

OACG insights: Providing good quality financial information

October 2025

This guidance note has been developed for Boards and Audit and Risk Committees to assist them when considering financial information being presented by management and provides good practice tips when assessing whether it meets their needs.

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Good financial reporting practices for both internal and external reporting are an essential element for the effective functioning of State bodies enabling them to fulfill their mandate and support public accountability in their use of resources.

Management within State bodies have an obligation to provide those responsible for governance with all necessary financial information that will allow them to discharge their duties. Good quality financial information provided at the right time enables bodies to make informed decisions, assess risk effectively, and monitor and improve performance. It also enables effective and transparent external reporting and supports public accountability. Accordingly, financial information prepared by management must meet those needs in terms of scope, quality and presentation and clearly present the entity's performance against its objectives.

This guidance has been developed based on good practice observations of effective financial reporting, both internal and external. It sets out six good practice principles in the presentation and use of that information. It also provides sample questions for Boards and Audit and Risk Committees when considering the quality of the information and assessing whether it meets the overall needs of the body.

While the guidance has been designed for State bodies with governing boards, some of the good practice principles may be useful in other governance circumstances.

Audit insights

This guidance is part of a programme of work to identify and share learning opportunities for bodies by providing information on common recurring issues and good practice examples, identified through our financial audit and performance audit work.

Governance Responsibilities

The legislation establishing a State body normally specifies its corporate governance framework including the legal powers and governance responsibilities. In most cases, a board (or a similar decision-making structure) leads and directs the body and together with management is ultimately responsible to the sponsoring Minister for the operation and proper functioning of the body.

The board is also responsible for the annual financial statements prepared in accordance with the governing legislation and the applicable financial reporting framework (e.g. FRS 102). The legislation will usually provide for a chief officer (or equivalent) with day-to day operational responsibility for the body who reports to the board and is normally accountable to the Committee of Public Accounts (PAC) for the use and safeguarding of resources, and the regularity and propriety of transactions.

*The Code of Practice for the Governance of State Bodies (the Code)*¹ provides a framework for the application of best practice in the governance of bodies and sets out guidance on how the boards and management can achieve the highest possible standards of corporate governance.

Management of the body have a duty to provide the board with all necessary information to enable it to perform its duties to the highest standard. The board should take all necessary steps to make themselves aware of and have access to all relevant information.

The Code also sets out the importance of the Audit and Risk Committee (ARC) in supporting the board discharge its responsibilities.² The work of the ARC includes advising the board on

- the strategic processes for risk, internal control and governance
- financial reporting by the body
- the work of both internal and external audit
- assurances relating to the management of risk and corporate governance compliance
- the system of internal control including anti-fraud policies and procedures.

