

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

Financial statements

for the financial year ended 31 December 2017

Directors' Report

Registration Number 208725

Léargas - The Exchange Bureau
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Directors report

The directors present their annual report and the audited financial statements of the company for the financial year ended 31 December 2017.

Directors

The names of the persons who at any time during the financial year were directors of the company are as follows:

M. McLoughlin (Chair)
D. O'Loughlin
F. Collins
S. Goulding
J. Doorley (Resigned February 2018)
J. Gilmore (Resigned February 2017)
H. MacConville (Vice-Chair)
M. Quinn
M. Lorigan
J-M. Cullen (Appointed September 2017)

Structure, Governance and Management of Léargas

Léargas is constituted as a company limited by guarantee without a share capital as set out under parts 1-15 of the Companies Act 2014. Its purpose and objects are set out in the Memorandum of Association and how it conducts its business is set out in the Articles of Association. These documents are available from the companies Registration Office website (www.cro.ie) and also the charities Regulatory Authority Website, (www.charitiesregulatoryauthority.ie).

The Board of Léargas has substantially implemented the 2016 Code of Practice for the Governance of State Bodies however a limited number of derogations were given by the Department of Education and Skills, to be resolved by the end of March 2018. As of the Annual General Meeting and the approval of this report, the organisation is now in compliance with the 2016 code of Practice

Léargas is governed by a board of directors with a maximum membership of nine people, one of whom is nominated by the National Youth Council of Ireland. All members of the board are appointed by the Minister for Education and Skills. Appointments are for a period of three years.

One third of the membership of the board is rotated of the board at the AGM, normally held in April. However such members may be re-elected to the board by the membership or be replaced by new appointees by the Minister, at the Minister's discretion.

In 2017 two members of the board were re-elected by the membership and a third member was re-appointed by the Minister.

The board meets a minimum of eight times annually.

Board Sub-groups

Léargas has six standing sub-groups, the Finance, Audit and Risk Committee, the National Centre for Guidance in Education (NCGE) Management Advisory Committee, the Erasmus Plus Youth in Action Selection Committee, the Erasmus Plus Adult Education Selection Committee, the Erasmus Plus Vocational Education and Training Selection Committee and the Erasmus Plus Schools Selection Committee.

The Finance, Audit and Risk committee meets a minimum of seven meetings annually. The NCGE Management Advisory Committee meets five to six times annually, and the Erasmus + Youth in Action Committee meets three times annually, Adult Education meets twice and the VET and Schools Committees meet annually. The number of meetings for each selection committee may increase depending on the number of grant calls in each year.

Records of attendance at each of the committees above can be found on the Léargas website.

The board of Léargas is represented on each committee.

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Directors report (continued)

Policies and Procedures for the induction of new board members

All new board members receive a Board Induction pack (a USB memory stick) when they become a board member. The induction pack contains all the information and documentation that board members require to carry out their role including the memorandum and Articles of Association, the board Member Code of Conduct, a code of best practice, terms of reference for the standing committees, the Guidelines on Ethics in Public Bodies, the code of Best Practice in the Governance of State bodies and a list of matters reserved to the Board. The Executive Director meets with each new board member within the first two months to brief them on the organisations operations and to respond to any queries.

Board Members are also provided with copies of the organisation's current strategic plan.

Matters Reserved for the Board of Léargas

The following are the matters reserved for the Board of Léargas significant acquisitions, disposals and retirement of assets of the State body or its subsidiaries;

- major investments and capital projects;
- delegated authority levels, treasury policy and risk management policies;
- approval of terms of major contracts;
- Annual review of risk and internal control;
- Litigation
- compliance with statutory and administrative requirements in relation to the approval of the number, grading, and conditions of appointment of all staff;
- approval of annual budgets and corporate plans;
- production of annual reports and accounts;
- appointment/removal of Auditors
- appointment, remuneration and assessment of the performance of, and succession planning for, the Executive Director;
- appointment of Programme/Unit Managers and
- significant amendments to the pension benefits of the Chief Executive and staff (which may require Ministerial approval).

Staff

Léargas has a staff team based in Dublin and headed by an Executive Director who reports directly to the Board through the Chairperson. A management team of four people report to the Executive director and all other members of the staff report to members of the management team.

The Board of directors delegates certain responsibilities and duties to the Executive Director and through him to the staff team. These include implementation of the Léargas Strategic Plan, leading, managing and developing the Léargas staff team, the implementation of the programmes managed by Léargas , finance and overall administration so that Léargas achieves its overall mission, vision and strategy in a manner consistent with its values.

Internal Controls

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

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Directors report (continued)

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 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.

Crowleys DFK (Internal Auditors) and Deloitte (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.

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

Léargas conducts an annual risk review process that is assessed in detail by the Board in April of each year, which involves identification of the major risks to which Léargas is exposed, an assessment of the likelihood of these happening, their potential impact and possible mitigating strategies. Risk is an item on the agenda of all meetings of the Management Team, meetings of staff teams and of the Board. The charter of the Finance and Audit Committee of Léargas is being extended to include Risk analysis further to the recent updating of the Code of Practice for the Governance of State bodies.

Health and Safety of Employees

It is the policy of the company to ensure the health and welfare of employees by maintaining a safe place and system of work.

This policy is based on the requirements of employee legislation, including the Safety, Health and Welfare at Work Act, 1989.

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Directors report (continued)

Principal activities and business review

Léargas provides management and development services to a range of European and bilateral co-operation and exchange programmes in the youth, education, training, and guidance sectors.

The principal activity of the company during the year was the administration and distribution of grants on behalf of the European Commission and the National Authorities i.e. the Departments of Education & Skills and The Department of Children and Youth Affairs. The grants managed are funded by the Erasmus + programme together with a range of legacy programmes such as the Leonardo, Socrates, Youth and as well as bilateral programmes such as Causeway.

This means that Léargas acts as a conduit between these agencies and the final grant recipients and holds grant monies in trust for the funders and distributes it to the final recipients according to the rules and regulations of the funder concerned.

Léargas also has responsibility for the National Centre for Guidance in Education, (NCGE)

The NCGE is an agency of the Department of Education and Skills, operating under the aegis of Léargas, with responsibility to support and develop guidance practice in all areas of education and to inform the policy of the Department in the field of guidance. The role and remit of the Centre includes to advise on policy and strategies for the promotion of a continuum of guidance in the context of lifelong learning; provide advice, support, materials and resources for guidance counselling in education and to contribute to the exchange of information on guidance counselling provision and practice with other guidance and employment services, through the National Resource Centre, i.e. Euroguidance Centre.

Likely future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Dividends

During the financial year the directors have not paid any dividends or recommended payment of a final dividend.

Accounting records

The measures taken by the directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the company are located at our registered office.

Relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

- so far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

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Directors responsibilities statement

The directors are responsible for preparing the directors report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.