

## ***Audit Committee of Governing Body***

### ***Minutes of 24<sup>th</sup> February, 2016***

**Present:** Cormac Shaw (Chair), Eleanor Roche, Dr Tim Jackson

**In Attendance:** Dr Annie Doona, Bernard Mullarkey, Conor Logan,  
Elaine Dominguez (Minute-taker)

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It was noted that Donal O'Mahony has tendered his resignation from both the Governing Body and the Audit Committee. The Committee members expressed their appreciation for Donal's contribution during his membership of the Committee.

#### **1. Adoption of Agenda**

The meeting Agenda was adopted, with the following additions under A.O.B.:

- Appointment of a new Governing Body
- Approval of the Minutes of the Audit Committee Meeting of 24<sup>th</sup> February, 2016

Proposer: ER

Secunder: TJ

#### **2. Adoption of Minutes of the Meeting of 9<sup>th</sup> December, 2015**

The Minutes of 9<sup>th</sup> December, 2015 were adopted as circulated, with one change to be made under Item 3.4 'Upgrade and Development Plans': 'A119' to read 'A019'.

Proposer: TJ

Secunder: ER

#### **3. Matters Arising**

**3.1 Reports on the Media Cube and School in a Box (SIAB)** – it was noted that a full report on all research activities, including an update in relation to SIAB, will be presented to the Governing Body at its final meeting on 2<sup>nd</sup> March, 2016. It was reported that one of SIAB's key deliverers tragically passed away in Mozambique over the Christmas period, but that Linda O'Sullivan (FIS Manager) has sourced a replacement. It was also noted that any future developments in relation to SIAB will be dependent on the level of risks associated with the proposed location.

**3.2 Procurement & Contracts Control Sheet** – It was reported that the Institute is still involved in the tender processes with the Education Procurement Services (EPS). In relation to the Institute's internally managed tender processes for Medical Services and Reading & Writing Services, it is hoped that the newly appointed Student Services Manager will assume management of these processes once in situ. It was noted that the tender processes in relation to the provision of cleaning, as well as for the supply of telephone (both landline and mobiles), electricity and gas services are currently

being managed by either the EPS or Office of Government Procurement (OGP). It was noted that the new Audit Committee members will be kept informed of all future tender processes.

It was reported that a shared Payroll Service is currently under discussion, which will involve both IOTs and Universities in Ireland. It was noted that the setting up of staff members on the Payroll System would still be managed directly by the Institute. It was reported that any such shared service will result in simply a 'theoretical' saving.

**3.3 Upgrade and Development Plans** – it was reported that the upgrade of the Student Union facilities and lecture theatre A019, as well as the plans to install a second storey to the Backlot building continue to be investigated by the Institute. One proposal being considered is the installation of a modular building on some of the Institute's land in which the Student Union and the suite of Student Services Facilities could be located. This proposal may prove to be less expensive, as well as less disruptive, than the original suggestion to redevelop the current Student Union Office and Chapel areas. It was noted that the construction of a second storey to the Backlot will require planning permission, and that plans are currently being drawn up. On completion of this project, it is hoped to relocate the Design for Stage & Screen students from the Trevor Scott Hall to the Backlot. Available funding to meet the cost of the Backlot construction is in the order of €2M. It was reported that, depending on future budgets, a number of other developments will be considered, which were originally proposed under the obsolete Public and Private Partnerships (PPP) system, and would improve facilities on campus and so the student experience.

**3.4 Code Gap Analysis Review Report** – It was noted that the Code Gap Analysis Review Report was tabled at the Governing Body meeting of 10<sup>th</sup> February, 2016.

**3.5 Institute's Boundary Dispute** - In relation to the reference to the long-standing dispute over the Institute's boundary, it was reported that this was discussed at the Governing Body meeting of 10<sup>th</sup> February, 2016. It was requested that the final costings in relation to this be reported to the Governing Body at their meeting of 2<sup>nd</sup> March, 2016.

Agreed: BM to report on the final costings incurred in relation to the Institute's boundary dispute.

