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AN COISTE UM CHUNTAIS PHOIBLÍ

TUARASCÁIL

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HOUSES OF THE OIREACHTAS

COMMITTEE OF PUBLIC ACCOUNTS

REPORT

**The Examination of Financial Statements in the Third-Level Education
Sector**

July 2017

32/CPA/002

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CHAIRMAN'S PREFACE

The third-level education sector's role in the social and economic development of the country cannot be understated. The sector received over €1.5 billion of public money each year in 2014 and 2015. Accordingly, it warrants the attention of the Committee of Public Accounts. In addition, the Comptroller and Auditor General has also highlighted a number of issues in recent reports relating to third-level governance and financial management and this created a further need for the Committee to engage with the sector in some depth to examine these matters.

This report focusses on a total of 7 third-level institutions whose financial accounts were examined by the Committee. The Committee also looked at the Voted Expenditure and Appropriation accounts of the Department of Education, as well as the financial accounts of the Higher Education Authority.

The Committee held five meetings in public in relation to its examinations and received a considerable amount of related information from the Colleges and Institutes.

On behalf of the Committee, I would like to express my gratitude to everyone who participated in the hearings and also to those who provided detailed briefing in advance to assist the Committee in its deliberations. I would also like to express my appreciation to the Members of the Committee and the Secretariat for their work in relation to the Committee's consideration of the issues and preparation of this report.

I believe that this report is an important contribution to ensuring that bodies funded largely from the public purse are publicly accountable to the citizens of this country. I believe that the recommendations made need to be carefully considered and acted upon by the Department of Education and Skills, the Higher Education Authority (HEA) and all third-level institutions in particular.

I commend the Committee's Report to Dáil Éireann.



Seán Fleming, TD
Chairman, Committee of Public Accounts
July 2017



GENERAL CONCLUSIONS AND REMARKS RELATED TO PUBLICATION OF REPORT

- A.1 The Committee notes that a failure to provide up- to- date accounts is prevalent in the third-level sector. The Committee views this as being unacceptable and is of the opinion that accounts should be presented for certification by the C&AG within 6 months of the end of the financial year to which they relate.
- A.2 In the case of the following two institutions the Committee considers that the delay in presenting accounts is a major failure of corporate governance and must be regularised immediately. The most recent financial statements of the two institutions are:
- National College of Art and Design 2013 accounts certified 37 months after year end
 - NUI Galway 2014 accounts certified 26 months after year end.
- A.3 The Committee is of the view that the balance between the Department of Education and the Higher Education Authority (HEA) in relation to financial and governance oversight of the third-level sector may need to be reviewed and updated. The Committee is of the opinion that the HEA has a key role in ensuring that the important issues raised in this report are addressed by each institution. Accordingly, the Committee is of the opinion that the HEA needs to be empowered and resourced to carry out a greater oversight role effectively.

RECOMMENDATIONS MADE IN BODY OF REPORT

Relevant page number indicated after each recommendation which are referenced by their paragraph number.

- R.26 The Committee recommends that the Higher Education Authority puts a system in place to monitor and quantify research and administration resources by both the Irish and EU taxpayer which are consumed by institutions in developing commercial Intellectual Property projects. This is necessary in order to eliminate the current lack of financial information and facilitate an assessment with regard to value for money. P.18
- R.27 The Committee recommends that all third-level institutions report annually to the Higher Education Authority on developments in relation to intellectual property and their implementation of the National Intellectual Property Protocol . P.18
- R.28 The Committee recommends that all third-level institutions ensure that their staff are fully aware of their obligations under Standards in Public Office and Ethics legislation and the requirement to declare any real or perceived conflict of interest, particularly relating to the holding of directorships or shares in spin-out companies. P.18
- R.29 The Committee welcomes the fact that the National Intellectual Property Protocol is intended as a living document and recommends that the Department of Education and Skills, the Higher Education Authority and all relevant third-level stakeholders engage fully with the Department of Jobs, Enterprise and Innovation and Enterprise Ireland to help develop the protocol to ensure the maximum benefit to all stakeholders. P.18
- R.34 All third-level institutions must ensure full compliance with national procurement guidelines and develop measures to ensure that procurement is, to the maximum extent possible, based on a competitive tendering process. Any breach of these guidelines should be reported in a transparent and comprehensive manner on an annual basis. P.20
- R.35 In regard to the specific Dundalk Institute of Technology procurement of student recruitment services in China, the Committee considers that a 15 year relationship with a sole supplier is excessive and recommends that a more competitive tendering process be put in place in spite of any logistical difficulties. P.20
- R.42 Except in unavoidable exceptional circumstances, the Committee is of the opinion that accounts should be presented for certification by the C&AG within 6 months of the end of the financial year to which they relate. Where this has not been achieved, the Chairman of the institution should provide a written statement to the Minister for Education and Skills providing a full explanation of why this has not been complied with. P.22

- R.43 It is the view of the Committee that penalties in relation to funding should be implemented by the Higher Education Authority where institutions fail to present accounts within 6 months of the financial year end. *P.22*
- R.52 The Committee recommends that the Department of Education and Skills, in consultation with third-level institutions, the Higher Education Authority and Comptroller and Auditor General, provides a timeline to ensuring transparency and accountability for foundations and trusts through disclosure on their financial statements. *P.25*
- R.53 Where full consolidation of foundations and trusts is not possible, it is the opinion of the Committee, that full disclosure of the foundations and trusts' transactions and balances should be made in the notes or in an appendix to the accounts. *P.25*
- R.61 It is the view of the Committee that third-level institutions must ensure that all staff are fully aware of the Code of Practice on Protected Disclosures Act 2014 (Declaration) Order 2015. *P.26*
- R.62 It is the opinion of the Committee that all third-level institutions should have an appointed person to accept protected disclosures and that that person's name is communicated effectively to all staff. *P.26*
- R.63 It is the Committee's opinion that training and related informational material on protected disclosures should be provided to staff of third-level institutions. *P.26*
- R.64 The Committee recommends that the Department of Public Expenditure and Reform ensure that adequate and appropriate guidance and training are provided to all public bodies in relation to Protected Disclosures. *P.26*
- R.73 Given the substantial amount of public funds allocated on an annual basis to the third-level education sector, all third-level institutions should develop and submit to the Higher Education Authority for its advance approval a value for money based business case in respect of proposals for significant outlays such as UCC's acquisition of the Irish Management Institute. *P.29*
- R.76 The level of legal costs and settlements relating to staff issues incurred by UCC should be kept under review by the Higher Education Authority to ensure that the university's recent policy change from "*litigation to mediation*" drives down the costs. *P.30*
- R82 The Committee recommends that the Higher Education Authority engages with Dundalk Institute of Technology to develop and monitor a plan of action to address the accumulated deficit within an agreed time frame. *P.31*

- R.83 Given the key role of the President in the governance of Dundalk Institute of Technology and the difficult financial position faced by the Institute, the Committee recommends that the position of President is filled on a permanent basis without further delay. *P.31*
- R.89 The Committee recommends that a review, overseen by the Higher Education Authority, be carried out on sabbatical leave practices in the third-level sector with particular reference to tax compliance. *P.33*
- R.95 The Committee recommends that the Department of Public Expenditure and Reform should issue or amend written guidelines setting out the process to be followed by public sector entities when a severance payment is being considered. In particular, the guidelines should include a comprehensive checklist of the supporting documentation that should be retained on file and clear instructions in relation to the external sanctions that are required before an entity can enter into a severance agreement. *P.34*
- R.96 It is the view of the Committee that members of staff whose employment with a public body has been terminated by means of a severance payment should not be re-engaged on contract or by any other arrangement. In exceptional circumstances where it is being considered, Departmental and/or Higher Education Authority approval should be required. *P.34*
- R.99 The Committee recommends that the Higher Education Authority engages with Waterford Institute of Technology to develop and monitor a plan of action to address the accumulated deficit within an agreed time frame. *P.34*
- R.101 It is the view of the Committee that all third-level sector audit committees should comply fully with the provisions of the relevant Codes of Governance of the Irish Universities and of the Irish Institutes of Technology, including prompt production of an annual report. *P.35*
- R.102 It is the view of the Committee that the Higher Education Authority should play a more proactive role in monitoring and ensuring compliance with the Codes of Governance for the third-level sector. *P.35*
- R.113 The Head of Finance at all third-level institutions should approve any up-front advance payments when significant sums are at stake. These should be only made in exceptional circumstances and with a clear business case made in relation to any related savings and analysis of risks. *P.37*
- R.114 The Department of Public Expenditure and Reform should develop appropriate guidance in relation to up front payments for procured services as part of general procurement procedures. *P.37*

- R.115 The Higher Education Authority should review all procurement framework agreements for the third-level sector and put a requirement in place that periodic due diligence exercises be carried out on suppliers during the lifetime of the framework agreements. *P.37*
- R.116 The Committee recommends that the Higher Education Authority collaborates with third-level institutions to examine whether value is being achieved in the provision of and access to articles, books and journals. Such an examination should include an exploration of alternative arrangements that might bring greater financial benefit to the institutions themselves and to the academics in those institutions. *P.37*
- R.119 The Committee recommends that a value for money based business case should always be prepared in advance of significant outsourcing proposals. The business case should include a long-term costs benefits analysis and a comparison in terms of cost and quality with in-house provision. *P.38*
- R.120 The Committee recommends that any assessment of outsourcing proposals should take account of relevant social and employment factors. *P.38*
- R.128 The Committee recommends that third-level institutions should report annually to the Higher Education Authority on the engagement and associated costs of external consultancy firms contracted to carry out investigations and enquiries on internal matters. *P.40*
- R.129 The Committee recommends that the Higher Education Authority should review and report on the corporate relationships between Cork Institute of Technology and other corporate entities, including those referred to in this report. *P.40*

INTRODUCTION

1. The Public Accounts Committee (the Committee) has carried out an examination of the financial statements of an initial sample of six third-level education institutions¹. The Committee's examination also included the Department of Education and Skills (DES) and the Higher Education Authority (HEA). The focus of the Committee's examination of these two bodies was their oversight and governance role in regard to the third-level sector.
2. The Committee undertook the examination because of the significant level of public funding provided to the third-level sector, its awareness of issues in the public arena relating to governance and financial management in the sector, and matters raised by the Comptroller and Auditor General following his statutory audit of individual institutions. Table 1 details the level of public funding of the third-level sector in 2014 and 2015.

Table 1 – Funding of Third-Level Institutions

	2015	2014
Recurrent grants	€996.3m	€999.7m
Research grants	€100.1m	€80.0m
Capital grants	€46.7m	€39.4m
Access grants*	€15.5m	€17.8m
Student support grants	€414.0m	€372.2m
Total	€1,572.6m	€1,509.1m
<p>*These grants comprise funding under the Student Assistance Programme and the fund for Students with disabilities</p> <p>Source: HEA Financial Statements and DES Appropriation Accounts</p>		

3. The Department of Education and Skills (the Department) provides a policy, legislative and funding framework for education and skills development. It provides a range of services directly for the sector. In this, the Department is supported by a number of agencies, such as the HEA. The HEA is the statutory planning and policy development body for higher education and research in Ireland. It is the primary funding authority for the universities and the institutes of technology. In parallel with its role of providing funding to the sector the HEA has an oversight and regulatory role in respect of the higher education institutions. However, the Department retains overall responsibility for pay and pensions policy in the sector.

