

Audit Sub-Committee of Governing Body

Minutes of 27th March, 2015

Present: Cormac Shaw (Chair), Eleanor Roche, Dr Tim Jackson, Donal O'Mahony

Apologies: Tony Traynor

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

The Chair welcomed Mr. Donal O'Mahony as a member of the Audit Sub-Committee.

1. Adoption of Agenda

The meeting Agenda was adopted with the addition of the following items under A.O.B.:

- Correspondence from the HEA in relation to Programme weightings
- Training for Audit Sub-Committee members (as recommended by the C&AG)

Proposer: TJ
Seconder: ER

2. Adoption of Minutes of the Meeting of 10th December, 2014

The Minutes of 10th December, 2014 were adopted, with the amendment of 'Mr. John Buckley' to read 'Mr. John Byrne', and the renumbering of the second occurrence of item 6.1 to read 6.2.

Proposer: ER
Seconder: TJ

3. Matters Arising

- 3.1 Reports on the Media Cube and School in a Box (SIAB)** – it was noted that the nature of the SIAB project has significantly changed since the internal audit review of 2012. The Institute's involvement in the project is now primarily 'training for trainers', rather than the provision of the mobile teaching equipment. It was suggested that Professor Peter Robertson (Head of Creative Engagement) and Linda O'Sullivan (FIS Manager) provide an update at the next Sub-Committee meeting on SIAB, Media Cube, as well as other projects such as Horizon 2020.

Agreed: Professor Peter Robertson and Linda O'Sullivan to update Sub-Committee members at next meeting in June.

- 3.2 Draft Financial Statements for year ending 31.08.13** – it was reported that the Financial Statements were approved by Governing Body on 10th December, 2014. An audit certificate was issued by the Comptroller and Auditor General (C&AG) on 12th December, 2014 in relation to these. The Financial Statements (including the C&AG's audit certificate) were forwarded to the Oireachtas and copied to Mr. Neil McDermott (HEA) on 16th December, 2014.

4. Programmes and Budgets 2015

The Audit Sub-Committee members were briefed on the draft Programmes and Budgets 2015 document as circulated. It was reported that the Institute continues to operate within the limits of the ECF, with additional staff being funded through self-financed projects such as MA by Research, Taught Masters and campus rentals, including the Media Cube. It was noted that the Institute is projecting a breakeven budget for 2015. It was noted that student numbers are not increasing in line with the sector norm. It was reported that a number of programmes are being replaced by four year ab-initio programmes in Creative Media Technologies and Creative Computing.

The Audit Sub-Committee members approved the draft Programmes and Budgets Document 2015.

It was noted that the President, Secretary/Financial Controller and Finance Manager will be meeting the HEA on 22nd April 2015.

5. **Management Letter for Financial Statements for year ending 31st August, 2013**

The draft responses to the Management Letter for the Financial Statements for year ending 31st August, 2013 were reviewed. The following items were noted by the Sub-Committee members:

- (i) **Item 1. Asset Inspection** – it was reported that the Institute's Fixed Asset Register (FAR) is up to date, however an audit has yet to be carried out on same due to staffing restrictions. It was suggested that only assets above a certain threshold should require audit. It was suggested that the second paragraph of Management's Response in relation to the auditing of the FAR be removed. It was noted that no member of the Institute's staff was consulted regarding the auditor's inability to find the three sample assets.
- (ii) **Item 5. Procurement** - it was noted that the Institute participates in sectoral tenders that are conducted by the Office of Government Procurement (OGP) and the Educational Procurement Services (EPS), and is, therefore, unable to independently instigate a tender process for services such as Cleaning, Security and Maintenance.
Agreed: Updated on the Contracts Control Sheet to be provided for next Audit Sub-Committee meeting.
- (iii) **Item 8. Payroll – Accumulated Leave** - it was noted that no member of staff is permitted to carry forward more than 5 days of annual leave into the following academic year. The President's approval must be obtained to carry forward annual leave of more than 5 days and up to a maximum of 10 days. It was noted that some staff members have considerable amounts of historic leave carried forward, however the individuals concerned are currently attempting to reduce these balances.

The Sub-Committee members approved the Management Responses subject to the abovementioned deletion under the response in relation to Item 1.

6. Update on Deloitte Draft Internal Audit Reports

Ailbhe Moynihan and Ciara Butler from Deloitte joined the meeting and briefed the Audit Sub-Committee on the draft internal audit report in relation to the Review of Payroll. It was noted that there were no significant findings, two important findings and five minor findings during the review.

