

6th May 2022

Mr Pat Fannin,
Committee of Public Accounts,
Leinster House,
Dublin 2.
pac@oireachtas.ie

Ref: S0747 PAC33

Dear Mr Fannin,

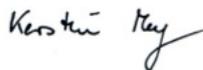
Thank you for your letter of 6th April 2022 requesting my attendance at the Committee of Public Accounts meeting on 12th May 2022.

Please find enclosed as requested:

- A copy of University of Limerick Briefing Document
- Updates regarding previous Committee recommendations
- Attendees contact details

| Attendee | Mobile Number | Email address |
|------------------|---------------|---------------|
| Prof Kerstin Mey | [REDACTED] | [REDACTED] |
| Ms Mary Harney | [REDACTED] | [REDACTED] |
| Mr Gary Butler | [REDACTED] | [REDACTED] |

Yours Sincerely,



Professor Kerstin Mey
President

Enclosed
University of Limerick Briefing Document
Updates regarding previous Committee recommendations



Briefing paper for the Public Accounts Committee

1.0 Introduction

The University of Limerick welcomes the opportunity to address the Public Accounts Committee on the 12th of May 2022 regarding the Committee's examination of the University's Financial Statements for Financial Year 2019-20.

The current Governing Authority and President have led a number of significant enhancements in relation to Governance including the following:

- **Governing Authority Role & Responsibilities**
- **UL Code of Governance**
- **Schedule of Matters Reserved to Governing Authority**
- **Internal Control & Risk Management**
- **Statutes and policies**
- **Strategic Plan**
- **Performance Compact**
- **Strengthened Executive**

Further information relating to these enhancements is set out in Appendix A & B. There are quarterly meetings with the HEA to discuss the overall governance of the University. The HEA have indicated that they are satisfied with the process and progress reported in the quarterly updates.

The President and Governing Authority are fully committed to operating the University in an open and transparent manner which means that we will deal with any issues or concerns promptly and in accordance with best practice procedures.

The President and Governing Authority are committed to instilling an improved culture that promotes engagement and consultation.

The intention of this briefing paper is to deal with matters highlighted in the invitation to attend the PAC namely:

- Financial Statements for 2019-20
- Update on status of KPMG report

At the outset, it is appropriate to provide a very brief overview of the University of Limerick for Committee Members as follows:

- The University of Limerick (UL), is located on the west coast of Ireland along the picturesque River Shannon and enjoys an unspoiled natural environment blended with state-of-the-art teaching and research facilities.
- UL was awarded prestigious and global 5-star rankings for graduate employability, innovation and knowledge transfer, teaching, engagement, internationalisation and infrastructure by QS Stars independent assessors in 2021.
- With over 17,500 students, including more than 2,000 international students each year and 1,800 staff, UL is a young and enterprising university with a proud record of innovation in education and research. A survey of Irish students recently voted UL Ireland's most popular university with a satisfaction rating of 85%.
- UL offers more than 70 undergraduate programmes across Arts, Humanities and Social Sciences; Education and Health Sciences, Science and Engineering and the Kemmy Business School. UL also delivers a strong postgraduate offering with more than 100 taught postgraduate programmes to Doctoral and Post-doctoral level.
- UL pioneered the concept of Cooperative Education in Ireland, placing nearly all UG students, i.e. more than 2,100 students p.a. in paid and semi-paid work placements annually - 30% of these as international placements. These valuable work experiences make UL graduates highly employable, which is why the UL graduate employment rate is 15% higher than the national average.
- With strong links to business and industry, UL excels at translational research – underpinned by fundamental research – which aims to accelerate the practical application of academic research to benefit society and the knowledge economy. UL houses some of the most innovative and successful research centres in Ireland including the 3 Science Foundation Ireland (SFI) funded Centres: LERO, Confirm and SSPC; 2 EI funded Centres: DPTC and PMTC and an SFI funded Doctoral Training Centre in Data Science. The Nexus Innovation Centre is a growing community of international researchers and entrepreneurs which supports new businesses and the creation of jobs.
- Known as 'Ireland's Sporting Campus', UL boasts Ireland's first Olympic-sized swimming pool. The 3G pitches are the largest artificial grass development in Europe and the Sports Arena attracts more than 600,000 visitors each year.

2.0 Financial Statements 2019-20

The Committee is examining the Financial Statements for 2019-20.

The year 2019-20 was marked by very significant uncertainty due to Covid-19. The Governing Authority and staff of the University collectively managed the crisis response very positively in order to ensure the continued delivery of the UL mission and that the University remained financial sustainable. The results for the period show that the University had a surplus of €3.9m, which will be invested in further enhancing the student experience.

In order to assist the Committee with their examination, I wish to outline the following points in relation to that year.

2.1 Financial performance

The consolidated and University's statement of comprehensive income and net profit for the year to 30 September 2020 are shown on page 38 of the financial statements.

Total consolidated income increased by €8.914m / +3.19% (2019: €2.809m / +1.02%) and total expenditure increased by €3.351m / +1.19% (2019: €7.717m / +2.82%). The surplus (2019: loss) before other gains and losses on investments was €3.107m (2019: €2.456m loss). There was a net gain on investments of €0m (2019: €0.093m), net gain on investment property of €0.810m (2019: €0.228m) and a taxation charge of €0.003m resulting in an overall surplus of €3.914m (2019: €2.138m loss).

This surplus (2019: loss) is made up of a University surplus €4.746m (2019: €4.019m loss), which is inclusive of €0.0m (2019: €2.845m) donations from the subsidiaries, and a loss generated by subsidiary undertakings of €0.835m (2019: €1.572m surplus). The loss in the subsidiary undertakings is COVID related and is funded from past revenue reserves.

At the end of September 2020, the University had consolidated revenue reserves of €255.8m.

2.2 Financially Significant Developments

The financially significant developments for the period are set out in the Annual Governance Statement on page 10 of the Financial Statements. It should be noted that FY2019-20 was a year of two halves, the pre-pandemic period up to 12th March 2020 (just under 6 months) and post the COVID 19 first shut down period.

