Annual Governance Statement and Statement of Internal Control
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1. Code of Governance (Section 2.11.4(i))
   Limerick Institute of Technology is committed to implementing and maintaining the highest standards of corporate governance. In June 2012 the Governing Body adopted the Code of Governance of Irish Institutes of Technology as amended to reflect the 2009 Code of Governance for State Bodies. In addition LIT has approved and implemented the Good Practice Guidelines for Governing Body in November 2012.

2. Code of Conduct for Members (Section 2.11.4(i))
   The Governing Body members adopted a code of Business Conduct together with a Disclosure of Interest Form in June 2006. A copy of the Code has been made available to all Governing Body members. LIT complies with the reporting requirements of the code of conduct including the reporting requirements of the Ethics in Public Office Act 1995 and the Standards in Public Office Act 2001.

3. Code of Conduct for Employees (Section 2.11.4(i))
   The Code of Conduct for Employees was approved by Governing Body at its meeting on 12th May 2015 subject to any nationally agreed developments that may arise. The code has been made available to all staff on the LIT staff Intranet since 1st September 2015. The Governing Body considers that it has complied with the requirements of the Code.

4. Financially significant developments (Section 2.11.4(ii))
   LIT has continued to utilise its revenue and capital development reserves to provide important elements of capital equipment and refurbishment needs. This level of investment is essential but LIT will be unable to continue the required level of investment in these headings as these sources of investment has been exhausted.

5. Pay (Sections 2.6.1 and 2.11.4(iii))
   The Government policy on pay is being complied with by the Institute.

6. Financial reporting (Section 2.11.4(iv))
   The Comptroller and Auditor General has completed the fieldwork for the Financial Statements of the Institute up to the 31st August 2015.
7. Internal audit (Section 2.11.4(iv))

LIT has outsourced its internal audit function in line with the practice for the entire sector. The function operates in accordance with the Code of Practice for the Governance of third level Institutions and reports directly to the Audit Committee of the Institute. The work of internal audit is informed by an analysis of the Institute Risk Register and the annual internal audit plans are based on this analysis. The annual internal audit plan is approved by the Audit Committee. The internal auditors provide the Audit Committee with reports of internal audit activity and relevant recommendations on a regular basis. The Audit Committee report regularly to the Governing Body. The internal auditors meet regularly with the Audit Committee.

8. Procurement (Section 2.11.4(iv))

The Institute’s procurement procedures are in line with the Public Procurement Guidelines – Competitive Process, issued in 2004 by the Department of Finance (Public Procurement Policy Unit) in relation to competitive tendering and the relevant EU Directives in relation to procurement. All staff involved in purchasing within the Institute are conversant with the public procurement guidelines. The Institute has a detailed procurement policy. Detailed policies and procedures have been developed. These policies have been developed to ensure compliance with procurement guidelines and to deliver value for money. LIT was a founding member of the Educational Procurement Network (EPS), the shared services procurement service for the Higher Education sector. LIT has participated in a number of tenders which have been operated by EPS and will be availing of frameworks established by both EPS and the office of government procurement. The internal audit reporting for 2014/15 included a review of procurement processes.

Currently the LIT procurement policy is being updated to reflect changes to government policy with regard to new frameworks and the new operating model of OGP. In addition, LIT is developing a corporate procurement plan to reflect the OGP model of procurement. During the course of the C & AG Fieldwork a number of procurement compliance issues were noted. These include delays with the running of tender processes, tender processes that had not been completed within the year under review and historic sole supplier contract commitments which are being reviewed. Relevant details of non-compliance are outlined in the relevant section of this report.