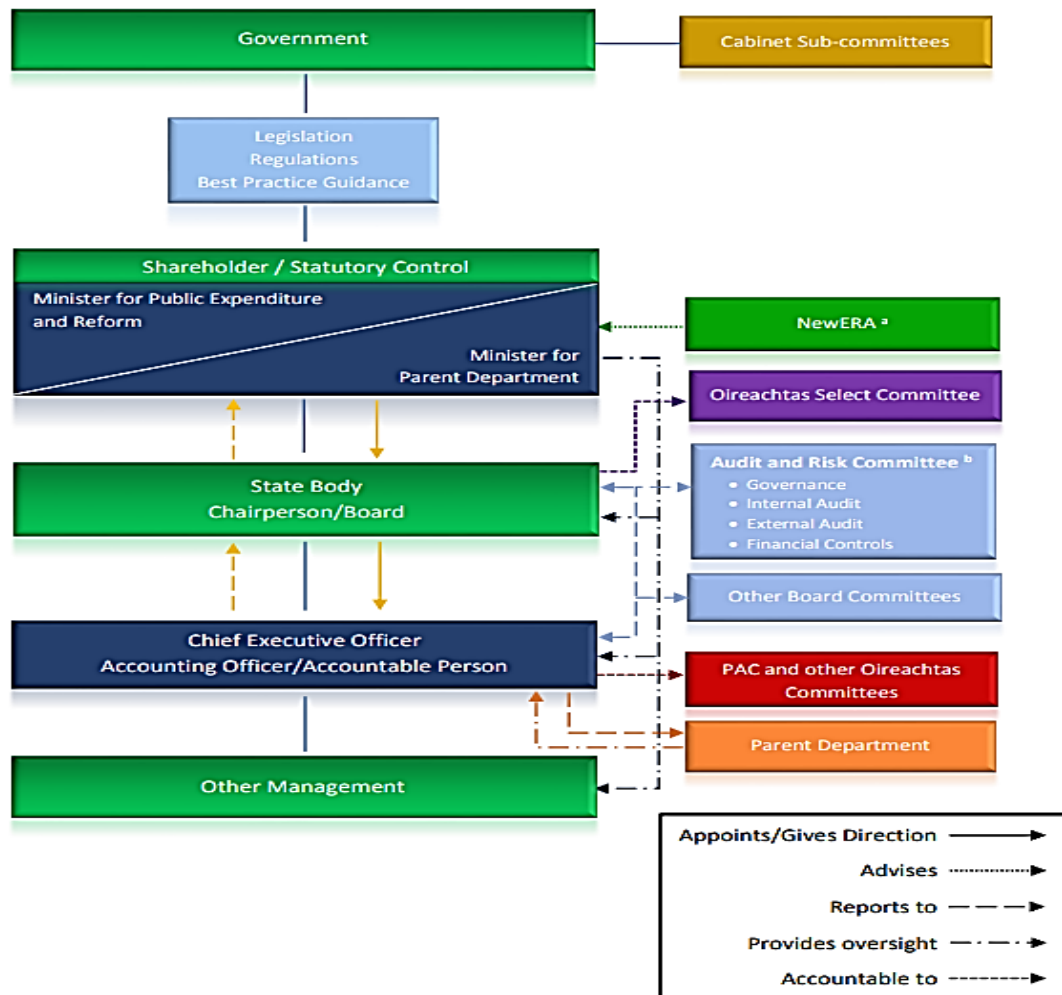
Due to the scale of some bodies there may be a separate Finance Committee. The board should ensure that the roles of both ARC and Finance committees are clear with no gap in the assurance provided.

¹ Published by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. Similar codes apply in other sectors such as third level education.

² The role of an ARC in the case of a government department is different to State bodies as its function is solely to advise the Accounting Officer in discharging his or her personal responsibility relating to the internal financial control system.

The Code provides an overview of the governance framework and reporting lines for a State body in the following diagram.

Governance Framework



Governance arrangements in place within State bodies will vary depending on their governing legislation, mandate, size and organisational structure. The manner in which boards address the various aspects of governance, the relative priorities they give to the different issues and the tasks delegated to the ARC is a matter for their judgement depending upon those circumstances.

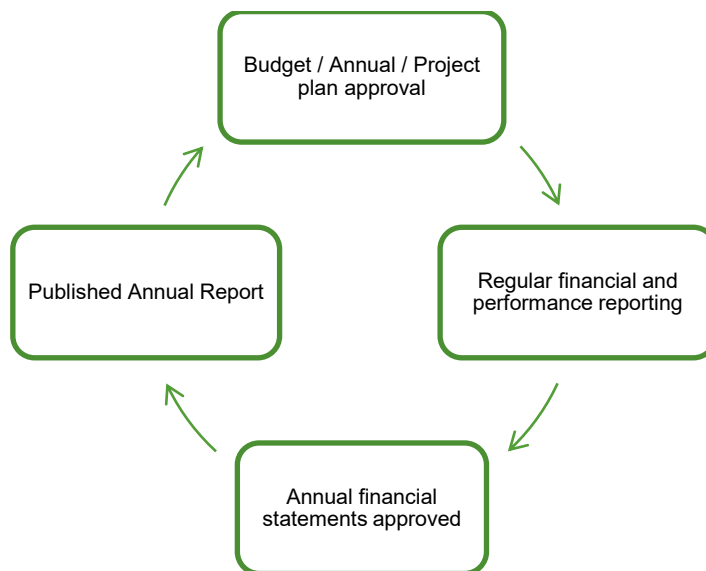
This guidance is written from the basis of both board and ARC. As boards are ultimately responsible for good governance they should decide on the best approach in dealing with the principles and sample questions in this guidance.

Financial reporting cycle

Financial information and reporting requirements (both internal and external) derive from the body's governing legislation and should ultimately be aligned with its strategic aims. The implementation of strategic plans is supported through the annual planning and budget cycle. Bodies should have robust performance measurement systems and reporting frameworks in place which enable boards and parent departments determine whether strategic aims are being achieved. Bodies may also need to ensure that these systems and reporting frameworks can provide assurance to other key stakeholders such as regulators or different funding providers, for example to demonstrate that the body has complied with conditions attached to specific funding.

