa.
- The Chairmen of the ARCs/AFIC/RC attend and report to the Committee once a year.
- The Chairmen of the five ARCs/AFIC/RC meet at least once a year to consider matters of mutual interest, a co-ordinated approach to these matters and also as a form of communication across the five ARCs/AFIC/RC.
- All five Committees meet together at least once a year in a joint annual training and development event and to consider matters of common interest.
- Furthermore, the Committee is to be made aware at an early stage of any issues which are emerging at the operating companies' ARCs/AFIC/RC which have financial, procedural or reputational consequences for one or other or both companies and if relevant, vice versa.

The Head of Group Internal Audit or his/her nominee attends the meetings of each of the ARC/AFIC/RC and also attends at the meetings of the Committee thereby facilitating a direct communication link between the ARC/AFIC/RC and the Committee.

## Duties of the Committee

### (i) External Auditors

The Committee shall:

- (a) Consider and recommend for CIÉ Board approval, the appointment of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors.
- (b) Recommend to the CIÉ Board at the appropriate time:
  - the duration of a new contract for the external audit that is put to tender and
  - in the event that the same auditors are appointed by virtue of the tender process, that the incumbent's proposals regarding rotation of the engagement partner be approved.
- (c) Discuss with the external auditors, before the audit commences, the nature and scope of the audit, compliance with accounting standards and to ensure co-ordination where more than one audit firm is involved and to make the external auditors aware of the requirements of the Code.
- (d) Review the scope and results of the annual audit, its cost effectiveness, the independence and objectivity of the external auditors and to report and make recommendations to the CIÉ Board if the Committee considers it necessary.
- (e) Review and report to the CIÉ Board on the type and value of audit related services<sup>1</sup> and non-audit related services performed by the auditors and affiliates of the auditors and where the value of non-audit related work exceeds the value of audit related work, to justify to the CIÉ Board why the auditors were chosen to carry out the non-audit related work and to examine and report to the CIÉ Board on whether the independence of the auditors has been compromised by virtue of carrying out the non-audit services.
- (f) Review and recommend the Letter of Representation to the external auditors for the approval of the CIÉ Board.
- (g) Review and if the Committee considers it necessary, recommend for CIÉ Board approval, management's response to the external auditors' internal control reports.

### (ii) Financial and Other Reporting

The Committee shall:

- (a) Review and, where appropriate, recommend for Board approval, the half-year and

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<sup>1</sup> audit related services are specific services which have been contracted for with the statutory auditor, these include the annual statutory audit, ISAE audits, taxation compliance work and pension scheme audits.

annual financial statements before submission to Board, focusing particularly on:

- the consistency of application of accounting policies in comparison with previous years and across the CIÉ Group as a whole and any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with accounting standards;
  - compliance with the Code and with relevant legal requirements;
  - The Statement on Internal Control.
- (b) Review and recommend for CIÉ Board approval the Chairman's draft Annual Comprehensive Report to the Minister regarding CIÉ's system of internal financial control in accordance with the requirements of the Code and the external auditors' report thereon in respect of the relevant financial year.
- (c) To review annually the Group's Treasury Policy and to consider any proposed changes in light of the financial risk parameters that the Group sets itself.
- (d) To review Quarterly Reports under the Financial Transactions of Certain Companies and Other Bodies Act 1992.
- (e) To review annually the Group's Procurement Policy and to consider the Group's policy with regard to the "Procedures for Procurement" section of the Code of Practice for the Governance of State Bodies.
- (f) To review compliance by CIÉ with CIE Group Procurement Policy.
- (g) To review annually the Group's Policy on Disposal and Retirement of Fixed Assets and to consider the Group's policy with regard to the requirements set out in "Disposal of Assets and Access to Assets by Third Parties" section of the Code of Practice for the Governance of State Bodies.
- (h) To review annually the CIÉ Group Tax Policy.
- (i) To review the Group's insurance strategies and to consider any proposed changes in light of the Group's claims experience and financial risk parameters that the Group sets itself.
- (j) To review Holding Company and CIÉ Group Consolidated Management Accounts on a regular basis.

- (k) Review and recommend for approval to the CIÉ Board banking, treasury and other financial arrangements.

