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Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

Ref: S000489 PAC33

25 February 2022

By email only to pac@oireachtas.ie

Dear Mr Keenan

Further to your letter of 16th July 2021 and with reference the HEA's response of 29th July 2021 (section 2), please find attached a copy the report of the audit that was carried out by Mazars on the HEA's additional funding of third-level institutions during the COVID-19 pandemic.

The report of the audit was presented to the HEA's Finance and Governance committee on 21st September 2021 and was approved by the HEA Board on 19th October 2021. The final report of the audit has been provided by the HEA to the Department of Further and Higher Education, Research Innovation and Science.

Yours sincerely,



Orla Nugent
Deputy CEO



Higher Education Authority (“HEA”) Audit of HEI 2020 COVID-19 Expenditure Claims – Summary Report

Final Report
October 2021

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1. Executive Summary

In February 2021 Mazars was engaged by the Higher Education Authority (HEA) to carry out audits of 2020 COVID-19 expenditure claims submitted by each of the 22 HEA funded Higher Education Institutions (HEIs).

1.1 Background

The COVID-19 pandemic has had, and continues to have, a significant impact on the higher education sector with the forced closure of campuses, the move to online delivery and assessment of programmes and remote working for staff. It resulted in detrimental financial implications for the HEIs due to loss of revenues from international students, student accommodation and commercial activities together with the additional costs of transitioning to online delivery and putting in place the necessary public health measures as well as supporting the frontline response to the pandemic.

Following significant engagement between the HEA, the HEIs and the Department, the Minister for Further and Higher Education, Research, Innovation and Science, secured a comprehensive package of financial support in the amount of €168m for the Higher Education and Further Education and Training sector to mitigate against the direct financial impact of COVID-19. This package included c.€82m to alleviate the costs incurred by HEA funded institutions to facilitate the sector transitioning to online delivery and assessment of programmes, preparing for a safe return to on campus education in line with public health and safety guidelines and providing support to the frontline pandemic response.

The HEIs responded quickly and comprehensively to the pandemic in the face of unprecedented crisis and challenge, implementing a number of swift and positive actions in order to ensure the continuity of the provision of education. It was not known at the outset what, if any, funding would be provided to support the institutions, therefore HEIs did not have detailed reporting mechanisms in place to capture the associated information when funding terms and conditions were provided to them.

Given the emergency nature of the funding and the required on-going clarifications regarding terms and conditions associated with the funding, Mazars considers that the HEA executive and HEIs responded in as comprehensive a way as possible under the circumstances. It is apparent that the process involved enormity of effort from the HEA executive and HEIs, and it is arguably hard to view how the process could have been managed any differently, taking all of the conditions at the time into consideration.

1.2 HEA Safeguards

The HEA managed the allocation of this funding to HEIs based on claims submitted. Given the nature of the pandemic and the significant financial impact of COVID-19 on institutions this was executed swiftly. The HEA implemented a range of safeguards to ensure that funding was provided for the purposes intended and that State funds were being deployed appropriately. These safeguards included:

- Active engagement and agreement with the Department of Further and Higher Education, Research, Innovation and Science (DFHERIS) throughout the process.
- Formulation of detailed terms and conditions for eligibility of the grant.
- Engagement with HEIs and the DFHERIS to provide further clarity as required.
- Assurances and certification of claims by the President and Chief Finance Officer of each HEI.
- Initial desk-based review by the HEA of claims undertaken.
- Restricted payment of total value of claims to 85%, withholding 15% until final review.
- Including clause in the terms and conditions of the grant to provide the ability to the HEA to recoup any overpayments.
- Engagement of Mazars to carry out an independent audit of claims from each HEI.

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1.3 Summary of Results

This section sets out the summary of results identified by Mazars as part of the audit testing of claims submitted by each HEI.

