



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Governance Framework

July 2023

Please Note: This document has been prepared by the Central Bank of Ireland (the Central Bank) for general information purposes only and is not a legal document. The document is prepared as a guide only.

The Governance Framework is effective as at July 2023, changes after this date are not yet incorporated.

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Introduction

The Central Bank has a clearly defined governance framework, as described in this document. The governance framework takes account of the requirements of the Central Bank Acts and the EU Treaties (the Treaties) (including the requirement for the Central Bank to be independent), the Code of Practice for the Governance of State Bodies and other internal governance arrangements in the Central Bank. This document provides an overview of the key governance structures and arrangements in place in the Central Bank; it does not attempt to set out all of the details of these governance arrangements, which are recorded in more detail elsewhere.

This document contains the following sections:

Section 1 – Overview of the Central Bank of Ireland

Section 2 – The Central Bank Commission, the Governor and Senior Leaders

Section 3 – Assurance and Compliance

Section 4 – Accountability and Transparency

Section 5 – Internal Governance Structures

The Governance Framework is intended to be a live document. The Internal Governance Division (IGD) has responsibility for the maintenance and continuous improvement of the Governance Framework. The Executive Leadership Committee will review the Governance Framework every three years and the Commission will be informed of the outcome of the review. This review will be coordinated and performed by IGD.

Section 1 Overview of the Central Bank of Ireland

This chapter includes an introduction to the legal framework of the Central Bank, and provides information on the Central Bank’s Mission Statement, Mandate and Vision; “our Values and Priority Behaviours” (which underpin the Central Bank’s work and interaction with our stakeholders); the structure of its strategic planning process; internal communications; learning and development; and diversity and inclusion.

1.1 Legal Framework

The Central Bank was established as Ireland’s central bank on 1 February 1943 under the Central Bank Act, 1942 (the 1942 Act).

As a member of the European System of Central Banks (the ESCB), the Central Bank performs ESCB tasks provided for by the Treaty on the Functioning of the European Union (the TFEU) and the Statute of the ECB and of the ESCB (the ESCB Statute). In addition, it performs certain non-ESCB tasks mandated by national law, which includes its responsibility for the regulation of Ireland’s financial services sector.

Many of the Central Bank’s functions derive from European law. The Central Bank’s European role is most apparent in relation to its central banking functions, which are defined by the EU treaties. The Treaties define the European financial services sector as being a part of Europe’s internal market. As a result, many elements of Irish financial services legislation implement EU laws and it is for the Central Bank to ensure compliance with the relevant legislation. With the establishment of the Single Supervisory Mechanism (SSM) a number of supervisory responsibilities and decision making powers moved to the European Central Bank (the ECB). Banks in Ireland that are classified as Significant Institutions are directly supervised by Joint Supervisory Teams, each led by the ECB and consisting of both ECB and Central Bank supervisors.

1.2 Mission, Mandate and Vision

Mission

The Central Bank’s Mission Statement ***“The Central Bank of Ireland serves the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the wider economy”*** recognises the important role that the Central Bank plays in Irish society and the need for the Central Bank to deliver on its mandate in the most effective way possible. Serving the public interest has always been at the core of our work and is reflected in our constant and predominant aim, which is the welfare of the Irish people as a whole.

Mandate

In accordance with Article 127(1) and Article 282(2) of the TFEU and Article 2 of the ESCB Statute, the primary objective of the ESCB (and therefore of the Central Bank) is to maintain price stability.

The Central Bank also has a number of other objectives:

- the Eurosystem effectiveness and price stability;
- the stability of the financial system;
- the protection of consumer of financial services;
- the regulation of Financial Institutions and Enforcement Actions;
- the regulatory policy development;
- the efficient and effective operation of payment and settlement systems;
- the recovery and resolution of Financial Institutions;
- the resolution of financial difficulties in credit institutions, certain investment firms and credit unions;
- the provision of analysis and comment to support national economic policy development; and
- the discharge of such other functions and powers as are conferred on it by law, including the operation of the Central Credit Register, the Deposit Guarantee Scheme the Insurance Compensation Fund, the Credit Institutions Resolution Fund, and the Bank and Investment Firm Resolution Fund and certain regulatory services.

Further information on who we are and what we do is [available on our website](#).

Vision

The Central Bank is committed to being an independent, forthright and influential organisation with a compelling, clear and challenging vision of being a central bank that is: ***Trusted by the Public, Respected by its Peers, and a Fulfilling Place to Work for its People.***

- **Trusted by the Public** - a trusted organisation that is working towards the public good in a transparent, effective and accountable way.
- **Respected by its Peers** - regarded by our peers at home and abroad as credible and working constructively to help influence and shape the best outcomes for the public good.
- **Fulfilling Workplace for its People** - where our people are committed to excellence in the delivery of our mandate, have the opportunity to build fulfilling careers and reach their potential, and feel valued in an environment that supports diversity and inclusion.

1.3 Our Values and Priority Behaviours

The Central Bank's [Values and Priority Behaviours](#) seek to define the Central Bank's values, desired culture and are intended to guide behaviour and work practices.

Our culture is shaped by Our Values and Priority Behaviours, described below.

Senior leaders have a responsibility to lead by example and to act in accordance with the Values and Priority Behaviours and coach, develop and guide staff reporting to them attain the same standards.

