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Introduction

Dr Alan Wall, CEO



I was delighted to join the Higher Education Authority in late 2019, as its new Chief Executive. I have found an organisation that works hard to support almost a quarter of a million students into and through higher education and onward in their journeys. Higher education and research impacts and improves the lives of most of our population; either through direct participation or through the ideas, expertise and knowledge that is generated by students and staff at our universities and colleges.

I hope you will find this report a useful resource to review our key activities in 2019 and to consider our financial statements.

The 2020 year started well, but then took a turn that few expected with the advent of the Covid-19 pandemic. This has impacted all our lives and many parts of society and the economy. The HEA continues to work closely with all in the higher education sector to both manage and overcome the challenges we face. Our institutions have managed well so far; students and the student experience remain at the core of what they and we in the HEA do.

I look forward to leading the HEA and the higher education sector in the coming years. We are at a challenging point, but also at a place of opportunity for reform and modernisation. I and my team are ready for that challenge.

Letter from the Chairperson, Mr Michael Horgan

9th September 2020

**Mr. Simon Harris TD,
Minister for Further and Higher Education, Research, Innovation and Science**



Dear Minister,

It is my privilege to submit a copy of the HEA's annual report and audited accounts for 2019 to you, for your consideration. Can I at the offset congratulate you on your appointment as Minister for Further and Higher Education, Research, Innovation and Science. The decision to appoint a senior Minister at Cabinet with this portfolio is a very welcome development.

Last year we reported in the fourth Higher Education System Performance 2017/18 report that student places have increased to meet national demographic demand. We noted that there are new entry routes that widen participation in higher education and there are additional places to facilitate the growth in international student numbers.

This growth is necessary, but it continues to place pressure on our higher education system as State funding contributions have not kept pace. The expansion in international student numbers and associated student fees, alongside other actions that HEIs have taken to diversify their sources of income, has partially bridged the funding gap. This cannot be assured into the future and for that reason system sustainability is threatened.

Despite the challenges faced by the sector, some of the key achievements of 2019 include;

- Implementation of the Senior Academic Leadership Initiative, with the award of 20 posts to tackle gender under-representation at senior levels.
- Progress was made on the establishment of Ireland's second Technological University culminating with the decision in May 2020 to grant Technological University Status to the TU Consortium made up of Cork Institute of Technology and Institute of Technology Tralee.
- €14.25 million funding was allocated in support of the reform of the higher education landscape and strategic alliance-building, with particular emphasis in the latter on the post-Brexit North-South context and regional clusters of higher education institutions, with reference to Project Ireland 2040 and the National Development Plan.
- €5 million in performance funding was allocated to higher education institutions, based on the review of impact case studies, which spanned a range of key national policy priority areas, such as Climate Action, STEM education and Fostering Safe Campuses for All.
- The Royal College of Surgeons in Ireland (RCSI) was granted authorisation to describe itself as a university in the State by the Oireachtas in December 2019, following consultation with the HEA on the RCSI application, by the Minister and Department of Education and Skills.
- A new CEO, Dr Alan Wall was appointed last October.

In the coming year, we will engage with you and Minister Niall Collins on the delivery of several key initiatives including;

- Reopening of Irish higher education institutions having contributed to the guidelines issued by your Department last July.
- Development of the next System Performance Framework, as the current framework concludes in 2020.
- Continued implementation of the Senior Academic Leadership Initiative and other recommendations of the Gender Task Force.
- Expansion of the remit of the HEA Centre of Excellence for Gender Equality into broader areas of Equality, Diversity and Inclusion.
- Implementation of the Framework for Consent in HEIs; Safe, Respectful, Supportive and Positive: Ending Sexual Harassment in Irish Higher Education Institutions.
- A Mid-term review of the HEA's 2018-22 HEA strategic plan and progress towards a successor plan.
- Continued implementation of key initiatives such as the Springboard + Programme, the Human Capital Initiative and the PATH fund.
- Continued reform of the HE landscape, including engagement with the consortia who are working towards TU designation and management of the €90m Technological Universities Transformation Fund, announced by government in Budget 2020, for the development and progression of technological universities.

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 2019 together with the Comptroller and Auditor General's certificate.
- The HEA has adopted in 2019 a revised code of business conduct for Members of the Authority and for its employees.
- The Board undertook an external Board evaluation exercise in 2019.
- 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. Joe McHugh T.D. for his engagement with the HEA during his time as Minister. In addition, I would like to acknowledge the contribution of Ms Mary Mitchell O'Connor for her work as Minister of State for Higher Education and Mr John Halligan for his work as Minister of State for Training and Skills.

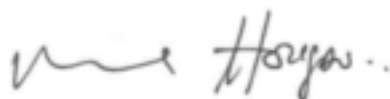
I would also like to thank Ms Síona Cahill who stepped down from the Board during 2019 following completion of her term as President of USI.

The HEA would like to thank Mr Paul O'Toole who served as CEO from October 2018 to October 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 working with you and your new Department as it develops its new action plan, the finalisation of a system performance framework, the National Development Plan 2018-27 and other national strategies.

Yours sincerely,



Michael Horgan
Chairperson

Key Higher Education Data 2019



ENROLMENTS

A total of 228,503 enrolments in 2018/19, a 2.1% increase from 2017/18. However, new entrants (new full-time undergraduate first years) down 3% in 2018/19 to 42,794.



OVERSEAS ENROLMENTS

Total international enrolments up 10.3% in 2018/19 to 28,275. Non-EU enrolments accounted for over 20,000 (72%) of the international enrolments in 2018/19.



PROGRAMME TYPE

Honours degree enrolments accounted for almost 139,000 (61%) of the total enrolments in 2018/19. Taught masters were the second largest group accounting for 10%.



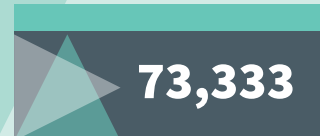
FIELD OF STUDY

The largest field, Business, administration and law, accounted for almost 48,000 (21%) of all enrolments, followed by health and welfare (17%) and arts and humanities (15%).



GENDER TRENDS

The gender participation gap has widened, with 121,631 female enrolments in 2018/19 (up 3% on 2017/18) compared to 106,794 male enrolments (up 1% on 2017/18).



GRADUATE NUMBERS

Graduate numbers were up 4% in 2018 to 73,333. The Institute of Technology sector (including the now TU Dublin institutes) accounted for the largest increase (7%).



HONOURS GRADUATES

Honours bachelor degree graduate numbers were up 2.5% in 2018 to almost 33,000. The number that achieved a 1st class honours increased by 5% compared to 2017.



GRADUATE FIELDS OF STUDY

Business, administration and law courses accounted for 23% of all graduates in 2018 (over 17,000). Health and welfare courses accounted for 18% of all graduates.



NON-PROGRESSION RATES

The national non-progression rate from 1st to 2nd year between 2015/16 and 2016/17 was 14%. The national non-progression rate between 2016/17 and 2017/18 was 13%.

HEA 2019 PERFORMANCE

In 2018, the Higher Education Authority adopted a Strategic Plan (2018-2022) which sets out eight themes, flowing from which are 18 Strategic Priorities. Within each Strategic Theme, some of the progress made in 2019 is set out below.



a. Institutional Governance, Leadership & Operational Excellence

System Governance

Further progress was made in strengthening the HEA's role in the oversight of system governance in 2019. A governance unit was established with clear processes for HEI reviews of governance and securing protected disclosures. Work was advanced on a rolling review of the governance of pay and pensions by HEIs. Improvements were made to the review of the Annual Governance Statements (AGS) by the HEA with feedback provided to each HEI. The further development of the HEA's role in governance is anticipated with the enactment of new legislation.

Further to the publication of revised codes of governance for the Institutes of Technology (THEA, 2018) and the Universities (IUA, 2019), work also progressed on the implementation of the Codes.

Gender Equality / Equality Diversity and Inclusion

As noted above, strong progress has been made in 2019 in the HEA's gender equality work.

The establishment of a Centre of Excellence for Gender Equality within the HEA to drive sustainable change towards gender equality was recommended in the report of the DES' Gender Equality Taskforce (2018). The Centre was established in June 2019 and has a number of objectives:

- ensuring sustainable acceleration towards gender equality in HEIs;
- fostering HEI collaboration and disseminating good practice.
- providing centralised support for HEIs.

In light of these objectives, the National Committee for Gender Equality, chaired by the Chief Executive of the HEA and comprising the vice-presidents for equality, diversity and inclusion of all Higher Education Institutions and the representative bodies (IUA and THEA) was formed in 2019 to ensure the coordination of new institutional initiatives in the area, as well as providing a forum for sharing good practice and for developing leadership capacity. The

Committee met twice in 2019, developed Terms of Reference and agreed workplan items.

The HEA National Review of Gender Equality in Irish Higher Education Institutions (2016) highlighted the gender inequality that exists at senior academic levels in our HEIs and a positive action intervention was amongst the recommended actions listed in the report of the Gender Equality Taskforce. The Senior Academic Leadership Initiative, a targeted positive action initiative to help achieve equality of outcome amongst senior academics in the higher education sector was launched and managed by the Centre. New and additional senior academic leadership posts (20) were awarded in areas where:

- there was clear evidence of significant gender under-representation;
- where the appointment will have significant impact within the HEI and the relevant faculty/department/functional unit.