9. Asset disposals (Section 2.11.4(iv))

The Institute has put in place policies and procedures for the disposal of assets and access to assets by third parties. There were no significant asset disposals or granting of access to assets by third parties during the period covered by this report. However, the financial statements reflect a once off amendment which reflects the value of the assets of €12 million noted on page 22 of the financial statements. This is an adjustment to the fixed asset classification to account for old assets from the VEC pre 1993 that could not be identified/reconciled to the fixed assets register. These assets had a zero net book value.
10. Guidelines for the Appraisal and Management of Capital Proposals (Section 2.11.4(v))

The guidelines for the Appraisal and Management of Capital Proposals are being adhered to by the Institute. LIT is implementing the requirements of the Capital Works Management Framework (CWMF) for on-going capitals works projects. This is reflected in a capital projects guide which includes a 6 step approval and review process in line with the requirements of the CWMF.

11. Travel policy (Section 2.11.4(vi))

The Government policy on Travel and Subsistence is being complied with. The Travel and Maintenance Policies and Procedures Document was approved by Governing Body at its meeting on 16th September 2014.

12. Guidelines on Achieving Value for Money in Public Expenditure (Section 2.11.4(vii))

The guidelines for achieving value for money in public expenditure as outlined by the Minister of Finance are being followed.

13. Tax laws (Section 2.11.4(viii))

We can confirm that the Institute, to the best of its knowledge, has complied with its obligations under tax law.

14. Corporate Procurement Plan (Section 2.11.4(ix))

Relevant procurement policy and procedures are being carried out. See number 8 above. LIT is developing a Corporate Procurement Plan with the support of the Educational Procurement Service.

15. Non-compliance (Section 2.11.4)

The Corporate Procurement Plan is being addressed.

16. Confidential Disclosure Faith Reporting – Protected Disclosures Act 2014 (Section 3.1.1.17)

A Confidential Disclosure Policy in line with the provision of the relevant legislation was approved by Governing Body on 12th May 2016 subject to amendment in the event of any national guidelines being published. The audit committee undertook training as part of upskilling to deliver its role under the requirements of this policy.
17. Governing Body meetings
   Please see attached Appendix 3.

18. Audit Committee meetings
   Please see attached Appendix 4.

   The Governing Body carried out an external effectiveness review in November 2015.

20. Salary of President
   The gross salary paid to the President (September 2014- August 2015) was €141,638.

21. Child protection policy
   LIT has a child protection policy setting out the process of child protection reporting that is in place through the office of Vice President for Academic Affairs & Registrar. The Institute is currently reviewing its child protection policy in light of recent changes in the legislation. This review is being by the relevant sub-committee of Academic Council will be informed by a sectoral review of Garda Vetting practices being carried out with the enactment of the National Vetting Bureau Acts 2012-2016.

22. Fees and expenses in accordance with guidelines from the Department of Finance
   Fees and expenses paid to members of Governing Body are in accordance with the guidelines from the Department of Finance.

23. Fees and expenses presented in Annual Report
   The amount of fees and or expenses paid to members of Governing Body for 2014/2015 is presented in Section 2 of the 2014/2015 Annual Report.

24. Note on schedule of fees and aggregate expenses
   Please find attached details of fees paid (if any) to each of the members of the Governing Body, the expenses paid to the members, broken-down by category. (Appendix 4).

25. Code of governance for trading subsidiaries
   The Code of Governance for trading subsidiaries has been developed at sectoral level. The code was adopted by the LIT audit committee in March 2016.
26. General governance and accountability issues

The capability of LIT to deliver on its strategic priorities from both a regional and national perspective is significantly hampered/compromised by the lack of capital investment in Higher Education. The inability to reinvest in the scale and quality of facilities including educational equipment is now having a significant effect on the student experience and will hamper the ability of LIT to increase student numbers in line with increasing demand for places.
Statement of Internal Control

27. Governing body responsibility for system of internal control (Section 3.4.1)
   The Chairperson and the President acknowledge that the Governing Body is
   responsible for the system of Internal Control and this is stated directly in the
   Statement of Internal Control, which is attached. (Appendix 5 not yet complete
   pending finalisation with the C & AG).

