

# Corporate Governance Standard for the Civil Service



An Roinn Caiteachais Phoiblí  
agus Athchóirithe  
Department of Public  
Expenditure and Reform

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# Introduction

## **Good Governance**

Good governance is central to the effective operation of Government Departments; it is vitally important in effectively discharging their statutory and policy obligations. It ensures that a framework of structures, policies and processes are in place to deliver on these obligations and it allows for an objective assessment of management and corporate performance.

The development and implementation of Departments' Governance Frameworks should be clearly led at senior management level.

## **Scope of Standard**

The focus of this Standard is on Government Departments (i.e. all Departments and Central Government Offices in the Civil Service<sup>1</sup>, hereafter referred to as Department(s)). This Standard is set out in two parts:

- Part 1 sets out a summary of good governance principles.
- Part 2 sets out an adaptable Governance Framework including provisions to be used in documenting each Department's own arrangements.

## **Context of Civil Service Renewal Plan**

The Civil Service Renewal Plan (CSRP) 2014 sets out new arrangements for governance and accountability in the Civil Service. The Renewal Plan includes a key action to enhance governance arrangements in line with international best practice by the introduction of a common governance standard. In particular it seeks to:

- Formalise the role of the Management Board<sup>2</sup> in Departments and support greater ministerial and managerial interaction in jointly and regularly reviewing priorities and performance;
- Introduce a single governance standard for all Management Boards drawing on international best practice in corporate governance; and
- Establish an annual assessment for all Management Boards to measure delivery and performance.

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<sup>1</sup> The Civil Service comprises all Departments as defined by the Public Service Management Act 1997, all offices or branches of the Public Service specified in Part I or in Part II of the Schedule to that Act and 'Vote Holding' bodies under the aegis of those Departments and Offices. Compliance with this Standard would be good practice for those organisations that do not come within this definition.

<sup>2</sup> Various terms including 'Management Board', 'MAC' and 'Executive Board' are used across the civil Service to describe the formal senior management structures. This Standard recommends the use of the term 'Management Board' across all Departments.

## **Links with Existing Guidance on Governance**

There is already a great deal of guidance on a variety of aspects of corporate governance within the Civil Service, for example, in the Cabinet Handbook, the Public Financial Procedures (the blue book), the Public Spending Code, the Civil Service Code of Standards and Behaviour, and the recommendations of the Report of the Working Group on the Accountability of Secretaries General and Accounting Officers (i.e. the 'Mullarkey Report').. Nothing in this Standard is intended to displace the existing roles, responsibilities and accountabilities of Ministers, Secretaries General, Accounting Officers, and Departments. Existing administrative and legislative provisions, applying to a Department on matters that are also the subject of this Standard, continue to apply (e.g. Strategy Statement, Performance Budgeting etc.). While Governance Frameworks should be consistent with these existing provisions, guidance, accountabilities etc., they should not seek to just duplicate them.

## **Flexibility within this Standard**

The Standard recognises that a 'one size fits all' approach is not appropriate as Departments are not uniform in their structure, size, functions, locations etc. (e.g. Ministers with responsibilities across more than one Department, co-location of Taoiseach's and Tánaiste's offices and Government Secretariat in the Department of the Taoiseach) and therefore must make pragmatic decisions against this core Governance Framework to reflect their own responsibilities and circumstances. However, a common approach on certain core governance issues must exist across Departments. In this regard, this Standard should be considered in its entirety to ensure a comprehensive perspective. Exceptionally, Departments may choose to put in place alternative governance measures with similar effect. In such an instance, a Department should aim to illustrate how its governance measures are consistent with the principles in this Standard and contribute to good governance. These measures should be published.

## **Publication of Governance Arrangements**

Departments should document and publish their governance arrangements in accordance with the principles set out in this Standard. These governance arrangements should be communicated to all staff, and stakeholders.

## **Constitutional and Legal Framework**

Corporate governance measures must be applied within the framework of constitutional and statutory provisions, and comply with the statutory provisions in the Ministers and Secretaries

Acts 1924 to 2013, the Civil Service Regulation Acts 1956 to 2005, the Public Service Management Act 1997, and Comptroller and Auditor General Acts 1866 to 1998.

The Standard is intended to be a living document and will evolve in line with best practice.

**Departments are required to:**

- 1** document and publish their governance arrangements; and
- 2** include in their governance arrangements the core elements identified in the following chapters 1 to 5.

# Governance Principles

The 'International Framework: Good Governance in the Public Sector'<sup>3</sup> suggests a number of high level governance principles which should underpin the governance arrangements in civil service organisations. Departments should have regard to these overarching principles when developing their Governance Frameworks.

## Governance Principles

- 1** Good governance supports a culture and ethos which ensures behaviour with integrity, a strong commitment to ethical values, and respect for the rule of law.
- 2** Good governance helps to define priorities and outcomes in terms of sustainable economic and societal benefits and to determine the policies and interventions necessary to optimise the achievement of these priorities and outcomes. It means implementing good practices in transparency, reporting, communications, audit and scrutiny to deliver effective accountability.
- 3** Good governance means developing the Department's capacity, including the capability of the leadership team, management and staff.
- 4** Good governance means managing risks and performance through robust internal control systems and effective performance management practices.
- 5** Good governance ensures openness, effective public consultation processes and comprehensive engagement with domestic and international stakeholders.

The following table outlines the environment within which the Civil Service operates, and the context for Departments' governance arrangements.

### Civil Service and Ministerial Accountability

- The Minister is in charge of the Department and is responsible to the Oireachtas for all elements of the exercise of his/her departmental responsibility.
- A Department's relationship and communication with the Minister and his/her advisers is a key governance process. The successful delivery of business priorities and programmes is contingent on these relationships operating effectively.

<sup>3</sup>International Framework: Good Governance in the Public Sector (IFAC, CIFPA 2014)

- The Accounting Officer is personally responsible for and accountable to the Oireachtas for regularity and propriety in the Department's accounts, the efficient and economical use of the Department's resources and for the control of assets held by the Department in accordance with Comptroller and Auditor General Acts 1866 to 1998.
- The Secretary General of the Department is responsible and accountable for managing the Department, providing advice to his/her Minister, and monitoring and implementing Government policies appropriate to the Department in accordance with the Public Service Management Act 1997.

Legislation is a key driver of governance arrangements in Departments. There is also a wide variety of authoritative guidance<sup>4</sup> that outlines much of the governance obligations for civil and public service organisations.

Good governance is integral to the culture and to strategic and operational policies and practices of an organisation. All employees have an important role to play in committing to the good governance of their organisation through the application of this Standard in the performance of their duties.

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<sup>4</sup> As outlined on Page 1.

