

Audit & Risk Committee of Governing Body

Minutes of 28th March 2024

Present: Bernadette Costello (Chairperson), Colm O'Callaghan, Sam Dunwoody

In Attendance: David Smith, Bernard Mullarkey, Conor Logan,
Elaine Dominguez (Minute-taker)

The Meeting was held in the Boardroom of Roisin Hogan House. The meeting commenced at 14:05hrs and concluded at 16:05hrs.

1. Adoption of Agenda

The Agenda was adopted, as circulated.

2. Conflicts of Interest

No conflicts of interest were declared.

3. Adoption of Minutes of 7th December 2023

The Minutes of the meeting of 7th December 2023 were adopted as circulated, with one amendment to the sentence under Item 5.2: "It was reported that the increase deficit was due in part to the upgrade/repair costs for the roof on the Atrium building". The sentence now reads, "It was reported that the increased deficit was due in part to the requirement for the Institute to provide match funding of approximately €450K for the sustainability and energy efficiency upgrades to the Atrium Building".

Proposed: CO'C

Seconded: BC

4. Matters Arising

There were no matters arising to report.

5. Financial Statements

5.1 Financial Statements for year ended 31st August 2023 – the Committee was informed that the Financial Statements for year ended 31st August 2023 were submitted to the Office of the Comptroller & Auditor General (C&AG). The audit of the accounts was carried out by DHKN Ltd., on behalf of the C&AG, in February/March 2024. It is hoped that the Audit clearance will have been issued prior to the Audit & Risk Committee meeting in April.

5.2 Recurrent Grant Allocation – it was reported that email correspondence was received from Dr Alan Wall, CEO of the HEA, in late February regarding the Recurrent Funding Allocation for 2024, with a formal letter having been received on 27th March 2024. The HEA has advised that the Grant Allocation for 2024 is €13.09M, or €13.92M including Funding the Future.

5.3 Programmes & Budgets 2024 – the draft Programmes & Budgets 2024 document was discussed as circulated. The impact of the latest Public Sector Wage Agreement on increased Pay costs for the Institute was discussed. It was reported, that there is a projected shortfall of approximately €400K in the Institute's funding. It is noted that the HEA had assessed the future payroll increases based on information available prior to the agreement of the latest Public Sector Wage Agreement. It is hoped that the HEA will factor in the Public Sector Wage Agreement costs into future funding provided; however, the Institute will be required to confirm to the HEA confirming that it has sufficient funds to cover additional payroll costs. These will be funded through the Institute's reserves. It was noted that the State Funding Allocation for the Institute is based on prior year student numbers and therefore, student numbers will need to increase in order to eliminate the deficit. In addition, it was reported that the cost of the fit-out of the new Digital Media Building will have to be funded by the Institute, and that prudent management by the Secretary/Financial Controller and the President's predecessor, has made it possible to cover these costs. It was proposed that quarterly management accounts and cashflow statements be provided to the Audit & Risk Committee going forward. The Committee members approved the Programmes & Budgets 2024 document as circulated, expressing concern regarding the projected shortfall of €400K.

Proposed: SD

Seconded: CO'C

6. Annual Governance Reporting

6.1 Review of Audit & Risk Committee Terms of Reference – it was reported that the Chairperson and the Secretary/Financial Controller have had initial discussions regarding a review of the Committee's Terms of Reference. A draft Terms of Reference will be provided for discussion at the next Audit & Risk Committee meeting in April.

6.2 Annual Review of Controls – it was noted that the Annual Review of Controls, as contained in the Audit & Risk Committee Annual Report 2022/2023, forms part of the Financial Statements for year ended 31st August 2023 which were reviewed by the Committee members at their meeting of 7th December 2023.

7. Internal Audit

7.1 Appointment of Internal Auditor – it was reported that following a sectoral tendering process carried out by MTU through an OGP Framework, a two-year contract (with two one-year extensions permitted) has been awarded to Deloitte, commencing 1st January 2024. The Committee members discussed the Recommendation Report on the Appointment of Deloitte as internal auditors.

Proposer: BC

Secunder: SD

Mr. Sanjeev Chahar (Auditor, Deloitte) joined the meeting at 14:41hrs and the Committee members were briefed on the following Internal Audit Reports.

7.2 Internal Audit Programme 2024-2027 – the Internal Audit Plan 2024-2027 was discussed as circulated. It was proposed that reviews be carried out of Income and General IT Controls/IT Applications Control during 2024/2025. In addition, there will

be an Internal Audit Follow-up Review performed during the academic year. The Committee members approved the Internal Audit Programme 2024-2027 as circulated.