¹ Cork Institute of Technology (CIT) was not included in the initial sample of 6 third-level institutions but was invited to the final meeting of the Committee in relation to its examination of the sector. CIT matters are dealt with in Chapter 2 only.

4. Third-level education in Ireland is provided through seven universities, fourteen institutes of technology and a number of other institutions designated under the Higher Education Authority Act, 1971, i.e. National College of Art and Design, St Patrick’s Drumcondra, Mary Immaculate College Limerick, Church of Ireland College of Education and St Angela’s College, Sligo.
5. The details of the universities and institutes of technology are as follows:

Table 2 - List of Universities and Institutes of Technology

Universities	Institutes of Technology
University College Dublin	Athlone Institute of Technology
University College Cork	Institute of Technology Blanchardstown
Trinity College Dublin	Institute of Technology Carlow
National University of Ireland, Galway	Cork Institute of Technology
University of Limerick	Dundalk Institute of Technology
Dublin City University	Dún Laoghaire Institute of Art, Design and Technology
National University of Ireland Maynooth	Dublin Institute of Technology
	Galway-Mayo Institute of Technology
	Letterkenny Institute of Technology
	Limerick Institute of Technology
	Institute of Technology Sligo
	Institute of Technology Tallaght
	Institute of Technology Tralee
	Waterford Institute of Technology

6. The Comptroller and Auditor General (C&AG) as statutory auditor of these institutions is required to certify their annual financial statements and provide an audit opinion thereon. In doing so in recent years, the C&AG has regularly drawn attention to matters pertaining to governance and internal financial control in the institutions. In some instances the C&AG has qualified his audit opinion.
7. Appendix 3 gives details of the third-level institutions audited by the C&AG, the year of the latest financial statements certified by the C&AG and the matters which the C&AG drew attention to in his audit opinion.
8. The Comptroller and Auditor General has also referred to certain financial reporting and audit issues in a number of published Special Reports, i.e.

- Special Report 95 – Financial Reporting in the Public Sector (February 2017)
- Special Report 78 – Matters arising out of Education Audits (June 2012)
- Special Report 75 – Irish Universities, Resource Management and Performance (September 2010).

9. The PAC’s examination of the third-level sector was conducted over a series of meetings listed as follows:

Table 3 - List of Meetings

23 March 2017	
Department of Education and Skills	Appropriation Account 2015
29 March 2017	
Higher Education Authority	Financial Statements 2015
31 March 2017	
University College Cork (UCC)	Financial Statements 2013/2014
University of Limerick (UL)	Financial Statements 2014/2015
Dundalk Institute of Technology (DkIT)	Financial Statements 2014/2015
6 April 2017	
Waterford Institute of Technology (WIT)	Financial Statements 2013/2014
Dublin Institute of Technology (DIT)	Financial Statements 2013/2014
National University of Ireland Galway (NUIG)	Financial Statements 2013/2014
22 June 2017	
University College Cork	Financial Statements 2013/2014
Dublin Institute of Technology	Financial Statements 2013/2014
University of Limerick	Financial Statements 2014/2015
Cork Institute of Technology (CIT)	Financial Statements 2014/2015

10. The meeting of 22 June 2017 dealt with follow-up matters relating to evidence given by UCC, DIT and UL at previous meetings and CIT, although not included in the initial sample, were invited to discuss specific matters relating to the 2014/2015 financial statements of Cork Institute of Technology.
11. The Committee’s examination identified a number of topics or themes which were common to the sample of institutions and these are detailed in **Chapter 1** of this report. **Chapter 2** is concerned with financial matters which are specific to individual institutions. Each chapter includes the Committee’s findings and recommendations.

CHAPTER 1: TOPICS COMMON TO ALL INSTITUTIONS EXAMINED

12. The Committee's examination identified recurring issues which were common across the initial sample of six institutions and related to the following topics:
- Policies, practices and procedures regarding Intellectual Property and its commercialisation through spin-out companies
 - Compliance with Public Procurement Guidelines
 - Financial reporting by Third-level institutions
 - Use of and Accounting for Foundations and Trusts
 - Protected Disclosures
 - Gender Breakdown of Academic and Support Staff

COMMERCIALISATION OF INTELLECTUAL PROPERTY

Committee Focus

13. The subject of the commercialisation of Intellectual Property is a complex one. The National Intellectual Property Protocol 2016 (IP protocol), *Inspiring Partnership*² states that the purpose of this commercialisation, from Ireland's point of view, is to maximise the economic and societal benefits and returns to Ireland from its public investment in research. The Protocol also states that the most important form of economic and societal benefit is the creation of sustainable jobs in Ireland and that this should be the primary objective of commercialisation of IP. An explanatory background note can be found in Appendix 4.
14. *Knowledge Transfer* is the means through which companies, entrepreneurs and others such as public sector organisations can access and share skills, knowledge, intellectual property, technologies and other resources with universities, institutes of technology and other publicly funded research institutes, i.e. research performing organisations (RPO's). Knowledge transfer can take place through various mechanisms including licensing, collaboration, consultancy or the creation of a fit for purpose spin-out company.
15. Spin-out companies are independent businesses with assets, employees, intellectual property, technology, or existing products that are taken from the parent organisation. Spin-out companies from third-level institutions are a means to benefit from and use the institutions' research commercially.

² *Inspiring Partnership – the National Intellectual Property Protocol 2016, Department of Jobs, Enterprise and Innovation*

16. The focus of the Committee’s examination of this topic was the risk that weaknesses in the institutions’ management of intellectual property could result in the State’s and the institutions’ return on their research investment not being maximised or that their financial interests were not adequately protected in regard to the commercialisation of intellectual property. The Committee recognises that there is a need to encourage research and innovation but there is also a responsibility on third-level institutions to manage and control IP effectively

Evidence/facts established

17. Table 1 summarises the evidence and facts established by the Committee during the course of questioning the institutions and from correspondence received from the initial 6 sample institutions.

Table 4 - Commercialisation of Intellectual Property

	UCC	UL	DkIT	WIT	DIT	NUIG	Total
Intellectual Property Policy in place	Yes	Yes	Yes	Yes	Yes	Yes	
Policy and procedures for management of conflicts of interest	Yes	Yes	Yes	Yes	Yes	Yes	
Number of reported instances of conflicts of interests	None	None	None	4	None	None	
Number of current spin-out companies	4	9	2	4	None	13	32
Average Institution shareholding in spin-out companies	15%	11%	5-8%	12%	N/A	10%	
Spin-out companies sales and proceeds	1 €20m	None	None	1 €63.9m	-	2 €6.2m €17.8m	€107.9m
Institution’s share of proceeds	€2.8m	N/A	N/A	€1.5m	N/A	€676,492 €570,146	€5.5m approx
Institution Shareholding at time of sale	14%	N/A	N/A	2.3%	N/A	11.0% 3.2%	Average 3.7%

Findings

18. The findings of the Committee in regard to its examination of this topic are:
- All six institutions in the initial sample provided evidence of policies in place for the management and commercialisation of Intellectual Property
 - All six institutions have policies and procedures in place for the management of conflicts of interests relating to the commercialisation of intellectual property, e.g. typically, Heads of Research and Innovation (usually at Vice-President Level) are prohibited from being a director of or having a shareholding in a spin-out company
 - In the case of five of the six institutions no instances of conflicts of interest have been reported.
 - In one institution, WIT, the Committee of Public Accounts identified multiple conflicts of interest involving the Head of Research and Innovation. The individual, who also was a member of the Commercialisation Committee, is now President of the Institute. He held a directorship in one spin-out company and a shareholding in three others.
 - The President of WIT contended that these conflicts of interest were managed effectively by the Institute and that its policy in this regard has been reviewed on three occasions by international experts, who have found that the policies are best practice internationally.
 - Five of the six institutions examined had established spin-out companies to exploit commercialisation opportunities. The initial shareholding taken in the spin-out companies varied from 5% to 15% but the standard for the sector is 15%. Initial shareholdings become diluted as further investment comes on board.
 - Although the Chief Executive of the HEA informed the Committee that it would not be unusual internationally for an institution's shareholding to be diluted over time, the Committee has seen no documentary evidence to compare the level of dilution of shareholding at Irish third-level spin-out companies with similar companies internationally.
 - Three of the institutions had sold off spin-out companies. The most striking example was WIT's sale of spin-out company Feedhenry³. The sale proceeds amounted to €63.9m and WIT's share amounted to €1.5m representing a diluted down shareholding of 2.3% at date of sale.
 - In another instance NUIG benefitted by €570,146 from the disposal of a spin-out company for €17.8m based on a shareholding of 3.2% and from the sale of another company for €6.2m benefitted by €676,492 from its 11% share in that company.

³ FeedHenry is a mobile application services software company

- The Committee could not assess whether the institutions' share of the disposal proceeds represented value for money as the institutions' investment in terms of cost in the research effort which resulted in the IP commercialisation opportunity is not routinely monitored or calculated.
 - While the Committee recognises that a key objective of commercialisation of intellectual property opportunities is job creation, it is equally concerned about the return on the taxpayers' investment. Significant public funds are involved in developing Intellectual Property projects to the point of commercialisation through spin-out companies. With typical returns of 1 or 2% on sale of spin-out companies there is uncertainty about how much of the development costs are recovered.
19. The Committee heard evidence from the Higher Education Authority that all third-level institutions have IP policies, structures and procedures to exploit commercialisation opportunities and manage conflicts of interest. The HEA informed the Committee that it is not in a position to give assurance that the policies are all being implemented as specified but the HEA indicated a willingness to look at the matter.
 20. In follow-up correspondence dated 3 May 2017, responding to the Committee's focus on this area, the HEA informed the Committee that it and Knowledge Transfer Ireland are currently finalising the terms of reference of a review which will be carried out by an international expert, on the implementation of the National Intellectual Property Protocol and the alignment of IP practices with higher education governance.
 21. In addition, the HEA has also said that it is carrying out a specific review of the application of the provisions of the national IP Protocol and the governance arrangements pertaining to WIT's development and its spin-out companies
 22. The Committee welcomes these initiatives and expects to be kept fully informed of these reviews. The Committee's intention is to revisit these issues and its examination will largely be informed by the results of these reviews.
 23. The HEA also informed the Committee that, in response to the Committee specifically raising the issue, it will request institutions to report any instances where those with overall responsibility for research in an institution (e.g. Vice-President for Research) hold or own any shares in spin-out companies established within the institution.
 24. The Committee noted that the national IP Protocol was developed by the Department of Jobs, Enterprise and Innovation and Enterprise Ireland to "*help industry to access the research and*

development carried out by Ireland's universities, institutes of technology and other public research institutions". The Committee also noted that the IP Protocol states that it "was always intended as a living document, its evolution and updating being informed by practice".

