

## ***Audit Sub-Committee of Governing Body*** ***Minutes of 16<sup>th</sup> September, 2015***

**Present:** Cormac Shaw (Chair), Eleanor Roche, Dr Tim Jackson  
**Apologies:** Donal O'Mahony  
**In Attendance:** Dr Annie Doona, Bernard Mullarkey, Conor Logan,  
Elaine Dominguez (Minute-taker)

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The Sub-Committee noted that Tony Traynor had notified the Institute via a telephone conversation of his wish to resign from the Audit Sub-Committee due to work commitments. The Sub-Committee members expressed their appreciation for Tony's time, work and commitment to both the Sub-Committee and the Institute. A formal letter of thanks will be issued to Tony Traynor at the end of the current Governing Body's term of office on 31<sup>st</sup> March, 2016.

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

The meeting Agenda was adopted as circulated.

Proposer: TJ  
Seconder: ER

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

The Minutes of 9<sup>th</sup> June, 2015 were adopted as circulated to Sub-Committee members.

Proposer: ER  
Seconder: TJ

### **3. Matters Arising**

#### **3.1 Reports on the Media Cube and School in a Box (SIAB)** – it was noted that some new developments in relation to SIAB are currently in progress and once these are finalised, Linda O'Sullivan, FÍS Manager, will update the Audit Sub-Committee members.

Agreed: Linda O'Sullivan FÍS Manager to update Sub-Committee members once new developments are finalised.

#### **3.2 Programme Weightings** – it was noted that documentation has been sent to the HEA in relation to the Institute's request that the weightings of Level 7 programmes be reconsidered. The HEA has put a process in place but no update has been received to date regarding this matter.

#### **3.3 Procurement & Contracts Control Sheet** – it was noted that no update has been received regarding the ground maintenance tender process currently being organised by Grace Weldon, Estates & Facilities Manager. It was proposed that the Sub-Committee members be provided with an updated Contracts Control Sheet at the next meeting. It was reported that Dr Tara Ryan, Educational Partnerships & Student Services Manager, is currently dealing with the tender process relating to the provision

of Medical Services on campus. The tender process in relation to the provision of internal audit services to all IoTs is currently being dealt with by the Education Procurement Services (EPS).

It was also reported that BM, GW, Colm Hennessy (IT Manager) and CL will be attending a briefing in Limerick on Thursday, 17<sup>th</sup> September organised by the Office of Government Procurement (OGP)

Agreed: BM to provide an updated contracts control sheet at the next Audit Sub-Committee meeting.

- 3.4 Upgrade and Development Plans** – it was reported the President met with Grace Weldon regarding the upgrade of the Student Union facilities and lecture theatre A119, and the plans to install a second storey to the Backlot building. It was noted that the construction of a second storey to the Backlot will require planning permission. It was proposed that the Audit Sub-Committee members be updated regarding the upgrade and construction plans at the next meeting.

Agreed: BM to provide an update on the upgrades and construction plans at the next Audit Sub-Committee meeting.

- 3.5 Fees Owed by Students** – it was reported that students are made aware of the consequences associated with the non-payment of fees via information provided at the Induction process, as well as through various Institute documentation, e.g., Student Handbook, Learner Charter etc.

#### **4. Draft Audit Sub-Committee Annual Report 2014/15**

The draft Audit Sub-Committee Annual Report for 2014/15 was discussed as circulated. The report was approved, subject to the following additions being made:

- Under the 'Introduction', that the appointment of the current Sub-Committee on 1<sup>st</sup> June 2011 be noted.
- In Item 3. 'Terms of Reference' that a new section 3.1 be included noting that the members have reviewed the Sub-Committee's Terms of Reference and is satisfied that no additions or alterations are required, and no items need to be removed or reassigned.
- The inclusion in Item 4. 'Membership' of the resignation of Tony Traynor from the Audit Sub-Committee in March 2015.
- Under Item 6. 'Compliance with the Terms of Reference', an additional item (c) to be included regarding the review of the draft Financial Statements for year ending 31<sup>st</sup> August, 2014 at the Sub-Committee meeting of 9<sup>th</sup> June, 2014.