With the recruitment of two dedicated staff members to the Centre in 2019, updated Staff Profiles have now been published and the Athena Swan Charter is now firmly embedded in the institutions as a driver of gender equality.

b. Funding, Sustainability & Performance

Performance Compacts

In terms of System Performance, Performance Compacts with higher education institutions were published in early 2019. Progress towards interim targets set out the Compacts was reviewed by the HEA and an international advisory panel in Autumn 2019 and feedback was provided to the higher education institutions on their performance.

Impact Assessment Case Studies

A total of €5 million in performance funding was allocated to higher education institutions based on the review of impact case studies. Examples of these were published on the HEA website to highlight the positive impact of work underway across the sector and to enhance opportunities for shared learning.

System Performance

The 2018 System Performance Report was approved by the Authority in April 2019. Landscape reform continued in 2019, with €14.25m in Exchequer support as detailed elsewhere in this report.

System Funding

Funding of courses continues to be fundamental to the work of the HEA and of the institutions. The HEA continued working with HEIs with deficits. The Recurrent Funding Allocation Model Review Implementation Group met throughout the year and continued to progress the implementation of the recommendations of the 2018 report including the allocation of funding to institutions with multiple campuses and funding for management and leadership initiatives in collaboration with the IUA and THEA. Funding of €5m was allocated for initiatives to support teaching and learning capacity. The HEA managed the allocation of 2019 Employment Control Framework ceilings for the sector. The ECF Monitoring Committee (HEA/DES/DPER) was reinstated in 2019 to support this work.

Capital Programmes

The Capital Programmes Unit (CPU) also successfully ran a major competitive funding call, the Higher Education Strategic Infrastructure Fund, which looked for capital proposals for new buildings or works to existing buildings with the objective of delivering high quality higher education infrastructure within HEIs and deliver a major strategic impact for Ireland's future skills needs. A total of five projects delivering circa. 70,000m² in Higher Education Institutes and supporting up to 14,000 new spaces for students were successful under this fund.

The Higher Education PPP programme was one of the primary areas of focus for the CPU and ensuring the progression of the 11 projects through design and planning and chairing of the Project Team. In particular, the focus was on developing the design of the buildings in collaboration with the Design Team and the end users as well as progressing planning permission for all sites in the Programme.

The CPU also sought to establish a 'Centre of Excellence' to support the delivery of large capital projects in the Higher Education sector through the addition of technical disciplines to the team.

c. Evidence, Policy & Strategic Planning

Student Success

The HEA and the National Forum for the Enhancement of Teaching and Learning co-organised a Student Success Symposium which took place on 24 October 2019 in Dublin. The title of the symposium was "Developing our national understanding of student success". This event provided an overview of work done to date and identified some key enablers including teaching, community, health, and wellness. Approximately 150 people were in attendance. A panel of students from different backgrounds provided their perspectives on what student success means to them.

The National Forum also published a report in October called "Understanding and Enabling Student Success in Higher Education". This report highlights the substantial work done across the higher education system to achieve a shared understanding of student success and to better support students in having an enriched, engaged, and positive higher education experience. It includes extensive research and scoping work carried out by the National Forum in partnership with the HEA, arising from the National Access Plan and the specific goal to consider student success for the target groups identified.

Technological Universities

Progress was made on the establishment of Ireland's second Technological University across 2019, culminating with the decision in May 2020 to grant Technological University Status to the TU Consortium made up of Cork Institute of Technology and Institute of Technology Tralee. Reform of the higher education landscape continued in 2019 in line with the ambition of the National Strategy for Higher Education to 2030. €14.25m in Landscape reform funding was provided to institutional consortia to support national restructuring projects.

The publication of the Technological Universities Research Network (TURN) report "*Connectedness and Collaboration through Connectivity*" in October 2019 articulated a shared vision and ambition for Technological Universities and how this can be achieved, thereby enabling a distinctive national and international contribution to social, economic and cultural development. In response to this report, Government announced in Budget 2020 the provision

of €90 million over the next three years under a new TU Transformation Fund to support Institutes of Technology to jointly achieve TU designation and to further the advancement of established TUs. The HEA has been requested by the Department to manage the design and implementation of this fund, in consultation with key stakeholders.

d. Digital Transformation

In February 2019, the HEA announced the outcomes of its Innovation and Transformation Programme call. The fund was launched in 2018 as a recommendation of the Review of the recurrent funding allocation model for higher education. Of the 21 projects funded, 10 were in the area of digital transformation, including student pathways, flexible, distance and e-learning and analytics for student retention and progression.

For example, the IUA led three-year Enhancing Digital Capacity in Teaching & Learning in Irish Universities project is aimed at enhancing the digital attributes and educational experiences of Irish university students through enabling the mainstreamed and integrated use of digital technologies across the teaching and learning process. The project aims to mainstream digital in teaching and learning activities in Irish Universities, by addressing the professional development of all who teach or support teaching and learning.

DCU is leading a project to develop and implement a learning design architecture for accredited awards based on stackable micro-credits. TU Dublin is examining real-time data analytics to improve retention, and IT Sligo is progressing a model to provide online/blended degree programmes for students who are unable to be on-campus due to location, disability, etc.

Again, in February 2019, the HEA hosted a Future Focus Forum event “*Digital Transformation and Empowering Technologies in Higher Education*”. This event explored emerging challenges and opportunities for Irish higher education institutions to be at the forefront of the digital transformation agenda and to harness the opportunities of an increasingly digital world. Contributors shared international best practice in this area and discussed critical related issues such as cyber security and the ethical and responsible use of technology and data.

The outcomes of the event were published on the HEA website and will inform the HEA’s development of a Digital Transformation Framework.

However, the digital transformation agenda is far larger than had been anticipated when the HEA Strategic Plan was originally being formulated and yet is now becoming increasingly essential for Irish higher education. In 2019 the HEA initiated dialogue with key external partners, such as HEAnet and DES, and will work with them to align our future activity with national plans such as the National Digital Strategy.

e. Quality & Academic Excellence

Quality, Teaching and Learning

The National Forum for the Enhancement of Teaching and Learning continues to be an important dimension of the HEA’s support for the student experience and engagement in the institutions. A Review of the Forum was approved by the HEA Board in 2019. The ISSE surveys (undergraduate and postgraduate) continued to be rolled out successfully. An independent evaluation of the National Student Engagement Project (on whose Steering Group the HEA sits) is underway and a National Student Engagement Network has been established.

Research

In addition to its ongoing external strategic research engagements, for example, with the Innovation 2020 Implementation Group, in 2019 the HEA – under the leadership of its Research and Graduate Education Committee – developed *Principles of Good Practice in Research in Irish Higher Education Institutions*¹, culminating in their publication in February 2020. During 2019, it engaged with its stakeholders and reviewed both national and international good practice to devise a set of principles whose objective is to promote good practice in research conduct by:

- Bringing together the main elements of good practice in higher education research,
- Articulating high-level principles within each of these, and
- Signposting to more detailed policies where available.

¹ These principles developed over 2019 were published at the start of 2020.

There are seven elements of good practice in research conduct which institutions are encouraged to follow:

- 1 Excellence in research and academic freedom
- 2 Research integrity and ethics
- 3 Open research
- 4 Intellectual property and knowledge transfer
- 5 Researcher development
- 6 Research project and programme management
- 7 Dignity and respect

Commitment to these principles is now included in the HEA's Annual Governance Statements and their content will be reviewed every two/three years.

Internationalisation

The internationalisation of Irish higher education is a key element in the delivery of a quality teaching, learning and research experience for students and staff and for building international engagement for the sector.

The Government of Ireland – International Education Scholarship (GOI-IES) scheme was established under the provisions of the Government's International Education Strategy, 2010–2015 and expanded under the successor strategy "Irish Educated, Globally Connected (2016- 2020). Attention is also drawn to the Department of Foreign Affairs and Trade's Global Ireland: Delivering in the Asia Pacific Region to 2025 strategy. Since the scheme's inception, the HEA has overseen this annual funding call. The aim of the GOI-IES scheme is to reflect Ireland's engagement in target markets. The scheme is operated in the higher education sector and funded in partnership between the Government and the higher education institutions (HEIs). These scholarships are prestigious awards and reflect the core messages about Ireland as a centre of international education. It is expected that for every scholarship winner, awareness of Ireland will be raised among many more potential students.

In 2019, 60 scholarships were awarded to talented international students from countries such as India, Pakistan, Russia and China. Each successful student receives a fee waiver from their chosen HEI and a bursary of €10,000 as a contribution towards their living costs in Ireland.

In 2019, the HEA continued to serve as national agency for Erasmus+, for which an impact review was completed and published. Another important internationalisation activity in 2019 was the rollout out of national financial assistance for the European Universities Initiative, through which ten Irish HEIs secured support. The HEA also continued to work with DES on all Brexit-related matters.

f. Equity of Access

Programme for Access to Higher Education (PATH)

In 2019 the HEA carried out an assessment of Strand 2 of PATH. Having analysed the data in relation to the first year of PATH 2 implementation, the HEA's assessment found there was evidence to demonstrate that the Fund is meeting its overarching objective, i.e., supporting students from the national priority target groups to access, and participate in, higher education. It was evident from the data that the regional clusters had focused their efforts on the target groups that have the lowest higher education participation rates, e.g., members of the Travelling Community and lone parents. Challenges arose for the scheme in areas such as capacity, clarity of guidelines, need for more centralisation for applications, impact on other access services.

In February 2020, the Department of Education and Skills announced the rollout of the 1916 Bursary Fund for a further three years starting in 2020/21. Clusters were notified of the continuation of PATH 2 funding in December 2019.

