

Governance and Corporate Information

Governance Statement and Agency Members' Report

The Agency (Board) has over-arching responsibility for all of the NTMA's functions (excluding the National Asset Management Agency (NAMA), the Strategic Banking Corporation of Ireland (SBCI) and Home Building Finance Ireland (HBFI) which have their own separate boards) under the *National Treasury Management Agency Acts, 1990 to 2014*. The Agency is accountable to the Minister for Finance. In the performance of its duties, the Agency focuses on providing strategic direction and oversight to the organisation and ensuring there are appropriate controls in place, while delegating operational matters to management. It seeks to support and challenge management in the achievement of the NTMA's goals and in fostering a corporate culture that will contribute to the delivery of these goals. The regular day-to-day management, control and direction of the NTMA are the responsibility of the Chief Executive and the senior management team. The Chief Executive and the senior management team must follow the broad strategic direction set by the Agency, and must ensure that all Agency members have a clear understanding of the key activities and decisions related to the NTMA and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Agency and management of the NTMA.

Agency Responsibilities

The NTMA's functions are vested in the Agency, which may delegate functions to the Chief Executive. There is a formal schedule of matters reserved for decision by the Agency. This schedule includes approval of the following:

- Annual Report and Financial Statements;
- Risk Management Policy and Framework;
- Corporate Strategy and business unit and Corporate Function Goals (including annual targets);
- Operating budget;
- Remuneration of Chief Executive (after consultation with the Minister);
- Overall remuneration policy;
- Exchequer Funding Plan;
- ISIF Investment Strategy;
- ISIF Irish Portfolio investments above €150m (investment decisions of up to €150m are delegated to the Investment Committee);
- Key terms of contracts for professional and operating services and NTMA capital expenditure over €5m, with a limited number of exceptions; and
- National Surplus (Exceptional Contingencies) Reserve Fund ("Rainy Day Fund") Annual Investment Plan and any amendments.

The Agency is required by the *National Treasury Management Agency Acts, 1990 to 2014* and the *Dormant Accounts Acts, 2001 to 2012* to prepare financial statements in respect of its operations for each financial year. In preparing these financial statements, the Agency:

- selects suitable accounting policies and applies them consistently;
- makes judgments and estimates that are reasonable and prudent;
- prepares the financial statements on a going concern basis unless it is inappropriate to do so; and
- discloses and explains any material departure from applicable accounting standards.

The Agency is responsible for keeping in such form as may be approved by the Minister for Finance all proper and usual accounts of all monies received or expended by it and for maintaining accounting records which disclose, with reasonable accuracy at any time, the financial position of the Agency, its funds and the National Debt.

The Agency is responsible for approving the NTMA expenditure budget and corporate strategy, including Business Unit and Corporate Function Goals. Emerging out-turns against budget and goals are reviewed by the Agency during the year and at year-end.

The Agency is also responsible for safeguarding assets under its control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Agency considers that the financial statements of the NTMA properly present the financial performance and the financial position of the NTMA as at 31 December 2020.

Agency Structure

The Agency consists of nine members. Six members, including the Chairperson, are appointed by the Minister for Finance. The Chief Executive of the NTMA and the Secretary Generals of the Departments of Finance and Public Expenditure and Reform are ex officio members of the Agency. The term of office of an appointed member is five years. Details of the current members and their appointment periods are set out on pages 60 to 61.

The Agency has established four committees to assist it in discharging its responsibilities, each with a formal Terms of Reference:

- Audit and Risk Committee;
- Investment Committee;
- Remuneration Committee; and
- State Claims Agency (SCA) Strategy Committee.

For further information on the Agency's Committees, see Committee Reports, pages 68 to 70.

The Agency undertook an internal self-assessment evaluation of its performance in respect of 2020. Arising from this process, the Agency has identified a small number of actions to be undertaken during 2021, including greater use of private sessions in advance of board meetings to provide opportunities for members to meet a broader cross section of the management team and the people reporting to them, and explore certain relevant topics in more detail and receive training as appropriate.

The Agency is supported in its functions by the Agency Secretary who also co-ordinates the operation of the various Agency Committees: each of the Committees is supported by the Agency Secretariat team.

Gender Balance in the Board Membership

As at 31 December 2020, the Board had four (44%) female and five (56%) male members, with no positions vacant.

