

CORK INSTITUTE OF TECHNOLOGY

Opening Statement 10/12/2015

Chairman and members of the Committee, I wish to thank you for the invitation to attend your meeting today re the Financial Statements of Cork Institute of Technology (CIT) for 2014.

CIT is one of the largest, progressive and most successful Institutes of Technology (IoT) in the country with some 11,000 Higher Education (HE) students and some 3,000 craft and junior music students and a staff of 1,400. It operates on four major sites in Cork city and county.

CIT is IoT of the Year for 2016 (for the third time in the last 10 years) and, in partnership with IT Tralee, has successfully completed three of the four stages of Technological University designation.

The quality of CIT's education programmes and research are overseen by QQI (Quality & Qualifications Ireland). Its governance is provided by its Governing Body and through its three committees –Audit, Finance and Strategic Development. It operates under the Institutes of Technology Acts 1992 to 2006. The HEA has a regulatory oversight of CIT.

HE in Ireland has been operating in a very challenging financial environment since 2008 with significantly increased HE student numbers, reduced staff numbers and reduced State funding. CIT, even though continuing to be successful in this period, is not immune to these financial challenges as may be seen in our 2014 financial statements. We anticipate no immediate improvement in our financial situation in 2015 with a continuing reduction in State funding, increasing pay costs and a continuing need to dip into our relatively small reserves for essential maintenance and health & safety works.

Turning to the results of the C & AG audit in 2014 which of course complement the results of our own Internal Audit reports: Any issues raised in these audit reports are given careful consideration both by the Governing Body, its Audit Committee and the Executive. They are followed up, corrected, controls strengthened, and they are monitored by the Audit Committee. Yes, as in any institution, mistakes are made but they are corrected; we have a culture of improvement.

It is against this background of a progressive and well governed HE Institution, that one should set the anonymous letter allegations received by CIT from the C & AG in mid May 2014 and again on Christmas Eve 2014.

In relation to the first anonymous letter, there were a total of 175 allegations made. Many of these were grossly defamatory on the face of them. The anonymous letter was referred by the Chairman of Governing Body to the Audit Committee, who were authorised by Governing Body to obtain independent legal advice. Based on this advice, the Audit Committee again with the agreement of Governing Body and via the independent legal advisors Arthur Cox, tendered for and engaged KPMG to carry out an independent review of the allegations.

In relation to the second anonymous letter, another 21 allegations were made. Again, many of these appeared to be grossly defamatory and all were considered by the Audit committee of CIT. The Audit Committee engaged KPMG to carry out a further independent review.

In summary, the outcome of the KPMG independent reviews was, of a total of 196 allegations, 35 deemed to have insufficient evidence to allow further review, 102 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.

The Governing Body received updates from the Audit Committee during the process. A final report issued from the Audit Committee and was considered by Governing Body at its meeting on 26 March 2015. It concluded that after two intensive external investigations that all individuals/agencies identified within the letters had carried out their professional duties highly diligently and with total integrity. Governing Body concluded that no further response or action was required from the Institute's executive.

A full copy of the Audit Committee's final report to Governing Body and the KPMG reports have been provided to the HEA, Department of Education & Skills and the Comptroller & Auditor General. The Chair of Governing Body also provided the HEA with a full written account of the process undertaken to address the matter.

CIT notes the concerns expressed by the Chairman of the Committee in relation to the redacted KPMG reports. CIT wishes to state that no slight to the Committee was intended at any stage. CIT respectfully notes that the Committee had not made a direct request of CIT for the KPMG reports. CIT has a duty of care to protect the reputation of the Institute, its employees and other organisations identified in the anonymous letters and received legal advice as to its obligations. Given the concerns over the high level of personal information and entirely unfounded nature of the allegations contained in these reports, CIT decided that all references to individuals, titles or organisations be redacted. Any other detail of a confidential or sensitive nature that may have led to damage to individuals or organisations or served to identify same were also redacted. The purpose of the provision of the redacted version of the reports was to provide documentary evidence that a full, comprehensive and independent investigation had been undertaken while also protecting the identities and reputations of those falsely accused.

The direct cost of legal advice and investigation has amounted to some €65,000 with a significant internal cost.

In recent days the Committee has requested other documentation re KPMG reports, as well as the cost of the Due Diligence exercise carried out for our MTU Stage 2 application; these have been supplied. The Committee has also requested the minutes of the Audit Committee of the Governing Body since 2010 and the minutes of the CIT Safety Committee since 2010; these have also been supplied. As requested we have also supplied a note re CIT cleaning staff and their sick pay.

We remain at the disposal of the Committee to answer any questions they may have on these and other matters.

DR BRENDAN J. MURPHY
PRESIDENT
CORK INSTITUTE OF TECHNOLOGY

09/12/2015