Audit Committee

2025 Annual Report

Office of the Revenue Commissioners

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Contents

Membership of 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 2025 was as follows:

- **Helen Hall, Chairperson of the Committee**, Chief Executive, Policing and Community Safety Authority
- **Pádraig Dalton**, **Vice-Chair of the Committee**, former Director General of the Central Statistics Office
- **Eileen Townsend**, Head of Standards, Policy and Organisational Development, Irish Auditing and Accounting Supervisory Authority (IAASA) (appointed January 2025)
- **David Fox**, former CIO of Bord Na Mona. (appointed September 2025)
- **Tom James,** Assistant Secretary, Personal Taxes Policy and Legislation Division (appointed April 2025).
- **Sinéad Coburn, Secretary to the Committee**, Internal Auditor, Revenue.

There were several changes to the Committee in 2025 with the Revenue Board making three new appointments and designating a vice-chairperson. In January, Eileen Townsend, Head of Standards, Policy and Organisational Development at the Irish Auditing & Accounting Supervisory Authority (IAASA) was appointed, replacing Karen-Ann Dwyer, Assistant Professor in Accounting, Dublin City University, who retired from the Committee in 2024. In April, Tom James, Assistant Secretary, Personal Taxes, Policy and Legislation Division was appointed, replacing Maura Kiely, who became Revenue Commissioner on 31 January and now sits on the Revenue Board. In June, Paul Lyons, Adjunct Assistant Professor, Trinity Business School, Trinity College Dublin and Vice-Chairperson of the Committee, completed a six-year term serving on the Committee. Following his departure David Fox, former CIO of Bord Na Mona was appointed in September. Also in September, existing Committee member, Pádraig Dalton was designated as Vice-Chairperson.

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-sixth Audit Committee report for Revenue and covers the year ending 31 December 2025.

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. The Committee's role is also 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 five times in 2025. In addition to overseeing the implementation of the 2025-2027 Internal Audit Strategy and Audit Plan, the Committee considered 16 audit reports, of which 9 were follow up audits. Broadly speaking, and based on evidence gathered, the audit reports provided adequate assurance as regards governance arrangements and the systems of risk management and internal control in place for the relevant audit topics.

The timely actioning of internal audit recommendations continued to be a particular area of focus for the Committee in 2025. Its oversight in this regard was enhanced through the use of a remodelled recommendation tracker, with updates provided for, and considered at, each Committee meeting.

The Committee also engaged with Revenue senior management during the year to assess governance and risk management arrangements. As in previous years, the Committee maintained a routine of briefings from Assistant Secretaries and other senior managers to learn about their ongoing work in order to inform the Committee's understanding of the business's challenges and opportunities. During 2025 topics covered in such briefings included: Revenue's corporate risk management framework and corporate risk register; Revenue's information technology strategy, including matters related to cybersecurity and the use of both Cloud services and artificial intelligence; Revenue's Compliance Intervention Framework with updates considered from both a central policy and operational perspective.

Throughout 2025, internal audit continued to include a specific corporate risk management element as part of each of its audit engagements. This initiative, agreed following discussions between the Audit Committee and the Chair of the Risk Management Committee, seeks to verify that the stated mitigating actions in place to address risks recorded on the Corporate Risk Register (CRR) are in place and can be evidenced. Since the introduction of this initiative, stated risk management mitigating actions have been verified as part of 13 internal audits involving 12 Revenue Divisions. In all instances, these verification checks have evidenced that the stated mitigating controls are in place and are effective across the specific operational functions, of the Divisions audited. As such, this work has proven to be valuable in providing further assurance on the effectiveness of risk management across Revenue.

