

Audit Committee

2022 Annual Report

Office of the Revenue Commissioners

Contents

Page

Section 1: Membership of the Audit Committee 2

Section 2: Chairperson’s Statement 3

Section 3: Role of the Audit Committee 5

Section 4: Work of the Audit Committee 6

Section 5: Internal Audit Unit work in 2022 and other audit activities ~~8~~87

Section 6: Priorities for 2023 8

Appendix A: Audits Carried out in 2022 ~~11~~110

Section 1: Membership of the Audit Committee

The Audit Committee of the Office of the Revenue Commissioners consists of five members. Four of these members are external to the Office itself. The composition of the Committee at the end of 2022 was as follows:

John Murphy, Chairperson of the Committee, former Secretary General of the then Department of Jobs, Enterprise, and Innovation.

Dr. Karen-Ann Dwyer, Assistant Professor in Accounting, Dublin City University.

Helen Hall, Chief Executive, Policing Authority.

Dr. Paul Lyons, Adjunct Assistant Professor, Trinity Business School, Trinity College Dublin.

Declan Rigney, Assistant Secretary, Personal Taxes Policy and Legislation Division, Revenue.

Sinéad Coburn, Secretary to the Committee, Internal Auditor, Revenue .

2: Chairperson's Statement

Statement by the Chairperson of the Audit Committee to the Chairman and Accounting Officer of the Revenue Commissioners

This is the twenty-third Audit Committee report for Revenue and covers the year ending 31 December 2022.

The role of the Audit Committee, as set out in the Audit Committee Charter, is to oversee the internal audit function in Revenue and advise the Board in relation to the operation and development of that function, as well as to assess governance arrangements and to provide advice and guidance in relation to the systems of risk management and internal control.

The Audit Committee met in person for the latter three meetings during the year. In addition to overseeing the implementation of the 2022-2024 Internal Audit Strategy and Audit plan, the Committee engaged with Senior Management during the year to assess governance and risk management arrangements. The Committee met with Assistant Secretaries in relation to risk management, internal fraud, debt management and Revenue's new compliance intervention framework during the year.

The Committee remains satisfied that the Internal Audit function in Revenue continues to make a significant contribution to the internal control environment of Revenue. The Internal Audit function carried out its function, with a number of staff changes, and I wish to acknowledge the continued service during 2022. The Committee appreciates the commitment and professionalism of the Internal Audit staff and their positive contributions in relation to quality assurance, risk-based methodologies, and their engagement in the further development of internal audit capabilities.

The Committee met with representatives of the Comptroller and Auditor General (C&AG) to discuss the findings in relation to the controls operated by Revenue. The C&AG issued an unqualified opinion on Revenue's 2021 Appropriation Account and on the Revenue Account, and the Committee notes the recommendations and Revenue's response in relation to matters that need further attention. The Committee also met with the Chairman at the December Committee meeting and separately I met with Revenue's Board and the Assistant Secretary over Corporate Services Division in March, 2022.

On behalf of the Committee I would also like to thank Senior Management in Revenue for their engagement with the Audit Committee and with internal audit, both in audit engagements and in the implementation of recommendations. Such co-operation is essential for an effective internal audit function. We would also like to express our appreciation for the strong support the Audit Committee receives from the Revenue Board. The Committee wishes to welcome Dr. Karen-Ann Dwyer who joined as a new member in 2022.

John Murphy

Chairperson

February 2023

Section 3: Role of the Audit Committee

The role of the Audit Committee, as set out in the Audit Committee Charter, is to oversee the internal audit function in Revenue and advise the Board in relation to the operation and development of that function, as well as to assess governance arrangements and to provide advice and guidance in relation to the systems of risk management and internal control. The functions of the Audit Committee, as set out in its Charter, are to:

- advise, and make recommendations, to the Board and Senior Management on any matter pertaining to the internal audit function in Revenue, as the Committee considers necessary or appropriate, including its organisation, resources, training, the use of technology, etc.,
- consider and review Revenue's risk management arrangements and, as appropriate, advise the Accounting Officer on such arrangements,
- review the Internal Audit Charter, as appropriate,
- review the draft Multi-Year Internal Audit Plan, prior to its submission to the Board,
- monitor the implementation of the Audit Plan on a quarterly basis,
- assess the outcome of the audit process, having regard to findings, recommendations, and management responses,
- assess the implementation of agreed corrective actions by management, having regard to follow-up audits,
- request special reports and briefings from the Internal Audit Unit and operational management as considered appropriate,
- foster the development of good practice in the internal audit function, and
- monitor Protected Disclosures and review the status of Protected Disclosures received on a biannual basis.