The table below provides an overview of the claims processed and associated adjustments in respect of 22 HEI's COVID-19 claims for expenditure incurred in 2020. Summary details by HEI are set out in Appendix 1

Overview of the claims process and associated adjustments		
Total claim value submitted Q1 2021		€71,992,871
Adjustments and ineligible values:		
HEI self-declared adjustments	(€1,354,183)	
HEA review adjustments and identified 2021 expenditure	(€154,720)	
Mazars identified 2021 expenditure	(€3,579,908)	
Mazars identified ineligible expenditure	(€2,846,932)	
Total adjustments and ineligible value		(€7,935,743)
Final eligible claim value for 2020 funding		€64,057,128
<i>Mazars Audit Sample Size: €43,618,320</i>		
<i>Mazars Audit Sample Size: 61%</i>		

1.4 Key Observations

Our key observations identified from the review of the 22 HEI claims are as follows:

- HEIs were requested to submit claims for expenditure which were incurred for the purposes intended during 2020. As part of the audit testing Mazars identified, on a sample basis, a number of items which related to costs incurred in 2021 as opposed to 2020. We have set out the total amount of 2021 expenditure identified from our sample testing in the tables above. These may be considered for 2021 funding if a similar funding scheme is announced. It was noted during the audit that a number of HEIs ran into delays with procurement and as a result this expenditure rolled over to 2021.
- As part of the audit testing Mazars identified, on a sample basis, a number of items which were deemed ineligible based on the terms and conditions of funding. For each individual HEI audit, Mazars provided a listing of the ineligible items identified to the HEI for review and comment. There were various reasons for ineligible items identified some of which are summarised as follows:
 - Not deemed eligible expenditure in line with Terms and Conditions for funding.
 - Outside of eligibility period
 - Expenditure not yet incurred / estimate costs
 - Variance in claim amount vs invoice/supporting documentation
 - Lack of supporting documentation/invoices/receipts
 - Duplicate claim item / included in error

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- Whilst we were overall satisfied with review process undertaken and the controls generally in place in the HEI's to ensure the claims presented were valid for funding in line with the Terms and Conditions, some issues were identified as described above which arose due interpretation of the Terms and Conditions (e.g. expenditure incurred in 2020 vs 2021).
- It was noted during the audit that the claims data had to be manually collated by HEIs as COVID related expenditure was not recorded separately on financial systems. The difficulty in collecting this data varied from HEI to HEI depending on the complexity and scale of their COVID support and activity.
- A large element of expenditure is ICT and equipment related (Laptops and accessories etc). It was not possible to identify the recurring element of ICT and equipment expenditure vs additional costs incurred as a result of the Covid pandemic, however it is confirmed that the expenditure was incurred during the pandemic timeframe and based on valid purchasing procedures. Each HEI has confirmed as part of the claim submission that the expenditure is additional expenditure incurred in 2020 in accordance with the associated terms and conditions of the funding.



1.5 Acknowledgements and Limitations

We would like to thank all those members of management and staff at each of the 22 HEIs and the HEA who assisted us during the course of our audit. Our audit was focused on specific areas (as detailed in Section 2).

Our work, unless otherwise indicated, consisted principally of the review and analysis of information provided to us and discussions with staff and management of each of the 22 HEIs. We have relied on explanations given to us without having sought to validate these with independent sources. We have, however, satisfied ourselves that explanations received are consistent with other information furnished to us. The work conducted by Mazars was limited in scope and nature and was based solely on the activities set out within our review objective and scope.

Mazars assumes no responsibility in respect of or arising out of or in connection with the contents of this report to parties other than to the HEA. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

The contents of this report should be considered in the context of the following:

- The findings identified have been based on the information provided by each of the 22 HEIs.
- Testing was conducted in line with the procedures agreed with the HEA in the terms of reference.
- Limited substantive testing of the controls which were in place has been conducted where possible.
- The findings and associated risks identified are not exhaustive and no assurance is provided that additional risks do not exist.