#### **4. Budget 2016**

It was reported that the President, Secretary/Financial Controller and Finance Manager will meet with the HEA on 4<sup>th</sup> May 2016 in relation to the budget allocation for 2016. It was noted that the HEA have agreed to reassign the weighting for a number of programmes in film and design to a 1.7 weighting. This has had a positive impact on the Recurrent Grant allocation for 2016. It was reported that the Institute has been notified of its Recurrent Grant allocation for 2016, which shows an increase of 5.7% on last year's allocation.

The process of obtaining proposed budgets for each functional area within the Institute is currently underway, with the ultimate aim being to present a balanced Budget to the HEA. The Audit Committee members expressed their endorsement of a balanced Budget.

It was reported that the Institute has to date not received confirmation of its ECF allocation from the Department of Education and Skills. It was noted that interviews have been held for the following posts:

- Head of Creative Innovation and Research (formerly Head of Creative Engagement)
- Student Services Manager (formerly Education Partnerships & Students Services Manager)
- Marketing Manager

It was reported that recommendations have been made in relation to the above posts, and that the Institute is awaiting the outcome of medicals and Garda vetting.

It was noted that the proposed total for student numbers in the HEA Compact is 2,662. Our current student numbers indicate that the achievement of this number will be difficult. Any change in this number will have to be negotiated with the HEA.

While it was recognised that in order to receive greater Budget allocations, student numbers would need to increase, it was important that this should not impact negatively on the student experience.

## **5. Financial Statements for year ended 31<sup>st</sup> August, 2015**

The Income and Expenditure Account of the Institute's Financial Statements for the year ended 31<sup>st</sup> August 2015 was circulated to Audit Committee members. It was reported that the Office of the Comptroller and Auditor General (C&AG) has once again outsourced the auditing process of the Institute's accounts. It was noted that the C&AG allocate outsourced auditors to Institute's which they anticipate will not have auditing issues.

The following issues were noted in relation to the Financial Statements for year ended 31<sup>st</sup> August, 2015:

- (i) A reduction in 'Expenditure' by approximately €300K
- (ii) A reduction in 'Tuition Fees' received of approximately €300K
- (iii) An increase in 'Other Income' of €400K, due to high number of 'Science Without Borders' students attending the Institute during 2015
- (iv) The 'Operating Deficit' has reduced to €22K, compared with €2,326K in 2014. It was noted that the deficit in 2014 included a re-allocation of €3,006K from the State Grant to Capital Expenditure, primarily relating to the fit-out of the National Film School which was funded from IADT's Reserves.

It was reported that on completion of the external audit by the Office of the C&AG, the financial statements for the year ended 31<sup>st</sup> August 2015 will be issued. It is hoped to present these to the new Governing Body at their meeting in June 2016.

The President expressed her appreciation for the work done by the Secretary/Financial Controller and his team who have kept the Institute within Budget. The Audit Committee members also expressed their appreciation of the work done by all staff in order to maintain a balanced Budget.

## **6. President's Expenses (June 2015 to February 2016)**

The President's Credit Card statements and relevant back-up documentation for the period June 2015 to February 2016 were reviewed by Audit Committee members. It

was noted that The President made a number of visits to Vilnius, Lithuania during 2015 to chair a Quality Review Panel for HE Institutions, and that the various costs relating to this work are in the process of being recouped by the President on behalf of the Institute. It was also noted that all expenses incurred in relation to the President's role as Acting Chair on the Irish Film Board have been recouped. The Chair signed off on all credit card statements as presented.

## **7. Internal Audit Update**

The Internal Audit Plan 2012-15, as well as various Internal Audit Reports produced during 2012 and 2015 were discussed as circulated to the Audit Committee members. The following items were noted:

**Internal Audit Plan 2012-15** – It was noted the out of the nine Audit Activities identified for review during 2012-15, eight have been completed. The review of Contracts Management was not carried out due to the fact that it was covered by both the Facilities Management and Procurement Review Reports. The suggested 'Tax Health Check' did not take place due to the fact that the Institute had undergone a tax audit which had not shown any issues.

