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My name is Paul O'Toole. I am the Chief Executive of the Higher Education Authority. I am very pleased to introduce our 2018 Annual Report in its new digital format. We hope that you find it a useful resource to review our key activities in 2018 and to consider our financial statements.

During 2018 we supported the learning journeys of two hundred and thirty-two thousand students, full-time, part-time and those studying through other modes, through an investment of over €1.25 billion. We also invested in vital ground-breaking research, foundation and applied, by our universities our institutes of technology and our colleges. Combined, these investments will help secure better futures for people, for enterprises and for society as a whole.

As it must, the sector continued to evolve in 2018. We in the HEA concluded three years strategic performance compacts with each institution. The ground-breaking work required to bring the Technological University of Dublin into being was completed and it opened its doors on the first of January 2019, the first of its kind.

I work with a great and committed team of people within the Higher Education Authority. With our board, we are dedicated to and committed to advancing higher education in Ireland. As an organisation, we too must grow and evolve and we are committed to improving our capability and increasing our contribution to the sector in the years to come.



2nd July 2019

Mr. Joe McHugh TD,
Minister for Education and Skills,
Department of Education and Skills,
Marlborough Street,
Dublin 1.

Dear Minister,

It is my privilege to submit a copy of the HEA's annual report and audited accounts for 2018 to you, for your consideration.

Last year we reported in the third Higher Education System Performance 2014-17 report that the higher education system responded during challenging economic times both in meeting the demand for increased student places and in meeting the increased skills needs of a recovering economy. During 2018 the HEA commenced the process of agreeing new performance compacts with the Higher Education Institutions following publication of the Department's new System Performance Framework in January 2018. I am pleased to inform you that the HE system has continued to respond to the demand for increased higher education places. As noted in our System Performance Report 2017/18, which you will recently have received, overall enrolments grew by 8% between 2014/15 and 2017/18. While the HEA acknowledges the provision of additional recurrent funding to meet demographic growth and planned infrastructural investment under the National Development Plan 2018-27, the level of state investment has not kept pace with the overall growth in student numbers.

Other key achievements during 2018 included;

- The establishment of Ireland's first Technological University in Dublin following the enactment of TU legislation in March 2018.
- Publication of a mid-term review of implementation of the National Plan for Equity of Access to Higher Education. The HEA worked with the Department in implementing the three stands of the Programme for Access to Higher Education (PATH) fund.
- Agreement between the HEA and SFI on a Memorandum of Understanding and between the HEA and QQI who agreed their second Memorandum of Understanding.
- The HEA oversaw implementation of the Springboard + 2018 Programme which provided over 8000 higher education places, an increase of 25% over 2017.
- Following consultation with key stakeholders, the HEA published in November a four year Strategic Plan.

The HEA welcomed the announcement of Minister Mary Mitchell O'Connor T.D. of a review of the HEA Act last July. We will engage with you and Minister Mitchell O'Connor on this development and the delivery of a number of key initiatives including;

- Delivery by the HE sector of six high level objectives set out in the new System Performance Framework 2018-20.
- Implementation of the Senior Academic Leadership Initiative and other recommendations of the Gender Task Force established by Minister Mitchell O'Connor.
- Implementation of the HEA's Strategic Plan and that of the Irish Research Council which will shortly be finalised.
- Continued implementation of key initiatives such as the Springboard + Programme and the PATH fund.
- Continued reform of the HE landscape including the establishment of new technological universities and the further development of centres of Initial Teacher Education.



In accordance with the 2016 Code of Practice for the Governance of State Bodies I wish to report to you on the Authority's compliance with the code, and specifically on the following matters:

- There were no events of commercial significance during the reporting period. However, the Authority is conscious of, and responding fully to, the changed economic climate, in particular by seeking efficiency gains in its own operations.
- There were no off-balance sheet financial transactions.
- I affirm that all appropriate procedures for financial reporting, internal audit, travel, procurement and asset disposals have been carried out.
- On behalf of the Higher Education Authority I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated. A statement on the system of Internal Controls is included with the HEA's audited financial accounts for 2018 together with the Comptroller and Auditor General's report are attached.
- The HEA has adopted in 2018 a revised code of business conduct for Members of the Authority and for its employees.
- The HEA complies with government remuneration guidelines in respect of the CEO and its employees.
- Members' fees are in accordance with rates sanctioned by the Department as are salaries and allowances paid to staff. The HEA applies the One Person, One Salary circular issued by the Department of Public Expenditure and Reform.
- The HEA has no post balance sheet events to report.
- The HEA complies with the requirements of the Department of Public Expenditure and Reform Spending Code.
- The HEA has put in place procedures for the making of protected disclosures in accordance with S. 21 (1) of the Protected Disclosures Act 2014. An annual report as provided for under S. 22 (1) of the Act has been published.
- The HEA is compliant with Government travel policy in all respects.
- The HEA has complied with its obligations under tax law.
- The HEA is not currently in dispute with other state bodies
- The HEA is taking all necessary steps to ensure compliance with the 2016 Code of Practice.
- The HEA has no subsidiary operating under its remit.

The Board approved the Governance Statement and Board Members' Report.

The HEA would be happy to provide any further clarification you require in relation to any of the above.

I would like to thank your predecessor as Minister for Education and Skills, Mr. Richard Bruton T.D. for his engagement with the HEA during his time as Minister.

I would also like to thank Mr Michael Kerrigan who stepped down from the Board during 2018 following completion of his term as President of USI.

The HEA would like to thank Dr Graham Love for his work as CEO to October 2018 and Mr Paul O'Toole who took on the role as CEO pending the recruitment of a new CEO in 2019.

Our thanks also go to the leadership and staff of all the higher education bodies, including the HEA itself, for their continued commitment and dedication to the national strategies.

Together with the Authority and its executive, I look forward to continuing to work with you and your Department in our continued implementation of the Department's new Action Plan for Education and Strategic Plan and the System Performance Framework, and other major national strategies.

Yours sincerely,



Michael Horgan
Chairperson

One of the most significant developments in the Irish higher education (HE) system in many years took place at the end of 2018: the establishment of Ireland's first Technological University, TUDublin. This was the culmination of many years of work and the merger of the Institutes of Technology of Dublin, Blanchardstown and Tallaght. Work also continued on the possible designation of other Technological Universities around the country.

We also saw a continued growth in student numbers (just over 230,000 as of 2017/18) and, in parallel, an increasing emphasis on student employability and upskilling. This latter national priority is manifested in the Budget 2019 announcement of the €300m Human Capital Initiative, as well as the ongoing expansion of apprenticeships. The HE sector's contribution to Ireland's employment performance will become even more important as Brexit comes to pass.

The 2019 Action Plan for Education will give effect to the new Minister's priorities for the whole education sector. Work on a new Higher Education Act to update our primary piece of legislation, the 1971 Act, also commenced this year and this new law is expected to clarify the powers and responsibilities of the organisation.

Key Facts & Figures

Enrolments

Enrolments in higher education have risen by 9% between 2013/14 and 2017/18. There were over 223,000 enrolments in higher education in 2017/18, compared with just over 206,000 in 2013/14.

Overseas Enrolments

The proportionate increase in enrolments between 2013/14 and 2017/18 has been largest for the non-EU and EU (excluding Ireland and the UK) groups with increases of 40% and 30% respectively. Enrolments from Great Britain (excluding Northern Ireland) have fallen 24% over the period.

Programme Type

Over the period 2013/14 to 2017/18, there has been a 13% increase in honours degree enrolments but a decrease of 14% in ordinary degree enrolments. Taught masters and PhD enrolments over the same period are up 25% and 5% respectively.

Field of Study

Across the fields of study, the largest proportionate increases in enrolments between 2014/15 and 2017/18 were in the education and business, administration & law fields at 26% and 12% respectively. Health and welfare, engineering, ICT and science enrolments increased by 8%, 6%, 4% and 4% respectively over the same period.

Gender Trends

Over the period 2013/14 to 2017/18, female enrolments increased 14%, male enrolments increased by only 3%. Over the same period, enrolments of those aged under 24 increased 13% but enrolments of those aged 24+ increased by only 1%.

Graduate numbers

Graduate numbers from higher education in Ireland increased 9% between 2013 and 2017. There were over 70,500 graduates in 2017 compared with just less than 65,000 in 2013.

Honours Graduates

Honours degree graduate numbers increased 5% between 2013 and 2017, ordinary degree graduate numbers decreased 9% over the same period. Although taught masters graduate numbers increased 25% between 2013 and 2017, PhD graduate numbers decreased by 17% over the same period.

Graduates Fields of Study

Graduates numbers from the education and health & welfare fields of study increased by 23% and 12% respectively between 2014 and 2017. Graduate numbers from the ICT, business, administration & law, engineering, agriculture and services fields increased by 5%, 4%, 4%, 4% and 4% respectively over the same period.

Completion rates

A HEA analysis of completion rates in higher education showed that 76% of new entrants to higher education in 2007/08 completed their studies. The completion rates vary across the NFQ levels of study from 63% at NFQ level 6 and 61% at NFQ level 7 to 82% at NFQ level 8.



