



Waterford Institute of Technology

Opening Statement to Public Accounts Committee

27th September, 2012

Special Report of the Comptroller and Auditor General Matters Arising out of Education Audits (Chapters 2 and 3)

The Institute welcomes the opportunity to advise the Public Accounts Committee on matters referred to in the C&AG Report.

The Institute accepts the conclusions of the report. I would like to concentrate on the changes WIT has put in place to deal with the matters raised and emphasise the priority the Institute has given to this task.

The following provides a summary of the current position and actions:

Regarding Expenses Incurred by the Office of the President

The Institute's Governing Body commissioned Deloitte to carry out a review of non-pay expenses incurred by the Office of the President. It is acknowledged by the Institute, the C&AG and Deloitte that breaches of procedure did occur. However, such breaches were confined to the Office of the President as a further review of internal financial controls across the Institute did not identify any issues which caused concern to the Audit Committee.

Since these matters were brought to light, enhanced control procedures have been put in place which include:

- Travel and related expenditure in respect of the President's office is pre-approved
- All expenditure in respect of the Office of the President is co-authorised
- The Governing Body regularly reviews all expenditure incurred by the Office of the President
- Consultancy costs have been significantly reduced
- WIT Corporate Cards have been withdrawn
- Procedures and policies in respect of procurement, travel and hospitality have been reviewed and revised where necessary
- Additional control procedures have been implemented in respect of purchase order approvals
- An increased emphasis has been placed on internal financial controls

Regarding Non-Academic Services

In 1990, the Institute's Board of Management established a committee to create student services that could not otherwise be provided. The model was largely based on similar models within the university sector and proved very successful with a wide range of excellent student services being developed.

The committee subsequently established a company structure. Funding from student capitation was transferred to provide necessary student services. The committee annually informed the Institute's Governing Body of their financial results and development plans.

Following consideration of the C&AG's report and the HEA's request to consolidate the financial transactions of the companies, the Institute's Governing Body has now commenced this process.

The actions taken to date include:

- The secondment of the Institute's Finance Manager to oversee the consolidation process
- The commissioning of Grant Thornton to review Diverse Campus Services, its activities, financial controls and governance since its establishment with a view to providing recommendations on how best to proceed
- Communication to WIT and Diverse Campus Services staff of the decision to proceed with implementing the Grant Thornton recommendations
- Review of the financial, human resources and legal arrangements of the companies
- Liaison with legal advisors on the potential implications of consolidation including the legal basis for consolidation, company structures and employee status
- The Institute is in regular contact with the HEA and has been providing them with updates throughout the process

Regarding Financial Transactions with Foundations

The Institute established a Foundation in 2005 at a time when other third level institutions were generating substantial philanthropic income. Senior Institute management were confident that a Foundation would do likewise for WIT. It was planned that any income generated would be ring-fenced to support a number of student support and capital development initiatives.

As stated in the C&AG report, "The Foundation has not been successful in that it failed to raise significant funds for the Institute and its activities have since ceased." The company was wound up in 2011.

Although the project had merit, it was of a different time and the subsequent economic downturn meant that the Foundation ultimately did not succeed and the C&AG's report acknowledges the circumstances prevailing at the time.

In conclusion, I want to reassure the members that all issues raised by the C&AG are being addressed and continue to be monitored on an ongoing basis.