



An Rialálaí
Carthanas
Charities
Regulator

Annual Report of the Finance Audit Risk and Governance Committee (FARG) 2023

Introduction

The Finance, Audit, Risk and Governance Committee (FARG) is a Committee of the Charities Regulatory Authority, established in accordance with paragraph 6 of Schedule 1 to the Charities Act 2009. It is appointed to assist and advise the Authority by performing the duties described in its Terms of Reference.

The role of the FARG Committee is to oversee the implementation of the Code of Practice for the Governance of State Bodies and to support the Board in relation to its responsibilities for issues of risk management, internal audit, control and governance and associated assurance.

The FARG Committee is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently.

Membership of the FARG

The FARG Committee in 2023 comprised four Board members and two independent members.

FARG Meetings 2023		
Number of meetings held: 5		
Name	Position	Number of Meetings attended
Geraldine Smith	Chairperson and Member of the Authority (Appointed Chairperson on 23/11/2023)	5/5
Rosemary Keogh*	Member of the Authority	5/5
Cathy Holahan	Member of the Authority	5/5
Máire McMahon**	Member of the Authority	2/4
Michelle Walshe	External Member	5/5
Martin Corboy	External Member	3/5

**Rosemary Keogh was Chair of the FARG until 23/11/2023*

***Máire McMahon was appointed to the FARG on 30/03/2023*

FARG Terms of Reference

The terms of reference for the FARG Committee were reviewed by the Board of the Authority and adopted on 30 March 2023.

Work of the FARG in 2023

The FARG, in fulfilling the requirements of its advisory function, assessed the performance of the key elements of the systems of internal control in operation in the Authority in 2023. The FARG held its meetings in person or in a hybrid fashion during 2023.

Internal Audit

Internal audit provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Authority's system of governance, risk management and internal controls. The 2023 internal audit work programme was approved by the FARG on 13 February 2023. The FARG met with the internal auditors to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2023. The FARG also met with the Internal Auditors with no Executive members present on 11 December 2023. The 2023 audits were conducted remotely.

Details of the 2023 audit work programme are set out below.

Effectiveness of Internal Controls Audit 2022 (Presented to the FARG on 13/02/2023)	
High level review of internal controls in the Authority.	The objective of the audit was to provide the FARG with an opinion on the level of reliance that can be placed on the operation of the Authority's internal controls.
Outcome of the audit.	Based on the scope of the review, the existing systems in place in relation to Internal Controls are basically sound and can provide a satisfactory level of assurance regarding the effective and efficient achievement of the Charities Regulator's objectives.

Procurement and Contract management Audit 2023 (Presented to the FARG on 12/06/2023)	
High level review of Procurement and Contract management processes in the Authority.	The objective of the audit was to provide the FARG with an opinion on the level of reliance that can be placed on the operation of the Authority's Procurement and Contract management processes.
Outcome of the audit.	Based on the scope of the review, the existing processes in place in relation to Procurement and Contract management are basically sound and provide a satisfactory level of assurance regarding the effective and efficient achievement of the Charities Regulator's objectives in relation to Procurement and Contract management. A number of recommendations were highlighted and the

	Executive is committed to implementing these in the coming year.
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Payroll and HR management Audit 2023 (Presented to the FARG on 11/12/2023)	
High level review of Payroll and HR management processes in the Authority.	The objective of the audit was to provide the FARG with an opinion on the level of reliance that can be placed on the operation of the Authority’s Payroll and HR management processes.
Outcome of the audit.	Recognising the relative early stages of HR practices in the organization and the objective to become a direct customer of the NSSO, a number of minor improvements were identified which the Executive will work toward implementing in 2024. The existing controls are basically sound and provide a satisfactory level of assurance.

Charity Services Audit 2023 (Presented to the FARG on 11/12/2023)	
High level review of the Charity Services processes in the Authority.	The objective of the audit was to provide the FARG with an opinion on the level of reliance that can be placed on the operation of the Authority’s Charity Services processes.
Outcome of the audit.	Notwithstanding concerns over the lack of information provided to the Board of the Authority to support determinations, a number of improvements were identified which the Executive will work toward implementing in 2024. The existing controls are basically sound and provide a satisfactory level of assurance.

All four Internal Audit Reports were presented to the FARG Committee in 2023 by ASM Ltd.
All four Internal Audit Reports were provided to the Board of the Authority following review by the FARG.

