



OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL

The importance of an effective working relationship between the Audit Committee and OCAG in ensuring a sound governance framework in the Irish public sector.



Presentation outline

- Respective roles of OCAG and Audit Committees
- Shared goal in relation to effective governance
- Financial reporting
- Internal control
- Performance reporting



Good Governance – 2 main requirements

Conformance

Ensure entity meets the requirements of

- law
- regulations
- published standards
- probity standards

Performance

Using resources to best effect

- outputs
- outcomes
- cost
- financial KPIs
- non financial KPIs

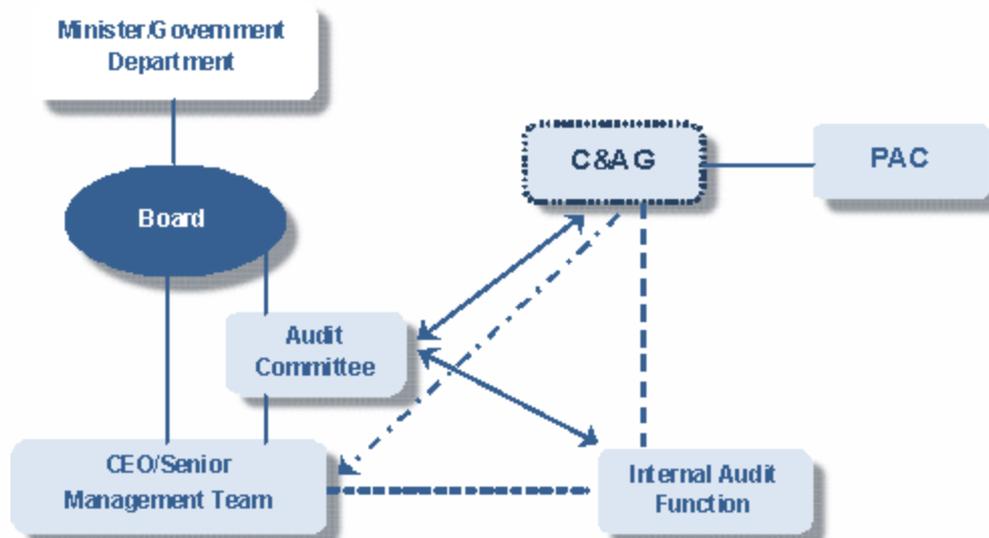


Shared goal - effective governance

- **Accountability** —entities responsible for decisions and subject to external scrutiny
- **Transparency** —to ensure that stakeholders have confidence in the decisions and actions of public sector organisations
- **Integrity** – honesty, objectivity and high standards of probity in the stewardship of public funds and resources
- **Stewardship** - reflect the fact that public officials exercise powers on behalf of the country as a whole
- **Leadership** — the tone at the top



Public Sector Governance Structure





Respective roles in relation to 3 elements

- Financial reporting
- Internal control
- Performance reporting



Financial reporting

Audit Committee

- Reviews accounts submitted for audit (accounting policies, estimates and judgements and completeness)
- Advises CEO on clearance of financial statements

Critical role to play in relation to additional disclosures that may be required in the interests of transparency.



Internal control – the Audit Committee

- Has an oversight role in relation to system of financial control and whether it operated during the reporting period
- Identification of items that should be disclosed in the SIC.
- Annual review of the effectiveness of the system.
- Key role in ensuring identified deficiencies have been addressed.



Internal control – the external auditor

- Obtains an understanding of and examines many aspects but does not form an opinion on the effectiveness of the system of internal controls.
- At planning stage - discuss key risks of material misstatement with Audit Committee and outline scope of audit.
- On completion of audit communicate weaknesses in control identified during audit.



Performance Reporting and Monitoring

- Audit Committee can make a significant contribution to development of performance measures/indicators.
- Not reviewed as part of annual audit but looked at for individual entities.

Our findings are that systems are under-developed.

Key area where progress is required in order to improve public administration.



Conclusion

- Audit Committees and external audit are key elements in the accountability process.
- Effective relationship benefits each party but more importantly the public sector as a whole