The significant financial developments include the following:

- The impact of Covid 19 is the most financially significant development affecting the University during financial year 2019-20. The financial impact on the University can be summarised under the following headings:

- Fee income – the timing of the shutdown in 2020 due to Covid meant that the majority of fee income had been billed for the financial year 2019/20. The only significant development on fee income was an increase in the level of fee remaining uncollected at the year end.
- State grant income – the core grant for 2020 was not affected by Covid. Additional state grants were received for Covid related costs incurred and for additional research related costs arising as a result of Covid.
- Residences, Sports and Concert Hall income – this income source was significantly impacted by Covid with an overall drop in income of €7.5m compared to the prior year. The drop in income arose as a result of rent refunds for residences, the cancellation of summer events on campus and due to the closure of Sports and Concert Hall facilities. The closure of the Sports facilities enabled the establishment of a temporary Intermediate Care Facility in the Sports Arena in partnership with the HSE.
- Operating costs – the closure of the campus led to a significant reduction in operating costs.
- The University achieved a surplus for the Financial Year 2019-20. This was an improvement on budget due to savings in operating costs and growth of fee income of €10m compared to the prior year.
- In February 2020, the Governing Authority Finance, HR & Asset Management Committee (FHRAMC) reviewed the Framework for Physical Development and the Physical Development Plan. The consideration of these plans by Governing Authority was scheduled for March 2020. This was deferred because of the uncertainty caused by Covid and Covid restrictions impacting on meetings of Governing Authority. The plans are being currently revised to reflect changes arising from the impact of Covid, the completed calibration of the Strategic Plan UL@50, and the recently approved Sustainability Framework to 2030 and to give consideration to the current developments in the construction sector.
- In September 2020 the FHRAMC authorised the revision of financial covenants with the European Investment Bank.
- In September 2020 the FHRAMC noted that the contractor for the construction of the Student Centre was in breach of their obligations for the project and that a proposal to terminate to the contract had been referred to conciliation. The contract has since been terminated and a Request to Tender for the completion of the project has been concluded. The University will very shortly be awarding a contract for the completion.

2.3 Covid-19

The Coronavirus disease (COVID-19) pandemic emerged in 2019-20, which is the financial period being examined by the Committee. Following governmental announcement on the closure of schools and higher

education institutions in Ireland, University of Limerick closed its campus from end of business on 12th March 2020 to all staff and students.

The crisis is unprecedented both in Ireland and at a global level. The income associated with the provision of accommodation, the sports facilities and the concert hall were the main areas impacted. Travel restrictions had both a positive and negative impact with a significant saving in travel spend offsetting a reduced income from the recruitment of non-EU students. There were financial savings from the closure of the campus.

The number of EU Undergraduate students recruited through the CAO process increased and the Government committed to funding these additional places.

The University and its subsidiaries will continue to closely monitor the financial impacts of Covid. At this time, it appears that the worst is over and the overall financial health of the University has not been adversely impacted by the events of the last two years.

2.4 Comptroller & Auditor General Audit Opinion and Report

The Comptroller has issued an unqualified audit opinion on the Financial Statements for 2019-20. The University welcomes this.

In the report of the Comptroller on information other than in the financial statements, attention is drawn to procurement non-compliance as disclosed in the Annual Governance Statement, purchase of site for city campus, override of controls and President's remuneration.

Procurement non-compliance

A breakdown of the non-compliant procurement totalling €407,583 is attached as Appendix C.

The University undertook a full review of its procurement compliance on all VAT exclusive supplier spend above €25,000 during the year. The University is working closely with the Office of Government Procurement (OGP) to address the identified areas of non-compliance. It is acknowledged that as the portfolio of OGP frameworks expand and are renewed, taking increased account of sector requirements, greater compliance will be achieved. However, the matching of contract expiry with the OGP framework availability will continue to present challenges for the foreseeable future.

Annually, the University submits its Corporate Procurement Plan, including 3-year multi annual planning, to the Education Procurement Service, the education procurement hub of the OGP.

The University is continuing to invest in improvements to the processing of expenditure to further enhance compliance with procurement requirements. Projects delivered to date include:

- To improve the data available for deciding where procurement resources are allocated new supplier data base fields to enable contract management and category spend analysis reporting were implemented.
- To avoid non-compliance as a result of aggregation of spend exceeding the €25k threshold, the University implemented tracker alerts for current year spending when it reached €20k (including open orders).
- To address having expenditure after the contract end date that would be non-compliant, the University implemented tracker alerts to end users to flag approaching contract end dates.

Planned improvements include:

- Automating the production of three years historical spend by categories and contracts for the annual corporate procurement planning process.
- Implement E-procurement whereby purchasing system interfaces seamlessly with contracted supplier catalogues for approved products at the contracted prices/discounts. This application is for high volume low value products with considerable compliance and operational efficiency for end user purchasers.

The following table sets out the amount of non-compliance disclosed for the past three years and expresses the amount as a % of total expenditure. There is a very welcome trend of improvement in the level of compliance. The non-complaint expenditure as a % of total expenditure in UL is 0.6%. This compares favourably to the non-compliance for the sector of 1.8% indicating that UL is one of the leading institutions in the sector in relation to procurement compliance.

Table 1 – Details of procurement non-compliant expenditure 2017 - 2020

| | FY2017-18 | FY2018-19 | FY2019-20 |
|--|------------------|------------------|------------------|
| Non-compliant procurement (€'000) | 771 | 651 | 408 |
| Non-compliant expenditure as a % of total expenditure | 1.0% | 0.9% | 0.6% |
| Total operating expenditure including equipment additions (€'000) | 78,524 | 68,748 | 63,297 |

Purchase of site for city campus

The University purchased a site and building in April 2019 for €8 million for the purpose of developing a campus in Limerick city centre. In March 2020, the Governing Authority of the University raised a number of concerns in relation to the purchase. The Governing Authority engaged KPMG as consultants to conduct a review of the purchase, which commenced in March 2021. The terms of reference of the review focused on

the governance of the acquisition process including examining the due diligence procedures prior to the purchase, any structural or engineering reports obtained and the accuracy of the information provided to the Governing Authority prior to its approval of the purchase.

KPMG completed its investigation into the acquisition of the former Dunnes Stores site and building by University of Limerick and furnished its report to UL on 21 December 2021. The former Chief Operating Officer of the University of Limerick issued High Court proceedings against the University in which he seeks certain reliefs regarding the investigation and the dissemination of the KPMG report. The proceedings were issued on 23 March 2022 and were served on the University's solicitors, Arthur Cox on the same date.