# Overview of Governance Framework

This Governance Framework is structured around a number of chapters, setting out the core elements that should be adhered to by Departments when establishing or reviewing their governance arrangements, as follows:

**1 Department Overview**

**2 Ministerial and Senior Management Roles and Assignment of Responsibilities**

**3 Management Board and other Governance Structures**

**4 Audit, Assurance and Compliance Arrangements**

**5 Bodies under the Aegis of the Department**

It is envisaged that these key areas of governance will be further developed over time as the governance agenda and needs of Departments and their stakeholders evolve.

## Checklist for Departments' Governance Frameworks

Items that should be included in Departments Governance Frameworks:-

- an overview of the mission of the Department;
- senior management and organisational structures;
- an outline of the strategic and integrated business planning process;
- engagement processes with stakeholders;
- a review process for the effectiveness of its Framework;
- an overview of the roles and responsibilities of the Minister, the Minister(s) of State, and the Department's relationship with the Minister and the Minister(s) of State;
- an overview of senior management governance roles and responsibilities, including those relating to Secretary General and Accounting Officer, Special Adviser, those who exercise a senior management role within the Department and the role for all staff;
- framework of assignment under the Public Services Management Act 1997;
- the purpose, role and terms of reference of management structures and arrangements in place including Management Board or committee structures, Ad-Hoc Working Groups and senior management structures;

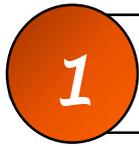
- an overview of governance arrangements that span across organisational boundaries;
- governance arrangements in relation to bodies under their aegis;
- compliance, audit and assurance arrangements; and
- an overview of their compliance framework which provides an *overview* of all compliance assurance activity in the department.

In addition, Departments should ensure that their Governance Framework reflects the leadership capability, the Civil Service core values and behaviours, including a culture of accountability, efficiency and value for money, that define its overall culture, and is aligned with their Strategy Statement.

These requirements must comply with the framework of constitutional and statutory provisions.

# Department Overview

## Governance Principle:



Good governance supports a culture and ethos which ensures behaviour with integrity, a strong commitment to ethical values, and respect for the rule of law.

### Core Elements

**In support of this Principle, Departments should include the following core elements in their Governance Framework:**

- The mission of the Department;
- Values, Behaviours and Culture;
- Organisation Structures;
- Strategic Planning, Decision Making and Performance Management;
- Internal communications arrangements;
- Engagement with external stakeholders; and
- Review of effectiveness of the Framework.

In addition, Departments should ensure that their Governance Framework reflects the civil service core values and behaviours and is aligned with their Strategy Statement.

## Mission/Purpose of the Department

Each Department should clearly communicate the organisation's purpose (aligned with its Strategy Statement), and its legislative basis<sup>5</sup>.

## Values, Behaviours and Culture

The Governance Framework should reflect Civil Service values, of honesty, impartiality and integrity, and behaviours as outlined in the Civil Service Code of Standards and Behaviour.

The Civil Service Renewal Plan (2014) recently reiterated these values as follows:

- A deep-rooted public service ethos of independence, integrity, impartiality, equality, fairness and respect
- A culture of accountability, efficiency and value for money
- The highest standards of professionalism, leadership and rigour.

To successfully deliver their mission and to ensure the achievement of priority outcomes, Departments must aim to sustain and foster a culture and values that exemplify ethical

<sup>5</sup> For example, this may include details of the specific statutory independence and legislation governing some Central Government Offices e.g. Statistics Act 1993 for the Central Statistics Office, and section 101, Ministers and Secretaries (Amendment) Act 2011 and The Revenue Commissioners Order, S.I. 2 of 1923 for the Office of the Revenue Commissioners.

behaviour and effective governance. It is important that all staff understand the governance system and their responsibilities for contributing to a sound and effective governance culture. The Governance Framework should set out the arrangements in place:

- to foster awareness of all employees' responsibilities as reflected in the Civil Service Code of Standards and Behaviour.
- to communicate values to all staff along with guidance on familiarising themselves with all the relevant codes, rules and legislation governing the Civil Service including the requirements in relation to official secrecy. These requirements are also relevant to former staff of the Department and Special Advisers.
- for dealing with problems or complaints raised by the public and staff. These procedures should ensure fairness, transparency, independence and appropriate recordkeeping.

### **Organisation Structures**

The Governance Framework should bring clarity to how Departments are structured, directed, controlled and managed.

Clear lines of accountability, responsibility and reporting are critical to effective governance. Accordingly, the Governance Framework should set out:

- how they are organised by function in order to deliver on their corporate objectives (by way of inclusion of a functional Organisation Chart);
- a clear descriptive overview of the functions within the overall organisational structure e.g. by Directorate, Division, etc. These functions evolve over time in response to changing priorities.

### **Strategic Planning, Decision Making & Performance Management**

Departments should set out:-

- The strategic planning processes incorporating the Programme for Government, Strategy Statement, and the setting of corporate wide priorities;
- The monitoring of progress with Ministers;
- Their integrated framework for business planning which cascades from strategic priorities to divisional priorities and business activities;
- How the integrated business planning framework serves to monitor progress and bring clarity to roles and responsibilities right down to the level of the individual staff members; and

- How the business planning cycle is managed, supported and directed by senior management all of which should allow changing needs and circumstances to be identified quickly.

This serves to allow employees to see exactly how their individual work contributes to their team goals, to their division's goals and ultimately to their Department's corporate goals. It also shows how working towards these goals helps achieve the Department's overall priorities supported by the Performance Management and Development System (PMDS).

### **Internal Communications**

Departments should set out arrangements in place to support effective internal communications.

### **Engagement with External Stakeholders**

Departments should set out their commitment to openness and transparency in all aspects of their work. This ranges from how policy is developed to engagement and communication with the Oireachtas, the public and stakeholders. The Governance Framework should set out: the arrangements for engagement, communication and management of relationships with stakeholders including, for example, arrangements under the Quality Customer Service Initiative. In doing so, Departments should have regard for the forthcoming principles to guide engagement by bodies in the public service with stakeholders and citizens on policy and service development.<sup>6</sup> Where appropriate Departments should also refer to their international responsibilities through membership of EU, UN, OECD etc.

### **Review of Effectiveness of Governance Framework**

A strong focus on building and sustaining a sound and effective Governance Framework and on detecting signs of poor governance can assist Departments to resolve issues before they develop into serious performance issues. It is fundamental that Departments set out the processes for monitoring all aspects of their Governance Framework to ensure fitness for purpose, that issues of significance are escalated and resolved by the right people at the right time. The Governance Framework should provide for a review process, the purpose of which is to ensure its effectiveness, and that the Governance Framework is maintained and kept up to date.