In 2019, the HEA commenced an assessment of strand 1 of PATH which supports access to initial teacher training by National Access Plan target groups. As part of the assessment process, the HEA hosted a consultation event with the six centres of teaching excellence to discuss the challenges and best practice associated with projects and activities funded under PATH 1. The consultation provided a key input into the HEA's assessment of PATH 1 and the development of recommendations regarding the future funding of PATH 1.

Access Data

The Higher Education Authority published "A Spatial and Socio-Economic Profile of Higher Education Institutions in Ireland" in October 2019. The report

uses 2017/18 student address data in the HEA Student Records System to analyse the socio-economic profile of Irish higher education students in Ireland by institution and assigns a Deprivation Index Score (DIS) to each institution.

The report enhances understanding of how socio-economic background and levels of disadvantage have impacted on rates of participation in higher education. It will also support institutions to develop more targeted approaches to widening access in their regions.

National Access Forum

One of the goals of the National Access Plan (NAP) is to hold an annual forum to share knowledge and disseminate information on effective initiatives relating to access. The third NAP forum was held in March 2019. The Forum provides a valuable opportunity for access officers, mature student and disability officers, students, and policy makers to share information and experiences. The keynote speaker at the Forum was Dr Rachel Carr, Chief Executive and co-founder of Into University, who shared her experiences of promoting equity of access to higher education in the UK.

Fund for Students with Disabilities (FSD)

The purpose of the Fund for Students with Disabilities (FSD) is to assist further and higher education institutions in ensuring students with disabilities have the necessary assistance and equipment to enable them access, fully participate in and successfully complete their chosen course of study. An FSD implementation group was set up following the publication of the Review of the FSD in 2017. During 2019 the group met twice with a focus on progressing outstanding recommendations from the FSD review including full implementation of the revised funding allocation model as well as updating of FSD guidelines for the 2019/20 academic year.

Student Assistance Fund (SAF)

The Student Assistance Fund provides financial support to full or part-time students who are experiencing financial difficulties while attending college. Following the publication of a review of SAF in 2016, a SAF implementation group was set up. This group met twice in 2019.

The SAF includes a ring-fenced allocation for part-time students who are lone parents or from other target groups. For the 2018/19 academic year, an additional €1 million was allocated to the Student Assistance Fund (SAF) for Professional Master of Education (PME) students who are experiencing financial difficulty. This additional funding is part of the Department's wider responses to teacher supply issues, as set out in the Teacher Supply Action Plan. Further funding was provided for the 2019/20 academic year.

g. Skills, Employability & Engagement

Apprenticeship

In 2019 the Department of Education and Skills provided funding of €7.5m to the Institutes of Technology in 2019/20 for the purchase of equipment and associated enabling works to support the rollout of the new Version 4 Apprenticeship Syllabi. This investment enabled IoTs and TU Dublin to provide apprentices with training in the most up to date techniques including sustainable and renewable technologies such as solar and wind energy and energy efficient construction methods and materials. This brings the total capital funding allocated to support the ongoing modernising of craft apprenticeship programmes in the sector since 2017 to over €23m.

A further three new apprenticeship programmes commenced in the HE sector in 2019 in the Culinary, CGI and Construction Engineering sectors.

The HEA provided funding to support the first Ireland Skills Live event which took place in the RDS in March 2019. The event was hugely successful with over 12,500 visitors, 145 schools and 80 exhibitors attending over the three-day period. A total of 123 national finalists competed in this inaugural event over the three days event in 25 sectors ranging from carpentry to beauty treatments and aircraft maintenance to restaurant service. The winners of each sector went on to represent Ireland at the World Skills competition in Russia in August 2019.

ICT and Entrepreneurship Camps

A total of 34 entrepreneurship camps ran in 2019 nationally with 1,169 second level students participating. In addition, in 2019, 18 higher education Institutions held 58 summer and autumn camps with

overall participation of 8,652 students attending from all over the country. Female participation was 45.1%. DojoMór and MegaDojo events took place nationwide in 2019. The total number of students who attended these events was 2,518 and female participation was 40.7%

Springboard+

Almost 10,000 places across 285 courses inclusive of 1,148 ICT conversion places were offered in 2019.

Human Capital Initiative (HCI)

The Human Capital Initiative was announced by the Government in Budget 2019. The Initiative will deliver an investment targeted towards increasing capacity in higher education in skills-focused programmes designed to meet priority skills needs. Over five years from 2020 to 2024, €300m has been allocated for the HCI from the surplus in the National Training Fund (NTF). This is in line with recommendations contained in the independent review of the NTF on the use of the surplus and the development of labour market skills. This is the Second call for proposals under the HCI. In 2019 three calls under Pillars 1 to 3 of the Human Capital Initiative were run. Pillar 2, Additional Places in skills-need courses resulted in higher education institutions committing to an increase of 1,400 enrolments on key skills- need undergraduate programmes from Level 6 to 8 in the academic years 2020/2021 and 2021/2022. Pillar 1, Specialist and graduate conversion programmes resulted in 1,500 places in specific skills-need discipline areas being made available in the academic year 2020/2021. Pillar 3, Innovation and Agility call opened in December 2019 and the results will be announced later in 2020.

Teacher Education

Thematic reviews: The Structure of Teacher Education in Ireland: Review of Progress in Implementing Reform (Sahlberg II) was published in May 2019. This follow-on report highlighted significant progress in the delivery of the reform agenda proposed specifically in the Sahlberg Report (2012) and more generally in the National Strategy for Higher Education to 2030 (2011).

New undergraduate post-primary initial teacher education programmes in priority subject areas were introduced in September 2019 as part of measures to address the teacher supply challenge. The development of these programmes was supported by HEA Performance Funding in 2018, and further new programmes will commence in 2020/21.

A call for upskilling programmes for teachers in the priority subject areas of Mathematics, Physics, and Spanish was developed and launched in December 2019 in furtherance of a commitment in the Teacher Supply Action Plan (2018).

h. HEA as an Excellent Organisation

Accountability, Governance and Performance Management

The HEA has moved in recent years to strengthen its approach to accountability, governance and performance management in higher education. The publication of two recent gender equality reports in higher education, for example, is significant and although progress is slow, HEIs are making some advances on leadership, governance, management and staffing across the sectors. To expedite change further however, it is vital that HEIs engage fully and that senior management lead from the front in progressing gender equality within their organisations. The HEA's reviewed approach to the oversight and governance of HEIs in 2015 has strengthened reporting of annual governance. In addition, the HEIs have, and continue to, engage with the HEA in the strategy and performance dialogue process with all HEIs submitting their mission-based performance compacts to the HEA in 2019.

Human Resources

The HEA acknowledges the support of the Department who sanctioned a number of new posts during the year to assist with new and expanded funding programmes. The HEA submitted a workforce plan to the Department during 2019. The number of staff employed by the HEA and IRC as of 31st December 2019 was 81.25.

The HEA has in place a Performance Management and Development System for all staff and in 2019 put in place a programme of staff development opportunities geared primarily, but not exclusively to female staff.

Higher Education Statistics

The HEA Statistics Unit completed and progressed a number of key projects in 2019. The first full completion rates analysis conducted by the HEA was published in February 2019. This landmark report highlighted high completion rates across the system in general, despite some small pockets of higher non-

completion. Importantly, results showed that disadvantaged students tend to perform as well in higher education as their classmates, all else being equal. The first comprehensive spatial and socio-economic profile of the higher education student population was published in October 2019. Analyses included mapping HEI catchment areas, comparing the relative levels of affluence/disadvantage in HEI student populations, based on student home address data, and comparing graduate outcomes for disadvantaged students compared to their less disadvantaged peers.

During 2019, the Statistics Unit moved to disseminating data via downloadable tables and data visualisations on the Statistics Unit website pages, showing our commitment to open data. The collaboration with the Central Statistics Office culminated in the publication by the HEA of an in-depth report on graduate earnings in December 2019.

This report extended the previous CSO publication on graduate earnings by comparing earnings for like-for-like graduates, accounting for differences in graduate characteristics. External researchers were granted access to anonymised student data on-site in 2019, in line with our commitment to making best use of rich HEA datasets. Their work focussed on the determinants of degree quality by student characteristics including gender, second level school type attended and Leaving Certificate performance. Compliance with data protection legislation was prioritised during 2019 resulting in signed data sharing agreements with all HE-funded HEIs, an updated data collection notice and publication of a Data Protection Impact Assessment. Statistics Unit staff continue to contribute to wider Public Service and HEA collaborations via participation on CSO, SOLAS, ISSE and Department of Education and Skills working groups.

2019 also witnessed the roll-out of the second iteration of the Graduate Outcomes Survey which is a sector wide survey of graduates taking place approximately nine months after graduation. The ongoing monitoring of key performance indicators (KPIs) through the System Performance Framework has continued to assess both institutional and system

performance on a national and regional basis, with the publication of Higher Education System Performance, Institutional and Sectoral Profiles (2016/17) taking place in October 2019. Furthermore, work has begun on the development of a dashboard visualisation tool as a way of presenting high-level key performance indicators.