25. The Committee's opinion is that the implementation of the protocol should mutually benefit both industry and the third-level institutions. The protection of the financial interests of the institutions should be a priority by ensuring that their return from the commercialisation of their IP opportunities should be maximised to at least cover the full cost of the related research and development.

Recommendations

26. The Committee recommends that the Higher Education Authority puts a system in place to monitor and quantify research and administration resources by both the Irish and EU taxpayer which are consumed by institutions in developing commercial Intellectual Property projects. This is necessary in order to eliminate the current lack of financial information and facilitate an assessment with regard to value for money.
27. The Committee recommends that all third-level institutions report annually to the Higher Education Authority on developments in relation to intellectual property and their implementation of the National Intellectual Property Protocol.
28. The Committee recommends that all third-level institutions ensure that their staff are fully aware of their obligations under Standards in Public Office and Ethics legislation and the requirement to declare any real or perceived conflict of interest, particularly relating to the holding of directorships or shares in spin-out companies.
29. The Committee welcomes the fact that the IP protocol is intended as a living document and recommends that the Department of Education and Skills, the Higher Education Authority and all relevant third-level stakeholders engage fully with the Department of Jobs, Enterprise and Innovation and Enterprise Ireland to help develop the protocol to ensure the maximum benefit to all stakeholders.

COMPLIANCE WITH PUBLIC PROCUREMENT GUIDELINES

30. Public bodies and organisations that receive significant public funds such as universities and institutes of technology are responsible for ensuring that their procurement activity comply with all national and EU procurement rules and procedures..

Committee Focus

31. Procurement without a competitive process poses a significant risk to ensuring that value for money is achieved. The Committee's focus in this area is the level of procurement by institutions which did not involve a competitive tendering process and therefore did not comply with national and EU procurement guidelines.

Evidence/facts established

32. The Comptroller and Auditor General has regularly drawn attention to instances of procurement expenditure by third-level institutions which do not comply with national and EU procurement regulations. Table 4 details the level of non-competitive procurement expenditure included in the latest audited financial statements available to the Committee of the initial six institutions examined.

Table 5 - Level of Non-compliant Procurement

	UCC	UL	DkIT	WIT	DIT	NUIG	Total
Financial Statements	2013/2014	2014/2015	2014/2015	2013/2014	2013/2014	2013/2014	
No. of cases of non-compliant procurement reported	8	23	6	None	No. of cases not disclosed	8	45
Value of non-compliant procurement	€16,000	€888,492 ¹	€1.18m	Nil	€5.1m	€1.08m	€8.9m approx
¹ University states that within this expenditure three written quotations were obtained for all transactions exceeding €5,000							

Findings

33. The findings of the Committee in regard to its examination of this topic are:
- Only one (WIT) of the six institutions examined had no instances of non-compliant expenditure in the year under review (2013/2014)

- Four of the six institutions examined had significant levels, ranging from €616,000 (UCC) to €5.1m (DIT), of procurement expenditure which did not comply with national and EU regulations because the procurement did not result from a competitive tendering process.
- DkIT had six non-compliant cases in 2014/2015, one of which related to a student recruitment agency based in China. DkIT has had a 15 year relationship with the agency and currently has about 150 Chinese students in the college. Agents charge between 20% and 25% for students recruited into the first year. There is no evidence as to whether this approach represents value for money or whether alternatives were considered.

Recommendations

34. All third-level institutions must ensure full compliance with national procurement guidelines and develop measures to ensure that procurement is, to the maximum extent possible, based on a competitive tendering process. Any breach of these guidelines should be reported in a transparent and comprehensive manner on an annual basis.
35. In regard to the specific Dundalk Institute of Technology procurement of student recruitment services in China, the Committee considers that a 15 year relationship with a sole supplier is excessive and recommends that a more competitive tendering process be put in place in spite of any logistical difficulties.

FINANCIAL REPORTING BY THIRD-LEVEL INSTITUTIONS

36. An explanatory background note on the financial reporting obligations of third-level institutions can be found in Appendix 5.

Committee Focus

37. The Committee's focus here is the timeliness and appropriateness of financial reporting and audit arrangements of the third-level sector.
38. The C&AG's *Special Report No 95, Financial Reporting in the Public Sector*, dated November 2016, concluded that the third-level sector and the universities in particular have had a high incidence of arrears in finalising their annual financial statements for a number of years. There have been ongoing delays in the production of financial statements and the finalisation of audits of universities. A number of factors have contributed to this, including the HEA's requirement for the universities to prepare annual financial statements in two formats and the fact that, in most cases, the governing authorities of universities have chosen to appoint

commercial auditors to carry out an audit of the financial statements in addition to the statutory audit carried out by the C&AG.

Evidence/facts established

39. Table 5 details the position of the initial six institutions at the date of the Committee’s examination in regard to the timeliness of their financial reporting.

Table 6 - Latest Available Audited Financial Statements at time of Examination by Committee

	UCC	UL	DkIT	WIT	DIT	NUIG
Financial Statements for year ended:	30 Sept 2014	30 Sept 2015	31 Aug 2015	31 Aug 2014	31 Aug 2014	30 Sept 2014
Date certified by the C&AG	16 Dec 2016	28 Sept 2016	21 Dec 2016	18 Oct 2016	30 Nov 2015	28 Nov 2016
No. of months since year end	27	12	16	26	15	26

40. Since the Committee’s examination of these institutions the following update has been provided by the C&AG:

- UCC – 2014/15 Financial Statements certified on 20 April 2017, 19 months since year end
- DIT - 2014/15 Financial Statements certified on 14 March 2017, 18 months since year end
- WIT - 2014/15 Financial Statements certified on 2 June 2017, 20 months since year end.

A full list of the status of audits for the third-level sector is contained in Appendix 3.

Findings

41. The findings of the Committee in regard to its examination of this topic are:
- In four (UCC, NUIG, DIT and WIT) of the initial sample of six institutions examined, the latest available audited financial statements were for the year 2013/2014.
 - In the case of two other institutions (DkIT and UL) the latest available accounts were for 2014/2015.
 - The number of months in terms of time elapsed between accounting year end and certification by the C&AG ranged from 12 months (UL) to 27 months (UCC).
 - The Committee finds it totally unacceptable and is gravely dissatisfied at being presented with information which is two to three years out of date.

- The Committee considers that the out of date nature of the financial information being presented to it reduces the impact and effectiveness of the reporting of those organisations to the Committee. It also acts as impairment to the Committee in carrying out its role of ensuring value for money for public funds.
- The Committee finds it unacceptable that the Department of Education and Skills and the HEA continue to fund these institutions on an annual basis without sight of up to date audited accounts.

Recommendations

42. Except in unavoidable exceptional circumstances, the Committee is of the opinion that accounts should be presented for certification by the C&AG within 6 months of the end of the financial year to which they relate. Where this has not been achieved, the Chairman of the institution should provide a written statement to the Minister for Education and Skills providing a full explanation of why this has not been complied with.
43. It is the view of the Committee that penalties in relation to funding should be implemented by the Higher Education Authority where institutions fail to present accounts within 6 months of the financial year end.

USE OF AND ACCOUNTING FOR FOUNDATIONS AND TRUSTS

44. A foundation (also a charitable foundation) is a legal category of non-profit organisation that will typically either donate funds and support to other organisations for scientific, educational, cultural, religious, or other charitable purposes, or provide the source of funding for its own charitable purposes. Foundations tend to be incorporated as limited companies with a separate board to the institution. Donations to the Foundation are usually for a purpose or project specified by the donor, usually capital in nature.
45. A Trust fund is a type of legal arrangement in which a trustee holds title to assets, such as stocks, bonds, or real property, and administers it for the benefit of another person or institution, known as the beneficiary, according to the terms of a Trust instrument. Third-level Institutions have used trust Funds for the stated benefit of students. UCC, one of the six institutions examined had established a Trust Fund which is used only for “*scholarly activity*” such as the award of academic prizes. Trusts do not tend to be incorporated as separate legal entities and therefore the institutions are in a position to exercise direct control over them.

46. The general accounting rule is that where there is conclusive evidence that the Institute is in control of the trust or foundation, consolidation is required. It is the view of the HEA that the results of all such foundations and trusts should be consolidated into the accounts of the related educational body.
47. The C&AG's position is that where the funds held by the foundation or trust are material to the balance sheet but have not been consolidated on the basis that the institution does not control them, he draws attention to the accumulated reserves in his audit opinion. The C&AG accepts that there is not a requirement to consolidate but his view is that it is important that readers of the financial statements should be aware that there are other, sometimes substantial, resources that may be to the benefit of the institutions.
48. Some third-level institutions have established Foundations and Trust Funds to manage and account for philanthropic and other donations from individuals or organisations. Only two third-level institutions (Trinity College and NUI Maynooth) currently consolidate the results of their foundations and trusts into their financial statements.

Committee Focus

49. The Committee's focus is the lack of transparency and accountability in relation to the significant sums of money held in foundations and trusts by certain third-level institutions.

Evidence/facts established

50. Table 6 summarises the evidence and facts established by the Committee during the course of its meetings with and in correspondence received from the institutions.

Table 7 - Foundations and Trust Funds

Institution	As of Date	Foundation Balance	Trust Fund Balance	Consolidated in financial statements?
UCC	30 Sept 2014	€5.5m	€12.5m	No
UL	31 Aug 2015	€15.1m	N/A-	No
DkIT	31 Aug 2015	N/A	N/A	N/A
WIT	31 Aug 2014	N/A	N/A	N/A
DIT	31 Aug 2014	€19,823 ²	N/A	N/A
NUIG	30 Jun 2014	€57.6m ¹	N/A	No
Total		€79.0m approx	€12.5m	

¹The 2013/2014 financial statements recognised that at 30 Sept 2014 €17.5m was due from the Foundation for projects completed in 2011

²DIT Foundation is a limited company which is not consolidated in the institute's financial statements. The figure shown is the balance disclosed in the Foundation's accounts at 31 December 2014

Findings

51. The findings of the Committee in regard to its examination of this topic are:

- The C&AG qualified his audit opinion on UCC's 2012/2013 and 2013/2014 financial statements on the grounds of disagreement in regard to UCC's failure to consolidate the accounts of its Trust with those of the UCC group. The C&AG also drew attention to UCC's relationship with Cork University Foundation Limited because the foundation's accounts are not consolidated with those of the UCC group.
- Four of the six institutions examined had established Foundations while one, UCC had also established a Trust Fund.
- The largest Foundation, NUIG, had accumulated reserves of €57.6m and the sole Trust Fund (UCC) had a balance of €12.5m. The Trust Fund's balance is invested and earns approximately €233,000 in interest annually. Academic awards are only made from the interest earned by the Trust.
- Included in the accumulated reserves of €57.6m of the NUIG Foundation at 30 September 2014 is an amount of €17.5m which, though committed to capital projects which had been completed by 2011, had not yet been transferred to NUIG but is recognised as a receivable in the NUIG 2013/2014 accounts. The Foundation is an independent corporation with a separate board to the University.
- The Committee notes the significant overlap of membership, up to the level of President, between institutions' Boards and the Boards of the foundations associated with those institutions.
- The NUIG Foundation is also funded by donations which can be used for wider purposes than a Trust such as the funding of capital projects.
- UCC has agreed to consolidate its Trust Fund balance in the 2015 and 2016 accounts. The consolidation will have no effect on the Income and Expenditure Account but the balances will be included under a new heading, Restricted Reserves, in the Balance Sheet. UCC does not agree to consolidating the Foundation but will from now on provide an appendix or annex to its financial statements indicating the separateness of the accounts.