Having regard to legal advice received, the University cannot publish or disseminate the report at this time. The report will be provided to the Committee if the University is in a position to publish it.

Override of controls

In September and October 2017, an employee made three submissions to the then Chancellor containing a number of allegations of wrongdoing related to a member of senior management of the University. The processing of the protected disclosure was paused at the request of the individual who made the disclosure (as disclosed in the 2018 AGS). The Protected Disclosure Group established to consider the submissions determined that the information contained in one of the submissions should be treated as a protected disclosure and considered it appropriate to appoint an external person to investigate the alleged wrongdoings raised. An external investigator was appointed in March 2019.

The University received a submission in March 2020 from an employee alleging unfair treatment by the University as well as alleging inappropriate implementation of recruitment procedures and -mismanagement of the University, which was similar to the 2017 disclosure. The Protected Disclosures Group considered that two of the matters raised should be referred to the external investigator. The report of the investigation was finalised in November 2020. The investigator was unable to make findings in relation to three of the seven allegations investigated based on the information and evidence available. For the remaining four allegations (in the areas of recruitment and procurement), the investigator found evidence that the member of senior management had breached the University's policies and procedures. In relation to one allegation, the investigation found that the actions of the member of senior management were inappropriate and unprofessional. The senior manager has left the University. The investigation report made a number of recommendations in relation to appointment and interview procedures; procurement procedures; and encouragement and support of staff to raise concerns. The University accepted the six recommendations in the report. Three of the recommendations have been implemented. The three remaining recommendations have been significantly progressed and implementation will be completed by December 2022.

President's remuneration

The former President advised the University in May 2020 that he had decided to resign as President following which the University sought clarification from him regarding his end date. The former President, through his legal team, contended that he should be entitled to give a lengthy notice period. The contract of employment of the former President did not include a notice period.

The University sought legal advice and was advised that, as there was no notice period in the contract of employment, the law implies a term into every contract of employment that reasonable notice must be given. In light of this contractual entitlement, the legal advisers for the former President entered into negotiations with the University's legal advisers. A notice period of six months (to end of December 2020) was eventually agreed. This was paid by way of salary in respect of two months accrued holiday entitlements and an *in lieu* of notice payment of €65,355 in September 2020 for the remaining four months. Based on legal advice, the University was satisfied that the recognition and payment of notice did not constitute "severance terms" for the purpose of circular 09/2018. Therefore, the University concluded that prior approval of the Department of Public Expenditure and Reform was unnecessary.

Had the University treated the payment as a severance the tax treatment applied would be different. The University's tax advisers have notified the University that in the case of this being a severance the individual would have been entitled to a tax exemption resulting in a tax saving to the individual of €6,476. As this was not a severance it was taxed accordingly.

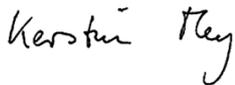
Total legal costs paid by the University amounted to €38,550 plus VAT (€45,625 total) of which €26,050 plus VAT (€30,250 total) related to costs incurred by the former President and €12,500 approx. plus vat (€15,375 total) incurred directly by the University.

5.0 Conclusion

University of Limerick plays a pivotal role in the Limerick and the wider mid-West regions where we are a key employer and contractor for major services. We are proud of the reputation we have developed in a relatively short space of time and we are committed to the further development of the University and to ensuring it continues to contribute socially, economically and culturally both regionally and nationally. We are also anxious to continue to contribute to Ireland's reputation internationally as a source of high-quality education, research and knowledge exchange.

The University endeavours at all times to operate in good faith. In doing so, we have adhered to our Statutes, policies and procedures that were and continue to be reviewed to ensure the implementation of best practice at all times. We are committed to an ethos of continuing improvement as evidenced, amongst others, in the outcomes of the QQI CINNTE Institutional Review 2020 of the university. We remain mindful of the need to continuously review our processes and procedures to ensure their adherence to best governance practice both nationally and internationally. As a key higher education stakeholder in Ireland and receiver of public funds we are always cognisant of the need to be accountable for our actions and to operate in a transparent and fair manner. We fully recognise that the expenditure of public funds must adhere to the highest standard of governance at all times. As always, we remain open to new learnings and taking on board perspectives as to how we can continue to ensure the confidence of all our stakeholders.

I was appointed President of the University in October 2021 having served as Interim President from September 2020. I look forward to meeting with the Committee and I will fully and openly account to the PAC on any matters of concern it may have in respect to the University of Limerick.



Prof Kerstin Mey
President
University of Limerick

Appendix A



GOVERNING AUTHORITY REVIEW AND SUMMARY OF WORK UNDERTAKEN TO SEPTEMBER 2021

Introduction

As per the provisions and statutes of the Irish Universities Act (1997), the [UL Governing Authority \(GA\)](#) bears ultimate responsibility for, and has ultimate authority over, all of the activities of the University.

The following is an account of the work undertaken by this Governing Authority since 1 December 2017. It is divided into discrete sections for ease of reference.

General Governance Matters

Governing Authority Committees: The Governing Authority has [a sub-committee structure](#) in place comprising (Terms of Reference for each committee linked below)

- [Audit & Risk Committee \(ARC\)](#);
- [Finance, HR & Asset Management Committee \(FRAMC\)](#);
- [Access, Equality and Student Affairs Committee \(AESAC\)](#);
- [Governance Committee](#);
- [Joint Governing Authority/Academic Council Honorary Doctorate Committee](#);
- [Nominating Committee](#).

The Governing Authority has reviewed and revised the terms of reference of the sub-committees since 2017 to provide clear levels of authority and reporting requirements. The composition of the first three committees above also provides for additional membership of individuals external to the University who are not members of Governing Authority and who have expertise relevant to the work of the committee.

The Governing Authority and its ARC, FHRAMC and AESAC were also subject to an external Review conducted by the Institute of Public Administration (IPA) in 2020. Recommendations arising from the review are either implemented or in the process of being implemented, the latter closely monitored by the Governing Authority through its Governance Committee, which reports regularly on progress to Governing Authority.

Governing Authority is satisfied that it has a strong committee structure in place with increased levels of external expertise to support expert consideration of proposed policies and to monitor the effectiveness of their implementation. The Sub-Committees meet regularly and report to Governing Authority following each of their meetings. These reports provide Governing Authority with required information on matters agreed by the relevant sub-committee or those being recommended to Governing Authority for approval. In circumstances where concerns/matters of governance are brought to the attention of Governing Authority, it acts swiftly and decisively to address the related matters. In this regard, there is flexibility around the calling of additional meetings as required.

