

Audit Sub-Committee of Governing Body

Minutes of 9th December, 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)

1. Adoption of Agenda

The meeting Agenda was adopted as circulated.

Proposer: ER
Secunder: TJ

2. Adoption of Minutes of the Meeting of 16th September, 2015

The Minutes of 16th September, 2015 were adopted as circulated.

Proposer: TJ
Secunder: ER

3. Matters Arising

3.1 Reports on the Media Cube and School in a Box (SIAB) – it was noted that developments are still in progress in relation to the possibility of expanding the introduction of the SIAB project to other African countries. It was also noted that Dominic Mullan (Innovation, Commercialisation and Development Manager) has been involved in a bidding process for a replacement of the New Frontiers project. It was reported that the Media Cube is currently fully occupied and the costs relating to maintenance, heating, electricity and water are covered via the Estates & Facilities Office's budget.

Agreed: BM to obtain a short update on the SIAB project for the next Audit Sub-Committee meeting.

3.2 Programme Weightings – it was reported that the President has received confirmation from the HEA that IADT's submission in relation to the reassignment of weightings for programmes in Film and Design to a 1.7 weighting has been successful. The new weightings will be assigned with effect from 2016.

3.3 Procurement & Contracts Control Sheet – the Audit Sub-Committee members were briefed on current and future tender processes as per the updated Contracts Control Sheet, which was circulated at the meeting. It was reported that the Institute is still involved in the tender processes with the Education Procurement Services (EPS). It was reported that following the resignation of Dr Tara Ryan (Educational Partnerships & Student Services Manager), Dr Andrew Power (Registrar) has taken

over the tendering processes for Medical Services and Reading & Writing Services. It was reported that in early October, all Institutes of Technology were instructed to notify the EPS by Friday, 23rd October 2015, of their pending and upcoming procurement activity in 2015 and 2016 respectively. The EPS will develop a full year's tender/framework activity from the combined pipelines and will prioritise tendering processes based on a number of criteria, including tenders in commune, combined procurement values, potential cost reductions and complexity. It was noted that the tender processes in relation to the provision of cleaning and internal audit services, as well as for the supply of telephone (both landline and mobiles), electricity and gas services are currently being managed by the EPS or Office of Government Procurement (OGP).

3.4 Upgrade and Development Plans – it was reported that the upgrade of the Student Union facilities and lecture theatre A019, as well as the plans to install a second storey to the Backlot building are a priority for the Institute. It was noted that the construction of a second storey to the Backlot will require planning permission. It was proposed that a summary of proposed costs and the scope of these developments is to be circulated to the Governing Body at their next meeting.

Agreed: BM to provide the Governing Body with an update on the proposed upgrades and construction plans.

4. Meeting with Office of Comptroller & Auditor General (C&AG)

Mr. John Byrne, Senior Auditor of the Office of the C&AG, joined the meeting. The Chair thanked Mr. Byrne for attending the meeting and advised him that, following his briefing, the Sub-Committee members would meet with him in the absence of the Institute's staff members.

The Report on the Audit carried out by the Office of the C&AG was discussed as circulated. It was noted that the Institute's financial statements for the year ending 31st August, 2014 were cleared by the Comptroller and Auditor General, and that an audit certificate in relation to same was issued on 6th October 2015.

In relation to the audit findings, it was reported that there were no 'important' findings, 4 'medium' findings, 1 'medium/low' finding and 1 'low' level finding. Mr. Byrne briefed the Audit Sub-Committee members on the findings as follows:

