



Code of Practice for the Governance of State Bodies 2016

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PUBLICATION OF THE 2016 CODE

Code launched by Minister Paschal Donohoe in August 2016.

Effective from 1st September 2016.

Reflects evolving governance arrangements.

PUBLISHING THE CODE

*“**provides greater clarity** regarding the roles and responsibilities of the Board of a State body”*

“A balance between... accountability and ...appropriate autonomy”

“The Code is intended to be a living document which will evolve”

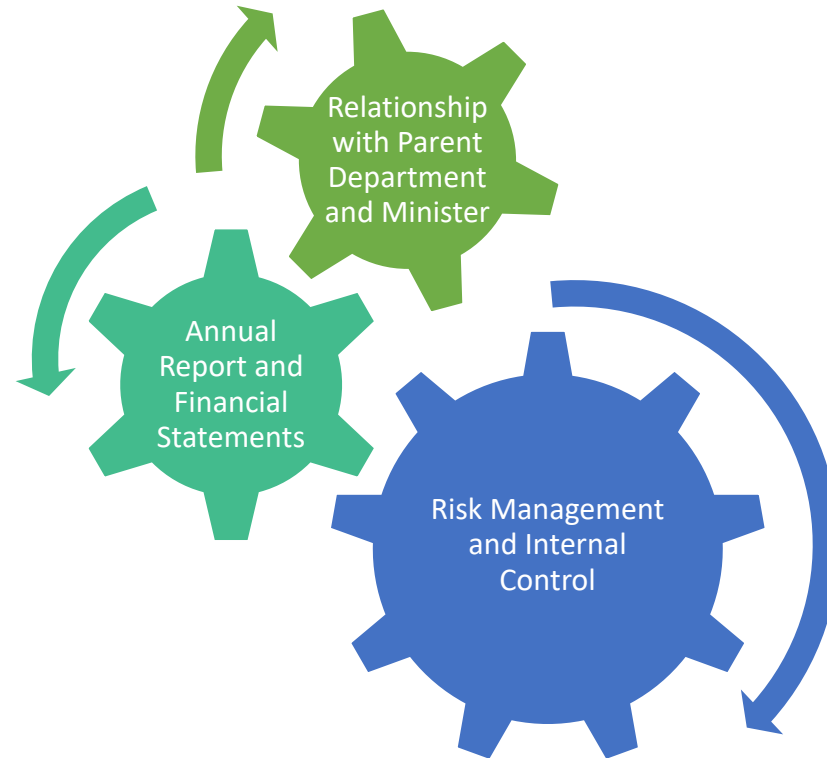
COMPLY OR EXPLAIN

Compliance with the Code is on a '*Comply or Explain*' basis.

“One size fits all” may not be appropriate for smaller State bodies.

Code makes provision for certain requirements to be applied **proportionately**, subject to the written agreement of Minister.

MAIN CODE PROVISIONS



RISK MANAGEMENT AND INTERNAL CONTROL

The Board should have formal and transparent arrangements for governance, risk management, internal control and for maintaining an appropriate relationship with the State body's auditors.

The Board is responsible for ensuring that effective systems of internal control are instituted and implemented in the State body including financial, operational, and compliance controls.

INTERNAL AUDIT

- Each State body should have an independent internal audit unit or engage appropriate external expertise.
- Internal audit should review all the management and control systems both financial and operational.
- The Head of internal Audit (HIA) should be responsible for drawing up the audit work programme in consultation with the Audit and Risk Committee.

AUDIT AND RISK COMMITTEE

- The Board should establish an Audit and Risk Committee of at least three independent non-executive Board members (2 members in smaller bodies with less than 20 employees).
- The Audit and Risk Committee should approve the internal audit work programme and should receive regular updates on progress.

OVERSIGHT AGREEMENTS

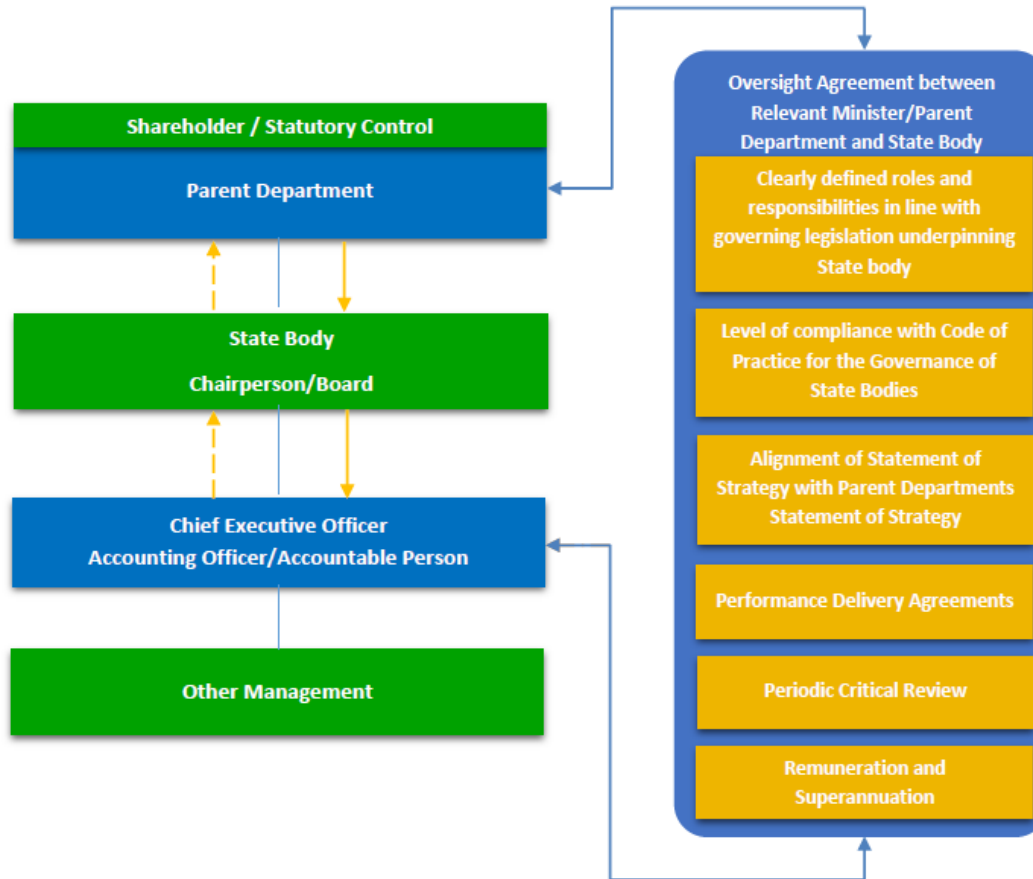
Government Departments should have written oversight agreements with State bodies under their aegis which clearly define the terms of the relevant Minister's/parent Department's relationship with the State body.

