

Audit & Risk Committee of Governing Body Annual Report 2021-2022

1. Introduction

The Audit & Risk Committee was established by the Governing Body at its meeting of 5th November, 2003. The current (fifth) Committee (two members) was appointed by Governing Body on 16th June 2021, with a further two members appointed at a later date.

2. Reporting Period

This report covers the period 1st September, 2021 to 31st August, 2022.

3. Membership

3.1 **Members** - the 7th Governing Body appointed the following Board members as part of the Audit & Risk Committee at their meeting of 16th June 2021:

- Cllr. Dr Michael Clark
- Maeve McConnon

Additional members were appointed by the Governing Body on 6th October 2021:

- Ben Harper
- Punitha Sinnapan

Mr. Sam Dunwoody was appointed by the 6th Governing Body on 12th June 2019 for a four-year term of office.

Executive Members in attendance (at the invitation of the Committee):

- David Smith (President)
- Bernard Mullarkey (Secretary/Financial Controller)
- Conor Logan (Finance Manager)
- Elaine Dominguez (Recording Secretary)

The Audit & Risk Committee did not require the attendance of any other Institute staff members or the Chairperson of the Governing Body during the period.

3.2 **Chairperson** – at the Governing Body meeting on 8th December 2021, Cllr. Michael Clark was appointed as Chairperson to the Audit & Risk Committee for a period of one year, on the recommendation of the Audit & Risk Committee.

4. Meetings

4.1 Under the Code of Governance for State Bodies as amended for Institutes of Technology (the Code), the Committee is required to meet at least four times a year. During the period 1st September, 2021 to 31st August, 2022, meetings took place on the 22nd September 2021, 24th November 2021, 30th March 2022 and 1st June 2022.

No additional meetings were considered necessary during this period. The Governing Body did not request the Audit & Risk Committee to convene any further meetings during 2021/2022.

4.2 Attendance Record

Audit & Risk Committee Member	Number of meetings attended	% attendance
Clr. Michael Clark (Chairperson)	4 (<i>out of 4</i>)	100%
Sam Dunwoody	3 (<i>out of 4</i>)	75%
Ben Harper	2 (<i>out of 3</i>)	67%
Maeve McConnon	4 (<i>out of 4</i>)	100%
Punitha Sinnapan	1 (<i>out of 3</i>)	33%

4.3 Audit & Risk Committee Reporting

The Minutes of the Audit & Risk Committee meetings held during 2021/2022 were circulated to Governing Body once approved by the Committee, with an additional report delivered to Governing Body by the Chairperson of the Audit & Risk Committee following each Committee meeting.

5. Terms of Reference

5.1 Review of Term of Reference – at the Audit & Risk Committee meeting of 22nd September 2021, the Committee reviewed the Terms of Reference and proposed no amendments or changes.

5.2 Responsibilities of the Audit and Risk Committee

Ref.	Responsibility
5.1	The Audit and Risk Committee will assist and advise the Governing Body on:
5.1.1	Its oversight responsibilities as set out in the Code of Governance for Institutes of Technology 2018 as amended
5.1.2	The strategic processes for the management of risk, internal control and governance in the Institute
5.1.3	The following Governing Body Reports: <ul style="list-style-type: none"> 5.1.3.1 The annual operating budget and the Programmes and Budgets submissions; 5.1.3.2 The Draft Annual Financial Statements prior to submission for audit, including the accounting policies being adopted and applied; 5.1.3.3 The Institute's Annual Report; 5.1.3.4 The Annual Governance Statement; 5.1.3.5 The Annual Review of Controls; 5.1.3.6 The Statement of Internal Control
5.2	The Audit and Risk Committee will:
5.1.4	A range of Institute Policies including but not limited to: Prevention and Detection of Fraud, Protected Disclosure
5.1.5	The requirement arrangements for special investigations.

5.2.1	Meet annually with a representative of the Comptroller and Auditor General, either a portion of this meeting or a separate meeting will be held in the absence of any members of the Executive and/or Management.
5.2.2	Consult annually with a representative of the Comptroller and Auditor General regarding the quality, effectiveness and operation of the Internal Audit.
5.2.3	Meet periodically with the Head of Internal Auditor or their representative; either a portion of this meeting or a separate meeting will be held in the absence of any members of the Executive and/or Management.
5.2.4	Review the planned activity and results of both internal and external audits including and the levels of error identified during the audit.
5.2.5	Review the Management Letter received from the Comptroller and Auditor General and Management's Letter of Representation to the Comptroller and Auditor General.
5.2.6	Review the adequacy of management response to issues identified by audit activities, including but not limited to Comptroller and Auditor General's Management Letter of Representation, Internal Audit Reviews and Reports.
5.2.7	Review the Institute's Risk Management Policy
5.2.8	Review assurances relating to the management of risk and corporate governance requirements for the Institute.
5.2.9	Review and approve expenses incurred by the President
5.2.10	Annually review the Terms of Reference with recommended changes brought before the Governing Body for approval.
5.2.11	Annually review its own effectiveness and report the results of that review to the Governing Body.
5.2.12	Review proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services.

