

Audit & Risk Committee of Governing Body

Minutes of 13th December, 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)

1. Adoption of Agenda

The Agenda was adopted as circulated.

Proposer: MC

Seconder: MMcC

2. Adoption of Minutes of the Meeting of 13th September, 2017

The Minutes of the meeting of 13th September 2017 were adopted as circulated.

Proposer: FA

Seconder: MC

3. Matters Arising

- 3.1 Capital Developments Call** – it was reported that IADT has been successful in its bid for funding of a Digital Media Building as part of Bundle 1 of the Private Public Partnership (PPP) process. At a recent meeting with the Department of Education and Skills, all Institutes of Technology (IoTs), that were successful in the first stage of their capital development bids, were requested to identify 15% of the proposed buildings that could potentially be retracted should insufficient funding be available. The IoTs were also informed that there is no guarantee that full funding will be granted. The Institute is currently examining which section/item could potentially be removed from the proposal.

It was noted that the Department of Education & Skills is liaising with the National Treasury Management Agency (NTMA) for the commencement of a PPP process to engage a single design team for the 6 proposed buildings in Bundle 1. In addition, the NTMA will apply for planning permission for all of the buildings. As a result, the possibility exists that the entire sector-wide process could be delayed as a result of any issue with a single proposed building. It was reported that IADT has already been granted planning permission by Dún Laoghaire Rathdown County Council for the Digital Media Building. With regard to the proposed student restaurant to be located in the Digital Media Building, it was noted that the Executive Team will decide whether or not the restaurant will be managed by IADT, or by an external catering company. It was reported that representatives from the Planning & Building Unit of the Department of Education and Skills will visit IADT on 23rd January 2018 in relation to the proposed Digital Media Building.

- 3.2 Code of Practice for the Governance of Irish Institutes of Technology** – it was reported that the Code of Practice for the Governance of Institutes of Technology has been approved by the HEA and will be brought to the next Governing Body meeting on 10th January 2018.
- 3.3 Potential Weakness in Statement of Internal Control 2017** – it was reported that an investigation was carried out in relation to the potential weakness discovered in the Institute's Statement of Internal Control 2017. On 18th September, the President wrote to Mr. Shane Carton, Senior Auditor in the Office of the Comptroller & Auditor General, and Dr Graham Love, CEO of the HEA, to inform them of this potential weakness and the outcome of the investigation carried out by the Institute. The C&AG subsequently requested a copy of the report produced in relation to the investigation, plus a copy of the correspondence sent to the staff member concerned. The staff member requested that their name be redacted from all documentation prior to forwarding to the C&AG as per Data Protection Regulations. The C&AG confirmed that this was permissible and copies of both the redacted report and correspondence were sent to Mr. Shane Carton. To date, no further queries have been raised by the C&AG.
- 3.4 Audit & Risk Committee Annual Report 2016/17** – it was noted that the Committee's Annual Report for 2016/17 was adopted by Governing Body at their meeting on 4th October, 2017.

4. Internal Audit Update

Ms. Yvonne McBain, Senior Auditor in PricewaterhouseCoopers (PwC), joined the meeting. The Committee members congratulated Ms. McBain on her recent appointment to Bank of Ireland, expressed their gratitude for all the work she has done to date and wished her well for the future. Ms. McBain then proceeded to brief Committee members on the Internal Audit Review and Terms of Reference.

- 4.1 Internal Audit Review of Income and Key Income Streams** – It was reported that there were a total of five findings: one 'Grade 2 - Substantial', three 'Grade 3 - Moderate' and one 'Observations/Minor' finding. There were no issues considered to be 'Grade 1 – Critical' status. The findings were as follows:

- (i) **Formally Documented Policies are not in place for all the categories of other income (Grade 2)** – it was noted that the Institute currently does not have formally documented policies for all categories of 'other income' (e.g. general rentals, EU projects and other funded projects). The Institute fully accepts the recommendations and recognises the need to formally document policies in this area. The relevant policies will be developed by Jessica Fuller, Head of Creative Engagement and presented for approval in the first quarter of 2018.
- (ii) **Duties not formally segregated between preparer and reviewer for invoices raised (Grade 3)** – it was noted that instances were found where inadequate segregation of duties existed between the preparer and the reviewer in relation to invoices for general rental, pitch rental, EU funded projects and other funded projects. The Institute accepts the recommendation to update access rights on Agresso in relation to the preparer and reviewer of such invoices. It also accepts the recommendation to assign duties and this will be carried out in accordance with the policies and procedures developed under Finding 1. The actions are to be carried out by Conor Logan, Finance Manager, during the first quarter of 2018.