The Committee acknowledges the significant contribution the internal audit function continues to make to Revenue's internal control environment. While the internal audit function continued to perform quality and valuable audit engagements in 2025, the Committee notes that the audit completion rate has not been achieved to the same level as in previous years. The challenge in this regard relates to the significant level of staff changes across the internal audit team, particularly in the last 18 months. As a Committee, we have raised concerns regarding the resourcing challenges and the related associated risk for the organisation as regards audit coverage. Two mitigating actions, one short term and one permanent, have been discussed and agreed with the Revenue Board. Firstly, and, as a short-term measure in light of current capacity of the audit function, the number of audits included in the 2026 audit plan has been reduced. Audit topics removed from the plan were considered against the Corporate Risk Register and having regard to the other sources of assurance in place, both internal and external. Secondly, additional resourcing will be assigned to the internal audit function with a view to increasing its overall capacity as well as audit coverage in the long term. In response to the concerns raised, the Committee also considered a 'blueprint' for developing the capacity and capability of Revenue's internal audit function, prepared by Director of Internal Audit (DIA) and Internal Audit (IA) Manager, at its meeting on 5 February 2026.

The Committee acknowledges the work of the DIA and IA Manager in minimising vacancies carried by the team in so far as possible and ensuring those assigned to the team have strong foundational skills for a role in internal audit. The Committee also acknowledges the ongoing prioritisation of, and investment in, coaching, mentoring and formal training of new team members with a view to expediating their integration into their role as internal auditors. Against the backdrop of these challenges, the Committee appreciates the continued commitment and professionalism of internal audit staff and recognises their positive contributions in relation to quality assurance, risk-based methodologies, and their engagement in the further development of internal audit capabilities.

On 18 February 2025, the Internal Audit Manager and I attended the NSSO annual assurance event and noted the continuing progressive work being undertaken by the NSSO to strengthen its existing internal controls as well as governance and risk management arrangements. In the context of the NSSO's role in providing key shared services to Revenue, it is important that the annual assurance statement provided by the NSSO to the Accounting Officer is underpinned by evidence of strengthening controls and improvements.

Given the nature of Revenue's role, the Comptroller and Audit General (C&AG) has a permanent external audit presence in Revenue. During 2025, the C&AG issued an unqualified opinion following their audit of both the 2024 Revenue Receipt Account and Revenue's 2024 Vote (expenditure) Account. The Committee met with representatives of the C&AG to discuss their audit engagements and audit opinion as well as their audit findings in relation to the controls operated by Revenue. Following a request by the Audit Committee, the C&AG also provides an update on progress of actions taken by Revenue on foot of Management Letter recommendations. The Committee noted the recommendations made and Revenue's response in relation to matters that need further attention.

On 25 March 2025, I met with Revenue's Board and the Assistant Secretary in charge of the Corporate Services Division and discussed a range of matters including internal audit staffing challenges, the work of the Committee in 2024 as outlined in its Annual Report and the Director of Internal Audit's 2024 Annual Assurance Statement. The Committee met with the Revenue Chairman at its meeting on 5 February 2026.

On behalf of the Committee, I would like to thank senior management in Revenue for their positive 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 Revenue Board appointed a number of new members to the Audit Committee in 2025. On behalf of the Committee, I would like to welcome Eileen Townsend, Tom James and David Fox to the Committee, all of whom bring a wealth of experience and insights across a wide range of areas of focus of the Committee. I very much look forward to continuing to work with them and the wider Committee throughout 2026.

Finally, I also wish to thank both Paul Lyons and Maura Kiely for their assistance, dedication, informed input and valued contributions during their terms on the Audit Committee.

Helen Hall **Chairperson** **March 2026**

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 including those related 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 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.

Work of the Audit Committee in 2025

The Audit Committee held five meetings in 2025, *viz*., 29 January, 04 April, 17 June, 29 September, and 9 December.

The work of the Audit Committee in 2025 focussed mainly on:

- oversight of the implementation of the 2025-2027 Internal Audit Strategy and Multi-Year Audit Plan,
- review of outputs of the internal audit unit including audit reports as listed at Appendix A,
- monitoring the implementation of agreed recommendations having regard to follow-up audits,
- oversight of the implementation of actions to address the recommendations of the External Quality Assessment (EQA) of the internal audit function, which was carried out in 2024 by externally sourced professional internal auditors,
- oversight of the gap analysis exercise which benchmarked existing internal audit methodologies and practices against requirements of the new Global Internal Audit Standards that came into effect on 9 January 2025, and the measures put in place to address any gaps identified,
- deepening its engagement as regards the effectiveness of corporate risk management in Revenue and measures in place to address both inherent and residual risk,
- meetings with the following:
    - Revenue Chairman
    - Revenue Board
    - Key Divisional Management including the Assistant Secretaries of Revenue's Information, Communications, Technology and Logistics Division, Accountant General & Strategic Planning Division and High Wealth and Financial Services Division.
    - A member 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:

- meeting with the Assistant Secretary of Corporate Services Divisions and long-standing Risk Management Committee (RMC) member 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 the RMC,
- standing Risk Management item on each quarterly Audit Committee agenda,
- attendance of the Director of Internal Audit (DIA), as observer, at all RMC meetings and a quarterly update from the 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 is considered for inclusion in the Audit Plan (having regard to the audit selection methodology),
- feedback from the Director of Internal Audit on the risk mitigation verification checks carried out as part of internal audit engagements.

Audit Committee meetings during 2025 included a presentation from a member of the RMC as well as updates from the Director of Internal Audit who attends RMC meetings as an observer. At its June meeting, the Audit Committee reviewed Revenue’s Corporate Risk Management Annual Report for 2024 and discussed a range of risk management matters with a member of the RMC. In particular, updates were provided on the key changes made to strengthen Revenue’s overall risk management framework. These include evidencing more focused discussions on corporate risk management at Management Advisory Committee (MAC) meetings, embedding risk management in the business planning process, changes to the quarterly Corporate Risk Register Divisional returns aimed at strengthening oversight on risk mitigations at Divisional level and the provision of risk training for all Divisional risk officers and staff at Principal Officer level.

To further strengthen effective risk management across Revenue, all internal audit engagements now include a specific corporate risk management element. These engagements seek to confirm that actions to mitigate risks on the Corporate Risk Register (CRR) are embedded into Divisional business planning, that corporate risk is discussed at Divisional Management Meetings each quarter (at a minimum) and that the stated mitigating actions are in place and effectively address risks, as recorded on the CRR. Since the introduction of this initiative, stated risk management mitigating actions have been verified as part of 13 internal audits involving 12 Revenue Divisions. In all instances, these verification checks have evidenced that the stated mitigating controls are in place and are effective across the specific operational functions of the Divisions audited.

Internal Audit Unit work in 2025 and other audit activities

Programme of work

The implementation of the 2025-2027 Multi-Year Internal Audit Plan was monitored by the Committee by means of quarterly progress reports presented by the internal audit unit. In 2025, the internal audit unit submitted 16 audit reports (including 9 follow-up audits), all of which were approved during the year. Details are included at Appendix A.

Throughout 2025, the Director of Internal Audit continued to engage with senior managers across the organisation to discuss a range of internal related matters including the importance of the role of internal audit, the benefits of independent process review, embedding effective risk management into business processes and the expectations as regards management responses to, and timely actioning of, internal audit recommendations.

IT Audit

In relation to technical IT Audit engagements, one IT Audit which examined the governance controls in place for the use of Artificial Intelligence in Revenue was carried out within the internal audit unit. The report for this audit is due for presentation to the Audit Committee at its Q1 2026 meeting. Additionally, a draft Request for Quote, to co-source an external audit service provider for the purposes of reviewing Revenue's use of Cloud Services is substantially complete and will issue in Q1 2026, following agreement on the requirements with Revenue's Information, Communications Technology and Logistics Division. Consideration of the experience of, and outputs from, this audit engagement will inform the approach to securing co-sourced audit services for the purposes of performing IT audit engagements going forward.

Throughout the year, internal audit also actively monitored progress of the implementation of the recommendations arising from the 2024 IT audit related to Business Continuity in Revenue's Active Directory and Citrix Desktop systems.

IA Standards: Quality Assurance Improvement Programme (QAIP)

The QAIP sets out that an external review of the internal audit function be carried out every five years. The most recent External Quality Assessment (EQA) of Revenue's internal audit function was completed in 2024 by externally sourced professional internal auditors. The assessment report made 18 recommendations. To address these recommendations, internal audit management put in place a 42-point action plan, with updates on the implementation of same reported at each Audit Committee meeting during 2025. By end of year, 41 of the 42 actions had been implemented.