The Board therefore meets the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

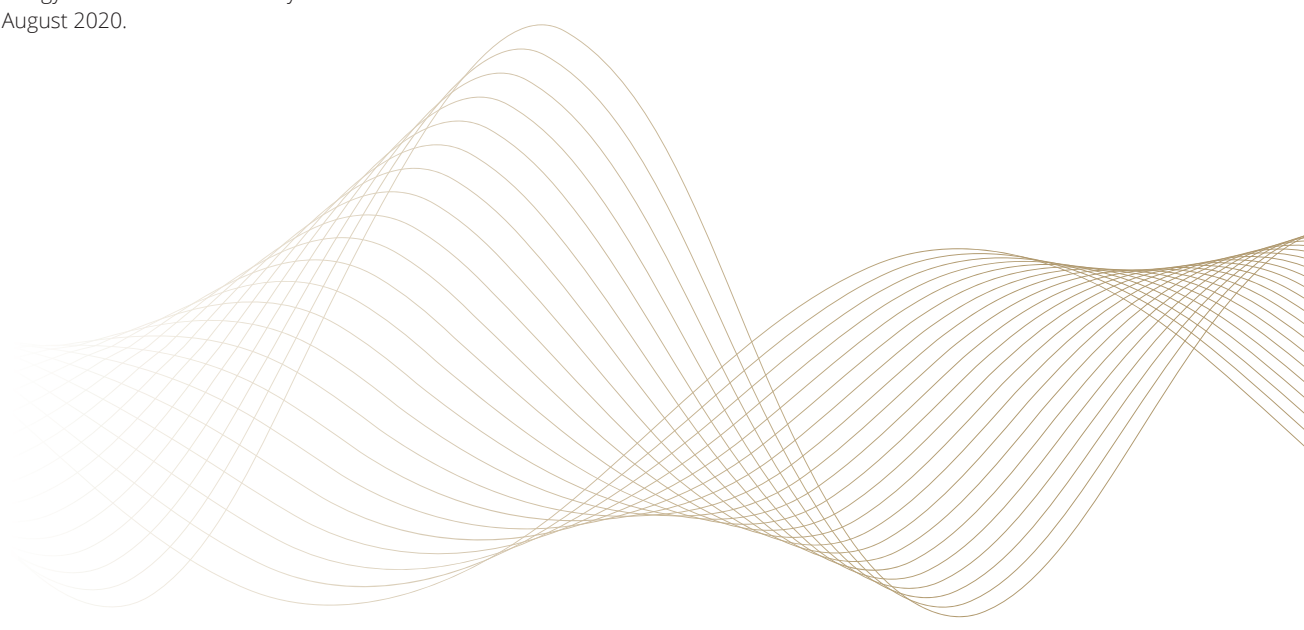
The following measures are planned to maintain and support gender balance on this Board:

- The normal term of office of an appointed member is five years. An appointed member may not serve for more than two consecutive terms of office.
- Board vacancies are filled through the Public Appointments Service (PAS) process which takes into account the requirements set out in Section 4.4 of the Code of Practice for the Governance of State Bodies regarding diversity.

Key Personnel Changes

The Agency approved changes to the composition of its various Committees, including in respect of Committee Chairpersons in January 2020. The composition of the Committees is outlined in the Committee reports.

Julie O'Neill and Kerry McConnell were appointed to the SCA Strategy Committee for a three-year term with effect from 1 August 2020.



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Schedule of Attendance, Fees and Expenses

A schedule of attendance at Agency and Committee meetings is set out below including the fees and expenses received by each member in their capacity as an Agency or Committee member. Pending the appointment of Rachael Ingle and Brian O'Kelly to the Audit and Risk Committee by the Agency at its 28 January 2020 meeting, there were two appointed Audit and Risk Committee members in place for the Committee meeting on 21 January 2020. As a result of the impact of COVID-19, the Agency and its sub-Committee meetings were held via video conference for much of 2020.

