Financial Memorandum between the HEA and Higher Education Institutions

The financial memorandum has an effective date of XX 2015.

Preamble

1. This memorandum sets out the formal relationship between the Higher Education Authority (‘the Authority’) and each higher education institution (‘the institution’). The foundation of the relationship is provision of funding by the Authority to the institution, in accordance with relevant legislation and public policy and accountability for this funding within statutory and other agreed accountability frameworks detailed in the covering statement from the HEA (Appendix)

2. The basis for the relationship is laid down in relevant legislation, statutes, charters, articles and instruments of governance, particularly those which establish the Authority and the institution and regulate their governance, and those which establish the degree of their autonomy and set out their powers and duties.

3. For these arrangements to be effective the Authority and the institution have to work in partnership to achieve agreed objectives for higher education and to secure best value for funds provided by the State.

4. The Authority recognises that the institution may also undertake activities and have to comply with legislation and regulation which fall outside the scope of this partnership.

Purpose of the memorandum

Accordingly, this memorandum sets out the agreed expectations which the institution, in the spirit of constructive partnership, has a right to have of the Authority. It also sets out the Authority’s expectations of the institution and the requirements which are a condition of the Authority’s funding.

What the institution can expect of the Authority

1. The Authority will conduct its affairs at all times to the highest accepted standards for public sector bodies and in accordance with principles set out in the Code of Practice for the Governance of State Bodies. It will act reasonably on the basis of the fullest available evidence and objective analysis. Subject to any legal requirement to
observe confidentiality, it will be open and transparent with the institutions it funds and other stakeholders, and will give or be prepared to give a public justification of all its decisions.

2. The Authority in line with the Code of Practice for State Bodies will maintain a policy of openness and transparency in relation to the work of the Authority and the services it aims to provide.

3. The Authority will maintain regular and frequent dialogue with institutions and their representative bodies where it seems appropriate in order to:
   i. promote a shared understanding of the aspirations, needs and concerns of the various stakeholders;
   ii. support the beneficial impact of institutions’ collaborative activities;
   and
   iii. better enable it to provide the information, advice and assistance required by the Department of Education and Skills, other government departments or agencies.

4. The Authority will not substitute its judgements for those which are properly at the discretion of institutions. In particular, the Authority will seek to maximise the autonomy of institutions to use block grants provided by the Authority.

5. In discharging its duty to monitor and publish the performance of the institution generally and on specific projects, the Authority will, as far as possible, rely on the data and information used by the institution for its own purposes or in formats that are most useful and most easily provided by the institutions, consistent with requirements. The Authority will not seek to collect the same data and information more than once from the institution.

6. The Authority will allocate and pay grants in a timely manner to the institution in accordance with current policies and procedures. The institution will be consulted in advance and given as much notice as possible of any significant change to these policies and procedures and of significant changes in overall funding levels.

7. The Authority needs to be satisfied that the institution has put in place the structures and procedures necessary to ensure compliance with this memorandum, including delivery on agreed outputs as specified in the compact agreed between the HEA and the institution and the achievement of best value from recurrent funding provided by the State.

8. The Authority will obtain evidence from the institution, which will include undertaking reviews as required (but only by prior arrangement), to provide the assurances required to discharge this responsibility as laid out in point 8 above.

9. Where the Authority has insufficient information to provide the assurance required, the Authority will, in the first instance, seek to resolve matters with the chief officer of the institution and inform the Minister for Education and Skills. Where this has not
proved possible, the Authority will inform the chair of the governing body and the institution’s chief officer in writing and without delay of any significant concern of the Authority about the conduct of the institution. Only after such notification and where the circumstances warrant it, the Authority may consider whether it is appropriate to hold back or suspend the payment of any or all grants to the institution.

What the Authority can expect of the institution

The following paragraphs state the Authority’s expectations of the institution and the requirements which are a condition of the Authority’s funding.

1. The Authority must be able to rely on the whole system of governance, management and conduct of the institution to safeguard all funds of the institution deriving from the Exchequer and to achieve the purposes for which those funds are provided. As a recipient of public funds, the institution will strive to achieve at all times good practice in the governance, management and conduct of the institution.

2. The governing body/ authority will ensure that it has in place and effectively implemented the proper arrangements for governance, leadership and management of the institution as required by statute, charter, its instrument and articles of governance and the agreed Codes of Governance in place for the universities and institutes of technology.

3. Respecting the primacy of the institution’s own statutory obligations, the governing body/ authority will ensure that:

   i. public funds are used in accordance with relevant legislation and only for the purposes for which they are given;
   ii. the institution strives to achieve best value from its use of public funds from all sources;
   iii. annual financial statements are provided in a timely manner for audit by the C &AG, in accordance with the format specified by the HEA;
   iv. there is effective planning and delivery of the institution’s education programmes, research and related activities, which is consistent with the institution’s mission and takes account of potential for collaboration with relevant partner institutions/clusters;
   v. the institution obtains sufficient data and information of a quality to enable it to determine how well the institution is achieving its. Such information will be made available to the Authority on request as necessary for the exercise of its statutory functions;
vi the institution takes appropriate account of the national objectives set out for the sector in the Higher Education System Performance Framework.

vii the institution is actively engaged in seeking continuously to enhance the quality of its programmes and services and to involve students, students unions, employers, partner institutions/clusters and other stakeholders in these processes;

viii there are in place up-to-date and readily accessible procedures for handling complaints by students, staff and others;

ix the governing body’s and the institution’s activities are conducted in an appropriately open, transparent and fully accountable manner;

x the institution plans and manages the deployment of its resources in an efficient way

xi the governing body and the institution adheres to the Authority’s mandatory requirements (as notified to the institution and set out below) and the institution takes account of relevant public policy and good practice in the management of all its activities and resources including its:
  • staff, human resources and industrial relations practices;
  • estates and equipment; and
  • finances, and risk and internal control procedures.

4. The chief officer of the institution must inform the Authority without delay of any circumstance that is having, or is likely to have, a material adverse effect on the financial position of the institution or its ability to maintain its capacity to deliver relevant education programmes, research and related activities.

5. The chief officer of the institution shall, when required, give evidence to the Committees of Dáil Éireann on
   • The regularity and propriety of the institution’s accounts
   • The economy and efficiency of the institution in the use of its resources
   • The systems, procedures and practices employed by the institution for the purpose of evaluating the effectiveness of its operations

6. Mandatory requirements -
   • Agreement of compact with HEA specifying agreed outputs
   • Agreement on budgets/financial plans
   • Provision of required RGAM returns
   • Compliance with public pay policy
   • Compliance with relevant Codes of Governance and provision of Annual Statements of Governance and Internal Control
   • Compliance with the requirements of the Protected Disclosures Act
   • Adherence to Borrowing Framework
   • Adherence to Departures Framework
   • Compliance with public sector Capital Expenditure requirements
   • Compliance with public sector Procurement requirements
   • Adherence to approved Format of Accounts
   • Compliance with process for Land Purchases in the IoTs