5.3. Compliance with the Terms of Reference

Terms of Reference	Compliance Action
5.1.1	The Audit & Risk Committee reviewed the Institute's Corporate Procurement Plan & Multi-Annual Procurement Plan at its meeting of 24 th November 2021.
5.1.2 5.2.7 5.2.8	The Audit & Risk Committee managed risk, internal control and governance in the Institute through the processes detailed in this section. In addition, reports are reviewed, including corporate contract details and reports regarding statutory issues such as data breaches, accidents, Protection of Children and Vulnerable Adults, and complaints. Risk to IADT is an underlying consideration for all agenda items; at the meetings of 22 nd September 2021, 24 th November 2021, 30 th March 2022 and 1 st June 2022, the Committee members were briefed on the main potential risks to the Institute, including those arising from the Covid-19 pandemic.

5.1.1	At the meetings of 22 nd September 2021, 24 th November 2021, 30 th March 2022 and 1 st June 2022, the Audit & Risk Committee reviewed the Institute's Contracts Control Sheet.
5.1.3	The Audit & Risk Committee reviewed and approved the Committee's Annual Report 2020/2021 at its meeting of 22 nd September 2021; the report was approved by Governing Body at its meeting of 6 th October 2021.
5.1.3.1	IADT's Corporate Procurement Plan and Multi-Annual Procurement Plan were reviewed by the Committee at its meeting of 24 th November 2021.
5.1.3.2	The Audit & Risk Committee was briefed on the C&AG Audit Completion Memorandum for the Financial Statements for year ending 31 st August 2020 at the meeting of 24 th September 2021. The Audit & Risk Committee reviewed the draft Statement of Projected Income at the meeting of 24 th November 2021, and the draft Financial Statements for year ending 31 st August 2021 at the meeting of 30 th March 2022. The Audit & Risk Committee was briefed on all adjustments to FS including an analytical review of key movements between 2020 and 2021 at its meeting of 30 th March 2022.
5.1.3.3.	The Institute's Annual Report 2020/2021 was reviewed and approved by the Governing Body on 15 th June 2022.
5.1.3.4	The Annual Governance Statement 2020/2021 was reviewed by the Audit & Risk Committee on 22 nd September 2021 and was subsequently approved by Governing Body on 6 th October 2021.
5.1.3.6	The Audit & Risk Committee reviewed and approved the Institute's Statement of Internal Control 2021 at its meeting of 22 nd September 2021 and 30 th March 2022.
5.2.1 5.2.2 5.2.4 5.2.5 5.2.6	The Audit & Risk Committee met with Peter Kingsley, Deputy Director of Audit, Office of Comptroller & Auditor General (C&AG) on 24 th November 2021 to discuss the Financial Statements for year ended 31 st August, 2020. The Audit and Risk Committee Members were offered the opportunity to meet with Mr. Kingsley in the absence of Executive and staff members from IADT.
5.2.3 5.2.4 5.2.6	During 2021/2022, the Audit & Risk Committee met remotely with representatives of Deloitte, the internal auditors, to review the following: <ul style="list-style-type: none"> • Internal Audit Plan 2021-2022 (22nd September 2021); • Internal Audit Follow-up Review Report (24th November 2021); • Internal Audit Review of Third Party Contract Management (30th March 2022) • Internal Audit Review of Cyber Security Controls (1st June 2022) <p>On each occasion, the Chairperson of the Audit & Risk Committee enquired as to whether the Committee members, or the representatives from Deloitte had any issues they wished to discussed in the absence of IADT staff members; no issues were raised that warranted consideration by the Committee.</p>
5.2.9	Due to the COVID-19 pandemic and continued remote meetings, the Chairperson attended on campus on 21 st April 2022 to review and sign off on copies of the President's expenses for the period April 2021 to April 2022.

5.2.10	At the Audit & Risk Committee meeting of 22 nd September 2021, the Committee reviewed the Terms of Reference and proposed no amendments or changes.
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5.4. Matters not addressed by the Audit & Risk Committee

Terms of Reference	Compliance Action
5.1.3.1	The Programmes & Budgets Template 2022 was reviewed by the Audit & Risk Committee on 30 th March 2022; the full Programmes & Budgets Submission 2022, prior to its submission to the HEA. The Programmes & Budgets Submission 2022 was reviewed and approved by Governing Body on 4 th May 2022.
5.1.4	There were no policies relevant to the Committee that required review during the period.
5.1.5	The Audit & Risk Committee did not require any special investigations during the period.
5.2.11	As this is the first year of the operation of the Committee, an effectiveness review was not completed, but will take place at the meeting in September 2022.