	Agency	Investment Committee	Audit and Risk Committee	Remuneration Committee	SCA Strategy Committee	Fees 2020 €	Expenses 2020 €
Number of Meetings	11	23	8	3	5		
Agency Members							
Maeve Carton	11			3		45,000	
Rachael Ingle	11		7(p) ¹⁵	3		30,000	-
Gerardine Jones	11	4(p) ¹⁶	7(p) ¹⁵			30,000	-
Derek Moran	8				3	-	-
Martin Murphy	11	18(p) ¹⁷	1(p) ¹⁸	3	5	30,000	-
Brian O'Kelly	11		7(p) ¹⁵			30,000	-
Conor O'Kelly	11					-	-
Robert Watt	9			2		-	-
Susan Webb	11	23	8			30,000	-
Total						195,000	-
Other Members							
Richard Leonard		23				20,000	1,158
Mark Ryan		22(p)				20,000	-
Julie Sinnamon		21(p)				-	-
Sabaratnam Arulkumaran					5	12,500	115
Tom Beegan					5	12,500	108
Ciarán Breen					5	-	-
Donogh Crowley					5	12,500	-
David Moloney					5	-	-
Kerry McConnell					2(p) ¹⁹	5,185	-
Julie O'Neill					2(p) ¹⁹	5,185	-
Total						87,870	1,381

(p) refers to the number of meetings it was possible to attend.

The Minister for Finance determines the level of remuneration of appointed members of the Agency. The remuneration attached to the position of Chairperson is €45,000 per annum and the remuneration of other appointed members is €30,000 per annum. The ex officio members (Conor O'Kelly, Derek Moran and Robert Watt) do not receive any remuneration in respect of their membership of the Agency.

Remuneration of external members of the Investment Committee and State Claims Agency Strategy Committee is determined by the Agency with the consent of the Minister for Finance. External members of the Investment Committee receive remuneration of €20,000 per annum and external

members of the State Claims Agency Strategy Committee receive remuneration of €12,500 per annum. Julie Sinnamon and David Moloney, appointed to the Investment Committee and State Claims Agency Strategy Committee respectively, in their capacity as public servants, do not receive any remuneration in respect of their membership. Agency members and members of staff of the NTMA do not receive any additional remuneration in respect of membership of these committees.

¹⁵ Rachael Ingle, Gerardine Jones and Brian O'Kelly attended 7 meetings following their appointment to the Audit and Risk Committee with effect from 28 January 2020.

¹⁶ Gerardine Jones attended 4 meetings before she stepped down as a member of the Investment Committee in early 2020.

¹⁷ Martin Murphy attended 18 meetings following his appointment as an Investment Committee member on 28 January 2020.

¹⁸ Martin Murphy attended 1 meeting as he stepped down as a member of the Audit and Risk Committee on 28 January 2020.

¹⁹ Kerry McConnell and Julie O'Neill attended 2 meetings following their appointment as SCA Strategy Committee members with effect from 1 August 2020.

Employees and Remuneration

The NTMA executes its mandates through five business units: the Funding and Debt Management Unit, the Ireland Strategic Investment Fund Unit, the National Development Finance Agency, NewERA and the State Claims Agency. The NTMA's business units are supported by its corporate functions which provide services across Finance, Operations, Information Communications Technology, Risk, HR, Legal, Compliance, Communications and Internal Audit.

A number of NTMA employees are on secondment to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

The NTMA assigns employees and provides business and support services and systems to NAMA, SBCI and HBFI. NAMA, SBCI and HBFI are independent entities with separate boards. NAMA, SBCI, and HBFI reimburse the NTMA on a cost recovery basis for these services (including employee costs).

Other than employees assigned to NAMA, SBCI and HBFI, the NTMA had 559²⁰ employees at end-2020. 174²¹ employees were assigned to NAMA, 28 employees were assigned to the SBCI and 27 employees were assigned to HBFI.

The NTMA's remuneration model is based on confidential, individually-negotiated employment contracts, with competitive, market-aligned remuneration. The typical remuneration package comprises a fixed base salary, pension entitlement and provision for discretionary performance-related pay. In a limited number of cases other allowances or benefits are paid.

The NTMA's objective is to ensure that its remuneration arrangements facilitate it in attracting, developing and retaining high performing and motivated employees, with appropriate skills and experience, so as to ensure that the NTMA can discharge fully its statutory functions in an effective and efficient manner, while complying with applicable law. It aims to operate a remuneration system which:

- allows the NTMA to compete effectively in the labour market and to recruit and retain high calibre employees;
- reflects the NTMA's objectives for good corporate governance;
- manages remuneration in an appropriate manner and encourages a high level of performance; and
- is consistent with and promotes sound and effective risk management.