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<sup>6</sup> To be finalised in 2015

# Minister and Senior Management Roles & Assignment of Responsibilities

## Governance Principle:



Good governance helps to define priorities and outcomes in terms of sustainable economic and societal benefits and to determine the policies and interventions necessary to optimise the achievement of these priorities and outcomes. It means implementing good practices in transparency, reporting, communications, audit and scrutiny to deliver effective accountability.

## Core Elements

**In support of these Principles, Departments should include the following core elements in their Governance Framework:**

- An overview of the roles and responsibilities of the Minister, the Minister(s) of State, and the Department's relationship with the Minister and the Minister(s) of State.
- An overview of senior management governance roles and responsibilities, including those relating to Secretary General and Accounting Officer, Special Adviser, those who exercise a senior management role within the Department and the role for all staff; and
- How responsibility is assigned to officers of the Department for the performance of the functions under the Public Services Management Act 1997.

## Minister

The Governance Framework should set out the role of the Minister. Article 28.4.2 of the Constitution provides that the Government shall be collectively responsible for Departments of State "administered" by the Members of the Government. Under Article 28.12 of the Constitution ministers are "in charge of" Departments of State. The principal legislative provisions governing the Minister's powers are the Ministers and Secretaries Acts 1924 to 2013 and the Public Service Management Act 1997. The structures of Departments and distribution of its business are regulated by these Acts.

The Ministers and Secretaries Act 1924, as amended, provides that each Minister shall be the responsible head of the Department or Departments under his/her charge and "...shall be individually responsible to Dáil Éireann alone for the administration of the Department or Departments of which he is head...". This gives statutory effect to the constitutional principle of ministerial responsibility. The Minister bears political responsibility under the Act of 1924 for all actions within his or her Department. This Governance standard does not replace or usurp the Carltona Doctrine whereby powers vested in Minister may be exercised, without any

express act of delegation, by officials of certain seniority and responsibility. Where at the request of government functions are transferred from one Minister to another, regard should be had to the forthcoming guidelines on managing the efficient reorganisation of Departmental structures or functions<sup>7</sup>.

### **Relationship with the Minister**

A key governance process is a Department's relationship and communication with the Minister and his/her advisers. The successful delivery of business priorities and programmes is contingent on these relationships operating effectively.

The Governance Framework should:

- Set out the role of the Minister and his/her interaction with the Department in order to ensure clarity of the Ministerial/Senior Civil Service relationship while recognising the complexity and the differing and dynamic approaches that are involved. In some instances the relationship may largely centre on interaction through the formal Management Board processes; in others, and while no less formal, it may be characterised by interaction at a direct level with management at senior level<sup>8</sup>.
- recognise that the Minister/Department interaction can occur routinely at any time and may not be confined to normal working hours and normal office arrangements. These may derive from the nature of the work of Departments or from the functional style of office holders. Formal governance arrangements should take into account these realities.
- an overview of regular interaction between the Minister and Secretary General/Senior Management for agreeing priorities and ensuring shared political/management oversight of progress, performance and issues as part of the decision making and monitoring role;
- recognise that a "one size fits all" approach will not be appropriate and that a degree of flexibility may be required but not to an extent that they compromise the key elements of this Governance Standard.

### **Recording of Ministerial Decisions**

The Department's Governance Framework should set out

- the formal processes and mechanisms for documenting decisions made within the Department to include Ministerial consideration and filing of same.

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<sup>7</sup> Action 21 of the Civil Service Renewal Plan refers.

<sup>8</sup> Report of the Independent Review Group on the Department of Justice and Equality July 11th, 2014

## **Minister of State**

The Governance Framework should set out the role and the functions of the Minister(s) of State; whether these are administrative, or statutory by way of an Order under the Ministers and Secretaries (Amendment) (No. 2) Act 1977.

## **Relationship with the Minister of State**

An overview of the interaction between the Minister(s) of State and the Department, where relevant, should be described.

## **Leadership and Organisational Capacity/Capability**

The management team of the Department leads and manages the implementation of the systems, processes and behaviours necessary to promote good corporate governance across the organisation so that all staff work together as a high performing team. While clear direction and support of Department Heads is crucial, each individual member of the management team has a responsibility to show leadership, to contribute to the management of the Department as a whole and to actively support colleagues in meeting their objectives. Leadership and management must set the tone for effective governance from the top while showing an example to staff of good governance behaviours and demonstrating a commitment to achieving Government objectives through accountable processes. Departments should set out the expectations of those with leadership and management responsibilities to ensure performance and outcomes are consistent with good governance obligations.

The Governance framework should set out:

- The expectations of those with leadership and management responsibilities to ensure performance and outcomes are consistent with good governance obligations.
- The strategy in place to ensure that the organisation has the capacity to fulfil its mandate including clarity on roles and responsibilities.

This section could also have regard to:-

- HR Strategies;
- ICT governance and security;
- communications strategy;
- record keeping;

- data management; and
- information management.

### **Secretary General & Accounting Officer**

The Governance Framework should set out the role and responsibilities of the Secretary General. The Secretary General is the administrative head of the Department, the Accounting Officer, and has overall management responsibilities for the quality of advice submitted to the Minister. The respective responsibilities are set out below.

Secretary General: The Ministers and Secretaries Act 1924 and Public Service Management Act 1997 outline the statutory responsibilities of the Secretary General. Under the 1997 Act, certain duties are assigned to the Secretary General within the Department (section 4 (1), 9 (1) & 9 (2)), including, but not limited to:

- managing the Department;
- implementing Government policies appropriate to the Department;
- delivering outputs as determined with the Minister;
- providing advice to the Minister and using resources so as to meet the requirements of the Comptroller and Auditor General (Amendment) Act 1993 in relation to regularity and propriety as well as to economy, efficiency and effectiveness;
- preparing Strategy Statements for submission to the Minister;
- providing progress reports to the Minister on the implementation of the Strategy Statements;
- ensuring proper use of resources and the provision of cost-effective public services;
- making sure arrangements are in place to maximise efficiency in cross departmental matters;
- preparing an outline of how specific responsibilities are to be assigned so as to ensure that the functions performed on behalf of the Minister are performed by an appropriate officer, or an officer of an appropriate grade or rank down through the Department; and
- managing matters relating to appointments, performance, discipline and dismissal of civil servants below the grade of Principal or its equivalent.

The list of duties specified in the Public Service Management Act 1997 while extensive, are not necessarily exhaustive and the Secretary General may also be required, under the Act, to carry out other functions on behalf of the Minister.

Accounting Officer: The Governance Framework should set out the roles and responsibilities of the Accounting Officer. In doing so, Departments should have regard to the 'Role and Responsibilities of Accounting Officers – A Memorandum for Accounting Officers (2011)<sup>9</sup>.