Performance information is closely linked with the annual budget and annual plan, and accordingly with the body's financial reporting. Therefore, the provision of good quality financial information should be seen as part of the multi-annual strategy implementation process with annual budgeting and financial statements reporting part of this process.

On an annual basis there are usually a number of steps as follows



Budgeting and financial planning

The body's strategic plan is translated into a multi-annual overview, with more detailed annual corporate plans approved by the board which align business objectives with financial resources. Annual financial plans are derived from internal resource and budgeting processes and through engagement with the parent department as part of the estimates process. In some cases, bodies have significant own resources and budget forecasting may involve scenario planning to test the robustness of and risk to these revenues.

Annual corporate plans and budgets usually set out

- Key performance targets and performance metrics
- Risks to the achievement of the plan including risk management actions
- Available resources together with any significant changes
- Annual financial forecast
- New projects/initiatives and applicable resources
- Major acquisitions, disposals, investments or capital projects
- Areas for improved efficiencies or cost savings.

Bodies should ensure that they adopt best practice³ in project planning and that a thorough evaluation is conducted by management of business cases including examination of all the potential financial implications. This will enable robust scrutiny and challenge of financial proposals by the board to ensure best possible value for money is obtained. It will also ensure that no financial commitments and demands on public resources are entered into without being clearly understood and having first received board and any other necessary approval (e.g. parent department).

Regular internal financial reporting

Periodic financial reporting enables the board to assess financial performance and supports them in determining whether performance targets are being achieved. It also enables the board

- to identify areas at risk of significant overspend and take remedial action
- to inform timely decision making (e.g. reallocating an underspend)
- to assist in timely reporting to a parent department
- with the overall financial management of the body
- to support public accountability.

Financial information should be a standing agenda item at board and ARC meetings. The information reported and level of detail provided will depend on a number of factors such as the mandate, size and remit of the body. The needs of external stakeholders will also influence the information presented.

The ARC has an important role in relation to the oversight of risk management. The failure to mitigate risk may have significant financial impact and consequently risk should also be a standing item at both board and ARC meetings.

³ Guidance is available from the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation

In general, the types of information boards and ARCs should be provided with include

- Progress on the annual corporate plan including linkages to performance targets and outputs
- Periodic management accounts together with appropriate analysis of outturn against budget, comparisons with previous periods and forecast information to period end (and/or multi-annual)
- Non-financial data which complements financial information (e.g. operational activity performance, legal compliance obligation information, sustainability data, staffing metrics, etc.)
- Significant deviations or proposed changes (if any) from the corporate plan
- Specific financial reports setting out progress on significant acquisitions, disposals, investments or capital projects
- Updates on procurement, particularly major contracts and non-competitive awards⁴
- Overview of key risks and mitigation actions
- Reports and communications from internal and external audit.

Annual financial reporting

Legislation usually requires the board to prepare an annual report and the Code sets out that it should give a balanced, true and fair view of the body's financial performance and financial position. In preparing annual financial statements there is an onus on the board to ensure suitable accounting policies have been applied, that judgements and estimates are reasonable and that applicable accounting standards have been followed.

The Code also requires a number of specific financial disclosures, the preparation of a statement on the system of internal control and confirmations of compliance with certain Code requirements. There is an onus on the board to ensure that the disclosures and confirmations are accurate and complete.

The ARC assists the board by reviewing the body's annual financial statements and the statement on internal control before recommending their adoption by the board. When assessing the quality of the information provided, both the board and ARC will have an oversight role but their areas of focus will differ. The ARC may be focused on the technical and assurance side whereas the board, being able to rely on the work of the ARC, will be more focused on strategic aspects.

⁴ The Code requires bodies to confirm compliance with procurement rules. As a matter of good practice boards/ARCs should routinely review significant awards made without a competitive process.

Both board and ARC will have gathered knowledge about the body's financial performance and outturn based on the regular information and reports submitted to them during the year. They also consider other information such as performance data, the outcome of risk management activities and any significant control issues when considering the annual financial statements prior to submission for audit.