The HEA continues to deliver on its ongoing essential functions. There are many core ongoing activities, the continuing effective implementation of which is central to the business – and to the success – of the HEA and the higher education system. These include, for example:

- **Leading the strategic development of the Irish higher education and research system.**
- **Providing effective oversight of governance in the higher education institutions.**
- **Allocating exchequer funding to universities, institutes of technology and colleges within the third level sector.**

The Chief Executive, Graham Love, resigned during 2018 and Paul O'Toole was appointed on an interim basis until a new Chief Executive will be recruited.



The Authority adopted a 2018-2022 Strategic Plan which sets out eight themes, flowing from which are 18 Strategic Priorities. Within each Strategic Theme, the progress made in 2018 is set out below.

A. Institutional Governance, Leadership & Operational Excellence

To support Higher Education Institution (HEI) leadership capability in 2018, the HEA agreed an upskilling programme with the Technological Higher Education Association (THEA). This focuses on governance for the Governing Bodies' Chairs and Secretaries, and leadership for the Presidents. The Code of Governance for the Institutes of Technology was launched at the start of the year and a dedicated governance section has now been established within the HEA. During 2018, the HEA worked with the Department of Education and Skills (DES) to gain legal clarification on the HEA's role in governance reviews and investigation powers. Significant resources were utilised to close out ongoing reviews, investigations, monitoring and preparations for Oireachtas Committee attendance. With regard to equality, work concentrated on providing the secretariat to DES' Gender Equality Taskforce, whose Action Plan was published in November.

B. Funding, Sustainability & Performance

Funding of course continues to be fundamental to the work of the HEA and of the institutions. The Recurrent Funding Allocation Model Review Implementation Group met regularly throughout the year, tackling issues such as the principles of a penalty-based system, the research top-slice and the introduction of the Innovation and Transformation Funding Call. The primary Capital focus has been the progression of the 11 projects under the PPP programme and chairing of same during the planning phase.

In terms of System Performance, Strategic Dialogue Cycles 3 and 4 have been completed and outcomes published, as has the System Performance Framework Report 2014-2017. New compacts with the institutions have almost been finalised and will be published in January. Landscape reform continued in 2018, with €12m in Exchequer support. The first Technological University, TUDublin, has been successfully established. With respect to thematic reviews, the second Teacher Education (Sahlberg) review was completed.

C. Evidence, Policy & Strategic Planning

The HEA aims to serve as the central evidence hub for the Irish higher education system. A major element of this is execution of the organisation's Data and Knowledge Management Strategy. Most of its 2018 actions were completed, with the exception of the development of a staff database. The planned review of impact assessment models also did not take place due to lack of resources.

Interagency collaborations continued and new MoUs were signed with SOLAS and Science Foundation Ireland. In addition, collaborations with the Central Statistics Office as part of the development of a National Data Infrastructure were significant and resulted in a joint publication of the results of a pathfinder project on Higher Education Outcomes. The placing of a HEA data analyst in the offices of the CSO on a 3-day week further strengthened this collaboration.

This year also saw the full roll-out of the Graduate Outcomes Survey (in development since 2015 with the HEIs). The survey now encompasses graduates of all HEA-funded higher education institutions and will be conducted on an annual basis. The monitoring of key performance indicators in the System Performance Framework also continued to assess both institutional and system performance on a national and regional basis. A full analysis of completion rates in higher education institutions was conducted, the first such report on the higher education sector as a whole.

The Capital unit's planning for a HE space survey is currently at an preliminary stage, including a review of previous ones undertaken in Ireland and consideration of international practice. The important work of making our data systems GDPR-compliant continued in a number of key areas such as DPIA and Data Sharing Agreement drafting.

In terms of its policy advisory role, the HEA did not hold Future-Look Focus events in 2018. It undertook substantial planning for a joint event with Massachusetts Institute of Technology scheduled for January, 2019, on the theme of the workplace of the future. The organisation continued to provide policy support to DES.



D. Digital Transformation

The matter of digital transformation as a specific strategic theme in the Strategy is new to the HEA and work has commenced on examining how technology will change the higher education landscape.

Our 'digital first' strategy with regard to publications saw in 2018, for the first time, that the majority of HEA publications were published web only as opposed to also in hard copy format. This eases accessibility and saves on printing costs as well as being more environmentally responsible.

We reached 7,000 Twitter followers for @hea_irl by the end of 2018.

E. Quality & Academic Excellence

The HEA works to enhance students' experience and engagement through a number of mechanisms. It provides €2.25m annually to the National Forum for the Enhancement of Teaching and Learning (NFTL) whose main focus in 2018 was to implement the 2017 independent review recommendations. These included a re-working of their priorities and the development of a new Strategic Plan. In 2018, the Irish Survey of Student Engagement (ISSE) went through its sixth round. For the first time, a survey for postgraduate research students was piloted. The HEA's direct involvement with USI and QQI on the National Student Engagement Project (NStEP) more or less finished by the end of 2018, while its engagement in DES' Transitions Reform agenda continues.

With respect to research policy, the HEA participated in the implementation of Innovation 2020. For example, it co-chaired (with the Health Research Board) the National Open Research Forum to support the delivery of I2020 Action 4.7 (to advance the open research agenda in Ireland). It also launched the National Doctoral Framework Advisory Forum with QQI and it supported DES in its operation of the Higher Education Research Group (HERG). The HEA also led on reviews of the Irish Research e-Library (IReL) and of bibliometrics analysis tools.

In international education in 2018, the Government of Ireland International Education Scholarship programme was revised, and the new Academic Staff Mobility Programme was rolled out. An impact review of Erasmus+ was also undertaken.

We also successfully ran the 'Making an Impact' research competition for research students for the tenth year.

F. Equity of Access

Throughout the year, the Access Policy section continued to work in partnership with DES to implement the National Access Plan for Equity of Access to Higher Education 2015-2019. In December 2018 the HEA published the Progress Review of this plan. The Review was launched by the Minister of State for Higher Education, Mary Mitchell O'Connor, at an event in the Chester Beatty Library in Dublin. The Review highlighted the important achievements made since the launch of the National Access Plan in 2015. These include increases in participation rates across a number of the target groups, with particularly high increases for students with disabilities and among socio-economically disadvantaged groups. Increased Government funding of €16.5 million in the form of the Programme for Access to Higher Education Fund (PATH) will contribute to ensuring continued increases in participation. Other key developments include the development of an Access Data Plan and strengthening student success initiatives across the higher education sector.

The Review identified challenges remaining including the need to improve participation rates among mature students and Irish Travellers and ensuring that the higher education system has processes in place to respond to students' needs as they start and progress through their studies.

The Progress Review made a total of 16 recommendations across 7 themes and the HEA and Department of Education and Skills will work together with the higher education sector and other stakeholders to implement these. These include revising upwards targets for some of the target groups identified in the National Access Plan and extending the term of the Plan itself to 2021.



Programme for Access to Higher Education (PATH)

PATH provides dedicated funding to support access to higher education at regional cluster level to students from the target groups identified in the National Access Plan. The HEA manages the Fund on behalf of the Department of Education and Skills, amounting to approximately €16.5 million over three years. 2018 saw the continued roll-out of the PATH initiative across its three strands:

- PATH 1: Equity of Access to Initial Teacher Education – supporting a range of new initiatives and partnerships to promote participation in initial teacher education by students from the target groups. Funding of over €800,000 has been released under this strand for the 2017/18 academic year.
- PATH 2: 1916 Bursary Fund – provides financial support to students identified as being most economically disadvantaged from the target groups studying on either a full or part-time basis. Lone parents and ethnic minorities are also target groups for this fund. In the 2017/18 academic year funding of €1m was provided for 200 scholarships across six regional clusters of higher education institutions. 2018/19 will see an additional 200 bursaries funded.
- PATH 3: Higher Education Access Fund – supports the development of regional and community partnership strategies for increasing access to higher education by the target groups. This fund is intended to support regional clusters of higher education institutions to attract 2,000 additional students (full or part-time) from groups currently under-represented in higher education and to ensure those students are supported to complete their studies. Funding of approximately €2.2m has been released under this strand for the 2017/18 academic year.

In November 2018 the Department of Education and Skills and HEA hosted a seminar in Tullamore on the PATH initiative. Approximately 160 people from HEIs, community organisations, Government Departments and State agencies attended the seminar which provided an opportunity for all those involved in PATH-funded projects to share experiences and disseminate best practice. Feedback has been positive and it has been agreed that the event will take place annually.

Fund for Students with Disabilities

Following the publication of a Review of the Fund for Students with Disabilities (FSD) in 2017, an implementation group was established to progress the review's recommendations. The group met twice during 2018 with the focus of its work being the phased implementation of a revised funding model based on a standard cost weighting approach. Under the 2018 funding allocations HEIs were invited to begin preparations for the inclusion of learners on part-time courses under the FSD and may use their allocations to assist students on part-time courses on a pilot phased approach. FSD guidelines for the 2018/19 academic year have also been updated and designed arising from the FSD review.