Our Values:

- **Integrity and Care**, so that we do what is right, our actions match our words and we care about people.

- **Courage and Humility**, so that we act with conviction, are prepared to innovate and adapt, and are always looking to listen and learn.
- **Teamwork and Excellence**, so that we achieve quality outcomes by harnessing our collective strengths, seeking diverse perspectives and driving for disciplined execution.

Our Priority Behaviours:

- Challenge Constructively
- Deliver on Commitments
- Lead the Way Forward
- Collaborate and Share
- Develop Self and Others
- Initiate Improvements

1.4 Organisational Structure

The organisational structure of the Central Bank is determined largely by the Central Bank Acts 1942 – 2019. These Acts establish the Central Bank as an organisation, set out its functions and provide for the structures within which the Central Bank carries out such functions. The Central Bank’s functions can be derived from requirements to fulfil various legal obligations, including the EU Treaties, the Central Bank Acts, and other financial services legislation. While some of these functions may be assigned to specific statutory officers, the Central Bank Commission (the Commission) is, in the first instance, tasked with the performance of most of the Central Bank’s functions (with the exception of ESCB functions). However, this is subject to delegations and assignments of responsibility.

[Our Organisational Chart](#) shows how the Central Bank is structured in order to deliver on our strategic objectives.

The Central Bank is operationally structured across directorates and the directors report to members of the Executive Leadership Team across the following areas:

- Monetary and Financial Stability;
- Financial Regulation;
- Consumer and Investor Protection;
- Operations and Transformation; and
- Strategy and Governance.

Each area is divided into a number of directorates headed by a director, and each director has responsibility for a number of business divisions.

Details of the responsibilities of the Central Bank’s senior leaders are set out in the Responsibilities of Senior Leaders at the Central Bank of Ireland document (RSL), further information on which is included in Chapter 2.

1.5 Strategy and Planning

Strategic planning is critical to ensure the effective operation of the Central Bank, and its ability to deliver on the Central Bank’s Mission. In accordance with section 32B of the 1942 Act, the

Central Bank is obliged to prepare and publish a Strategic Plan every three years, and submit the Plan to the Minister for Finance (the Minister) who lays it before the Houses of the Oireachtas. The Strategic Plan describes the Central Bank's objectives for the relevant period, the nature and scope of the activities to be undertaken, to achieve the objectives, and targets and criteria for assessing the performance of the Central Bank. For a fuller explanation of the Central Bank's strategic objectives for the current period see [Our Strategy 2022-2026](#).

Implementation of Our Strategy is monitored through an Annual Business Planning and Reporting Process. The Annual Business Plan (ABP) translates the Central Bank's strategic direction into organisational delivery objectives and priorities, for the coming year. The ABP is approved by the Commission each year and assigns responsibility for delivery to the appropriate Executive member, Director or Division as appropriate. Progress on delivery of the ABP and the related Transformation Programme is reported to the Commission on a twice yearly basis. Overall performance is also gauged by an assessment of measures aligned to a set of strategic outcome indicators.

The Central Bank's Annual Report (produced in accordance with section 32K of the 1942 Act) provides an account of its operations during the year. In addition, section 32L of the 1942 Act requires that an Annual Performance Statement for Financial Regulation is produced, which reviews the functions and activities of the Central Bank in Financial Regulation. [The Annual Report and Annual Performance Statement are available on the website](#).

1.6 Internal Communications

The Central Bank uses a range of internal communication channels to help ensure staff are kept up-to-date, and can operate and engage with one another effectively in an informed, open and transparent manner.

These internal communications channels include a regularly updated intranet (Plaza) and digital signage, monthly information cascades (Monthly Briefings), Leadership Network meetings, a topical lecture channel (Topical Talks), as well as the all-staff conference which focuses on broader strategic goals of the organisation. Additionally, directorate and divisional meetings are held to endure continuous information sharing dialogue between members of staff in relation to the work of the Central Bank, and its strategic objectives and priorities.

1.7 Our People

The Central Bank recognises that the skills, knowledge, behaviours and expertise of our people are central to accomplishing our Mission. We are committed to investing in the development of our people – it is core to our culture and what we value. We strive to ensure that all of our employees are supported in achieving their full potential. Building organisational capability through a broad range of learning and development strategies is also a key enabler for delivery of the Central Bank's business strategy and mandate. These, in turn, enhance the services provided to the people of Ireland.

To create a greater understanding of the Central Bank's work and to support continuous learning, career progression and retention, the Central Bank has developed the 'One Bank Curriculum'. This is a professional development programme designed to meet some of the technical training needs of the Central Bank Staff.

A Performance Management and Development Process (PMDP), is in place for all Central Bank staff. PMDP provides a framework for the Central Bank to manage individual staff performance, and provides a process for managing staff performance against the business plan objectives of the relevant division. PMDP is a collaborative process for staff, managers and the organisation as a whole, allowing the Central Bank to maintain the required levels of performance and thereby deliver on its mandate. Individual performance and development is supported and managed during the year by line managers through ongoing informal dialogue, quarterly check-ins and a formal end of year review, involving an assessment of overall performance for the year.