In reviewing and approving the annual financial statements, boards / ARCs should be provided with information including

- Complete draft financial statements together with draft annual report, governance disclosures and statement on internal control
- Explanation of final outturn for the year against budget with meaningful variance analysis
- Progress reports on significant acquisitions, disposals, investments and capital projects (including capital commitments)
- Information on any significant matters pertaining to the financial statements together with supporting explanations such as
 - changes to accounting standards, accounting policies or treatments impacting the financial statements
 - areas of critical accounting judgement and estimation
 - significant transactions before or after the financial year end
 - significant accounting corrections
 - the implications of any major events occurring since the financial year end
 - financial information from subsidiaries, joint ventures or acquired shareholdings (if any)
 - assessment of going concern (e.g. changes in legislation, 12-month financial forecast)
 - representations sought by the external audit
- Information supporting the review of the effectiveness of controls including
 - confirmation of procurement compliance
 - details of any instances where a breach of control may have occurred which led to a material loss, uncertainty or contingency
 - conclusions from internal audit (where relevant)
- Specific details on any areas of non-compliance with the Code, the implications and actions to address them

- Additional disclosures required by the Code on certain categories of expenditure (e.g. legal costs, settlements and remuneration) and on how the board operates.

Artificial Intelligence

Artificial intelligence (AI) and automation are rapidly evolving areas in financial and performance reporting which boards are likely to face in the coming years. Initial uses in the public sector have been in operational areas such as the analysis of digital images and use of models in compliance areas. International experience suggests that there will be growth in the use of AI in areas such as improving internal processes in public bodies and in directly providing services or engaging with the public.

AI and automation in finance has initially focused on the use of machine learning and algorithms to analyse data, automate tasks and generate data for decision making. Examples include the use of algorithms in complex tender evaluations, detecting errors in grant applications and validation of mathematical accuracy in financial information.

As bodies identify opportunities for the use of AI to improve the efficiency and effectiveness of business processes, they will need to ensure that appropriate policies and procedures have been prepared in accordance with government guidelines⁵ and are operating effectively.

In particular, boards and ARCs should understand

- how AI is being used by the body
- the governance and approval processes in place before AI tools are deployed
- the potential impact of AI on financial and operational performance
- the significant risks involved with AI deployment, and
- the assurance mechanisms in place over financial and performance information.

While the full impact of rapidly evolving technologies can be difficult to comprehend, boards and ARCs should use their collective experience and apply the same rigour as with any other area of major change and development, ensuring that appropriate policies, procedures, approving mechanisms, controls and oversight are in place. Boards should consider seeking advice from appropriate sources in order to assist them in discharging their responsibilities in this area.

⁵ *Guidelines for the Responsible use of Artificial Intelligence in the Public Service (2025)* – Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation.

Good practice principles for the presentation and use of financial information

Good quality financial information which enables the effective governance of a State body encompasses a number of key principles. Based on our work with State bodies we have summarised these principles into six broad categories as follows

- **financial information meets the needs of the Board/ARC**
- **financial information is relied upon by the Board/ARC**
- **financial information is understandable, easily accessible and securely maintained**
- **financial information supports public accountability**
- **Board/ARC members use their skills and experience in challenging and evaluating financial information**
- **the structure and conduct of meetings support effective engagement by members**

These principles can be broken down into a number of specific objectives for further consideration and are explained in the following sections. There are also a number of example questions boards/ARCs may find useful when engaging with the body's management and evaluating the overall quality and usefulness of the financial information presented. Similar type questions may arise under more than one principle.

1. Financial information meets the needs of the Board / ARC

The scope, nature and extent of the information meets the requirements of the board / ARC enabling the effective management of the body. The information is integrated with operational performance, facilitates the management of risk and supports key decisions. Boards/ARCs need to be content that the information provided will enable the effective discharge of their respective roles.

Objective: Financial information is integrated with performance information and meets the level required to effectively run the body

- Does the information report on the key financial and performance priorities in line with the approved business strategy?
- Is the information presented in context, alongside operational performance information both forecast and outturn?
- Are sufficient details included in the financial information (e.g. explanations are meaningful and do not simply repeat data obvious to the reader)?
- Does the information enable evaluation of the outcomes of strategic goals?

Objective: Financial information is tailored to users' needs and decisions to be made

- Is information provided in a timely manner (i.e. enables appropriate consideration in advance) that is clear, balanced and understandable?
- Are business cases supported by
 - good quality appraisal including an assessment of the financial and operational performance implications of the options presented (e.g. including long term resource and cash implications)
 - independent expert advice (where appropriate)
 - assessment of compliance with relevant guidelines⁶ and with an appropriate focus on affordability and value for money?
- Do boards/ARC receive reports on the progress on financial decisions made (e.g. significant acquisitions, disposals, investments and capital projects)?