Recommendations

52. The Committee recommends that the Department of Education and Skills, in consultation with third-level institutions, the Higher Education Authority and Comptroller and Auditor General, provides a timeline to ensuring transparency and accountability for foundations and trusts through disclosure on their financial statements.
53. Where full consolidation of foundations and trusts is not possible, it is the opinion of the Committee, that full disclosure of the foundations and trusts' transactions and balances should be made in the notes or in an appendix to the accounts.

PROTECTED DISCLOSURES

Committee Focus

54. The Committee's focus was to ensure that protections for those who raised financial matters in relation to third-level colleges under the Protected Disclosure Act 2014 were appropriately dealt with.

Evidence/facts established

55. The Protected Disclosure Act 2014 came into effect in July 2014. Its intention is to provide a robust statutory framework within which workers can raise concerns regarding potential wrongdoing that has come to their attention in the workplace in the knowledge that they can avail of significant employment and other protections if they are penalised by their employer or suffer any detriment for doing so.
56. During its engagement with the third-level colleges, the Committee discussed protected disclosures made to the HEA in relation to financial matters at University of Limerick and NUI Galway, in particular.
57. The Committee in its discussions with University of Limerick discussed in particular matters raised with the HEA by protected disclosers identified as Persons A, B and C. These matters refer to allegations of poor or bad practice in the Finance Office and the payment of severance packages. The matters also refer to bullying and a hostile and potentially damaging work environment. The Committee also received related correspondence from persons A, B and C.

Findings

58. The Committee notes the assurance in a HEA statement that a satisfactory review of the allegations had been conducted by NUI Galway in relation to a protected disclosure relating to procurement.
59. The Committee acknowledges the support of the new President of the College, Dr Des Fitzgerald, for the impending review into governance, HR and financial practices and procedures at the University of Limerick under Dr Richard Thorn. The Committee awaits the report on these matters expected in September 2017.
60. The Committee remains deeply concerned that the infrastructure in place in third-level colleges may not be sufficiently strong or established to support those who make protected disclosures.

Recommendations

61. It is the view of the Committee that third-level institutions must ensure that all staff are fully aware of the Code of Practice on Protected Disclosures Act 2014 (Declaration) Order 2015.
62. It is the opinion of the Committee that all third-level institutions should have an appointed person to accept protected disclosures and that that person's name is communicated effectively to all staff.
63. It is the Committee's opinion that training and related informational material on protected disclosures should be provided to staff of third-level institutions.
64. The Committee recommends that the Department of Public Expenditure and Reform ensure that adequate and appropriate guidance and training are provided to all public bodies in relation to Protected Disclosures.

GENDER BREAKDOWN OF ACADEMIC AND SUPPORT STAFF

65. The Committee discussed the issue of gender equality among academic and support staff with all six institutions in the initial sample and noted the under representation of women particularly at senior levels of Higher Education Institutions (HEIs). This was of particular concern to the Committee in light of the following conclusion (amongst others) of the National Review of Gender Equality in Irish Higher Education Institutions (Higher Education Authority, 2016):

“Given that ‘diversity supports creativity and innovation, and higher education, particularly research, is ultimately a highly creative endeavour’, HEIs which allow gender inequality to exist cannot perform to their full potential.”

66. The Committee is of the view that there is a social and economic value to promoting gender equality within third level institutions. It can create a more effective and efficient organisation and is a matter where all third level institutions must make further progress.

CHAPTER 2: INSTITUTION SPECIFIC ISSUES

67. This chapter is concerned with the findings of the Committee in regard to issues which are specific to individual third-level institutions.

UNIVERSITY COLLEGE CORK

68. **Purchase of Irish Management Institute (IMI)**

IMI, a not for profit membership organisation, based in Sandyford, Dublin, is a long time provider of management training and executive level education to Irish businesses and public sector organisations. IMI was traditionally owned by its corporate members and governed by a Council elected by those members. In October 2016, following a six year strategic alliance, IMI's members unanimously approved a merger with University College Cork and on this basis ownership of IMI transferred to UCC in November 2016.

69. The Committee established that:

- UCC's rationale for the acquisition was that it would close a perceived gap in regard to executive level education in their business school "offering".
- During questioning by the Committee UCC initially contended that they had paid nothing for IMI. However, following probing by the Committee it emerged that while UCC had acquired the IMI entity or brand in a cashless transaction, it had, in fact, paid €20m to IMI for its 13 acre campus in Sandyford. UCC used bank borrowings to finance the purchase.
- UCC stated that the purchase price was based on an independent valuation.
- UCC's view is that no public funds were expended in regard to the purchase.
- IMI used the €20m to clear bank loans and outstanding pension liabilities.
- In addition to the €20m purchase UCC has committed €2.5m to refurbish the Sandyford campus.
- UCC stated that no pension liabilities in respect of current or former staff in IMI transferred to the university with the acquisition.

70. UCC's initial evidence to the Committee was that:

- No public funds were used to finance their acquisition of IMI.
- The use of bank borrowings to finance the purchase of the campus also meant that no public funds were involved.
- The risk of losses if the IMI venture goes wrong will be mitigated by the anticipated rise in the value of the property, given its location.

71. The Committee notes that approximately 50% of the university's income comes from the public purse. The Committee's view, therefore, is that the servicing and repayment of the bank borrowings for the €20m purchase will come substantially from public funds. The Committee is concerned that relying on a rise in property values as a hedge against failure carries substantial risks as property values can fall as well as rise. In the event of the venture failing, the cost would come ultimately out of public funds.
72. Specific details of other parties' interest in purchasing the IMI could not be provided. The Committee noted that the amount paid approximated to the IMI's debts at the time of purchase. UCC were unable to satisfy the Committee that the purchase price represented good value for money.

Recommendation

73. Given the substantial amount of public funds allocated on an annual basis to the third-level education sector, all third-level institutions should develop and submit to the Higher Education Authority for its advance approval a value for money based business case in respect of proposals for significant outlays such as UCC's acquisition of the Irish Management Institute.

74. Legal Costs and Professional Fees

The Committee noted the amount of €5.096m charged in respect of professional fees in the 2013/14 accounts and observed that this level of expenditure seemed to be significantly higher than the average across the other institutions. The Committee questioned UCC on the amount that related to legal fees in respect of staff issues.

75. In follow-up correspondence UCC informed the Committee that:

- The 2013/14 financial statements include an amount of approximately €922,000 in respect of legal costs and settlements.
- Approximately €177,000 in staff related legal costs and settlements were paid out in 2013/14, with a further €541,000 included in the accounts in respect of liabilities for potential future staff related legal costs based on estimates provided by legal firms at year end.
- The actual costs incurred may subsequently be less should matters be settled in advance of court hearings.
- The university's policy now is to mediate on employment issues where they arise and use the national industrial relations structures to avoid such conflicts being referred to the courts. The Committee welcomes this development.

Recommendation

76. The Committee recommends that the level of legal costs and settlements relating to staff issues incurred by UCC be kept under review by the Higher Education Authority to ensure that the university's recent policy change from "*litigation to mediation*" drives down the costs.

77. Other matters

- *IMI Pension Scheme* – For those staff who were members of the IMI Defined Benefits Scheme, future pension costs rest with the trustees of that scheme and not with the IMI. Assurance was given to the Committee that no payments were made by UCC to any IMI pensioner and there are no ongoing pension liabilities as defined under Financial Reporting Standard 17 following the acquisition of IMI by UCC.
- *Student supports* - UCC provided details to the Committee of the financial supports it provides to students under its HEAR Scheme and Student Assistance Fund. The college also has a number of hardship funds and 34% of 22,000 UCC students get SUSI grants.

DUNDALK INSTITUTE OF TECHNOLOGY

78. Going Concern

In his audit opinion on the 2014/2015 financial statements the C&AG drew attention to the fact that the Institute has incurred operating deficits in each of the last three financial years and had an accumulated deficit of €3.2m at 31 August 2015. He also pointed out that the members of the Governing Body are satisfied that the Institute remains a going concern.

79. The Committee established that:

- The Institute has not been able to reduce the accumulated deficit.
- The Institute considers that the only way to reduce the accumulated deficit is through growing income.
- The Institute has taken a cut of 34% in income from the State grant in recent years.
- Staff numbers have been reduced by 22 in recent years resulting in cost savings.
- Under a plan agreed with the HEA the Institute committed to returning to a balanced budget by 31 August 2018. The Committee was informed that this had already been achieved.

80. While the Committee welcomes the Institute's return to a current surplus, it is concerned that the Institute's scope to make inroads into the accumulated deficit through generating increased income or cost cutting is very limited.
81. The Committee noted that the President of DkIT has been acting in an interim capacity since January 2016 and that a recruitment process carried out by the Public Appointments Service in 2016 could not find an agreed candidate. The HEA informed the Committee that the intention was to recruit a President for the Institute through an alternative method.

Recommendations

82. The Committee recommends that the Higher Education Authority engages with Dundalk Institute of Technology to develop and monitor a plan of action to address the accumulated deficit within an agreed time frame.
83. Given the key role of the President in the governance of Dundalk Institute of Technology and the difficult financial position faced by the Institute, the Committee recommends that the position of President is filled on a permanent basis without further delay.

UNIVERSITY OF LIMERICK

Protected Disclosures

84. The Committee became aware of three protected disclosures in relation to financial matters at UL. These particularly related to the processing, approval and payment of expense claims. The university commissioned a report from Mazars into these matters. The report made 15 recommendations and the Committee was informed that 12 had been implemented.
85. The Committee is not satisfied that the substantive matters have been dealt with adequately. It is the Committee's opinion, as a result of correspondence from the protected disclosers, that the treatment of those who have raised these matters in the university has not been appropriate.

Settlement with Revenue in respect of sabbatical leave policy

86. Sabbatical leave is a long standing and valued element of academic life in universities worldwide. It is a continuous period of release from normal academic duties which contributes to ongoing staff development by providing individuals uninterrupted periods for research and for updating their theoretical knowledge and methodological expertise, while also facilitating the achievement of the objectives of the university's research and teaching strategies. It also may support a university's goal to have an international reputation for teaching and research,

and support its commitment to collaboration and engagement with other higher education institutions, industry and civil society.