The Civil Service head of the Department administering the Vote is normally appointed Accounting Officer on the premise that he or she alone is in a position to discharge responsibility for the money entrusted to a Department/Office, for the use made of its resources and for control of the assets in its keeping, such as land, buildings, stores, equipment or other property<sup>10</sup>. The statutory role of the Accounting Officer is set out in the Comptroller and Auditor General Acts 1866 to 1998 and also set out in the Public Financial Procedures.

Each Accounting Officer is personally responsible for the safeguarding of public funds and property under his or her control; for the regularity and propriety of all the transactions in each Appropriation Account bearing his or her signature; and for the efficiency and economy of administration in his or her Department. The Accounting Officer is personally answerable to the Oireachtas Committee of Public Accounts (PAC) for regularity, propriety and value for money through rigorous post factum examination of the manner in which Accounting Officers have discharged their responsibilities by means of independent audit and examinations by the Comptroller and Auditor General.

In addition to the preparation of the Appropriation Accounts, the main responsibilities of Accounting Officers as laid down in *Public Financial Procedures*. All officials should be familiar with Public Financial Procedures.

### **Special Adviser to the Minister**

The Governance Framework should acknowledge the role of Special Advisers<sup>11</sup>. The primary functions of Special Advisers are to secure the achievement of Government objectives and to ensure effective co-ordination in the implementation of the Programme for Government. The

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<sup>9</sup> To be updated, and updated version to be published.

<sup>10</sup> Department of Expenditure & Reform's Public Financial Procedures (2012)

<sup>11</sup> A template to assist each Department in preparing 'Office Notices Regarding Special Advisers' is being prepared in accordance with Action 21 of the Civil Service Renewal Plan

role and duties of Special Advisers are described in section 11 of the Public Service Management Act 1997. In summary, these are to assist the Minister or the Minister of State by (i) providing advice; (ii) monitoring, facilitating and securing the achievement of Government objectives that relate to the Department, as requested; and (iii) performing such other functions as may be directed while being accountable to the Minister or the Minister of State in the performance of those functions. The Special Adviser performs his or her role alongside the senior Civil Service in collectively supporting the Minister and the Government of the day. Special Advisers are not part of the line management system of the Department.

### **Assignment of Senior Management Roles & Responsibilities**

The Governance Framework should detail how the Secretary General as Head of a Department assigns responsibility for the performance of functions by individual officers, or grade or grades of officer, to Principal Officer level in accordance with Section 4 (1) and 9 (2) of the Public Services Management Act 1997<sup>12</sup>.

### **Responsibilities of all Staff**

The Governance Framework should recognise that all staff have a role to play in assuring good governance, adherence to the Civil Service Code of Standards and Behaviours in the performance of their duties, as well as corporate policies, procedures, circulars and Office Notices.

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<sup>12</sup> Action 21 of the Civil Service Renewal Plan: Publish the framework for assignment of responsibilities for all Departments.

# Management Board and other Governance Structures

## Governance Principle:

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Good governance means developing the Department's capacity, including the capability of the leadership team, management and staff.

## Core Elements

**In support of this Principle, Departments should include the following core elements in their Governance Framework:**

The purpose, role and terms of reference of management structures and arrangements in place including Management Board or committee structures, Ad-Hoc Working Groups and senior management structures.

An overview of governance arrangements that span across organisational boundaries.

The Governance Framework should set out a description of the purpose, function, and composition of Management Board structures, Sub-Committees, Ad-Hoc Working Groups and senior management structures, and how these are underpinned by the values and culture of the Civil Service.

## Management Board

Each Department, through its Governance Framework, should establish clear terms of reference for its Management Board including but not limited to its purpose, role, composition and procedures<sup>13</sup>. The key objective is to clarify the roles and responsibilities of the Board and its members. Each Department should have an effective Management Board which operates to the principles of shared participation and responsibility for the operational success of the entire Department in supporting the Minister and Secretary General in the fulfilment of their statutory roles. In addition, each individual board member has a responsibility to show leadership to contribute to the management of the Department as a whole and to actively support colleagues in meeting objectives. Individual managers' roles could include both corporate and divisional level responsibilities, resource management, policy advice and

<sup>13</sup> For example, Revenue will set out the Governance Framework of its Office having regard to the Board and the collective and individual roles of the three Commissioners and the role of the Chairman as Chairman of the Board, Head of the Office and Accounting Officer. Given the statutory framework of the Board, Revenue will continue to have a Management Advisory Committee made up of the Board and the Assistant Secretaries, chaired by the Chairman.

implementation responsibilities. These responsibilities should be expressed in each Department's framework of assignments under the Public Service Management Act 1997.

Each Management Board should:

- A** Agree a documented Terms of Reference;
- B** Review and update its Terms of Reference regularly and at least annually;
- C** Ensure that the Terms of Reference are communicated to the Minister, Special Advisers and all staff.

The following should be included in documenting terms of reference.

#### **1. Department's Vision and Purpose**

The Department's vision should be set out having regard to the material in Department's Strategy Statement (which would flow from the Civil Service Vision in the Civil Service Renewal Plan).

#### **2. Department's approach to policy making**

Explain how the Department's policies are set (e.g. by Government, by the Minister, co-ordinated with other Departments, consistent with budget and resource constraints etc.)

#### **3. Membership**

- a) Set out the membership of the Management Board (including the grade levels ) and whether other persons regularly attend for the full Board meeting or for particular agenda items e.g. from Human Resources, Corporate Centre, Press Office etc.
- b) The wider Management Board should have a balance of skills and experience appropriate to fulfilling its responsibilities. For example, some Departments may wish to extend Management Board membership to other grades depending on the size and business needs of the organisation.

#### **4. Relationship with Minister, Minister of State and Special Adviser**

- a) Set out the arrangements for interaction between the Management Board and the Minister and Minister of State e.g. whether regular Ministerial / Management Board meetings are held. If other arrangements are in place to keep the Minister informed of relevant developments these should be specified;
- b) Set out matters which should be covered in regular briefings with Ministers including, but not limited to:

- Government priorities;
  - Strategy;
  - Key issues; and
  - Department / Agency performance;
- c) Set out arrangements for interaction with the Special Advisers, including whether, for example, there are arrangements in place for Special Advisers to attend the Management Board for discussion of particular items.

Departments should have regard to any relevant recommendations from previous reports which examined or looked at arrangements within the Civil Service governance context;<sup>1415</sup>.