The Governing Authority also has a specific agenda item at each meeting dealing with conflict of interest either perceived, potential or actual.

Finally, a stronger governance approach to monitoring the implementation of recommendations from external bodies/action items is in place since 2017, through the development and consideration on a regular basis of updates as agenda items on:

- Action items agreed by GA and its sub-committees;
- Updates on compliance related matters such as GDPR, Health & Safety, EDI and also notes progress on the implementation of key projects for the University such as the Digital Transformation of the Student Records Project
- HEA Rolling Review of Pay, Pensions, Travel, Subsistence and Leave;
- Implementation of recommendations from the 2019 Code of Governance;
- Implementation of recommendations from evaluations by the IPA;
- Implementation of recommendations of governance review by Crowe Howarth.

These overall developments with respect to the functioning of Governing Authority and sub-committees ensures improved consistency in reporting and clearer follow-up from meeting to meeting and a clearer audit trail for each action item/recommendation agreed than heretofore.

Annual Governance Statement: The Governing Authority is fully satisfied that there is a robust process underpinning the development of the Annual Governance Statement and Statement of Internal Control (the latter accompanying the Annual Report in the form of the financial statements). This process involves the receipt of written assurances from the heads of functional areas throughout the University about adherence to regulatory and policy requirements. This document is submitted to the ARC in the first instance for scrutiny before submission to the Governing Authority for approval and sign-off. In order to build capacity across the institution in this area, PWC were engaged to provide annual in-house training for all Management Council staff (60+ staff) on the Annual Governance Statement for each of the past three years.

The Annual Governance Statement to the HEA is underpinned by a robust approach that involves training of managers required to issue responses, written confirmation of implementation or plans for implementation with accompanying timeframes. These confirmations are retained for a period of time to enable clear audits of any of the provisions/ assurances of the Annual Governance Statement.

Schedule of Matters Reserved to Governing Authority: The Governing Authority approved a revised Schedule of Matters in 2021, which provides for enhanced clarity on the role of Governing Authority and delegated authority to sub-committees. This review included a significant reduction in the delegated authority level for major contracts of the University and its subsidiaries. For example, the previous approval threshold level for the FHRAMC was €20m and this has been now reduced to €2m. Any proposal for expenditure greater than €2m (previously €20m) must now be submitted to Governing Authority for prior

approval. This key change ensures that significant investments such as land or buildings acquisitions are subject to greater scrutiny and due diligence than previously. In addition to the amendments to the threshold for delegated authority, the Governing Authority is introducing increased governance and oversight assurance requirements in relation to:

- ✓ The President and their engagement with the Executive Committee in providing sufficient levels of background information to the proposed investment, including associated pros and cons, outcome of a cost:benefit analysis and identified risks and mitigating controls to manage them;
- ✓ Compliance with the requirements of the 2019 Code of Governance and/or other relevant Circulars have been addressed;
- ✓ There is compliance with procurement and other due diligence obligations;
- ✓ There is compliance with UL Buildings & Estates processes and procedures (engineers report, etc.)
- ✓ The proposal is consistent with the UL Strategic Plan and Campus Masterplan

Internal Audit & Risk Management: The effectiveness of the University's Risk Management Framework is monitored through Risk Management being a standing agenda item at the Audit & Risk Committee and also at the Governing Authority meetings. Where previously outsourced, the Governing Authority put in place an in-house Internal Audit Function and appointed an Internal Auditor in 2020 as an integral part of the University whilst retaining the necessary independence to enable the Internal Auditor perform in accordance with applicable standards in the profession. The function was further strengthened recently with additional administrative support in 2021. The Internal Auditor operates in accordance with an approved [Internal Audit Charter](#) and reports to the ARC. As is the norm, the Internal Auditor reports functionally to the Audit & Risk Committee and has direct access to the Chancellor and the President if required.

The University also has a Risk Management Officer, who is responsible for the promotion of a risk-based approach throughout the University and for reporting on the development and progress being made. The Governing Authority approved a revised [Risk Management Policy](#) and updated [Risk Appetite Statement](#) in 2021. The Governing Authority also considers the Fundamental Risk Register on a bi-annual basis and arrangements are in place whereby members of Executive with responsibility for fundamental level risks, in addition to reporting directly to the ARC, will report directly to the Governing Authority on a bi-annual basis.

Statutes & Policies of the University: The Governing Authority put in place a Policy Management Framework in September 2019 that ensures consistency of approach in the development and review of projects (the latter within specified timeframes from date of approval). As part of this Framework, [a Policy Hub](#) was established as the single authoritative source for all University statutes and policies. This Governing Authority has approved/reviewed some thirty-four statutes and policies since 2017 (see Appendix 1).

Governance Related Reviews: As part of its governance review process the Governing Authority has had a number of external evaluations carried out.

- In 2021 the IPA was commissioned to undertake an external evaluation of the effectiveness of the Governing Authority and three of its sub-committees (the ARC, the FHRAMC and the AESAC).
- The [Institutional Quality Review \(CINNTE Review\)](#) was undertaken by the QQI in 2020.

Arising from these reviews and their consideration by the Governing Authority, recommendations have either been implemented or are in the process of implementation. A clear process by which the

implementation of agreed recommendations is regularly monitored is in place. Additionally, a full cultural audit is being undertaken across the institution to address internal communications and other areas highlighted in the Cinnte review

University Subsidiaries: As mentioned above, the Governing Authority has updated the terms of reference of the FHRAMC. A significant change to these terms of reference sees closer monitoring of the activities of University subsidiaries, for which the Governing Authority is ultimately responsible.

Strategy

Strategic Plan: The current Strategic Plan: Governing Authority approved UL@50 in 2019 and the Governing Authority has monitored and reviewed progress on its implementation on a number of occasions. Arising from this the Governing Authority is undertaking a process of recalibration of the Strategic Plan because of changed circumstances, arising from the Covid pandemic, and a University-wide consultation process has taken place this year. A revised Strategic Plan accompanied by appropriate action plans will be finalised for consideration by Governing Authority in the near future. The Governing Authority will continue to review its progress.

