

BRIEFING DOCUMENT/PUBLIC ACCOUNTS COMMITTEE/22-1-15
FROM THE NATIONAL COLLEGE OF ART AND DESIGN

As requested I set out here for the members of the Public Accounts Committee the range of actions taken by NCAD in response to the recommendations in the Report by the Comptroller and Auditor General. I would firstly say that we regret the failures in compliance identified by the Comptroller and Auditor General, we regret that they were allowed to occur in the first place and that such customs and practice built up over a period. The College accepts the recommendations of the Comptroller and Auditor General and we have engaged fully with the implementation of these recommendations.

1. The Board and management, having committed to the implementation process, have initiated and completed measures to formalise all relevant procedures under updated and or new policies. This is a considerable exercise but one that, I believe, demonstrates our commitment to the process.
2. In the last 5/6 year period, the College, of necessity, focused primarily on discharging its duty of care to stakeholders and on the academic and practical needs of increasing student numbers. Since 2009, NCAD was also deeply involved in responding, and contributing positively, to a series of fundamental reviews:

- a. The McCarthy Report, 2009
- b. The Hunt Report, 2011
- c. Education Landscape Review, 2010/2011
- d. Creative Arts Review (Dublin Region), 2012
- e. Review of Initial Teacher Education, 2011/2012
- f. Strategic Compact with the HEA, 2014

At the same time NCAD experienced a steep decline in resourcing in terms of staffing, facilities, equipment and, not least, in core funding close to 50%. This was also coupled with a rise in legislative and reporting requirements and a rise in student numbers of c. 33% (from 780 to 1,033 undergraduates - a rise of 253) over the period.

3. Sustaining academic excellence was an overriding focus for NCAD during the period covered by the Report. This absorbed the management of the College in the period, and included fundamental issues - such as negotiating the continued validation of degrees in the context of the then proposed abolition of NUI (2008/2009) and the creation of a new degree structure in the College in response to stated national objectives.
4. The College is in a singular situation as a world class stand-alone provider of studio/lab based learning in the public sector and faced distinct challenges in a changing landscape for education, as a result.
5. The process of addressing the position of the College and its continuation as the only provider of learning in Art/Design in the

university sector dominated the agenda for the previous Board.

This has also been a dominant focus since my own appointment, as Director, in late 2008 and for the current Board, appointed in June 2012.

6. It is clear, however, that this focus on educational innovation and ensuring our survival as the leading provider of art/design education resulted in the College not having sufficient resources to adequately manage procedural and compliance issues. The fact that a series of failures had occurred, at this level, in the first place, and then built up, is a matter of serious regret for the management team and the Board.
7. While the Code of Practice was not formally adopted when first issued in 2007, it was operational. The Code was provided for new Board members and was formally adopted in 2013 and now underpins the new arrangements.
8. **But the points made by the Comptroller and Auditor General are clear and the College has accepted these in full. We have already made changes to procedures, and have updated and adopted new policies to deal with the issues in the Report.**
9. Key issues have been fully addressed with a few, of necessity, involving phased implementation into 2015.

Procurement:

1. NCAD had expected that new collaborative arrangements would be firmly established over time but, in the absence of these, has retained a procurement specialist advisor since March 2014. Key

staff have been involved in a programme of training, including provision of on-line guidance on procurement processes. New procedures on financial control processes have been put in place reinforced by training, including a new Procurement and Policies Manual.

2. We are conscious that failings in compliance as identified in the Report meant that there was a risk of misappropriation of funds. This did not occur. The small scale of the College's departments, where material resources are used, is such that there is very close monitoring by senior staff of acquisition and use of materials. It should be noted that over 80% of total expenditure in NCAD is pay and pensions related and only a percentage of what remains is effectively discretionary.

Tenders (Higher Single Item Expenditure):

1. A number of key tenders for goods/services have been completed or are being finalised now for:
 - Cleaning - completed
 - Security – completed
 - Waste Management – completed
 - Insurance – completed
 - PR – completed
 - Student Learning Support Services – completed
 - FRS17 – completed
 - Internal Audit Services – completed.
2. Tenders are due in 2015 for:

- Banking services
- ICT support services
- Canteen provision
- Energy
- Print.

Audit:

1. Over the period in question, NCAD accepts that Audit Committee meetings were inconsistently documented, in not having written minutes. When Audit Committee meetings took place they usually occurred immediately before full Board meetings and verbal reports were made on foot of reports from the Internal Auditors.

These are noted for example in Board minutes of:

- 15th April, 2011
- 17th June 2011
- 15th February, 2012
- 14th September, 2012
- 22nd February, 2013
- 24th May, 2013.

The Board has reconfigured this Audit process from 2012 and in 2013/2014 Audit Committee meetings took place on:

- 22nd February, 2013
- 24th April, 2013
- 11th April, 2014 (approved the written Terms of Reference)
- 24th April, 2014
- 6th June, 2014

- 5th September, 2014
- 12th December, 2014

All Boards had/have monthly accounts, report and comparison with budget and involvement in budget planning at Board meetings.

2. Internal Audit Reports were submitted to the Audit Committee and the Board in:

- May 2011
- October 2011
- December 2012
- April 2013
- April 2014
- June 2014
- Pending - January 2015.

3. As above, tendering for the Internal Audit Services has been completed and a new company was appointed on 28th October, 2014.

Production of Accounts

Note that accounts for 2010/2011 have been signed and audit fieldwork completed on the 2011/2012 accounts, which are with the Comptroller and Auditor General. Work is due to start, as discussed with Comptroller and Auditor General officials and, subject to their availability, in March 2015 on the 2012/2013 accounts with a follow-on commitment by An Bord to complete 2013/2014 by summer 2015,

at which point NCAD will be completely up to date with all subsequent years meeting a three month deadline under the new arrangements.

Addressing the College position strategically:

Having negotiated an Academic Alliance with UCD in 2010, and having become a Recognised College of UCD in 2011, it was anticipated that this academic relationship between NCAD and UCD would have also delivered a number of back office synergies, covering issues like procurement and tendering, audits, admissions, and enhanced IT systems for various control processes earlier and to a greater degree than proved to be possible.

In 2012, discussions about full merger began and again back office/shared services and necessary re-alignment of NCAD systems were part of the negotiations and while some issues were agreed and are coming into play, the working out of the previous UCD President's tenure, during the second half of 2013, ahead of the new President taking up office in January 2014 meant that much of the intended re-alignment across a number of procedural areas has had to wait on the completion of the current (HEA funded) exercise in defining the required content/academic/learning and teaching value of a merger between the institutions.

Whilst the overall process towards merger has taken longer than anticipated (or was intended), there are a range of synergies

identified and consolidated already in academic terms and in relation to shared services which will contribute to a final decision on merger, in discussion with the HEA and the Department of Education and Skills, in the autumn of 2015.

It is in this context and in the clustering process with other institutions, that the issues of capacity and scale of NCAD will be addressed strategically. This will, in effect, deal with issues now identified as difficulties, which are the product of the scale and capacity of NCAD - in areas, I would stress, other than student learning, where NCAD remains the College of first choice for students.

Professor Declan McGonagle

Director, NCAD

13th January, 2015