Recruitment of a new Chief Executive Officer

In 2019 the Board of the Higher Education Authority (HEA) approved the appointment of Dr Alan Wall as CEO of the HEA following an open competition managed by the Public Appointments Service. Dr Wall has extensive experience in the education sector having served as Assistant Secretary General at the Department of Education and Skills leading most recently its Research, Reform, Policy and Data Division. As Deputy Director with the Teaching Council he played a key role in the establishment of that agency. Dr Wall holds a Doctorate in Governance from Queens University Belfast and also holds degrees from Maynooth University and Trinity College, Dublin. Dr Wall succeeded Mr Paul O'Toole who served as interim CEO from October 2018 to October 2019.

CORPORATE GOVERNANCE



Legislative Mandate

The Higher Education Authority (HEA) – An tÚdarás um Ard-Oideachas was established on 15 May 1972 under the Higher Education Authority Act, 1971. Additional functions were assigned to the HEA under the Universities Act, 1997, the Institutes of Technology Act, 2006 and the Technological Universities Act, 2018. The HEA operates in accordance with the provisions of these Acts and under the aegis of the Minister for Education and Skills. The Department of Education and Skills is currently undertaking a review of the legislation governing the HEA.

Under the Higher Education Authority Act 1971, the general functions of the HEA are defined as:

- Furthering the development of higher education
- Assisting in the co-ordination of State investment in higher education and preparing proposals for such investment
- Promoting an appreciation of the value of higher education and research
- Promoting the attainment of equality of opportunity in higher education
- Promoting the democratisation of the structure of higher education.

The Irish Research Council (IRC) operates under the aegis of the Higher Education Authority, it was established in March 2012 following the merger of the Irish Research Council for Humanities and Social Sciences and the Irish Research Council for Science, Engineering and Technology.

The IRC was established to:

- Fund excellent, independent exploratory research and to enhance Ireland's reputation as a centre for research and learning
- Support the education and skills development of excellent early-stage researchers
- Enrich the pool of knowledge and expertise available for addressing Ireland's current and future needs
- Provide policy advice on post-graduate education on general research matters.

Code of Practice for the Governance of State Bodies

The Code of Practice for the Governance of State Bodies 2016, which superseded the 2009 Code came into effect in September 2016. It has been adopted by the Higher Education Authority and processes have been put in place to ensure that all aspects of the HEA's operations comply with the requirements of the Code.

Performance Delivery Agreement

The Higher Education Authority agreed in March 2018 a Performance Delivery Agreement with the Department of Education and Skills and this was rolled over into 2019. This agreement sets out the management and accountability framework between the Department of Education and Skills and the Higher Education Authority.

Employment Equality Acts 1998 to 2015

Equality is an established priority for the Higher Education Authority. The organisation values diversity and strives to be an equality employer where individual contribution is encouraged and differences are valued. To this end, the HEA is committed to ensuring that no staff member or applicant for employment receives less favourable treatment than any other on grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race, membership of ethnic minority or on any grounds not relevant to good employment practice. This applies to recruitment, working conditions and development opportunities.

The Health, Safety and Welfare at Work Act, 2005

The Higher Education Authority continues to take appropriate measures to protect the safety, health and welfare of all employees and visitors within its offices to meet the provisions of this Act. This extends to the Public Health (Tobacco) Acts 2002 and 2004.

Ethics in Public Office Act, 1995 and Standards in Public Office Act, 2001

In accordance with the above Acts, the Higher Education Authority has adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by Board Members and these procedures have been adhered to during the year. There were no transactions in the year in which the Board Members had any beneficial interests.

Protected Disclosures Act, 2014

In line with the legal requirement of the Protected Disclosures Act, 2014, the Higher Education Authority has established and maintains procedures for the making of protected disclosures.

Protected disclosures may be made to the Chief Executive of the HEA in respect of matters relating to the planning and development of higher education and research in the State and matters relating to the funding of the higher education institutions funded by the HEA. There were five protected disclosures made to the HEA in 2019 from Higher Education Institutions.

Prompt Payment of Accounts Act, 1997

The Higher Education Authority is committed to meeting its obligations under the Prompt Payments of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2012.

Management is satisfied that the HEA complied with these provisions in all material respects. In total, a sum of €983 was paid in relation to late payment interest penalties in 2019.

Official Languages Act, 2003

The Higher Education Authority is committed to meeting its obligations under the Official Languages Act, 2003. The HEA's Annual Report and key policy documents are published simultaneously in both official languages.

Freedom of Information Act, 2014

The provisions of the Freedom of Information Act apply to the Higher Education Authority. This Act provides a legal right to individuals to obtain access to information held by public bodies, to have the information held relating to him/herself amended where it is incomplete, incorrect or misleading and to obtain reasons for decisions affecting oneself. During 2019 the HEA received 39 requests for review and there was one referral to the Office of the Information Commissioner.

Data Protection

The Higher Education Authority is a data processor under the Data Protection Acts. The General Data Protection Regulation (GDPR) provides that everyone has the right to the protection of personal data concerning him or her. Such data must be processed fairly for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by the law. Everyone has the right to access data which has been collected concerning him or her, and the right to have it rectified.

The HEA is committed to ensuring the lawful, fair and transparent processing of data subjects' personal data. The HEA will take all reasonable steps to secure and protect data subject's personal data while complying with Data Protection law.

Energy Efficiency and Environmental Policy

The Higher Education Authority is committed to contributing to achieve the Government target of 33% energy reduction in the Public Sector by 2020 in line with the National Energy Efficiency Action Plan 2009-2020. The HEA recognises its duty to ensure that its activities have minimal impact on the environment. Through the Waste Management System, the HEA has implemented actions that ensure a high level of recycling waste material and minimising waste going to landfill. The HEA consumed 111,547 kWh of electricity in 2019. The HEA's attributable share of gas consumption in the shared office building was 56,358 kWh in 2019.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019



Governance Statement and Board Members' Report

The Governance Statement and Board Members' report is presented in accordance with the Code of Practice for the Governance of State Bodies, 2016 and guidelines issued in November 2017.

Governance

The Board of the Higher Education Authority 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 Higher Education Authority under the Universities Act, 1997, the Institutes of Technology Act, 2006 and the Technological Universities Act, 2018. The Board is accountable to the Minister for Education and Skills and is responsible for ensuring good governance. It 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 Higher Education Authority are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team follow the broad strategic direction set by the Board and 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. The CEO acts as a direct liaison between the Board and management of the Higher Education Authority.

Board Responsibilities

The work and responsibilities of the Board are set out in the Schedule of Matters Reserved for the Board which 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,
- performance reports
- reserved matters.

The Board seeks to comply with best practice public sector principles in its own activities and in its use of subcommittees.

The Higher Education Authority is required under Section 20 of the Schedule to the Higher Education Authority Act, 1971 to keep, in such form as may be approved by the Minister for Education and Skills with concurrence of the Minister for Finance, all proper and usual accounts of all money received and expended by it, including an income and expenditure account and a balance sheet.

In preparing these financial statements, the Board of the Higher Education Authority 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 Board is responsible for approving the annual business plan and budget. An evaluation of the performance of the Higher Education Authority by reference to the 2019 annual business plan was carried out by the Board at its meeting on 17 December 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 Higher Education Authority give a true and fair view of the financial performance and the financial position of the Higher Education Authority at 31 December 2019.

Board Structure

The Board of the Higher Education Authority consists of a Chairperson, Deputy Chairperson and thirteen ordinary members, all of whom are appointed by the Minister for Education and Skills. The members of the Board were appointed for a period of five years and met 9 times during 2019. New Board members are provided with an extensive briefing on the Higher Education Authority and its operations. The table below details Board members during the year, their date of appointment and their date of cessation where applicable.

Board Member	Role	Date Appointed	Date of Cessation
Michael Horgan	Chairperson	27/07/2016	
Sharon Feeney	Deputy Chairperson	27/07/2016	
Bahram Bekradhnia	Ordinary Member	27/06/2017	
Darina Kneafsey	Ordinary Member	27/07/2016	
Deirdre Lillis	Ordinary Member	27/11/2017	
Jim Mountjoy	Ordinary Member	27/06/2017	
John Wall	Ordinary Member	27/07/2016	
Judith Eaton	Ordinary Member	27/07/2016	
Lorna Fitzpatrick*	Ordinary Member	01/07/2019	
Lynn Ramsey	Ordinary Member	27/07/2016	
Orla Feely	Ordinary Member	27/07/2016	
Pól Ó Móraín	Ordinary Member	27/07/2016	
Ronan Lyons	Ordinary Member	27/11/2017	
Sinéad O'Flanagan	Ordinary Member	27/07/2016	
Síona Cahill*	Ordinary Member	01/07/2018	30/06/2019
Tony Donohoe	Ordinary Member	27/07/2016	

*Appointed for the period she holds office as President of the Union of Students in Ireland.

Section 4.6 of the Code of Practice for the Governance of State Bodies 2016 obliges the Board to undertake an annual review of its performance and an external evaluation at least every three years. Governance Ireland was commissioned to undertake an evaluation of Board effectiveness in 2019. This review included an online survey, one-to-one interviews with Board members and attendance at a board meeting. The findings were presented to the Board in March 2020 and the recommendations are being considered for implementation.

Council Structure

The Council of the Irish Research Council consists of a Chairperson, ten ordinary members and one ex-officio member. Members are appointed by the Minister for Education and Skills. The members of the Council were appointed for a period of three years and meet approximately 6 times per annum. There are currently two vacancies on the Council. The table below details the Council members and their date of appointment.