Student Assistance Fund

Implementation of the recommendations from the Review of the Student Assistance Fund (SAF) continued during 2018. The additional funding provided to the SAF in 2017 for lone parents and part-time students continued in 2018. The implementation group established to progress the Review's recommendations met twice during 2018. As part of the implementation of the Review, the HEA supported USI through the promotion of the SAF in student handbooks throughout campuses, highlighting in particular the additional changes to the Fund relating to its extension to part-time students and lone parents.

Student Success Working Group

The HEA chairs the Student Success Working Group which was established to address the issue of non-progression and noncompletion in higher education, particularly for those in under-represented target groups. The group met in December 2018 to review progress and developments to date.



Developments in 2018 included:

- In May 2018 the HEA hosted a seminar addressing the theme of “Strategy for Student Success Development”. The requirement for every HEI to develop and implement a strategy for student success is specified in the System Performance Framework, 2018 -2021. The seminar, which was facilitated by the National Forum for Teaching and Learning, was a highly participative event and afforded attendees the opportunity to explore what an effective student success strategy might look like in the context of the need for a whole-of-institution approach.
- THEA commenced a Study of Retention of Level 6 and Level 7 students in IoTs. This study will provide a more enhanced understanding of the determining factors and will enable IOTs to provide appropriate and responsive supports to students to increase progression.
- The Data Enabled Student Success Initiative (DESSI) initiative which is managed by the National Forum for Teaching and Learning aims to provide support and informed guidance to higher education institutions to explore or seek to develop their capacity for utilising student data to support learners and learning. In October 2018 the National Forum on Teaching and Learning hosted a National Symposium on Institutional Approaches to Using Data for Enhancing Student Success. The Forum was opened by the Minister of State for Higher Education, Mary Mitchell O’Connor and brought together key stakeholders and share national and international good practice.

Access Data Plan

In 2018 the HEA published a Data Plan for Equity of Access to Higher Education. The plan arises from an objective in the National Access Plan to gather accurate data and evidence on access to higher education. During 2018 the HEA has carried out initial preliminary work on analysing data sources, including geocoding.

Access Forum

The second annual Access Forum took place in January 2018 and is part of the structure in place to underpin the implementation, monitoring and ongoing development of the National Plan for Equity of Access to Higher Education. The Forum provides an opportunity for engagement between officials from the Department of Education and Skills, the HEA, those with responsibility in HEIs for the provision of access services as well as target group representatives and students. In particular, the 2018 Forum saw discussion on progress under the National Action Plan (thus feeding into the Progress Review published at the end of 2018) and wider social inclusion developments.

G. Skills, Employability & Engagement

In support of its upskilling and employability agenda, the third national employers survey was completed in 2018. Three new apprenticeships were introduced in areas ranging from culinary arts to logistics. The Springboard+ programme 2018 resulted in 8,088 free or subsidised higher education places in key skill areas. Almost 4,000 places were allocated to second level students on ICT and Entrepreneurship summer camps across 23 higher education institutions. The HEA continued its enterprise and civic strategic engagement through its participation in groups such as the National Skills Council, Expert Group on Future Skills Needs, Screen Training Ireland, Culinary Skills Group and the Campus Engage Steering Group.

H. HEA as an Excellent Organisation

In terms of internal capacity, there was notable progress in recruitment with existing vacancies filled and seven new posts sanctioned, 22 of the staff in post at the year-end joined during 2018. On the issue of GDPR compliance, work started on Data Privacy Impact Assessments and on Data Sharing Agreements. An interim Data Protection Officer was also appointed.

We continue to organise briefing sessions for the higher education sector on a range of relevant issues, from the impact of Brexit to crisis management; in addition, we liaise closely with relevant stakeholders to understand the environment in which we operate as well as setting out our priorities.





Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

An tÚdarás um Ard-Oideachas

Opinion on the financial statements

I have audited the financial statements of An tÚdarás um Ard-Oideachas for the year ending 31 December 2018 as required under the provisions of the Higher Education Authority Act 1971. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of An tÚdarás at 31 December 2018 and of its income and expenditure for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of An tÚdarás and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

An tÚdarás has presented certain other information together with the financial statements. This comprises the governance statement and Board members' report, the statement on the system of internal controls and a schedule summarising grants paid during the year.

My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in regard to those matters.

Seamus McCarthy
Comptroller and Auditor General

28 June 2019



Appendix to the report

Responsibilities of Board members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Higher Authority Education Act 1971
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under the Higher Authority Education Act 1971 to audit the financial statements of An tÚdarás and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of An tÚdarás to continue as a going concern. If I conclude that a material uncertainty

exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause An tÚdarás to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them. I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.



Governance

The Board of the Higher Education Authority (HEA) was established under the Higher Education Authority Act, 1971. The functions of the Board are set out in section 3 of this Act, additional functions were assigned to the HEA under the Universities Act, 1997 and the Institutes of Technology Act, 2006. The Board is accountable to the Minister for Education and Skills and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the HEA are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise [1]. The CEO acts as a direct liaison between the Board and management of the HEA.

Board Responsibilities

The work and responsibilities of the Board are set out in

- HEA Board Terms of Reference
- Code of Conduct for Board Members
- Schedule of Reserved Functions which also contain the matters specifically reserved for Board decision.

Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- members only sessions
- performance reports
- Section 20 (i) of the Schedule to the Higher Education Authority Act, 1971 requires the Board of the HEA to keep, in such form as may be approved by the Minister for Education and Skills, with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the HEA is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 20 of the Schedule to the Higher Education Authority Act, 1971. The maintenance and integrity of the corporate and financial information on the HEA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the HEA by reference to the 2018 annual plan and budget was carried out on 29 January 2019.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the HEA give a true and fair view of the financial performance and the financial position of the HEA at 31 December 2018.



Board Structure

The Board consists of a Chairperson, Deputy Chairperson and thirteen ordinary members, all of whom are appointed by the Government on the recommendation of the Minister for Education and Skills. The members of the Board were appointed for a period of five years and meet 6-8 times per annum. The table below details the appointment period for current members:

Board Member	Role	Date Appointed
Michael Horgan	Chairperson	27th July 2016
Sharon Feeney	Deputy Chairperson [2]	27th July 2016
Orla Feely	Ordinary Member	27th July 2016
Lynn Ramsey	Ordinary Member	27th July 2016
John Wall	Ordinary Member	27th July 2016
Tony Donohoe	Ordinary Member	27th July 2016
Judith Eaton	Ordinary Member	27th July 2016
Darina Kneafsey	Ordinary Member	27th July 2016
Sinéad O'Flanagan	Ordinary Member	27th July 2016
Pól Ó'Mórain	Ordinary Member	27th July 2016
Bahram Bekhradnia	Ordinary Member	27th June 2017
Jim Mountjoy	Ordinary Member	27th June 2017
Síona Cahill [3]	Ordinary Member	1st July 2018
Deirdre Lillis	Ordinary Member	27th November 2017
Ronan Lyons	Ordinary Member	27th November 2017

The Board commenced a self-evaluation exercise in October 2018 and considered the findings at its meeting held November 2018 [4]. An external evaluation of the Board will be carried out in Q4 2019.



The Board has established six committees, as follows:

- **Audit and Risk Committee [5]:** comprises six Board members and one independent member. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board after each meeting, and formally in writing annually. The members of this committee are: Sharon Feeney (Chairperson), Síona Cahill, Deirdre Lillis, Jim Mountjoy, Sinéad O'Flanagan, Pól Ó'Mórain and independent member Anne Brady. There were 4 meetings of the ARC in 2018.
- **Finance and Governance Committee:** comprises six Board members and two independent members. The main role of the Committee is to review and recommend to the Authority, the proposed recurrent and access grant allocations to the Universities, Institutes of Technology and other bodies funded by the Authority, along with funding allocations under a number of additional programmes including performance funding. The members of this committee are: Michael Horgan (Chairperson), Bahram Bekhradnia, Judith Eaton, Darina Kneafsey, Síona Cahill and Jim Mountjoy. The two independent members are Anne Brady and Joe Heavey. Michael O'Connell was appointed as a special advisor. There were 7 meetings of the Finance and Governance Committee in 2018.
- **System Development and Performance Management Committee:** comprises ten Board members. The role of the System Development and Performance Management Committee (SDPM) is to support the Board in overseeing the creation and development of a coordinated system of higher education institutions, each with clear, diversified missions and with a strong focus on outcomes and funding for performance. The members of this committee are: Tony Donohoe (Chairperson), Michael Horgan, Jim Mountjoy, Darina Kneafsey, Sharon Feeney, Bahram Bekhradnia, Lynn Ramsey, Sinéad O'Flanagan, Ronan Lyons and John Wall. There were 4 meetings of the SDPM in 2018.
- **Policy and Planning Committee:** comprises nine Board members. The role of the Policy and Planning Committee is to provide objective analysis and advice across higher education issues, identifying important policy and leadership issues in higher education – both immediate and long-term – in Ireland and internationally. In undertaking this policy analysis, the Committee's objective is to improve higher education in Ireland, and enhance public accountability, by creating a better-informed policy environment and by developing practical responses to the strategic issues facing leaders of higher education institutions and public agencies. The members of this committee are: Darina Kneafsey (Chairperson), Judith Eaton, Orla Feely, Pól Ó'Mórain, John Wall, Sharon Feeney, Lynn Ramsey, Bahram Bekhradnia and Ronan Lyons. There were three meetings of the Policy and Planning Committee in 2018.
- **Research and Graduate Education Committee:** comprises six HEA Board members and three Irish Research Council (IRC) members. The purpose of this Committee is to ensure policy coherence between the HEA and the Irish Research Council, prepare draft policy statements and advice on aspects of research and graduate education, oversee and report to the Authority and Council on implementation of research and graduate education policy by the higher education system and constituent institutions and review relevant policy initiatives submitted by the Authority or Council. The members of this committee are: (Chairperson) Orla Feely (HEA), Jane Ohlmeyer (IRC), Felicity Kelliher (IRC), Síona Cahill (HEA), Sinéad O'Flanagan (HEA), John Wall (HEA), Deirdre Lillis (HEA), and Ronan Lyons (HEA). There is one IRC vacancy on the Committee. There were three meetings of the Research and Graduate Education Committee in 2018.



