

# ***Audit & Risk Committee of Governing Body***

## ***Minutes of 8th May 2024***

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

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

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The Meeting was held the remotely via MS Teams. The meeting commenced at 08:00hrs and concluded at 09:35hrs.

### **1. Quorum**

The Committee was deemed to be quorate.

Action: The Chairperson requested that the Governing Body be requested to appoint an additional member, on a temporary basis, from the Governing Body external members, until such time as the new Ministerial appointments have been made to the Board.

### **2. Adoption of Agenda**

The Agenda was adopted, as circulated.

Proposer: BC                      Seconder: CO'C

### **3. Conflicts of Interest**

No conflicts of interest were declared.

### **4. Adoption of Minutes of 28th March 2024**

The Minutes of the meeting of 28th March 2024 were adopted as circulated, with one amendment to be made under Item 5.3 Programmes & Budgets 2024: the final sentence should read "The Committee members approved the Programmes & Budgets 2024 document as circulated, expressing concern regarding the projected shortfall of €400K" and not "€400M".

Proposed: CO'C                      Seconded: BC

### **5. Matters Arising**

**5.1 Programmes & Budgets 2024** – it was reported that both the President and Secretary/Financial Controller attended the annual HEA Budget Meeting last month; the HEA recognised the projected budget deficit, and while they expressed some concerns, these were not significant in nature, and they confirmed that they will not be carrying out further investigations on this matter. It was noted that once the Governing Body has approved the Institute's Programmes & Budgets 2024, the

President will issue a letter to the HEA notifying them of the Institute's projected operational budget deficit.

## **6. Internal Audit**

**6.1 IADT Internal Audit Report Tracker** – the IADT Internal Audit Report Tracker was discussed as circulated. It was reported that it is the Institute's objective to have all historical and outstanding recommendations closed off over the Summer, in time for the next internal audit follow-up review in August/September 2024. It was noted that the President has signed a Letter of Agreement with the HEA in relation to Technological Sector Advancement Fund (TASF), which will result in the Institute obtaining circa €2M in funding for the Institute's transition to a Technological University. This funding will not be released until after the launch of the Institute's Strategic Plan 2024-2028. Part of the proposed funding will be allocated to the update of Institute Policies and the implementation and centralisation of Risk Management. It is anticipated that this will result in a number of the internal audit findings/ recommendations being implemented.

It was suggested that PwC provide an update to the Audit & Risk Committee members regarding the process reviews currently underway.

It was proposed that the Internal Audit Report Tracker contain a brief explanation in relation to any historic/due recommendations that may not have been implemented by the relevant target date(s).

## **7. Annual Governance Reporting**

**7.1 Review of Audit & Risk Committee Terms of Reference** – the updated Audit & Risk Committee Terms of Reference were discussed as circulated. The following updates were proposed:

- (i) Section 3.1, the incorrect numbering of this section is to be amended, and in the new Section 3.1(d), the word "financial" to be removed and replaced with "internal".
- (ii) Section 4(i), the wording "to assist the Committee with its discussions on any particular matter, but" to be inserted.
- (iii) Section 4(n), the name "Bernard Mullarkey" to be removed, to simply reflect the position.
- (iv) Section 4(o), new item to be inserted "The Committee may seek additional, interim appointments of non-internal Governing Body members to the ARC, in order to ensure that the business of the Committee can be completed in a timely and efficient manner."
- (v) Section 5(i) to be deleted - replaced by Section 4(o).
- (vi) Section 7., the wording "Review" to be replaced with "Evaluation of Committee".
- (vii) Section 8. "Access to the Committee" to be deleted – this section is reflected under Section 3.2(g).

It was noted that the Evaluation/Self-Assessment of the Committee by its members will be carried out as per the guidance/assessment criteria contained in the Code of Practice for the Governance of State Bodies 2016 (as amended). In addition, the Chairperson of the Audit & Risk Committee will circulate a small number of questions to gain the members' perspective on how the Committee is functioning, and to raise

any concerns they may have. It was reported that the Secretary/Financial Controller has been in discussions with the Chairperson of Governing Body regarding the requirement to carry out a formal review of the Governing Body and its Committees.

Subject to the amendments noted above, the Audit & Risk Committee recommended the Terms of Reference for approval by the Governing Body.

Proposed: BC                      Seconded: SD

## **8. Finance Matters**

**8.1 Financial Statements for year ended 31st August 2023** – the Secretary/Financial Controller informed the Committee members that the Institute has received authorisation from DHKN Ltd. to bring the Financial Statements for year ended 31<sup>st</sup> August 2023 to the Governing Body for review and approval, and this will occur at the Governing Body later on the 8th May 2024. Once the Comptroller & Auditor General has approved the Financial Statements, these can then be signed by both the President and the Chairperson of the Governing Body.

