

“Governance of Irish Universities” – Code of Governance for Universities

Annual Statement of Governance and Internal Control - reporting arrangements to HEA

The “Governance of Irish Universities” code of governance sets out a number of items to be reported in a university’s annual Statement of Governance and Internal Control. These are outlined in Section 2.11 of the “Governance of Irish Universities” with Section 3.4 setting out the format of the Statement as it relates to systems of internal control. Other higher education institutions (National College of Art and Design, St. Patrick’s College, Drumcondra, Mary Immaculate College, Mater Dei Institute of Education, St Angela’s College) were also provided with the code for universities and requested to ensure that similar processes were in place in their institution and to report accordingly in the form of an Annual Statement of Governance and Internal Control.

For the purpose of clarity and in order to ensure greater consistency in reporting across all institutions, an institution should ensure that its Statement explicitly addresses the items listed in Sections 2.11 and 3.4 of the code. To ensure that this is the case, we ask that each institution prepares the Statement in line with the template set out below. Please note that relevant assurances or confirmation on items such as procurement must be clearly and separately specified. It is also imperative that in the event of an institution failing to comply with any requirement under the code, it shall report such matters of non-compliance to the HEA as part of the Statement of Governance and Internal Control, providing an explanation for same and stating any corrective action taken or contemplated.

In addition, the HEA requests each institution to report in its annual Statement of Governance and Internal Control on other items that, although not referred to explicitly in the Code itself, form part of the HEA’s expectation of best practice governance in the higher education sector. These items are also set out in the template below.

As per Section 2.11.1 of the “Governance of Irish Universities” the annual Statement of Governance and Internal Control to be provided by institutions to the HEA should be signed by the chief officer and accompanied by a covering letter from the chairperson of the governing authority confirming that the Statement has been presented to and approved by the governing authority.

In line with Section 2.11.2, this statement should be reviewed by the external auditors engaged by the governing authority who should consider if the statement is consistent with the information of which they are aware from their audit work. The external auditors should report their findings accordingly in the accounts to be submitted annually by an institution to the Comptroller & Auditor General for audit, in accordance with Section 39 of the 1997 Act. The statement may be reviewed also by the Comptroller & Auditor General.

In line with Section 2.11.3, the annual financial statements of institutions should reflect all post-balance sheet events, in accordance with generally accepted accounting principles (GAAP).

Template for items to be reported in Statement of Governance and Internal Control

1. Statement from Governing Authority in relation to responsibility and compliance (Section 2.11.4(i))

A statement affirming that the governing authority is responsible for and is satisfied that the university is in compliance with all statutory obligations applicable to the university that may be set out in legislation governing the establishment of the university or in other relevant legislation.

2. Code of Governance (Section 2.11.4(ii))

A statement confirming that the approved code of Governance has been put in place and implemented.

3. Code of Conduct for Members (Section 2.11.4(ii))

A statement confirming that a Code of Conduct for Members has been put in place and implemented.

4. Code of Conduct for Employees (Section 2.11.4(ii))

A statement confirming that a Code of Conduct for Employees has been put in place and implemented.

5. Financially significant developments (Section 2.11.4(iii))

Financially significant developments affecting the university in the past financial year including the establishment of subsidiaries or joint ventures and acquisitions and major issues likely to arise in the short to medium term. This

includes significant *ad hoc* expenditure on Internal Investigations and the appointment of advisors for Investigations.

6. Pay (Sections 2.6.1 and 2.11.4(iv))

A statement affirming that Government policy on pay is being complied with, including the Agreed Framework between the universities and the HEA for Departures from Approved Levels of Remuneration, Fees, Allowances and Expenses for University Employees.

7. Financial reporting (Section 2.11.4(v))

A statement affirming that all appropriate procedures for financial reporting are being carried out.

8. Internal audit (Section 2.11.4(v))

A statement affirming that all appropriate procedures for internal audit are being carried out.

9. Procurement (Section 2.11.4(v))

A statement affirming that all appropriate procedures for procurement are being carried out and confirmation that the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan are being adhered to where appropriate.

The institution should confirm compliance with national procurement guidelines.

10. Asset disposals (Section 2.11.4(v))

A statement affirming that all appropriate procedures for asset disposals are being carried out.

11. Guidelines for the Appraisal and Management of Capital Proposals (Section 2.11.4(vi))

Confirmation that the Guidelines for the Appraisal and Management of Capital Proposals are being adhered to where appropriate.

12. Travel policy (Section 2.11.4(vii))

Certification that Government travel policy requirements are being implemented in all respects.

13. Guidelines on Achieving Value for Money in Public Expenditure (Section 2.11.4(viii))

Confirmation that the Guidelines on Achieving Value for Money in Public Expenditure as set out in the address by the Minister for Finance of 20 October 2005 and communicated to the universities are being followed.

14. Tax laws (Section 2.11.4(ix))

A statement affirming the university's compliance with tax laws.

15. Child protection policy (Section 2.11.4(x))

Confirmation that an appropriate child protection policy is in place.