Objective: Financial information facilitates the identification and management of risk

- Do boards/ARC receive reports on the management of significant financial risks?
- Do board/ARC review common areas of higher risk or particular sensitivity (e.g. conflicts of interests, litigation, taxation non-compliance) and seek explanations as to how these are being managed?
- Are there areas of concern highlighted by auditors which are not being satisfactorily addressed (e.g. higher rated findings not being remedied on a timely basis or excessive delays in obtaining information / explanations from management)?
- Has the board/ARC considered whether any information provided may give rise to concerns about fraud, irregularity or non-compliance with laws/obligations?

2. Financial information is relied upon by the Board/ARC

The Board/ARC depend upon current, accurate and consistent financial information in order to discharge their mandate. Boards/ARCs must have sufficient assurance (e.g. internal audit) that the information is drawn from reliable systems and that they can rely on the skills of the professionals who own and sponsor the information presented.

Objective: Good quality financial information is drawn from reliable information systems

- Is there objective assurance that financial information is derived from robust data capture and reliable data management systems including appropriate assurance regarding data security?

⁶ The Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation issues guidelines for the proper management of infrastructure and current expenditure by public bodies.

- Is the board/ARC aware of any inherent limitations with data or deficiencies in financial systems (e.g. highlighted by audit)?
- Is AI only used in accordance with approved policies and procedures?
- Has appropriate testing, piloting and scaling been applied to the use of AI and task automation (e.g. data analysis) used in the generation of financial data?

Objective: There is appropriate assurance on the information received

- Are processes for preparing financial management and performance information subject to independent review (e.g. internal audit) including its completeness and accuracy?
- Is the board/ARC satisfied that the financial information has been reviewed by relevant sections within the body (e.g. in the case of larger or more complex organisations)?
- Is there appropriate assurance over information provided from external sources (e.g. in cases such as shared services, supplier dependency or critical subsidiaries)?
- Is the board/ARC satisfied that systems are sufficiently robust to ensure that all significant financial information is always brought to their attention?

Objective: Consistent reporting of data supports effective monitoring

- Is the information provided in line with trends and/or consistent with data previously reported?
- Are there financial areas which are subject to a higher level of volatility (e.g. income streams which fluctuate significantly over time) and which need to be monitored more routinely?
- Is the information consistent with data from external sources (e.g. customer surveys)?
- Where is it proposed to change the bases for reporting data (e.g. data collection systems or use of AI analyses) has the board/ARC considered the implications (e.g. lack of comparability)?

Objective: Boards/ARCs can rely on the sponsor of the information

- Does the Finance Officer (or equivalent) attend governance meetings in person and take responsibility for the information provided?
- Are clear and meaningful explanations provided to questions from the board/ARC?

- Do boards/ARCs have a good understanding of how the body's finance function has evaluated new or emerging issues (e.g. impact of changes to accounting standards) or the critical assumptions and estimates (if any) underpinning financial information?
- Is the board/ARC satisfied that the financial function has the capacity and capability to manage financial information systems including novel areas (e.g. the use of AI)?
- Has the board/ARC considered whether any possible conflicts (e.g. other duties) arise with the sponsor of the information?

3. Financial information is understandable, easily accessible and securely maintained

Good quality financial information is presented to the board/ARC in a manner that can be quickly understood with an appropriate level of detail. Boards/ARCs should be able to readily access and retrieve the information. Appropriate safeguards are in place with regard to the security and confidentiality of information.

Objective: Information is presented in way that the board/ARC can quickly understand

- Is the objective and purpose of the information clear for the reader, together with actions required (including by whom), and deadlines to be met?
- Is the right level of detail provided which is tailored to the immediate needs of the board/ARC?
- Is information presented in a consistent/standardised format with appropriate layout which enables the board/ARC to quickly comprehend the content (e.g. draws readers attention to key information, uses graphics appropriately in place of lengthy narrative)?
- Is the language clear, concise and free from jargon?

Objective: Information is readily accessible and secure

- Is information provided in a manner that provides for ease of access to board/ARC members and can be readily retrieved?
- Is the information transmitted in a secure manner and are there appropriate safeguards in place to ensure that information is securely stored (including any personal devices held by board/ARC members)?
- Are there procedures in place to ensure that information is only published or released when authorised in accordance with law?
- Are there procedures governing the return and safekeeping of information when the term of board/ARC members comes to an end?