It was noted that once the above amendments have been made, the Audit Sub-Committee Annual Report 2014/15 will be circulated to Governing Body members for approval at the next meeting on 30<sup>th</sup> September, 2015.

Proposer: ER  
Seconder: CS

#### **5. Draft Annual Governance Statement 2014**

The Secretary/Financial Controller briefed the Sub-Committee members on the draft Annual Governance Statement 2014, as well as the various items of correspondence received from the HEA dated the 9<sup>th</sup> February and 30<sup>th</sup> July 2015. It was reported that

the HEA now require that any instance of non-compliance with the Code of Governance be recorded in each Institute of Technology's Annual Governance Statement. It was noted that the Comptroller and Auditor General (C&AG) did not report any instances of non-compliance during the audit of the Institute's accounts for 2013/14, as reflected in the audit certificate. It was also noted that all issues raised in the C&AG Management Letter were of low or medium importance and, therefore, were deemed not to require noting in the Annual Governance Statement. As previously advised to Sub-Committee members, the matter of the misuse of an Institute's credit card was reported to the HEA last year. The President was requested by Mr. Tom Boland (CEO of the HEA) to notify him in writing of this, and was advised that it was not necessary to include details of the misuse in the Institute's Annual Governance Statement in 2014.

It was proposed that the title of 'Annual Governance Statement 2014' be amended to 'Annual Governance Statement 2014/15'. It was also proposed that CS be identified as the Chairperson of the Audit Sub-Committee, and that a note be included regarding the date of his appointment to this role.

It was reported that the HEA has advised that information is to be included in the Annual Governance Statement, under Item (ii) 'Significant Financial Developments,' of any ad hoc expenditure, such as the appointment of external professionals to investigate internal complaints/grievances. It was reported that 3 significant formal investigations and 3 smaller investigations have been, or are being carried out by external investigators, with significant costs being incurred in some instances. A discussion ensued regarding the manner in which the Institute procures external investigators. It was noted that every effort is made by the Institute to ensure that the external investigation of a complaint/grievance is a 'last resort' option. Details of costs involved in individual grievance/complaint's cases will be included in an Appendix to the Annual Governance Statement 2014/15. The Institute will report the status of all current and future grievance/complaints cases to the Audit Sub-Committee members.

Subject to the aforementioned changes, the Annual Governance Statement 2014/15 was approved by the Audit Sub-Committee members.

Proposed: CS

Seconded: ER

## **6. Financial Statements for year ended 31<sup>st</sup> August, 2014 & Draft Management Letter**

### **6.1 Financial Statements for year ended 31<sup>st</sup> August, 2014**

The final draft Financial Statements for year ended 31<sup>st</sup> August 2014 were discussed as circulated. It was noted that the only changes made to the financial statements since they were last reviewed by Sub-Committee members at its meeting of 9<sup>th</sup> June, 2015 were as follows:

- The change of Chairperson of Governing Body to Eleanor Roche (Deputy Chairperson)
- The addition of the Governing Body approval date of 30<sup>th</sup> September, 2015.
- The analysis of 'Other' expenditure in Note 6 on page 13, showing the amount of 'Irrecoverable Tuition Fees' separately

It was reported that the Office of the Comptroller & Auditor General (C&AG) have confirmed their agreement that the Financial Statements for the year ending 31<sup>st</sup> August 2014 may be placed before Governing Body for approval.

The Audit Sub-Committee members approved the Financial Statements for the year ending 31<sup>st</sup> August 2014 and recommended that they be forwarded to Governing Body for consideration.

Agreed: Draft Financial Statements for year ended 31<sup>st</sup> August, 2014 to be circulated to Governing Body members in advance of the main meeting documentation.