## 5. Roles

Set out the role of the Chairperson, (normally the Secretary General or Head of Office) including:

- a) Scheduling and chairing regular meetings;
- b) Ensuring the Management Board considers any matters that threaten the propriety or value for money with which the Department carries out its business;
- c) Ensuring the Management Board considers any significant issues which may impact on the Department's medium term capacity, capability or significant risks to delivery on its objectives, together with details of mitigating actions proposed or taken;

Set out the role of the members of the Management Board including:

- a) Regular attendance and active participation at meetings of the Board;
- b) Specific responsibilities arising from their individual roles as Board members;
- c) Participating proactively in the management of the whole Department and not focusing only on their own functions in providing leadership and strategic direction, and driving and overseeing the implementation of strategies;
- d) Using their experience to challenge and critically examine items under discussion by the Board;
- e) Notifying the Board of any matters that threaten the propriety or value for money with which the Department carries out its business;

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<sup>14</sup> Report of the Independent Review Group on the Department of Justice and Equality July 11th, 2014

<sup>15</sup> Interim Report on the Report on Certain Issues of Management and Administration in the Department of Health & Children associated with the Practice of Charges for Persons in Long-Stay Care in Health Board Institutions and Related Matters- Travers Report March 2005.

- f) Notifying the Board of any significant issues which may impact on the Department's medium term capacity, capability or significant risks to delivery of its objectives, together with details of mitigating actions proposed or taken.

These roles should be complimentary to and should not conflict with the existing statutory roles of the Secretary General or of the Accounting Officer.

Departments should identify matters appropriate for the consideration of the Management Board. Appropriate arrangements for assignments under the Public Service Management Act 1997 will be necessary to ensure that Management Board members have the authority necessary to give effect to any shared and/or individual responsibilities identified.

## 6. Committees

The Terms of Reference should identify and set out the purpose, structure and formal reporting lines and reporting frequency for committees that support the Management Board and/or the Secretary General, e.g. Risk Committee etc. Departments may also wish to consider whether committees focused on key corporate issues, for example, ICT strategy should be established. Separate arrangements focused on project governance could be appropriate, depending on the business priorities of the Department.

## 7. Decisions and Reporting

The Terms of Reference should identify those matters always dealt with by the Management Board, for example:

- a) The Strategy Statement;
- b) The Business Plan(s);
- c) Operational strategies, as appropriate, to best implement Ministerial policies;
- d) Risk management<sup>16</sup> for the Department;
- e) Discussion of major strategic challenges confronting the Department<sup>17</sup> and strategies affecting the long term interests of the Department (including IT, financial and Human Resource allocation, Human Resources strategies);
- f) Ensuring that cross-cutting and longer term issues are fully accounted for in resource planning, policy formulation and advice;
- g) Budget allocation and performance;

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<sup>16</sup>See Risk Management Guidance from the Department of Public Expenditure and Reform

<sup>17</sup> For example: Strengthening the Capacity of the Department of Finance Report of the Independent Review Panel (December 2010)

- h) Ensuring effective communication throughout the organisation, including dissemination of information on the role and decisions of the Management Board where appropriate, driving engagement with staff and communication with external stakeholders;
- i) Considering and debating major policy issues and wider external issues of significance;
- j) High-level consideration of significant management and investment decisions made;
- k) Ensuring Strategic Human Resources and Organisational Capacity & Capability Reviews are conducted periodically;<sup>18</sup>
- l) Ensure that opportunities exist to exploit and embrace technology and innovation to transform how services are delivered; and
- m) Governance arrangements.

It should also identify the main categories of information which the Management Board wishes to consider and the regularity of its consideration of each type of information. These will vary depending on the business of the Department but might include:

- a. Progress of spending against profile;
- b. Progress and status of major legislative initiatives being undertaken within the Department;
- c. Progress and status of major projects against expected timeframes and budget;
- d. Risk management;
- e. Issues relating to Bodies under the aegis of the Department;
- f. Review of certain documents prior to publication such as Annual Report etc.

## **8. Performance and Evaluation**

The Management Board should arrange a periodic review to measure delivery, performance and effectiveness against its terms of reference.

### **Management Board Information / Documentation**

Management Board papers, where relevant, should be available to members in a timely manner. They should be relevant and concise and adequate to enable members to understand the background and context of the issues under discussion.

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<sup>18</sup> Departments should have regard to any recommendations emerging from the Organisational Capability Reviews to be established under Action 20 of the Civil Service Renewal Plan.

As there is significant variation between the nature of individual Department's business, each Management Board should agree the format and content of its regular reports together with the detail, analysis, etc. expected in papers dealing with significant policy or budgetary matters.

### **Support to the Management Board**

A Secretary to the Management Board should be appointed to assist the Chairperson with preparing the agendas, circulating papers, keeping accurate minutes, etc. The Secretary might also be charged with monitoring the compliance of the Management Board with its Terms of Reference and advising the Chairperson of any issues arising.

### **Internal Ad-hoc Working Groups and Management Structures**

The role of oversight or coordinating Sub-Committees, time-bound Ad-hoc Working Groups and management structures (including internal networks) should also be clearly set out including their terms of reference in order to ensure effectiveness and to avoid confusion regarding accountability issues and decision sharing/making functions.

### **Governance across Organisational Boundaries**

The Governance Framework should also recognise where Departments are currently involved in various programmes across the Civil Service, where the Head of Department is a Programme Sponsor or where members of the senior management team are assigned responsibility as Senior Responsible Officers to programmes. Additionally, the Governance Framework should acknowledge where staff members service cross-Departmental official level groups and support the work of Cabinet Committees and where they also lead or participate in a number of internal and external committees or working groups that facilitate formulation of wider policy perspectives and strategies. The Framework should acknowledge the interdependent and collegiate nature of such cross-Departmental work between Departments, its operation within the respective remits of individual Ministers and Departments, and the importance of an integrated approach in this context.

## Governance Principle:

4

Good governance means managing risks and performance through robust internal control systems and effective performance management practices.

