An tÚdarás Pinsean
The Pensions Authority

Annual report of the
Audit and Risk Committee
The Pensions Authority
for year ended 31 December 2025

Introduction

The Audit and Risk Committee (ARC) is part of the control environment within the Pensions Authority. The ARC is tasked with providing independent advice to the Authority on matters including the suitability and robustness of the organisation's internal control, internal audit, risk management, governance procedures and the reliability and transparency of financial reporting.

The ARC is independent of the day-to-day financial management of the organisation which is the responsibility of the Executive. The ARC supports the Authority in discharging its governance responsibilities. In particular, the ARC independently monitors the internal control systems including audit activities and the Statement of Internal Control.

Membership of the ARC

The ARC consists of five members: an independent Chairperson, two independent non-executive members, a representative of the Department of Social Protection, and a representative of the Department of Finance.

Schedule of attendance

A schedule of attendance at the ARC meetings for 2025 is set out below.

ARC meetings 2025 Number of meetings held: 4		
Name	**Position**	**Number of meetings attended**
Patricia Barker	Chairperson	4/4
Odelle Coogan	Representative of the Department of Social Protection	4/4
Sarah Murphy	Representative of the Department of Finance	3/4
Cliodhna Judge	Independent non-executive member	3/4
Conor Sexton	Independent non-executive member	4/4

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ARC Charter

The ARC's terms of reference are set out in its Charter. The ARC conducted its annual review of its Charter in 2025, and the updated Charter was approved by the Authority on 9 December 2025.

Work of the ARC in 2025

The ARC, in fulfilling the requirements of its function, assessed the performance of the key elements of the systems of internal control in operation in the Authority in 2025. The ARC held its meetings in-person and supported virtual attendance at the meetings where necessary throughout 2025.

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 2025 internal audit work programme, prepared in consultation with the Executive, the ARC and drawing on the experience of the Internal Auditors (IA) was approved by the ARC. The ARC met with the internal auditors to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2025.

Details of the 2025 audit work programme are set out below.

Internal controls audit completed in Q1 2025	
High level review of internal controls in the Authority.	The objective of the audit was to provide the ARC with assurance as regards the effectiveness of the internal control system and incorporated an audit of a sample of internal controls in place at the Pensions Authority during 2024.
Outcome of the audit	The audit assessment indicates that reasonable assurance can be placed on the adequacy and operating effectiveness of the controls tested to mitigate and / or manage risks to which the audit areas within scope may be exposed. The controls tested operated satisfactorily during the review period. There were no findings raised, that required action from the Executive.

Organisational culture audit completed in Q2 2025	
A high-level review of the Authority's culture.	The objective of the audit was to assess the Authority's cultural characteristics, identify changes (if any) in the Authority's organisational culture in the period since the previous culture audit in 2020 and to assess how the Authority is managing the impact of change.

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Outcome of the audit	The audit assessment indicated that the Authority continues to demonstrate a positive and supportive organisational culture, with strong commitments to employee well-being, ethics, and diversity. Staff generally feel valued, engaged, and aligned with the Authority's mission. This culture has been maintained notwithstanding the significant level of change the organisation has experienced, including the recruitment of new staff, and there has been no significant negative impact on the organisation's culture since the previous culture audit in 2020. The audit opinion was that the Authority has effectively managed change from a culture perspective. The Executive is addressing the four recommendations to enhance the Authority's culture.

Forward-looking risk-based supervision (FLRBS) audit completed in Q3 2025	
A high-level review of the Authority's forward-looking risk-based supervision	The objective of the audit was to assess the adequacy and effectiveness of the change management processes adopted by the Authority to implement a forward-looking risk-based supervisory approach.
Outcome of the audit	The audit assessment indicated that the Authority has made good progress in managing and planning the transition to forward-looking risk-based supervision. Reasonable assurance can be placed on the adequacy and operating effectiveness of the Authority's project and change management processes and controls. The Executive have addressed the two medium and two low level findings raised.

The ARC conducted a performance review of the work of the IA and, in general, is satisfied with the standard of service delivered by the IA.

The ARC met in private, without members of the Executive, with the IA and there were no matters of concern raised by either party. The IA commended the response and efficiency of the Executive in understanding and providing answers to all their queries.

External audit

The Comptroller and Auditor General (C&AG) is the external auditor of the Authority. Moore Ireland conducted the external audit in 2025 on behalf of the C&AG. The ARC met with the external auditors to discuss the outcome of the audit findings and monitored the implementation of audit recommendations by the Executive throughout 2025. The ARC also held a private meeting with the C&AG team independent of the Executive members, no issues of concern were raised by either party. The C&AG

expressed appreciation and commendation for the cooperation received from the Executive during the course of the audit.

