

Code of Governance of Irish Institutes of Technology

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

The Code of Governance of Irish Institutes of Technology sets out a number of items to be reported in an institute's annual Governance Statement and Statement of Internal Control. These are outlined in Section 2.11 of the Code, with Section 3.4 also setting out the format of the Statement as it relates to systems of internal control.

For the purpose of clarity and in order to ensure greater consistency in reporting across all institutes, an institute should ensure that both Statements explicitly address the items listed in Sections 2.11 and 3.4 of the Code. To ensure that this is the case, we ask that each institute prepares both Statements 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 institute failing to comply with any requirement under the code, it shall report such matters of non-compliance to the HEA as part of the annual Governance Statement and Statement of Internal Control, providing an explanation for same and stating any corrective action taken or contemplated.

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

Following on from the submission of the annual Governance Statement and Statement of Internal Control, the Code also specifies (in Section 2.11.4) requirements to be met by each institute in filing annual accounts. This states that included with the accounts, which are kept in accordance with Section 16 of the 1992 Act, amended by Section 18 of 2006 Act, there should be a statement on the system of internal control in the form

set out in **Part 3.4**, which should be signed by the Chairperson and Chief Officer. The HEA also requests that this be accompanied by a covering letter from the Chairperson of the Governing Body confirming that the statement has been presented to and approved by the Governing Body. It is envisaged that this statement will be reviewed by the Comptroller and Auditor General to confirm that it reflects the audited Institute's compliance with the requirements of **paragraph 2.11.4** and that he will consider if the statement is inconsistent with the information of which he is aware from their audit work on the financial statements. The Comptroller and Auditor General should report his findings accordingly in the accounts to be submitted annually by an Institute in accordance with Section 16 of the 1992 Act to the HEA and Minister of Education and Skills. As set out in Section 2.11.4 (i) of the Code, the annual financial statements of Institutes should also reflect all post-balance sheet events, in accordance with generally accepted accounting principles (GAAP).

Template for Annual Governance Statement and Statement of Internal Control

Annual Governance Statement

1. Code of Governance (Section 2.11.4(i))

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

2. Code of Conduct for Members (Section 2.11.4(i))

A statement confirming that a Code of Conduct for Governing Body Members has been adopted and put in place and is being monitored.

3. Code of Conduct for Employees (Section 2.11.4(i))

A statement confirming that a Code of Conduct for Employees has been adopted and put in place and is being monitored.

4. Financially significant developments (Section 2.11.4(ii))

Financially significant developments affecting the Institute 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.

5. Pay (Sections 2.6.1 and 2.11.4(iii))

A statement affirming that Government policy on pay is being complied with.

6. Financial reporting (Section 2.11.4(iv))

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

7. Internal audit (Section 2.11.4(iv))

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

8. Procurement (Section 2.11.4(iv))

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

The Institute should confirm compliance with national procurement guidelines.

9. Asset disposals (Section 2.11.4(iv))

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

10. Guidelines for the Appraisal and Management of Capital Proposals (Section 2.11.4(v))

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

11. Travel policy (Section 2.11.4(vi))

Confirmation that Government travel policy requirements are being complied with in all respects.

12. Guidelines on Achieving Value for Money in Public Expenditure (Section 2.11.4(vii))

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 Institutes are being followed.

13. Tax laws (Section 2.11.4(viii))

A statement affirming the Institute of Technology's compliance with tax laws.

14. Corporate Procurement Plan (Section 2.11.4(ix))

Confirmation that the relevant procurement policy and procedures and the development and implementation of the Corporate Procurement Plan are being adhered to where appropriate.

15. Non-compliance (Section 2.11.4)

In the event that the Institute fails to comply with any of the above the Institute of Technology shall report such matters of non-compliance to the HEA providing an explanation for same and stating any corrective action taken or contemplated.

In addition to matters of non-compliance being reported in the annual Governance Statement, the Institute should separately report such matters in the enclosed template to be signed by the Chief Officer and Chairperson.

**16. Confidential Disclosure Faith Reporting – Protected Disclosures Act 2014
(Section 3.1.1.17)**

The Governing Body should put in place procedures for Confidential Disclosure 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.

Other items

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

17. Governing Body meetings

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

18. Audit Committee meetings

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

19. Review of Governing Body performance

Confirmation that the Governing Body 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.

20. Salary of President

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

21. Child protection policy

Confirmation that an appropriate child protection policy is in place.

22. Fees and expenses in accordance with guidelines from the Department of Finance

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

23. Fees and expenses presented in Annual Report

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

24. Note on schedule of fees and aggregate expenses

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

25. Code of governance for trading subsidiaries

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 body.

26. General governance and accountability issues

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

Statement of Internal Control

27. Governing body responsibility for system of internal control (Section 3.4.1)

Acknowledgment by the Chairperson and Chief Officer that the Governing Body is responsible for the body's system of internal control.

28. 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.

29. 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).

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

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

31. 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.

32. 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).

33. 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.

34. 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.

35. 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

36. 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 Internal Control, the Institute 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.

Matters of non-compliance and weaknesses in internal control

Where the Governing Body of [*name of institute*], has stated that the [*name of institute*] is not in compliance with the requirements as set out above the following actions have been agreed by the Governing Body 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 Institute:	
Date:	