

## Foreword

The term ‘corporate governance’ is generally understood to encompass how an organisation is managed, its corporate structure, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders. Good corporate governance is a key element in improving efficiency and accountability as well as enhancing openness and transparency. A significant element of the Government’s programme for public service reform is the strengthening of governance and accountability arrangements across the public service system.

The process for the preparation of this guide included the commissioning of external advice from the IPA to review the pre-existing guide (previously updated in 2013). It is anticipated that the guide will be systematically updated as the public and state sector governance agenda evolves.

Good governance within a public service environment means:

- I. Focusing on the organisation’s purpose and on outcomes for the public and stakeholders.
- II. The organisation performing effectively with clearly defined functions and roles.
- III. Promoting values for the whole organisation and demonstrating the values of good governance through behaviour.
- IV. Taking informed, transparent decisions and managing risk.
- V. Developing the capacity and capability of the board / governing body to be effective.
- VI. Making accountability real including active and purposeful engagement of stakeholders

These key principles underpin the governance arrangements within the NCSE and the guide outlines how these principles are applied within the organisation.

## REFERENCES:

In addition to the specific provisions of the *Education for Persons with Special Educational Needs Act, 2004, (EPSEN)* the underpinning legislation for the organisation, the following governmental and professional guidance documents have been taken into account by the IPA and helped guide the preparation and review of this document:

- Department of Finance's *Code of Practice for the Governance of State Bodies (2009)*
- Department of Finance's *Public Financial Procedures (2008)*
- *Report of the Working Group on the Accountability of Secretaries General and Accounting Officers in the Civil Service (2002)*
- *The Good Governance Standard for Public Services* issued by the Independent Commission on Good Governance in Public Services
- Various relevant statutes including Ethics in Public Office Acts 1995-2001, Data Protection Acts 1988 and 2003, Freedom of Information Acts 1997-2003 and the Comptroller and Auditor General Acts, 1886 to 1998.
- London Stock Exchange (1992), *Report of the Committee on the financial aspects of Corporate Governance, Chairperson: Adrian Cadbury*, Professional Publishing Ltd., London.
- Institute of Chartered Accountants in England and Wales (1999), *Internal Control – Guidance for Directors on the Combined Code, Chairperson: Nigel Turnbull*, Accountancy Books, London
- Financial Reporting Council (January 2003), *Audit Committees Combined code guidance, Chairperson Sir Robert Smith*, Financial Reporting Council Ltd, London
- Department of Trade and Industry (January 2003), *Review of the role and effectiveness of non-executive directors*, Derek Higgs, The Stationery Office, London
- International Federation of Accountants (2009) *Evaluating and Improving Governance in Organisations*
- Department of Public Expenditure and Reform, *Corporate Governance Standard for the Civil Service (November 2015)*
- CIPFA and IFAC, *International Framework: Good Governance in the Public Sector (July 2014)*

- International Standards Organisation (ISO) 31000 Risk Management - Principles and Guidelines (November 2009)
- Department of Public Expenditure and Reform, Risk Management Guidance (2016)
- Guidance on Risk Management, Internal Control and related Financial and Business Reporting (Sept 2014)
- UK Corporate Governance Code (Sept 2014)
- G20/OECD: Principle of Corporate Governance (2015)
- Public Spending Code (Department of Public Expenditure and Reform)



## Introduction

This *Guide* was commissioned by the National Council for Special Education (NCSE) to provide a clear and comprehensive summary of the principal aspects of corporate governance within the organisation. It was initially prepared in collaboration with the Institute of Public Administration in 2005 and reviewed and updated in 2007, 2010, 2013 and 2015/16. It is intended to be a practical and effective resource and guide for the NCSE in general and in particular for continuing and newly appointed members of Council. Good corporate governance is a vitally important issue for the NCSE in effectively discharging its statutory remit.

The Code of Practice for the Governance of State Bodies (2009) defines Corporate Governance as comprising ‘the systems and procedures by which enterprises are directed and managed’ and the Code also emphasises that high standards of corporate governance are critical to ensuring a positive contribution to the State’s overall economic efficiency and competitiveness.

At its most basic level, corporate governance is about how the NCSE does its work and how it holds itself accountable to its stakeholders.

Good corporate governance is important because it supports effective decision making. Effective decision making in a well-governed organisation is based on:

- A well balanced accountability framework
- Clear communication
- An understanding of the differing roles and responsibilities of Council as the governing body and the executive management team
- Robust performance, financial, risk management and information management systems
- High standards of conduct

Organisations with good corporate governance have the capacity to maintain high-quality services and to deliver continuous improvement. Inadequate governance arrangements may result in a failure to detect or anticipate serious service failures and control weaknesses.