87. The Committee established that:

- UL operates a Sabbatical Programme involving academic staff attending universities abroad.
- While on sabbatical leave the staff member continues to be paid by the university, but at a reduced rate. However, it is the university's policy to reimburse staff for travel and subsistence expenses (airfares, accommodation, subsistence) while on sabbatical leave.
- The university's pre 2013 sabbatical policy was to maintain the net pay of the staff member by treating a portion of their pay as round sum expenses paid monthly.
- This resulted in a saving to the university as PAYE, PRSI and USC was not paid on the portion of gross pay deemed to be expenses.
- This resulted in the round sum expense payments being potentially overstated and could be deemed to be pay rather than expenses.
- In 2012 the C&AG pointed out to the university that the payment of sabbatical expenses as round sums may not be in compliance with Revenue rules.
- The university undertook a full review which resulted in a revised sabbatical policy and a voluntary disclosure to Revenue.
- Under the revised policy sabbatical expenses must be fully vouched in accordance with and based on Department of Finance approved foreign subsistence allowances.
- Following a review of all sabbatical cases (47) in the period 2009 to 2012, 24 of the 47 sabbaticals were deemed to have additional tax liabilities and having quantified the extent of the liability the university on 3 January 2013 made a voluntary disclosure to Revenue. The disclosure related to expense payments which exceeded the expenses based on Civil Service rates and Revenue overseas subsistence rates for long and short periods overseas.
- The eventual settlement paid to Revenue amounted to €184,926 which included interest of €22,819.
- In 2015 a Revenue audit for the tax year 2013 reviewed all sabbaticals in that year and no issues were noted.

88. As sabbatical leave is common practice in the Third-level sector, the Committee is concerned that this issue may not be confined to the University of Limerick. It is quite possible that other third-level institutions may not be fully tax compliant in regard to their sabbatical leave arrangements.

Recommendations

89. The Committee recommends that a review, overseen by the Higher Education Authority, be carried out on sabbatical leave practices in the third-level sector with particular reference to tax compliance.

Severance payments

90. The C&AG's *Special Report No. 91 Management of Severance Payments in Public Sector Bodies* included an examination of discretionary severance payments in the education sector. Such payments may be agreed following negotiations between employers and employees on a case-by-case basis and are not based on the terms of a contract or a prescribed scheme.
91. During the period covered by the report (2011 to 2013) the C&AG identified three severance payment cases in the education sector totalling €635,000 with an average value of €212,000 per case.
92. The report referred to, without naming, a third-level education institution that made two of the three severance payments. It was acknowledged during the Committee's meetings that the University of Limerick was the institution referred to. The university was of the view that a termination agreement represented the most economic and efficient course of action in both cases. Legal advice obtained by the institution indicated that it was appropriate to enter into agreements with both individuals whereby they would cease employment and receive a severance package.
93. The Department of Education and Skills (the Department) has stated that it had not been aware of those payments prior to receiving a draft copy of the C&AG's report.
94. During the course of its examination the Committee established that:
 - UL now acknowledges that in these cases it was in breach of a clear requirement to obtain the prior approval of the Department for the payments.
 - One recipient of a high-value severance payment, the former financial controller of the university, was re-engaged for a period of three years by the university on a consultancy basis.

Recommendations

95. The Committee recommends that the Department of Public Expenditure and Reform should issue or amend written guidelines setting out the process to be followed by public sector entities when a severance payment is being considered. In particular, the guidelines should include a comprehensive checklist of the supporting documentation that should be retained on file and clear instructions in relation to the external sanctions that are required before an entity can enter into a severance agreement.
96. It is the view of the Committee that members of staff whose employment with a public body has been terminated by means of a severance payment should not be re-engaged on contract or by any other arrangement. In exceptional circumstances where it is being considered, Departmental and/or Higher Education Authority approval should be required.

WATERFORD INSTITUTE OF TECHNOLOGY

Qualified audit opinion

97. The C&AG gave a qualified audit opinion arising from failure to report corresponding amounts on the Institute's 2013/2014 financial statements. In the C&AG's opinion it would have been appropriate for the Institute to include adjusted comparable figures for the preceding year in its consolidated income and expenditure account and related notes. Accordingly he does not consider the financial statements to be compliant with Financial Reporting Standard 28.

Going Concern

98. In his audit opinion on the 2013/2014 financial statements the C&AG drew attention to the fact that the Institute group had an accumulated deficit of €15.1m at 31 August 2014. He also pointed out that the members of the Governing Body are satisfied that the Institute remains a going concern.

Recommendation

99. The Committee recommends that the Higher Education Authority engages with Waterford Institute of Technology to develop and monitor a plan of action to address the accumulated deficit within an agreed time frame.

Audit Committee report

100. The C&AG also pointed out that the Code of Governance of the Irish Institutes of Technology provides that an audit committee should submit an annual report to the institution's governing body and that the audit committee in WIT did not issue an annual report for 2013/14 to governing body until June 2015.

Recommendations

101. It is the view of the Committee that all third-level sector audit committees should comply fully with the provisions of the relevant Codes of Governance of the Irish Universities and of the Irish Institutes of Technology, including prompt production of an annual report.
102. It is the view of the Committee that the Higher Education Authority should play a more proactive role in monitoring and ensuring compliance with the Codes of Governance for the third-level sector.

DUBLIN INSTITUTE OF TECHNOLOGY

Loss of €718,000 incurred on library subscription service

103. The Committee notes that the C&AG drew attention to DIT's loss of €700,000 on the prepayment of its library subscription service. A further loss of €18,000 was incurred in respect of interim arrangements bringing the total loss to €718,000. The Committee also notes that a replacement library service for 2015 was put in place at a cost of €760,000.
104. The following evidence in regard to the loss was heard by the Committee or was provided in follow up correspondence:
- DIT participated in a national tender process for a subscription service for library materials, which was conducted by the Education Procurement Service (EPS) of the University of Limerick. This process resulted in the establishment of a framework whereby public institutions could contract with the selected supplier, Swets Information Services Ltd (Swets) for the supply of library journals, databases etc. on an annual basis based on their individual requirements.
 - DIT had a contractual relationship with this supplier for the past 15 years.
 - DIT paid the full annual subscription for 2015 up front in July 2014
 - Because of Swets financial difficulties an administrator was appointed to company in early October 2014.
 - The administration resulted in an unrecoverable loss of €718,000 to DIT.

- Other education institutions in Ireland and the UK also incurred substantial losses. Irish institutions included UCC, Trinity College, WIT and UL but their losses were minor compared to DIT's loss.
- DIT's efforts to recover its funds from the administrator came to nothing.

105. The questioning by the Committee on this issue centred around DIT's practice of paying the full subscription up front which left them at risk of losing the full amount if the company failed. The Committee raised the question as to whether the subscription could have been paid in instalments.

106. DIT contended that the timing of the payment was the cause of the significant loss. Instalments were never considered as it had been the practice to pay in full in advance. However, the situation now is that DIT pays the current supplier in two instalments.

107. DIT has stated that the substantial loss incurred did not lead to cuts in library services to students. The loss was borne by the institution's reserves. The Committee is not satisfied that a loss of such an amount did not have a material effect on the services provided by the Institute

108. The Committee is shocked at the extent of the financial loss to the Institute and is dismayed that the Institute left itself in such an exposed position by putting a significant sum at risk by the practice of paying the full subscription up front.

109. The Committee found that:

- DIT's loss resulted from a failure of its payments system by paying up front when an instalment arrangement could have been put in place.
- In 2012 the Education Procurement Service (EPS) of the University of Limerick put in place a framework agreement whereby third-level institutions could contract with a selected supplier for academic library services. In doing so, due diligence would have been carried out by EPS on the preferred supplier which clearly did not indicate that the supplier was in financial difficulties. However, by the time (2014) that DIT had contracted and paid for the services, the financial situation of the supplier had deteriorated. As Swets had been the successful supplier under a 2012 framework agreement it would not have been the practice for DIT to carry out a due diligence exercise at the time it contracted with the company.

110. The Committee understands that the vast bulk of academic work is published through peer reviewed journals and academic presses, all of which operate on a pay-for-access basis. Academics produce the work published through such mediums, who work as editors and reviewers of the work. None of these parties are paid by the publishing houses that produce these publications. The standard publishing contract requires that the researcher hands over copyright of the material published for a certain portion of time (usually 2 years or so), thereby limiting their ability to achieve wider distribution of the publication.
111. Access to individual articles, journals, and books can be purchased (often online as print is the lesser used media for the former two) by individual users. It is public money that purchases access from private corporate entities to the knowledge produced by academics working in publically funded institutions of higher learning, which draw on either the resources of that publically funded institution or a research grant of some description to produce the research being disseminated. As such, the corporate publisher is the one gaining most financially.
112. The past decade has seen this situation accelerate with the vast bulk of consumption happening through the use of electronic resources, so it appears to the Committee that the chief cost involved in producing journals and online books is the typesetting and copyright administration. All of this is subsidised and directly funded through public monies.

Recommendations

113. The Head of Finance at all third-level institutions should approve any up-front advance payments when significant sums are at stake. These should be only made in exceptional circumstances and with a clear business case made in relation to any related savings and analysis of risks.
114. The Department of Public Expenditure and Reform should develop appropriate guidance in relation to up front payments for procured services as part of general procurement procedures
115. The Higher Education Authority should review all procurement framework agreements for the third-level sector and put a requirement in place that periodic due diligence exercises be carried out on suppliers during the lifetime of the framework agreements.
116. The Committee recommends that the Higher Education Authority collaborates with third-level institutions to examine whether value is being achieved in the provision of and access to articles, books and journals. Such an examination should include an exploration of alternative arrangements that might bring greater financial benefit to the institutions themselves and to the academics in those institutions.

Outsourcing of Course Delivery

117. The Committee established that DIT had outsourced its BA in Commercial Modern Music course to British and Irish Modern Music Dublin Ltd (BIMM) at a cost of €3m. DIT were unable to satisfy the Committee whether this represents good value for money as no information is available as to the cost and standard of the delivery of the specific course in-house.
118. In correspondence to the Committee regarding the outsourcing to BIMM, the HEA stated that the provision of music programmes has traditionally represented a significant cost to the State and higher education institutions resulting in a higher weighting being given to music programmes in the HEA funding allocation model. The HEA also stated that arrangements such as the BIMM outsourcing are consistent with the National Strategy for Higher Education which identified the possibility of private providers adding capacity to the higher education system.

Recommendations

119. The Committee recommends that a value for money based business case should always be prepared in advance of significant outsourcing proposals. The business case should include a long-term costs benefits analysis and a comparison in terms of cost and quality with in-house provision.
120. The Committee recommends that any assessment of outsourcing proposals should take account of relevant social and employment factors.

NUI GALWAY

121. Apart from issues arising referred to in Chapter 1, other issues discussed with NUI Galway in regard to NUI Galway's 2013/14 financial statements were:
- Cost of temporary and agency staff – NUI Galway subsequently informed the Committee that the cost of temporary staff in 2015 was €2,270,323 (Administration: €1,793,653 Professional: €57,977 Invigilation: €418,694).
 - Casualisation of staff contracts.

CORK INSTITUTE OF TECHNOLOGY

122. The focus of the Committee's questioning of Cork Institute of Technology (CIT) was the Institute's financial statements for 2014/15 and the KPMG report conducted into anonymous allegations made in 2014.