Performance Compact & Oversight Agreement: The Governing Authority reviews the draft Performance Compact Agreement between the HEA and the University to ensure that it is comprehensive and complete and meets the requirements of the University at a strategic level. The Governing Authority approved the Oversight Agreement template as proposed by the HEA in 2021.

Physical Development: The University of Limerick has a Physical Development Campus Master Plan in place that enables campus development to be approved on a planned and rational basis. Extensive work is also underway to update the current Plan and Governing Authority will consider these revisions shortly. Individual projects within the Master Plan are progressed subject to various approval processes at FHRAMC and the Governing Authority depending on the scale and costs involved to ensure compliance with the Plan itself, Government regulations and/or other requirements.

Finance

A key function of the Governing Authority is the monitoring and review of expenditure. To this end, the Governing Authority has put in place a revised template for financial reporting by the Executive. This has enhanced the Governing Authority's financial overview of the University's financial affairs. This work is supported by the detailed analysis work undertaken by the FHRAMC. Financial matters are a standing agenda item at all Governing Authority meetings. In addition to agreeing the University's annual budget, the FHRAMC monitors the actual vs projected budget situation on a quarterly basis. Additionally, updates on Finance are now a standing agenda item at meetings of Governing Authority.

Budget Strategy: The Governing Authority considers the Annual Budget Strategy for the University to ensure that resources are allocated in the best interests of the University and in support of its agreed strategy. The

draft budget is subjected to close scrutiny by the FHRAMC on behalf of the Governing Authority before submission to Governing Authority for approval. The University's budget is underpinned by an annual planning and budgeting cycle by the Executive.

Financial Statements: The University's Annual Report in the form of the financial statements has been updated to reflect the requirements of the 2019 Code of Governance for Irish Universities.

Each year the Annual Report is reviewed by the University's External Auditor and the ARC before submission to the Governing Authority for consideration. Following consideration, the Governing Authority authorises the Chancellor and President to sign-off the Annual Report.

Monitoring Finances: The Governing Authority and its FHRAMC review the status of income and expenditure versus agreed budget on a quarterly basis. Variations from the agreed budget strategy are considered in detail at these meetings.

Procurement: The Governing Authority considers and approves the University's Annual Corporate Procurement Plan and reviews its progress in line with best practice.

Financial Training: To enable a better understanding of the financial complexities of the University, specific training was undertaken by members of Governing Authority through delivery of finance workshops specifically developed for the membership of Governing Authority.

Appendix 1: UL Statutes and Policies Approved by Governing Authority

The Governing Authority has agreed a diverse range of policies dealing with matters such as protected disclosures, recruitment/appointment of employees, codes of conduct for both Governing Authority and Employees. The following is a listing of the statute and policies approved during the lifetime of this Governing Authority. The dates of approval/update are supplied for information.

Statute

1. **Statute No.4 of the University of Limerick: Statute on Disciplinary Matters, Suspension, Termination and Capacity** – updated in August 2019 to provide for some level of flexibility in the departure from disciplinary procedures where considered necessary by the University and, a closer alignment between the Statute and the University’s Probationary Policy.

February 2018

2. **The Policy & Procedures for Granting Multi-Annual Status to Tenure Track Academic Staff** was updated to clarify that it related to tenure track and not just entry-level employees. There was an added requirement for independence of the candidate’s referee who is to be chosen by the Dean;
3. **Policy & Procedures for Progression Across the Merit Bar** was updated to clarify that any staff progressing to lecturer above the bar do so on the basis of their existing contract and do not gain entitlement to multi-annual status etc. There was an increased requirement for referee to be nominated by the Dean to improve the independence.

May 2018

4. **Smoking and Vape Free Campus:** Introduced to promote a healthy UL campus and was a prelude to the Healthy UL Framework considered by Governing Authority in December 2018.

November 2018

5. **Process for Development of New Buildings Projects** - updated to include details of the stages for the development of a capital project and reference to applicable Government circulars and guidelines.

December 2018

6. **Data Protection Policy** – extensive revision to previous Policy which was replaced by Data Protection Privacy Notices, a new Data Protection Policy and Data Protection Guidance (FAQ). The implementation of Data Protection requirements and update on data protection activities are reported regularly to the Audit & Risk Committee and subsequently the Governing Authority.

April 2019

7. **Policy on Provision of non-audit services by the External Auditor** - in order to preserve the independence of the External Auditor, establish a clear approval process for the use of the external auditor in providing any services additional to external audit, and to comply with various accounting standards.

June 2019

8. **Policy for the Award of University of Limerick Honorary Doctorates** – the main change was the introduction of procedures to revoke the award of an honorary doctorate.

September 2019

9. **IT Security Policy:** An amalgam of a range of policies under the IT Security Framework into one overarching IT Security Policy. This was supported by the addition of a campus wide Acceptable Usage Policy.
10. **Acceptable Usage Policy:** The objective of the Policy is to provide users with clear guidance on the acceptable, safe and legal way in which they can use the University's IT and Network Resources.
11. **Policy Management Framework** was approved in order to put in place a standard template for policy documents, establish a set of policy principles and instruments for policy development, approval, implementation, monitoring and review. The Policy Hub forms part of this Framework and is the single authoritative source for UL approved Statutes and Policies.

October 2019

12. **Framework for the Management of Severance Agreements** – this was introduced to improve transparency around the development and approval of severance agreements, including the requirement for Government Department approval prior to entering into a severance agreement.

December 2019

13. **Flexible Working Hours Scheme** - updated to ensure consistency in language used and clarification of approval process for annual leave.

April 2020

14. **Protected Disclosures Policy** – updated to implement a recommendation from a governance review that there should be procedures included in the Policy for handling matters brought to the attention of the University that do not fall within the Protected Disclosures Act.

July 2020

15. **Official Entertainment Policy:** updated with minor amendment to reflect current Strategic Plan of the University.

September 2020

16. **Selection Procedures for Deans and Vice Presidents** - updated relating to composition of Selection Board, introduction of open competition for the roles, removal of limit of the number of times an individual may serve as Dean/VP and also the introduction of the option of the University providing termination noted of 6 months.
17. **Long Services Awards Policy** - updated to reflect requirements of Policy Management Framework Policy Template
18. **Personal Development Leave Scheme** – updated to reflect requirements of Policy Management Framework Policy Template.
19. **Conflicts of Interest Policy** – developed in response to HEA requirements and was reflective of widespread consultation throughout the University. Training requirements were noted and the delivery of this training monitored by the FHRAMC.