- (iii) **Agreements formally approved after commencement date (Grade 3)** – it was noted that four out of the five sample Media Cube licence agreements were formally approved by Governing Body after the commencement date of the agreement. In addition, three EU project contracts and other funded projects were found to have commenced prior to having been formally authorised via signature. The Institute accepts the findings and recommendations and the Media Cube Rentals Policy will be updated to reflect any deviations from the standard licence agreement approvals. It was proposed that in future, the Governing Body members will be notified of any Media Cube licences which have commenced prior to formal approval by them. In relation to EU projects, it was noted that such contracts are subject to EU Level Audits and therefore the risk to IADT with regard to late signing of the contracts is minimal. The persons responsible are the Head of Strategic & Postgraduate Development and the Enterprise & Innovation Manager, with the target date being in first quarter of 2018.
- (iv) **Invoices are not raised on a timely basis (Grade 3)** – it was noted that invoices have not been raised since October 2015 in relation to income payable by C.I.E. for a bus shelter located on IADT's premises. It was also noted that supporting evidence was not found for invoices raised for two EU funded projects in place since June 2015. The Institute accepts the findings and recommendations and is in the process of recovering monies owed by C.I.E. It was noted that as the EU funded projects are subject to EU Level Audits, that the risk to IADT of under- or overpayments is minimised. However, the issue of records retention will be reviewed in the Policy and Procedures identified under Finding 1. The target date for these recommendations is quarter three of 2018 and the person responsible is Bernard Mullarkey, Secretary/Financial Controller.
- (v) **Version control not contained within the Pitch Usage Policy (Observation)** – it was noted that the Pitch Usage Policy does not have any version control or review/approval history information contained in it. The Institute accepts the recommendation and will quality control the Pitch Usage Policy. The target date for this is the first quarter of 2018 and the person responsible is Grace Weldon, Estates & Facilities Manager.

Two typographical errors were noted in the Internal Audit Report, as follows:

- a) Ms. Jessica Fuller's name to be moved to the list of 'Executives' (page 1)
- b) The details under Target Date and Responsible Party to be swapped in order to appear under the correct heading (page 10)

PwC to reissue the Internal Audit Report once amended accordingly.

4.2 Terms of Reference for the Review of Staff Utilisation and Timetabling

Review – the draft Terms of Reference were discussed as circulated to Audit & Risk Committee members. It was proposed that the internal audit review of 'Staff Utilisation and Timetabling' be postponed until the completion of Programmatic Review, which is scheduled to take place in the New Year. This is due to the fact that Programmatic Review can lead to changes being required to modules and programmes, including potentially the revalidation of some programmes. Instead, a review of the Examinations Procedures and Related Processes was considered to be appropriate. Ms. McBain agreed to the change to the Internal Audit Terms of

Reference and a revised document will be circulated to Audit & Risk Committee members. The Audit & Risk Committee approved this change

Proposer: MC

Secunder: MMcC

4.3 Meeting with the Internal Auditor - at this point in the meeting (09.25 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 (09.35 hours). It was reported that the Committee members were satisfied that there were no further issues raised, and that Ms. McBain had acknowledged the consistent support/co-operation provided by IADT staff members during all internal audit processes. Ms. McBain identified that a clear understanding of the role of internal audit is embedded among staff member across the Institute.

5. Draft Financial Statements for year ended 31st August, 2017

The draft Financial Statements for year ended 31st August 2017 were discussed as circulated. It was noted that during the academic year 2016/17, income increased by a total of €1.1M, due in part to State Grant funding, an increase in student numbers, as well as the adjustment granted by the HEA to the weighting of certain programmes delivered by IADT. In relation to Expenditure during 2016/17, it was noted that there was an increase of €353K on last year. The increase in Staff Costs was due to a number of factors, including restorations of pay and the recruitment of new staff members. There was an Operating Surplus of €1.229M, which represents less than 6% of the total income for 2016/17. It was noted that in order for the Institute to be able to move any Retained Reserves to Restricted Reserves, permission to do must first be sought from the Governing Body and subsequently from the HEA. The Audit & Risk Committee approved this first draft of the Financial Statements for year ended 31st August 2017 for forwarding to and auditing by the C&AG.

Proposer: FA

Secunder: MC

6. Contracts Control Sheet

BM briefed the Audit & Risk Committee members on the contracts control sheets as circulated. It was reported that tender processes for both account management and on campus Banking Services were carried out by the Office of Government Procurement (OGP) but that no expressions of interest had been received. It was noted that the level of bank charges is below a threshold for tender processes. A discussion arose regarding the possibility of having an ATM installed on campus in light of the fact that staff and student numbers have increased in recent years. It was reported that the Institute is still awaiting a tender process to be completed by the OGP for the provision of Telephone Services (landline and mobile).

7. Risk Register Update

Due to unforeseen circumstances, Dr Andrew Power was unable to make a presentation to the Audit & Risk Committee in relation to potential risks associated with the Registrar's functional area. This item was postponed until the next meeting.

8. President's Expenses (June 2017 – December 2017)

The Chairperson reviewed and signed each of the President's Visa Expense Forms and an Expense Claim form, all of which relate to the period from June to December 2017.

9. A.O.B.

There were no items raised under A.O.B.

Next Meeting: Wednesday, 21st March 2018 at 9.30am

Signed: Fionnuala Anderson
Dr Fionnuala Anderson
Chairperson

Date: 21 March 2018