### Core Elements

**In support of this Principle, Departments should include the following core elements in their Governance Framework:**

-  Audit and Assurance arrangements; and
-  Compliance Framework

## Audit and Assurance Arrangements

The Governance Framework should include a clear statement in relation to financial accountability relationships and organisational assurance, audit and scrutiny functions. This should have regard to necessary guidance, as follows:

- i. Accounting Officer assurance arrangements underpinning the annual Statement of Internal Financial Control to the Comptroller and Auditor General and other mechanisms. The Statement of Internal Financial Control is the means by which the Accounting Officer declares his or her approach to, and responsibility for, risk management, internal control and corporate governance. It is also the vehicle for highlighting weaknesses which exist in the internal control system within the organisation. The Accounting Officer is required to supply a signed Statement of Internal Financial Control to the Comptroller and Auditor General with the Annual Appropriation Account<sup>19</sup>;
- ii. Assurance arrangements between the Departmental Accounting Officer and the Accounting Officer for the National Shared Services Office (NSSO), consistent with relevant Service Management Agreements;
- iii. Role of Audit Committee and reporting arrangements to the Secretary General.
  - a. Each Accounting Officer should establish an Audit Committee. The Audit Committee has an independent role in the provision of assurance to the Secretary General and this includes consideration of the adequacy and effectiveness of the Department's internal control systems, control environment and control procedures, overseeing the work of Internal Audit Unit and to provide advice and professional guidance in relation to the development of the

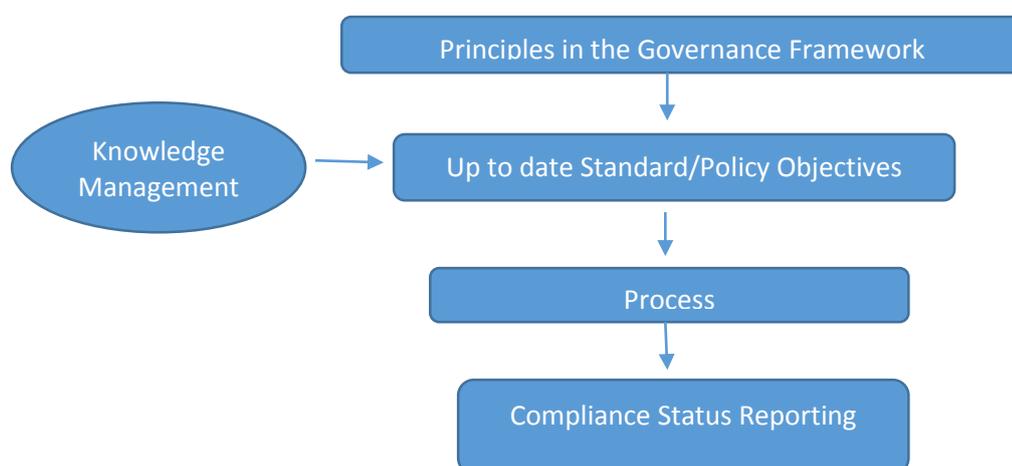
<sup>19</sup> Public Financial Procedures, Department of Finance.

Unit and the provision of advice and guidance in relation to the systems of risk management and internal control within the organisation.

- b. Each Audit Committee should operate under a written charter and should include external representation with appropriate expertise. The Chairperson of the Audit Committee should be external to the Department/Office.
  - c. The Audit Committee should prepare an annual report to the Accounting Officer, reviewing its operations, and should invite the Comptroller and Auditor General, or his nominee, to meet with it at least once a year<sup>20</sup>;
- iv. Role of Internal Audit Unit and reporting arrangements to the Secretary General and/or Management Board;
  - v. Role of internal Finance Unit;
  - vi. Risk Management;
  - vii. Public Procurement.

### Compliance Framework

As an accompaniment to a Department's Governance Framework, a compliance framework should be developed. The governance principles to be effective have to be underpinned by a compliance process based on good knowledge management as well as monitoring and review arrangements. This process should be ongoing and dynamic. This may be illustrated as follows:-



A compliance framework provides an overview of all compliance assurance activity in a Department, and identifies who within the Department is responsible for each activity. It exists as a separate framework to focus on and provide greater detail of the subset of governance

<sup>20</sup> Public Financial Procedures, Department of Finance.

standards that are required to be met by statute, or on foot of government decisions or significant administrative or external commitments.

The compliance framework is an important part of the Department's management of risk. The compliance framework should build on those systems and procedures in place by Departments to meet each of its obligations, and have regard to the Risk Management Guidance. The framework assists those members of staff with the best knowledge of these systems and procedures to identify and detail any issues that have the potential to result in some degree of failure of those systems and procedures. These issues can be highlighted on the Department's risk register.

An integrated and holistic approach to risk management is one of the keystones to achieving effective corporate governance. Departments and Offices must be able to respond appropriately to significant business, strategic, operational, finance, compliance and other risks that threaten the successful achievement of their strategic and operational objectives.

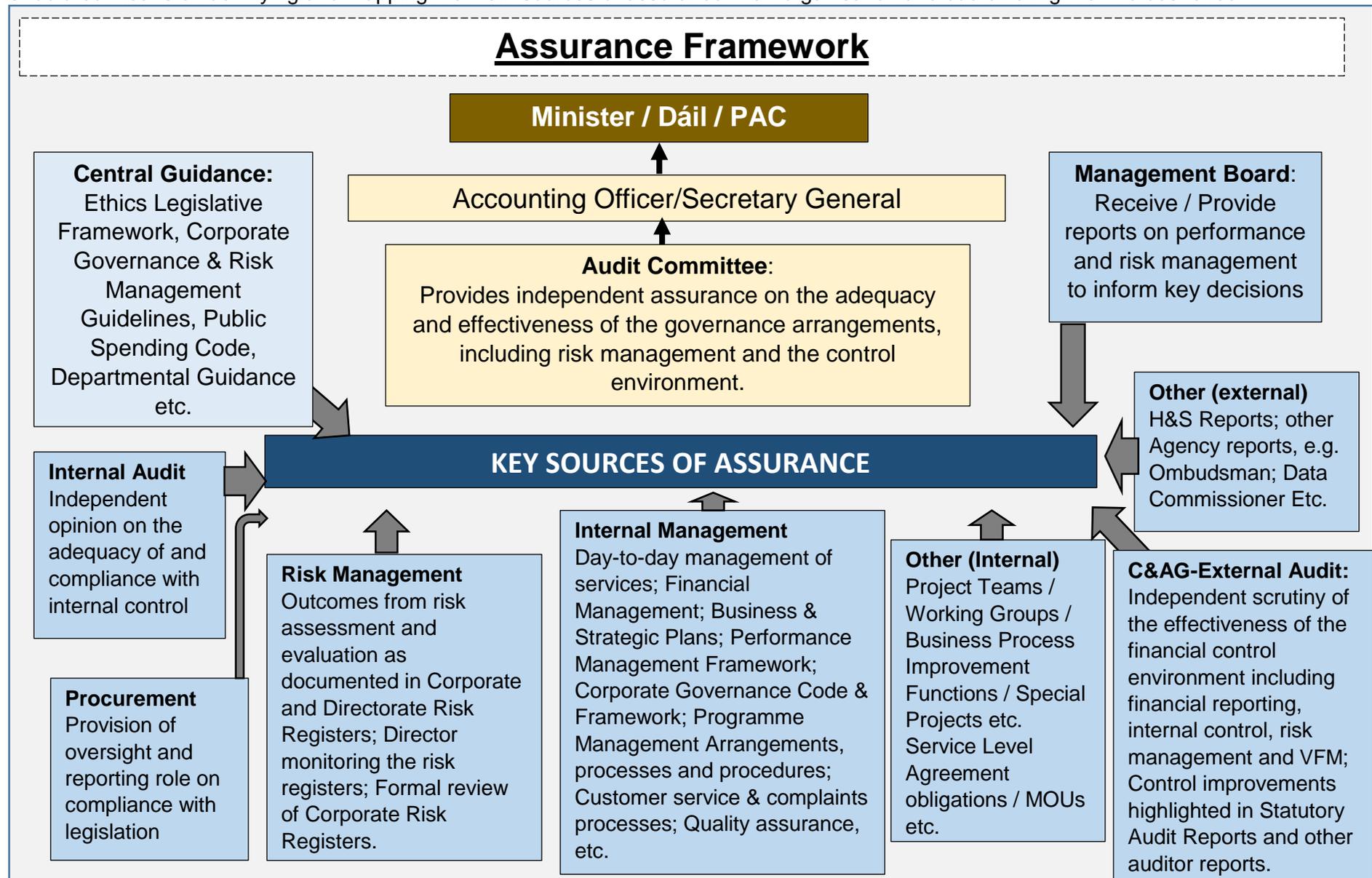
Having identified the key compliance requirements, a compliance framework should list each specific obligation identified and the arrangements in place to oversee, monitor and ensure compliance. These can be categorised, for example, as either:

- |          |   |
|----------|---|
| <b>A</b> | Statutory e.g. Protected Disclosures Act 2014, Freedom of Information Act 2014, the Taxes Consolidation Act 1997, |
| <b>B</b> | Government Decisions, or  |
| <b>C</b> | Administrative and Policy Initiatives, e.g. Department of Public Expenditure and Reform sanction for expenditure. |

A sample from the draft compliance framework of the Department of Public Expenditure and Reform is attached at Appendix A for information

# Audit, Assurance & Compliance Arrangements

In mapping audit and assurance arrangements, Departments may have regard to the following Assurance Framework which provides a structured means of identifying and mapping the main sources of assurance in an organisation and coordinating them to best effect.



# Bodies under the Aegis of the Department

## Governance Principle:

5

Good governance ensures openness, effective public consultation processes and comprehensive engagement with domestic and international stakeholders.

## Core Elements

**In support of this Principle, Departments should include the following core elements in their Governance Framework:**

External Governance and Oversight of Bodies under the Aegis of the Department.

## External Governance and Oversight of Bodies under the Aegis of the Department

The relationship between Government Departments and bodies under their aegis is determined primarily by:

- The underpinning legislation establishing the body.
- The requirements set out in the Code of Practice for the Governance of State Bodies.

Responsibility for delivery on the mandate and functions of a Body under the aegis of a Departments rests in the first instance with its Board, and the Chairman of the Board.

Departments and State bodies<sup>21</sup> should have Performance Delivery Agreements/Service Level Agreements in place. These agreements will act as a performance contract between the parent Department and the State body in which an agreed level of performance / service<sup>22</sup> is formalised and which will ultimately result in the improved effectiveness and efficiency of public services. The agreements allow for the adoption of both annual and multi-annual targets, and the development of output and outcome indicators, including milestones to measure performance against targets.

Accounting Officers should satisfy themselves that the monitoring systems and procedures in place are appropriate and if reports indicate that a problem has emerged, that appropriate corrective action is taken by the body as soon as possible. The Code of Practice for the Governance of State Bodies is currently being updated by the Department of Public Expenditure and Reform and will be available on the Department's website in due course.

<sup>21</sup> As alternative arrangements are already in place it is not intended that these agreements apply to Commercial State bodies.

<sup>22</sup> Service levels should be included in the case of operational bodies with "customers".

There are a number of responsibilities on Departments and Bodies set out in various statutes, codes of practice (including the Code of Practice for the Governance of State Bodies) and the Public Service Reform Plan (e.g. in relation to appropriate Service Level Agreements (SLAs) or their equivalents which are in place between Departments and their State Agencies).

While there is no precise definition of Bodies under the aegis of a Department in the Civil Service, the following criteria will be of assistance in defining such a Body:

1. The Minister presents legislation relating to the Body to the Houses of the Oireachtas.
2. The Minister lays the Body's accounts and/or annual report before the Houses of Oireachtas.
3. The Minister and/or the Department has statutory responsibility for one of more of the following:
  - a. Provision of funding;
  - b. Presentation of estimates in the Dáil;
  - c. Nomination / dismissal of all / majority of the members of a Body's Board, Authority or other governing body;
  - d. Appointment of CEO;
  - e. Consent functions in relation to remuneration, superannuation, fees;
  - f. Consent functions in relation to borrowing.
4. The statutory basis of the Body
5. The Minister sets policy direction for the Body.
5. The Minister has the power to issue directions, codes, regulations or guidelines in respect of the Body.
6. The Minister approves Strategy Statements.
7. The Secretary General is the Accounting Officer for the Body.

Having assessed Bodies against this criteria, Departments are likely to have different categories of Bodies under their aegis. Information on governance arrangements could be collated and set out in summary tabular format in the Governance Framework as per the table below.

### Bodies under the Aegis of the Department / Office

Body	Accountable Person (i.e. Head of Office)	Principal Officer in Dept liaising with Body	Principal Ministerial and Departmental Functions	Exchequer Funding Source	Governing Legislation

Bodies with their own Vote or Accounting Officer will be obliged to prepare a Governance Framework in accordance with this Standard.

Given that the relationships between Departments and those Bodies under its aegis varies widely (for example, entities that are statutory or regulatory in nature, commercial or non-commercial etc.) the Governance Framework should:-

- set out those arrangements for liaison and oversight of Bodies under the Aegis; and
- provide an overview and reference of the periodic measures taken to provide ongoing governance assurance as to who is responsible for what.

In doing so, Departments should have regard to the provisions in the Code of Practice for the Governance of State Bodies. In particular, those relating to:-

- Accountability – In general, it is recommended that each Department/Office set out in writing the respective roles of its Accounting Officer and the Chief Executives of any State body under its aegis. The Accounting Officer of the Department under whose aegis the body lies should satisfy him/herself that the requirements of the Code of Practice are being implemented and if reports indicate that problems exist, ensure that appropriate action is taken as soon as possible;
- Service Level Agreements/Performance Delivery Agreements, and a Performance Framework;

- Reporting Obligations;
- Codes of Business Conduct for the directors and employees of State Bodies – All State bodies should have published Codes of Business Conduct for their directors and employees. These Codes should refer to the need for directors and staff to comply with the requirements of the Companies Act 2014, if applicable, and any other relevant legislative and regulatory requirements. They should identify the relevant provisions regarding conduct/conflicts of interest in the governing legislation of the body;
- Tax clearance and compliance – These include the provision that a report on the body's compliance with tax laws should be furnished each year to its relevant Department. The report should confirm that the body has complied with its obligations under tax law.