2. Terms of Reference

2.1 Review Objective

The Minister for Further and Higher Education, Research, Innovation and Science, secured a comprehensive package of financial support in the amount of €168m for the Higher Education and Further Education and Training sector to mitigate against the direct financial impact of COVID-19. This package included c.€82m to mitigate the costs incurred by Higher Education Institutions (HEIs) relating to provision of frontline support, transition to online and to support back to education requirements based on health and safety guidelines. This funding is being provided by the HEA to designated institutions based on final claims submitted by HEIs.

The purpose of this audit is to review the final COVID-19 claims for expenditure incurred in 2020 across 22 HEIs.

2.2 2020 Covid Claims Process

In October 2020 HEIs submitted claims based on actual COVID-19 expenditure incurred to 30 September plus estimated additional expenditure to end December 2020. On account grant payments were made to HEIs in December.

In February 2021, the final 2020 claim forms were issued to the HEIs and these were due to be returned to the HEA on 25th February 2021. The final claim forms included the following declaration to be signed by the President and the Chief Financial Officer:

"I confirm on behalf of the Institution that this additional expenditure has been incurred in 2020 for the purposes set out above and in accordance with the associated terms and conditions".

The associated terms and conditions are set out in appendix 2.

Final payments to institutions will be based on final claims, subject to overall amount of funding available, less on account payments made in December.

2.3 Audit Scope

The HEA requested independent assurance in relation to the amounts of expenditure for which payment is claimed for COVID-19 support funding in 2020 for 22 HEIs.

The HEA requested Mazars to undertake the following:

- Review the processes and controls in place in the Institutions to ensure the claims presented are valid.
- Agree expenditure to books of account.
- Check arithmetical accuracy.
- Trace a sample of costs to source third party invoices and to bank records.
- Determine an appropriate sample size in accordance with our professional judgment, taking into account the nature of the expenditure concerned and the quality of the Institution's procedures and controls. Sample sizes should be selected with the objective of reducing risk to an acceptably low level as a basis for our opinion.
- Assess whether source documents indicate that expenditure falls within approved categories as set out in the claim forms.
- For staff costs, assess whether information concerning employee's role appears consistent with expenditure eligible for grant.
- Obtain such explanations and information from the Institution as considered necessary to assess whether expenditure incurred meets the grant conditions.

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- Report any instances where we are unable to agree expenditure to relevant documentation or establish that it has not been incurred or where the expenditure is not in accordance with the Institution's books and records.
- Provide a conclusion on whether the claim submitted is consistent with the records we inspected and has been prepared, in all material respects, in accordance with the associated terms and conditions.

These items are to be included in our testing approach, and will be reported on an exception basis only.

2.4 Audit Approach

The audit approach was covered at a high-level through the following:

- The HEA initially selected 7 HEI's subject to audit, and based on a range of items identified in the initial sample of the claims submitted, the audit was then extended to all 22 HEIs.
- Mazars held meetings and discussions with key personnel within the HEA in relation to the audit scope and the terms and conditions of funding.
- Mazars reviewed the claims submitted by the HEIs, selected samples and issued the documentation requirements to each HEI.
- Substantive testing was completed, on a sample basis, to confirm whether the claim submitted is consistent with the records inspected and has been prepared, in all material respects, in accordance with the associated terms and conditions.
- Mazars carried out the testing and completed reports on the basis of this fieldwork.

2.5 Reporting

Our review was limited in nature and was conducted on the basis of document review and limited substantive testing (where possible), and may not necessarily disclose all significant matters relating to the audits under review.

This report will be presented to the HEA and the HEA acknowledges that its reports may be shared with the Department of Further and Higher Education, Research, Innovation and Science, the HEI subject to audit and the HEA external auditors as an interested party. To the fullest extent permitted by law, we do not accept or assume responsibility to any third parties, for our review work, our reports or for the opinions we formed.