28. Reasonable assurance against material error (Section 3.4.2)
   See Appendix 5- Statement of Internal Control, Responsibility for the System of
   Internal Control. (Not yet completed – Pending finalisation of the financial statements
   with the C & AG)

29. Key procedures put in place designed to provide effective internal control -
   appropriate control environment (Section 3.4.3 (i))

   The Governing Body has taken steps to ensure an appropriate control environment
   exists including;
   • Financial procedures and regulations are documented, implemented and up
     to date.
   • Regular reviews by the Governing Body of periodic and annual financial
     reports which include financial performance against budgets (April, August,
     December).
   • Clearly defined capital investment control guidelines together with the capital
     works management framework (CWMF) are in place.
   • LIT has an internal audit function, which operates in accordance with the
     Code of Governance of Irish Institutes of Technology.
   • The establishment of an Audit Committee with a defined audit charter and
     with clear terms of reference which deal with significant control issues.
   • The Audit Committee determines the internal audit work program and
     receives relevant reports from the internal auditors. At least once annually the
     internal auditors provide the Audit Committee with a report of internal audit
     activity.
   • The development and adoption of a risk management policy which includes
     structured and periodic reviews and updates to the Institute Risk Register by
     the Executive management team. The Risk Register is reviewed periodically
     by executive management, the Audit Committee and the Governing Body.
   • The Risk Register was reviewed by the Executive management group twice
     for the period under review (January 2015 and July 2015). It was
     subsequently reviewed by Audit Committee. The Risk Register is
     subsequently submitted and reviewed by Governing Body. An Internal Audit
     Strategy has been developed based on a risk assessment carried out by the
     Institutes Executive management.
   • Academic quality processes are in place for all aspects of the academic
     program. These include a range of processes which include external
examiners, external validation panels and both internal and external review panels at the relevant stages of the academic quality cycle.

30. Key procedures put in place designed to provide effective internal control – business risks (Section 3.4.3 (ii))

31. **Internal Control Framework** Key procedures put in place designed to provide effective internal control – information systems (Section 3.4.3 (iii))

The internal controls review used the ‘Irish Institutes of Technology (IOTI) Internal Controls Framework, which lists expected controls, as a baseline set of controls to compare against the LIT controls environment. This framework includes a separate section on IT systems.

32. Key procedures put in place designed to provide effective internal control – financial implications of major business risks (Section 3.4.3 (iv))
   See response to number 29.

33. Key procedures put in place designed to provide effective internal control – monitoring the effectiveness of the internal control system (Section 3.4.3 (v))

The Governing Body’s monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the Internal Auditors, comments from the Comptroller and Auditor General in his management letter and other reports, and the Institute’s Management, who have operational responsibility for the development and maintenance of the internal control framework. The internal controls review used the ‘Irish Institutes of Technology (IOTI) Internal Controls Framework, which lists expected controls, as a baseline set of controls to compare against the LIT controls environment.

The internal controls framework provides a structured and methodical approach to the review of, and testing of controls in place across LIT. The internal audit plan ensures that all areas of the framework are reviewed on a cyclical basis over a number of years. During the course of the year under review the Audit committee consider 7 reports from the Internal audit function. Details of these reports is contained in item 34 below.

34. Review of the effectiveness of the system of internal control (Section 3.4.4)
   A formal review by the Governing Body of the System of Internal Control was carried out for the year ended 31 August 2015. The review included assurances from a
range of sources across the Institute including the work carried out by the internal audit function as set out in the table below. In addition to the internal audit reports the Institute risk register was reviewed and updated during the course of the year. In the year 2014/15, the following reviews were carried out with reports presented to the Audit Committee.