OVERSIGHT AGREEMENTS

Oversight agreements should reflect the:

- Legal framework of the State body;
- Environment in which it operates (commercial, non-commercial, regulatory body);
- Purpose and responsibilities of the State body;
- Level of compliance with Code;
- Details of the Performance Delivery Agreement; and
- Arrangements for oversight, monitoring and reporting on conformity with the oversight agreement.

DEPARTMENTAL OVERSIGHT ROLE



PERFORMANCE DELIVERY AGREEMENTS

Performance Delivery Agreement (PDA) will provide a basis for Departments to monitor State body performance against targets and define the expectations that the parent Department has of the body.

Within the PDA each body will:

- state their high level goals and objectives;
- set out the key outputs they will deliver in order to achieve their high level goals and objectives; and
- provide details of the financial and human resources available to deliver key outputs.

CHAIRPERSON'S COMPREHENSIVE REPORT TO THE MINISTER

The Chairperson of each State body must furnish annually to the relevant Minister a comprehensive report covering the activities of the State body.

CHAIRPERSON'S COMPREHENSIVE REPORT TO THE MINISTER

The Chairperson's Comprehensive report should contain all relevant information including details of:

- Commercially significant developments;
- Off-balance sheet financial transactions;
- A statement on the system of internal control including details of any significant breaches of this system and steps to resolve; and
- Confirmation that the body is in compliance with Government pay policy, procurement rules and the Public Spending Code.

2017 FINANCIAL STATEMENTS

2017 financial statements will be the first set of financial statements that are required to be in full compliance with the 2016 Code.

DPER has published new supplementary guidance setting out how financial reporting disclosures should be presented in the 2017 financial statements.

GUIDANCE ON FINANCIAL STATEMENTS

Provide practical assistance in implementing the requirements of 2016 Code.

Developed by the Office of the Comptroller and Auditor General in consultation with DPER.

Takes account of stakeholder comments provided through C&AG audits and with representatives from State bodies at events relating to the Code.

GUIDANCE ON FINANCIAL STATEMENTS

Key elements of guidance:

- ❑ Requirements of the Statement on Internal Control (SIC), which replaces the Statement on Internal Financial Control (SIFC),
- ❑ New Governance Statement and Board Members' Report incorporating additional disclosures specified in the Code, and
- ❑ Remuneration note which brings together the enhanced disclosures required in this area by the Code.

STATEMENT ON INTERNAL CONTROL

The Statement on Internal Control (SIC) is the means by which the Chairperson sets out the boards approach to and responsibility for risk management, internal control and corporate governance.

State Bodies are required to provide assurance that they are appropriately managing and controlling resources for which they are responsible.

It is an important *accountability document* in communicating these assurances to the Minister/parent Department, Oireachtas and the taxpayer.

DISSEMINATION OF THE GUIDANCE

The Secretary General of DPER wrote to all Accounting Officers on 1st December advising of this new guidance.

Departments and Offices were asked to bring this guidance to the attention of all State bodies under their aegis.

WHO DOES THE GUIDANCE APPLY TO?

Guidance applies to State bodies who prepare financial statements on an accrual accounting basis.

It does **not** apply to State bodies who:

- have their own Vote
- operate on a cash basis,
- produce Appropriation Accounts (e.g. Policing Authority, State Laboratory, Revenue Commissioners)

IN CONCLUSION

A balance has been struck in the Code between the need for strong accountability and the requirement to support the appropriate autonomy of the State body.

The underlying principal of the Code is that functional independence can be achieved and is fully compatible with statutory and financial oversight by the relevant Minister/parent Department and with proper and effective accountability.

IN CONCLUSION

State Bodies play a key role in the delivery of public services.

State Boards are responsible and accountable for ensuring the highest standards of corporate governance.

DPER will continue to engage with and assist State Bodies in implementing the requirements in the 2016 Code.

Contact Details

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