

Executive Board Minutes Meeting 08<sup>th</sup> August 2016

Attendance: Ann Nolan (Chair), Niall O’Ceallaigh, Paul Ryan, John Hogan, Des Carville, David Byrne, Derek Tierney (Secretary).

Apologies: Derek Moran, Gary Tobin, John McCarthy, Nicholas O’Brien, Aidan Carrigan, Sean Kinsella.

**1. Minutes of previous meeting and matters arising, Government Memos**

In addition to the Communications diary, the following was discussed. Mortgage Arrears data are expected to be published on Wednesday. The HSA is scheduled to review the Department’s Safety Management System later in the week.

The minutes of the previous Executive Board 25<sup>th</sup> July were agreed and progress on action items was noted.

**2. Dashboard Summary including discussion on:**

**2.1 Policy Committee Update**

Members noted the three recent meetings of the Policy Committee that discussed Payment Services Directive 2: Public consultation of the National Discretions, Department of Finance Report on Insurance and Flooding, Securities Settlement System and Issues arising for Ireland and the operation of funds and section 110 companies in the Irish Property Market.

**2.2 Insurance Update**

Members discussed Enterprise Insurance Company plc (Enterprise), which has sold approx. 14,000 motor insurance policies in Ireland that is insolvent and is now in liquidation. Enterprise is a Gibraltar-incorporated company subject to prudential supervision by the Gibraltar Financial Services Commission (the GFSC). Enterprise was selling motor insurance in a number of European countries (France, Greece, Italy, Ireland, Norway and the UK) on a freedom-of-services basis. The Central Bank of Ireland has no role in its financial supervision, however it is required to ensure that the company complies with conduct-of-business rules. It is understood that there are roughly 300 outstanding claims for compensation and the value of these is being assessed. Enterprise sold insurance into Ireland through an underwriter who has instructed its brokers to contact the policyholders immediately, to cancel the insurance policy with Enterprise, to repay the unpaid premium to the policyholder and to organise alternative insurance for them.

The Central Bank is working closely with the GFSC, the underwriter and the brokers to ensure that all Irish motor policyholders with Enterprise are identified and are communicated with directly. The situation regarding Enterprise Insurance Company plc (Enterprise) is a developing one and senior management are keeping in regular contact with the Central Bank on this matter and will update on any significant developments.

**2.3 ERA Stress Test**

The results of the EBA stress test of EU-wide banks were published on Friday 29<sup>th</sup> July at 9pm Irish time. The stated objective of the stress test was “to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the

resilience of EU banks and the EU banking system to shocks and to challenge the capital position of EU banks.” The stress test was executed using a common methodology incorporating macro-economic scenarios covering both base case and adverse scenarios. The time horizon of the stress test covered the 3-year period 2016 to 2018 based off 2015 year-end financial data. Although the methodology of the recent stress test was broadly similar to the 2014 Comprehensive Assessment, there were a number of key differences in that the test did not set minimum capital hurdles and was not a pass/fail exercise, there was no asset quality review and operational risk was included.

Both Allied Irish Banks and Bank of Ireland were included in the stress test and were amongst the banks most impacted by the exercise. The delta between transactional and fully loaded CET1 is more pronounced for Irish banks compared to others in the exercise due to the high level of DTAs and pension deficit. This EBA stress test outcome does not require the banks to take any capital management actions.

On a related issue, the IMF has recently completed its FSAP and Article IV reviews of Ireland. As part of the FSAP, a stress test of the Irish banking sector was executed. Whilst the FSAP highlighted remaining vulnerabilities, this was balanced with recognition of the significant progress that has been made in repairing the sector. The Article IV report also covered the Irish banking sector and made reference to the work completed as part of the FSAP. The tone of the commentary included in the Article IV report was consistent with that in the FSAP.

### **3. AOB**

PMDS Goal Setting compliance rates were noted.

### **4. Corporate**

#### **4.1 Changes to Standing Orders relating to Parliamentary Questions**

Members discussed changes to Standing Orders relating to Parliamentary Questions based on recommendations by the sub-committee on Dáil Reform. These changes relate to further responses to PQs, Questions during the summer recess, referred or deferred replies and new response times, that Departments and bodies under their aegis should move to the principles of open data as far as possible, particularly where there are repeated requests for certain types of data and communication standards agreed by the sub-Committee for the provision of information by bodies under the aegis of Government Departments



Ann Nolan  
Second Secretary

Executive Board Minutes Meeting 22<sup>nd</sup> August 2016

Attendance: Derek Moran (Chair), Niall O’Ceallaigh, John McCarthy, John Hogan, Des Carville, Sean Kinsella, David Byrne, Derek Tierney (Secretary).

Apologies: Ann Nolan, Paul Ryan, Gary Tobin, Nicholas O’Brien, Aidan Carrigan.

**1. Minutes of previous meeting and matters arising, Government Memos**

In addition to the Communications diary, the following was discussed. QNHS Q2 2016 data will be published by the CSO tomorrow and briefing will issue in the usual way.

The minutes of the previous Executive Board 08<sup>th</sup> August 2016 were agreed and progress on action items was noted.