December 2020

20. **IP Policy** – updated to bring it into line with Policy Management Framework Policy Template and more importantly, to ensure compliance with the HEA governance statement requirements and in response to recommendations arising from an Internal Audit Review. The main changes were an addition of a section on spin-out companies, sections on conflict of interest and dispute resolution and also the inclusion of UL share distributions.
21. **Asset Disposal Policy** – updated to bring it into line with Policy Management Framework and ensuring consistency with the national Code of Governance for Irish Universities

February 2021

22. **Further Study Policy** – updated approval of engagement in internal programmes changed to Dean/Head of Department from HR; reinforcement of recoupment of funds in certain circumstances i.e. leaving the University within 24 months following formal notification of final grade and award.
23. **Recruitment Policy & Procedures** – updated to replace individual policies by making this Policy & Procedure applicable to academic, professional and research roles with updated requirements regarding the size of selection board, operating screening and shortlisting online, to name but a few.

April 2021

24. **Anti-Fraud Policy** – updated to reflect requirements of the Policy Management Framework, extension of scope to vendors and also to subsidiary companies. Also there was an changes to reporting structure at Executive level and
25. **Policy for Retention of Academic Staff** – updated to Policy from a Scheme, change to the Committee composition provided for in the Policy and explicit requirement for gender balance.
26. **Policy for the Award of Distinguished Professorships:** new University Policy to provide a mechanism to award exception staff the title of Distinguished Professor.
27. **Reassignment Policy & Procedure:** replaced Redeployment Policy and Employee Transfer Policy - to reflect the temporary and permanent nature of the process and associated updating of definitions; updated to reflect new policy template requirements; amendments made to improve general procedures.
28. **Probation Policy:** updated to amend probationary period from 12 months to 11 months; addition of section to address contracts of less than 11 months in duration and the provision of a total of 11 months service required irrespective of number of contracts involved; requirement for employees to confirm they have read and understood UL policies procedures and completed relevant training requirements also added.
29. **Part-time working procedures:** updated to reflect required Policy Management Framework format; amended from Policy to Procedure; revised eligibility criteria; details of application and approval process; requirement for approval at Executive level rather than by Governing Authority.
30. **Compassionate Leave Procedure:** updated to reflect required Policy Management Framework format; amended from Policy to Procedure and requirement for approval at Executive level rather than by Governing Authority.

June 2021

31. **Risk Management Policy:** updated to reflect the additional requirements of 2019 national Code for the Governance of Irish Universities; format revised to adhere to Policy Management Framework; addition of definitions and risk management principles; revised reporting structure and training procedures.
32. **Risk Appetite Statement:** updated to adhere to requirement for review and approval on a regular basis; the addition of sub-categories to provide further guidance on the assessment of risk.

July 2021

33. **Student Substance Use and Misuse Policy:** updated to replace the pre-existing University Alcohol Policy and address significant development nationally e.g. National Drugs Strategy and Framework for Response to Use of Illicit Substances within HE and reflect best practice

September 2021

34. **Travel & Subsistence Policy:** updated with minor amendments to clarify matters relating to costs for Irish residence permits resting with the employee; updates required to kilometre claims including the inclusion of confirmation of distance claimed; tightening of regulations relating to foreign travel and change in level of costs that can be claimed for conference fees from €10,000 to €1,500.
35. **Treasury Management Policy:** updated to address challenges to the University arising from negative interest rates and the placement of funds on deposit being guided by the principle that the cost of negative interest should be minimised.

Note: The Policy Management Framework puts in place a timeframe for the revision of policies and procedures and deadlines for review/renewal are highlighted to the policy owners well in advance of the review date by those responsible for management of the Framework. The process includes a three-year rolling review cycle of HR policies that commenced some years ago.

Appendix B



GOVERNING AUTHORITY REVIEW AND SUMMARY OF WORK UNDERTAKEN TO END FEBRUARY 2022

Introduction

As agreed with the HEA in November 2021, UL is to provide a three-monthly update on the work carried out to further enhance its institutional governance. The Report below sets out progress made to end February 2022.

General Governance Matters

Appointment of President: Since its report to the HEA in September 2021, the Governing Authority has appointed Professor Kerstin Mey as President of the University of Limerick in accordance with the provisions of the Universities Act, 1997. In undertaking the recruitment and selection process critical attention was paid to the needs for equality and diversity which was the subject of a separate report to the HEA following approval by Governing Authority at its meeting in January 2022.

Annual Governance Statement: The completion of the University's Annual Governance Statement to the HEA for Y/E 30 September 2021 is well underway with a view to its submission to the HEA in advance of the 30 March deadline. In November 2021 PwC were engaged to provide annual training for all Management Council (60+ staff) on the completion of the questionnaire in support of the development of the University's Annual Governance Statement. This training further enhances written compliance related responses in support of the evidence-based development of the Annual Governance Statement.

Governing Authority Role & Responsibilities: As part of its ongoing training, the Governing Authority noted and engaged in a presentation on their role and responsibilities from the IPA in December 2021. This was especially useful to newly appointed members of the Governing Authority. The Governing Authority self-evaluation process commenced in early 2022.

HEA Rolling Review on Governance: Reporting on the progression of implementation of recommendations arising from various governance related reviews continues. The Audit & Risk Committee received an update at its February 2022 meeting on the implementation of recommendations arising from the HEA Rolling Review of Pay, Pensions, Travel, Subsistence and Leave. A copy of the updated report presented to the Committee is attached as Appendix 2 to this report for the information of the HEA.

UL Code of Governance: This was approved by Governing Authority in December 2021 and is reflective of the current national Code of Governance for Irish Universities. It includes specific UL Governing Authority Standing Orders as required by the national Code of Governance.

Schedule of Matters Reserved to Governing Authority: The Governing Authority approved a revised Schedule of Matters in 2021 as previously indicated to the HEA in the last report of this nature. Since then the terms of reference of the Governing Authority Finance, HR & Asset Management Committee were updated to reflect the requirements of the revised Schedule of Matters referred to above. The provisions of the revised Schedule continue to be implemented and recommendations are submitted to the Governing Authority in relation to any proposals for expenditure greater than €2 million.