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- Pension Appeals Committee:** comprises four Board members. The members of this committee are: Michael Horgan (Chairperson), Bahram Bekhradnia, John Wall and Síona Cahill. This Committee was established in 2012 to exercise a statutory function assigned to the Authority, namely to consider pension appeals submitted by University staff under Schedule 5 of the Universities Act. The decision of the Authority on such appeals is given with the consent of the Ministers for Education & Skills and Public Expenditure & Reform. The Committee only meets if there is a pensions appeal. It was not necessary to convene the Committee in 2018.

Schedule of Attendance at Board and Committee Meetings

	Board	Audit & Risk Committee	Finance and Governance Committee	System Development and Performance Management Committee	Policy and Planning Committee	Research and Graduate Education Committee	Pension Appeals Committee
Number of meetings	8	4	7	4	3	3	0
Michael Horgan - Chairman	8/8	n/a	6/7	3/3*	n/a	n/a	0/0
Bahram Bekhradnia	8/8	n/a	5/7	2/4	3/3	n/a	0/0
Orla Feely	6/8	n/a	n/a	n/a	2/3	3/3	n/a
Sinéad O'Flanagan	8/8	4/4	n/a	3/4	n/a	3/3	n/a
Michael Kerrigan	5/5*	2/2 *	2/3*	n/a	n/a	0/1*	0/0
Deirdre Lillis	8/8	4/4	n/a	n/a	1/2 *	2/3	n/a
Ronan Lyons	7/8	n/a	n/a	1/4	3/3	2/3	n/a
Jim Mountjoy	7/8	3/4	6/7	4/4	n/a	n/a	n/a
Lynn Ramsey	8/8	n/a	n/a	4/4	3/3	n/a	n/a
John Wall	8/8	n/a	n/a	2/4	2/3	2/3	0/0
Sharon Feeney	8/8	3/4	n/a	4/4	2/3	n/a	n/a
Tony Donohoe	8/8	n/a	n/a	4/4	n/a	n/a	n/a
Judith Eaton	2/8	n/a	3/7	n/a	1/3	n/a	n/a
Pól O'Mórain	8/8	4/4	n/a	n/a	2/3	n/a	n/a
Darina Kneafsey	8/8	n/a	7/7	4/4	3/3	n/a	n/a
Síona Cahill	4/4*	1/1*	4/4*	n/a	n/a	1/2 *	0/0

* Indicates that committee membership was for part of the year.

The details of all Board fees and expenses can be found in Note 18 to the Financial Statements.

Key Personnel Changes

The following Board member stepped down during the year following the expiry of their term of office: Michael Kerrigan on 30 July 2018.

The Chief Executive, Dr Graham Love, resigned from his position in October 2018. Mr Paul O'Toole was appointed Interim Chief Executive in October 2018 for a one-year period pending the recruitment of a new Chief Executive.

Two Senior Managers, Mr. Fergal Costello, Head of System Performance and Mr. Andrew Brownlee, Head of System Funding resigned in January. Two new Senior Managers were appointed in October 2018, Ms Orla Nugent, Deputy CEO and Head of System Funding and Performance and Ms Mary Farrelly, Head of Finance and System Governance. Ms Farrelly resigned in March 2019.



Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the HEA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Board Members Fees and Expenses

Details of board members fees and expenses are shown in Note 18 of the financial statements.

Employee Benefits

An analysis of Employee Benefits is shown in Note 17 of the financial statements.

Consultancy Expenditure

An analysis of Consultancy Expenditure is shown in Note 5a of the financial statements.

Legal Costs and Settlements

There were no costs relating to fees for legal proceedings or settlements in 2018. Expenditure incurred in relation to general legal advice received by the HEA is disclosed in Consultancy Costs in Note 5a of the financial statements.

Travel and Subsistence Expenditure

An analysis of Travel and Subsistence Expenditure is shown in Note 5b of the financial statements.

Hospitality Expenditure

An analysis of Hospitality Expenditure is shown in Note 5c of the financial statements.

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Authority was in compliance with the Code of Practice for the Governance of State Bodies for 2018 with the exception of procurement issues, details of which are set out in the Statement on the System of Internal Controls.



Michael Horgan

Chairperson

25 June 2019

Footnotes:

[1] Code of Practice (Business and Financial Reporting Requirements) 1.3 – Financial statements to include a statement of how the Board operates, including the types of decisions to be taken by the Board and to be delegated to management.

[2] Appointed Deputy Chair 27th March 2018.

[3] Appointed for the period she holds office as President of USI.

[4] Code of Practice 4.6 – the Board should undertake an annual self-assessment evaluation of its own performance and that of its committees. An external evaluation proportionate to the size and requirements of the State body should be carried out at least every 3 years.

[5] Code of Practice 7.2 – State bodies must establish an Audit and Risk Committee to give an independent view in relation to risks and risk management systems.



Scope of Responsibility

On behalf of the Board of An tÚdarás um Ard-Oideachas (Higher Education Authority), I acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal controls is designed to manage risk to an acceptable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal controls, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the Higher Education Authority for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Internal Control

The Authority has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities, including segregation of duties;
- Establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action is taken; and
- Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.

The system of internal controls is based on a framework of regular management information, a system of delegation and accountability, a set of financial and administrative procedures and rigorous ongoing checks by the finance function. In particular it includes:

- A comprehensive budgeting system with an annual budget, which is reviewed and approved by the members of the Authority;
- Regular review by the members of the Authority of periodic and annual financial information and reports which indicate financial performance against budgets; and
- Setting authorisation limits for expenditure in relation to requisition of funds and disbursement of funds.

The Audit and Risk Committee meet on a regular basis to review the work of Internal Audit and report to the Authority. The work of Internal Audit was outsourced to a professional accountancy firm, ASM, following a tender under the Office of Government Procurement framework.

The Audit and Risk Committee is responsible for approving the internal audit work-plan; it is prepared having regard to the Authority's risk analysis profile. The plan includes provision for a review of internal controls on an annual basis.

Ongoing Monitoring and Review

The Authority's monitoring and review of the effectiveness of the system of internal controls is informed by the work of the internal auditor, the Audit and Risk Committee, the executive management team of the Authority which has responsibility for the development and maintenance of the internal control framework, and comments made by the Comptroller and Auditor General in his report as applicable.

The Authority's outsourced internal auditors carried out a review of internal controls in November 2018. The latter report was considered by the Audit and Risk Committee at its meeting held on 19 November 2018. In addition the internal auditors carried out the following internal audit reviews during 2018:

- Review on the implementation of recommendations of previous internal audit reviews (undertaken by previous internal auditors). This report was considered by the Audit and Risk Committee on 5 March 2018.
- Review of Risk Management which was considered by the Audit and Risk Committee on 3 September 2018.



The Audit and Risk Committee received a report from the CEO on implementation of the Authority's risk management framework at its meeting in May 2018. Following the internal audit review on risk management considered by the Audit and Risk Committee in September 2018 a revised Risk Management Framework was approved by the Board on the recommendation of the Committee on 11 December 2018. A draft Corporate Risk Register was considered by the Audit and Risk Committee in January 2019.

Annual Review of Effectiveness

I confirm that for the Year ended 31 December 2018, the Authority conducted a review of the effectiveness of the system of internal controls.

Procurement

I confirm that the Authority has procedures in place to ensure compliance with current procurement rules and guidelines as set out by the Office of Government Procurement. Matters arising regarding controls over procurement are highlighted under internal control issues below.

Internal Control Issues

No weaknesses in internal control were identified during the year, other than the procurement issues outlined below, that require disclosure in the financial statements.