4. Financial information supports public accountability

Internal financial reporting forms the basis on which the body reports externally and is held accountable. It is important that information meets the needs of users and strikes a balance between meaningful explanations of the body's financial and operational performance while avoiding excessive narration. Public reports should have appropriate strategic focus.

Objective: Financial information engages external users

- Is financial information presented in a clear manner which enables all stakeholders to understand the body's financial and operational performance?
- Does the annual report
 - detail the progress made against the body's strategy
 - give a balanced and fair reflection of the body's performance and financial outturn
 - provide comparisons against approved targets?
- Is appropriate use made of graphics or other means which enables users to comprehend the information presented and is the language used understandable and concise?

Objective: Published information is consistent with information provided to the board/ARC

- Are the financial statements consistent with financial information and explanations provided during the year (e.g. are there any major deviations from the previously reported management accounts)?
- Are there disclosures in the other published information (e.g. annual report, governance disclosures, statement on internal control) which are inconsistent with the financial information previously presented to the board/ARC?
- Are there any observations or concerns raised by the external audit (e.g. significant issues not initially included in the financial statement, governance disclosures or statement on internal control)?
- Are significant risks, major control failures or others concerns adequately explained with a focus on actions being taken to manage or address the issues?

5. Board/ARC members use their skills and experience in challenging and evaluating financial information

Board/ARC members bring a wide variety of skills and expertise when fulfilling their governance responsibilities. They must be able to collectively challenge and evaluate the financial information presented by management. Boards maintain appropriate objectivity to effectively evaluate financial information.

While the balance in roles between board/ARC members and management varies from body to body, in all cases the board and ARC will want to draw on the support of management and finance professionals to provide timely financial information and advice.

Objective: Board/ARC members bring appropriate skills and experience to bear

- Do board/ARC members have a clear understanding of their role in respect of the financial management and oversight of the body?
- Are board/ARC members satisfied that they are able to effectively challenge the financial information provided?
- Do board/ARC members routinely bring wider information (where relevant) and experience to bear when considering the financial information?
- When deficiencies or weakness are identified, are systemic risks considered (e.g. issue may signify an organisational capacity or capability weakness)?

Objective: The board/ARC is supported by management and finance professionals

- Are executive and finance professionals routinely scheduled to attend meetings and are board/ARC members satisfied with the explanations and responses to their questions?
- If information provided is inadequate is appropriate follow-up action taken?
- Is important information provided without advance notice or under 'any other business', and if so are such issues managed appropriately?

Objective: The board and ARC have access to external experts as appropriate.

- Does the board/ARC have access to external expertise or advice (where relevant) and are those experts appropriately sourced?
- Do external experts provide reports in sufficient time for consideration and attend meetings where necessary?
- Does the board/ARC periodically meet with the internal and external auditors without management present?
- Is information provided by external experts consistent with the information provided by management to the board/ARC?

6. The structure and conduct of meetings support effective engagement by members

The way information is routinely provided to and discussed at meetings, and the support given to the board/ARC in using the information will affect the quality of the decisions made. Meetings are time limited, and members have to be able to grasp key information quickly. Members need to be given time to examine the information so that they understand the financial implications, both immediate and strategic.

Objective: Meetings are effectively planned

- Are meeting agendas set by the chair and agreed by members?
- Is financial reporting a routine agenda item for each meeting and is it tabled at the appropriate time to enable proper discussion?
- Is financial information submitted to members in a timely manner allowing members sufficient time to examine and consider it?
- Is time allocated appropriately over the year between routine financial matters and strategic?
- Is time allocated over the year for members to consider programme outputs and outcomes?
- Do procedures allow for boards/ARCs to determine who will attend for agenda items (e.g. internal audit, finance function) including whether executive management will be present?

Objective: The meeting allows board/ARC members to effectively use financial information

- Is there appropriate focus on cost/benefit of programmes, potential improvements and value for money, when discussing financial matters at meetings?
- Is there sufficient time given to enable members to evaluate and understand the short and long term financial and operational performance implications of proposals?
- Where an unscheduled or unanticipated financial proposal or information is presented are members satisfied that they can effectively and objectively consider the matter?
- Are minutes of meetings clear, accurately reflecting the key matters considered and the decisions taken?