6. Annual Review of Controls

The Governing Body Chairperson is obliged by paragraph 10.2 (iii) of the Code (as amended) to report on the system of internal control in the Institute and the Governing Body is required to review these controls on an annual basis.

Key Control Procedures

The Institute has in place an appropriate control environment by:

- Clearly defining management responsibilities, these are set out in the:
 - Institutes of Technology Acts 1992-2006 (as amended)
 - Code of Governance for Institutes of Technology 2018
 - Quality Assurance Manual
 - Programmatic Review Submissions and Reports 2008-2018
 - Risk Management Policy and Risk Register
 - Strategic Plan: Action Plans
 - HEA Compact; KPIs and Action Plans

There are formal procedures for reporting significant control failures and ensuring corrective action. These are:

- The regular review of management accounts by the Audit & Risk Committee and reports on the progress of corrective action;
- Reports from the Internal Auditor on key control areas.

The Institute has established processes to identify and evaluate business risks by:

- Identifying the nature and extent of strategic, financial, academic and other risks facing the Institute, including the extent and categories of risk which it regards as acceptable;
- Assessing the likelihood of identified risks occurring;

- Assessing the Institute's ability to manage and mitigate the risks that do occur;
- Assessing the costs of operating particular controls relative to the benefit obtained.

The processes include:

- Risk Management Policy and Risk Register
- Organisation Policies
- Staff Policies
- Student Policies
- Academic Plan
- Health and Safety Statement
- Executive and Management Team Meetings
- Academic Council and Academic Council Committee Meetings

System of Internal Control

The system of internal control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular, it includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Governing Body with authority delegated where appropriate, for managing and controlling the Annual Allocation as granted by the Higher Education Authority and other income and expenditure;
- Management Information Systems in respect of Financial Management, HR Records and Management, Library Information Systems, Student Records and Academic Administration and Timetabling Information;
- A Resource Allocation System;
- A Risk Management System with regular reporting and reviews;
- Regular reviews by the Governing Body of periodic and annual financial reports, which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- An Academic Council which reports to the Governing Body;
- An Academic Quality Framework with clearly defined academic and quality processes and control guidelines;
- Approving and implementing a wide range of financial and governance policies including a Procurement Policy and a Prevention and Detection of Fraud Policy.
- Clearly defined capital investment control guidelines;
- Formal project management disciplines.
- A Critical Incident Protocol and additional processes and structures to deal with the COVID-19 Pandemic.

Reviews Conducted for the Period to 31st August, 2022

In the period to 31st August 2020, the following control reviews were undertaken:

- C&AG's Management Letter for financial statements for year ended 31st August 2020 (24th November 2021)
- Draft Statement of Projected Income for year ended 31st August 2021 (24th November 2021)
- Financial Statements for year ended 31st August 2021 (30th March 2022)
- Internal Audit Reports:
 - Internal Audit Follow-up Review Report (24th November 2021)
 - Internal Audit Review of Third Party Contracts Management (30th March 2022)
 - Internal Audit Review of Cyber Security Controls (1st June 2022)

7. Review of the Effectiveness of the System of Internal Financial Control

Based on the above activities and on the reports issued to the Audit & Risk Committee, I on behalf of the Committee, consider that there is an adequate system of Internal Financial Control operating in the Institute.

8. Submitted for Consideration and Decision

- (a) Is the Governing Body satisfied with the recommendations of the Audit & Risk Committee in respect of its review of its Terms of Reference?
- (b) Is the Governing Body satisfied that the Audit & Risk Committee has adequately fulfilled its Terms of Reference?
- (c) Is the Governing Body satisfied that the Audit & Risk Committee has carried out its duties in relation to the assessment of business and financial risk to the Institute?
- (d) Is the Governing Body satisfied with the review process carried out by the Audit & Risk Committee in relation to the management of the Institute's Budget?
- (d) Is the Governing Body satisfied that the reports of the Internal Auditor have been properly reviewed by the Audit & Risk Committee?
- (e) Does the Governing Body approve the report of the Chairperson of the Audit & Risk Committee?

Based on the above decisions:

- (f) Is the Governing Body satisfied that there is an effective system of internal control in the Institute?

9. Conclusion

The Audit & Risk Committee confirms that the Institute's system of internal control is substantially compliant with the requirements of the Code of Governance of Institutes of Technology 2018 as amended to reflect the 2016 Code of Practice for the Governance for State Bodies.

The Institute is committed to ensuring that all its activities, whether covered or not by the Code, are governed by the ethical and other considerations contained therein.

Signed: _____
Cllr. Michael Clark
Chairperson

Date: 21st September 2022