# Appendix A

## **Appendix A – Sample Extract from Compliance Framework – (Example from the Department of Public Expenditure and Reform - Draft)**

The obligations of a Department can be broken down into 3 categories: a) statutory, b) government decisions, and c) administrative and policy initiatives.

For example, the Responsible Officer for each of the obligations listed below may be asked to document their detailed obligations {please note this list is not exhaustive, and is provided only as an sample}:-

<b>A. Statutory Requirements or Established Compliance Obligations</b>
1. Ministerial and Departmental functions under the Ministers and Secretaries Acts 1924 - 2013
2. Data Protection Act
3. Freedom of Information Act
4. Ethics/Standards in Public Office obligations
5. National Archives Act
6. Taxes Consolidation Act 1997 <sup>23</sup>
7. Compliance with Official Languages Legislation
8. Compliance with Employment Law and Civil Service HR Legislative Provisions
9. Compliance with Disability Legislation
10. Appropriation Accounts
11. Compliance with Public Financial Procedures
12. Agreement of Strategy Statement with Minister
13. Submission of Annual Report to the Minister
14. Other Functions under the Public Service Management Act 1997
15. Health and Safety
16. Compliance to Cabinet Guidelines
17. Compliance with Procurement Directives

<b>B. Government Decisions</b>
1. Input/Reports to Cabinet Committees on Public Service Reform
2. Input/Reports to Cabinet Committee on Economic Recovery and Jobs
3. Appointments to State Boards
4. Implementation of Programme for Government Commitments within Department of Public expenditure and Reform remit and updates on same
5. Guidelines on the Preparation of Strategy Statements

<b>C. Administrative &amp; Policy Initiative</b>
1. Integrated Reform Delivery Plan Returns
2. Review of Legislation in Accordance with Statutory or Government Commitments
3. Effective Business Planning Process

<sup>23</sup> Government Departments should comply with tax and duties legislation and should ensure that all liabilities arising from such legislation are paid on or before the relevant due dates.

4. Oversight of Robust Performance Management Arrangements
5. Adherence to Civil Service HR Guidelines/Circulars
6. Timely and Accurate Replies to PQs and other Oireactas Requests for Information
7. PAC Appearances
8. Statement of Internal Financial Control
9. Internal Audit Function
10. VFM Reports
11. EU/IMF Programme
12. Compliance with CPSA Codes of Practice
13. Responses to Questionnaires from OECD
14. Record Management Guidelines March 2013
15. Risk Register

For each obligation a detailed ‘Compliance Status Report’ could be developed. These Reports describe the systems and procedures in place to meet the Department’s obligations. They also set out the Responsible Officer within the Department for those systems and for providing assurance to the Secretary General and Management Board that the obligations have been met. An example of such a report is set out below:-

Compliance Status Report - **Obligation A.6**

<b>Compliance with Official Languages Legislation</b>
<b>Responsible Officer:</b>
<b>Compliance Obligation</b>  Compliance with Official Languages Legislation. [Outline/Link to standard/policy for obligation to be complied with.]
<b>Source Obligation</b> To create the Irish Language Scheme under Section 11 of the Official Languages Act 2003
<b>Who is the auditor/enforcer/controller?</b>  The Department of Arts Heritage and the Gaeltacht periodically review the website & issue letters to monitor
<b>Process (How is assurance provided to the Secretary General?)</b>  Scheme is agreed with the Department of Arts Heritage and the Gaeltacht and is monitored, updated and renewed every 3 years.
<b>Who is involved in the process?</b> Lead officials – Corporate Support Unit Input from other officials in the Press Office in D/PER also required

Names:			
Is the Responsible Officer happy that participants in the process are aware of compliance obligations, respond as required and have captured requirements in section level procedures?	<b>Green</b>	<b>Amber</b>	<b>Red</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	Some Issues	Significant Issues
When was the last audit of these procedures?	<input type="text" value="Click here to enter a date."/>		
Have all recommendations from that audit been implemented?	<b>Yes</b>	<b>No</b>	
	<input type="checkbox"/>	<input type="checkbox"/>	
Brief description of any issues with compliance procedures			

The compliance framework should be a live document.

## **Appendix B – Additional Resources**

The following models of good practice helped guide the preparation of this Standard:

- Standards in Public Office (2013) Extract from Guidelines on Compliance with the Provisions of the Ethics Acts 1995–2001 – Office Holders (Dublin, SIPO).
- Committee on Corporate Governance (2000) The Combined Code: Principles of Good Governance and Code of Best Practice (London, CCG).
- Department of Finance Regulations, Circulars, Office Notices and Guidance Material.
- Department of Public Expenditure & Reform Internal Audit Standards (November 2012).
- Strengthening Civil Service Accountability and Performance: Consultation Paper on Programme for Government commitments (Department of Public Expenditure and Reform (January 2014).
- Report of the Independent Panel on Strengthening Civil Service Accountability and Performance (May 2014)
- Civil Service Renewal Plan (October 2014)
- Financial Reporting Council (2014) The UK Corporate Governance Code (London, FRC).
- Financial Reporting Council (2014) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (London, FRC).
- IFAC/CIPFA (2014) Independent Framework: Good Governance in the Public Sector. (New York/London, IFAC/CIPFA).
- Independent Commission on Good Governance in Public Services, The (2004) The Good Governance Standard for Public Services (London, OPM/CIPFA).
- OECD Principles of Corporate Governance (Paris, OECD 2004).
- National Standards Authority of Ireland (2010) Code of Practice for Corporate Governance Assessment in Ireland (Dublin, NSAI).
- Public Sector Governance Vol. 1 and 2 – Australian National Audit Office July 2003
- Corporate Governance for Public Bodies - A Basic Framework, Hong Kong Institute of Certified Public Accountants.
- Corporate governance in Central Government Departments: Code of Good Practice 2011, UK Cabinet Office, HM Treasury.
- Corporate governance in Central Government Departments: Code of Good Practice – Guidance Note 2011, UK Cabinet Office, HM Treasury.

- Government Governance - Corporate Governance in the Public Sector, why and how. Ministry of Finance, The Netherlands.
- OECD Guidelines on Corporate Governance of State Owned Enterprises
- Public Service Reform Plan 2014-2016 (Department of Public Expenditure and Reform January 2014)

Department's Governance Frameworks should include references to good practice in addition to the above where relevant.