A summary of the audit is set out below.

Audit completed in 2025	
Audit of the Authority's financial statements 2024.	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 2024 financial statements. The Executive has resolved the four low level findings, and four medium level findings raised.

Finance oversight

The ARC has no responsibility for the day-to-day financial management or operations of the organisation which is the responsibility of the Executive. During 2025, the ARC reviewed the quarterly management accounts and examined and discussed with the Executive the reasons for any material variances from planned expenditure. The ARC reviewed the investments of the Authority each quarter. The ARC also monitored the future cash flows of the Authority in the light of planned capital expenditure and received reports on the progress of the relevant projects. The ARC paid particular attention to the oversight of the IT project to implement the IPS system. At the time of writing, this project is on schedule and on budget.

The ARC kept the future financing of the Authority as a standing item on its agenda during 2025 and were provided with regular updates from the Executive. The ARC will continue to monitor the Executive's progress in developing a sustainable funding model that will provide the Authority with adequate future income.

The ARC also reviewed the draft 2026 budget at their meeting in November and provided their feedback to the Authority.

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. This provides the ARC with an opportunity to gain a greater understanding of the risks faced by the organisation and obtain assurances from the Executive that there are appropriate controls in place to manage the risks. The ARC provided feedback to the Authority on their quarterly review of the risk register.

During 2025, as referred to above, the ARC undertook a deep dive into the implementation of the new software system IPS (Integrated Pension System) which is being developed to replace the current PDR (Pensions Data Register system).

Executives with specific responsibility for IPS provided the ARC with a detailed presentation on the IPS project.

In Q3 2025, the ARC recommended that the Executive give further consideration to the Authority's risk appetite statement and risk tolerance levels and how the risks identified in the risk register might impact on the Authority's ability to deliver on its objectives in the context of the ongoing development of IT and data systems necessary to support the supervisory work of the Authority. The ARC noted the increased internal and EU data reporting obligations and their associated risks. The ARC also recommended that cyber security, use of Artificial Intelligence and key person risk be kept under close review.

The ARC 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 2025.

During 2025 the ARC also received presentations from relevant members of the Executive on the following:

- Health & Safety
- Fraud, corruption, and bribery prevention measures
- Data Protection and records management
- Procurement and purchasing

Corporate governance

During 2025, the ARC received updates from the Pensions Regulator on the supervision activities of the Authority and on matters including EIOPA updates, the implementation of the IORPS II Directive, digital operational resilience (DORA), consolidation, IT systems development and data management projects, auto-enrolment, fee income, and future office space needs.

The ARC, as a matter of course, meets for a short period, with no Executive members present, at the end of each of its meetings.

The Chair of the ARC presented a report to the Authority after each of its meetings in 2025. The ARC was compliant with its obligations under the Code of Practice for the Governance of State Bodies in 2025.

In meeting the requirements of the Code, the ARC conducted a self-assessment of its own performance in 2025. An external evaluation of the effectiveness of the ARC was conducted by Board Excellence in 2025 which confirmed that the ARC fulfils its duties to the board and operates effectively. Minor recommendations were noted and will be implemented by the ARC.

Plan for 2026

The ARC remains alert to the many ongoing risks faced by the Authority as it progresses with the implementation of forward-looking risk-based supervision as required by the IORP II Directive and will continue to monitor these risks throughout 2026.

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The ongoing development of the data systems and IT infrastructure necessary to support the supervisory work of the Authority and to meet increased internal and EU data reporting obligations which will continue to generate new challenges and risks for the Authority over the coming year. These will also be overseen closely by the ARC throughout 2026.

In addition to the programme of work set out in its charter, the ARC will monitor the impact these challenges will have on the maintenance of a robust system of internal control and risk management within the Authority and on the financial resources available to the Authority.

The internal audit schedule planned for 2026 includes:

- Q1 – High level audit of internal controls
- Q2 – Risk Management
- Q3 – IPS implementation

Conclusion

The ARC 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 ARC.

I would like to thank my fellow ARC members for the considerable time spent in preparing for and attending meetings and their valued contributions to the wide range of issues examined in 2025.

I would also like to thank and acknowledge the hard work and valuable contribution of Odelle Coogan (Department of Social Protection representative) to the work of the ARC during her time as a member. Odelle stepped down at the end of 2025.

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

On behalf of the ARC, I would like to thank the Executive for their ongoing commitment and professional responses in supporting the work of the ARC.

Patricia Barker

ARC Chair

March 2026