### **Review of Treasury, Travel and Subsistence**

- (i) Lack of A Signed Bank Agreement – this remains an outstanding issue, however it was reiterated that it does not have a negative impact on the Institute.
- (ii) Bank Reconciliation Process – the recommendation for bank reconciliations to be signed and dated by the preparer, and prepared in a timely manner have been implemented. The recommendation for cheques not issued to be written back in a timely manner once they become stale has also been implemented.
- (iii) Bank Account Use – Governing Body permission to close obsolete bank account was obtained in March 2013.
- (iv) Strategy for Excess Funds and Treasury Policy – all bank accounts are approved by Governing Body, with any new accounts being opened in banks regulated by the Irish Financial Services Regulatory Authority.
- (v) Segregation of Duties Surrounding Cash Income – revised formats are now in place, with additional controls to be introduced as part of an online payment facility.
- (vi) Non-Compliance with the "Lesser" Rule and Back-up Documentation – new Travel and Subsistence Forms have been implemented.
- (vii) Foreign Exchange Rate used at Date of Processing Expense Claim – independent verification in relation to foreign exchange rates now required on all foreign currency expense claims. The foreign exchange rate in operation at the time the expenses were incurred is now used to calculate such expense claims.

### **Review of Human Resources**

- (i) Mandatory Training – regular training is provided for Institute staff members as required.
- (ii) Recruitment of Hourly Paid Staff – revised Commencement Forms have been put in place
- (iii) Monitoring Employee Attendance – practices were reviewed, and Heads of Faculty and Heads of Department now approve all absences.

- (iv) Controls around Hourly Paid Staff – Commencement Forms have been updated in line with Deloitte’s recommendations.
- (v) Training Procedures Review – the Institute’s Staff Training, Learning and Development Policy is regularly reviewed.
- (vi) Non-adherence with Training Procedures – there is no sectoral Performance Management and Development System in place to date. It was noted that Heads of Department appraise academic staff members’ performances on an informal basis. Student Class Representatives attend Programme Boards, where they may bring any issues in relation to the delivery of their Programmes to the Institute’s attention.

### **Review of Admissions**

- (i) Procedures Manual – a formalised procedures manual for Admissions has been completed and is reviewed regularly.
- (ii) Segregation of Duties and Checks on Information Submitted to the CAO – a second signature is now required for the sign-off of scores submitted to the CAO.
- (iii) Appropriate Paper Trail for Decisions Regarding Admissions – records are maintained reflecting the evidence and rationale supporting all the Institute’s decisions in relation to admissions.
- (iv) Approval of Admission Students – the Heads of Department are now required to sign off on all non-CAO admissions’ decisions in advance of any letters of offer being issued.
- (v) Applicant Notification Deadlines – it has been agreed to implement timeframes for when students will be notified of their acceptance/rejection on a programme, as well as the running of a programme; however timeframes are not implemented until the September of each year.
- (vi) Portfolio Score Book – Head of Faculty and Department have been advised regarding the importance of ensuring that all assessors complete both sections of the Score Book sheet.
- (vii) Date Stamping of Applications – all Applications Forms are now date stamped upon receipt into the Admissions Office.

### **Review of Facilities Management**

- (i) Lack of Appropriate Contracts or Service Level Agreements (SLAs) – the compliance with all recommendations in relation to contracted services, and the implementation of security protocols are currently in progress.
- (ii) Invoice Not Consistently Agreed to Supporting Documentation – an Invoice Tracker System has been put in place in order to manage the tracking of invoices.
- (iii) No Formal Internal Maintenance and Work Request Process in Place – a revised process has been implemented in order to comply with recommendations in relation to the formalising of the Maintenance and Work Request Process, and the review of Risk Assessments and Standard Operating Procedures.
- (iv) Financial Procedures Not Followed – procedures will be re-enforced as outlined in the recommendations. The Institute’s Procurement Policy is currently under review in line with new OGP requirements.