The Central Bank recognises the value that diversity and inclusion can bring to an organisation as well as its impact on organisation culture, and has a longstanding commitment to equality, diversity and inclusion in the workplace. The Central Bank has in place a Diversity and Inclusion Working Group, chaired by an Executive Sponsor, which reports to the Executive Leadership Committee. The Central Bank's vision for diversity and inclusion articulates the high level aspirations and guides actions and decisions in this area. The Central Bank [Diversity and Inclusion Strategy 2022-2026](#) sets out the strategic direction for the period, delivered through annual action plans.

Section 2 The Central Bank Commission, the Governor and Senior Leaders

This chapter includes information on the role and responsibilities of the Central Bank's governing body, the Commission. It sets out the delegation of powers and functions from the Commission together with the framework for the assignment of responsibilities within the Central Bank. In addition, it provides an overview of the Governor's role and responsibilities, that of the Central Bank senior leaders and staff in general.

2.1 The Commission

The 1942 Act provides that the affairs and activities of the Central Bank are to be managed and controlled by the Commission (with the exception of functions for which the Governor has sole responsibility, including the ESCB functions of the Central Bank and resolution functions). The 1942 Act provides that any of the Central Bank's statutory functions that are vested in the Commission may be delegated to the Governor, a Deputy Governor or an employee of the Central Bank.

Commission Structure

Commission membership includes the following *ex officio* members:

- Governor (Chair)
- Deputy Governor, Monetary and Financial Stability
- Deputy Governor, Financial Regulation
- Secretary General of the Department of Finance (DoF)

In addition, the Minister for Finance appoints at least six, but no more than eight, other non-executive members to the Commission. Newly appointed members, or re-appointed members, are appointed for terms of five years. Members can be reappointed once.

The Central Bank website contains further information on the [current Commission members](#).

Role and Responsibilities of the Commission

The Commission has the following statutory functions:

- management and control of the affairs and activities of the Central Bank for which it is responsible;
- ensuring that the Central Bank's financial regulation and central banking functions are coordinated and integrated; and
- ensuring that the statutory powers and functions conferred on the Central Bank are properly exercised and discharged.

The Commission has adopted its own Terms of Reference which sets out how it can best deliver on the responsibilities associated with this statutory functions.

Delegations and the Plan of Assignment of Responsibility

Section 18F of the 1942 Act provides the Commission with a power to delegate its functions and powers to the Governor, a Deputy Governor, or an employee of the Central Bank. Such delegations are made in the interests of the efficient and effective management of the Central Bank, and to ensure the proper exercise and discharge of the Central Bank's functions and powers. To that end, the exercise of most of the Central Bank's statutory functions and powers has been delegated by the Commission.

Section 32A of the Act sets out the legislative provisions regarding the establishment of a framework for the assignment of responsibilities within the Central Bank. This is referred to as the Plan of Assignment of Responsibility (the Plan). The Plan provides an operational method through which the Governor proposes to the Commission the assignment of responsibility for specified powers and functions of the Central Bank to himself or herself, a Deputy Governor and/or an officer or employee of the Central Bank.

While the Commission has delegated the exercise of the majority of the functions and powers of the Central Bank and has approved the Plan for the assignment of such responsibilities, the Commission retains overall responsibility for the performance of such functions and for ensuring that the powers and functions conferred on the Central Bank (other than those in respect of which responsibility is conferred solely on the Governor) are being effectively managed and controlled.

Furthermore, the Commission retains the power to exercise any of those functions and powers of the Central Bank that it has delegated from time to time by the Commission where it considers it appropriate to do so. In this regard, the Commission may impose conditions, limitations, or restrictions on the performance or exercise of functions or powers delegated. In appropriate cases, the Commission may review decisions taken or the performance or exercise of any delegated function or power.

In addition, the Commission engages with management members on issues of strategic importance to the Central Bank (other than ESCB functions) and advises, supports and constructively challenges them as appropriate. It also approves the Strategy to allow the Central Bank to achieve its statutory functions and it reviews the Central Bank's performance in relation to this Strategy (see section 1.5).

Code of Conduct and Ethics

The Commission has adopted its own [Code of Conduct and Ethics](#) for its own members. Commission members sign the Code of Conduct and Ethics to indicate their understanding and acceptance of its provisions. Furthermore, Commission members must observe and uphold the collective responsibility of the Commission and any committee of which they are a member.

The objectives of the Code of Conduct and Ethics are:

- to set out standards of ethical conduct;
- to promote confidence and trust in the Commission; and
- to prevent the development or acceptance of unethical practices.

Commission members are required to discharge their duties and responsibilities with high standards of integrity and should always be guided in their actions by the provisions of the Central Bank's legislative environment.

Ethics in Public Office

Section 17 of the Ethics in Public Office Act 1995 imposes certain disclosure requirements on persons who are members of boards of state bodies whose directorships have been prescribed in regulations made by the Minister. Such persons are known as designated directors and include members of the Commission. This means any person holding a designated directorship is subject to the disclosure of interests provisions of the Ethics Acts and may have to furnish an annual statement of interests and/or a statement of a material interest (see below).

➤ Statements of Material Interest

Where a function of the directorship fails to be performed and a designated director has actual knowledge that he or she or a connected person has a material interest in the function, the director must furnish a statement in writing of those facts to the other directors of the body and should not perform the function unless there are compelling reasons to do so. If the director proposes to perform the function, he or she should furnish a statement in writing of the compelling reasons to the other directors and to the Standards in Public Office Commission. This applies whether or not an interest has been disclosed in an annual statement of interests.

