



Office of the Comptroller and Auditor General  
Oifig an Ard-Reachtair Cuntas agus Ciste

# **Code of Practice for the Governance of State Bodies 14 December 2017**

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**Office of the Comptroller and Auditor General**

# Impact on financial statements

- Statement on Internal Financial Control (SIFC) amended to Statement on Internal Control (SIC)

Additional disclosures in relation to

- how the Board operates
- certain categories of expenditure
- Remuneration

# Statement on internal control

Purpose –  
reasonable and  
not absolute  
assurance

- Safeguarding of assets
- Authorisation and recording of transactions
- Prevention and detection of errors or irregularities

Capacity to  
handle risk

- Risk management policy
- Risk appetite defined
- Audit and Risk Committee
- Internal Audit

# Statement on internal control

## Risk and control framework

- Identification of business risks
- Financial implications
- Risk management system
- Control environment

## Ongoing Monitoring and review

- Reviews by mgt, external consultants/ assessors
- Internal Audit
- Reports from Audit and Risk Committee

# Statement on internal control

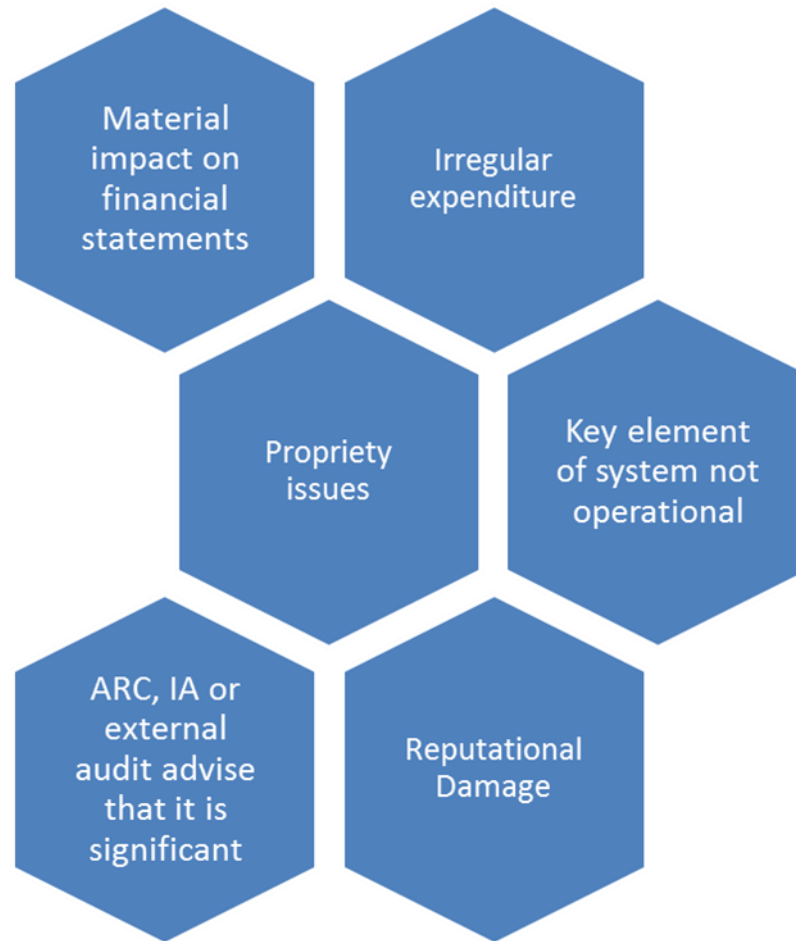
## Procurement

- Documented procedures
- Non competitive advised to Board
- Non compliant disclosed in SIC

## Board's annual review of effectiveness

- Evaluate effectiveness of controls
- Corrective action
- Disclosure of weaknesses in SIC