KPMG Report

123. The KPMG report relates to two anonymous letters received by the Comptroller and Auditor General in 2014 in regard to CIT. The Institute informed the Committee that the outcome of the KPMG independent review was that of a total of 196 allegations, 35 were deemed to have insufficient evidence to allow further review, 102 were deemed to require no further action as the allegations had been adequately addressed by the Institute and 59 were deemed repetitious to other allegations and required no further action.
124. Given the seriousness of the allegations in 2014, the Committee is of the opinion that the setting of the review's terms of reference by the CIT Audit Committee, as opposed to an external independent party like the HEA, was not good practice.
125. The Committee notes the HEA's view is that they were provided with the terms of reference and felt that they allowed KPMG to conduct a robust and independent review. The HEA stated that as the funder and regulator of the institutions, it tries to support a system whereby institutions can, in fact, account for themselves. If they set out terms of reference, publish them, publish the process by which the investigation takes place and publish the report itself, the HEA support and seek to develop that within the institutions so that it is not necessary for them in all cases to get involved.
126. The Committee identified payments by CIT of €22,000 for two commissioned portraits of the Institute's President and Chairman. The Committee questions the business purpose of this expenditure.
127. The Committee considered the corporate relationships between CIT, UCC and other bodies. It was not satisfied that there was sufficient clarity to relation to relationships with CIT's Maritime College and other corporate entities including IMERC, GAC Training and Services Solutions, SEFtec Offshore Training, SEFtec Global Training, and GAC Shipping UK Ltd. There is a need for clarity to be brought to a number of areas including:
- Directorships including the 50% owned by the private companies that are connected with CIT since their formation
 - Payments received by CIT staff including salaries and expenses
 - Evidence of payments made to CIT from private companies and a breakdown of management charges, analysis of fixed and variable costs
 - Partnership agreements with all companies.

Recommendations

128. The Committee recommends that third-level institutions should report annually to the Higher Education Authority on the engagement and associated costs of external consultancy firms contracted to carry out investigations and enquiries on internal matters.
129. The Committee recommends that the Higher Education Authority should review and report on the corporate relationships between Cork Institute of Technology and other corporate entities, including those referred to in this report.

APPENDIX 1: COMMITTEE MEMBERSHIP



Bobby Aylward (FF)



Peter Burke (FG)



Shane Cassells (FF)



Catherine Connolly (I4C)



David Cullinane (SF)



Alan Farrell (FG)



Seán Fleming (FF)

Chairman



Alan Kelly (Lab)

Vice-Chairman



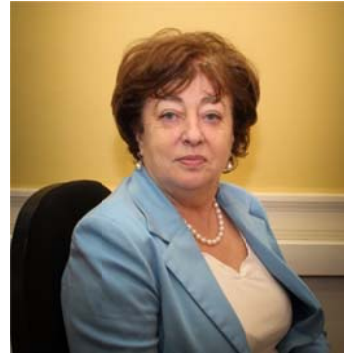
Marc MacSharry (FF)



Josepha Madigan (FG)



Mary Lou McDonald (SF)



Catherine Murphy (SD/GPTG)



Noel Rock (FG)

APPENDIX 2: COMMITTEE TERMS OF REFERENCE

Committee of Public Accounts

186. (1) There shall stand established, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee of Public Accounts, to examine and report to the Dáil upon—
- a) the accounts showing the appropriation of the sums granted by the Dáil to meet the public expenditure and such other accounts as they see fit (not being accounts of persons included in the Second Schedule of the Comptroller and Auditor General (Amendment) Act 1993) which are audited by the Comptroller and Auditor General and presented to the Dáil, together with any reports by the Comptroller and Auditor General thereon: Provided that in relation to accounts other than Appropriation Accounts, only accounts for a financial year beginning not earlier than 1 January, 1994, shall be examined by the Committee;
 - b) the Comptroller and Auditor General's reports on his or her examinations of economy, efficiency, effectiveness evaluation systems, procedures and practices; and
 - c) other reports carried out by the Comptroller and Auditor General under the Act.
- (2) The Committee may suggest alterations and improvements in the form of the Estimates submitted to the Dáil.
- (3) The Committee may proceed with its examination of an account or a report of the Comptroller and Auditor General at any time after that account or report is presented to Dáil Éireann.
- (4) The Committee shall have the following powers:
- a) power to send for persons, papers and records as defined in Standing Order 88;
 - b) power to take oral and written evidence as defined in Standing Order 85(1);
 - c) power to appoint sub-Committees as defined in Standing Order 85(3);
 - d) power to engage consultants as defined in Standing Order 85(8); and
 - e) power to travel as defined in Standing Order 85(9).
- (5) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith whereupon the Committee shall be empowered to print and publish such report together with such related documents as it thinks fit.
- (6) The Committee shall present an annual progress report to Dáil Éireann on its activities and plans.

- (7) The Committee shall refrain from—
 - a) Enquiring into in public session, or publishing, confidential information regarding the activities and plans of a Government Department or office, or of a body which is subject to audit, examination or inspection by the Comptroller and Auditor General, if so requested either by a member of the Government, or the body concerned; and
 - b) Enquiring into the merits of a policy or policies of the Government or a member of the Government or the merits of the objectives of such policies.

- (8) The Committee may, without prejudice to the independence of the Comptroller and Auditor General in determining the work to be carried out by his or her Office or the manner in which it is carried out, in private communication, make such suggestions to the Comptroller and Auditor General regarding that work as it sees fit.

- (9) The Committee shall consist of twelve members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum. The Committee and any sub-Committee which it may appoint shall be constituted so as to be impartially representative of the Dáil.

APPENDIX 3: STATUS OF THIRD-LEVEL AUDITS

Universities (7)

Institution	Latest year certified ¹	Date certified	Audit opinion	Other matters noted in audit certificate
Trinity College	2016	30 Mar 2017	Clear	Future pension arrangements Procurement non-compliance
Maynooth University	2016	28 Apr 2017	Clear	Future pension arrangements Procurement non-compliance
University of Limerick	2015	28 Sep 2016	Clear	Relationship with University of Limerick Foundation Future pension arrangements Procurement non-compliance
UCD	2015	30 Nov 2016	Clear	Future pension arrangements Procurement non-compliance
UCC	2015	20 Apr 2017	Qualified ²	Relationship with Cork University Foundation Limited
DCU	2015	28 Apr 2017	Clear	Relationship with Dublin City University Educational Trust Future pension arrangements
NUI Galway	2014	28 Nov 2016	Clear	Relationship with Galway University Foundation Limited Future pension arrangements Procurement non-compliance

¹ Financial year end for universities is 30 September.

² The qualified opinion related to (i) future pension funding for a specified group of employees and (ii) non-consolidation of the UCC Trust Fund.

Institutes of Technology (14)

Institution	Latest year certified¹	Date certified	Audit opinion	Other matters noted in audit certificate
Cork IT	2015	13 Jul 2016	Clear	Going concern
IT Carlow	2015	29 Aug 2016	Clear	None
Dun Laoghaire IADT	2015	13 Sep 2016	Clear	None
Galway-Mayo IT	2015	22 Sep 2016	Clear	Going concern
Limerick IT	2015	28 Sep 2016	Clear	Procurement non-compliance
Letterkenny IT	2015	30 Sep 2016	Clear	Going concern
IT Tralee	2015	11 Oct 2016	Clear	Going concern
Athlone IT	2015	28 Oct 2016	Clear	None
Blanchardstown IT	2015	12 Dec 2016	Clear	None
Sligo IT	2015	16 Dec 2016	Clear	None
IT Tallaght	2015	16 Dec 2016	Clear	Procurement non-compliance
Dundalk IT	2015	21 Dec 2016	Clear	Going concern Procurement non-compliance
DIT	2015	14 Mar 2017	Clear	Procurement non-compliance
Waterford IT	2015	2 June 2017	Clear	Going concern Sale of Feedhenry Limited

¹ Financial year end for institutes of technology is 31 August.

Other Third-level Institutions (5)

Institution	Latest year certified	Date certified	Opinion	Other matters noted in audit certificate
St Angela's College Sligo Limited	2015 ¹	11 Jul 2016	Clear	Future pension arrangements
Church of Ireland College of Education	2015 ¹	18 Jul 2016	Clear	Future pension arrangements
St Patrick's College, Drumcondra	2015 ²	27 Oct 2016	Clear	Future pension arrangements Procurement on-compliance
Mary Immaculate College	2015 ²	23 Nov 2016	Clear	Future pension arrangements Financial support to Lime Tree Theatre Limerick Limited
National College of Art and Design	2013 ²	7 Nov 2016	Qualified ³	Future pension arrangements Governance issues

¹ Financial year end is 31 December.

² Financial year end is 30 September.

³ The qualified opinion related to the College's failure to maintain adequate accounting records for the period.

APPENDIX 4: COMMERCIALISATION OF INTELLECTUAL PROPERTY

(The following note is based on The National IP Protocol 2016 Inspiring Partnership.)

Knowledge Transfer Ireland (KTI) is the national office that helps business to benefit from access to Irish expertise and technology by enabling business to connect and engage with the research base in Ireland. KTI was launched in May 2014 and has responsibility for setting direction for research performing organisations (RPO's), such as third-level education institutions, and for setting best practice to enable compliance with Intellectual Property policy and procedures.

The National IP Protocol is a policy document which sets out the framework underpinning research collaboration and access to intellectual property from state-funded research in Ireland. The current version of the Protocol was produced by KTI through a process of consultation and on behalf of the Department of Jobs, Enterprise and Innovation (DJEI) and published in January 2016.

The Protocol sets out the following principles applicable to research funded 100% by the State:

- When research by an RPO is wholly funded by the State, the RPO shall own any IP arising from the research. The RPO shall then be free to negotiate arrangements for other organisations to access the IP to maximise the benefits of commercialisation for Ireland.
- The RPO shall be free to publish the results of its research, provided it first follows the procedures in place within the RPO to ensure, where appropriate, IP is properly protected before anything related to that IP is published.
- Access by industry to IP owned by an RPO will normally be by the granting of licence(s) on fair commercial terms by the RPO on an exclusive or non-exclusive basis requiring that the licensee(s) shall pursue commercialisation of that IP in a timely manner; and that the licensee(s) shall acknowledge and agree that the RPO shall be free to use the IP to continue its research and teaching in any field covered by the licence to the licensee.
- In exceptional circumstances, an RPO may agree to transfer or assign ownership of its IP, subject to compliance with EU State Aid obligations and to the assignment being consistent to this policy's objectives.

In regard to the management of intellectual property the Protocol also provides that RPOs shall have published policies and/or procedures in place that cover, at a minimum:

- Timely identification of IP arising from research, protection of this IP including the maintenance of laboratory records and the ways to mitigate premature public disclosure of IP.
- Recording of this IP and of the associated commercialisation activities and outcomes.
- Management of potential or actual conflicts of interest concerning the commercialisation of IP.
- Sharing of royalties and other income from the commercialisation of IP amongst the RPO itself, the department(s) involved in the research and the individual Researchers, inventors or creators.
- Reporting on all commercialisation activities to the appropriate State agencies and, in particular, to KTI which is charged with delivering the national Annual Knowledge Transfer Survey (AKTS).