The Audit Committee does not exercise any executive or managerial functions.

The Committee is required to report to the Board within three months following the end of each calendar year on its activities during the year and may proffer such advice and recommendations, as it may deem appropriate.

Section 4: Work of the Audit Committee

The Audit Committee held five meetings in 2022, viz., 4 February, 28 March, 5 July, 16 September, and 7 December.

The work of the Audit Committee in 2022 focussed mainly on:

- Oversight of the implementation of the 2022-2024 internal Audit Strategy and Multi-Year Audit Plan.
- Deepening our engagement with systems of governance and the impact of the removal of Covid-19 public health restrictions and supports on Revenue's activity and control environment.
- Revenue's response to fraud and anti-corrution and the Committee met with the Assistant Secretary, Corporate Services Division in relation to Revenue's approach.
- Effectiveness of compliance interventions in the context of the new Compliance Intervention Framework and the Committee met with the Assistant Secretary for the Accountant General and Strategic Planning Division on this issue.
- Oversight of the Internal Review of Capability of the IA Function.
- Review of the Internal Audit Charter and Audit Committee Charter.
- Review of outputs of the Internal Audit Unit including audit reports as listed at Appendix A and monitoring the implementation of agreed recommendations having regard to follow-up audits.
- Meeting with Management and other groups including: -
 - Revenue Chairman (as well as a separate meeting between the Chairperson of the Audit Committee and the Revenue Chairman on 1 March 2022)
 - Key Divisional Management including the Collector-General and the Assistant Secretaries of Corporate Services Division, and Accountant General's and Strategic Planning Division.
 - Chair of Revenue's Risk Management Committee.
- Engagement with the Office of the Comptroller and Auditor General.

Risk Management

The following structures and activities are in place for the Audit Committee to carry out its role in providing assurance, advice, and support on risk management arrangements:

- Biannual meeting with the Chairperson of the Risk Management Committee (RMC) in relation to risk management and how key corporate and business risks are identified, evaluated, and monitored.
- Dual membership of the Revenue Assistant Secretary on the Audit Committee and RMC.
- Standing Risk Management item on Audit Committee Agenda.
- Attendance of Director of Internal Audit, as observer, at all RMC meetings and quarterly update from DIA on risk management arrangements.
- Engagement with, and feedback from, management on the extent to which management has assumed ownership of risk and control and whether controls are fit for purpose and working as intended .
- Risk management is an auditable topic in the Audit Universe and consideration of same for inclusion in IA work and in the Audit Plan.

Audit Committee meetings during 2022 included a presentation from the Chair of the RMC as well as updates from the Director of Internal Audit who attends meetings of the RMC with observer status. At the July meeting, the RMC Chair presented on Cyber Security and Risk Management. The discussion on corporate risk management, included the arrangements in place for the identification of risk owners and quarterly risk reporting on the effectiveness of mitigating actions and residual risks in the Corporate Risk Register (CRR). The RMC Chair also advised of the work of the OECD Forum on Tax Administration (FTA) on risk management and benchmarking current risk management maturity.

The Audit Committee also reviewed the report from the Risk Management Committee of its activity during 2021.

Section 5: Internal Audit Unit work in 2022 and other audit activities

Programme of work

The implementation of the 2022-2024 Multi-Year Internal Audit Plan was monitored by the Committee by means of quarterly progress reports presented by the Internal Audit Unit.

The Internal Audit Unit submitted 24 audit reports (including 13 follow-up audits) and all were approved during the year. Details are included at Appendix A.

IT Audit

The Internal Audit Standards set out that “The internal audit activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities”. In relation to technical IT Audit engagements, one IT Audit was assigned on a co-sourced basis to an external service provider, and is ongoing at year-end.

IA Standards: Quality Assurance Improvement Programme (QAIP)

In 2019 an Internal Review of the Internal Audit function was undertaken as required by the IA Standards under Quality Assurance Improvement Programme. The opinion of the Internal Review was that the IA function “Generally Conforms” to the definition of IA, the International Standards for the Professional Practice of Internal Auditing, and the Code of Conduct. The implementation of recommendations made as a result of this review has benefitted the development of the internal audit function and has facilitated the continued enhancement and improvement of practices.

The QAIP sets out that an internal review of the Internal Audit function is carried out every three years. An internal review focusing on capability of the Internal Audit function began in Q4 2022. This review will include a bench-marking exercise with other Irish Government Departments and international tax and customs administrations. An interim update was provided to the Audit Committee in December and the report is due to be completed in Q1 2023.

