

## ***Audit & Risk Committee of Governing Body*** ***Minutes of 13<sup>th</sup> September, 2017***

**Present:** Dr Fionnuala Anderson (Chairperson), Marie Carroll, Kieran Connolly,  
Maeve McConnon

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

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

The Agenda was adopted as circulated with one item 'PricewaterhouseCoopers Training for Audit & Risk Committee Members' being added under A.O.B.

Proposer: MMcC

Secunder: KC

### **2. Adoption of Minutes of the Meeting of 24<sup>th</sup> May, 2017**

The Minutes of the meeting of 24<sup>th</sup> May 2017 were adopted with one amendment being made under Item 7, with the risk identified as "Monitoring of 'Super' User Activity" being changed from "substantial" to "moderate" status as per the internal audit report.

Proposer: KC

Secunder: MMcC

### **3. Matters Arising**

**3.1 Election of Chairperson to Audit & Risk Committee** – the Governing Body approved the election of the Dr Fionnuala Anderson as Chairperson of the Audit & Risk Committee at the Board meeting of 14<sup>th</sup> June, 2017

**3.2 Capital Developments Call Meeting** – on 13<sup>th</sup> June 2017, the President, Secretary/ Financial Controller and the Estates and Facilities Manager met with a delegation from the HEA and the Third Level Buildings Unit in relation to IADT's submission to the HEA Capital Developments call. A follow-up meeting was held on 28<sup>th</sup> June 2017. The HEA is currently considering funding for one of IADT's proposed buildings – the Digital Media Teaching Building and it is expected that the outcome of this process will not now be announced until late October 2017.

### **4. Internal Audit**

Ms. Yvonne McBain, PricewaterhouseCoopers (PwC), joined the meeting.

**4.1 Internal Audit Findings Follow-up Review** - Audit Committee members were briefed on the review of the current status of implementation of findings and recommendations made in reviews of the Payroll system and the Code Gap Analysis. There were a total of

nine findings in the two reports: four 'Important' and five 'Minor' findings. Six of these findings have now been "closed" (5 being of "minor" status and 1 being of "important" status). The findings currently "in progress" are as follows:

- (i) **Review of Payroll**  
**Overpayment of salary to staff member (important)** – it was noted that this was an isolated incident which was corrected accordingly.
- (ii) **Code Gap Analysis Review**  
**Risk Management Policy & Update of Risk Register (important)** – it was noted that the Institute's Risk Register was formally reviewed by the Management Team at its meeting of 15<sup>th</sup> May, 2017. A Risk Management Policy will be drafted for approval by the Executive Team and Governing Body. It was noted that the Audit Committee's title has been changed to "Audit and Risk Committee".
- (iii) **Internal Audit Charter (important)** – it was noted that a draft Internal Audit Charter is to be tabled for approval at this Committee meeting.

**4.2 Internal Audit Plan 2017-2018** – it was reported that the "Internal Financial Controls (Self-Financing Income)" will be reviewed in the coming weeks by PwC. An audit of the "Staff Utilisation & Timetabling" will take place in January 2018. It was noted that the scope of the review will be the correlation between academic contract hours and scheduled timetabled hours, rather than "succession planning".

In relation to the review of Internal Financial Controls, income and key income streams for the period 1<sup>st</sup> September 2016 and 31<sup>st</sup> August 2017 will be audited (including self-generated income such as EU-funded projects, rentals etc.). It was noted that no review of the Innovation Vouchers will take place as this has already been carried out by the auditors of Enterprise Ireland. The relevant staff members to assist with any queries are: Mr. Bernard Mullarkey, Ms. Jessica Fuller, Head of Creative Engagement and Mr. Conor Logan.

It was reported that a review of the Compliance of the Code of Practice for the Governance of Irish Institutes of Technology will be carried out in 2018. It was noted that a Code of Practice for the Governance of Institutes of Technology is currently being developed in order to comply with the Code of Practice for the Governance of State Bodies which was published August 2016.

**4.3 Internal Audit Charter** – the draft Internal Audit Charter was reviewed as circulated and approved by the Audit & Risk Committee members.  
Proposer: MMcC  
Seconder: KC

**4.4 Meeting with the Internal Auditor** - at this point in the meeting (09.50 hours) AD, BM, CL and ED left the Boardroom.

Following a discussion between the Audit & Risk Committee members and Ms. Yvonne McBain, AD, BM, CL and ED returned to the Boardroom (10.02 hours) It was reported that the Committee members were satisfied that there were no further issues raised by the PwC that would warrant review or consideration by the Audit & Risk Committee.

## 5. Office of the Comptroller & Auditor General (C&AG)

Ms. Kathleen Bonner, Senior Auditor in the C&AG, joined the meeting.