The Effectiveness of Internal Controls Audit 2023 was completed in February 2024, the report was presented to the FARG Committee on 19 February 2024 and the outcome of the report was satisfactory.

External Audit

The Comptroller and Auditor General (C&AG) is the external auditor of the Authority. The FARG met with the external auditor to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2023. The FARG also met with the C&AG team with no Executive members present on 11 December 2023. The 2022 audit was conducted remotely.

A summary of the audit is set out below.

C&AG Audit 2022	
Audit of the Authority's financial statements 2022 (both the Charities Regulatory Authority and the Charity Funds).	To provide independent assurance on the truth and fairness of the financial statements of the organisation.
Outcome of the audit.	The C&AG issued an unqualified audit opinion for the Authority's 2022 financial statements.

Finance oversight

The FARG has no responsibility for the day-to-day financial management or operations of the organisation which is the responsibility of the Executive. During 2023, the FARG reviewed the monthly management accounts and examined and discussed with the Executive the reasons for any material variances from planned expenditure.

The FARG reviewed the Common Investment Fund (CIF) dividend options and made a recommendation to the Board of the Authority. The FARG also reviewed and recommended the execution of a bond trade in relation to the CIF. IQEQ (CIF Fund Managers) presented an update to the FARG on the performance of the CIF in September 2023.

The FARG also reviewed the Estimates 2024 document and Projections for 2023. The FARG also reviewed the budget allocation for 2024.

Risk Management

A risk register is compiled and managed by the Executive and identifies key risks facing the Authority and the actions being taken by the Executive, to the extent possible, to mitigate those risks. The FARG provided feedback to the Authority on their quarterly review of the risk register.

The FARG is satisfied that the process of identifying, assessing and addressing key risks is sufficiently robust to ensure that an effective system of risk management was in place in the Authority in 2023.

The FARG has agreed with the Executive that the Risk Register for 2023 will be designed and presented in such a way that the highest priority risks facing the Authority and the possible causes of these risks coming to pass if not addressed are clearly identified and brought to the FARG's attention.

Corporate Governance

During 2023 the FARG reviewed and recommended a number of policy documents to the Board of the Authority.

The FARG met with both the C&AG and the Internal Auditors in 2023 to discuss results of audits and future audit planning.

The FARG presented a report to the Authority after each of its meetings in 2023. The FARG was compliant with its obligations under the Code of Practice for the Governance of State Bodies in 2023.

In meeting the requirements of the Code, the FARG conducted a self-assessment of its own performance in 2023. The outcome of the self-assessment was positive and will be brought to the attention of the Authority at their meeting on 29 February 2024.

Plan for 2024

The FARG agreed on a work-plan for 2024 at the December 2023 FARG Committee Meeting.

The FARG also approved the Strategic Internal Audit Plan 2024-2026 at the December Meeting, the plan sets out four Internal Audits for 2024. The 2024 Internal Audit Plan includes;

- Cyber-security resilience
- Compliance & Enforcement Unit
- Effectiveness of Internal Controls 2023
- Compliance review of FOI, SAR and Complaints
- A follow-up of previous internal audit recommendations.

Conclusion

The FARG is satisfied that a robust system of internal control and financial management is in place in the Authority. It is also satisfied that there is an appropriate system in place for effective risk management in the Authority. These systems will continue to be monitored by the FARG.


The Executive Team completed the Code of Practice (COP) Checklist, stating compliance with various governance requirements. The COP Checklist was presented to the FARG Committee for review in December 2023, in advance of it being submitted to the Department of Rural and Community Development.

I would like to thank my fellow FARG members for the considerable time spent in preparing for and attending meetings and their valued contributions on the wide range of issues examined in 2023.

I would also like to thank and acknowledge the hard work and valuable contributions of Rosemary Keogh (Chairperson) of the Finance Audit Risk and Governance Committee who stepped down as Chairperson in November 2023.

The FARG would like to express its appreciation for the ongoing support it receives from the members of the Authority.

On behalf of the FARG, I would like to thank the Executive for their ongoing commitment in supporting the work of the FARG.

A handwritten signature in cursive script, reading "Geraldine Smith". The signature is written in dark ink on a light background.

Geraldine Smith
Chairperson
Finance Audit Risk and Governance Committee
19 February 2024



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