Commission Meetings

The procedure of the Commission is provided for by Schedule 1 of the 1942 Act. The Commission meets at least eight times per year and meetings are presided over by the Governor, as Chair of the Commission. An acting Chair may be appointed by the Commission to chair a meeting should the Governor be unavailable or need to absent him or herself from the meeting for any reason. Further meetings are scheduled as necessary for the proper performance of the functions of the Commission. The Commission will typically meet to discharge its responsibilities in person or via video or telephone conference or via a hybrid meeting, where some persons attend in person and others virtually.

In accordance with the Commission's [Terms of Reference](#), the Deputy Governor, Consumer and Investor Protection and the Chief Operations Officer, (as members of the Executive Leadership Committee) attend Commission meetings to provide updates on their respective areas, and for other relevant items. The General Counsel is invited to attend meetings of the Commission as legal advisor of the Central Bank. The Head of Communications, or their nominee, is invited to attend meetings where deemed necessary for particular items. The Commission may invite other attendees to meetings where deemed necessary.

Commission Review

The Commission reviews its own effectiveness on an annual basis to assess the extent to which responsibilities are being met, and that the Commission is operating effectively. Every three years an external review of the effectiveness of the Commission is carried out.

Professional Advice

In the furtherance of their duties, the members of the Commission may take independent professional advice, if necessary, at the expense of the Central Bank where they deem it necessary to discharge their responsibilities.

Decision making Procedures

Decisions of the Commission are made on the basis of a majority of the votes cast by the members of the Commission present at the vote in question¹, or by a resolution approved in writing by a majority of members². Certain decisions of the Commission have been delegated to its committees.

The Commission's Committees

The Commission has the power to establish committees consisting of one or more members of the Commission, either solely or together with one or more officers or employees of the Central Bank, and may determine the procedure and define the functions and powers of such committees.

The Commission has established the following committees:

- **Audit Committee**

The Audit Committee comprises three non-executive members, one of whom will be the Chair of the Risk Committee. Meetings of the Audit Committee are held not less than four times per year, together with an annual joint meeting with the Risk Committee. The Commission established the Audit Committee to provide support to the Commission in meeting its responsibilities for issues relating to risk, control and governance. The Committee achieves this through reviewing the comprehensiveness, reliability and integrity of assurances to the Commission. The key responsibilities of the Committee are set out in its [Terms of Reference](#). The Committee is also empowered to take decisions on the basis of any delegated authority from the Commission.

- **Risk Committee**

The Risk Committee comprises up to seven members – three or four non-executive members, one of whom will be the Chair of the Audit Committee and the two executive members namely the Deputy Governor, Monetary and Financial Stability and Deputy Governor, Financial Regulation and the Chief Operations Officer. Meetings of the Risk Committee are held not less than four times per year, together with an annual joint meeting with the Audit Committee. The Commission established the Risk Committee to review and advise the Commission on key risk frameworks for the management of the Central Bank's principal internal risk exposures. A key objective of the Commission is ensuring the application of risk frameworks within the Commission approved risk appetite. The Committee is also empowered to take decisions on the basis of any delegated authority from the Commission. The key responsibilities of the Committee are set out in

¹ Central Bank Act 1942, Schedule 1, para 4.

² Central Bank act 1942, Schedule 1, para 5.

its [Terms of Reference](#). The Committee is also empowered to take decisions on the basis of any delegated authority from the Commission.

- **Major Projects Committee**

The Major Projects Committee comprises three non-executive members and one executive member of the Commission and the Chief Operations Officer. Meetings of the Major Projects Committee are held not less than four times per year, normally on a quarterly basis. The Commission established the Major Projects Committee to provide support to the Commission in meeting its responsibilities in relation to the effective execution of the Central Bank's Strategy. This includes oversight and consideration of major projects and related budget, including the related Investment Envelope. The Committee will also seek to achieve alignment with the Central Bank's risk profile by providing oversight of the Central Bank's Project and Programme Portfolio, including benefits realisation. The key responsibilities of the Committee are set out in its [Terms of Reference](#). The Committee is also empowered to take decisions on the basis of any delegated authority from the Commission.

- **Remuneration Committee**

The Remuneration Committee comprises three non-executive members. Meetings of the Remuneration Committee are held once per year, normally in November. The Commission established the Remuneration Committee to provide support to the Commission in meeting its responsibilities for issues relating to remuneration policy and remuneration. The key responsibilities of the Committee are set out in its [Terms of Reference](#).

2.2 The Governor

The Governor is appointed by the President, on the advice of the Government, for a term of seven years, and may be re-appointed. The Governor's responsibilities include: (i) the holding and managing by the Central Bank of the foreign reserves of the State; (ii) promoting the efficient and effective operation of payment and settlement systems, and (iii) performing such other functions as are imposed on the Governor by or under law³. The Governor has sole responsibility for the performance of the functions imposed, and the exercise of powers conferred, on the Central Bank by or under the Rome Treaty or the European System of Central Banks (ESCB) Statute. The Governor has the power to do whatever is necessary for or in connection with, or reasonably incidental to, carrying out the Governor's responsibilities⁴.