Internal Control & Risk Management: Since the last report to the HEA, the University has regularised the position of in-house Internal Auditor on a multi-annual basis (previously on an initial two-year basis). This decision was taken on the basis of the benefits accruing to the University from having an in-house Internal Auditor in place in the previous two years and was fully supported by the Governing Authority Audit & Risk Committee. The multi-annual Internal Auditor position was filled through open competition and the individual appointed reports to the Audit & Risk Committee functionally and the Corporate Secretary administratively.

The provisions of the Internal Audit and Risk Management Framework continue to be implemented by the Executive and the outcomes and their effectiveness are monitored by the Governing Authority. The University's Fundamental Risk Registrar was reviewed and updates approved by the Governing Authority in November 2021.

Statutes and Policies: The Governing Authority has acknowledged formally that confidentiality at Governing Authority level is a critical requisite for good governance because it encourages open and frank discussion in meetings, helps facilitate the development of vision and the implementation of an effective strategy to achieve that vision, and protects information that is confidential, personal, or relates to employment, commercial or legal matters. Since the last report to the HEA the Governing Authority has commenced consideration of a Confidentiality Policy accompanied by an Information Management Framework in recognition of the importance of confidentiality and the protection of the University's confidential information.

In addition to the foregoing, at the request of the Governing Authority, a template cover page to accompany the submission of documents by the Executive to the Governing Authority was approved by Governing Authority in February 2022 on the recommendation of its Governance Committee.

A list of the policies approved by Governing Authority since the last report to the HEA is attached as Appendix 1.

Strategy

Strategic Plan: Since October 2021 the President has briefed the Governing Authority on progress on the recalibration of the University's Strategic Plan on a number of occasions. The Governing Authority considered the calibration of the Strategic Plan UL@50 at its meeting in January 2022 and devoted a further afternoon session solely to the KPIs and the implementation planning for the UL@50 calibrated Strategic Plan in February 2022. Approval in principal was given to the calibrated Strategic Plan.

Performance Compact & Oversight Agreement: The Oversight Agreement between the HEA and the University effective from 1 January 2022 to 31 December 2022 was approved by the Governing Authority in February 2022.

Finance

The Governing Authority continues to place an emphasis on all matters financial and the requirement for updates on Finance as a standing agenda item at meetings of Governing Authority continues.

Appendix 1: UL Statutes and Policies Approved by Governing Authority since the last report to the HEA in September 2021

- Student Charter - 24 September 2021
- Policy for the Recruitment of Staff - 10 December 2021
- Code of Conduct for Employees –24 February 2022
- Probation Policy – 24 February 2022
- Records Management Policy – GA 24 February 2022
- Student Death Policy - 24 February 2022
- Official Entertainment Policy approved by FHRAMC 16 February 2022 and subsequently noted by GA 24 February 2022
- Travel & Subsistence Policy approved by FHRAMC 16 February 2022 and subsequently noted by GA 24 February 2022

Appendix C

| Item Number | Commodity /Description of Service | Profile | Ex Vat Amt | Current Status with this supplier |
|-------------|---|-----------|----------------|---|
| 1 | Media - exhibition stands, promotional literature (design and print) and other marketing materials for overseas recruitment exhibitions | Recurring | 30,468 | Now compliant |
| 2 | Laboratory diagnostic, consumables, small equipment and reagents | Recurring | 30,076 | Framework now in place |
| 3 | Media - exhibition stands, promotional literature (design and print) and other marketing materials for overseas recruitment exhibitions | Recurring | 29,313 | Now compliant |
| 4 | Web-hosting | Recurring | 28,162 | Moving website to new platform tender is being progressed, hosting of legacy sites pending transfer to new platform |
| 5 | Media - radio advertising (development to air costs) | Recurring | 27,242 | Progressed |
| 6 | On site technical support pending an appointment - terminated on the appointment | Finished | 25,382 | Engagement ended |
| 7 | Promotional materials | Recurring | 25,260 | Requirement dropped during covid, included in current corporate procurement plan |
| 8 | Graphic design, websites, video production and digital marketing | Recurring | 88,736 | Contracts now in place covering media campaigns, web tender process is being progressed for the web element |
| 9 | Directional and other signage materials | Recurring | 64,765 | Keeping under review - level of requirement is currently under assessment |
| 10 | Repair work to a second hand piece of equipment | Once off | 32,315 | Once off - no further requirements |
| 11 | Specific bathroom supplies to fit existing dispensers | Recurring | 25,865 | Ran a tender to address |
| | Total | | 407,583 | |

Update on the implementation of previous recommendations made by the Committee of Public Accounts relating to the University of Limerick following the Committee's engagement of 24 January 2019

- [Committee of Public Accounts \(32nd Dáil\) - Periodic Report No. 6, October 2018 – May 2019](#)
- [Minute of the Minister for Finance and Public Expenditure and Reform, December 2019](#)

| | Recommendations from the Committee of Public Accounts | Minute of the Minister for Finance and Public Expenditure and Reform | Update on progress of implementing the Committee's recommendations |
|----|---|---|--|
| 1. | <p>The awards made of professional added years for pension purposes in 51 cases at the University of Limerick between 2012 and 2016 were excessive in comparison with averages from other universities in comparable situations.</p> <p>The Committee recommends that the Department of Education and Skills completes its review of the awards of professional added years for pension purposes without delay, and takes appropriate action following consideration of the findings.</p> | <p>The Minister for Finance and Public Expenditure and Reform is informed by Department of Education & Skills that it accepts this recommendation.</p> <p>The Department of Education and Skills continues to actively liaise with both the HEA and UL on the review of the awards of professional added years for pension purposes. Further progress was made on individual cases at a meeting with UL and separately the HEA on the 25th and 26th July respectively.</p> <p>It is expected the review will be concluded before the end of the year and subsequently the University will be advised to take the appropriate action.</p> | <p>At present UL are working closely with the Department to progress completion of the review which covers the awarding of Professional Added Years over the period 2011-2017. The matters under review are considered historic in nature and do not reflect the current practices adopted in the University since 2018. Where governance observations or recommendations are contained in the report, those recommendations have been actioned and form part of the current practices in place regarding the treatment, review and approval of Professional Added Years in the University.</p> <p>Since 2018, the approval process for all Professional Added Years applications involves a three-step verification process, including review by an external pensions consultant before the file is sent to DES/HEA for final sign-off. No issues of note have been identified under the new practices in place since 2018.</p> |

