

Leargas - The Exchange Bureau
(A Company Limited by Guarantee and not having Share Capital)

Chairmans report

Internal Financial Controls

On behalf of the Board of Léargas I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated. The Board of Léargas has responsibility for the organisation's system of financial controls.

The Board acknowledges that the system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Board has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities, in a defined organisational structure with clear segregation of duties
- Adopting the principles of corporate governance as outlined in the revised code of Practice 2016 for the governance of state bodies bearing in mind the size and nature of Léargas
- Establishing formal procedures to monitor the activities, safeguard the assets of the organisation while ensuring compliance with European funding regulations

The key procedures established by the Board to provide effective internal financial control are set out in an operations manual clearly defining management responsibilities and steps to be taken in the event of control failures.

The effectiveness of the control environment set out in the operations manual has been reviewed through a number of audits carried out in the past 12 months by our external auditors; additionally internal audits have been undertaken by our own internal auditors, Crowleys DFK. Audits have also been carried out on behalf of the Department of Education and Skills and the Department of Children and Youth Affairs by Deloittes.

The Board has implemented a full system of risk management including:

- The identification of significant strategic, financial, operational and reputational risks
- The assessment of appropriateness and strength of management controls surrounding risk areas
- The highlighting of key risk areas for specific management attention and Audit and Finance Committee focus

An annual budget is compiled and approved by the Board. Monthly accounts are produced showing variances between actual and budget. These are reviewed by management and the Board on a regular basis. A full system of internal financial control is in place covering all aspects of delegation, authorisation, segregation of duties and prevention and detection of fraud.

Léargas outsources its internal audit function to Crowleys DFK, who report directly to the Finance and Audit Committee. The Finance and Audit Committee meet on a regular basis to review accounts, internal audit reports and staffing matters. Management receives and reviews accounts on a monthly basis.

Crowleys DFK (Internal Auditors) and Deloittes (auditors for DES and DCYA) review the effectiveness of the system of internal financial control on an annual basis.

No material losses have been incurred arising from weaknesses in internal financial control and therefore there has been no requirement for disclosure in the financial statements or the auditor's report on the financial statements. No fraud has been detected.

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Chairmans report (continued)

All recommendations by Crowleys DFK or Deloitte have been acted on.

There have been no significant commercially sensitive developments in the preceding twelve months and as a non-commercial state body, Léargas is not likely to experience any such developments in the short to medium term

I can confirm that there are no off- balance sheet transactions to report.

I can confirm that all appropriate procedures for financial reporting, internal audit, travel, procurement and asset disposal are being carried out.

I can confirm that the Board has established a Code of Business Conduct for Directors and Employees and that the policy is being adhered to.

I can confirm that Government policy on the pay of Chief Executives and all State body employees is being complied with.

I can confirm that no fees are paid to the Directors of Léargas.

I can confirm that there have been no significant post balance sheet events.

I can confirm that Léargas is in compliance with the requirements of the Public Spending code.

I can confirm that Léargas is currently revising and updating its Protected disclosures Policy to comply with the 2014 Act and that no protected disclosures were received by Léargas in the reporting period up to the 31st December 2016.

The required Protected Disclosures Annual Report will be published on our website following the Annual General Meeting.

I can confirm that Government travel policy requirements are being complied with in all respects.

I can confirm that Léargas has no Capital Expenditure Proposals.

I can confirm that Léargas has been in compliance with its obligations under tax law.

I can confirm that Léargas is not involved in any legal disputes involving other state bodies.

I can confirm that Léargas has adopted this code of practice and has initiated a plan to bring the organisation into full compliance.

I can confirm that Léargas has no subsidiaries and it continues to remain in full compliance with the terms and conditions of the consent under which it was established. Léargas does not have any subsidiaries and is not involved in joint ventures or share acquisitions but does however host the National Centre for Guidance in Education (NCGE).

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Chairmans report (continued)

For your information, a statement of expenses paid to members of the Board in 2016 including our Executive Director and also a statement of remuneration paid to key staff is set out below. We also include schedules of travel and hospitality expenses. Members of the Léargas board do not receive fees. Also set out below is a statement of expenses paid to the members of the NCGE Management of Guidance Committee and the remuneration of the Director of the NCGE.

Léargas Board Expenses

Fidelma Collins	€5,066.51
Stephen Goulding	€4,063.38
Hugh MacConville	€2,729.10
John Gilmore	€ 721.24
Maire Quinn	Nil
Desmond O'Loughlin	€ 50.20
Michael McLoughlin	Nil
James Doorley	Nil
Maria Lorigan	Nil

Executive Director:	Jim Mullin
Salary	€114,366.00
Expenses	€ 3,695.22

Other Key Personnel

Pat Halley	Manager Client Services (VET and Schools)	Salary	€83,120
	Termination payment		€62,604
Lorraine McDyer	Manager Operation and Finance	Salary	€88,135
Lorraine Gilligan	Manager Client Services (Adult Education and Youth)	Salary	€77,068
Fionnuala Broughan	Communications Manager	Salary	€72,707

Consultancy costs

Legal	€ 7,816
H.R.	€15,006

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Chairmans report (continued)

Travel and subsistence and hospitality expenses

(including Board, ED and NCGE director travel as set out in the attached schedules)

Foreign travel and subsistence	€43,421
Home travel and subsistence	€59,269
Hospitality expenses	€ 2,943

NCGE Management of Guidance Committee Expenses

Paul King	Nil
Breeda Naughton	Nil
Gerry Flynn	€ 116.82
Shira Mehlman	Nil
Kathy Finnegan	Nil
Jim Mullin	Nil
Shane Rooney	Nil
Stephen Fitzgerald	Nil
Orla Christie	Nil
Linda Neary	Nil
Joe Cunningham	Nil

Director:	Jennifer McKenzie
Salary	€89,252.88
Expenses	€ 1,816.86

Signed:



Michael McLoughlin
Chairperson