### **Review of Procurement**

- (i) Non-Compliance with Statutory Instruments and Public Procurement Guidelines – the tender processes in relation to major contracts are managed through OGP/EPS.
- (ii) EFT Payments Not Appropriately Approved – the recommendations in relation to the approvals of bank mandates, the secondary approval of EFT details on the banking system, as well as the update of procedures on the production, authorisation and sending of EFT payment files have been completed in accordance with SEPA requirements.
- (iii) Rationale for Exclusion of a Tenderer Not Documented – staff members have been reminded of the requirement to document all tender evaluations.
- (iv) Inconsistent Information Included in Policy and Procedures – policies and procedures incorporating procurement thresholds and the requirement for tax certificates for services in excess of €10,000 are currently being updated.

### **Review of Payroll**

- (i) Lack of Supplementary Contract to Support the Provision of Additional Services by Lecturers – the Commencement Forms have been updated accordingly to record any additional services by Lecturers.
- (ii) Adjustment Rate Incorrectly Applied to Employee's Salary – the case was reviewed and revised procedures in relation to salary adjustments have been implemented.
- (iii) Approval of Pay Scales Not Documented – the Commencement Forms have been updated accordingly, with forms to be signed by Head of Function/Registrar as appropriate.
- (iv) Out of Contract Employee Not Removed from Core System – the review of employees' contracts and the issuing of P45s are currently being progressed.
- (v) P30 Return Not Reviewed – as this was an isolated incident, and the P30 Return is signed off, the action was deemed to be complete.
- (vi) Staff Commencement Form Not Signed by the Head of Function – procedures have been updated in relation to the requirement for specific authorised signatories for Commencement Forms.
- (vii) Calculation of Annual Leave Due to Leavers Not Retained – evidence of the reviews and calculations of annual leave due to leavers are being maintained on the relevant staff member's HR file.

### **Review of Code Gap Analysis**

- (i) Lack of Risk Management Policy and Practices at IADT – recommendations in relation to the establishment and implementation of a Risk Management Policy, as well as the recommendations in relation to risk management are currently being actioned.
- (ii) Audit Committee Activities – the recommendation in relation to the Audit Committee members meeting with external and internal auditors in the absence of management was implemented at the Audit Committee meeting of 9<sup>th</sup> December 2015; the recommendation in relation to the review of the terms of reference of the Audit Committee was conducted and presented to Governing

Body on 30<sup>th</sup> September 2015. The recommendation for the review by the Audit Committee of the Internal Audit Charter for compliance with the Code will be implemented following the appointment of the new internal auditors.

- (iii) Certain Policies Not In Place – the recommendation to establish an Asset Disposal Policy is currently in progress; in relation to the recommendation to draft a Dispute Resolution Policy, the Institute will ensure that all Institute policies which provide for dispute resolution will be assessed and the necessity to adopt an overarching Dispute Resolution Policy is being considered; Policies will be proposed as necessary to the Governing Body.

## **7. A.O.B.**

**7.1 Appointment of New Governing Body** – it was reported that the Minister for Education and Skills has appointed a new Governing Body to the Institute; however, no Chairperson has been appointed. It was noted that one appointed member has expressed their wish not to accept the position on IADT's Governing Body, and the membership of another appointee is also in question due to the Dáil Elections. If the appointee is elected to the Dáil, they would then be deemed ineligible in accordance with the Second Schedule of the IoT Acts 1992-2006. It was reported that the Institute will request that the Dublin and Dún Laoghaire Education and Training Board arrange for the proposal to the Minister of nominees to replace the relevant appointees.

**7.2 Approval of Audit Committee Minutes of 24<sup>th</sup> February 2016** – it was noted that the Minutes of this meeting cannot be approved by the new Audit Committee members who will replace the current Committee on the completion of the Governing Body term of office on 31<sup>st</sup> March, 2016. It was proposed that the draft Minutes of 24<sup>th</sup> February 2016 be emailed to Committee members and confirmation of their agreement with the contents of the Minutes will be sought. The confirmation emails will be presented to the new members of the Audit Committee once this has been established. The Chair expressed his recommendation that the new Governing Body appoint an external member, preferably with a professional accounting qualification, to the Audit Committee.

Agreed: BM to forward draft Minutes of the Meeting of 24<sup>th</sup> February to Committee members and to present confirmation emails to the new Audit Committee on its establishment.

**Next Meeting:** To be confirmed.

Signed:   
Chairperson

Date: 5 October 2016