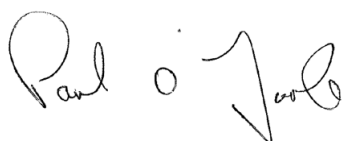
During 2018, €282,393 of expenditure was identified as being not fully compliant with these procedures.

- €252,427 relates to services provided by two recruitment agencies. This amount is made up of salary plus employer PRSI costs of €215,990 and commission payments of €16,449 and €19,988. Quotes were obtained from recruitment agencies in March 2018 and these two agencies were selected on the basis of their commissions on Public Service Executive Officer and Senior Executive Officer pay scales. Due to delays in recruitment of permanent staff, agency fees were higher than expected during the year. The Comptroller and Auditor General advised that the full value of the payment to the agencies should govern the procurement rather than the previous standard and well understood practice of the agency commission driving procurement.
- €18,875 relates to the rollover of a contract for the Springboard online system for essential updates and maintenance before a new tender and contract was completed in mid-2018.
- €11,091 was due to increased costs for offsite storage due to increased demand for office space. We will be reviewing our archive requirements with the Office of Government Procurement in 2019.



Michael Horgan
Chairperson

25 June 2019



Paul O'Toole
Chief Executive

25 June 2019

**HEA 2018 Annual Report / Financial Statements /
Statement of Income and Expenditure and Retained Revenue Reserves
for year ended 31 December 2018**

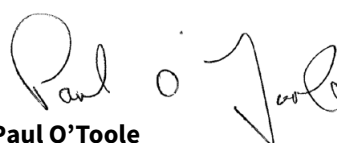
	Notes	2018 €'000	2017 €'000
Income			
Oireachtas Grants	2	1,246,057	1,153,979
Interest Earned (Paid)		(45)	3
Net deferred funding for Pensions	19a	1,106	670
Other Income	3	7,088	11,530
		1,254,206	1,166,182
Less			
Amounts allocated for HEA			
Capital Purposes		(143)	(102)
		1,254,063	1,166,080
Expenditure			
Recurrent and Access Grants	4	1,156,183	1,066,097
Capital Grants	4	29,624	21,626
Research Grants	4	58,832	69,166
Administration Overheads	5	10,775	8,901
		1,255,414	1,165,790
Excess of expenditure over income		(1,351)	290
Transfer from Capital Reserve	7	93	75
Surplus/(Deficit) for the year		(1,258)	365
Balance brought forward 1 January		2,850	2,485
Balance carried forward 31 December		1,592	2,850

- The Statement of Cash Flows and Notes 1-21 form part of the Financial Statements.
- All items of income and expenditure relate to continuing activities



Michael Horgan
Chairperson

25 June 2019



Paul O'Toole
Chief Executive

25 June 2019

HEA 2018 Annual Report / Financial Statements /
Statement of Comprehensive Income for the year ended 31 December 2018

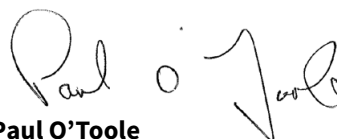
	Notes	2018 €'000	2017 €'000
Surplus/(Deficit) before appropriations		(1,258)	365
Experience Gain/(Loss) on Retirement benefit obligations.	19d	(751)	(1,368)
Change in assumptions underlying the present value of retirement benefit obligations		1,421	(1,664)
Total Actuarial Gain/(Loss) in the year		670	(3,032)
Adjustment to deferred pension funding		(670)	3,032
Total Comprehensive Income for the year		(1,258)	365

The Statement of Cash Flows and Notes 1-21 form part of the Financial Statements.



Michael Horgan
Chairperson

25 June 2019



Paul O'Toole
Chief Executive

25 June 2019

HEA 2018 Annual Report / Financial Statements /
Statement of Financial Position as at 31 December 2018

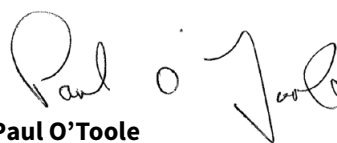
	Notes	2018 €'000	2017 €'000
Non-Current Assets			
Tangible Fixed Assets	6	164	114
Current Assets			
Receivables and Prepayments	8	715	1,074
Bank and Cash Equivalents		40,324	42,711
		41,039	43,785
Current Liabilities			
Payables and Accrued Expenditure	9	39,447	40,935
Net Current Assets		1,592	2,850
Total Assets less Current Liabilities Before Pensions		1,756	2,964
Deferred Pension Funding	19e	30,138	29,702
Pension Liabilities	19e	(30,138)	(29,702)
		0	0
Total Net Assets		1,756	2,964
Represented By:			
Capital Reserve	7	164	114
General Reserve	10	1,592	2,850
		1,756	2,964

The Statement of Cash Flows and Notes 1-21 form part of the Financial Statements.



Michael Horgan
Chairperson

25 June 2019



Paul O'Toole
Chief Executive

25 June 2019

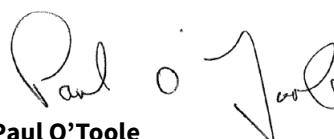
HEA 2018 Annual Report / Financial Statements /
Statement of Cash Flows for the year ended 31 December 2018

Cash Flow from Operating Activities	2018 €'000	2017 €'000
Excess Expenditure over Income	(1,258)	365
Depreciation and impairment of fixed assets	93	75
(Increase)/Decrease in Receivables	359	(336)
Increase/(Decrease) in Payables	(1,488)	19,222
Bank interest paid/(received)	45	(3)
Allocation to Fund Capital Items	143	102
Transfer from Capital Reserve Account	(93)	(75)
Net Cash Inflow from Operating Activities	(2,199)	19,350
Cash Flows from Investing Activities		
Payments to acquire fixed assets	(143)	(102)
Net Cash flows from Investing Activities	(143)	(102)
Cash Flows from Financing Activities		
Bank interest (paid)/received	(45)	3
Net Cash Flows from Financing Activities	(45)	3
Increase in Cash and Cash Equivalents	(2,387)	19,251
Cash and cash equivalents at 1 January	42,711	23,460
Cash and Cash Equivalents at 31 December	40,324	42,711



Michael Horgan
Chairperson

25 June 2019



Paul O'Toole
Chief Executive

25 June 2019

An tÚdarás um Ard-Oideachas was established on 15 May 1972 to perform functions assigned to it by Acht an Údaráis um Ard-Oideachas 1971. All income and expenditure for the year relates to continuing activities at the reporting date.

1. Accounting Policies

The basis of accounting and significant accounting policies adopted by the Higher Education Authority are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

The Higher Education Authority was set up to perform functions assigned to it by Acht an Údaráis um Ard-Oideachas 1971, with offices at 3 Shelbourne Buildings, Crampton Avenue, Shelbourne Road, Ballsbridge, Dublin 4.

The Higher Education Authority is the statutory funding body for the Irish higher education sector and is responsible for the allocation of monies provided by the Oireachtas for universities, institutes of technology and other designated institutions.

It leads the strategic development of the Irish higher education and research system with the objective of creating a coherent system of diverse institutions with distinct missions, which is responsive to the social, cultural and economic development of Ireland and its people and supports the achievement of national objectives.

It monitors the performance of higher education institutions and provides accountability to the Minister in respect of the performance and governance of the higher education sector. The Higher Education Authority is a Public Benefit Entity.

b) Statement of Compliance

The financial statements of the Higher Education Authority for the year ended 31 December 2018 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

c) Basis of Preparation

The financial statements have been prepared in accordance with FRS 102 and under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Education and Skills and Department of Public Expenditure and Reform with the concurrence of the Minister for Finance under the Acht an Údaráis um Ard-Oideachas 1971.

The financial statements reflect the requirements of the Code of Practice for the Governance of State Bodies 2016. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Higher Education Authority's financial statements. An tÚdarás is exempt from Corporation Taxation under a Charitable Status Order. On this basis, no tax in respect of Corporation Tax has been included in the Financial Statements.

d) Basis of Accounting

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102). These statements are prepared on an accruals basis, except as stated below, and are in accordance with generally accepted accounting practice. Financial Reporting Standards, recommended by the Accounting Standards Board, are adopted as they become effective. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.



e) Recognition of Income

(1) Oireachtas Grant

Income from Oireachtas grants represents accrued income in the year. In addition to meeting running expenses these grants may also be applied for certain other purposes, including the purchase of furniture, the replacement of equipment or the carrying out of minor capital projects.

(2) Non-State Grant Income

Income from non-state sources includes monies under the Science without Borders and European Programmes. It represents accrued income in the year.