- a) **Fixed Asset Disposal Policy & Review of the Assets Register (Medium)** – it was noted that the Institute does not have a formal Fixed Asset Disposal Policy in place. It was also noted that the Fixed Asset Register (FAR) was not updated during 2013/14. The Institute accepts the need for a Fixed Asset Disposal Policy and it was reported that, following some technical issues, the update of the FAR in relation to scrapped assets has been completed. With regard to the updating of the FAR to reflect the individual asset detail of equipment procured for the National Film School (NFS), it was reported that all assets have been tagged by the suppliers concerned and that a listing of same has been provided to the Institute. The technical issue relating to the incompatibility of the listing with the Institute's FAR is currently in the process of being resolved. The target date for both the Fixed Asset Disposal Policy and the update of the FAR is Q1 2016.
- b) **Credit Card Expenditure (Medium)** – a number of instances were noted whereby statements did not contain supporting documentation for expenditure incurred, or where alcohol was purchased using the credit card. The identification

and notification to the C&AG of the misuse of one of the Institute's credit cards during 2014, and subsequent disciplinary action and review of credit card expenditure were noted. It was reported that the Institute discourages the purchase by credit card of alcohol by staff members. The target date for the inclusion of a credit card review in the Institute's Internal Audit Plan is Q2 2016.

- c) **Research Grants and Projects (Medium/Low)** – two instances were noted where projects had ceased, however a deferred balance remained for the project. A further two instances were found where expenditure was being deferred on projects, with the necessary income recognised against the project in spite of them having ceased. The Institute accepts the C&AG's recommendation for periodic reviews of the costs and income relating to Research Grants and Projects. The target date for the first review is Q1 2016.
- d) **Procurement (Medium)** – the audit noted that in some instances in the area of procurement of contracts, tendering was not carried out in accordance with tendering guidelines. Instances were also noted where contracts were in place for a number of years, or had expired without being re-tendered. The Institute accepts the C&AG's recommendation to adhere to Government Guidelines on Procurement and it was noted that IADT has developed a Contracts Control Register on which it reports to the Audit Sub-Committee. The target date for updating the Institute's Procurement Policy and Procedures in line with Government Guidelines was Q4 2015.
- e) **Human Resources – Core Access (Medium)** – it was noted that some staff members in the HR Office have read/write access to the payroll section on Core. It was reported that the Institute is currently carrying out testing in relation to restricted access rights to Core. This requires co-ordination between the HR and Finance Offices, IADT Technicians, An Cheim, HP (who host the MIS Systems) and Core. The Institute is currently working to resolve this issue as soon as possible.
- f) **Accumulated Leave (Low)** – in reviewing the accumulated leave report as at 31st August 2014, and comparing same to the prior year, it was noted that (from a sample of 10 staff members), accumulated leave days had increased by 21.5 days cumulative. The Institute accepts the C&AG's recommendations and will implement a revised Annual Leave Policy in order to manage the carrying forward of annual leave. It was noted that the Institute has already implemented procedures in respect of this, but that a once-off compensatory leave applied in 2014 by the National Policy has impacted on the capacity of the Institute to effect reductions in annual leave balances carried forward. With regard to quantifying total accumulated leave in order to meet the requirement of FRS 102, it was reported that due to the nature of the academic year, there is no impact for IADT from FRS 102 in relation to academic staff members. The target date for the implementation of a revised Annual Leave Policy is Q1 2016.

BM thanked Mr. John Byrne and his audit team for the work done and, in return, Mr. Byrne passed on the Office of the C&AG's thanks for the co-operation shown to them by the Institute's staff during the audit process.

At this point in the meeting, AD, BM, CL and ED left the Boardroom.

Following a discussion between the Audit Sub-Committee members and Mr. John Byrne, AD, BM, CL and ED returned to the Boardroom. It was reported that the Sub-

Committee members were satisfied that there were no further issues raised by the C&AG that would warrant review or consideration by the Audit Sub-Committee.

Proposer: ER

Secunder: TJ

5. Draft Deloitte Gap Analysis Review Report

Ms. Ailbhe Moynihan and Ms. Ciara Butler from Deloitte joined the meeting. The Chair informed Ms. Moynihan and Ms. Butler that the Committee members would meet with them separately (in the absence of the Institute's staff members) at the end of their briefing. Ms. Moynihan then briefed the Committee members on the draft report of Code Gap Analysis Review. It was reported that the level of compliance by the Institute is quite high, with no significant findings and only two important findings and one minor finding. The findings were as follows:

- (i) **Lack of Risk Management Policy and Practices (Important)** – It is recommended that the Institute establish and adopt a Risk Management Policy, whose effectiveness is to be reviewed by the Governing Body. In addition, it was recommended that Risk Management should appear as a regular item for discussion at the Audit Sub-Committee meetings. In relation to the Risk Register, it was noted that the Management Team reviewed the Risk Register on the 12th May 2014, and on the 11th and 25th May 2015. It was also noted that the Executive Team consider matters of potential risk at all times. However, it was acknowledged that the updated Risk Register was not presented to the Audit Sub-Committee or Governing Body during 2014. All recommendations made by Deloitte with regard to Risk Management Policy and Practices were accepted by the Institute.
- (ii) **Audit Committee Activities (Important)** – It was recommended that the Audit Committee members meet with the Institute's internal auditors in the absence of management annually. It was noted that both the internal and external auditors have a legal obligation to communicate directly with the Chair of the Audit Sub-Committee with regard to any matter they deem to be significant.

It was also recommended that the terms of reference of the Audit Sub-Committee be reviewed periodically by Governing Body, and that the Internal Audit Charter be reviewed by the Sub-Committee. It was reported that as part of its Annual Report 2014/15, the terms of reference of the Audit Sub-Committee were reviewed and this report was subsequently submitted and approved by the Governing Body on 30th September, 2015.

With regard to the recommendation that the Internal Audit Charter be reviewed by the Audit Sub-Committee, it was noted that the Charter will be reviewed once PricewaterhouseCoopers commence their term of office as the Institute of Technology sector-wide Internal Auditors in early 2016.

- (iii) **Certain Policies not in place (Minor)** - It was recommended that the Institute establish and adopt an Asset Disposal Policy in order to document the procedures to be followed in the event of disposing of assets.

It was also recommended that the Institute draft a Dispute Resolution Policy in order to advise on the mediation and arbitration attempts required by the

Institute before incurring legal costs. It was noted that one long-standing dispute at present relates to the Institute's boundary, and that the Institute was advised by Arthur Cox Solicitors (the then legal advisors to the Institute) that there was no capacity to mediate regarding the campus' boundary. It was acknowledged that consideration needs to be given to alternative dispute resolution mechanisms.

The Institute accepts this recommendation and the target date for completion of the Asset Disposal Policy and the Dispute Resolution Policy is Q1 2016, with their approval by Governing Body planned for Q2 2016.

Other Observations (Item 1.4, page 4)

The following exceptions from the Code of Governance were noted at IADT:

- (a) The Institute's Annual Reports should be prepared and presented to the HEA and the Minister not later than 3 months after the end of each academic year. It was noted however, that the Institute is required to await the external audit report before submitting the Annual Report.
- (b) It was noted that a number of positions on the Institute's Governing Body have been vacant for extended periods, however it was acknowledged that some of these were due to changes in the organisations that provide nominations.

It was suggested that the Chair consider the tabling of the Code Gap Analysis Review Report at the Governing Body meeting on the 3rd February 2016.

At this point in the meeting, AD, BM, CL and ED left the Boardroom.

Following a discussion between the Audit Sub-Committee members and the representatives from Deloitte, AD, BM, CL and ED returned to the Boardroom. It was reported that the Sub-Committee members were satisfied that there were no further issues raised by Deloitte that would warrant review or consideration by the Audit Sub-Committee.

The Chair thanked Deloitte for the report and for all their work during the term of their contract.

Agreed: The Code Gap Analysis Review Report to be tabled at the Governing Body meeting of 3rd February 2016.

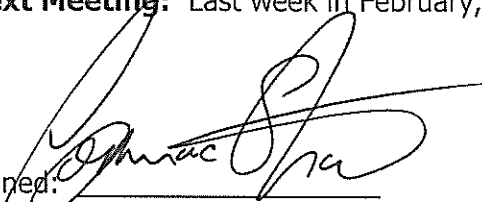
6. President's Expenses (June to November 2015)

Due to time constraints, this item was deferred until the first meeting of 2016.

7. A.O.B.

There were no items for discussion under A.O.B.

Next Meeting: Last week in February, date to be confirmed.

Signed: 
Chairperson

Date: 24/2/2016