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**Assurance**

Discussion Paper

**Governance Code for Sport**

Disclaimer

Sport Ireland is making available a range of resources including guidance notes, policy documents and templates for selected areas aligned to the Governance Code for Sport which will support sport organisations, boards, management and staff in the development of relevant governance processes and procedures particular to their own organisation.

For the avoidance of doubt, the final decision on the nature, type, extent and format of approved governance policies, procedures and processes for each organisation is a matter for the board / highest governing structure of the organisation and the resources and material provided may assist the approval process.

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Introduction

An area which is now seen as a key tenet of good governance and as a means of ensuring effective accountability, oversight and monitoring by boards/ governing bodies, is the concept of assurance. The purpose of this discussion paper is to provide details and explanations on assurance, assurance frameworks and the sources of assurance for those charged with governance within sporting organisations.

In fulfilling its oversight role including the implementation of accountability and reporting arrangements, the board / governing body will rely on the assurances it seeks and receives from within and outside the organisation. The table in this paper and the appendix provide a useful starting point and can be developed further as different elements are incorporated, established and refreshed. Depending on the type of organisation, A,B or C, the table and the appendix can serve as a useful checklist to consider the existence and appropriateness of sources for their scale of operations.

Definitions

The word assurance has many ascribed interpretations including as a promise, pledge, vow, declaration, oath, affirmation, or as part of providing confidence and certainty. In the case of governance and the holding to account process at board and management level, the word assurance could be seen to embody many or all of the above. In accepting an assurance from an individual, or unit or area, the issue of trust and trustworthiness may also be relevant.

Assurance is defined as “*an objective examination of evidence for the purposes of providing an assessment on governance, risk management and control processes for the organisation”*.

An assurance framework is a structured means of identifying and mapping the main sources of assurance in an organisation so as to assist in co-ordinating these sources efficiently and effectively and in the identification of any potential gaps. The framework tries to draw together all the various sources of assurance so that the organisation and in particular the board / governing body, can be assured in relation to the work undertaken by management, staff and volunteers and in particular that the organisation is meeting its legal, regulatory and governance obligations. In terms of good governance, the concept of assurances and the nature, extent and quality of the assertions and assurances sought by and provided to boards/ governing bodies are seen as critical.

The benefits of an effective assurance framework include raising awareness of risk and control obligations at the strategic/governance level and at the operational level, the provision of information on how the risk areas are being addressed, the provision of clarity on how significant risk and control issues can be escalated, clarity on roles and responsibilities in relation to governance and risk matters, demonstrate the existence of an important pillar of good governance in the organisation as well as supporting the audit and accountability obligations as reflected in the annual financial statements and other reports.

The following table sets out some key sources of assurances that large organisations may be expected to have in place as part of good governance arrangements and this may be reflected in an overall assurance map for the organisation. The table can also serve as a useful reminder of areas to be considered and reflected upon by those who both seek assurances and provide assurances.

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| Table – Key sources of assurance for boards/governing bodies and those charged with governance  |
| 1. Board committees with agreed terms of reference and work programmes delivered upon and regular reporting on progress or escalation of issues, if necessary.
2. Embedded risk management systems including standing agenda items on principal uncertainties, threats and opportunities as part of corporate level risk registers and occasional “ deep dives” and scrutiny of key risks and how these are addressed.
3. Compliance arrangements evidencing adherence to laws, regulations, norms and standards.
4. Reports from project teams, working groups or other specialist work programmes or activities underway
5. External audit reports, opinions and communications.
6. Third party commissioned reviews on key business areas or to address specific topics identified.
7. Inspections, examinations or reviews by external regulatory bodies and agencies.
8. Internal audit examinations and review.
9. Consideration of stakeholder engagement, obligations and the fulfilment of terms and conditions within service level agreements, memorandum of agreement, performance contracts
10. Management assurance reports and assertions as well as reports on performance, strategy implementation, internal control system effectiveness, financial position and financial performance
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As part of validating the assurances, and verifying trust and trustworthiness, detailed scrutiny activities can involve monitoring and analysis of information and the tracking and monitoring of performance data and trends, review of management controls and the effectiveness of controls and risk management systems and probing and testing of senior management assurances. In terms of robust holding to account arrangements and ensuring that the clarity of roles and responsibilities is safeguarded, boards and committees need to test the integrity of CEO and management assertions.