**8.1.1 Summary of Adjustments & Analytical Review** - the Committee members were briefed on the summary of adjustments made to the Institute’s Financial Statements for year ended 31<sup>st</sup> August 2023, as a result of the audit carried out by DHKN Ltd. It was noted that none of the adjustments made, resulted in a change to the Total Deficit figure presented in the Statement of Comprehensive Income. The adjustments made were as follows:

- (i) Corporate Governance Statement** (page 5) – a reference was included regarding the reappointment, on 14<sup>th</sup> June 2023, of Mr. Sam Dunwoody to the Audit & Risk Committee for a second and final four-year term (page 5). In addition, Professional Fees: Design Team Fees (Building Works) is now presented in a separate line under the Breakdown of Professional Fees (page 12).
- (ii) Statement of Comprehensive Income** (page 20) – a new line was included under Operating (Deficit)/Surplus for “Transfers to Capital Projects” representing the amount spent from Reserves on the Atrium Energy Efficiency Upgrade. This in turn, required the relevant changes within the Statement of Changes in Reserves (page 21), the Statement of Cash Flows (page 23), Note 3 State Grants (page 29), and Note 8 Analysis of State Derived Income (page 31).
- (iii) Note 16 Payables** (page 40) – Research Grants and Contracts has been represented as two separate entries, i.e. Research Grants and Contracts – State, and Research Grants and Contracts – Non-State.
- (iv) Note 4 Student Fees** (page 29) – revised presentation and wording requested by the C&AG and agreed with the HEA, in relation to “Tuition Fees” which are now represented by:
  - EU Undergraduate Students
  - EU Postgraduate Students
  - Non-EU Students
  - Life Long Learning and Other StudentsIn addition, the wording “Tuition Fees” in Notes 8, 12(b), 15 and 16, has been changed to “Student Fees” accordingly.

(v) **Note 7 Other Income** (page 30) – Seconded Staff Reimbursements is now presented on a separate line in the breakdown of Other Income.

(vi) **Typos, Formatting, Rounding etc.** – there were a small number of corrections of minor typographical errors, formatting adjustments, rounding, tots, etc.

While a discussion ensued regarding the wording contained in the Financial Statements template provided by the HEA, with some improvements to same being suggested, it was noted that the Format of Accounts Group (FAG) agree the wording and structure of the financial statements at a sectoral level, with both the HEA and the C&AG. It was proposed that any changes to the wording/categorisation of items in future financial statements templates (i.e. removal of "Governing Body" from "Key Management Compensation" on page 32 to a separate category/listing) can be brought to the FAG for review.

It was noted that the increase in International Travel and Subsistence costs (page 38) were due to: a return to travel post Covid-19; a significant increase in international travel associated with EU-funded projects (e.g. FilmEU); and the funding of travel and costs for Ukrainian students to study in IADT. In addition, it was reported that the increase in Research Expenditure reflects the significant number of additional posts funded by research projects. However, the Institute's core staff numbers have not increased to the same extent. It was also noted that forthcoming TU Rise funding will assist with the growth of research income/activity in IADT.

It was further noted that once the Audit Certificate is received from the Office of the C&AG, a Management Letter will be issued, and a representative from the C&AG will be invited to attend the Audit & Risk Committee meeting on Monday, 23rd September 2024.

**8.1.2 Letter of Representation** – the Committee members reviewed the Letter of Representation in relation to the Financial Statements for year ended 31st August 2023 as circulated. It was proposed that, as part of the next Cyber Security Report, Colm Hennessy (ICT Manager) provide details of the IT security system used by the Institute to verify the effectiveness of controls and security measures in operation.

The Audit & Risk Committee members agreed that the updated Financial Statements for year ended 31st August 2023, and Letter of Representation be forwarded to the Governing Body for approval at its meeting of today's date.

Proposed: CO'C

Seconded: SD

**8.2 Management Accounts December 2023** – it was reported that a set of Management Accounts will be circulated to the Committee members in advance of their meeting on 27th May 2024. A discussion ensued regarding the items to be included in the Management Accounts (i.e., Yearly Budget, Budget to date, any variances etc.). It was noted that the Institute reports three times a year to the HEA, providing details of expenditure to date, as well as projected expenditure.

## **9. Risk Management**

**9.1 IADT Risk Management Policy** – this item was deferred until the Corporate Risk Register has been completed/implemented. The review of the Risk Management Policy will include the addition of a Risk Framework/Procedure.

**9.2 IADT Corporate Risk Register (Interim – April 2024)** – the draft IADT Corporate Risk Register was discussed as circulated. It was noted that this document will form the Master Corporate Risk Register and will be used to develop an online, digital Corporate Risk Register, which will be continuously updated by Management, and which will highlight the necessity to actively evaluate and manage all risks. It was noted that currently there are 4 risks of a “High” risk rating (i.e., relating to the upgrade of the Quadrangle Building; potential cyber security attacks; compliance with all legislative and regulatory requirements; and the achievement of the required progress to meet 2030 Public Sector obligations in relation to Emissions and Energy Usage, as well as longer-term net-zero ambitions. It was proposed that, once updated, the IADT Corporate Risk Register be brought to Governing Body for review. It was also proposed that a summary Corporate Risk Register be provided to the Audit & Risk Committee at each meeting.

**10. Space Utilisation**

It was reported that the Institute has just completed the second round of audits of Space Utilisation on campus. Once the Estates & Campus Services Manager has returned from extended leave, in early June, a report will be issued in relation to same. This report will be issued to the Audit & Risk Committee in advance of its meeting on 23rd September 2024.

**11. Equality, Diversity & Inclusion Implications**

There were no matters noted in relation to Equality, Diversity and Inclusion (EDI). It was noted that this Item relates to EDI reporting requirements for all Executive, Management and Committee meetings held by the Institute.

**12. A.O.B.**

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

**Next Meeting: Monday, 27th May 2024 @ 2pm**

Signed: \_\_\_\_\_  
Bernadette Costello  
Chairperson

Date: \_\_\_\_\_