Proposed: CS

Seconded: TJ

## **6.2 Letter of Representation in relation to Financial Statements for year ended 31<sup>st</sup> August, 2014**

The Audit Sub-Committee members reviewed the draft Letter of Representation, with the following item noted:

- (i) **Investments and shareholding** – the issue of investments and shareholdings by the Institute was discussed. It was reported that in relation to uVersity, the Institute does not pay out or receive any monies in relation to this, other than fees in respect of students. It was verified that the Institute does not have any shareholdings in An Cheim.

Agreed: BM to verify that the Institute does not have any shareholdings in uVersity.

## **6.3 Draft Management Letter in relation to Financial Statements for year ended 31<sup>st</sup> August, 2014**

The Sub-Committee members were briefed on the draft Management Letter in relation to the audit carried out by DHKN Ltd. on behalf of the C&AG in June of this year. It was noted that all findings were of medium/low risk rating. The following points of DKHN's findings/recommendations and draft responses by IADT's Management were noted:

- (i) **Fixed Assets (medium risk)** – the Institute plans to develop a Fixed Asset Disposal Policy and the only assets which have been disposed are those which have reached the end of their useful life. The Fixed Asset Register has now been brought up to date following the resolution of a technical issue. In relation to the fixed assets procured for the National Film School equipment, it was reported that all assets have been tagged, however, due to a compatibility issue with the format of the list of assets compiled by the supplier, it has not been possible to incorporate the full listing into IADT fixed asset register. The matter is currently in the process of being resolved. It was noted that the Sub-Committee has agreed that an audit will be carried out on all assets with a net book value in excess of the capitalisation threshold of €3,000.
- (ii) **Credit Card Expenditure (medium risk)** – the Institute should continue to implement procedural reforms to ensure that credit card expenditure is subject to enhanced security going forward. It was noted that the instances involving the purchase of alcohol related to external meetings where a non-Institute staff member requested a single glass of wine during a meal. The Institute will implement systematic reviews of credit card usage via the Internal Audit Plan.
- (iii) **Research Grants & Projects (medium/low risk)** – a bi-annual review is to be carried out of all Research Grants and Projects to monitor project status and determine the correct allocation of costs and associated income. The Institute accepts this recommendation and will include the reviews in regular financial planning.
- (iv) **Procurement (medium risk)** – in relation to the instance where tendering guidelines were not adhered to, it was noted that this relates to ICT equipment urgently required which could only be provided by 3 potential suppliers. The

Institute accepts DKHN's recommendation that, in the case where the Institute is required to respond urgently or to highly specialised requirements, that a formal documentation of the reasons for same be made and that this be signed off by the Secretary/Financial Controller.

- (v) **Human Resources – Core Access (medium risk)** – in relation to DKHN's recommendation that read/write access to the functions on Core be strictly limited to relevant authorised staff members, the Institute is currently in the process of resolving this matter. Responsibility and Target Date were agreed as the Finance Manager and Q4 2015.
- (vi) **Accumulated Leave (low risk)** – in relation to DKHN's findings that from a sample of 10 employees identified where accumulated leave days had increased by 21.5 days cumulative, it was noted that compensatory leave applied by the National Policy has impacted on the capacity of the Institute to effect reductions in annual leave balances carried. The Institute will implement a revised IADT Annual Leave Policy and it was noted that the President has insisted that no more than 5 days annual leave may be carried by a staff member. Responsibility and Target Date were agreed as the Secretary/Financial Controller and the Acting HR Manager, and Q4 2015.

Agreed: Mary Connelly, Acting HR Manager, to provide a report on the status of annual leave of relevant staff members for the next Audit Sub-Committee meeting.

