

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 that 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;
- Interest rates and purchase limits applicable to State Savings products and any material changes to same;
- 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 Annual Investment Plan¹³ 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 judgements 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 2021.

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 71.

¹³ No investment plan was required in 2021 as there were no assets in the National Surplus (Exceptional Contingencies) Reserve Fund following the transfer of €1,500 million from that fund to the Exchequer on 28 October 2020 pursuant to directions issued by the Minister for Finance to the Agency on 20 October 2020.

The Agency conducts an annual evaluation of its own performance and that of its Committees. Having regard to Section 4.6 of the Code of Practice for the Governance of State Bodies, which requires an external evaluation to be carried out at least every three years, the Agency's evaluation in respect of 2021 (the Evaluation) was conducted by an external specialist board consultancy and advisory practice. The Evaluation commenced in late November 2021 and concluded in February 2022. This involved one-to-one interviews with Agency and Committee members to evaluate the effectiveness of the operation of the Agency and its Committees. Members completed a questionnaire and board documentation was reviewed by the external evaluator. Arising from this Evaluation, the Agency is progressing a number of enhancements for implementation during 2022.

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

Gender Balance in the Board Membership

As at 31 December 2021, 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 the 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

Frank O'Connor (Director, Funding and Debt Management) will become Chief Executive of the Agency with effect from 1 July 2022, following the expiry of Conor O'Kelly's term of appointment on 30 June 2022.

Eugene O'Callaghan stepped down as Director, ISIF on 31 January 2021. Nick Ashmore (former SBCI Chief Executive) was appointed as Director, ISIF with effect from 15 February 2021.

John Hogan, Secretary General of the Department of Finance, became an ex-officio member of the Agency on 8 June 2021 upon his appointment to that role.

David Moloney, became an ex-officio member of the Agency on 24 August 2021 upon his appointment as Secretary General of the Department of Public Expenditure and Reform. Robert Watt¹⁴ and Derek Moran's¹⁵ ex officio membership of the Agency ceased on 19 April and 7 June 2021 respectively.

Gerardine Jones was re-appointed as a member of the Agency with effect from 8 March 2022.

¹⁴ Former Secretary General of the Department of Public Expenditure and Reform.

¹⁵ Former Secretary General of the Department of Finance.

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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. As a result of the impact of COVID-19, the Agency and its sub-Committee meetings were held via video conference for much of 2021.

	Agency	Investment Committee	Audit and Risk Committee	Remuneration Committee	SCA Strategy Committee	Fees 2021 €	Expenses 2021 €
Number of Meetings	11	15	9	4	6		
Agency Members							
Maeve Carton	11			4		45,000	-
John Hogan	5/5(p)					-	-
Rachael Ingle	11		9	4		30,000	-
Gerardine Jones	11		9			30,000	-
David Moloney	4/4(p)				4	-	-
Derek Moran	4/6(p)				1/3(p)	-	-
Martin Murphy	11	15		4	6	30,000	-
Brian O'Kelly	11		9			30,000	-
Conor O'Kelly	9/9(p)					-	3,437
Robert Watt	0/4(p) ¹⁶			0/2(p) ⁴		-	-
Susan Webb	11	15	9			30,000	-
Total						195,000	-
Other Members							
Richard Leonard		15				20,000	708
Mark Ryan		14				20,000	-
Julie Sinnamon		15				11,813	-
Sabaratham Arulkumaran					6	12,500	-
Tom Beegan					5	12,500	127
Ciarán Breen					6	-	-
Donogh Crowley					6	12,500	-
Kerry McConnell					6	12,500	-
Julie O'Neill					6	12,500	-
Total						114,313	4,272

(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, John Hogan and David Moloney) 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,

appointed to the Investment Committee, in her capacity as a public servant, did not receive any remuneration in respect of her Committee membership prior to her retirement from Enterprise Ireland at the end of May 2021. David Moloney, appointed to the State Claims Agency Strategy Committee, in his capacity as a public servant, did not receive any remuneration in respect of his Committee membership. Agency members and members of staff of the NTMA do not receive any additional remuneration in respect of membership of these committees.

¹⁶ Robert Watt was seconded to the Department of Health in January 2021. Following his formal appointment as Secretary General of the Department of Health on 19 April 2021, Robert Watt ceased to be an ex officio member of the Agency and a member of the Remuneration Committee.

Employees and Remuneration

The NTMA executes its mandates through five business units: Funding and Debt Management, Ireland Strategic Investment Fund, 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 and 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 574¹⁷ employees at end-2021. 145¹⁸ employees were assigned to NAMA, 32 employees were assigned to the SBCI and 31 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.

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of the NTMA. Performance-related payments are made in accordance with parameters approved by the Agency's non-executive Remuneration Committee. The overall amount of performance related payments made in respect of any year is also subject to the approval of the Remuneration Committee.

The NTMA made performance-related payments to 231 employees in 2022 in respect of 2021. These payments, in aggregate, totalled €2,219,750. The highest individual payment was €35,000; the lowest individual payment was €1,250.

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in relation to services rendered during 2021 are categorised into the following bands:

Range	No of Employees
€50,001 to €75,000	142
€75,001 to €100,000	122
€100,001 to €125,000	53
€125,001 to €150,000	30
€150,001 to €175,000	24
€175,001 to €200,000	21
€200,001 to €225,000	5
€225,001 to €250,000	9
€250,001 to €275,000	1
€275,001 to €300,000	0
€300,001 to €325,000	0
€325,001 to €350,000	0
€350,001 to €375,000	1
€375,001 to €400,000	2
€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 2021 include salary, other taxable benefits paid to employees and other payments made on behalf of employees (including performance related payments), 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 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.

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

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

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Legal Costs and Settlements

For the purposes of the Code disclosure requirement, there was no relevant expenditure incurred in 2021.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2021 €000	2020 €000
Domestic		
Board/Committee	1	1
Employees	140	234
International		
Board/Committee	-	-
Employees	8	131
	149	366

Hospitality Expenditure

The Statement of Income and Expenditure and Other Comprehensive Income includes €45,716 (2020: €67,482) in respect of staff hospitality expenditure.

Statement of Compliance

The NTMA has complied in all material respects with the Code of Practice for the Governance of State Bodies 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 Fund¹⁹, 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 2021, there were three

such proposals approved by the Agency (two investment proposals and one realisation proposal). 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 contracts²⁰;
 - 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.

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.

¹⁹ Other than expenses which are incurred in respect of the ISIF and the Rainy Day Fund which are funded from the respective Funds.

²⁰ The provision applies in respect of the estimated value of individual contracts awarded from framework panels.

The NTMA Corporate Strategy²¹ 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 Department of Public Expenditure and Reform's Circular 14/2021 (which superseded Circular 02/2016) 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 are 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.

Terms of Appointment

Section 4.5 of the Code Annex on Gender Balance, Diversity and Inclusion published in 2020 states that State Boards should vary the terms of Board appointments to between three and five years and that the period of appointment may be renewed for a further period, to a maximum of eight years in total. It states that the terms of Board appointments are subject to compliance with the body's establishing legislation.

Under Schedule A of the *National Treasury Management Agency Act 1990*, the term of office of an appointed member of the Agency, other than an initial appointed member, is five years. All current Agency members have been appointed for five-year terms. Schedule A of the *National Treasury Management Agency Act 1990* provides that an appointed member whose term of office expires by the passage of time is eligible for re-appointment as an appointed member, provided that an appointed member is not eligible to serve for more than two consecutive terms.

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 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.

²¹ The NTMA Corporate Strategy is subject to review by the Agency and the Minister.