Further information on the Governor's role and responsibilities is set out in the Central Bank's RSL.

The Governor is the Chair of the Commission⁵ and is therefore responsible for the effective management of the Commission agenda. The Governor is also the Chair of the Executive Leadership Committee and the Financial Stability Committee (further information on all cross-organisational committees can be found in Section 5).

The Governing Council of the ECB, of which the Governor is an *ex officio* member, is responsible for monetary policy (e.g., setting interest rates and the provision of liquidity) in the euro area. The

³ Central Bank Act 1942, section 19A (1).

⁴ Central Bank Act 1942, section 19A (4).

⁵ Central Bank Act 1942, Section 18CA(2).

Central Bank provides support and analysis to the Governor in his capacity as a member of the Governing Council, and implements the monetary policy decisions of the Governing Council. The Governor holds the position of Alternate Governor for Ireland on the Internal Monetary Fund's Board of Governors.

2.3 Responsibilities of Senior Leaders at the Central Bank of Ireland

The Central Bank's [Responsibilities of Senior Leaders](#) (RSL) set out the main responsibilities of those holding senior leadership positions within the Central Bank, together with the relevant governance arrangements in place that support decision-making across the Central Bank. Senior leaders are identified as the Governor, the Deputy Governors, the Chief Operations Officer and the Directors. Furthermore, because of their statutory responsibilities, the RSL includes the Registrar of Credit Unions and the Secretary of the Bank. In addition, the positions of the General Counsel, the Head of Internal Audit and the Head of Organisational Risk are included as they have some direct accountabilities to the Commission and/or the Governor, or under the Code of Practice for the governance of State Bodies in Ireland.

2.4 Responsibilities of all Staff

All Central Bank staff play an important role in ensuring that the Central Bank delivers on its objectives. In doing so, all staff are obliged, in keeping with the Central Bank's Values and Priority Behaviours, to participate in, and contribute to, the good governance of the Central Bank in the performance of their duties, through adherence to the requirements of relevant legislation and of corporate policies and procedures.

To ensure appropriate standards of ethical conduct amongst staff and officers of the Central Bank, all staff are required to adhere to the Central Bank's Code of Ethics. The Code of Ethics provides guidance to staff on principles of good conduct which are consistent with the Central Bank's Values and Priority Behaviours, and which seek to avoid conflicts of interest and to promote an environment that is free from any suggestion of improper influence. The Code of Ethics is reviewed and approved annually by the Commission. All staff have a duty to be informed about the Code of Ethics and to uphold its standards of conduct at all times. The Code of Ethics is supported by a range of ancillary policies covering specific areas where more detailed requirements are necessary. At present these ancillary policies cover conflict of interest management, gifts and hospitality and personal financial transactions. A report on ethical and conduct risk issues is submitted annually to the Commission.

In addition, the Commission has also established an Internal Whistle-blowing Policy which it reviews annually. This policy documents the procedure established by the Bank for facilitating its workers in making a protected disclosure.

Section 3 Assurance and Compliance

This chapter includes information on the Central Bank's assurance (to include relevant elements of the Code of Practice for the Governance of State Bodies 2016), and compliance arrangements which underpin the Central Bank's governance approach.

3.1 Assurance

Code of Practice for the Governance of State Bodies

The Department of Public Expenditure & Reform has established a Code of Practice for the Governance of State Bodies (2016, updated in 2020) (the 'Code of Practice'). The Code of Practice provides a framework for the application of best practice in corporate governance by both commercial and non-commercial State bodies. The Commission decided to adopt the Code of Practice, adapted in some instances to take account of the Central Bank's particular governance framework and the statutory requirements of the Central Bank Acts and the Treaties, including the requirement for the Central Bank to be independent.

The Commission will refer to the Central Bank's application of the Code of Practice and the Statement on Internal Control as a means of articulating assurance practices in place. An annual internal review of the Central Bank's System of Internal Control is undertaken to support the Commission in its consideration of the adequacy of control measures in the preceding year.

Audit Committee

The Commission's Audit Committee, has responsibilities including the oversight and review of the financial statements, the external auditors, internal audit and risk management and internal controls and other responsibilities.

Internal Audit

The Internal Audit Division (IAD) is an independent, objective assurance and consulting function designed to add value and improve the performance of the Central Bank in delivering upon its strategic responsibilities. It systematically evaluates the effectiveness of risk management, control and governance processes. IAD provides the Central Bank's representative of the Internal Auditors Committee (IAC) of the ESCB and is responsible for auditing the local components of ESCB systems and processes. The IAC oversees the performance of internal audit functions for the Eurosystem/ESCB and the SSM.

The objective of the IAD is to act as the independent and objective "third line of defence" within the Central Bank's governance framework. IAD has free and unrestricted access to the Governor and members of the Commission. The Head of IAD reports directly to the Governor (as appropriate) and he or she has unrestricted access to the Audit Committee and the members of the Executive Leadership Committee. IAD is responsible for reporting significant risk exposures and control issues to the Commission and Senior Management, including those relating to fraud and governance. IAD submit regular reports to the Governor and Audit Committee, giving an

assessment of how effectively its purpose is met. On an annual basis, the Audit Committee approves a rolling three-year audit plan for implementation by the IAD.