The Protocol also provides that RPOs should ensure that their staff, contractors, consultants and students are aware of, and follow, these policies and procedures. RPOs shall encourage their Researchers to participate in commercialisation, joint R&D Programmes with industry and consultancy, through financial and non-financial incentives and rewards. RPOs shall protect and manage IP through their Technology Transfer Offices with the aim of effective commercialisation. Also KTI is responsible to ensure independent audit of the IP management system to be operated by each RPO to ensure that such a system is in place; to evaluate the ability of the RPO to comply with national IP management requirements; and to support the RPO to achieve compliance with this Policy and national IP management requirements.

APPENDIX 5: FINANCIAL REPORTING OF UNIVERSITIES

The Higher Education Authority (HEA) provided the following note on financial reporting of universities.

Consolidated financial statements and HEA funding statements

The university sector has, since the 2002/03 financial year, been required by the Higher Education Authority (HEA) to prepare two sets of financial statements annually. These sets of financial statements are '*Consolidated Financial Statements*' and '*Funding Statements*' and differ from one another in two major respects:

1. The range of activities within the university being reported upon,
and
2. The accounting principles and policies which guide their preparation.

Although the core mission of universities centres on teaching and research, universities engage in a wide range of ancillary and other related activities necessary to the delivery of their mission. Such activities may for commercial or legal reasons be more appropriately carried out by limited companies.

Consolidated financial statements cover all activities of a university and its subsidiary undertakings, be they publicly or privately funded, in the income and expenditure account and balance sheet. They are prepared using Generally Accepted Accounting Principles (GAAP) and are akin to statements published by commercial entities.

Funding statements also cover all university activities but report these in a different manner. Results of subsidiary or associate companies are not reported in the net surplus/deficit in the income and expenditure account for the year.

The income and expenditure account of funding statements are principally concerned with the teaching and research activities of universities and were developed primarily to facilitate accountability and comparability in relation to State funding. These statements are uniformly prepared across the sector on the basis of Irish university sector harmonised accounting principles approved by the HEA and the Comptroller & Auditor General.

The use of both sets of financial statements in universities was also referred to in the C&AG's recent special report on financial reporting in the public sector.

Both sets of financial statements provide a fair view of past expenditure based on the underlying principles which govern them. However, the GAAP consolidated results show a significantly different financial result when compared to the long established form of harmonised funding reporting because of the application of different accounting rules. Such differences in many cases arise simply from the timing of recognition of income and expenditure or from the application of two different accounting policies. Examples of some of the key differences are set out below:-

1. Residential & Other Ancillary Services

Ancillary activities include activities such as student accommodation, catering, commercial research, conference facilities etc. These are generally operated on a long-term cost recovery basis. Surpluses may arise in the short-term but these are generally required for re-investment in maintenance and refurbishment in the long-term. **The funding statements record the activity net of operational expenditures and any capital repayments** and the net result is transferred directly to the balance sheet thereby not impacting on reported surplus/deficit for the year. The GAAP consolidated financial statements, however, show the activity income less operational expenditure in the income and expenditure account. The difference (i.e. capital repayment or redevelopment provision) between the two results is reflected in the surpluses of the GAAP consolidation. **These surpluses are fully committed in the long-term to capital repayments or reinvestment.**

2. Capital

There are a number of areas where the treatment of capital items differ between the two sets of accounts. In the harmonised funding financial statements universities were permitted to charge equipment purchases in full to the income and expenditure account in the year in which the equipment was purchased. Under GAAP consolidated financial statements such expenditure must first be capitalised and charged to the income and expenditure account by way of a depreciation charge over the useful life of the asset. Such treatment will give rise to a surplus on the GAAP financial statements in the year of purchase relative to the funding statements. This represents a **timing difference** only over the life of the asset and does not in any way represent surplus funds available for discretionary expenditure.

3. Departmental Non-equipment Expenditures (Internal Balances)

Under devolved financial management procedures in most universities academic and support departments may carry forward internal balances at the financial year end. This represents unspent but not necessarily uncommitted expenditure. Under harmonised financial statements annual non-pay budget allocations of most departments are charged to the income and expenditure account while in the consolidated financial statements the expenditure in the year is charged in the year in which it occurs. When the accounts are compared the difference between the two can result in a

surplus or deficit (on consolidation) depending on whether the expenditure pattern in the year is less or more than the allocation. The funds are of course subject to normal accountability and must be spend in support of the strategic objectives of the university and of the department and within a limited time.

The above examples are intended to serve as an illustration of how the application of GAAP accounting arrangements can reflect the same activity in a very different way.

The enclosed table shows the reconciliation between the GAAP consolidated financial statements and HEA funding statements for all 7 universities for the 2013/14 financial year.

The following table shows the reconciliation between the GAAP consolidated financial statements and HEA funding statements for all 7 universities for the 2013/14 financial year.

Reconciliation between GAAP consolidated financial statements and HEA funding statements (2013/14 financial year)									
		UCD	UCC	NUIG	MU	TCD	UL	DCU	
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	
GAAP statements - Surplus (Deficit)		22,984	-4,955	2,843	770	-21,832	10,380	5,866	
Adjustment	Subsidiary companies	-1,194		-693	-105		-2,815	-2,128	
	Unincorporated ancillary activities	-5,803			-717	28			
	GAAP adjustments	-15,798	3,303	-3,892	218	19,797	-7,251	-3,736	
HEA statements - Surplus (Deficit)		189	-1,652	-1,742	166	-2,007	314	2	

(Continued on next page)

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Taking the example of UCD in the above table, the reconciliation included just under €16m in respect of GAAP adjustments. The full reconciliation is as follows:

	Consolidated financial statements €'000	Subsidiary companies* €'000	Unincorporated ancillary activities* €'000	GAAP adjustments** €'000	HEA funding statement €'000
Income					
State grants	70,449	-	-	(20)	70,429
Academic fees	196,586	-	-	(6,502)	190,084
Research grants and contracts	91,315	-	-	(19,867)	71,448
Amortisation of deferred capital grants	13,279	-	-	(13,279)	-
Other operating income	66,620	(5,758)	(28,203)	(15,048)	17,611
Interest income	432	-	-	(26)	406
Deferred funding for pensions	76,281	-	-	(76,281)	-
Total income	514,962	(5,758)	(28,203)	(131,023)	349,978
Expenditure					
Staff costs	267,925	(2,183)	(7,230)	(12,738)	245,774
Other operating expenses	119,509	(1,858)	(15,129)	(23,473)	79,049
Interest payable	2,501	-	(41)	(1,919)	541
Depreciation	25,789	(523)	-	(841)	24,425
Share of operating profit/gains In Joint Venture	(157)	-	-	157	-
FRS 17 additional service cost	18,888	-	-	(18,888)	-
FRS 17 Interest cost	57,393	-	-	(57,393)	-
Total expenditure	491,848	(4,564)	(22,400)	(115,095)	349,789
Surplus for the year before taxation and disposal	23,114	(1,194)	(5,803)	(15,928)	189

*Results of subsidiaries and ancillaries not included in the HEA funding statement.

**Adjustments required to reconcile the consolidated financial statements to the HEA funding statement as this is not prepared in accordance with Irish GAAP.

It should also be noted that with effect from the 2015/16 financial year the HEA will no longer require audited funding statements. This will help improve the timeliness of financial reporting in the higher education sector. The HEA will continue to require a one-page reconciliation of the surplus/deficit in the HEA Funding Statement to the surplus/deficit in the GAAP financial statements.

Timeliness in Financial Reporting

At its recent meetings, the Public Accounts Committee expressed its strong concern at the delay in financial statements prepared by universities and other higher education institutions. These delays have also been examined in further detail in the C&AG's special report on financial reporting in the public sector.

The C&AG's report noted that a number of factors have contributed to delays in the universities. These include:

- The HEA requirement for the universities to prepare annual financial statements in two formats (referred to above)
- Use by universities of commercial auditors to carry out audits of financial statements in addition to the statutory audit carried out by the C&AG
- Issues relating to the treatment and valuation of pension liabilities
- Consolidation of trusts, university foundations and subsidiary companies
- Accounting for heritage assets
- Treatment of research income

Significant efforts have been made by universities in cooperation with the C&AG to reduce these delays. The additional resources allocated by the C&AG to the audits of universities and specific deadlines set for the submission of draft accounts by universities is particularly welcome.

The HEA has taken the following actions to reduce the delay in the production of third-level financials statements:

- With effect from the 2015/16 financial year the HEA has recommended to universities that audits of financial statements be undertaken solely by the C&AG although universities may continue to use commercial auditors.
- Continual emphasis of the requirement for timely submission of accounts, including in the HEA's annual grant allocation notification to HEIs and in the financial memorandum signed between the HEA and higher education institutions.
- Prompt engagement with HEIs where issues of timeliness of financial statements arise in order to identify reasons for delays.
- Advice to universities that trusts and foundations be consolidated into main financial statements in order to give an overall and true picture of their financial position.

The HEA also has regular meetings with the C&AG that serve as an 'early warning' system for any potential issues or delays arising in the audit of financial statements. Starting in May the HEA will

commence its annual round of budget and accountability meetings with higher education institutions and this year's meetings we will also require institutions to provide us with an update on the status of their financial statements and audits.

APPENDIX 6: WITNESSES WHO PROVIDED ORAL EVIDENCE AND LINKS TO TRANSCRIPTS

Note also that the C&AG's office was represented at each meeting

23 March 2017

Principal Witnesses: The Department of Education and Skills

Name	Organisation
Mr. Séan O'Foghlú	Secretary General, Department of Education and Skills
Mr. Keith Moynes	Principal Officer, Finance Unit, Department of Education and Skills
Mr. Christy Mannion	Principal Officer, Higher Education, Department of Education and Skills
Mr. Dalton Tattan	Assistant Secretary, Department of Education and Skills
Ms. Emma Leonard	Principal Officer Planning and Building Unit, Department of Education and Skills
Mr. Hubert Loftus	Principal Officer, Schools Division, Department of Education and Skills
Ms. Caoimhe Hope	Assistant Principal, Higher Education, Department of Education and Skills
Ms. Áine Garvin	Assistant Principal, Finance Unit, Department of Education and Skills
Ms. Gráinne Swan	Professional Accountant, Finance Unit, Department of Education and Skills
Ms. Karen Smith	Higher Executive Officer, Finance Unit, Department of Education and Skills
Mr Seamus McCarthy	Comptroller and Auditor General
Ms Sharon Greaney	Senior Auditor, Office of the Comptroller and Auditor General

[Transcript 23 March 2017](#)

29 March 2017

Principal Witnesses: The Higher Education Authority

Name	Organisation
Dr. Graham Love	Chief Executive, The Higher Education Authority
Mr. Andrew Brownlee	Head of System Funding, The Higher Education Authority
Mr. Stewart Roche	Management Accountant, The Higher Education Authority
Mr. Neil McDermott	System Funding, The Higher Education Authority

Name	Organisation
Ms. Deborah Walsh	The Higher Education Authority
Mr. Seamus McCarthy	Comptroller and Auditor General
Mr. Shane Carton	Deputy Director of Audit, Office of the Comptroller and Auditor General