<table>
<thead>
<tr>
<th>Report Title</th>
<th>Further Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Internal Controls Review</td>
<td>Section 3 of the Internal Controls Framework</td>
</tr>
<tr>
<td>2. Internal Controls Review</td>
<td>Section 4.2.4 to 4.2.10 of the Internal Controls Framework</td>
</tr>
<tr>
<td>3. Procurement Policies and Procedures</td>
<td>Additional reviews commissioned in light of governance requirements.</td>
</tr>
<tr>
<td>4. 2 Follow Up Reports</td>
<td>Review of all previous internal audit recommendations since 2006</td>
</tr>
<tr>
<td>5. Review of implementation of recommendations in the C &amp; AG management letter</td>
<td>Specific review commissioned by Audit Committee to consider progress on the implementation of the recommendations of C &amp; AG management letter.</td>
</tr>
<tr>
<td>6. Information systems health checks</td>
<td>Focus on system security.</td>
</tr>
<tr>
<td>7. Review of LIT/HEA Compact</td>
<td>Review of data definitions and data sources.</td>
</tr>
</tbody>
</table>

Each of these reports concluded that "there are no weaknesses in internal controls that have resulted in material losses contingencies or uncertainties which require disclosure in the financial statements of the audits report on the financial statements".

35. Description of the action taken to correct weaknesses (Section 3.4.6)
Not applicable.
Matters of non-compliance and weaknesses in internal control

Where the Governing Body of LIT has stated that the LIT is not in compliance with the requirements as set out above the following actions have been agreed by the Governing Body to achieve compliance, together with the timeframes within which this will be done.

<table>
<thead>
<tr>
<th>Area of non-compliance or weaknesses in internal control</th>
<th>Actions to be taken to attain compliance or correct weaknesses</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Procurement Plan</td>
<td>Plan currently being developed and will be submitted to Audit committee at August meeting.</td>
<td>August 2016</td>
</tr>
<tr>
<td>Procurement Compliance re completion of contracts and Tender processes</td>
<td>A number of relevant tenders are being completed during 2015 and 2016. A detailed plan is being created based on spending patterns and contract renewal dates to address all tender requirements over a rolling 12 month period.</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

Appendices
Appendix 1- C & AG Cert (Not available pending finalisation of Financial Statements with C & AG)
Appendix 2 – Governing Body meetings
Appendix 3 – Audit Committee meetings
Appendix 4- Schedule of Fees to Governing Body
Appendix 5- Statement of Internal Control (Not available pending finalisation of Financial Statements with G & AG)

Chairperson: [Signature]

President:

Name of Institute: Limerick Institute of Technology

Date: 28th June 2016
Appendix 2

Governing Body Meetings

The following is a schedule of Governing Body meetings held during the course of the year under review – 2014/15

16th September 2014
4th November 2014
5th December 2014
24th February 2015
31st March 2015
12th May 2015
16th June 2015

Appendix 3

Audit Committee meetings

The following is a schedule of Audit Sub Committee meetings held during the course of the year under review – 2014/15

26th September 2014
14th October 2014
24th November 2014
2nd December 2014
26th January 2015
27th April 2015
26th May 2015

Joint Audit and Finance Committee meeting-8th June 2015
## Appendix 4

### Schedule of Fees to Governing Body

<table>
<thead>
<tr>
<th>Name</th>
<th>Interview Fee</th>
<th>Subsistence</th>
<th>Mileage</th>
<th>Total Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maria Byrne</td>
<td>3,600.00</td>
<td></td>
<td></td>
<td>3,600.00</td>
</tr>
<tr>
<td>Michael Corley</td>
<td>3,900.00</td>
<td></td>
<td>707.47</td>
<td>4,607.47</td>
</tr>
<tr>
<td>Fionuala Mc Geever</td>
<td></td>
<td></td>
<td>924.42</td>
<td>924.42</td>
</tr>
<tr>
<td>Joe Leddin</td>
<td>600.00</td>
<td></td>
<td></td>
<td>600.00</td>
</tr>
<tr>
<td>Simon Moroney</td>
<td>2,700.00</td>
<td></td>
<td>386.31</td>
<td>3,086.31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,800.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>2,018.20</strong></td>
<td><strong>12,818.20</strong></td>
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