### (iii) Internal Audit Function

The Committee shall:

- (a) Direct the internal audit function to develop and execute a comprehensive and independent programme of internal audit across all operational areas and levels within the CIÉ Group, including value for money auditing and review of compliance with procurement and disposal procedures.
- (b) Review and recommend for CIÉ Board approval, a charter for the internal audit function.
- (c) Review and if the Committee considers it necessary, report to the CIÉ Board on the independence and objectivity of and freedom allowed to the internal auditors.
- (d) Review and if the Committee considers it necessary, recommend for CIÉ Board approval, the internal audit programme and to ensure that the internal audit function is adequately resourced and has appropriate standing within the CIÉ Group.
- (e) Ensure co-ordination between the internal and external auditors, and, periodically to consult with external auditors regarding the operation of the internal audit function with particular reference to staffing of the function, the audit work programmes being applied and the testing carried out in relation to the CIÉ Group's compliance with the requirements of the Code and if the Committee considers it necessary, to report to the CIÉ Board thereon. It is noted that:
  - All audit reports issued by Group Internal Audit are available for review by the external auditors as part of their annual external audit.
  - The external auditors also review the operation of internal audit function and all internal audit files are available for review by the External Auditors.
  - Where relevant all internal audit files relating to grant aided claims are subject to review by Departmental and EU appointed auditors.
- (f) Keep under review the merits of a further separate external evaluation of the internal audit function.
- (g) Direct the internal audit function to carry out any special reviews or investigations that the Committee considers is required,
- (h) Consider the major findings of internal investigations, reports of the internal auditors and management's response.

#### (iv) Compliance, Ethics, Protected Disclosures, Fraud and Anti-Corruption

The Committee shall:

- (a) Ensure that appropriate arrangements are in place for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and for the raising of protected disclosures under the Protected Disclosures Act 2014. As part of its remit the Committee shall review and approve the terms of the CIE Protected Disclosure Policy (and any changes thereto), and ensure staff awareness of it, and shall ensure that the policy arrangements allows for proportionate and independent investigation of such matters and appropriate follow up action.
- (b) Review and approve the reports, for submission to the Minister not later than 1<sup>st</sup> March each year and for publication not later than 31<sup>st</sup> March each year, in the form and covering the matters required by the Protected Disclosures Act 2014.
- (c) Consider any anti-corruption matters arising from the implementation of the CIE Codes of Conduct and Protected Disclosures Policy or raised in Internal Audit Reports.
- (d) Review on a bi-annual basis a report on Fraud Management Activity in the CIE Holding Company. In addition, the Committee will consider Minutes from the subsidiary companies' ARC/AFIC/RC meetings and the annual reports from the Chairman of the ARCs/AFIC/RC.
- (e) Review at least every two years and where appropriate, make recommendations to the CIE Board, on the Code of Conduct for Employees and the Code of Conduct for Board Members and Directors.
- (f) Review on an annual basis all disposals by the CIE Holding Company with a value of greater than €150,000 in accordance with the CIE Group Procurement Policy and Procedures.
- (g) Review and where appropriate make recommendations to the CIE Board on the CIE Holding Company Business Expenses Policy and Procedures.
- (h) Review the Policy on Legal Disputes involving Other State Bodies on an annual basis and where appropriate make recommendations to the CIE Board.
- (i) To review on a bi-annual basis legal proceedings involving the Holding Company (including legal disputes involving other State Bodies).
- (j) To review quarterly reports on Data Protection and an annual report on GDPR

Compliance within the Holding Company.

- (k) To consider on an annual basis and make any necessary amendments to the Data Protection Policies and where appropriate to approve any new policies that may be required.

#### (v) Internal Control and Risk Management Systems

The Committee shall:

- (a) Review and if it considers it necessary, make recommendations to the CIÉ Board on the management of internal financial controls and governance processes across the CIÉ Group.
- (b) Promote a risk management culture by providing a reporting line to the Board through which risk identification, measurement and management are considered.
- (c) Review the CIÉ Holding Company Risk Management Framework on an annual basis and where appropriate make recommendations to the CIÉ Board (Paragraph 7.2 Code of Practice for the Governance of State Bodies).
- (d) Review and assess on a quarterly basis the material risks impacting the CIÉ Group and to monitor the threat of emerging risks (i.e. the Top Group Principal Risks Report).
- (e) Support the CIÉ Board in carrying out its responsibilities for ensuring that risks are properly identified, assessed, reported and controlled including advising the CIÉ Board in its consideration of the overall risk appetite, risk tolerance and risk strategy of the CIÉ Group.
- (f) Advise the Board, after considering recommendations of management, on the risk impact of any strategic decision that the Board is considering.
- (g) Review annually and recommend for approval to the CIÉ Board the Risk Management Plan of the CIÉ Holding Company.
- (h) Review the CIÉ Group Risk Policy and Principles on an annual basis and where appropriate make recommendations to the CIÉ Board (Paragraph 7.2 Code of Practice for the Governance of State Bodies).
- (i) Review the CIÉ Holding Company Risk Register twice a year.
- (j) Review on an annual basis the detailed risk reports of the CIÉ Group of companies.



- (k) Consider and where appropriate make recommendations to CIÉ Board on obtaining an external review of the CIÉ Holding Company Risk Management Framework from time to time.