[Transcript 29 March 2017](#)

30 March 2017

Principal Witnesses: UCC, Dundalk IT, Waterford, UL Representatives

Name	Organisation
Professor Patrick O'Shea	President, University College Cork
Mr. Dairmuid Collins	Chief Financial Officer/Bursar, University College Cork
Mr. Cormac McSweeney	Finance Officer(Acting), University College Cork
Ms. Ann Campbell	Interim President, Dundalk Institute of Technology
Mr. Peter McGrath	Vice President for Finance & Corporate Affairs, Dundalk Institute of Technology
Mr. Gerald O' Driscoll	Human Resource Manager, Dundalk Institute of Technology
Ms. Marie Madigan	Finance Manager, Dundalk Institute of Technology
Ms. Irene McCausland	Vice President of Strategic Planning, Communications and Development, Dundalk Institute of Technology
Professor Don Barry	President, University of Limerick
Mr. John Field	Director of Finance, University of Limerick
Ms. Callista Bennis	University of Limerick
Mr. Tommy Foy	University of Limerick
Mr. Christy Mannion	Department of Education and Skills
Dr. Graham Love	Chief Executive, The Higher Education Authority
Mr. Seamus McCarthy	Comptroller and Auditor General
Mr. Shane Carton	Deputy Director of Audit, Office of the Comptroller and Auditor General

[Transcript 30 March 2017](#)

6 April 2016

Principal Witnesses: Waterford IT, Dublin IT, Waterford, NUI Galway Representatives

Name	Organisation
Professor Willie Donnelly	President, Waterford Institute of Technology
Ms. Elaine Sheridan	Vice President for Corporate Affairs and Finance, Waterford Institute of Technology
Dr. Derek O'Byrne	Vice President for Academic Affairs and Registrar, Waterford Institute of Technology
Ms. Kathryn Kiely	Industry Services Manager, Waterford Institute of Technology
Professor Brian Norton	President, Dublin Institute of Technology
Dr. Noel O'Connor	Director of Student Development, Dublin Institute of Technology
Mr. Denis Murphy	Director of Corporate Services, Dublin Institute of Technology
Mr. Colm Whelan	Head of Finance, Dublin Institute of Technology
Mr. Ger Casey	Chief Executive, Grangegorman Development Agency
Mr. Peter O Sullivan	Director of Finance Grangegorman Development Agency
Ms. Nora Rahill	Corporate Affairs Manager, Grangegorman Development Agency
Mr. Lori Keeve	Communications, Grangegorman Development Agency
Dr. James J Browne	President, National University of Ireland Galway
Mr. Gearoid Ó Conluain	An Rúnai, National University of Ireland Galway
Ms. Mary Dooley	Bursar, National University of Ireland Galway
Mr. Keith Warnock	Capital Projects Advisor, National University of Ireland Galway
Dr. Graham Love	Chief Executive, Higher Education Authority
Andrew Brownlee	Head of System Funding, Higher Education Authority
Ms. Jennifer Gygas	System Funding, Higher Education Authority
Mr. Damien Kilgannon	System Funding, Higher Education Authority
Ms. Colette Drinan	Director of Audit, Office of the Comptroller and Auditor General
Mr. Shane Carton	Deputy Director of Audit, Office of the Comptroller and Auditor General

[Transcript 6 April 2017](#)

22 June 2017

Principal Witnesses: UCC, Dublin IT and Cork IT Representatives

Name	Organisation
Professor Patrick O'Shea	President, University College Cork
Mr. Diarmuid Collins	Bursar & Chief Financial Officer, University College Cork
Mr. Cormac McSweeney	Finance Officer, University College Cork
Mr. Michael Farrell	Corporate Secretary, University College Cork
Professor Brian Norton	President, Dublin Institute of Technology
Dr. Noel O Connor	Director of Student Development, Dublin Institute of Technology
Mr. Colm Whelan	Head of Finance, Dublin Institute of Technology
Dr. Philip Cohen	Head of Library Service, Dublin Institute of Technology
Dr. Brendan Murphy	President, Cork Institute of Technology
Mr. Paul Gallagher	Vice President Finance and Administration
Dr. Des Fitzgerald	President, University of Limerick
Dr. Graham Love	Chief Executive, Higher Education Authority
Mr. Andrew Brownlee	Head of System Funding, Higher Education Authority
Mr. Tony Gaynor	Principal Officer, Higher Education Governance and Funding, Dept of Education and Skills
Ms. Deirdre McDonnell	Principal Officer, Higher Education Policy and Research, Dept of Education and Skills
Ms. Stephanie Good	Dept of Education and Skills
Dr. Richard Thorn	University of Limerick Review

[Transcript 22 June 2017](#)

APPENDIX 7: SOURCES CITED IN THIS REPORT

The table below includes a list of sources used by relevant paragraph section number of this report. Page numbers or Section numbers in source documents are indicated where relevant.

Paragraph

No.	Source
1	Comment
2	HEA Financial Statements 2015 DES Appropriation Accounts
3	DES Annual Report 2015
4	C&AG Opening Statement 29.03.2017
5	HEA Website
6	The Higher Education Authority Act 1971, Section 20 (2)
7	Appendix figures supplied by the Office of the C&
8	Comment
9	Comment
10	Transcript 22.06.2017
11	Transcripts of Meetings 30.03.2017 and 06.04.2017
12	Transcripts of Meetings 30.03.2017 and 06.04.2017
13	The National IP Protocol 2016 Inspiring Partnership
14	The National IP Protocol 2016 Inspiring Partnership
15	Comment
16	Comment
17	Transcripts of Meetings 30.03.2017 and 06.04.2017
18	Transcripts of Meetings 30.03.2017 and 06.04.2017
19	Transcript 29.03.2017
20	HEA Correspondence to PAC dated 03.05.2017
21	HEA Correspondence to PAC dated 03.05.2017
22	Comment
23	HEA Correspondence to PAC dated 03.05.2017
24	The National IP Protocol 2016 Inspiring Partnership
25	Comment
26	Recommendation
27	Recommendation
28	Recommendation
29	Recommendation
30	Comment
31	Comment

No.	Source
32	UCC Financial Statements 2013-14 UL Financial Statements 2014-15 DkIT Financial Statements 2014-15 WIT Financial Statements 2013-14 DIT Financial Statements 2013-14 NUIG Financial Statements 2013-14
33	UCC Financial Statements 2013-14 UL Financial Statements 2014-15 DkIT Financial Statements 2014-15 WIT Financial Statements 2013-14 DIT Financial Statements 2013-14 NUIG Financial Statements 2013-14
34	Recommendation
35	Recommendation
36	HEA Correspondence to PAC dated 03.05.2017
37	Comment
38	C&AG Special Report 95 Financial Reporting in the Public Sector
39	UCC Financial Statements 2013-14 UL Financial Statements 2014-15 DkIT Financial Statements 2014-15 WIT Financial Statements 2013-14 DIT Financial Statements 2013-14 NUIG Financial Statements 2013-14
40	Figures provided by the Office of the C&AG
41	UCC Financial Statements 2013-14 UL Financial Statements 2014-15 DkIT Financial Statements 2014-15 WIT Financial Statements 2013-14 DIT Financial Statements 2013-14 NUIG Financial Statements 2013-14
42	Recommendation
43	Recommendation
44	Definition
45	Transcript 30.03.2017
46	C&AG Opening Statement 29 March 2017
47	C&AG Opening Statement 29 March 2017
48	C&AG Opening Statement 29 March 2017
49	Comment
50	UCC Financial Statements 2013-14 UL Financial Statements 2014-15 DkIT Financial Statements 2014-15 WIT Financial Statements 2013-14 DIT Financial Statements 2013-14 NUIG Financial Statements 2013-14
51	Transcripts of Meetings 30.03.2017 and 06.04.2017
52	Recommendation

No.	Source
53	Recommendation
54	Comment
55	Protected Disclosure Act 2014
56	Transcripts of Meetings 30.03.2017 and 06.04.2017
57	Transcript 30.03.2017
58	HEA Correspondence to PAC dated 03.05.2017
59	Comment
60	Comment
61	Recommendation
62	Recommendation
63	Recommendation
64	Recommendation
65	Transcripts of Meetings 30.03.2017 and 06.04.2017 The National Review of Gender Equality in Irish Higher Education Institutions (HEA 2016)
66	Comment
67	Comment
68	IMI Website
69	Transcript 30.03.2017 UCC Correspondence dated 9 May 2017
70	Transcript 30.03.2017
71	Transcript 30.03.2017
72	Transcript 30.03.2017
73	Recommendation
74	UCC Financial Statements 2013-14
75	Transcript 30.03.2017 UCC Correspondence dated 13 April 2017
76	Recommendation
77	Transcript 30.03.2017 UCC Correspondence dated 9 May 2017
78	DKIT Financial Statements 2014-15
79	Transcript 30.03.2017
80	Comment
81	Transcript 30.03.2017
82	Recommendation
83	Recommendation
84	UL Correspondence dated 18 April 2017 Transcript 30.03.2017

No.	Source
85	Comment
86	UL Correspondence dated 18 April 2017 Transcript 30.03.2017
87	UL Correspondence dated 18 April 2017 Transcript 30.03.2017
88	Comment
89	Recommendation
90	C&AG Special Report 91 Management of Severance Payments in the Public Sector
91	C&AG Special Report 91 Management of Severance Payments in the Public Sector
92	C&AG Special Report 91 Management of Severance Payments in the Public Sector Transcript 30.03.2017
93	Transcript 30.03.2017
94	Transcript 30.03.2017
95	Recommendation
96	Recommendation
97	WIT Financial Statements 2013/14
98	WIT Financial Statements 2013/14
99	Recommendation
100	WIT Financial Statements 2013/14
101	Recommendation
102	Recommendation
103	DIT Financial Statements 2013/14
104	Transcript 06.04.2017
105	Comment
106	Transcript 06.04.2017
107	Transcript 06.04.2017
108	Comment
109	Transcript 06.04.2017
110	Comment
111	Comment
112	Comment
113	Recommendation
114	Recommendation
115	Recommendation
116	Transcript 30.03.2017
117	DIT Correspondence dated 26 April 2017
118	HEA Correspondence to PAC dated 03.05.2017
119	Recommendation

No.	Source
120	Recommendation
121	NUIG Correspondence dated 2 May 2017 Transcript 06.04.2017
122	Comment
123	Transcript 22.06.2017 CIT Correspondence dated 29 June 2017(1) CIT Correspondence dated 29 June 2017(2)
124	Transcript 22.06.2017 CIT Correspondence dated 29 June 2017(1) CIT Correspondence dated 29 June 2017(2)
125	Transcript 22.06.2017 CIT Correspondence dated 29 June 2017(1) CIT Correspondence dated 29 June 2017(2)
126	Transcript 22.06.2017 CIT Correspondence dated 29 June 2017(1) CIT Correspondence dated 29 June 2017(2)
127	Transcript 22.06.2017 CIT Correspondence dated 29 June 2017(1) CIT Correspondence dated 29 June 2017(2)
128	Recommendation
129	Recommendation