



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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Contents

INTRODUCTION	4
CHARTER.....	4
TERMS OF REFERENCE	10

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 subsequent meetings 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, IÉ and CIÉ Tours
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 (including CSRD disclosures), 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 the Committee is of the view that such investigation is warranted.

The Committee will ensure that there is full cooperation from within the CIÉ Group with internal and external auditors 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 and the work of the other Audit and Risk Committees across the Group, 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 CIE Group is within the remit of their respective boards. The risk principles of first, second and third line of defence are adopted throughout the CIE 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 Chairs 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 Chairs of the ARCs/AFIC/RC attend and report to the Committee once a year.
- The Chairs 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 or at CIE Group level, 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

Appointment of the External auditor follows a coordinated Group-wide tender process with the operating companies' ARCs, with the Committee endorsing final recommendation of cross group tender committee to the CIÉ Board.

The Committee shall:

- (a) Oversee and receive a report on the outcome of the tender process, conducted in conjunction with the operating companies, and recommend for CIÉ Board approval, the appointment of the external auditors and the audit fee.
- (b) Consider any questions of resignation or dismissal of the external auditors.
- (c) Consider the scope of services and other material terms of the external auditors' contract before it goes out to tender.
- (d) Receive a report on, and if agreed recommend to the CIÉ Board at the appropriate time:
 - the contract award for the external audit following a tender process 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.
- (e) 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.
- (f) Ensure that the external auditors have full access to staff and records.
- (g) Invite challenge by the external auditors, give due consideration to points raised and make changes to the Financial Statements in response, where appropriate.
- (h) Review the scope and results and effectiveness 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.
- (i) Review and report to the CIÉ Board on the type and value of audit related services¹ 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.
- (j) Review and recommend the Letter of Representation to the external auditors for the approval of the CIÉ Board.
- (k) Review and if the Committee considers it necessary, recommend for CIÉ Board approval, management's response to the external auditors' internal control reports.
- (l) Report to the Board on how the Committee has discharged its responsibilities with respect to the external audit.

(ii) Financial and Other Reporting

The Committee shall:

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

¹ 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 Report and Financial Statements before submission to Board, focusing particularly on:

- whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy;
 - 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, governance, Code of Practice compliance etc. 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 CIÉ 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) To monitor the financial stability of the CIÉ Group, with a focus on liquidity.
- (l) Review any proposals and recommend for approval to the CIÉ Board banking, treasury and other financial transactions and arrangements including where necessary, revisions to the Board's banking / debt facilities having regard to the Group's current and future operational and investment requirements.

(iii) Sustainability Reporting

- (a) To monitor progress with the CSRD project and compliance with sustainability related disclosures in the CIÉ Group Annual Report, in the context of the Group's approach to CSRD.

- (b) Review and, where appropriate, recommend for Board approval, the sustainability related disclosures particularly in the context of the CIÉ Group Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy report, contained in the CIÉ Group Annual Report.
- (c) Review the scope and results of the external assurance provider in respect of sustainability information under CSRD.
- (d) Discuss with the external assurance provider any findings in relation to the assurance of sustainability data and consider management's response to any internal control observations.

(iv) 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) Monitor and review the effectiveness, expertise, experience and professional conduct of the internal audit function.
- (f) 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.
 - Where relevant all internal audit files relating to grant aided claims are subject to review by Departmental and EU appointed auditors.
- (g) Ensure that the internal audit function undergoes an external quality assurance review every five years and monitor the implementation of action plans to address recommendations.
- (h) Direct the internal audit function to carry out any special reviews or investigations that the Committee considers is required.
- (i) Consider the major findings of internal investigations, reports of the internal auditors and management's response.
- (j) Ensure that the Head of Group Internal Audit has direct access to the Chairperson of the Committee and, as necessary, to the Chairperson of the CIÉ Board and is accountable to the Committee.
- (k) Exercise, on behalf of the Board of CIÉ, the Board Oversight function as set out in the Internal Audit Charter for CIÉ Group

(v) 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 legislation. As part of its remit the Committee shall review and approve the terms of the CIÉ Protected Disclosure Policy (and any changes thereto), and ensure staff awareness of it, and shall ensure that the policy arrangements allow for proportionate and independent investigation of such matters and appropriate follow up action.
- (b) Review and note the Protected Disclosures Reports prepared by the Designated Recipient or such other person tasked with preparing the Reports, for submission to the Minister not later than 1st March each year and for publication not later than 31st March each year, in the form and covering the matters required by the Protected Disclosures legislation.
- (c) Consider any anti-corruption matters arising from the implementation of the CIÉ 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 CIÉ Holding Company. In addition, the Committee will consider Minutes from the subsidiary companies' ARC/AFIC/RC meetings and the annual reports from the Chairs of the ARCs/AFIC/RC.
- (e) Review at least every two years and where appropriate, make recommendations to the CIÉ 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 CIÉ Holding Company with a value of greater than €150,000 in accordance with the CIÉ Group Procurement Policy and Procedures.
- (g) Review and where appropriate make recommendations to the CIÉ Board on the CIÉ 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 CIÉ 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.

(vi) Internal Control and Risk Management Systems (excluding Safety System) in the CIÉ Holding Company

The Committee shall:

- (a) Consider the adequacy of the internal financial control systems to achieve objectives, 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 Holding Company.
- (b) Consider the adequacy and effectiveness of the internal control, risk management and other assurance systems (excluding Safety systems) in the Holding Company.



- (c) Promote a risk management culture across the Holding Company by providing a reporting line to the Board through which risk identification, measurement and management are considered.
- (d) 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).
- (e) 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).
- (f) Support the CIÉ Board in carrying out its responsibilities for ensuring that Holding Company 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.
- (g) Advise the Board, after considering recommendations of management, on the risk impact of any strategic decision that the Board is considering.
- (h) Review annually and recommend for approval to the CIÉ Board the Risk Management Plan of the CIÉ Holding Company.
- (i) 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).
- (j) Review the CIÉ Holding Company Risk Register twice a year.
- (k) Review on an annual basis the detailed risk reports of the CIÉ Group of companies.
- (l) 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.

It should be noted, as outlined above, that the CIÉ Board Audit and Risk Committee places reliance on the ARCs/RCs in the operating companies to ensure that each operating company has adequate and effective systems of internal control, risk management and other assurance systems in place. It is also the responsibility of the operating company ARCs/RCs to promote a risk management culture in each operating company and report to each operating company's board on risk matters.

(vii) 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.

(viii) 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.

(ix) Compliance

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

(x) 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 Chair of the CIÉ Board will oversee the appraisal of the Chair of the Committee.

TERMS OF REFERENCE

Membership

The Audit and Risk Committee will comprise a Chair 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 Chair of the CIÉ Board and of the external auditors. The Chair 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 Chair 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 competence in accounting or auditing. The Chair of the Committee shall advise the CIÉ Chair 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 Chair 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 Group Secretary shall be the Secretary of the Committee. The Group Secretary may, with the agreement of the Chair of the Committee, delegate the performance of administrative tasks, including attendance at meetings and the taking of minutes, to such other person as may be agreed between the Group Secretary and the Chair 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 Chair 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 Chair of the Committee, if requested by the Chair of the CIÉ Board, shall attend at the public announcement of the Annual Report and Accounts and answer any questions on the accounts.