### **Code of Practice for the Governance of State Bodies (2009)**

The *Code of Practice for the Governance of State Bodies (2009)* is **mandatory** for all State Bodies. The *Code* (see **Appendix 11**) sets out a basic framework of rules to be adopted by both commercial and non-commercial State bodies in the achievement of best practice corporate governance. The best practice provisions relate both to internal systems and procedures and to external relations with the relevant Minister, the sponsoring department, the Ministers for Finance, Public Expenditure and Reform and the Government. State bodies are required to **adopt** the Code and ‘to confirm to the relevant Minister that they comply with the up-to-date requirements of the Code in their governance practices and procedures’. The

*Code* states that its provisions do not override obligations imposed by the governing legislation of a publicly-funded agency or any other relevant legislation.

The *Code* is reproduced in full within **appendix 11** to this Guide.

A draft updated version of the Code of Practice was under consideration but not finalised in 2016 when this Guide was being updated. When the Code is finalised it will require to be reviewed and appropriately applied by NCSE1.

### **Appendices to the Code**

The *Code* is written as a single document with six appendices

- Appendix I of the Code is entitled the *Ethics and Standards in Public Office* and provides an overview of the legislative requirements in this area for members of the Board/Council and senior management.
- Appendix II of the Code is entitled *Framework for a Code of Business Conduct* and sets out a suggested framework for a Code of Business Conduct for Directors and employees of state bodies.
- Appendix III of the Code sets out a template Charter for Internal Audit.
- Appendix IV of the Code sets out the Principles of Quality Customer Service.
- Appendix V of the Code sets out the Format for the Report from the Chairperson regarding the assessment of internal financial controls of a State body
- Appendix VI of the Code sets out the Framework for a Travel Policy for State Bodies.

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1 Since this Guide was prepared, the Department of Public Expenditure & reform has published an updated Code of Practice for the Governance of State Bodies. Briefing on the updated Code will be provided to members.