The two important issues were as follows:

- (i) **Lack of supplementary contract to support the provision of additional services by lecturers** – it was reported that the additional services relate to supervision for postgraduate students provided by some academic staff, and one instance of a staff member undertaking a Special Purpose Award. The Institute will commit to exploring a mechanism of recording such arrangements for additional hours.
- (ii) **Adjustment rate incorrectly applied to employee salary** – it was reported that there was one instance where a staff member was paid the incorrect rate of pay due to a number of complexities around a change in hours under the Haddington Road Agreement, and problems with the Core system to reflect these revisions. The Institute has committed to review this case and to implement revised procedures in relation to salary adjustments.

The five minor issues were as follows:

- (i) **Approval of pay scales not documented** – it was reported that these pay scales relate to payments for External Examiners, Assistant Fire Wardens (during the Graduate Exhibition), and Student Union Representatives (for events such as Open Days). It was reported that the Institute is currently investigating the provision of vouchers for students who assist during Open Days and Graduate Exhibitions. It was noted that the Registrar signs off on the rates of pay for External Examiners. The Institute has committed to ensuring that all commencement notices, applications for payment and salary approvals are authorised by the appropriate person.
- (ii) **Out of contract employee not removed from Core System** – it was reported that these occurrences relate to part-time academic staff members with varying and recurrent contract lengths. In some instances, part-time academic staff members had multiple start and end dates during the academic year in order to meet teaching requirements. The Institute has committed to ensuring that, at the end of each academic year and at the end of December each year, reviews will take place of part-time and occasional academic staff members whose contracts have ended, and P45s will be issued accordingly.
- (iii) **P30 Return not received** – it was reported that there was one instance of the P30 Return to the Revenue Commissioners not having been signed by the Finance Manager and Secretary/Financial Controller. As this was an isolated occurrence, the Institute does not consider further action, or changes to procedures are required.
- (iv) **Staff commencement form not signed by the Head of Function** – it was reported that the Institute will commit to a review of HR procedures to include identifying the relevant designated staff members who are authorised to sign commencement forms in the absence of a Head of Function.

- (v) **Calculation of annual leave due to leavers not retained** – it was reported there were a small number of staff members who, on departure from the Institute, were paid outstanding holiday leave. As previously reported, a directive has been issued by the President with regard to annual leave carried forwarded into the next academic year. The Institute has committed to ensuring that an up-to-date record will be maintained of each staff member's annual leave.

The Chair thanked the representatives from Deloitte for the work done on the review of the Institute's Payroll system.

It was noted that there are two further audits to be carried out by Deloitte prior to the contract end date. The first relates to a review of the Gap Analysis in August of this year. A discussion ensued regarding a proposal for the final audit/review to be carried out by Deloitte. It was agreed that a review should be carried out on the Institute's Risk Register in September of this year.

Ailbhe Moynihan and Ciara Butler left the meeting.

7. A.O.B.

7.1 Correspondence from the HEA

Correspondence from the HEA was circulated to the Sub-Committee members. It was noted that this is the HEA's response to correspondence from the President dated 21st January 2015 regarding budget cuts and a fee adjustment in relation to Levels 6 and 7 programmes. The HEA acknowledged the good governance and financial management of the Institute and noted the Institute's concerns regarding the reduction of the 2015 grant allocation, as well as the Institute's assertion that it was unfairly penalised by the application of the fee adjustment. It was reported that the Institute will raise these issues once again at the Budget and Accountability Meeting with the HEA scheduled for 22nd April, 2015. In the interim, the Institute is once again examining the classification of certain programmes from Price Group 1.3 to 1.7, and plans to submit new evidence to the HEA in favour of their reclassification.

7.2 Training for Audit Sub-Committee members (as recommended by the C&AG)

The members of the Audit Sub-Committee were briefed on a letter issued by the C&AG to the Irish Film Board's Audit Committee, advising the members of training being provided on the effectiveness of an Audit Sub-Committee, which is scheduled to take place on Monday, 18th May, 2015. It is assumed that the Audit Sub-Committee members of all Institutes of Technology will receive similar correspondence from the HEA.

Agreed: If, in one week's time, notification is not received from the C&AG in relation to effectiveness training, BM to contact the C&AG directly.

Next Meeting: Tuesday, 9th June, 2015 at 9am

Signed: _____
Chairperson

Date: _____