Council Member	Role	Date Appointed
Daniel Carey	Ordinary Member	31/08/2019
Emma Teeling	Ordinary Member	30/11/2018
Felicity Kelliher	Ordinary Member	30/11/2018
Jane Ohlmeyer	Chairperson	30/11/2018
Kieran Conboy	Ordinary Member	31/08/2019
Peter Brown	Ex-Officio Member	09/10/2017
Rob Kitchen	Ordinary Member	30/11/2018
Catherine Godson	Ordinary Member	13/11/2019
Patricia Kearney	Ordinary Member	13/11/2019
Liam Barry	Ordinary Member	13/11/2019

The HEA Board has six sub-committees, as follows:

Audit and Risk Committee

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. They provide an independent view in relation to risks and risk management systems. 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 ARC comprises six Board members and one external member with financial and audit expertise. The members of the Audit and Risk Committee are Sharon Feeney (Chairperson), Lorna Fitzpatrick, Deirdre Lillis, Jim Mountjoy, Sinéad O’Flanagan, Pól Ó Móraín and independent member Anne Brady. There were five meetings of the ARC in 2019.

Finance and Governance Committee

The role of the Finance and Governance Committee (F&G) is to review and recommend to the Board the proposed grant allocations to the higher education institutions and to review management accounts, budgets and consider the general financial state of the Higher Education Authority. The F&G comprises six Board members and three independent members. The members of this committee are Michael Horgan (Chairperson), Bahram Bekhradnia, Judith Eaton, Darina Kneafsey, Lorna Fitzpatrick and Jim Mountjoy. The three independent members are Anne Brady, Michael O’Connell and Joe Heavey. There were six meetings of the Finance and Governance Committee in 2019.

System Development and Performance Management Committee

The role of the System Development and Performance Management Committee (SDPM) is to support the Board in overseeing the creation and development of a co-ordinated system of higher education institutions, each with clear, diversified missions and with a strong focus on outcomes and funding for performance. The SDPM comprises ten Board members. 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 four meetings of the SDPM in 2019.

Policy and Planning Committee

The role of the Policy and Planning Committee (PPC) 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 PPC comprises nine Board members. The members of this committee are Darina Kneafsey (Chairperson), Judith Eaton, Orla Feely, Pól Ó Móraín, John Wall, Sharon Feeney, Lynn Ramsey, Bahram Bekhradnia and Ronan Lyons. There were four meetings of the Policy and Planning Committee in 2019.

Research and Graduate Education Committee

The role of the Research and Graduate Education Committee (RGE) is to ensure policy coherence between the Higher Education Authority and the Irish Research Council, prepare draft policy statements and advise on aspects of research and graduate education, oversee and report to the Board 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 Board or Council. The RGE comprises six Board members and three Council members. The members of this committee are: Orla Feely (HEA) (Chairperson), Jane Ohlmeyer (IRC), Felicity Kelliher (IRC), Liam Barry (IRC), Lorna Fitzpatrick (HEA), Sinéad O’Flanagan (HEA), John Wall (HEA), Deirdre Lillis (HEA) and Ronan Lyons (HEA). There were four meetings of the Research and Graduate Education Committee in 2019.

Pension Appeals Committee

The role of the Pensions Appeals Committee (PSA) is to exercise a statutory function assigned to the Higher Education Authority namely to consider pension appeals submitted by University staff under Schedule 5 of the Universities Act, 1997. The decision of the Higher Education Authority on such appeals is given with the consent of the Minister for Education and Skills and the Minister for Public Expenditure and Reform. The members of this committee are Michael Horgan (Chairperson), Bahram Bekhradnia, John Wall and Lorna Fitzpatrick. The committee only meets if there is a pensions appeal. It was not necessary to convene this committee in 2019.

Schedule of Attendance

A schedule of attendance at the Board and Committee meetings for 2019 is set out below:

	Board	Audit & Risk Committee	Finance and Governance Committee	System Development and Performance Management Committee	Policy and Planning Committee	Research and Graduate Education Committee
Number of meetings	9	5	6	4	4	4
Michael Horgan - Chairman	9/9	n/a	6/6	3/4	n/a	n/a
Bahram Bekhradnia	9/9	n/a	4/6	2/4	2/4	n/a
Orla Feely	8/9	n/a	n/a	n/a	3/4	3/4
Sinéad O'Flanagan	9/9	3/5	n/a	4/4	n/a	4/4
Lorna Fitzpatrick	4/4*	2/2*	3/3*	n/a	n/a	2/2*
Deirdre Lillis	9/9	5/5	n/a	n/a	4/4	4/4
Ronan Lyons	8/9	n/a	n/a	4/4	1/4	3/4
Jim Mountjoy	9/9	5/5	5/6	3/4	n/a	n/a
Lynn Ramsey	8/9	n/a	n/a	4/4	4/4	n/a
John Wall	9/9	n/a	n/a	2/4	4/4	1/4
Sharon Feeney	9/9	5/5	n/a	3/4	4/4	n/a
Tony Donohoe	8/9	n/a	n/a	4/4	n/a	n/a
Judith Eaton	8/9	n/a	5/6	n/a	3/4	n/a
Pól Ó Mórain	9/9	5/5	n/a	n/a	4/4	n/a
Darina Kneafsey	7/9	n/a	5/6	4/4	3/4	n/a
Síona Cahill	4/5*	2/3*	0/3*	n/a	n/a	0/2 *

*Appointed for the period that she is President of the Union of Students in Ireland.

The details of all Board members' fees and expenses are disclosed in Note 18 to the Financial Statements.

Key Personnel Changes

Síona Cahill resigned from the Board on 30 June 2019 following the completion of her tenure in office as President of the Union of Students in Ireland. She was replaced by Lorna Fitzpatrick.

The interim Chief Executive, Paul O'Toole retired in October 2019 and Alan Wall was appointed as the new Chief Executive in October 2019.

Mary Farrelly resigned as Head of Finance in March 2019 and was replaced by Pearl Cunningham. Gemma Irvine left her position as Head of Policy and Planning in July 2019 and was replaced by Tim Conlon.

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

The Board is responsible for ensuring that the Higher Education Authority 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:

Employee Short-Term Benefits

Employees' short-term benefits in excess of €60,000 are set out in note 17. There were no termination payments in 2019.

Consultancy Costs

The following consultancy costs were charged to operating expenses:

	2019	2018
	€'000	€'000
Governance Reviews	138	152
Database Design	139	108
Tax and Actuarial Advice	27	26
Internal Audit	33	20
GDPR Advice	76	18
Legal Fees	81	78
Policy Research	424	298
External Reviews and Advisory	375	248
Marie Curie Postgraduate Support	90	90
Other	47	17
	1,430	1,055

Legal Costs and Settlements

There were no legal costs in the reporting period in relation to settlements, conciliation or arbitration proceedings. This category does not include expenditure incurred in relation to general legal advice received by the Higher Education Authority which is disclosed in Consultancy costs above.

Travel and Subsistence Expenditure

Travel and subsistence expenditure are categorised as follows:

	2019	2018
	€'000	€'000
Ireland		
Board	13	11
Employees	97	108
International		
Board	25	25
Employees	65	120
Total	200	264

Hospitality Expenditure

Hospitality expenditure is categorised as follows:

	2019	2018
	€'000	€'000
Staff	2	0
Board	2	0
Third Parties	2	2
Total	6	2

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 of Practice for the Governance of State Bodies for 2019. The HEA is in compliance with the Code of Practice for the Governance of State Bodies for 2019 with the exception of procurement issues, details of which are set out in the Statement on System of Internal Controls.

On behalf of the Board of the Higher Education Authority:



Michael Horgan
Chairperson
Date: 26th June 2020

Statement on System of Internal Controls

Scope of Responsibility

On behalf of the Board of the 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 Controls

The system of internal controls is designed to manage risk to an acceptable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions are 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 2019 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The Higher Education Authority has an Audit and Risk Committee (ARC) comprising of the six Board members and one external member with financial and audit expertise. The ARC met five times in 2019.

The internal audit function of the Higher Education Authority is outsourced to a professional accountancy firm, ASM following a tender under an Office of Government Procurement framework. The 2019 Internal Audit Plan was approved by the ARC on behalf of the Board. This plan includes a review of internal controls on an annual basis.

The Higher Education Authority has developed a risk management policy which sets out the risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the Higher Education Authority's risk management policies, to alert

management on emerging risks, and to control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

The Higher Education Authority has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the Higher Education Authority and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by management on a six-monthly basis and reviewed by the ARC. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The risk register details the controls and actions needed to mitigate risks and the responsibility for operation of controls is assigned to specific staff.

Ongoing Monitoring and Review

The Board has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining and documenting management responsibilities and authority.
- Ensuring clear lines of accountability for management.
- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation.
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken.
- Developing a strong culture of accountability across the organisation.
- Adopting and adhering to the Code of Practice for the Governance of State Bodies.
- Reviewing the effectiveness of the board.
- Ensuring the control environment includes an active Audit and Risk Committee, internal audit function and regular reporting to the board on financial results.

The system of internal controls is based on a framework of regular management information, policies and procedures including segregation of duties and a system of delegation and accountability. In particular, the following monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.
- A comprehensive budgeting system with an annual budget, which is reviewed and agreed by the Board. This incorporates a detailed business planning process.
- There are regular reviews by senior management of financial reports which indicate performance against budgets.

Procurement

I confirm that the Higher Education Authority has procedures in place to ensure compliance with current procurement rules and guidelines as set out by the Office of Government Procurement. During 2019 expenditure of €172,215 was incurred where the procedures employed did not comply with the procurement guidelines.