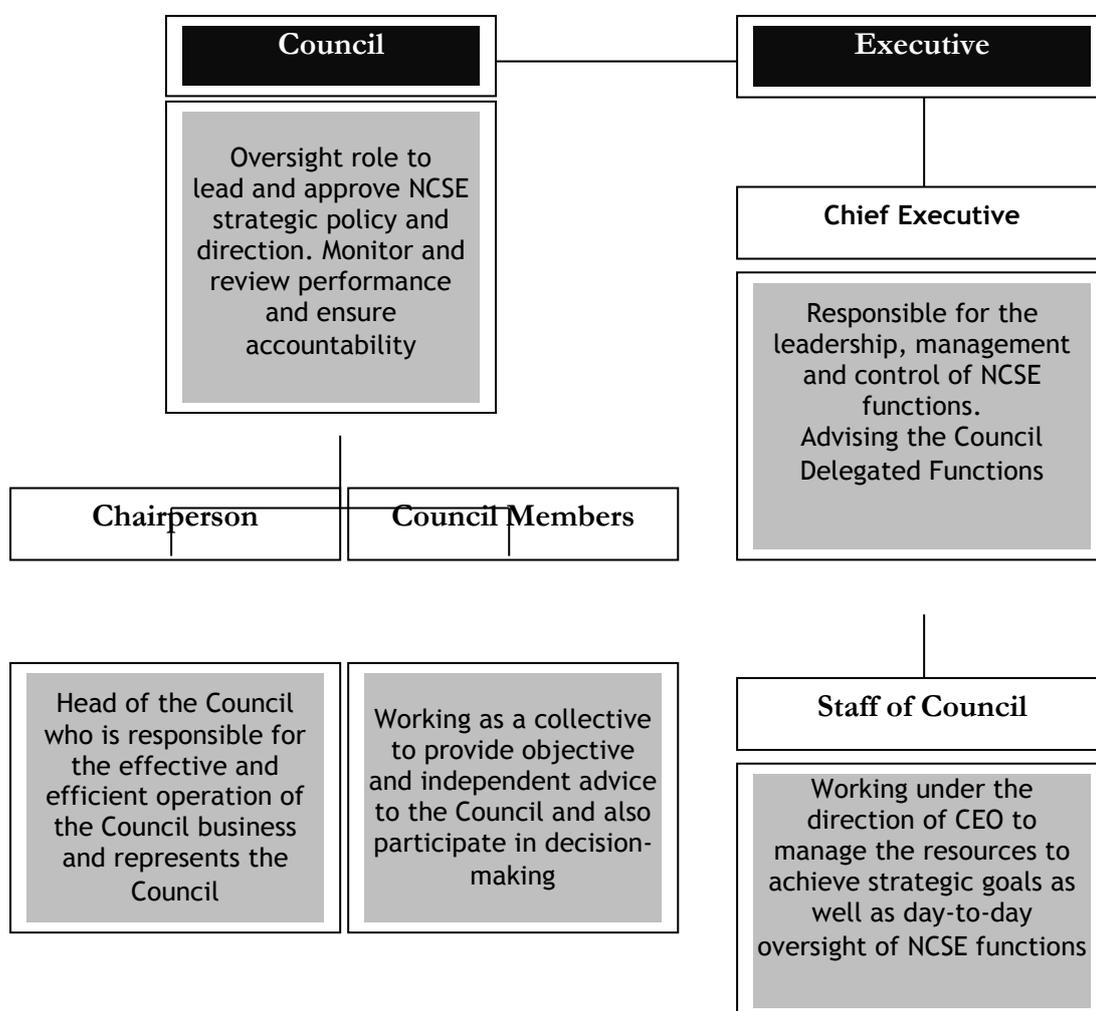
## NCSE Corporate Governance Guidelines

This *Guide* focuses on key areas of corporate governance which are of particular relevance to NCSE and points to other sources of detailed guidance.

The NCSE as established in law comprises two elements - a Council (governing body) and an executive. The Council and executive have separate and complementary roles within the NCSE.

For NCSE, the roles of the various parties in the framework can be summarised diagrammatically as follows:

### NCSE Corporate Governance Framework



The Council is required to act in accordance with its underpinning legislation, the *Education for Persons with Special Educational Needs Act, 2004* as well as the Department of Finance's *Code of Governance for State Bodies*. The *Code* sets out the corporate governance

responsibilities of the various parties responsible for the successful operation of all state bodies, including NCSE. Appropriate references are made to these documents in this text and Council members are expected to be fully conversant with both. The *Code* was endorsed by the Government in 2009 and as a result, the Council must adopt its terms. The text of both the *Act* and the *Code* are to be found at **Appendices 10 and 11** respectively.

The Council is specifically required by its legislation to act in accordance with policies stipulated by the Minister for Education and Skills from time to time. It is also required to act prudently in accordance with a range of legislative and other requirements which apply to it in the context of its various roles, including those of employer, statutory authority and provider of services. This legislation, which encompasses employment law, information, health and safety and official languages legislation, is discussed in detail in Chapter 4. **Appendix 2** contains a list of the most relevant statutes.

### **Role of Members**

Within their role, individual Council members have specific responsibilities as follows:

- Attend Council and Committee meetings on a regular basis
- Act in accordance with the NCSE Code of Business Conduct – **Appendix 7**
- Be well prepared by receiving and reading relevant papers in advance
- Express their own views and consider the views of others
- Contribute to decision-making
- Share responsibility for the Council's decisions
- Keep up-to-date with subjects relevant to the work of the NCSE
- Contribute as required to the work of Committees that have been established by the Council
- Treat Council documentation and discussion as confidential and return or appropriately dispose of confidential Council papers at the end of membership.
- Complete and submit declarations and claims as required.

## **Role of the Chairperson**

The Chairperson acts in a key leadership role, directing the business of the Council, facilitating and promoting members' contributions to the discussions and decisions, expediting the work as appropriate and ensuring that the legal, regulatory and governance obligations of the organisation are fulfilled. The following lists some of the priority areas for the Chairperson:

- Ensuring the Council's approach to Governance is guided by an appropriate set of principles – some are made explicit in the Code of Practice for Governance for Public Bodies;
- Members and the Executive have a shared understanding of those principles;
- There is a shared understanding of the specific statutory obligations placed on the NCSE;
- That Council process ensures compliance with statutory obligations;
- That there is a common understanding of the process, timing, supporting and organisation of Council meetings;
- Each meeting is deliberately planned and effectively managed;
- Each meeting yields clear decisions based on adequate information and substantive discussion on key items.

The role of NCSE Council Chairperson and Member is further elaborated in the following Chapters and in the NCSE Code of Business Conduct for Members - **Appendix 7**. The EPSEN Act, consistent with the Code of Practice, provides that the roles of Chairperson and Chief Executive are separate.

## **NCSE Committees and Consultative Forum**

The Council may appoint a number of Committees to work on particular issues- Section 33 of EPSEN Act. There are provisions under section 22 of the EPSEN Act for the Council to appoint a consultative forum.

This Guide provides important information to help members fulfil their responsibilities to the Council. The following chapters summarise all aspects of the role of a Council Member of the National Council for Special Education.

## **Review of Council Performance**

As part of its governance arrangements, the council undertakes a periodic review of its own effectiveness with the intent of identifying and implementing possible areas for improvement. This process incorporates a consideration of ways to address any competency gaps. The Council adheres to the new State Boards appointment process and this provides the opportunity to ensure competency gaps are addressed in the appointments process.