The only action not yet implemented refers to the completion of an internal ‘self-assessment’ review. Such reviews are generally focused on conformance with Internal Audit Standards and are required every three years. As the most recent internal review was completed in 2022, the internal audit unit will carry out a self-review of conformance with professional standards in the first half of 2026.

The Audit Universe is a living document of all the auditable units (topics) in Revenue. Its ongoing review in response to Corporate Risk Register updates, audit engagement 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. In 2025, a comprehensive review of the Audit Universe, was carried out in advance of drawing up the draft audit plan for 2026.

Staffing and Training

At the end of 2025, the internal audit unit comprised a Director of Internal Audit, an Internal Audit Manager, and seven auditors. Arising from the promotion of two audit team leads, two new Higher Executive Officers (HEOs) were appointed to the unit in February and December respectively. Two EO auditors were also promoted during 2025, with one new EO in situ at end of year, while it is expected a further EO will join the unit in February. Further changes are expected within the team in 2026.

Internal audit management continue to work collaboratively and proactively with central HR in terms of succession planning, thereby minimising vacancies carried by the team in so far as possible and ensuring those assigned to the team have strong foundational skills for a role in internal audit. Individual onboarding programmes to maximise upskilling of new team members are also in place incorporating on the job training, formal training, and learning through auditing.

Given the significant level of staff changes across the internal audit team, particularly in the last 18 months, the completion rate of audits has slowed as the IA team rebuilds. In addition, the environment within which internal audit operates is changing. The diversity and complexity of the risk environments relevant to Revenue's work requires the performance of audit engagements across multiple Divisions in order to provide the necessary assurance in relation to the adequacy of governance, risk management and controls. This invariably means that audit engagements themselves are more complex and involved, and ultimately take longer to complete.

With these challenges in mind, a request for sanction for additional resources for the internal audit unit has been prepared and will be submitted in the coming weeks with a view to building the overall capacity, capability and audit coverage of the team. Ongoing discussions by the Committee with the Accounting Officer and the Board indicate that there will be support for these much-required additional resources.

Ongoing capability development is very much embedded right across the internal audit team and is achieved through a mix of self-led learning, on the job training and the uptake of formal training opportunities. In 2025, auditors completed 58 formal training days in areas such as essential internal audit skills, effective report writing, root cause analysis, developing internal audit, advanced risk-based audit training and governance requirements in the use of Artificial Intelligence. The Director of Internal Audit undertook Internal Audit Practitioner training with the Institute of Internal Auditors in H2 2025 and is due to take the final exam by end of Q1 2026.

Each of the team is a member of the Chartered Institute of Internal Auditors and has access to training and resources which are of use in risk identification and audit work. The Director of Internal Audit is a member of the cross-Departmental Heads of Internal Audit Forum (HIAF).

EU Inspection

Each year the European Commission carries out 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 European Union (EU) customs legislation and that monies are properly collected, accounted for, and made available to the Commission.

The findings of the 2024 annual EU Commission's audit inspection, which took place in October 2024, were received on 23 January 2025. This audit focused on the reliability of the A and B account statements[1] including examination of a sample of refunds associated with the A account statement. Revenue has engaged with the Commission on a number of open points. While inspection open points have been addressed by Revenue, the inspection remains open until a formal response from the Commission is received confirming that no further clarifications are required. At that stage, open points can be formally closed.

Given the timing of the 2024 annual inspection, no inspection was conducted in 2025. Findings from previous EU Commission audit inspections in 2023, 2022 were actively responded to during 2025. Revenue is awaiting formal response from the Commission that no further clarifications are required on these matters. Once received, these inspections files can be formally closed.

Revenue has been notified that the 2026 annual EU inspection will take place in April 2026 and will focus on the reliability of the A and B account statements and trade defence measures.