(3) Refunds

Refunds received from Higher Education Institutions relate to unspent research funding. The amounts received are returned to the Department of Education and Skills on an annual basis.

f) Fixed Assets

The fixed assets of the Authority comprising of motor vehicle, furniture and equipment and computers are stated in the financial statements at cost or valuation less accumulated depreciation and provision for impairment where applicable. If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

Depreciation and Provision for Impairment

Computers and Motor Vehicle are depreciated at a rate of 33 1/3 % per annum straight-line method. All other fixed assets are depreciated at a rate of 10% per annum straight-line method. Where evidence of impairment exists the Authority compares the carrying value of the affected assets with the value in use and expected disposal proceeds less cost to sell. Value in use is measured as discounted cash-flows expected to flow from similar assets grouped as cash-generating units. Motor Vehicle has been depreciated over the remaining three years of the five-year lifecycle following original purchase in 2016.

g) Capital Funding

The assets of the Authority are financed out of administration grants. The Capital Reserve Account represents the amount of income allocated for capital purposes less the amount released to revenue over the life of the assets.

h) Grants allocated to Universities, Institutes of Technology and Designated Institutions

The expenditure under these headings represents the grants which were allocated to the Universities, Institutes of Technology and other higher education institutions in respect of the year. The grants allocated to the institutions are as follows:

(1) Recurrent Grants

These grants constitute the core funding to the higher education institutions.

(2) Capital Grants

These grants are used to meet building, infrastructure, property acquisitions and refurbishment costs, and in certain circumstances may be used to fund equipment and furniture.

(3) Research Grants

These grants comprise:

- Funding under the Programme for Research in Third Level Institutions (PRTL) for recurrent and capital purpose schemes funded by Department of Business, Enterprise and Innovation (DBEI).
- Funding under the Research Schemes of the Irish Research Council.
Funding since 1 October 1999 on behalf of the Department of Education and Skills (DES) under a post-doctoral fellowship scheme.



Unspent research allocations refunded to the HEA are payable to the DES and DBEI.

(4) Access Grants

These grants comprise

- Student Assistance Fund (SAF)
- Fund for Students with Disabilities (FSD)
- Programme for Access to Higher Education (PATH)

(5) Erasmus

Any unspent Erasmus funding is included in payables and accrued expenditure, Accruals General Note 9, and as a repayable creditor in Note 12.

i) Defined Pension Benefit Scheme Costs

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Higher Education Authority. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable and offset by grants received in the year to discharge pension payments.

Pension costs under FRS 102 are assessed in accordance with actuarial advice based upon the latest actuarial valuations and assumptions determined by the actuary.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the Department of Education and Skills.

Pension liabilities represent the present value of future pension payments earned by staff to date.

Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Education and Skills.

All the HEA pension schemes are outlined in Note 19 of the financial statements.

j) Significant Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (1) The discount rate, changes in the rate of return on high-quality corporate bonds
- (2) Future compensation levels, future labour market conditions
- (3) Health care cost trend rates, the rate of medical cost inflation in the relevant regions.

Deferred Income

The determination of deferred income amounts, particularly Research income, will impact on the Surplus/Deficit for the year and the Revenue Reserves at Statement of Financial Position date. Income is deferred to the period in which the related commitments arise.



k) Members Interests

The Authority adopted procedures in accordance with guidelines issued by the Department of Public Expenditure & Reform (DPER) in relation to the disclosure of interests by Authority Members and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Authority's activities in which the Authority Members had any beneficial interest.

l) Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

2. Oireachtas Grants

	Notes	2018 €'000	2017 €'000
Recurrent Grants		1,131,116	1,045,233
Access Grants		25,138	20,261
		1,156,254	1,065,494
Capital Grants		29,621	21,626
Research Grants		52,017	58,958
Administration Grants		8,165	7,901
	11	1,246,057	1,153,979

3. Other Income - Administration

	Notes	2018 €'000	2017 €'000
European Project Financing		523	478
Other Contribution		522	330
		1,045	808
Non-State Grant Income		6,043	10,722
Total Other Income		7,088	11,530

4. Grants to Institutions

	Notes	2018 €'000	2017 €'000
Recurrent Grants		1,130,788	1,045,477
Access Grants		25,395	20,620
		1,156,183	1,066,097
Capital Grants		29,624	21,626
Research Grants		58,832	69,166
		1,244,639	1,156,889

The research grants to institutions are funded from research income shown under Oireachtas Grants. Non-State research income is shown under Other Income.



5. Administration Overheads

	Notes	2018 €'000	2017 €'000
Staff Costs			
Salaries and Wages		4,565	4,000
Retirement Benefits	19b	1,412	1,106
Travel and Subsistence Domestic	5b	119	136
Travel and Subsistence International	5b	145	97
Hospitality	5c	2	2
		6,243	5,341
Premises - Upkeep and Overheads			
Light and Heating		26	15
Maintenance		174	148
Rent & Insurance		753	751
Depreciation		93	75
		1,046	989
General Administration Costs			
Office Expenses		142	168
Postage and Telephone		47	54
Bank Charges		2	1
Information Technology		185	193
Staff Development		60	47
Audit Fees		28	45
		464	508
Education Research and Development			
Publications		826	688
Seminars		123	105
Research and Survey Fees	5a	1,352	759
Assessors Costs		527	348
HERA, Council and European Projects		67	39
European Social Fund (ESF) Membership		7	4
Career and Appointments		47	52
		2,949	1,995
Board Members Fees	18	73	68
Total		10,775	8,901



5a. Research and Survey Fees

	2018 €'000	2017 €'000
Strategic Dialogue, National Strategy, RGAM Review, System Performance and Policy Advice, Panel Members and Other	511	201
Database Support and Website Consultancy	108	94
Marie Curie Support for Postgraduates	90	80
Internal/External Audits, EU Article 13 Checks and Capital Spot Checks, Taxation and Other	265	65
Access and PATH Reviews	78	57
Legal Fees	64	36
Recruitment Costs	22	14
Governance Review	152	0
Other Reviews and General Consultancy	62	212
	1,352	759

5b. Travel and Subsistence

	2018 €'000	2017 €'000
Domestic		
- Board	11	10
- Staff	108	126
International		
- Board	25	13
- Staff	120	84
	264	233

5c. Hospitality

	2018 €'000	2017 €'000
Staff	0	2
Client/Third Parties	2	0
	2	2



6. Tangible Fixed Assets and Equipment

	Motor Vehicle €'000	Furniture & Equipment €'000	Computer Equipment €'000	2018 Total €'000	2017 Total €'000
Cost					
Cost or Valuation at 1 January 2018	0	1,859	2,246	4,105	4,023
Additions during the year	17	31	95	143	102
Disposals during the year	(-)	(-)	(-)	(-)	(20)
At 31 December 2018	17	1,890	2,341	4,248	4,105
Depreciation					
Balance at 1 January 2018	0	1,823	2,168	3,991	3,936
Charge for the year	6	10	77	93	75
Less Depreciation on Disposals	(-)	(-)	(-)	(-)	(20)
	6	1,833	2,245	4,084	3,991
Net Book Value at 31 December 2018	11	57	96	164	114
Net Book Value at 31 December 2017	0	36	78	114	87

7. Capital Reserve

	Notes	2018 €'000	2017 €'000
Balance at 1 January	6	114	87
Oireachtas Grant		143	102
Amount released to Income Depreciation		(93)	(75)
Balance at 31 December		164	114

8. Receivables and Prepayments

	2018 €'000	2017 €'000
Amounts falling due within one year		
Research Grants Receivable	271	680
Receivables and Prepayments	444	394
	715	1074

There are no amounts falling due after more than one year.



9. Payables and Accrued Expenditure

	2018 €'000	2017 €'000
Amounts falling due within one year		
Accruals		
- General	8,718	6,750
- Recurrent	7,742	10,723
Research Grants payable	251	263
- Access/Springboard Grants received in advance	10,256	12,172
- Research Grants received in advance	12,480	11,027
	39,447	40,935

There are no amounts falling due after more than one year.

10. General Reserve

	2018 €'000	2017 €'000
Balance 1 January	2,850	2,485
Surplus/(Deficit) for year	(1,258)	365
Balance at 31 December	1,592	2,850



11. Analysis of Deferred Grants and HEA Grant Income for the Year Ended 31 Dec 2018

Name of Grantor	Name of Grant	Purpose of Grant	Opening Deferral	Grant Received	Closing Deferral	Income and Expenditure
			01-Jan-18 €'000	2018 €'000	31-Dec-18 €'000	2018 €'000
Department of Education and Skills*	General Current Grants Vote 26 C4	Funding recurrent grants of universities, institutes of technology and other institutions	997	1,010,980	1,100	1,010,877
Department of Education and Skills	NTF Labour Market Focused	Funding recurrent grants of universities, institutes of technology and other institutions	0	37,000	0	37,000
Department of Education and Skills	NTF Apprenticeship	Funding New and Craft Apprentices in universities and institutes of technology	0	32,000	0	32,000
Department of Education and Skills	Superannuation Vote C10.2	Funding university pensions	0	21,550	0	21,550
Department of Arts Heritage and the Gaeltacht	Irish Vote 33 C4	Funding Irish in universities and institutes of technology	154	1,176	0	1,330
Department of Education and Skills	NTF Springboard+ Vote 26 (Part)	Funding Springboard in universities, institutes of technology and other institutions	5,319	29,928	6,889	28,358
Department of Education and Skills	Access Grants Vote 26 C11	Funding access to universities and other institutions	5,856	21,549	2,267	25,138
Department of Education and Skills	Capital Vote D4	Funding capital in universities, institutes of technology and other institutions	0	29,621	0	29,621
Department of Education and Skills **	Research Grant, Recurrent and Capital Vote 26 C12	Funding research in universities, institutes of technology and other institutions	5,608	40,806	7,196	39,218
Department of Business Enterprise and Innovation ***	Research Grants including PRTL Vote 32 B5	Funding research in universities, institutes of technology and other institutions	0	12,800	0	12,800
Department of Education and Skills	Administration Grants Vote 26 Part C12	Funding administration grants of HEA and IRC	0	8,165	0	8,165
TOTAL STATE GRANT INCOME			17,934	1,245,575	17,452	1,246,057

* Department of Education and Skills Funding Recurrent Grants – This includes Linc Grants €1,508k. This is received from Department of Children and Youth Affairs. GOI €1.1m

** Department of Education and Skills (DES) Research Grants includes HEAnet Grants and other sundry research grants.

*** Includes eJournals and ICHEC Research Grants



12. Lifelong Learning Programme – EU

The HEA is the national agency in Ireland for the EU funded Life Long Learning programme.