IAD also report to the Independent Audit Committee (IAC) of the European Central Bank (ECB) on the outcome of ESCB audits and other audit issues. Reports from the IAC are submitted to the ECB Governing Council and also to relevant ESCB Committees.

External Auditors

The Comptroller and Auditor General audits, certifies and reports on the Central Bank's Statement of Accounts and remits both his or her report and the Statement of Accounts to the Minister. Furthermore, the Central Bank's Statement of Accounts are audited by independent external auditors.

System of Internal Controls

The Central Bank prepares a Statement on Internal Controls (SIC)⁶ which describes the key control and risk management procedures that have been implemented by the Commission, to provide reasonable (as opposed to absolute) assurance regarding its approach to ensuring the Central Bank delivers on its objectives. In addition, the Central Bank's external auditors review the SIC as part of preparing their report on the Central Bank's Statement of Accounts.

Risk Management

Risk management and robust internal control are an integral part of the Central Bank's governance and management systems. Risk management comprises the identification and assessment of risks, the implementation of control measures, the review and monitoring of controls and regular reporting to senior management and the Commission on the effectiveness of control measures. The Central Bank's risk management frameworks seek to safeguard the security, continuity, compliance and integrity of operations in support of the Central Bank's strategy and business objectives. The accountabilities of management and staff in respect of the Central Bank's risk management frameworks are set out in a range of policies, which are reviewed and approved by the Commission or its Committees.

➤ Risk Appetite

The Commission has defined an overarching risk appetite for the Central Bank. The risk appetite and underlying limits and tolerances are an important part of the Central Bank's internal governance. The risk appetite supports the Central Bank's risk management approach, which includes measures for identifying and assessing financial and non-financial risks, implementing and monitoring the adequacy of control measures, managing incidents and breaches, and reporting the status of risks, control measures and remedial actions. Assessing the Central Bank's actual risk profile against its risk appetite permits the Commission to determine the adequacy of these risk management activities. An abridged version of the risk appetite is provided on [the Central Bank's website](#).

⁶ Code of Practice for the Governance of State Bodies, 2016 sections 7.3 and 7.4.

Public Spending

All Irish public bodies are obliged to treat public funds with care, and to ensure that the best possible value for money is obtained whenever public money is being spent or invested. The Central Bank has a structured process in place to appraise all capital investment. Each project is considered and approved under the relevant internal authorisation framework, unless the committed cost exceeds the authority level set out in the Commission's approved expenditure policy, in which case it is considered by the Commission, via the Major Projects Committee.

Operational expenditure by the Central Bank is broadly aligned with the principles and spirit of The Public Spending Code (2019), and associated government circulars, insofar as they apply to the Central Bank.

Procurement

The Central Bank has in place a centralised procurement function responsible for maintaining effective and compliant procedures for the tendering and approval of vendors in accordance with public procurement requirements, incorporating reporting both annually and as necessary to the Commission's Audit Committee.

3.2 Compliance

The Central Bank's mandate is underpinned by legislation, compliance with which is managed by designated business divisions within the Central Bank.

In addition, the Central Bank is subject to a range of other legislative provisions, in areas such as employment law, health and safety, and data protection. Responsibility for compliance with such legislative provisions is led by a relevant business division, with obligations of management and staff clearly communicated through the Central Bank's internal policies and procedures.

Relevant business divisions consult with the Central Bank's Legal Division if they have any queries on the Central Bank's statutory mandate or legal obligations in this regard.

Furthermore, Central Bank compliance with non-statutory provisions is led by a relevant business division again with the obligations of senior management and staff communicated through Central Bank's policies and procedures.

Section 4 Accountability and Transparency

This chapter includes information on the Central Bank's most pertinent accountability mechanisms, together with some particular measures which enhance transparency.

4.1 Accountability

The Central Bank provides accountability for its legislative mandate through the following mechanisms:

Strategic Plan

In accordance with section 32B of the 1942 Act, the Central Bank is obliged to prepare and publish a strategic plan every three years.

The Minister of Finance has the power to define the form of a strategic plan. When the Minister receives the strategic plan, they must lay it before the Oireachtas. As soon as practicable after becoming aware that a strategic plan has been laid before the Oireachtas, the Central Bank must publish and take all reasonable steps to implement it.

Annual Report and Annual Performance Statement

In accordance with section 32K of the 1942 Act, the Central Bank prepares a report of its activities during the year and presents this Annual Report to the Minister within six months after the end of each financial year.

Section 32J(3) of the 1942 Act requires the Central Bank, within six months after the end of each financial year, to prepare and transmit to the Comptroller and Auditor General a Statement of Accounts for the financial year concerned. The Comptroller and Auditor General audits, certifies and reports on the Statement of Accounts and remits both his or her report and the Statement of Accounts to the Minister.

Copies of each of these documents are laid (by the Minister) before each House of the Oireachtas.

The Central Bank is also required, under section 32L of the 1942 Act to prepare an annual performance statement on the regulation of financial services for submission to the Minister by 30 April each year. In accordance with the 1942 Act, the performance statement must be in three parts:

- A Regulatory Performance Plan outlining the aims and objectives of regulatory activity planned for the current year;
- A review of regulatory performance during the preceding year having regard to the Regulatory Performance Plan for that year, including activities carried out by the Internal Audit function and the Registrar of Credit Unions and any other relevant matters; and
- A report of any international peer review on the Central Bank's performance of its regulatory functions carried out under this legislation during the preceding year.