€142,115 relates to services provided by recruitment agencies. This amount is made up of salary, employer PRSI and commission payments for temporary staff. A framework has been put in place for the procurement of temporary staff and the HEA is now fully compliant for the procurement of these services

€30,100 relates to the provision of web design and maintenance services. The HEA had arrangements in place to ensure these services were procured in line with procurement guidelines for amounts up to €25,000, but additional services were required during 2019 which resulted in this procurement breach arising.

Review of Effectiveness

I confirm that the Higher Education Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Higher Education Authority's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit and Risk Committee which oversees their work, the external auditors and the senior management within the Higher Education Authority responsible for the development and maintenance of the internal financial control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2019. No weaknesses in control were identified other than procurement non-compliance mentioned above during the reporting period that require disclosure in the Statement of System of Internal Control.



Michael Horgan
Chairperson
Date: 26th June 2020

Comptroller and Auditor General Report



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 ended 31 December 2019 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 2019 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 a summary of corporate governance arrangements, a governance statement and Board members' report, a statement on the system of internal controls and a schedule of grant income.

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

30 June 2020

Appendix to the report

Responsibilities of Board members

The Board 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.

Statement of Income and Expenditure and Retained Revenue Reserves for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Income			
Oireachtas Grants	2	1,366,496	1,239,166
Other Grants	3	21,212	15,493
Other Income	4	11,818	8,890
Net deferred funding for Retirement Benefits	19(a)	1,296	1,106
		<u>1,400,822</u>	<u>1,264,655</u>
Less			
Allocation for Capital Purposes	9	(148)	(143)
		<u>1,400,674</u>	<u>1,264,512</u>
Expenditure			
Grants Payable	5	1,388,437	1,255,037
Operating Expenses	6	11,768	10,775
Interest		103	51
		<u>1,400,308</u>	<u>1,265,863</u>
Surplus/(Deficit) before Transfers from Capital		366	(1,351)
Transfer from Capital Reserve	9	105	93
Surplus/(Deficit) for the year		471	(1,258)
Balance brought forward 1 January		1,592	2,850
Balance carried forward 31 December		2,063	1,592

2018 Income and Expenditure amounts have been reclassified – See Note 13.

Notes 1 to 22 form part of these Financial Statements. All items of income and expenditure relate to continuing activities.



Michael Horgan
Chairperson

Date: 26th June 2020



Alan Wall
Chief Executive

Date: 26th June 2020

Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Surplus/(Deficit) for the year		471	(1,258)
Actuarial Gain/(Loss) on Retirement Benefit Assets/(Liabilities)	19(d)	(2,495)	670
Adjustment to Deferred Retirement Benefit Funding		<u>2,495</u>	<u>(670)</u>
Total Comprehensive Income for the Year		<u>471</u>	<u>(1,258)</u>

Notes 1 to 22 form part of these Financial Statements.



Michael Horgan
Chairperson

Date: 26th June 2020



Alan Wall
Chief Executive

Date: 26th June 2020

Statement of Financial Position as at 31 December 2019

	Notes	2019 €'000	2018 €'000
Non-Current Assets			
Tangible Fixed Assets	8	<u>207</u>	<u>164</u>
Current Assets			
Receivables and Prepayments	10	5,734	715
Bank and Cash Equivalents	7	<u>36,540</u>	<u>40,324</u>
		42,274	41,039
Current Liabilities			
Payables and Accrued Expenditure	11	<u>40,211</u>	<u>39,447</u>
Net Current Assets		<u>2,063</u>	<u>1,592</u>
Total Assets less Current Liabilities before Retirement Benefit Obligations		2,270	1,756
Deferred Retirement Benefit Funding	19(e)	33,969	30,138
Retirement Benefit Liabilities	19(e)	<u>(33,969)</u>	<u>(30,138)</u>
Total Net Assets		<u>2,270</u>	<u>1,756</u>
Capital and Reserves			
Capital Reserve	9	207	164
Revenue Reserve	12	<u>2,063</u>	<u>1,592</u>
		<u>2,270</u>	<u>1,756</u>

Notes 1 to 22 form part of these Financial Statements.



Michael Horgan
Chairperson

Date: 26th June 2020



Alan Wall
Chief Executive

Date: 26th June 2020

Statement of Cash Flows for the year ended 31 December 2019

	2019	2018
	€'000	€'000
Cash Flow from Operating Activities		
Surplus/(Deficit) for the year	471	(1,258)
Depreciation and impairment of fixed assets	105	93
(Increase)/Decrease in Receivables	(5,019)	359
Increase/(Decrease) in Payables	774	(1,488)
Interest Paid	103	45
Allocation to Fund Capital Expenditure	148	143
Transfer from Capital Reserve Account	(105)	(93)
Net Cash Outflow from Operating Activities	<u>(3,523)</u>	<u>(2,199)</u>
Cash Flows from Investing Activities		
Payments to acquire Tangible Fixed Assets	(159)	(143)
Proceeds from sale of Fixed Assets	11	0
Net Cash flows from Investing Activities	<u>(148)</u>	<u>(143)</u>
Cash Flows from Financing Activities		
Interest Paid	(113)	(45)
Net Cash Flows from Financing Activities	<u>(113)</u>	<u>(45)</u>
(Decrease) in Cash and Cash Equivalents	(3,784)	(2,387)
Cash and Cash Equivalents at beginning of year	<u>40,324</u>	<u>42,711</u>
Cash and Cash Equivalents at end of the year	<u>36,540</u>	<u>40,324</u>

Notes 1 to 22 form part of these Financial Statements.



Michael Horgan
Chairperson

Date: 26th June 2020



Alan Wall
Chief Executive

Date: 26th June 2020

Notes to the Financial Statements

The Higher Education Authority was established on 15 May 1972 to perform functions assigned to it by the Higher Education Authority Act, 1971. The financial statements set out the results of the Higher Education Authority for the year ended 31 December 2019 with comparatives for the year ended 31 December 2018.

1. Accounting Policies

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

a) Basis of Preparation

The financial statements have been prepared under the modified historical cost convention and in accordance with Financial Reporting Standard 102. The financial statements are in the form approved by the Minister for Education and Skills with the consent of the Minister for Public Expenditure and Reform under the Higher Education Authority Act, 1971. 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. The Higher Education Authority 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.

The Financial Statements have been prepared on an accruals basis and are in accordance with generally accepted accounting practice in Ireland. Accounting Standards generally accepted in Ireland in preparing the financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Financial Reporting Council.

In accordance with DPER Circular 21/2015 relating to FRS 102, these financial statements comprise the Statement of Income and Expenditure and Retained Revenue Reserves, Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. In addition, notes 1 to 22 form part of the financial statements.

b) Tangible Fixed Assets

Tangible fixed assets comprising furniture, equipment and computers are stated at cost less accumulated depreciation and provision for impairment where applicable.

Capitalisation

The cost of an asset is made up of the purchase price of the asset plus any cost directly attributable to bringing the asset into working condition for its intended use. Furniture and equipment below the capitalisation threshold are charged to the Statement of Income and Expenditure and Retained Revenue Reserves in the year of purchase. The capitalisation threshold amount is €3,000.

Depreciation

Depreciation is calculated to write off the original cost of the asset or the revalued amount less the estimated residual value on the straight-line basis over its estimated useful economic life as follows

Furniture and Equipment	-	10 years
Motor Vehicles	-	5 years
Computer Equipment	-	3 years

c) Capital Reserve

The capital reserve represents the net amount expended on tangible fixed assets funded by Exchequer grants. The grants are amortised to revenue over the expected life of the assets in line with the depreciation policy.

d) Income

Oireachtas and other grant income is accounted for on an accruals basis. Other income including income from research projects is accounted for on an accruals basis.

e) Foreign Currency and Functional Currency

Items included in the financial statements are presented in “Euro”, the currency of the primary economic environment in which the Higher Education Authority operates (the “functional currency”).

Transactions denominated in foreign currency during the year have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the Statement of Financial Position date. The resulting profits or losses are dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

f) Grants Expenditure

Grants payable represents grants allocated to the higher education institutions and various other agencies and bodies, for the purposes of higher education in respect of the financial year.

g) Retirement Benefits

Retirement benefit costs reflect pension benefits earned by employees in the year 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.

Retirement benefit 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.

Retirement benefit liabilities represent the present value of future pension payments earned by staff to date. Deferred retirement benefit funding represents the corresponding asset to be recovered in future periods from the Department of Education and Skills.

The Higher Education Authority also operates the Single Public Service Pension Scheme (Single Scheme) which is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme member’s contributions are paid over to the Department of Public Expenditure and Reform.

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 retirement benefit and post-retirement plans.