Erasmus+ Grants Scheme

This scheme provides grants for transnational student mobility within the member states of the EU, covering a period between three and twelve months. To be eligible a person must be a fully registered student pursuing a full time course in an approved third level institution.

Funding is received from the EU and paid out to the Universities and Colleges on an academic year basis. Allocations to Universities and Colleges for the 2018/2019 and 2017/2018 academic years were €13.18 million and €10.86 million respectively.

Unexpended amounts are refundable to the EU at the end of each academic year.

At 31 December 2018, an amount of €1.26 million was refundable to the EU in respect of academic years up to 2017/2018. For the academic year 2018/2019 the amount, if any, refundable to the EU will be established on finalisation of all claims.

	2018 €'000	2017 €'000
Balance 1 January	5,825	4,350
Income		
Grants	13,177	10,861
Bank Interest	(6)	1
	18,996	15,212
Less		
Expenditure		
Grants to Universities, Colleges and other institutions	10,398	9,352
Refund to EU	1,074	35
	11,472	9,387
Balance at 31 December	7,524	5,825

The Creditors balance for Erasmus+ is included in Note 9, Payables and Accrued Expenditure, Accruals General.



13. Capital Commitments

The amount of capital commitments under contract and approved by the HEA on behalf of the Department of Education and Skills (DES) and the Department of Business, Enterprise and Innovation (DBEI) at 31 December 2018 amounted to €21.9 million (2017: €16.5 million). Commitments not under contract but approved by the Authority are estimated at €84.6 million at 31 December 2018 (2017: €7.6 million). The Capital commitment of €3.8 million (included in the €21.9m above) is related to the Programme for Research in Third Level Institutions (PRTL) and the Programme is funded by the DBEI. The remainder relates to general capital commitments funded by the DES.

14. Lease of Accommodation

Premises at 3 Shelbourne Buildings, Shelbourne Road, Ballsbridge, Dublin 4 are held under two separate tenancy agreements. The first floor is held under a 25-year agreement from May 2001 with a 5-year rent review at an annual cost of €0.521 million.

The ground floor is held under a 25-year agreement from November 2001 with a 5-year review at an annual cost of €0.320 million. The HEA signed a Deed of Variation to its lease on 27 August 2015. The lease expires on 31 March 2026.

The rent was reduced on 27 August 2015 as follows: – Ground Floor to €0.281m and First Floor to €0.456m. Rent figures exclude car parking costs of €39,000 paid by the HEA. The next rent review date is 31 March 2021.

Total future minimum lease payments under non-cancelable operating leases are as follows:

	2018 €'000	2017 €'000
Within 1 year	737	737
Between 1 and 5 years	2,948	2,948
After 5 years	1,658	2,395
	5,343	6,080

15. Comparative Figures

Comparative figures in the prior year have been adjusted to conform with changes in presentation in these financial statements.

16. Related Parties

HEAnet Ltd. was incorporated on 12 November 1997. The company is limited by guarantee with no share capital and the Higher Education Authority is an ordinary member of the company. Other ordinary members of the company are TCD, UCC, UCD, NUIG, UL, DCU, NUIM, DIT, Athlone IT, Carlow IT and DBEI. HEAnet Group (Including subsidiary company) Income for 2018 was €34 million (2017: €35.4 million). There was a surplus in 2018 of €599k (2017: surplus €1.81m). The company provides internet services to subscriber higher educational and research Institutions as well as primary and post-primary schools and other research organisations. There was an accumulated surplus of €3.09m on the company's activities as at 31 December 2018, (€2.49m at 31 December 2017). The HEA paid total grants to HEAnet Group of €20.3 million in 2018, (€16.0 million in 2017). The increase in Income and Payments from 2017 to 2018 was due to the consolidation of EduCampus in HEAnet Group Accounts in 2017. The establishing of EduCampus represents a renewed commitment to the next evolution of shared services delivery to the higher education sector as a whole. EduCampus was incorporated after the liquidation of An Chéim.



The vision for EduCampus is to provide new, imaginative and flexible approaches to IT shared services to the higher education sector and to develop quality solutions for an expanded client base.

17. Key Management Personnel

Key management personnel in HEA consist of the CEO and Members of the Authority. Total compensation paid to key management personnel, including Authority Members fees and expenses and total CEO remuneration, amounted to €277,880 (2017: €204,151).

Employee Benefits

	2018	2017
€60,000 to €69,999	9	5
€70,000 to €79,999	4	6
€80,000 to €89,999	5	5
€90,000 to €99,999	4	1
€100,000 to €109,999	2	2
€110,000 to €119,999	0	0
€120,000 to €129,999	0	0
€130,000 to €139,999	1	1
€140.000 +	0	0

The average number of employees (whole-time equivalents) during the year, excluding EU funded IRC posts and temporary agency staff, was 63 for 2018. (2017: 59). The table above shows the number of employees whose total employee benefits fell into the respective bands. There were no termination payments in 2018.



18. Board Members Fees & Expenses

Board Member	Start Date	Finish Date	2018 Fees €	2018 Expenses €	2018 Total €	2017 Fees €	2017 Expenses €	2017 Total €
Michael Horgan - Chairman	27/07/2016	-	11,970	214	12,184	11,970	601	12,571
Bahram Bekhradnia	27/06/2017	-	7,695	4,462	12,157	4,489	3,800	8,289
Orla Feely	27/07/2016	-	0	221	221	0	0	0
Sinéad O'Flanagan	27/07/2016	-	7,695	7,745	15,440	7,695	546	8,241
Michael Kerrigan	01/07/2017	30/06/2018	3,848	213	4,061	3,848	0	3,848
Deirdre Lillis	28/11/2017	-	0	631	631	0	0	0
Ronan Lyons	28/11/2017	-	0	0	0	0	0	0
Jim Mountjoy	27/06/2017	-	7,695	0	7,695	4,489	0	4,489
Lynn Ramsey	27/07/2016	-	0	2,044	2,044	0	2,580	2,580
John Wall	27/07/2016	-	0	0	0	0	379	379
Sharon Feeney	27/07/2016	-	0	0	0	0	0	0
Tony Donohoe	27/07/2016	-	7,695	220	7,915	7,695	41	7,736
Judith Eaton	27/07/2016	-	7,695	10,527	18,222	7,695	6,997	14,692
Pól Ó'Mórain	27/07/2016	-	7,695	3,445	11,140	7,695	1,485	9,180
Darina Kneafsey	27/07/2016	-	7,695	6,119	13,814	7,695	6,233	13,928
Síona Cahill	01/07/2018	-	3,848	0	3,848	0	0	0
Annie Hoey	01/07/2016	30/06/2017	0	0	0	3,848	0	3,848
Mary Canning	07/03/2012	31/01/2017	0	0	0	641	0	641
Brian Thornes	07/03/2012	31/01/2017	0	0	0	641	0	641
Total			73,531	35,841	109,372	68,401	22,662	91,063

Member's fees and travel and subsistence expenses are paid in accordance with rates set by the Department of Public Expenditure and Reform. The approved annual fee for members of the HEA is as follows; Chairperson €11,970, Ordinary Member €7,695. Members who finished or started in July were paid a pro-rata fee.

Under the 'One Person, One Salary' Principle, the fee is not paid to a member in receipt of a public sector salary. These are Prof. Orla Feely, Dr Sharon Feeney, Dr Deirdre Lillis, Dr Lynn Ramsey, Prof. Ronan Lyons and Dr John Wall.

Expenses may include directly reimbursable claims or expenses paid on behalf of the Member.