Proposer: BC

Seconder: SD

7.3 Internal Audit Follow-up Review Report – it was reported that, as a result of the internal audit review of the original 22 recommendations proposed, a total of 8 (36%) findings are deemed to be "Implemented", 5 (23%) are "In Progress", and 9 (41%) are deemed to be "Not Started". Of the total Findings: 4 are considered to be of "Extreme/Grade 1" risk level, 5 are "Serious/Grade 2" level, 8 are "Moderate/Grade 3" level, and 5 are "Minor" risk level. The Extreme/Grade 1 and Serious/Grade 2 Level recommendations that have commenced are as follows:

(i) **Recommendations Not Started:**

- a) Policy to be developed for all Other Streams of Income (Serious)
- b) Implementation of Risk Management System and Risk Register (Extreme)
- c) Annual Risk Identification and Review to be carried out (Serious)
- d) Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to be established and tested (Extreme)
- e) BCP & DRP to be assigned, updated and tested on a regular basis (Serious)

The Committee members expressed their concern regarding the number of outstanding, historic Extreme and Serious Findings/Recommendations. The President acknowledged that these Findings/Recommendations must be addressed as a matter of urgency. It was noted that the Institute had sought to implement a digital platform to enhance the monitoring and distribution of risk responsibility across IADT, however the proposal received via the SETU procurement process was deemed to be too expensive. As a result, it is up to each Higher Education Institute to implement individual risk management systems. It was reported that additional funding via the Technological Sector Advancement Fund (TASF) will, in part, assist in the development of such a system. It was reiterated that risk management is a priority for the Institute and it is planned to have a system in place as a matter of urgency. It was proposed that a draft Risk Framework and Corporate Risk Register be presented to the Audit & Risk Committee for review at the meeting in April 2024.

7.4 Travel & Subsistence (including Carbon Offsets) Internal Audit Report – the Report contained a total of 4 Findings: 3 were considered to be a 'Moderate' Risk, and 1 to be a 'Minor' Risk. The details were as follows:

(i) **Payment to the Climate Action Fund (Moderate)** – process to be developed, documented and implemented to ensure compliance with Circular 01/2020. Outstanding payments for 2020-2023 will be made by end of February 2024, and annually thereafter. The IADT Travel & Subsistence Policy will be updated accordingly, and processes will be reviewed. Responsible Party is: Finance Manager; Target Date is: Q1 2024 (for historic payments), and Q2 2024 (for reviews).

(ii) **Processing of Travel & Subsistence Expense Claims (Moderate):**

- **Pre-Approval of Foreign Travel** – evidence of pre-approvals for foreign travel to be obtained and retained on file prior to processing claim for payment. IADT will issue a reminder to all Executive and Management

Team members with regard to this requirement. Responsible Party: Secretary/Financial Controller; Target Date is: Q1 2024.

- **Evidence to Verify Distance Travelled** – for mileage claims, a copy of screenshot/printout of AA Route Planner, Google Maps, or similar online route-finder confirming the distances claimed should be obtained before processing the claim for payment. A reminder will be issued to all Executive and Management Team members with regard to this requirement, and any incomplete travel claims will be returned to the claimant. Responsible Party: Secretary/Financial Controller and Finance Manager; Target Date is: Q1 2024.
- **Validation of Car Engine** – Management should develop, document and implement a process to validate the engine size of the vehicle used by the claimant for mileage claims. IADT notes the finding and recommendation. However, the Institute is satisfied that the current Travel Claim Forms and Self-Declaration by claimants is an appropriate process. This will be reviewed to identify any potential improvements to increase control in this area. Responsible Party: Finance Manager; Target Date is: Q2 2024.

(iii) Claim Overpayment (Moderate):

- **Incorrect Calculation of Travel Claim** – Management to ensure accurate subsistence rates are used to process claims in order to mitigate the risk of over-payments to claimants. While the finding was based on a single and isolated instance (with an impact of less than €50.00), the controls in this area will be reviewed and revised to minimise any future issues arising. Responsible Party: Finance Manager; Target Date is: Q1 2024.

(iv) Credit Card Processing (Minor):

- **Non-Generation of Purchase Order on Credit Card Purchase** – Purchase Orders should be raised for all the purchases made using the credit card, except the Travel and Subsistence expenditure as required by the Procurement Policy. A reminder will be issued to all credit card holders in respect of this issue. Responsible Party: Secretary/Financial Controller; Target Date: Q1 2024.
- **Delay in the Submission of Credit Card Reconciliation Forms** – the credit card holders should submit the Reconciliation Forms to Finance in a timely manner as required by the IADT Procurement Policy. A reminder will be issued to all credit card holders in respect of this issue. Responsible Party: Secretary/Financial Controller; Target Date: Q1 2024.

7.5 Payroll Internal Audit Report – the Report contained 1 Finding which was deemed to be of 'Moderate' Risk. The details were as follows:

- (i) Payroll Policy & Procedure (Moderate)** – a formal Payroll Policy & Procedures document should be documented, reviewed and approved at the appropriate level, and evidence of same be maintained. The Payroll Process documentation should be circulated to relevant staff. The formal Payroll Process will be documented within a Policy and Procedures document for approval by the Secretary/Financial Controller. Responsible Party: Finance Manager and HR Manager; Target Date is: Q3 2024. IADT accepts the finding

and recommendation, and will calculate and arrange to make the relevant payments

The Chairperson, on behalf of the Committee, expressed her appreciation for the work carried out by Deloitte. The Committee members were offered the opportunity to meet with Mr. Chahar, in the absence of Executive members, in order to discuss any issues relating to the reports/documentation presented. It was proposed that this option be considered at the next Audit & Risk Committee meeting and it was noted that the Chairperson had already met with Mr. Chahar regarding internal audit matters. Mr. Chahar left the meeting at 15:20hrs.

