

**Code of Financial Management for the
Commission for Communications Regulation (ComReg)**

Contents

1	Preface	2
2	Code of Financial Management	3
2.1	THE COMMISSION AND MANAGEMENT POLICY COMMITTEE	3
2.1.1	<i>Delegation of responsibilities</i>	3
2.2	COMMISSIONERS' RESPONSIBILITIES	3
2.3	BRIEFING FOR NEW COMMISSIONERS	5
2.4	DISCLOSURE OF INTERESTS BY COMMISSIONERS (CONFLICT OF INTEREST)	5
2.5	AUDIT COMMITTEE	6
2.6	INTERNAL AUDIT FUNCTION	7
2.6.1	<i>Operation of Internal Audit</i>	7
2.6.2	<i>Charter for Internal Audit</i>	8

1 Preface

In March 1992, a set of guidelines entitled “State Bodies Guidelines” was issued by the Department of Finance. The guidelines were updated and endorsed by the Government in October 2001 and became known as ‘The Code of Practice for the Governance of State Bodies’. The Code set out principles of Corporate Governance which State bodies are required to adopt.

ComReg is required under Section 33 of the Communications Regulation Act, 2002 to publish a Code of Financial Management. Section 33 of the Act states:

1. The Commission shall adopt, with the approval of the Minister and the Minister for Finance, a code of financial management and shall arrange for its publication following such approval.
2. The Commission shall periodically review its code of financial management and revise and republish the code as appropriate.
3. The Commission shall comment in its annual report on adherence to its code of financial management.

This document outlines the ComReg code of financial management.

2 Code of Financial Management

The Code detailed below outlines the responsibilities of the Commissioners and the management team to ensure that ComReg adheres to best practice with regard to issues of Corporate Governance.

2.1 The Commission and Management Policy Committee

2.1.1 Delegation of responsibilities

The Commission has overall responsibility for the management of ComReg. It has full and effective control over ComReg and monitors the executive management and performance. It has formally delegated certain of its powers to the Management Policy Committee (MPC) and, in certain cases, individual staff members. It is also responsible for determining remuneration for MPC members who are not Commissioners within the context of pay scales which are determined by independent advisors.

The focus of the MPC is to set the policy and work programme for ComReg. The Committee is made up of the Commissioners, Directors of each Division and the Senior Legal Advisor.

The MPC (which meets at least once a month) is the forum for strategic planning and decision making and is where priorities of the organisation are set. The matters which are specifically reserved to it for decision are as follows:

- major investments and capital projects, delegated authority levels, treasury policy and risk management policies;
- approval of terms of major contracts;
- policy on determination of other staff remuneration within the context of pay scales which are determined by independent advisors.;
- approval of annual budgets and corporate plans;
- production of annual reports and accounts;

2.2 Commissioners' Responsibilities

Commissioners have access to the advice and services of the Director of Finance and Regulatory Affairs who is responsible to the Commission for ensuring that ComReg procedures are followed and that applicable rules and regulations are complied with.

Commissioners may take independent professional advice, if necessary, at the reasonable expense of ComReg. Any such expenditure must be approved by the Chairperson before the cost is incurred.

Commissioners bring an independent judgement to bear on issues of strategy, performance, resources, key appointments, and standards of conduct.

It is the Commissioners' duty to ensure that a balanced and understandable assessment of ComReg's position is made in presenting its annual report and accounts to the Minister.

The Commissioners are responsible for preparing the accounts. The Commission is responsible for keeping in accordance with good accounting practice, in such form as may be approved by the relevant Minister, and with the consent of the Minister for Finance, all proper and usual accounts of all moneys received or expended by it.

Within 3 months of the end of each financial year, the Commission must ensure that accounts in respect of that financial year are submitted to the Comptroller and Auditor General for audit.

The Commission is responsible for ensuring that within 42 days of the accounts being audited by the Comptroller and Auditor that they, together with the Report of the Comptroller and Auditor General, are presented to the Minister.

In presenting its report the Commission is responsible for ensuring that it reports on:

- (a) the performance of its functions in the previous financial year,
- (b) its proposed work programme for the following year, with reference to progress on the strategy statement, and
- (c) adherence to its code of financial management.

The Commissioners review annually the effectiveness of ComReg's system of internal controls, including financial, operational and compliance controls and risk management.

The Commissioners are responsible for ensuring that the Chairperson keeps the Minister for Communications, Marine and Natural Resources advised of matters arising in respect of ComReg.

The Commissioners are required to report that the Commission is a going concern with supporting assumptions or qualifications as necessary.

The Commissioners are supplied, in a timely fashion, with information which is of a suitable quality to enable them to satisfactorily discharge their duties.

The Commissioners are responsible for compliance with all statutory obligations applicable to ComReg. Where individual Commissioners become aware of non-compliance with any such obligation, they must immediately bring this to the attention of their fellow Commission members with a view to having the matter rectified. The matter is also to be brought to the attention of the Minister for Communications, Marine and Natural Resources by the Chairperson.

The Commissioners have a responsibility for maintaining an appropriate relationship with the external auditors.

2.3 Briefing for New Commissioners

Commissioners appointed under the Communications Regulation Act have duties under the Act and it is the responsibility of each Commissioner to act in conformity with the applicable provisions of that Act.