16. Fees and expenses in accordance with guidelines from the Department of Finance (Section 2.11.4(xi))

Confirmation that fees and/or expenses paid to members of governing authority are in accordance with the guidelines from the Department of Finance.

17. Fees and expenses presented in Annual Report (Section 2.11.4(xi))

Confirmation that fees and/or expenses paid to members of governing authority are presented in the University's Annual Report.

18. Note on schedule of fees and aggregate expenses (Section 2.11.4(xi))

A note on the schedule of fees and aggregate expenses payable to external governing authority members should be included.

19. Code of governance for trading subsidiaries (Section 2.11.4(xii))

Confirmation that an appropriate code of governance is in place in respect of trading subsidiaries (i.e. subsidiaries with annual turnover and employees), with annual statements provided to the governing authority.

20. Non-compliance (Section 2.11.5)

In the event that a university fails to comply with any of the above the university shall report such matters of non-compliance to the HEA as part of the Statement of Governance and Internal Control, providing an explanation for same and stating any corrective action taken or contemplated.

In addition to matters of non-compliance being reported in the Statement of Governance and Internal Control, the institution should separately report such

matters in the enclosed template to be signed by the Chief Officer and Chairperson.

21. Good Faith Reporting – Protected Disclosures Act 2014 (Section 3.1.1.20)

In line with legislation, the governing authority should put in place procedures for Good Faith Reporting whereby employees may, in confidence, raise concern about possible irregularities in financial reporting or other matters and for ensuring meaningful follow-up of matters raised in this way.

Confirmation that a Protected Disclosures policy in line with the Protected Disclosures Act 2014 is in place.

22. Governing authority responsibility for system of internal control (Section 3.4.1)

Acknowledgment by Chief Officer that the governing authority is responsible for the body's system of internal control, which statement requires the formal approval of the governing authority.

23. Reasonable assurance against material error (Section 3.4.2)

An explanation that such a system can provide only reasonable and not absolute assurance against material error.

24. Key procedures put in place designed to provide effective internal control - appropriate control environment (Section 3.4.3 (i))

The steps taken to ensure an appropriate control environment (such as clearly defined management responsibilities and evidence of reaction to control failures).

**25. Key procedures put in place designed to provide effective internal control
– business risks (Section 3.4.3 (ii))**

Processes used to identify business risks and to evaluate their implications and manage them within the institution's risk management framework.

**26. Key procedures put in place designed to provide effective internal control
– information systems (Section 3.4.3 (iii))**

Details of the major information systems in place such as budgets and means of comparing actual results with budgets during the financial year.

**27. Key procedures put in place designed to provide effective internal control
– financial implications of major business risks (Section 3.4.3 (iv))**

The procedures for addressing the financial implications of major business risks (such as financial instructions and notes of procedures, delegation practices such as authorisation limits, segregation of duties and methods of preventing and detecting fraud).

**28. Key procedures put in place designed to provide effective internal control
– monitoring the effectiveness of the internal control system (Section 3.4.3 (v))**

The procedures for monitoring the effectiveness of the internal control system which may include: audit committees, management reviews, consultancy, inspection and review studies, the work of internal audit, quality audit reviews and statements from the heads of internal audit.

29. Review of the effectiveness of the system of internal control (Section 3.4.4)

Confirmation that there has been a review of the effectiveness of the system of internal control.

30. Weaknesses in internal control (Section 3.4.5)

Information (if appropriate) about the weaknesses in internal control that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

31. Description of the action taken to correct weaknesses (Section 3.4.6)

The information relating to weaknesses in internal control should be a description of the action taken, or intended to be taken, to correct the weaknesses, or an explanation of why no action is considered necessary.

In addition to reporting weaknesses in internal control in the Statement of Governance and Internal Control, the institution should bring any material breaches to the attention of the HEA in a timely fashion and separately report such matters in the enclosed template to be signed by the Chief Officer and Chairperson.

Other items

The HEA also requests institutions to report in their annual Statement of Governance and Internal Control on other items that, although not referred to explicitly in the Code itself, form part of the HEA's expectation of best practice and governance in the higher education sector. These items are as follows:

32. Governing Authority meetings

Confirmation of the number of Governing Authority meetings held during the financial year in question and attendance record of members.

33. Audit Committee meetings

Confirmation of the number of Audit Committee meetings held during the financial year in question and attendance record of members.

34. Review of Governing Authority performance

Confirmation that the Governing Authority reviews its own performance and that it commissions an external review at regular intervals.

Confirmation should also be provided on when both internal and external reviews were last carried out and when both will be carried out again.

35. Salary of President

Confirmation of salary paid to President for financial year in question.

36. General governance and accountability issues

Description of other governance and accountability issues that the university may wish to bring to the attention of the HEA.

Matters of non-compliance and weaknesses in internal control

Where the Governing Authority of [*name of institution*] has stated that the [*name of institution*] is not in compliance with the requirements as set out above the following actions have been agreed by the Governing Authority to achieve compliance, together with the timeframes within which this will be done.

Area of non-compliance or weaknesses in internal control	Actions to be taken to attain compliance or correct weaknesses	Due date

Chairperson:	
President:	
Name of Institution:	
Date:	