Proposed: CS

Seconded: TJ

## 7. Risk Register Update

The updated Risk Register and relevant Management Team Minutes of 11<sup>th</sup> and 25<sup>th</sup> May 2015 were discussed as circulated. The following items were noted:

### (i) New Risks Added

It was reported that two new risks have been added to the 2012 IADT Risk Register as follows:

- (a) Risk 1.1.5 'Strategic Issues – HEA' - the failure to meet with agreed HEA Compact Targets.
- (b) Risk 1.1.6 'Strategic Issues – Regional Clusters' - the failure to engage fully with the Dublin Leinster Pillar 1 Regional Cluster

It was reported that IADT does not have control over some aspects of the targets, however the Institute has met or made good progress on the targets it can action.

### (ii) Risk Levels Raised

It was reported that the Assessment of 16 risks has been changed to 'Unacceptable', with a further 2 risks being deemed as 'Acceptable with Caution'. It was noted that these risks include: falling student numbers (both at recruitment and retention stages), unpaid student fees, marketing of the Institute, decreased funding (impacting on future campus developments/expansion), reductions in research funding, restrictions on staff recruitments/replacements and loss of key staff/knowledge.

### (iii) Risk Levels Reduced

It was reported that the Assessment of 3 risks has been changed to 'Acceptable' as follows:

- (a) Risk 4.1.8 'Facilities Management - Contractors' – a document is to be included with all future tender packs which highlights the most frequently encountered problems on tenders.
- (b) Risk 5.1.6 'HR – Pensions Legislation and Administration' - the risk strategy includes external technical support, the appointment of a Pension's Officer, the continuous population of the Core Pensions Module as records are updated, and in-service and pre- retirement programmes for staff.
- (c) Risk 7.1.8 – 'Research Strategy' – the Institute's Research Strategy will be reviewed in line with the new IADT Strategic Plan.

**(iv) Risks Updated**

It was reported that updates were made to the 'Risk Impact' of 2 risks, to the 'Risk Strategy' of 14 risks, and to the 'Risk Sub-Areas' of 2 risks. Updates related to various issues, including strategic planning/implementation, student recruitment/ retention, ECF and staffing matters, legal procurement etc.

**(v) Risks Deleted**

It was reported that the 4 risks has been removed from IADT's Risk Register as follows:

- (a) Risk 1.3.8 'HEA Strategy for Higher Education' and 1.3.9 'National Strategy for Higher Education' – these have been removed as the National Strategy for Higher Education has been completed and published.
- (b) Risk 3.1.12 'Academic Strategic – Academic Plan' – removed due to the fact that the Institute is not currently focused on 'blended Learning'.
- (c) Risk 4.1.1 'Facilities Management – Campus Plan' – risk removed due to the unlikelihood of PPP projects going ahead.

A discussion ensued regarding the various risks contained in the Institute's Risk Register. In particular, Risk 4.1.6 'Facilities Management – Health & Safety' and the matter of Personal Emergency Evacuation Plans (PEEPs) in 4.1.5 was discussed. It was noted that all students are advised to inform the Access Office if they wish to have a PEEP put in place for them.

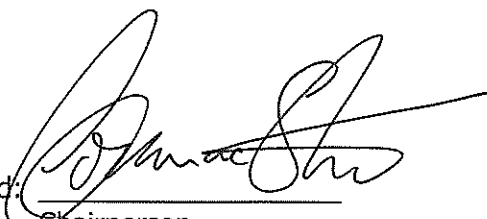
Agreed: Audit Sub-Committee to review the Risk Register in greater detail either at the meeting on 9<sup>th</sup> December 2015, or on 2<sup>nd</sup> March 2016.

BM to obtain a progress report on the development of PEEPs from Patricia Byrne (Access Officer) and Dr Tara Ryan (Educational Partnerships & Student Services Manager).

**8. A.O.B.**

There were no items considered under A.O.B.

**Next Meeting:** Wednesday, 9<sup>th</sup> December, 2015 at 9am

Signed:   
Chairperson

Date: 9 / 12 / 2015