8. Corporate Procurement

8.1 Multi-Annual Procurement Plan (MAPP) 2023/2024 – the Committee members were briefed on the MAPP 2023/2024 as circulated. It was noted that the MAPP is a requirement made by the OGP for all HEIs. It was noted that details of compliance/non-compliance with Government Procurement Guidelines are provided in the Annual Governance Statement. It was requested that a summary report of the MAPP be provided to Committee members going forward.

8.2 Corporate Procurement Plan 2024 – The Corporate Procurement Plan (CPP) 2024 was discussed as circulated. It was proposed that future CPPs include reference to the importance of Green Procurement. It was noted that this already features in the Institute's Procurement Policy (in addition to EDI Procurement).

8.3 Contracts Control Sheet Update – the updated Contracts Control sheet was discussed as circulated. It was noted that all contracts listed on the Control Sheet are up-to-date, with the exception of the following:

- (i) **Network Maintenance (31/03/2024)** – OGP tender has been delayed, with outcome expected in May 2024; in the interim, the contract was extended until 31st March 2024.
- (ii) **Grounds Maintenance (31/12/2023)** – the tender process has been delayed due to the unknown commencement of the Digital Media Building.
- (iii) **Pest Control (12/02/2020)** – OGP tender process is underway, with appointment expected Q1 2024.
- (iv) **Plant Maintenance (30/06/2024)** – tender documentation preparation is underway, with contract extended on month-by-month basis to 30th June 2024.
- (v) **Security (30/09/2023)** – a new EPS tender process is awaited.

9. Risk Management

9.1 Corporate Risk Register – this matter was discussed under Item 7.3 above.

Colm Hennessy, ICT Manager, joined the meeting at 15:44hrs

9.2 Report re Cyber Security – the Committee members were briefed by Colm Hennessy, ICT Manager, on progress made to date regarding the implementation of the recommendations contained in the Internal Audit Report on the Review of Cyber Security. Details were as follows:

- IADT Incident Response Plan has been updated;
- Mandatory training provided for staff on Cyber Security;
- A Patch Management Solution has been implemented and Patch Management Policy published;
- IADT Disaster Recovery Plan has been tested;
- Business Continuity Plan (specifically relating to ICT matters) has been tested;
- IADT Vulnerability & Patch Testing Policy was published; and
- A Security Incident & Event Management system, Sentinel, was implemented in Summer 2022.

It was reported that the proposed development by THEA of a sector-wide Business Continuity Planning System has been terminated due to a lack of funding, and that IADT must now source a provider of a Business Continuity Plan for all functional areas of the Institute.

Since the Audit & Risk Committee meeting in December 2023, the following updates were provided:

- No major Cyber Security incidents had occurred;
- Vulnerability and Patch Management continued to be implemented successfully;
- Disaster Recovery Plan was tested in February 2024 with only a couple of minor issues;
- A new cloud service for SPAM filtering was implemented;
- HEAnet Security Services completed a Penetration Test and any immediate high-risk concerns were dealt with immediately;
- Three Cyber Security Awareness Training sessions were held for staff in late 2023.

It was noted that currently, the main threat from an ICT point of view is that posed by the vulnerabilities associated with end-user devices. However, a number of mitigating strategies have been implemented including: Management Tools to shut down and trace any cyber attacks, the rolling back of security and administrative rights for end users etc. In addition, it was reported that IADT receives updates from the National Cyber Security Centre on any major vulnerabilities in relation to cyber security.

The Chairperson thanked Colm Hennessy for his presentation and update regarding Cyber Security.

Colm Hennessy, ICT Manager, left the meeting at 16:05hrs

10. Statutory Reporting

Since the last Committee meeting in December 2023, no statutory reports were required to be made to the Health & Safety Authority, TUSLA/Gardaí or the Data Protection Commission. In relation to Complaints reporting, it was noted that four Student Complaints had been reviewed by the President and were not upheld; one General Complaint is currently being reviewed by the Registrar, and two Staff Complaints/Grievances have been lodged with the Workplace Relations Commission.

11. Equality, Diversity & Inclusion Implications

There were no matters noted in relation to Equality, Diversity and Inclusion (EDI).

12. A.O.B.

12.1 Audit & Risk Committee Meeting Schedule 2024/2025 – the draft list of meetings of the Committee for the end of the academic year 2023/2024, and for the next academic year 2024/2025 were reviewed as circulated.

12.2 President’s Expenses (March 2023 – March 2024) – the President’s Expenses and Credit Card Statements were reviewed and approved by the Chairperson on 13th March 2024.

Next Meeting: Monday, 22nd April 2024 @ 2pm

Signed: _____
Bernadette Costello
Chairperson

Date: _____