

**Committee of Public Accounts**

**Opening Statement by Seán Ó Foghlú, Secretary General, Department of  
Education & Skills:**

**HEA Financial Statements 2017 – matters in respect of governance  
arrangements in the Department of Education & Skills and the Higher  
Education Authority for the third level sector**

**18<sup>th</sup> October 2018**

Good afternoon Chairman, Members of the Committee.

Thank you for the invitation to appear before you to discuss the 2017 Financial Statements of the Higher Education Authority and matters in respect of governance arrangements in the Department of Education and Skills and the Higher Education Authority for the third level sector.

To assist me in today's discussion, I am joined by my colleagues Mr William Beausang, Assistant Secretary General with responsibility for Higher and Further Education and Training Policy and Mr Tony Gaynor, Principal Officer in the Department's Higher Education Division.

**HEA Financial Statements 2017**

The HEA's 2017 Financial Statements were certified by the Office of the Comptroller & Auditor General on the 29<sup>th</sup> June 2018 with a clear audit opinion. The HEA is the statutory funding body for the higher education sector

and one of its core functions is the allocation of monies provided by the Oireachtas for universities, institutes of technology and other designated institutions. In 2017, the HEA allocated over €1 billion of Exchequer funding to the higher education sector in the form of recurrent grants, access grants, capital grants and research grants.

The importance of good governance is a theme which can be clearly identified within the HEA's financial statements. In addition to the high standards of corporate governance within the Authority as evidenced in the Financial Statements, the HEA has also introduced a number of measures in recent years to further enhance their role in relation to the governance and accountability of the higher education institutions under their remit.

Measures that have been taken include the following:

- The introduction of a new Governance Framework for the Higher Education System in 2015, the purpose of which is to provide assurance of compliance with legislative and other requirements and more timely and responsive interventions to address any issues arising. The new governance framework also makes clear the central oversight role of the HEA in monitoring governance practice across the system.
- Reduced timelines for the submission of draft accounts for certification by the C&AG and for the submission of annual governance statements to the HEA. The HEA also meets quarterly with the C&AG to discuss the status of C&AG audits of financial statements of HEIs and the identification of any issues or difficulties arising

- In 2016 the HEA commenced the introduction of a programme of rolling reviews on governance matters. The first rolling review focused on procurement, followed by a review of intellectual property in HEIs. A further rolling review has commenced in 2018 focusing on staff remuneration and benefits in HEIs.
- The Review of the Allocation Model for Funding Higher Education Institutions, undertaken by the HEA, was published in January 2018. The review proposes a reformed funding model that will provide greater transparency in how State investment in higher education is being allocated. It will also provide for stronger and clearer links between national strategic priorities and the types of programmes being delivered in higher education institutions.

In addition, the HEA ensures that Codes of Practice are in place in respect of the Institutes of Technology and the Universities. The updated Code of Practice for the Institutes of Technology was published by THEA in January 2018 and it is anticipated that the Universities Code of Practice will be completed shortly.

The Department works closely with the HEA to strengthen governance arrangements and ensure a robust system of accountability in the sector.

The HEA, as an aegis body of the Department, is itself required to comply with the 2016 Code of Practice for the Governance of State Bodies. The annual allocation letters from the Department to the HEA highlight the Code's

requirements, and compliance with the Code is one of the terms and condition under which the Department funds the HEA.

In accordance with the provisions of the 2016 Code of Practice for the Governance of State Bodies, the Department has a Performance Delivery Agreement with the HEA. The PDA sets out the purpose and scope of the agreement and defines the roles for both organisations. The core activities and key services which are to be provided by the HEA are agreed and set out, together with how each service commitment is to be measured.

The current PDA covers the period 1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2018. The 2018 PDA supports specific high level goals and objectives of the DES and HEA and sets targets in line with the HEA statement of strategy and workplan for 2018. It also defines the output and outcome indicators on which the performance of the HEA will be measured. A number of review meetings are set out within the Agreement in order to allow the Department to formally review the HEA's progress in respect of the agreed key deliverables.

In addition to these meetings, the Department and the HEA currently meet more regularly than provided for in the Performance Delivery Agreement. There are regular meetings on specific issues, and on general themes such as funding or governance across the sector. As well as ensuring open channels of communication are maintained, these regular dialogues between the Department and the HEA facilitate a collaborative approach to managing issues presenting across the sector.

Another important element of the relationship between the HEA and the Department is the Annual System Performance Report, which sets out progress across the higher education sector against the agreed national policy objectives that have been identified by the Minister. In addition, the Financial Accountability Framework is an agreement to provide for proper and effective use of public funding, effective control audit and accountability measures and cost effective and efficient delivery of services. A Corporate Governance Risk Register and an 'Early Warning' reporting system are also in place to enable the HEA to identify to the Department any potential risks and allow for early intervention in order to address them.

The Department has worked very closely and very effectively with Dr. Love during his time as CEO of the HEA on a range of issues that include very significant reforms to the funding model for higher education, the institutional landscape, and the governance framework between the HEA and the Department, and between the HEA and higher education institutions. I would like to publicly acknowledge the contribution that Dr. Love, and his colleagues in the HEA, have made over the past 18 months in delivering on these important reforms. I would also like to wish him every success for the future.

### **Other Issues in the Higher Education Sector**

I am conscious that the Department has been in correspondence with the Committee on a number of issues particular to higher education in recent times. I want to assure the Committee that the issues that have been raised in

the sector are taken very seriously by the Department. We are working with the institutions, through the HEA, to seek to have the issues dealt with appropriately and as efficiently as possible. I am happy to provide an update to the Committee on any of the issues that have been raised.

I would like to highlight one issue in particular before concluding. I understand that the Committee have enquired as to the current position on the independent review of the spin-out and sale of companies from Telecommunications Software & Systems Group (TSSG) at Waterford Institute of Technology. As the Committee members are aware, I am precluded from involvement in this matter and I will defer to my Department colleagues present here today to answer any questions you may have in this regard.

I am happy to answer any other questions from the Committee.

Thank you.