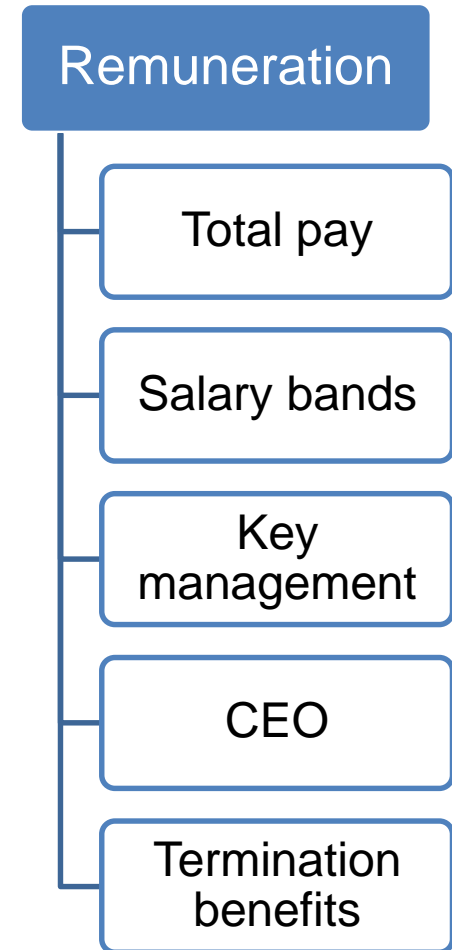
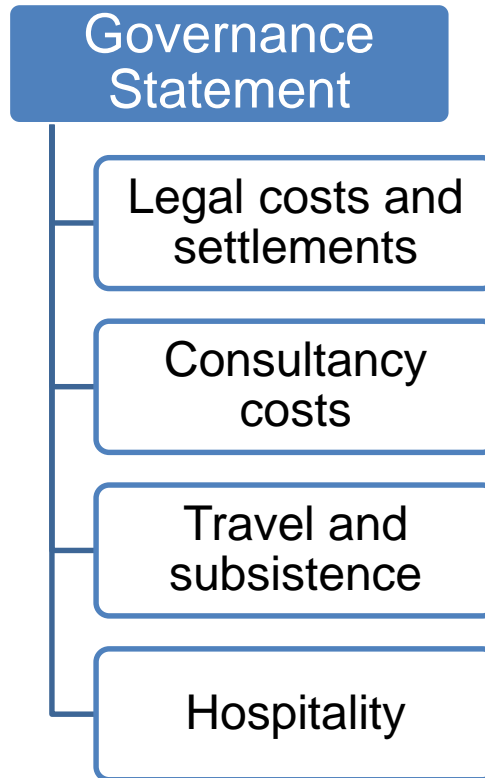
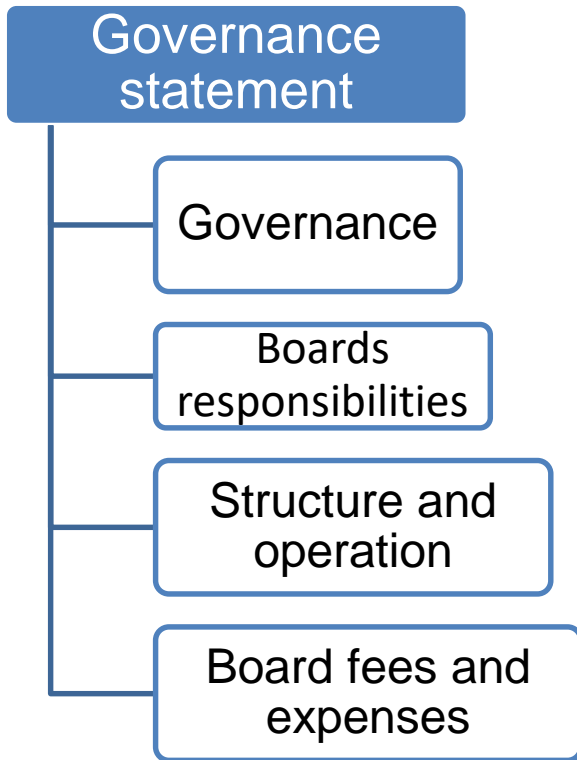
# Considerations - internal control weaknesses to be disclosed in SIC



## A 'good' SIC

- **Concise** and tailored to organisational circumstances - key messages not long-winded process descriptions
- Include **open and honest** risk disclosures
- Underpinned by robust **evidence** and assurance
- Subject to **challenge** by the ARC and Board

# Other disclosures





# Comply or Explain principle

## Comply

- Governance statement affirms compliance with Code

## Explain

- Derogation for specific Code provisions
- Governance Statement to explain any areas of **non compliance** with Code requirements

Audit Opinion	<ul style="list-style-type: none"> <li>• Not required to form an opinion on risk and control procedures</li> </ul>
Auditor – review for consistency	<ul style="list-style-type: none"> <li>• Statement on Internal Control</li> <li>• Governance Statement</li> </ul> <p>reviewed to confirm that it is consistent with the information of which they are aware from their audit work on the financial statements</p>
Audit Responsibility	<p>Remuneration disclosures</p> <ul style="list-style-type: none"> <li>• Aggregate employee benefits</li> <li>• Key management</li> <li>• CEO</li> <li>• Termination payments</li> </ul>