Lines of Defence

The concept of the lines of defence are often highlighted as important elements of the

assurance framework in organisations. The first line refers to business operations responsible for ensuring the risk and controls are managed as part of day-to-day activities. This in effect encapsulates the work of the various units within the organisation and in particular the roles and responsibilities of individual staff members within each of the front line units or business areas.

The second line of defence refers to functions which are separate from the first line and in monitoring and providing oversight of governance , risks and controls this will involve arrangements including management oversight and supervision and this may also be supported by external professional firms who may give advice and carry out independent reviews on behalf of management.

The third line of defence refers to functions which are independent of the first and second line and internal audit is usually seen as the third line, independent of management and reviewing internal controls and reporting to the Audit and Risk Committee.

A fourth line is also sometimes referenced and this refers to external audit providers and those with a specific legal or professional obligation to independently review the activities of the organisation. This line could include external auditors and regulatory bodies.

The preeminent and ever increasing emphasis on assurance as part of holding to account arrangements may necessitate the formalisation of an overall assurance framework. Many large organisations have, as part of good governance, implicitly integrated the idea of assurances into their reporting arrangements and in their reporting to boards and committees. In some organisations, aspects of the assurance process are addressed in the annual review of the effectiveness of the internal control systems. It may be opportune for your organisation to explicitly reflect on their assurance framework and on the nature, extent and quality of the assurances on which reliance is placed by the board or those charged with governance.

Management Assurances

As part of the accountability arrangements and the oversight by the board and committees, the chief executive and the executive will report and be answerable to the board and committees and a key part of the scrutiny process will be the questioning and validation of the assurances and assertions provided by management.

The appendix to this paper sets out an overall diagram outlining some of the areas which one would ordinarily expect to see within an assurance framework for a large organisation. This includes reviews by external bodies, the use of external specialist advice, compliance functions and adherence to legal and governance obligations

Something to reflect upon

It would be useful and valuable for each organisation to consider the earlier table and the appendix and to possibly amend these to reflect their own circumstances. It might also prompt a reflection on what additional aspects should or could be considered for inclusion in the future. In any event, the board/ governing body is at the apex and their role is to ensure that the organisation operates and is well governed, consistent with the aims of the organisation, the rules, the constitution and good governance obligations. Hence the inclusion of the membership in the appendix is to show that they have priority above all.

**MEMBERSHIP**

**All the Committees - Strategy, Finance, Audit and Risk, Governance etc :**

 Independent assurance and oversight across the range of functions outlined in each committees terms of reference and their annual work programmes

**Compliance with laws, regulations, guidance, norms etc:**

Relevant laws and regulations, Sports Governance Codes and Standards, Professional Standards and good practice norms and relevant guidance etc

**Chief Executive and Management:**

Provide reports on performance, strategy implementation, risk management and control systems to inform key decisions and as part of accountability arrangements

**KEY SOURCES OF ASSURANCES WITHIN THE ORGANISATION**

**Internal Audit:**

Independent opinion on the adequacy of & compliance with internal control processes.

**External Audit:**

Independent scrutiny of the effectiveness of the financial control environment including financial reporting, internal control, risk management;

Control improvements highlighted in management letters, Audit Reports etc

**Risk Management:**

Outcomes from risk assessment & evaluation as documented in Corporate & Section Risk Registers;
senior management monitoring the risk registers;

Formal review of Corporate Risk Registers by Board .

**Corporate Compliance**

**(Secretary)**

Provision of oversight & reporting role on compliance.

**Internal Management:**

Governance Framework with key policies and protocols; organisational processes & procedures; Financial Management, Human Resource Management, Information Systems Management ; Day-to-day management of services; Business & Strategic Plans; Performance Management systems; Quality assurance, etc.

**Other (Internal)**

Project Teams / Working Groups/

 Special Projects

Etc

**Other (External)**

Service level agreement obligations/ MOUs/ MOAs/ external obligations

**Board / Governing Body/Council**

**Other( external)**

Examples could include regulators, revenue authorities, DPC etc