### 5.1 Report to Audit Committee on the Financial Statements for year ended 31<sup>st</sup> August, 2016

– Ms. Bonner briefed the Committee members on the Report as circulated. It was reported that the Institute's financial statements were one of the first sets of accounts from the IoT sector to have been certified by the C&AG. It was noted that the financial statements for year ended 31<sup>st</sup> August 2017 will be audited directly by the Office of the C&AG due to the fact that for the past three years, IADT's accounts have been outsourced to Mazars and this follows a 3-year cycle. It was reported that Ms. Niamh Kilkenny will be the auditor assigned to IADT and this will be confirmed shortly. There were no "key accounting issues" to report, with only three audit findings noted as follows:

- (i) **Fixed Assets (low)** – it was noted that the Institute is currently reviewing all assets with Net Book Value greater than €3,000 and is approximately 70% complete.
- (ii) **Core Access (low)** – it was noted that the upgrade to the Core system has been completed and a review of the access rights to the system will be carried out internally in October. It was reiterated that access to the Core HR and Payroll System is limited to those staff in both the HR Office and the Finance Office who have direct dealings with the payroll element of the System.
- (iii) **Procurement (low)** – it was noted that the Institute is currently updating both its Procurement Policy and Procedures. The Institute is also updating all contracts that are approaching the termination of the contract and/or where contracts have expired. It was reported that a tendering process will be carried out for landscaping services during 2017.

It was reported by the C&AG that the focus for this year's audit will be probity and governance matters. It was noted that the deadline for the submission of audited financial statements is November 2017.

### 5.2 Meeting with the C&AG

At this point in the meeting (10.14 hours) AD, BM, CL and ED left the Boardroom.

Following a discussion between the Audit & Risk Committee members and Ms. Kathleen Bonner, AD, BM, CL and ED returned to the Boardroom (10.22 hours) It was reported that the Committee members were satisfied that there were no further issues raised by the C&AG that would warrant review or consideration by the Audit & Risk Committee.

## 6. Annual Governance

**6.1 Annual Governance Statement 2016/2017** – the Institute's Annual Governance Statement for 2016/2017 was discussed as circulated. It was noted that the dates in Item 40 are to be amended to read "31<sup>st</sup> August 2017" and "4<sup>th</sup> October 2017".

**6.2 Statement on Internal Control** – it was reported that the "potential weakness" noted in the Statement of Internal Control relates to a potential issue in relation to the usage of one of the Institute's credit cards. The President has requested that Mr. Bernard Mullarkey investigate this matter. It was noted that both Dr Fionnuala Anderson and Mr.

David Holohan (Chairperson of Governing Body) have been advised of this matter. It was also noted that the President will be writing to the HEA and the Office of the C&AG advising them of the potential weakness and that they will be advised of the outcome of the investigation into same.

- 6.3 Draft Audit & Risk Committee Annual Report 2016/17** – the draft Audit & Risk Committee Annual Report 2016/17 was discussed as circulated. One amendment was noted under Item 7 “Reviews Conducted for the period to 31<sup>st</sup> August 2017”, the date of the draft financial statements to be changed from “31<sup>st</sup> August 2015” to “31<sup>st</sup> August 2016”. The Committee’s Annual Report 2016/17 was approved for forwarding to Governing Body.

Proposer: MMcC

Seconded: KC

- 7. Risk Register Update (plus Management Team Minutes of 15<sup>th</sup> May, 2017)**

The complete Risk Register, summary of “unacceptable” risks, plus Minutes of the Management Team Meeting held on 15<sup>th</sup> May 2017 were discussed as circulated. It was noted that the “traffic light” system reflects both the likelihood and impact of any risk. It was proposed that each Executive Team member attend an Audit & Risk Committee meeting to present an overview of the risks specific to their functional area. It was agreed that Dr Andrew Power (Registrar) be first Executive Team Member to make a presentation to the Audit & Risk Committee. It was noted that all potential risks are discussed by Executive Team members during the year, with a formal review being carried out by the entire Management Team on an annual basis.

Agreed: Dr Andrew Power to make a presentation to the Audit & Risk Committee in relation to potential risks associated with the Registrar’s functional area

- 8. Contracts Control Sheet**

The updated Contracts Control Sheet was discussed as circulated. It was reported that a tendering process for grounds maintenance services is due to be held in October. It was noted that the Office of Government Procurement (OGP) provided the Institute with valuable assistance and advice for the medical services tendering process. The Institute continues to await a tender process for the network maintenance service to be issued by the OGP. It was proposed that the Contracts Control Sheet be tabled at each Audit & Risk Committee meeting going forward.

Agreed: Contracts Control Sheet to be tabled at each Audit & Risk Committee meeting going forward

- 9. Draft Audit & Risk Committee Meeting Schedule 2017-18**

The draft Meeting Schedule for 2017-18 was agreed as circulated.

**10. A.O.B.**

**10.1 PricewaterhouseCoopers Training for Audit & Risk Committee** – it was proposed that PricewaterhouseCoopers be requested to provide training on audit/finance to Audit & Risk Committee members. It was suggested that if other Institutes of Technology have a similar training requirement, it might be possible to organise a sector-wide training session with PwC.

Agreed: Secretary/Financial Controller to liaise with PwC regarding training.

**Next Meeting:** Wednesday, 13<sup>th</sup> December, 2017 at 9am

Signed: *Fionnuala Anderson*  
Dr Fionnuala Anderson  
Chairperson

Date: 13/12/17