18. Chief Executive Remuneration

	Salary 2018 €	Expenses 2018 €	Total 2018 €	Salary 2018 €	Expenses 2017 €	Total 2017 €
Paul O'Toole (Interim CEO 2018)	29,962	683	30,645	0	0	0
BIK (Company Car)	1,800	0	1,800	0	0	0
	31,762	683	32,445	0	0	0
Graham Love (Former CEO)	132,883	3,180	136,063	105,481	3,259	108,740
Anne Looney (Interim CEO 2017)	0	0	0	2,584	1,764	4,348
Total	164,645	3,863	168,508	108,065	5,023	113,088

Standard public sector pension arrangements applied to Graham Love, Paul O'Toole and Anne Looney. No performance related bonus was applicable.

19. Defined Pension Scheme Benefits

Composition of the schemes

Eligible staff members of the Higher Education Authority have access to two pension schemes. Staff members appointed before 1 January 2013 in general are members of a defined benefit pension scheme approved under Section 15 of the Acht an Údaráis um Ard-Oideachas, 1971 which is funded annually on a pay as you go basis from monies provided by the Department of Education and Skills and from contributions deducted from staff salaries. The benefits on which the FRS 102 calculations are based are set out in:

- (a) HEA Staff Superannuation Scheme 1980
- (b) HEA Staff Superannuation (Amendment) Scheme 1993
- (c) HEA Spouses' and Children's Scheme 1985, and
- (d) HEA Spouses' and Children's (Amendment) Scheme 1992
- (e) The Single Public Service Pension Scheme (Single Scheme) 2013

The HEA also operates a voluntary AVC scheme.

The Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouses' and children's pensions. Single Scheme member's contributions are paid over to the Department of Public Expenditure and Reform. The minimum pension age is 66 years (rising in line with State pension age changes). It included an actuarially reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.



Retirement Benefit Obligation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary to take account of the requirements of FRS 102 in order to assess the scheme liabilities.

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102.

	At 31/12/2018	At 31/12/2017
Discount Rate	2.00%	1.80%
Rate of Expected Salary Increase	2.75%	2.75%
Rate of Increase in Pension Payment	2.25%	2.25%
Inflation	1.75%	1.75%

The demographic assumptions i.e. mortality rates in service and in retirement are in line with standard tables employed in the actuarial valuations of similar public sector type schemes. This reflects the current trend of improvements in mortality and the general expectation that this trend is set to continue for the immediate future. The tables employed are:

Implied life expectancy for a 65-year-old

	2018	2017
Post-retirement - current pensioners		
Male pensioners	22.0	22.0
Female pensioners	24.6	24.6
Post-retirement - future pensioners		
Male pensioners	23.0	23.0
Female pensioners	25.5	25.5

19a. Net Deferred Funding for Pensions in year

	2018 €'000	2018 €'000
Funding recoverable in respect of current year	1,583	1,235
State Grant applied to pay pensioners	(477)	(565)
	1,106	670

19b. Analysis of total retirement benefit costs charged to the Income and Expenditure and Retained Revenue Reserves

	2018 €'000	2018 €'000
Current service cost	1,053	785
Interest on Pension Scheme Liabilities	530	450
Employee Contributions	(171)	(129)
	1,412	1,106



19c. Funding for retirement benefits

The Higher Education Authority recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the superannuation scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. While there is no formal agreement regarding these specific amounts with the Department of Education and Skills, the Higher Education Authority has no evidence that this funding policy will not continue to meet such sums in accordance with current practice. The deferred funding asset for pensions as at 31 December 2018 amounted to €30.1 million (2017: €29.7 million).

19d. Analysis of total retirement benefit costs charged to the Statement of Comprehensive Income

	2018 €'000	2017 €'000
Experience (losses) on Pension Scheme Liabilities	(751)	(1,368)
Changes in assumptions underlying the present value of Pension Scheme Liabilities	1,421	(1,664)
Actuarial Gain/(Loss) on Pension Liabilities	670	(3,032)

19e. Movement in net retirement benefit obligations during the financial year

	2018 €'000	2017 €'000
Deficit in scheme at beginning of year	(29,702)	(26,000)
Movement in year:		
Current Service Cost	(1,053)	(785)
Pensions paid in year	477	565
Interest on Pension Scheme Liabilities	(530)	(450)
Actuarial Gain/(Loss)	670	(3,032)
Deficit in Scheme at end of year	(30,138)	(29,702)



19f. History of defined benefit obligations

	2018	2017	2016	2015
Experience gains and (losses) on scheme liabilities:	(751)	(1,368)	(1,434)	(1,304)
Percentage of Scheme Liabilities	(2.5%)	(4.6%)	(5.5%)	6.5%
Total amount recognised in the Statement of Comprehensive Income:	670	(3,032)	(5,377)	2,471
Percentage of Scheme Liabilities	2.2%	(10.2%)	(20.7%)	12.4%

20. Pension Control Accounts

As part of the approach agreed with the Department of Education and Skills and the Department of Finance to resolving the pension deficit in the funded schemes of the university sector, the funded pension schemes of UCD, UCC, NUIG, NUIM, and TCD were closed and new model pay-as-you-go (PAYG) schemes introduced in early 2005. The assets of the closed funded schemes were transferred to the State under the Financial Measures (Miscellaneous Provisions) Act 2009.

The 2009 Act required that these institutions continued to make employer and employee contributions in respect of these closed funded pension schemes. The new model schemes do not require employer contributions. However the HEA, as a measure, continued to provide for employer and employee pension provision in the core grant in respect of staff in the new PAYG schemes in these 5 universities. The allocation of these funds to pension control accounts was made in the context of the overall available resources for the sector as a prudent means of providing for rising pension costs to be met across both closed and model schemes.

The HEA informed the universities that the continuation of this baseline pension provision in respect of both the closed schemes and the new model schemes must be reflected in their core budgets, and must continue to be set aside in a pensions control account and used solely to pay pensions. The HEA further directed that the pension control account should be separately identified within the university's financial statements and subject to audit by the office of the Comptroller and Auditor General.

The HEA wrote to the universities on 31 August 2016 and requested implementation of the following changes:

With effect from 1 October 2016:

- All universities to move to a 0% employer contribution rate for Model Scheme core staff (changing the existing approach for UCD, UCC, NUIG, NUIM and TCD).
- At 30th September each year any surpluses on the Model Scheme control accounts to be transferred to the closed scheme control accounts for UCD, UCC, NUIG, NUIM and TCD.
- All universities to continue to make employer and employee contributions on non-core staff, irrespective of funding (this to become a requirement under the Delegated Sanction Agreement when published, as it has been to date under the Employment Control Framework).

With effect from 1 January 2017:

- All universities to account for employee contributions in respect of Model Scheme core staff in the pension control accounts. (This to require UL and DCU to transfer employee pension contributions from core staff to the Statement of Financial position pension control account in line with the practice in the other five universities).
- The Pension Adjustment Factor in RGAM to be removed.



The reporting of pension control accounts in the Harmonised Accounts of universities should continue in the prescribed format. However effective from 1 October 2016 any surpluses on Model Scheme control accounts at the financial year end should be transferred to the closed scheme control accounts at 30th September on an annual basis. The HEA to formally confirm the required revised format of accounts in this regard in due course.

The model schemes and single pension scheme have surplus balances at 30 September 2018 of €83 million (2017: €56.4 million). The closed schemes have deficit balances at the same date of (€89.4) million (2017: €(44.2) million) giving a net overall deficit of €(6.4) million (2017: €(12.2) million). An appropriate mechanism to regularise the surpluses or deficits on the individual university pension control accounts is under discussion with the Department of Education and Skills.

There were no significant events post year end that would require disclosure in these financial statements.

21. Board Approval

The financial statements were approved by the Authority on the 26 March 2019 and signed on 25 June 2019.



Grant Schedule

Year ended 31 December 2018

	2018 €'000	2018 €'000	2017 €'000	2017 €'000
Recurrent Grants				
Annual Grants	637,019		583,155	
Minor Works	639		639	
Fee Recoupment	288,621		286,797	
Nursing	42,502		41,946	
Springboard	20,111		14,881	
Strategic Initiatives	98,375		95,757	
ICT Skills	11,540		11,048	
Apprenticeship	31,980	1,130,787	11,254	1,045,477
Access Grants				
Students with Disabilities	10,777		9,749	
Student Assistance Fund	9,876		8,936	
European Globalisation Fund	0		94	
Programme for Access to Higher Education	4,743	25,396	1,841	20,620
Capital Grants				
Building Grants	21,202		13,730	
Equipment Grants	8,422	29,624	7,896	21,626
Research Grants				
Research and PRTLl Recurrent Grants	13,414		13,566	
PRTLl Building Grants	3,890		12,736	
PRTLl Equipment Grants	1,988		6,798	
IRCSET Research Grants	20,720		17,357	
IRCHSS Research Grants	18,820		18,709	
		58,832		69,166
Total Grants Paid		1,244,639		1,156,889



Higher Education Authority

3 Shelbourne Buildings
Crampton Avenue
Shelbourne Road
Ballsbridge
D04 C2Y6

Contact

Phone: +353 1 231 7100
Lo-Call Number: 1890 200 637
Fax: +353 1 231 7172
Email: info@hea.ie