The NTMA made no performance-related payments in 2021 in respect of 2020.

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in relation to services rendered during 2020 are categorised into the following bands:

Range	No of Employees
€50,001 to €75,000	126
€75,001 to €100,000	127
€100,001 to €125,000	54
€125,001 to €150,000	24
€150,001 to €175,000	27
€175,001 to €200,000	12
€200,001 to €225,000	7
€225,001 to €250,000	1
€250,001 to €275,000	0
€275,001 to €300,000	1
€300,001 to €325,000	0
€325,001 to €350,000	4
€350,001 to €375,000	0
€375,001 to €400,000	0
€400,001 to €425,000	0
€425,001 to €450,000	0
€450,001 to €475,000	0
€475,001 to €500,000	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during 2020 include salary, other taxable benefits paid to employees and other payments made on behalf of employees, but exclude employer's PRSI.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Agency is responsible for ensuring that the NTMA has complied with the requirements (as adapted) of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown

See Employees and Remuneration section above.

Consultancy Costs

Consultancy costs incurred by the NTMA in the performance of its mandates are set out in the Financial Statements: NTMA Administration Account, SCA Financial Statements and ISIF Financial Statements.

Legal Costs and Settlements

For the purposes of the Code disclosure requirement, there was no relevant expenditure incurred in 2020.

20 On a whole time equivalent basis (rounded to nearest whole number).

21 On a whole time equivalent basis (rounded to nearest whole number).

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Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2020 €000	2019 €000
Domestic		
Board/Committee	1	12
Employees	234	343
International		
Board/Committee	-	-
Employees	131	344
	366	699

Hospitality Expenditure

The Statement of Income and Expenditure and Other Comprehensive Income includes €67,482 (2019: €119,391) in respect of staff hospitality expenditure.

Statement of Compliance

The NTMA has complied in all material respects with the Code including the recent Annex on Gender Balance, Diversity and Inclusion (published in September 2020), as published by the Department of Public Expenditure and Reform with a number of specific adaptations/variations/non-applications which have been agreed with the Minister for Finance as summarised below. These adaptations primarily reflect the fact that the NTMA, the expenses of which are a charge on the Central Fund²², performs a range of market facing functions and was deliberately structured to have the operational flexibility to act commercially in performing these functions.

Approval of Contracts

The Code recommends that the Schedule of Matters Reserved for Decision by the Agency should specify clear quantitative thresholds for contracts above which Agency approval is required. It also recommends that "approval of terms of major contracts" be a reserved matter.

Given the range of the NTMA's business mandates and the fact that entry into financial contracts of significant value constitutes a core part of the NTMA's business activities, the NTMA has established separate criteria for approval of investments and entry into contracts depending on the business area as follows:

- The acquisition or disposal of ISIF investments from its Irish Portfolio is reserved to the Agency/Investment Committee. Investment decisions up to €150m are made by the statutory non-executive Investment Committee. Where a proposed investment is in excess of €150m, the decision is made by the Agency on the recommendation of the Investment Committee. In 2020, there was one such proposal approved by the Agency. Investments from ISIF's Global Portfolio which are within the terms of the Global Portfolio Strategy are delegated to management. Actions involving the acquisition or disposal of ISIF assets that are subject to Ministerial direction are delegated to management.
- Debt contracts are delegated to management – within the parameters of the Annual Exchequer Funding Plan which is a Reserved Matter.
- Approval to enter into new Public Private Partnership (PPP) contracts and any new contract to procure as agent for the Minister for Education any public investment project in relation to an educational facility is delegated to management. A Management Infrastructure Committee has been formed for the purposes of approving infrastructure projects. Projects reviewed by the Management Infrastructure Committee, and the outcome, are included as matters for noting by the Agency.
- Contracts for professional and operating services and NTMA capital expenditure which are not reserved to the Agency are delegated to management. Approval of the key terms of contracts for professional and/or operating services and NTMA capital expenditure entered into by the NTMA with an estimated value of €5m or greater, to be charged to the NTMA or ISIF expenditure budgets are reserved for the Agency, other than:
 - framework contracts²³;
 - contracts relating to the implementation of the ISIF Global Portfolio Strategy, as delegated to management; and
 - contracts in connection with the fund established for the recovery by the State from Apple of alleged State aid.