Appendix 1 – Summary table of results per HEI

HEI	HEI final approved claim value submitted	HEI self-declared adjustments	HEA review adjustments and 2021 expenditure	Mazars identified 2021 expenditure	Mazars identified ineligible expenditure	Final eligible claim value for 2020 funding
UCC	€10,039,999	€0	-€46,581	-€1,978,314	-€150,995	€7,864,109
TCD	€11,527,276	-€1,225,353	-€26,001	-€827,311	-€970,738	€8,477,873
TUD	€5,838,654	€0	-€12,850	-€7,220	-€235,476	€5,583,108
WIT	€2,290,973	€0	€0	€0	-€2,815	€2,288,158
MIC	€1,210,269	€0	€0	-€1,082	-€1,136	€1,208,051
GMIT	€2,509,648	€0	€0	€0	€0	€2,509,648
CIT	€2,470,552	€0	-€147	€0	-€5,134	€2,465,271
UCD	€7,810,301	-€186,729	-€93,896	-€117,620	-€295,435	€7,116,621
NUIG	€2,937,274	€0	€39,388	€0	-€12,189	€2,964,473
MU	€2,885,802	€0	-€2,399	-€70,413	-€5,000	€2,807,991
UL	€4,660,674	€0	€0	-€145,211	-€127,696	€4,387,768
DCU	€3,356,616	€0	-€29,779	-€149,402	-€63,703	€3,113,732
NCAD	€1,382,842	€0	€0	-€86,617	-€410,420	€885,806
StAC	€183,661	€0	€0	€0	-€223	€183,438
AIT	€1,645,806	€0	-€4,069	-€7,578	-€265	€1,633,893
ITC	€959,934	-€10,622	€0	€0	-€94,168	€855,143
DKIT	€1,798,662	€0	€43,479	-€65,282	-€18,341	€1,758,518
IADT	€1,775,611	€0	€0	-€11,955	-€44,799	€1,718,857
LIT	€2,132,479	€0	-€3,880	€0	-€82,395	€2,046,204
LYIT	€1,300,686	€0	-€7,540	€0	-€111,564	€1,181,582
ITS	€2,142,987	€68,521	-€10,445	-€4,625	-€160,865	€2,035,572
ITTra	€1,132,165	€0	€0	-€107,279	-€53,576	€971,310
Totals	€71,992,871	-€ 1,354,183	-€ 154,720	-€ 3,579,908	-€ 2,846,932	€ 64,057,128



Appendix 2 - Terms and Conditions

General Terms and Conditions

- Expenditure is incurred for the purposes intended during 2020.
- Compliance with EU and National procurement guidelines.
- Value for money is obtained.
- Any overclaims will be clawed back against future HEA grant payments.
- This expenditure has not been submitted as part of a claim to another body e.g., HSE
- Compliance with applicable government circulars, in particular Circular 02/2016 Arrangements for Digital, and ICT-related Expenditure in the Civil and Public Service (as applicable) and Circular 13/2014 Management of and Accountability for Grants from Exchequer Funds.
- Maintenance of a separate accounting record of all expenditure incurred under this scheme.
- Expenditure incurred should be vouched and supporting documentation retained for a minimum of seven years.
- Expenditure under the scheme is open to audit or review by the Higher Education Authority, the Comptroller and Auditor General or their agents.
- The HEA reserves the right to exclude/disallow certain expenditure as it considers appropriate.
- COVID-19 cost claims relate to costs arising as a consequence of COVID-19 and are not costs that would have been incurred in the normal course of a HEI activity or where alternative formats were adopted, for example costs related to virtual / online events such as open days replacing physical events.
- Costs associated with student accommodation, international students and associated costs, commercial activity costs / income losses (excluding those related to Frontline costs), COVID-19 research related activities and construction costs are outside the remit of this claim.
- Costs provided for under separate funding streams should not be included, examples include research extensions and grants such as a student grants and hardship funds.

Staffing/Pay Costs Terms and Conditions

- Staff costs for staff members directly diverted to frontline COVID-19 support are allowable.
- Institutions are required to confirm that any other staff costs included in COVID-19 claims are additional costs arising as a consequence of COVID-19.
- Where no additional staff costs arise for the institution, such as the internal reallocation of duties to existing staff, the corresponding staff costs are ineligible and should be excluded from the claim.

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