Within one month of receiving the Annual Performance Statement, the Minister must lay this before each House of the Oireachtas.

In practice, the Annual Report, incorporating the Annual Performance Statement, together with the annual Statement of Accounts, are combined in a single document and submitted by the Central Bank to the Minister for Finance by 30 April each year.

The Minister may, from time-to-time, request the Governor or the Commission to consult with the Minister as regards the performance by the Central Bank of any of its functions. However, the Minister may not consult with the Governor in relation to his ESCB functions.

Appearances before Oireachtas Committees

The Governor, a Deputy Governor or the Registrar may be obliged to attend before a Joint Committee of the Oireachtas responsible for examining matters relating to the Central Bank and to provide that committee with such information as it requires, subject to the TFEU and the ESCB Statute and to the Central Bank's professional secrecy and confidentiality obligations.⁷

The Governor or a Deputy Governor may also be requested to attend before an Oireachtas Committee to provide that committee with information relating to the Central Bank's performance statement. In such circumstances, the Governor or Deputy Governor shall appear before the committee and provide information regarding the Central Bank's performance statement, subject to the Central Bank's professional secrecy and confidentiality obligations.⁸ The Governor or Deputy Governor may also provide written information in advance of any committee meeting, and hearings may also be attended by relevant Central Bank Directors and Heads of Division where specialist knowledge is required.

Statutory Inquiries

The Central Bank and its officers and employees are from time to time called upon to provide evidence to inquiries established under Statute. In its dealings with any such inquiry, the Central Bank must comply with the confidentiality obligations imposed under Section 33AK of the 1942 Act.

Peer Reviews

At least every four years, the Central Bank is required to arrange for a review of the performance of its regulatory functions to be conducted by another national central bank, or another person or body whom the Governor has certified as appropriate, following consultation with the Minister.⁹

In practice, peer reviews, in accordance with the legislation, are carried out on a regular basis. Details of these reviews are reported on annually in the Annual Performance Statement.

⁷ Central Bank Act 1942, section 33AM.

⁸ Central Bank Act 1942, section 33L.

⁹ Central Bank Act 1942, section 32M.

4.2 Transparency

Engagement with our External Stakeholders

The effectiveness of the governance of public bodies is significantly enhanced by active and continuous engagement with stakeholders. The Central Bank aims to be an open, credible and responsible organisation and wants all stakeholders to understand what the Central Bank does – and why. Timely, effective and accessible communications are vital in achieving this goal as part of our Open and Engaged Strategy. The Central Bank has a Commission approved Communications Strategy.

The Central Bank places a high value on relationships with its stakeholders and with its customers (i.e., those members of the public who interact with the Central Bank in the context of receiving services from the Central Bank) and the Central Bank is committed to engaging with them in a spirit of openness and transparency, while delivering high quality services, consistent with commitments in the Central Bank's Customer Charter. The Central Bank communicates extensively through social and digital media channels to ensure that interested members of the public can receive information directly from the Central Bank where relevant.

To enhance transparency, and to build an understanding of the Central Bank's work, minutes of the Commission are published. The Central Bank also publishes transcripts of key media interviews, as an example of its commitment to ensuring complex messages are accessible to all stakeholders. To enhance communication and engagement with its stakeholders the Central Bank hosts roundtable discussions on economic and financial issues allowing representative groups, civil society groups and other interested stakeholders an opportunity to discuss our role and decisions. In addition, members of the Central Bank team regularly take part in industry events and deliver speeches to relevant groups.

When developing Irish regulatory policy, the Central Bank engages with a range of national stakeholders, for example, the Department of Finance, and consumer and industry representative organisations. Dedicated public consultations are also held on significant policy initiatives, as and when these arise.

The Central Bank engages actively in the European regulatory policy process, contributing to the development of sound rules well adapted to the Irish context and supporting the work to transpose those rules into Irish law and provide the framework for their application to Irish financial firms and markets.

Section 5 Internal Governance Structures

This chapter includes information on other internal governance structures in place which embed good governance practices and processes across the Central Bank.

5.1 Cross-Organisational Committees

While the Commission has overall responsibility for the management and control of the Central Bank, there are a number of internal cross-organisational committees (see Appendix 1) established to co-ordinate the development and implementation of policies, and advising on major issues. Cross-organisation committees are advisory in nature to the Chair.

The Central Bank's cross-organisational committee structure comprises both operational and mandate related committees, all with approved terms of reference that are reviewed on a regular basis. It is through involvement with cross-organisational committees that the Central Bank's senior leadership contribute, among other things, towards the development and execution of the Central Bank's strategy, performance, risk appetite and organisational culture.