These assumptions can be affected by:

- i. The discount rate, changes in the rate of return on high-quality corporate bonds
- ii. Future compensation levels, future labour market conditions

The weighted average actuarial assumptions applied in the determination of retirement benefit and other post-retirement liabilities are contained in Note 19. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the obligations and expenses recognised in future accounting periods. The assets and liabilities of defined benefit retirement benefit schemes may exhibit significant period-on-period volatility attributable primarily to changes in bond yields and longevity. In addition to future contributions, significant cash contributions may be required by the Department of Education and Skills to remediate past service deficits.

h) Operating Leases

Rental expenditure in respect of operating leases are charged to 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.

i) 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Oireachtas Grants

	2019 €'000	2018 €'000
Department of Education and Skills Vote 26		
Sub-Head C04 General	1,004,955	1,007,367
Sub-Head C10.2 Superannuation	21,550	21,550
Sub-Head C11 Access	27,152	25,418
Sub-Head C16 Capital	53,499	29,624
Sub-Head C12 Research	50,709	38,292
Sub-Head C15 Miscellaneous	25	-
Sub-Head C03 Administration	7,782	6,515
NTF Labour Market Focused	120,100	37,000
NTF Apprenticeship	37,000	32,000
NTF Springboard	32,925	28,600
	<u>1,355,697</u>	<u>1,226,366</u>
Department of Business Enterprise and Innovation Vote 32 Sub-Head B5 Capital Research	<u>10,799</u>	<u>12,800</u>
	<u>1,366,496</u>	<u>1,239,166</u>

3. Other Grants

	2019 €'000	2018 €'000
Health Service Executive	2,530	1,002
Department of Education and Skills	1,082	997
Department of Children and Youth Affairs	1,536	1,508
Department of Arts, Heritage and the Gaeltacht	1,532	1,330
EU Erasmus+	<u>14,532</u>	<u>10,656</u>
	<u>21,212</u>	<u>15,493</u>

In prior years Erasmus+ Income and Expenditure was only disclosed by way of Note to the financial statements.

4. Other Income

	2019 €'000	2018 €'000
Research Partners	11,814	8,890
Sundry	<u>4</u>	<u>0</u>
	<u>11,818</u>	<u>8,890</u>

5. Grants Payable	2019	2018
	€'000	€'000
Recurrent Grants		
Core Grants	674,483	613,019
Minor Works	639	639
Fee Recoupment	303,800	288,621
Nursing	45,030	42,502
Strategic Initiatives	103,621	96,867
LINC Initiative	1,536	1,508
Irish Language Initiative	1,532	1,330
GOI Academic Mobility & Scholarships	1,149	1,100
European Universities	127	0
Apprenticeships	37,000	32,000
Superannuation	<u>21,550</u>	<u>21,550</u>
Total Recurrent	1,190,467	1,099,136
Springboard Grants		
Springboard	26,930	20,111
ICT Skills	<u>5,762</u>	<u>11,540</u>
Total Springboard	32,692	31,651
Access Grants		
Students with Disabilities	11,070	10,777
Student Assistance Fund	9,492	9,876
Programme for Access to Higher Education	<u>6,608</u>	<u>4,743</u>
Total Access	27,170	25,396
Erasmus	14,259	10,398
Capital Grants		
Buildings	44,201	21,205
Equipment	<u>9,298</u>	<u>8,419</u>
Total Capital	53,499	29,624
Research Grants		
PRTL I	17,899	19,292
IRC Research	52,393	39,540
Irish Aid	<u>58</u>	<u>0</u>
Total Research	70,350	58,832
Total Grants Payable	<u>1,388,437</u>	<u>1,255,037</u>

6. Operating Expenses

	Notes	2019	2018
		€'000	€'000
	Note		
Salaries		4,949	4,564
Retirement Benefits	19(b)	1,640	1,412
Travel and Subsistence		200	264
Hospitality		6	2
Training and Development		53	60
Depreciation		105	93
Establishment Costs		1,112	1,142
Information Technology		314	185
Programme Overheads		593	569
Consultancy		1,430	1,055
Recruitment		40	69
Assessors and Panel Members		625	721
Audit Fees		48	28
Publications and Seminars		514	527
Board Members Fees		74	73
Other Overheads		65	11
		<u>11,768</u>	<u>10,775</u>

7. Bank and Cash Equivalents

	2019	2018
	€'000	€'000
Bank Balances	7,739	40,323
Treasury Notes	28,800	0
Cash	1	1
	<u>36,540</u>	<u>40,324</u>

The HEA invested in Central Treasury Notes with NTMA during 2019 to reduce the impact of negative interest charges.

8. Tangible Fixed Assets

	Motor Vehicles €'000	Furniture & Equipment €'000	Computer Equipment €'000	2019 Total €'000	2018 Total €'000
Cost					
Cost or Valuation at 1 January 2019	17	1,890	2,341	4,248	4,105
Additions	0	99	60	159	143
Disposals	(17)	(1)	(17)	(35)	(0)
At 31 December 2019	<u>0</u>	<u>1,988</u>	<u>2,384</u>	<u>4,372</u>	<u>4,248</u>
Depreciation					
Balance at 1 January 2019	6	1,833	2,245	4,084	3,991
Charge for the year	0	20	85	105	93
Depreciation on Disposals	(6)	(1)	(17)	(24)	(0)
At 31 December 2019	<u>0</u>	<u>1,852</u>	<u>2,313</u>	<u>4,165</u>	<u>4,084</u>
Net Book Value at 31 December 2019	<u>0</u>	<u>136</u>	<u>71</u>	<u>207</u>	<u>164</u>
Net Book Value at 31 December 2018	<u>11</u>	<u>57</u>	<u>96</u>	<u>164</u>	<u>114</u>

	Note	2019 €'000	2018 €'000
9. Capital Reserve			
Balance at 1 January		164	114
Oireachtas Grant		148	143
Amount released to Income Depreciation	8	(105)	(93)
Balance at 31 December		<u>207</u>	<u>164</u>

	2019 €'000	2018 €'000
10. Receivables and Prepayments		
Grants Receivable*	5,214	271
Prepayments	520	444
	<u>5,734</u>	<u>715</u>

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

*Grants Receivable includes €5m advance to Institute of Technology Tralee (ITT).

The repayment terms are being arranged between ITT, the HEA and the Department of Education and Skills.

11. Payables and Accrued Expenditure

	2019	2018
	€'000	€'000
Deferred State Grants	14,741	17,452
Deferred Erasmus+ Grants	3,715	7,524
Deferred Research Grants	4,020	4,584
Grant Accruals	14,839	7,942
Other Accruals	858	1,189
Other Creditors	2,038	756
	<u>40,211</u>	<u>39,447</u>

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

12. Revenue Reserve

	2019	2018
	€'000	€'000
Balance at 1 January	1,592	2,850
Surplus/(Deficit) for year	471	(1,258)
Balance at 31 December	<u>2,063</u>	<u>1,592</u>

13. Reclassified 2018

	Note	Original 2018 €'000	Reclassifications €'000	Reclassify Erasmus €'000	Reclassified 2018 €'000
Oireachtas Grants	2	1,246,057	(6,891)		1,239,166
Other Grants	3	-	4,837	10,656	15,493
Other Income	4	7,088	1,802		8,890
Interest		(45)	45		-
Net Deferred Funding		<u>1,106</u>			<u>1,106</u>
Total Income		1,254,206	(207)	10,656	1,264,655
Allocation to Capital		(143)			(143)
Recurrent/Access Grants	5	(1,156,183)	1,156,183		-
Capital Grants	5	(29,624)	29,624		-
Research Grants	5	(58,832)	58,832		
Grants Payable	5		(1,244,639)	(10,398)	(1,255,037)
Operating Expenses		(10,775)			(10,775)
Interest			(45)	(6)	(51)
Total Expenditure		(1,255,414)	(45)	(10,404)	(1,265,863)
Deficit before Transfers		(1,351)			(1,351)
Transfer from Capital		93			93
Deficit for the Year		<u>(1,258)</u>	<u>(252)</u>	<u>252</u>	<u>(1,258)</u>

- Gross Erasmus+ grant income of €10,656k now shown in Income, whereas previously only €252k being the administration element of this grant was shown in Income under Other Income which is why other income is now showing a deficit and Erasmus showing a surplus. Erasmus Grants Payable of €10,398k and associated interest of €6k now shown in Expenditure.
- Other Grants reclassified from Oireachtas Grants and shown separately.
- Grant payments reclassified from Recurrent, Access, Capital and Research to Grants Payable.
- Interest reclassified as expenditure rather than negative income.

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 €521k.

The ground floor is held under a 25-year agreement from November 2001 with a 5-year review at an annual cost of €320k. The HEA signed a Deed of Variation to its lease in August 2015. The lease expires on 31 March 2026.

The rent was reduced in August 2015 as follows: - Ground Floor to €281k and First Floor to €456k. Rent figures exclude car parking costs. The next rent review date is 31 March 2021.

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

	2019 €'000	2018 €'000
Within 1 year	737	737
Between 1 and 5 years	2,946	2,948
After 5 years	921	1,658
	<u>4,604</u>	<u>5,343</u>

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 as a company limited by Guarantee and not having a share capital in November 1997. It operates on a non-profit basis. A subsidiary company, EduCampus Services DAC was incorporated in April 2015. The Higher Education Authority is an ordinary member of the company. Other ordinary members of the company are higher education institutions and the Department of Business, Enterprise and Innovation. The HEA paid total grants to the HEAnet Group of €18.6m in 2019 (€20.3m in 2018).

17. Employee Benefits

The table below provides detail on the range of total employee benefits for all employees earning €60,000 or more:

Range	2019 No. of employees	2018 No. of employees
€60,000 to €69,999	13	9
€70,000 to €79,999	7	4
€80,000 to €89,999	4	5
€90,000 to €99,999	5	4
€100,000 to €109,999	1	2
€110,000 to €119,999	0	0
€120,000 to €129,999	0	0
€130,000 to €139,999	0	1
€140,000 to €149,999	1	0
€150,000+,	0	0
	31	25

The average number of employees (whole-time equivalents) during the year, excluding EU funded Irish Research Council posts and temporary agency staff, was 71 for 2019 (2018:63). The table above shows the number of employees whose total employee benefits fell into the respective bands. There were no overtime or allowances paid in 2019.