| | Recommendations from the Committee of Public Accounts | Minute of the Minister for Finance and Public Expenditure and Reform | Update on progress of implementing the Committee's recommendations |
|----|--|---|---|
| 2. | <p>The admission of staff from a subsidiary company to the University of Limerick pension scheme without a clear rationale or documentation to substantiate the claim that they had been offered such benefits is a governance failure that could have cost the State €1.2m.</p> <p>The Committee recommends that the Higher Education Authority completes its review related to the admission of staff from a subsidiary company to the University of Limerick pension scheme without delay, and works with the University of Limerick to ensure that the recommendations are acted on appropriately.</p> | <p>The Minister for Finance and Public Expenditure and Reform is informed by Department of Education & Skills that it accepts this recommendation.</p> <p>The Department of Education and Skills continues to actively liaise with both the HEA and UL on the review related to the admission of staff from a subsidiary company to the UL pension scheme. Further progress was made at a meeting with UL and separately the HEA on the 25th and 26th July respectively.</p> <p>It is expected the review will be concluded before the end of the year and subsequently the University will be advised to take the appropriate action.</p> | <p>At present UL are working closely with the Department to conclude the review regarding the inclusion of staff from a UL subsidiary company to the UL Pension Scheme.</p> <p>In parallel, UL are currently implementing the various recommendations contained in the report and have provided verifiable assurances to the department that all steps being taken are on a cost neutral basis to the Exchequer. Annual reporting in this regard will take place as part of the Annual Governance Statement of the University, which is subject to audit by the offices of the Comptroller and Auditor General.</p> |

Review of Professional Added Years- Admission to University of Limerick Pension Scheme

At present UL are working closely with the Department of Education (DES) to finalise the review of the awarding of Professional Added Years during the period 2011-2017. The matters under review are considered historic in nature and do not reflect the current practices adopted in the University since 2018. Where governance observations or recommendations are contained in the report, those recommendations have been actioned and form part of the current practices in place regarding the treatment, review and approval of Professional Added Years in the University. Since 2018, the approval process for all Professional Added Years applications involves a three-step verification process, including review by an external pensions consultant before the file is sent to DES/HEA for final sign-off. No issues of note have been identified under the new practices in place since 2018.

Chapter two of the DES reports refer to the inclusion of two staff from a UL subsidiary company to the UL Pension Scheme. The Department of Education note that the University has acknowledged that the two staff were provided with additional pension benefits in error and have therefore committed to funding the cost of the disputed benefits of the two employees from non-exchequer sources.

While the majority of recommendations contained in the review are already actioned, the final step in relation to this matter is for the Governing Authority of the University to confirm the admission of the two staff to the Scheme and formally confirm that the full cost of doing so is met by non-exchequer funds, i.e. on a cost-neutral basis to the Exchequer. Annual reporting in this regard will take place as part of the Annual Governance Statement of the University which is subject to audit by the offices of the Comptroller and Auditor General.

Separately, in 2014, the Department of Public Expenditure and Reform introduced a revised set of superannuation rules in S.I. No. 582 of 2014 – Rules for Pre-Existing Public Service Pension Scheme Members Regulations 2014. This is known as the revised “Model Scheme”.

UL is required to formally adopt the Model Scheme rules by means of an S.I. (the “Adopting S.I.”). UL had commenced this process in 2015 in consultation with the Department of Education and Skills and had submitted to the Department a draft of the Adopting S.I. As the Adopting S.I. has not to date been finalised, there is now an opportunity to include a provision to address the issue regarding the admission of senior staff to membership of the Scheme in the Adopting S.I.

The Adopting S.I. which closes out this matter is now prepared and ready for submission to the Higher Education Authority and Department of Further and Higher Education, Research, Innovation and Science, in consultation with the Department of Education with final approval by the Department of Public Expenditure and Reform.

The Adopting S.I, to be approved by the Governing Authority of the University, shall then be submitted for formal approval and signing by the

relevant Ministers in accordance with section 25(7) of the Universities Act 1997 (as amended) and shall include the additional provision to close out matters relating to the two senior executives.

For the avoidance of any doubt, the matters under review are considered historic in nature (2011-2017) and do not reflect the current practices adopted in the University in relation to such matters since 2018.

Advance Payments to Staff

The application of additional increments to 120 staff, in advance of their due date, across a 12-month period between March 2019 and January 2020, arose due to a misinterpretation of [Circular 07/2019](#). The University became aware of the issue in January 2021 and undertook a detailed review of the files to ensure a full understanding of the extent of the error and the remedial actions required. Summary details of the matter were provided to the UL Executive Committee, Unite Trade Union, the Department of Further and Higher Education, Innovation and Science, and the Higher Education Authority with tax advice sought through the Universities tax advisers.

The recovery process is being completed in line with Circular 07/2018 which deals specifically with the Recovery of Salary, Allowances, and Expenses Overpayments made to Staff/Former Staff Members/Pensioners.

1. The total number of staff affected is 123 people out of a workforce of 1,800 staff. It is noted that a number of individuals impacted are no longer employees of the University.
2. The total amount of advance payments amounts to €580,996, noting that a number of staff have repaid the sum notified to them in full, while other staff having indicated their approval to remain on their existing rate of pay for a set period to allow the correction of the misapplication to take place.
3. The maximum Gross repayment is €16,653, with the average payment per affected individual staff member amounting to €4,724.
4. The misapplication of the increments arose due to a misinterpretation of [Circular 07/2019](#) resulting in the application of additional increments, in advance of their due date, across a 12-month period between March 2019 and January 2020.

5. Information in relation to this matter was brought to the attention of those affected throughout 2021. The first contacts started in April 2021. Formal correspondence issued to all affected staff members at the start of December with over 100 meetings facilitated
6. The University has been working intensively with the staff affected to put correction plans in place. A series of contacts and correspondence has issued to the staff concerned in recent months, with over 100 meetings held to date. With the assistance of Unite Trade Union, a comprehensive 'Frequently Asked Questions' document has been circulated to all staff, and independent tax advice has been provided as necessary.
7. The University has made every attempt to minimise the negative impact on the staff concerned. Of the correction options offered the majority of staff have elected to remain on their existing rate of pay for a set period to allow for correction of the overpayment over a period of time. A small minority of staff are engaging in payment plans or have paid the sum in full.