On appointment of new Commissioners, the Chairperson provides them with the following information:

- a formal schedule of delegated powers
- procedures to be followed when decisions are required between meetings of the MPC;
- a schedule detailing the composition of all committees and their terms of reference;
- a statement explaining the Commissioners' responsibilities in relation to the preparation of the accounts, ComReg's system of internal control and audit and for reporting on the Commission as a going concern with supporting assumptions or qualifications as necessary;
- a statement informing the Commissioners that they have access to the advice and services of the Director of Finance and Regulatory Accounts who is responsible to the Chairperson for ensuring that Commission procedures are followed and the applicable rules and regulations are complied with;
- code of ethics/conduct for Commissioners, including disclosure of Commissioners' interests;
- specific ComReg information; and
- a copy of the most up to date version of the ComReg Code of Financial Management together with any relevant circulars and/or guidance notes.

2.4 Disclosure of Interests by Commissioners (Conflict of Interest)

ComReg observes the requirements of the Standards in Public Office Act, 2001 (as amended). All staff who hold designated positions are required to complete statements of interest in compliance with the provisions of the Act. In addition, each Commissioner, staff and others must also comply with Section 25 of the Communications Regulation Act 2002 which requires that where a Commissioner, a member of staff of the Commission, or a consultant, adviser or other person engaged by the Commission, has a pecuniary interest or other beneficial interest in or material to, any matter which falls to be considered by the Commission, he or she –

must disclose to the Commission or, where the disclosure is required of a Commissioner and he or she is the only Commissioner, disclose to the Minister, the nature of his or her interest in advance of any consideration of the matter,

must not either influence or seek to influence a decision in relation to the matter,

will not take any part in any consideration of the matter, unless there are compelling reasons requiring him or her to do so.

If such compelling reasons exist the person must prepare and furnish to the Commission a statement in writing describing those reasons.

A person is regarded as having a beneficial interest if-

- (a) he or she or any nominee of his or her is a member of a company or any other body which has a beneficial interest in, or material to, a matter which is being decided upon,
- (b) he or she is in partnership with or is in the employment of a person who has a beneficial interest in, or material to, such a matter, or
- (c) he or she is a party to any arrangement or agreement (whether or not enforceable) concerning land to which a matter relates.

A person is not regarded as having a beneficial interest in, or material to, any matter, by reason only of an interest which is so remote or insignificant that it cannot reasonably be regarded as likely to influence a person in fulfilling their responsibilities.

Where a question arises as to whether or not a course of conduct, if pursued by a person, would be a failure by him or her to comply with these requirements, the question is to be determined by the Commission or, where there is only one Commissioner, in the case of that Commissioner, by the Minister.

Where a disclosure is made to the Commission, particulars of the disclosure shall be recorded in the minutes of any meeting concerned.

Where a person, other than a Commissioner, referred to in this section fails to make a disclosure in accordance with this section, the Commission shall decide the appropriate action (including removal from office or termination of contract) to be taken.

Where a Commissioner fails to make a disclosure in accordance with this section, the Minister shall decide the appropriate action (including removal from office) to be taken.

2.5 Audit Committee

The Commission shall establish an Audit Committee which shall be comprised of one member of the Commission and two external members with written terms of reference which deal clearly with its authority and duties.

The constitution and terms of reference of the ComReg Audit Committee and other ComReg committees will be reviewed by the Commission and updated as appropriate.

The Audit Committee will meet at least twice a year.

The Audit Committee shall have explicit authority to investigate any matters within its terms of reference, the resources which it needs to do so and full access to information. The Audit Committee is able to obtain outside professional advice and, if necessary, invite outsiders with relevant experience to attend meetings.

The Audit Committee is required to have a discussion with the external auditors at least once a year, without other employees of the ComReg present, to ensure that there are no unresolved issues of concern.

2.6 Internal Audit Function

2.6.1 Operation of Internal Audit

The internal audit function shall operate as follows:

- i) the internal audit function shall have a formal charter, including terms of reference, which has been approved by the Commission ;
- ii) the reporting structure for internal audit shall be clear and formally documented. In the case of ComReg the Internal Audit function shall be provided by external auditors and the content of all internal audit reports should be entirely at their discretion. The auditors shall report directly to the Audit Committee and shall also have access to the Chairperson of ComReg and the Chairperson of the Audit Committee.
- iii) in carrying out its ongoing work the internal audit function shall include detailed testing on all specific areas covered by the charter in order to ensure that the ComReg is fully complying with all requirements and report its findings to the Board Audit Committee;
- iv) the internal audit function shall be properly resourced with the necessary skills including the ability to deal with non-financial aspects;
- v) the internal audit function shall liaise frequently with the external auditors so that the potential for co-operation between the two is maximised.
- vi) the Audit Committee shall make the external auditors aware of the corporate governance issues outlined in this document with which ComReg is required to comply. The Audit Committee will periodically consult with the external auditors regarding the operation of the internal audit function with particular reference to the staffing of the function, the audit work programmes being applied and the testing carried out in relation to the Commission's compliance with the requirements set out in this document;
- vii) in planning, executing and reporting its work, the internal audit function shall ensure that value-for-money auditing receives adequate attention; and
- viii) the internal audit function shall review compliance with procurement and disposal procedures as required by the Audit Committee, from time to time, and report to the Audit Committee.

2.6.2 **Charter for Internal Audit**

A Charter for Internal Audit shall cover the following areas

Commission Policy Statement

Mission statement

Terms of Reference

The terms of reference shall include sections on:

- **Scope and authority** of internal audit

- **Independence, role and responsibilities** of internal audit

In order to ensure objectivity and independence, the internal audit function will be performed by external auditors who are therefore free from all operating responsibility.