The ongoing review of the Audit Universe and its component elements in response to Corporate Risk Register updates and audit outcomes, and the quarterly review of the Multi-Year Audit Plan with the Audit Committee is an important element of the ongoing Quality Assurance Improvement Programme. Furthermore, Internal Audit Unit surveys, following each completed audit, auditee Senior Management for feedback on audit execution and value-add to the audited functions.

Staffing and Training

At the end of 2022, the Internal Audit Unit comprised a Director of Internal Audit, an Internal Audit Manager, and seven auditors with one EO vacancy filled on 5 January 2023. One HEO retired in Q2 2022, while two EOs moved out of the Unit on promotion in Q4 2022. The Internal Audit Manager transferred from the Unit in Q3 2022. IPA Training was undertaken by the Internal Audit Manager and HEO who joined the Unit in 2022 and they completed the certificate in audit skills training. The EO who joined in Q4 2022, along with the EO who joined on 5 January 2023 will undertake formal audit training in 2023. All other members of the Unit have received appropriate formal training and certification, or are in the process of getting the training.

The Director of Internal Audit obtained Chartered Member status with the IIA. IA staff also engaged in further training on Chartered Institute of Internal Auditors (CIIA) short courses on Internal Audit Planning, Agile Auditing, Project Management, risk and effective delivery of audit planning. The Director of Internal Audit attended the CIIA Annual Conference by webinar. The Director of Internal Audit is a member of the Heads of Internal Audit Forum (“HIAF”).

EU Inspection

The Committee work generally includes a review of the the European Commission annual inspections on different aspects of the management and collection of Traditional Own Resources (TOR). The aim of these checks is to verify that national procedures comply with EU customs legislation and that monies are properly collected, accounted for, and made available to the Commission. The 2020 EU audit, postponed due to COVID, took place from 31 May 2021 to 4 June 2021. The focus of this audit was the reliability of Revenue’s customs accounting procedures including refunds. The EU Commission issued their findings in June 2022 and the EU auditors considered the systems and procedures put in place by Ireland as regards the reliability of the customs accounting (the A & B account statements) were “generally satisfactory”. The 2022 annual EU audit took place in December 2022. The focus of this audit is to inspect Ireland’s system for collecting Anti-Dumping and Countervailing Duties. In May 2022, the ECA also held an on-site audit of Irelands implementation of the Authorised Economic Operators (AEO) programme. The audit focused on the implementation, management, and control of the AEO programme.

Comptroller & Auditor General

The Comptroller & Auditor General (C&AG) has a full-time staff presence in Revenue engaged in financial/regularity audit across all Divisions. The C&AG issued an unqualified report on both the Revenue Account and the Appropriation Account for 2021. The Committee met with representatives of the C&AG in December and discussed the findings. The Committee welcomed the unqualified report on both the Revenue Account and the Appropriation Account.

Section 6: Looking ahead to 2023

The Committee has identified the following among its priority interests for the coming year:

- Internal fraud control and anti-corruption systems
- Oversight of an Internal Review of capability of the IA Function
- Oversight of the External Quality Assessment of the IA Function

Appendix A: Audits Carried out in 2022

Report	Title
1	A Review of the Revenue Technical Service (Follow-Up)
2	Enforcement – Drugs Operational Plan
3	Data Protection in a Remote Working Environment: National Employer Helpline
4	Registered Exporters System (REX)
5	ITS/CRS Access and Maintenance Controls (Follow-Up)
6	A Review of the Management of IT Application Development in Revenue
7	A Review of the Employment Wae Subsidy Scheme (EWSS) Compliance
8	A Review of Customer Engagement in Revenue (Follow-Up)
9	A Review of High Value Personal Tax Credits and Reliefs
10	Wide Area Network (Follow-Up)
11	Enforcement – Drugs Operational Plan (Follow-Up)
12	The Management of Revenue Mobile Phones
13	Travel and Subsistence (Follow-Up)
14	Selected Contract Management (Follow-Up)
15	LPT Card Payments
16	Research and Development Credit
17	Administrative Functions in Selected Revenue Areas
18	Data Protection in a Remote Working Environment: National Employer Helpline (Follow-Up)
19	Health and Safety Audit (Follow-Up)
20	Remote Working CyberSecurity Audit (Follow-Up)
21	A Review of Operations – eCommerce Parcel Operator
22	A Review of Revenue’s GDPR Governance Procedures (Follow-Up)
23	A Review of Revenue Procurement Policy and Procedures (Follow-Up)
24	A Review of Access and Permission Controls for Movers and Leavers in Revenue (Follow-Up)

Follow Up Audits

Follow-Up Audits Carried Out in 2022	Associated Recommendations	Implemented/Closed	Superseded	No response from Management
13	47	45	2	0