#### (vi) Other

The Committee shall:

- (a) Consider, report and where appropriate, make recommendations to the CIÉ Board on other topics related to the foregoing as referred to the Committee by the CIÉ Board.

#### (vii) Annual Review

- (a) This Charter and Terms of Reference will be reviewed each year by the Committee and appropriate amendments will be presented to the CIÉ Board for approval.

#### (viii) Compliance

- (a) Compliance by the Committee with this Charter and Terms of Reference will be reviewed annually.

#### (ix) Performance of the Committee

- (a) The Committee will keep its performance under constant review and in this regard will carry out an annual self-assessment exercise.
- (b) The Chairman of the CIÉ Board will oversee the appraisal of the Chairman of the Committee.

## **TERMS OF REFERENCE**

### **Membership**

The Audit and Risk Committee will comprise a Chairman and at least two other Non-Executive Board Members, all appointed by the CIÉ Board and all of whom will be independent of management, the Chairman of the CIÉ Board and of the external auditors. The Chairman of the CIÉ Board and any Board Member who was an employee of the Group at any time during the three years preceding appointment cannot be appointed to the Committee. In the absence of the Chairman of the Committee or his duly appointed deputy, the remaining members shall appoint one of their number to chair the meeting.

At least one member of the Committee shall have recent financial experience. The Chairman of the Committee shall advise the CIÉ Chairman and Board of any skill deficiencies in the membership of the Committee or in individual member's training needs.

The Committee may temporarily co-opt other Board Members to the Committee as and when necessary. Members may be drawn from outside the Board if considered necessary. In addition, the Chairman of the Committee may also be drawn from outside the Board if considered

necessary.

A quorum shall consist of two members. Meetings of the Committee may consist of a conference between some or all Committee Members who are not all in one place so long as they are able (directly or by means of telephonic, video or other electronic communication) to speak to each of the others and to be heard by each of the others. Those taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote and be included in the quorum.

A Letter of Appointment is to be provided to new members setting out details of the purpose of the Committee, duration of appointment (where applicable, normally the same as the member's term of office on the CIÉ Board), support and training available and the time commitment required.

Members of the Committee will receive induction training following their appointment. Additional training may be provided from time to time as deemed appropriate. The Committee should keep up to date with best practice and developments in corporate governance.

The Company Secretary shall be the Secretary of the Committee.

### Authority

The Committee is authorised by the CIÉ Board to investigate any activity within this Charter and Terms of Reference, to obtain the resources it needs to do so and full access to information. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the CIÉ Board to obtain outside professional advice and, if necessary, to invite outsiders with relevant experience to attend meetings.

### Convening, Conduct and Frequency of Meetings

- (a) Notice of each meeting confirming the venue, time and date together with an agenda of matters to be discussed shall, whenever practicable, be forwarded to each member of the Committee at least three working days prior to the date of the meeting.
- (b) Meetings of the Committee shall be held not less than four times a year and shall normally be held to coincide with the financial reporting cycle of CIÉ.
- (c) The external auditors, the internal auditors or the executive management may request a meeting of the Committee at any time if they consider that one is necessary to discuss a specific item or items.



- (d) Decisions / recommendations for the CIÉ Board will normally be taken by achieving consensus, but where necessary, a simple majority of those members present will carry a motion. The Chairman shall have a casting vote in the event of a tie.

### Attendance at Meetings

- (a) In addition to members of the Committee, the CIÉ Chief Executive, the CIÉ Chief Financial Officer (who is the CIÉ Chief Risk Officer); and the Head of Internal Audit shall normally be invited to attend meetings.
- (b) At least once a year, the Committee shall meet with the external auditors on their own to ensure that there are no unresolved issues of concern.
- (c) At least once a year, the Committee shall meet with the Head of Internal Audit on his/her own, to ensure that there are no unresolved issues of concern.
- (d) At least once a year, the Committee shall meet with the CIÉ Chief Risk Officer (who is the CIÉ Chief Financial Officer) on his/her own, to ensure that there are no unresolved issues of concern.
- (e) At least once a year the members shall meet without any executives present.

### Reporting Procedures and Relationships

- (a) The Secretary shall keep all papers presented to the Committee and approved minutes of and decisions made at the meetings of the Committee and Lists of Outstanding Action Items. Copies of the minutes shall be circulated to all members of the Committee and to the CIÉ Board.
- (b) The Chairman of the Committee shall report on the proceedings of each meeting of the Committee to the CIÉ Board and will present the Committee's Annual Report to the Board.

### Other

- (a) Membership of the Committee shall be disclosed in the Annual Report.
- (b) The Chairman of the Committee, if requested by the Chairman of the CIÉ Board, shall attend at the public announcement of the Annual Report and Accounts and answer any questions on the accounts.