Operational Committees

- **The Executive Leadership Committee** (chaired by the Governor) is the key executive decision-making body that have strategic, Bank-wide or external significance. This Committee's role is to advise, assist and support the Governor in fulfilling their responsibilities, including those functions delegated by the Commission. For the purposes of this Committee, the Governor is identified as the key decision maker.
- **The Performance and Resourcing Committee** (chaired by the Chief Operations Officer) drives the Bank's strategic performance and supports the effective use of resources. The responsibilities of the Committee are to oversee preparation of the Annual Business Plan and investment envelopes; oversee, monitor and support the effective delivery of the Annual Business Plan; decide on the allocation of resources across the Central Bank to deliver the Annual Business Plan, reflecting annual and ad hoc prioritisation processes; oversee preparation and monitoring of the Central Bank's annual budget, including the investment envelope¹⁰ in line with agreed thresholds, and monitoring of the financial accounts;¹¹ and oversee the development, and approval of relevant policies under the Central Bank's Corporate Policy Framework.
- **The Risk Management Committee** (chaired by the Deputy Governor, Monetary and Financial Stability) oversees the design, maintenance and continuous development of effective frameworks for the management of the Central Bank's principal internal risk exposures. A key objective is to ensure risks are managed within the Commission's approved risk appetite and associated tolerances. The committee also reviews relevant risk items before they are submitted to the Commission's Risk Committee.

¹⁰ Excluding that of the Transformation Office, which is overseen by the Transformation Board.

¹¹ A number of risk related items relevant to the Financial Accounts are considered by the Risk Management Committee and feed into the preparation of the Financial Accounts as appropriate/relevant.

Mandate Related Committees

- [The Economic Policy and Research Committee](#) (chaired by the Deputy Governor, Monetary and Financial Stability) advises on the Central Bank's role in informing economic and related policy making at domestic and European levels and to oversee the Bank's policy research programme
- [The Financial Stability Committee](#) (chaired by the Governor) advises on the Central Bank's financial stability policies, including the Central Bank's macroprudential policy measures.
- [The Regulatory Policy Committee](#) (chaired by the Deputy Governor, Consumer and Investor Protection) advises on regulatory policy issues and initiatives including consultation papers, feedback statements, codes, guidelines, and regulations before their adoption in accordance with relevant delegations.
- [The Supervisory Risk Committee](#) (chaired by the Deputy Governor, Financial Regulation) advises on issues central to the management of supervisory risks and also, on the development and enhancement of risk-based supervision and supervisory engagement.

5.2 Corporate Policy Framework

The Central Bank's Corporate Policy Framework provides guidance on the development, review and management of Corporate Frameworks and Policies. This documented Framework specifies Corporate Policy Category Levels, and the criteria for assigning the appropriate level and approval authority for each Corporate Policy. In addition to a register of Corporate Policies, which is accessible to all staff, the Framework includes policy templates to assist in the consistent articulation and implementation of internal policies. Where deemed necessary, compliance with policy requirements is supported by dedicated, mandatory training and/or attestation procedures for staff.

5.3 Protected Disclosures

A comprehensive suite of employment and immunity protections for 'whistle-blowers', regardless of the nature or characteristics of their workplace, have been introduced in the Protected Disclosures Act 2014 as amended by the Protected Disclosures (Amendment) Act 2022 (the Act).

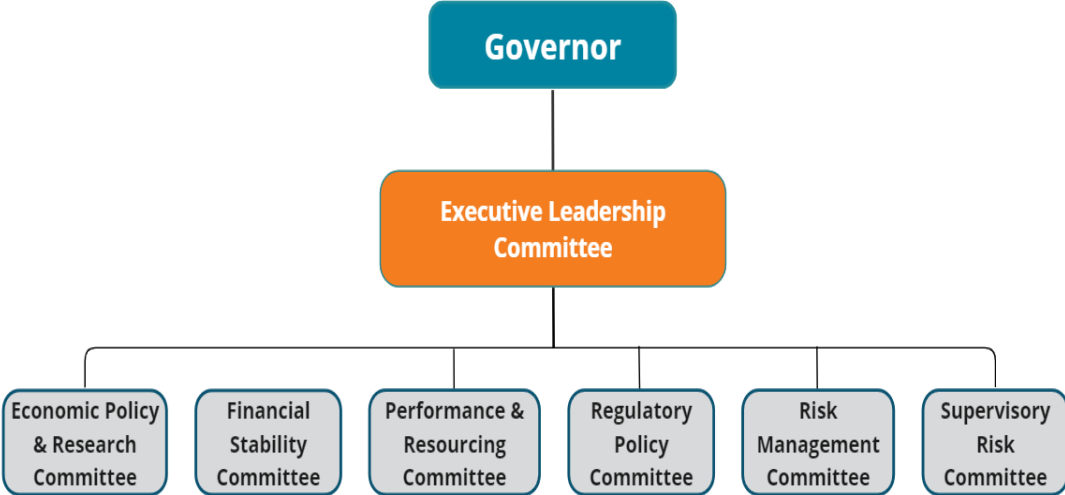
All public bodies, including the Central Bank, are obliged under the Act to have internal procedures in place for dealing with protected disclosures and for these to be made available to their workers. The Central Bank has in place established procedures for the making of a protected disclosure. These procedures describe out the process by which a member of staff can make a disclosure, what will happen when a disclosure is made and what the Central Bank will do to protect a discloser.

5.4 Memoranda of Understanding (MoUs)

The Central Bank has in place a Memorandum of Understanding Guidance Framework to assist in the establishment, recording and ongoing management of MOUs with external parties. A register of MOUs has been compiled and is accessible to all staff.

Appendix 1

Internal Governance – Cross-Organisational Committees



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