In November 2024, the European Court of Auditors (ECA) published a special report entitled "combatting harmful tax regimes and corporate tax avoidance". The auditees for this report were the European Commission and five EU Member States, including Ireland. The overall conclusion of the report was that the established EU framework serves as a necessary first line of defence to support the fight against harmful tax regimes and corporate tax avoidance. The report also noted that there are shortcomings in the way the measures have been implemented. The report made recommendations to the European Commission regarding DAC6, the Code of Conduct for business taxation and the monitoring of the actions taken against corporate tax avoidance.

In 2025, the European Commission took action to address these recommendations. The European Commission published a second evaluation report of the DAC in November 2025. The report concludes that there are several areas where further work should be done to enhance the DAC's functioning. The European Commission also published an assessment of tax gaps in the EU, to establish a foundation for further action to reduce these tax gaps. As regards the Code of Conduct for business taxation, the Code of Conduct Group agreed new Guidance on Rollback and

[1] A Accounts provide a record of all Own Resources (mainly Customs Duties on imports from non-EU countries) collected monthly and B Accounts provide a record of all Own Resources outstanding quarterly.

Grandfathering of Harmful Preferential Regimes. In coordination with the Department of Finance, Revenue officials monitored and contributed, as appropriate, to these actions taken by the European Commission. Revenue will continue to do so in advance of, and during, the Irish Presidency of the Council of the EU in 2026.

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 opinion following their audit of both the Revenue Receipt Account and Appropriation Account for 2024. The Committee met with representatives of the C&AG at its December meeting and noted the recommendations made and Revenue's response in relation to matters that need further attention. On request from the Audit Committee an update on the implementation of prior year Management Letter recommendations is now routinely provided by the C&AG audit team each year. An update in this regard will be provided to the Committee at its Q1 2026 Committee meeting.

Looking ahead to 2026

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

- Revenue's Compliance Intervention Framework and supporting legislative framework,
- progress against Revenue's Green Roadmap, its Energy Management System and ISO 5001 Certification,
- Data sovereignty and Revenue's arrangements in relation to the use of Cloud storage
- Revenue's approach to addressing findings made by annual EU inspections and European Court of Auditors (ECA) inspections, with relevant updated on the implementation of agreed recommendations,
- Review of Revenue's assurance and risk management frameworks
- oversight of the following within the internal audit function:
    - completeness of the Audit Universe, its links to strategy and corporate risk and how this feeds into the process of audit topic prioritisation and selection
    - progress of measures to grow the capability and capacity of the internal audit team, including the assignment of additional resources,
    - completion of an Internal Review against conformance to Internal Audit Standards,

- timely implementation of internal audit recommendations by Revenue management,
- checks undertaken as part of internal audit engagements to provide assurance as regards effective Corporate Risk Management practices.

Appendix A: Audits Completed in 2025

Report	Title
1	A Review of Training and Development in Revenue (Follow-up)
2	Enforcement and Data Protection Procedures in Sheriff Practices (Follow-up)
3	An Audit of the Co-Operative Compliance Framework in Large Corporates Division
4	An Audit of NASC (Follow-up)
5	Local Property Tax Card Payments (Follow-up)
6	A Review of Appeals Management (Follow-up)
7	A Review of VAT56A Authorisations in Medium Enterprises Division
8	An Audit of Mutual Assistance in Selected Revenue Divisions
9	VAT Retail Export Scheme (VRES) in Dublin and Shannon Airports
10	A Review of the Debt Warehousing Scheme Phased Payments Arrangements
11	An Audit of Revenue's Ability to Identify Bribery, Corruption and Criminal Infiltration of its Staff
12	An Audit of Diversity and Equality (Follow-up)
13	An Audit of Competent Authority – Mutual Agreement Procedure (MAP) Assistance
14	A Review of VAT56A Authorisations in Medium Enterprises Division (Follow-up)
15	A Review of the PAYE Real Time Risk Framework (Follow-up)
16	Re-Audit of the Management of Mobile Phones (Follow-up)

Follow Up Audits

Follow-Up Audits Carried Out in 2024	Associated Recommendations	Implemented /Closed	In Progress	No response from Management
9	22	22	0	0