18. Key Management Personnel

Key management personnel in the Higher Education Authority consist of the Chief Executive Officer and members of the board. Total compensation paid to key management personnel, including board Members fees and expenses and total CEO remuneration, amounted to €322,683 (2018: €277,880).

a) Chief Executive Remuneration

	2019 Remuneration €	2019 Expenses €	2019 Total €	2018 Remuneration €	2018 Expenses €	2018 Total €
Alan Wall (CEO)						
Salary	27,987	0	27,987	0	0	0
Pension	6,756	0	6,756	0	0	0
	34,743	0	34,743	0	0	0
Paul O'Toole (Interim CEO)						
Salary	164,235	2,273	166,508	29,962	683	30,645
BIK Car	9,270	0	9,270	1,800	0	1,800
	173,505	2,273	175,778	31,762	683	32,445
Graham Love (Former CEO)						
Salary	0	0	0	132,883	3,180	136,063
TOTAL	208,248	2,273	210,521	164,645	3,863	168,508

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

b) Board Member Fees and Expenses

Board Member	2019 Fees €	2019 Expenses €	2019 Total €	2018 Fees €	2018 Expenses €	2018 Total €
Michael Horgan - Chairman	11,970	232	12,202	11,970	214	12,184
Bahram Bekhradnia	7,695	5,938	13,633	7,695	4,462	12,157
Orla Feely	0	0	0	0	221	221
Sinéad O'Flanagan	7,695	4,646	12,341	7,695	7,745	15,440
Michael Kerrigan	0	0	0	3,848	213	4,061
Deirdre Lillis	0	-	0	0	631	631
Ronan Lyons	0	0	0	0	0	0
Jim Mountjoy	7,695	0	7,695	7,695	0	7,695
Lynn Ramsey	0	1,333	1,333	0	2,044	2,044
John Wall	0	0	0	0	0	0
Sharon Feeney	0	1,233	1,233	0	0	0
Tony Donohoe	7,695	0	7,695	7,695	220	7,915
Judith Eaton	7,695	17,274	24,969	7,695	10,527	18,222
Pól Ó Mórain	7,695	2,665	10,360	7,695	3,445	11,140
Darina Kneafsey	7,695	5,311	13,006	7,695	6,119	13,814
Síona Cahill	3,847	0	3,847	3,848	0	3,848
Lorna Fitzpatrick	3,848	0	3,848	0	0	0
TOTAL	73,530	38,632	112,162	73,531	35,841	109,372

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 board is as follows; Chairperson €11,970, Ordinary Member €7,695. Under the 'One Person, One Salary' Principle, implemented from 1 November 2011 a fee is not paid to a member in receipt of a public sector salary. Members who served for only part of the year were paid a pro-rata fee. Expenses may include directly reimbursable claims or expenses paid on behalf of the Member.

19. Retirement Benefits

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 Higher Education Act, 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 the scheme documents for:

- (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

The Higher Education Authority 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. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

The valuation used for FRS102 disclosures has been based on a full actuarial valuation by a qualified independent actuary to take account of the requirements of FRS102 in order to assess the scheme liabilities.

The principal actuarial assumptions used to calculate the retirement benefit liabilities under FRS102 were as follows:

	At 31/12/2019	At 31/12/2018
Discount Rate	1.25%	2.00%
Rate of Expected Salary Increase	2.50%	2.75%
Rate of Increase in Pension Payment	2.00%	2.25%
Inflation	1.50%	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.

		Implied life expectancy for a 65-year-old	
		2019	2018
Post-retirement – current pensioners	Male	21.4	22.0
	Female	23.9	24.6
Post-retirement – future pensioners	Male	22.7	23.0
	Female	25.0	25.5

a. Net Deferred Funding for Retirement Benefits

	2019	2018
	€'000	€'000
Funding recoverable in respect of current year	1,828	1,583
State Grant applied to pay pensioners	(532)	(477)
	<u>1,296</u>	<u>1,106</u>

b. Retirement Benefit Costs

	2019	2018
	€'000	€'000
Current service cost	1,230	1,053
Interest on Pension Scheme Liabilities	598	530
Lump Sum payments	37	
Employee contributions	<u>(225)</u>	<u>(171)</u>
	<u>1,640</u>	<u>1,412</u>

c. Deferred 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 2019 amounted to €34.0 million (2018: €30.1 million).

d. Analysis of Total Retirement Benefit Costs charged to the Statement of Comprehensive Income

	2019	2018
	€'000	€'000
Experience Losses on Retirement Benefit liabilities	(562)	(751)
Changes in assumptions underlying the present value of Retirement Benefit Liabilities	(1,973)	1,421
Actuarial Gain/(Loss) on Retirement Benefit Liabilities	(2,535)	670

e. Movement in Net Retirement Benefit Obligations

	2019	2018
	€'000	€'000
Scheme Deficit at beginning of year:	(30,138)	(29,702)
Current Service Cost	(1,005)	(882)
Pensions paid in year	532	477
Interest on Pension Scheme Liabilities	(598)	(530)
Employees Contributions	(225)	(171)
Actuarial Gain/(Loss)	<u>(2,535)</u>	<u>670</u>
Scheme Deficit at end of year	<u>(33,969)</u>	<u>(30,138)</u>

f. History of Defined Benefit Obligations

	2019	2018	2017
Experience gains and (losses) on scheme liabilities: Amount (€'000)	(562)	(751)	(1,368)
Percentage of Scheme Liabilities	(1.7%)	(2.5%)	(4.6%)
Total amount recognised in the Statement of Comprehensive Income Amount (€'000)	(2,535)	670	(3,032)
Percentage of Scheme Liabilities	(7.5%)	2.2%	(10.2%)

20. University Pension Control Accounts

The universities had net deficits on their pension control accounts at 30 September 2019 of €55.2m (2018: €6.4m). These deficits are made up of surpluses of €70.7m (2018: €83m) on the model and single pension schemes and deficits on the closed pension schemes of €125.9m (2018: €89.4m).

The HEA are in discussion with the Department of Education and Skills to agree an appropriate mechanism to fund these net deficits.

21. Events after the Reporting Period

There are no events between the reporting date and the date of approval of these financial statements that require adjustment to the financial statements. The board recognises that the COVID-19 pandemic is a significant event which has occurred since the reporting date. The board is taking the situation seriously and is monitoring events, in conjunction with management, on an ongoing basis. The Higher Education Authority continues to operate with measures in place to protect staff. Staff are working remotely, and all critical activities are being undertaken on a timely basis. There is active engagement with the Department of Education and Skills and the higher education institutions in relation to COVID-19 implications for them.

The Board considers that, as the entity provides a public service that is funded by money provided by the Exchequer, via its parent department, the Department of Education and Skills, it is appropriate to prepare these financial statements on a going concern basis.

22. Approval of Financial Statements

The financial statements were approved by the Board of the Higher Education Authority on 25 June 2020.

Schedule 1 Grant Income

Grant Income Year Ended 31 Dec 2019

Oireachtas Grants

NAME OF GRANTOR	TYPE OF GRANT	OPENING DEFERRAL	GRANT RECEIVED	CLOSING DEFERRAL	INCOME AND EXPENDITURE
		01-Jan-19	2019	31-Dec-19	2019
		€'000	€'000	€'000	€'000
Department of Education and Skills	General	0	1,004,955	0	1,004,955
	Vote 26 C04				
	Superannuation				
	Vote 26 C10.2	0	21,550	0	21,550
	Access	2,267	25,842	957	27,152
	Vote 26 C11				
	Capital	0	53,499	0	53,499
	Vote 26 C16				
	Research	7,196	47,600	4,087	50,709
	Vote 26 C12				
	Miscellaneous	0	25	0	25
	Vote 26 C15				
	Administration	0	7,782	0	7,782
	Vote 26 C03				
NTF Labour	0	120,100	0	120,100	
Market Focused					
NTF	0	37,000	0	37,000	
Apprenticeship					
NTF	6,862*	34,438	8,375	32,925	
Springboard+					
		16,325	1,352,791	13,419	1,355,697
Department of Business Enterprise and Innovation	Capital Research	0	10,799	0	10,799
	Vote 32 B5				
		16,325	1,363,590	13,419	1,366,496

An amount of €191.5m (2018: €99.1m) was received during the year from the National Training Fund. These funds were used to raise the skills and knowledge of both the employed and unemployed and to provide learning to meet existing or future labour market skills needs of the economy including apprenticeships, skills training and enterprise focused higher education.

Other Grants

NAME OF GRANTOR	TYPE OF GRANT	OPENING DEFERRAL 01-Jan-19	GRANT RECEIVED 2019	CLOSING DEFERRAL 31-Dec-19	INCOME AND EXPENDITURE 2019
		€'000	€'000	€'000	€'000
Health Service Executive	Nursing	0	2,530	0	2,530
Department of Education and Skills	GOI and EUFC	1,127*	1,277	1,322	1,082
Department of Children and Youth Affairs	LINC	0	1,536	0	1,536
Department of Arts, Heritage and the Gaeltacht	Gaeltacht Initiatives	0	1,532	0	1,532
EU	Erasmus+	7,524	10,723	3,715	14,532
		<u>8,651</u>	<u>17,598</u>	<u>5,037</u>	<u>21,212</u>

*Opening deferral for Springboard has been reduced by €27k with a corresponding increase in opening deferral for GOI schemes.



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