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IAD's Vision, Mission & Purpose

Vision: recognised as an industry leading internal audit division and value adding resource to the Bank.

Mission: supporting the Bank in achieving its strategic initiatives through the provision of risk-based, objective and independent assurance, advice and insight.

Purpose: provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

Commission Statement

- The Commission, through the Audit Committee, require and support a quality Internal Audit Division. IAD helps the Central Bank of Ireland (the Bank) accomplish its purpose by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- IAD will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practise of internal auditing and for evaluating the effectiveness of IAD's performance.
- This Charter is reviewed by the Audit Committee, a sub-committee of the Bank's Commission, on an annual basis. This Charter was approved by the Audit Committee on 28 March 2023.



2. Independence and Objectivity

- It is the responsibility of Management to ensure that all audit concerns are addressed satisfactorily. IAD will have no direct operational responsibility or authority over any of the activities audited. Accordingly, it will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair IAD's objective judgement. Without prejudice to this objective, it may selectively review systems under development and advise Management generally on standards of control before implementation.
- Internal Auditors will disclose impairment, exhibit objectivity, make balanced assessments and take necessary precautions to ensure objectivity. Any impairment of independence or objectivity will be disclosed to appropriate parties.
- IAD will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of necessary independence and objectivity.
- The Head of Internal Audit (HIAD) will disclose to the Audit Committee, a sub-committee of the Commission, any interference and related implications in determining the scope of Internal Audit performing work or communicating results.
- On an annual basis, the HIAD will submit to the Audit Committee an Internal Audit Plan for review and approval based on a prioritisation of the audit universe using a risk-based methodology.
- The HIAD will confirm to the IAC, at least annually, the organisational independence of the internal audit activity.



3. Roles and Responsibilities

- IAD's primary responsibility is to the Commission through the Audit Committee. IAD assists them in carrying out their corporate governance responsibilities by providing an independent view on the key risks facing the Bank, and the adequacy and effectiveness of governance, risk management and the internal control environment in managing these risks. The mission of IAD is to support the Bank in achieving its objectives through the provision of risk-based, objective and independent assurance, advice and insight. It is the responsibility of the Bank's operational management to establish appropriate systems of internal controls. Thus, operational management acts as the first line of defence. The risk management, control, compliance and oversight functions established and deployed by Management represent the second line of defence.
- IAD discharges its responsibilities by critically and objectively evaluating, on a risk based approach:
 - the implementation of risk management processes;
 - the reliability and integrity of the financial and other controls, processes and systems to ensure that risks are effectively managed, value for money is assessed and that the Bank's assets and operations are properly accounted for and safeguarded from loss;
 - consistency of operations or programmes with established objectives and goals as well as effective performance;
 - the effectiveness and efficiency of operations and use of resources;
 - the reliability and integrity of management information processes and systems;
 - the operation of the Bank's corporate governance processes;
 - compliance with policies, plans, procedures, laws and regulation; and
 - the design, implementation and effectiveness of the Bank's ethics-related objectives, programmes and activities.
- IAD may perform consulting and advisory services related to governance, risk management and control. It may also provide consultancy services at the request of the Commission or Management.



4. Authority; Reporting & Monitoring

Authority

- IAD derives its authority from the Commission. With strict accountability for safekeeping and confidentiality of records and information, IAD is authorised full, free and unrestricted access to all of the Bank's records, physical properties and personnel pertinent to carrying out any engagement. IAD will also have free and unrestricted access to Management, the Governor and members of the Commission.
- The HIAD reports directly to the Governor as appropriate. Additionally the HIAD only reports to the Director of Strategy and Governance for budgetary and administrative purposes.

Reporting & Monitoring

- IAD will submit written reports at regular intervals to the Governor and the Audit Committee, giving an assessment of how effectively its purpose is met. The HIAD will meet the Governor on a regular basis to provide updates on the work of IAD.
- The HIAD will report periodically to the Audit Committee, a self-assessment of the internal audit activity as regards its adherence to the Audit Charter, its performance relative to its Plan and its conformance with the IPPF. The HIAD will communicate to the Executive Leadership Committee and the Commission on its performance relative to its Plan and on Internal Audit's quality assurance and improvement programme. The HIAD will also communicate the results of on-going internal assessments and external assessment conducted at least every five years.
- Based on its activity, IAD is responsible for reporting significant risk exposures and control issues to the Commission and to Senior Management, including those relating to fraud and governance.



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5. External Engagement

External Service Providers

- IAD engages with key professional services firms under an established framework agreement to ensure operating practices and work processes are in line with current standards and industry best practices. IAD co-source certain audits to supplement the skill-set within the division.

Engagement with the Internal Auditors Committee (IAC) of the European System of Central Banks (ESCB)

- IAD participate in secondment arrangements with other Internal Audit functions across the Eurosystem.
- IAD is a member of the IAC and is responsible for auditing the local components of the ESCB engagements in accordance with binding practices for audit work assigned to the IAC by the Governing Council under ESCB audit policy.
- IAD will report to the IAC on the outcome of ESCB audits and other audit issues.



6. Quality Assurance Improvement Programme

IAD maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the Division's activity. The programme includes an evaluation of IAD's conformance with the IPPF, including the IIA Standards and an evaluation of whether Internal Auditors apply IIA's Code of Ethics. The programme also assesses the efficiency and effectiveness of IAD and identifies opportunities for improvement. IAD communicate the results of the QAIP to the Audit Committee at each meeting.

An external quality assessment (EQA) is conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Bank to test whether IAD meets the standards set by the IIA. The 2022 EQA is complete and the next EQA is due in 2027.



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