**2. Dashboard Summary including discussion on:**

**2.1 Shareholding Update**

Members discussed the recent EBA stress test of 51 EU-wide banks and noted that this will be discussed further at the next Principals Group meeting (5 September).

Members also noted that the Comptroller and Auditor General has completed an examination of the National Asset Management Agency’s sale of Northern Ireland and other loans referred to as Project Eagle. The report was received in the Department of Finance on 9 August 2016 and under the provisions of section 11 the Comptroller and Auditor General (Amendment) Act 1993, the Minister has 3 months from the date on which the report was submitted to present it to Dáil Éireann.

**2.2 Finance Bill & Budget**

Members noted that preparations are underway in relation to Finance Bill list items and the Budget in October. Members also noted that the QNHS Q2 2016 data will be published tomorrow and briefing will follow in the usual way.

**2.3 Accommodation Update**

Members noted that the electrical and fire safety system project is progressing well. Current works are expected to complete next week with staff returning to the Ground floor in South Block.

**2.4 Scottish Finance Ministry**

The Scottish Director General Finance has recently written to the Department seeking further engagement following meetings held in 2014. The proposed agenda will centre on debt management, borrowing and reserves, tax policy and fiscal risk.

**Action:**

- Contact the Director General’s Office to make the necessary arrangements and develop an agenda for a visit in Q4 – Mr Tierney


### **3. AOB**

The meeting noted that members of the Senior Management Group will attend the IMI's National Management Conference that is taking place on Thursday 29th September 2016. This year's conference title is 'Managing Disruption, Seizing Opportunity's and will include both national and international thought leaders, with Sydney Finkelstein and Adrian Furnham confirmed.

### **4. Corporate**

#### **4.1 Health & Safety Authority Review**

During the previous week, the Health & Safety Authority (HSA) held a scheduled review of the Departments Safety Management System following on from their inspection and audit in Q3 2014. Senior Officials and the Facilities team met with the HAS Inspector and the audit concluded very satisfactorily. Members acknowledged the efforts of the Facilities Management Unit in this regard.

A handwritten signature in black ink, appearing to read 'D. Moran', is written over a horizontal line.

Derek Moran  
Secretary General

Executive Board Minutes Meeting 29<sup>th</sup> August 2016

Attendance: Derek Moran (Chair), Aidan Carrigan, John McCarthy, Gary Tobin, John Hogan, Des Carville, Sean Kinsella, David Byrne, Derek Tierney (Secretary).

Apologies: Ann Nolan, Niall O'Ceallaigh, Paul Ryan, Nicholas O'Brien.

**1. Minutes of previous meeting and matters arising, Government Memos**

In addition to the Communications diary, the following was discussed: It is expected that the Commission will hold a press conference on Tuesday to announce their decision on the Apple state aid case. Officials will also meet with Welsh Finance officials next week.

The minutes of the previous Executive Board 22<sup>nd</sup> August 2016 were agreed and progress on action items was noted.

**2. Dashboard Summary including discussion on:**

**2.1 Budget Update**

Members discussed the recently published QNHS Q2 2016 data that are important indicators given the distortion in the GDP/GNP data. Members noted that a High Level Working Group, chaired by the Governor of the Central Bank, is being established to consider appropriate indicators for economic trends in Ireland. This high level working group is expected to report back in mid-November with recommendations. Members also noted that the normal engagement with IFAC (the endorsement of the economic forecast process) in advance of the Budget had begun. Officials have also met with the Minister to discuss and agree Budget themes.

**2.2 Taxation Issues**

Members discussed the expected Commission decision to be announced the next day on the State Aid Apple case. Members discussed the Government's proposed five point reaction. Members also discussed the position of appeal, the recovery process and potential escrow arrangements and the implications of considering the Commission decision as a windfall for the State. It was noted that a Recovery Advisory Group is established involving the Department, Revenue and the NTMA.

**2.3 Upcoming Challenges**

Members discussed upcoming priorities, key milestones and deliverables across the Department to the year end.

**3. AOB**

Nothing to report.

#### **4. Corporate**

##### **4.1 Internal Audit: Draft Report of Compliance Management**

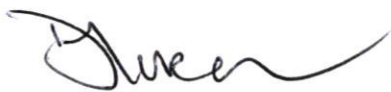
Members reviewed the draft report on compliance management. The Terms of Reference for the audit were to review the control framework for compliance management as at April 2016.

##### **4.2 Data Protection - CCTV Policy**

Given that there are CCTV cameras in operation, the Department must have a CCTV policy in place as required by the Data Protection Act. It was also noted that the Department does not manage all CCTV cameras in the complex. An Garda Síochána manage a number of cameras throughout the Complex and these fall outside the scope of the policy. Members agreed the draft CCTV policy presented and this will be revised when and if those cameras, installed as part of the ongoing Electrical and Fire Safety project, are activated.

##### **4.3 Freedom of Information**

Members were provided with an update on a number of initiatives in hand or being proposed as part of the structure and processes around managing Freedom of Information requests. These relate to the Fol Unit, the Fol Committee and broader supports to be advanced for Deciding Officers.



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Derek Moran  
Secretary General