Delegated Authority Levels

The Code recommends that "Delegated Authority Levels" be a reserved matter. In view of the wide range of mandates carried out by the NTMA and the need to preserve flexibility with regard to the various delegated authorities in respect of these mandates, the setting of Delegated Authority Levels has been delegated to the Chief Executive. To ensure Agency oversight of delegated authorities, the NTMA's Consolidated Delegated Authorities are reviewed by the Audit and Risk Committee on an annual basis.

²² Other than expenses which are incurred in respect of the ISIF and the Rainy Day Fund which are funded from the respective Funds.

²³ The provision applies in respect of the estimated value of individual contracts awarded from framework panels.

Strategy

The Code sets out different requirements with regard to the preparation and adoption of a strategic plan for commercial and non-commercial State bodies. Commercial bodies should approve annual rolling five-year business plans while non-commercial bodies should adopt statements of strategy for a period of three to five years ahead.

The NTMA Corporate Strategy²⁴ covers a five-year horizon and comprises two parts:

Part 1: The NTMA Corporate Strategy; and

Part 2: Business Unit and Corporate Function Goals.

The NTMA Corporate Strategy is reviewed annually and updated on a rolling five-year basis. Part 1 is submitted to the Minister for Finance if there are any changes to the overarching goal and three enabling pillars set out therein. Part 2 is updated annually and submitted to the Minister for Finance for his/her views prior to finalisation.

The procedure for Ministerial consultation in determining and reviewing the ISIF Investment Strategy is set out in Section 40(3) of the *National Treasury Management Agency (Amendment) Act 2014*.

Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which the NTMA is subject, the requirement that the Chairperson bring incidences of non-compliance with any statutory obligations to the attention of the Minister for Finance applies to material instances of non-compliance only.

Acquisition or Disposal of Assets etc.

The ISIF investment activities are managed in the context of the statutory framework for the making of ISIF investments as set out in the *National Treasury Management Agency (Amendment) Act 2014*, the ISIF Investment Strategy and the ISIF investment process. Those provisions of Section 8 of the Code dealing with the acquisition or disposal of assets, capital investment appraisal, establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares do not apply to the investment activities of the ISIF. Trading of Government bonds or other assets in the normal course of NTMA business operations is not regarded as falling within Section 8 of the Code.

ICT Circular

As provided for under Section 3 of the Department of Public Expenditure and Reform's Circular Q2/16 on Arrangements for Digital and ICT-related Expenditure in the Civil and Public Service, it has been agreed by the Department of Finance that the NTMA has been exempted from the approval framework for digital and ICT-related expenditure.

Public Spending Code

The Public Spending Code is not applicable to the NTMA as the NTMA is not engaged in capital projects (other than in respect of its ISIF and NDFA roles) or new current expenditure programmes. The NTMA's functions are set out in statute – either in primary legislation or delegated to the NTMA by Ministerial Order. The NTMA's operational budget relates to the staffing, systems, facilities and other costs associated with the performance of these functions. With regard to significant new expenditure items within its operational budget, the NTMA utilises the standard appraisal process as set out in section 2.1 of the Public Spending Code in its project appraisal process.

Remuneration

In complying with the Code's provisions in respect of remuneration, the NTMA has adopted the provisions applying to commercial State bodies, adapted in light of its particular governance and reporting structures and remuneration model. Consistent with this approach, the NTMA publishes details of employee short-term benefits in bands of €25,000.

Travel Circulars

The NTMA's travel policy is based on the Framework for a Travel Policy for State Bodies contained in the Code. Revenue approved civil service mileage rates (reflecting Circular 07/2017) are applied. The NTMA does not pay subsistence rates in respect of travel, but operates a vouched expense process for the re-imbursment of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are, therefore, not applied.

Customer Charter

The NTMA does not generally provide services directly to the public. State Savings products are offered to personal savers by the NTMA through its agents, An Post. An Post has a customer charter which covers the services it provides to the public, including those services it provides on behalf of the NTMA. A separate customer charter has not been put in place for the NTMA.

²⁴ The NTMA Corporate Strategy is subject to review by the Agency and the Minister.