Review of Landscape Funded Projects awarded funding on a competitive basis in the period 2017 - 2019

Higher Education Authority

Lessons Learned

November 2021

IBDO

CONTENTS

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1. Executive Summary

1.1 Introduction

The Higher Education Authority ("HEA") asked BDO to carry out a review of Landscape Funded Projects awarded funding on a competitive basis in the period 2017-2019.

The National Strategy for Higher Education is driving substantial changes to the landscape of Irish higher education. The HEA recognised that such reforms carry additional costs and so provided a fund to support Higher Education Institutions ("HEIs") with these costs.

At the time of the initial call for 'HEA Landscape Funding for the development of consortia projects seeking to progress to designation as Technological Universities', the Technological Universities Act 2018 ("TU Act 2018") had not been established. This meant that early incorporation projects were working within a fluid environment, with largely undefined criteria.

The overall purpose of our review was to provide assurance to the HEA that Landscape Funding awarded during the period 2017-2019 was used appropriately and effectively by consortia to progress the incorporation process of specific HEIs towards designation as a single Technological University. The following consortia that were awarded Landscape Funding were focused on in this review:

- Technological University Dublin (TU Dublin)
- Munster Technological University (MTU)
- Connacht-Ulster Alliance (CUA)
- Technological University for the South East of Ireland (TUSEI)
- Athlone Institute of Technology and Limerick Institute of Technology (AIT-LIT consortium)

1.2 Scope and Approach

We sought to confirm that there was visibility and transparency of the dedicated exchequer investment spend. The main scope areas of the review focused on project management, financial management, impacts/outcomes, and lessons Learned.

A. <u>Project Management</u>

- Document Policies and Procedures
- Original objectives of the project
- Project management structure
- Allocation of roles and responsibilities
- Development of overall project plan and milestones
- Monitoring and evaluating progress against milestones/KPIs and reporting of same
- Appointment of 3rd parties
- Decision making authorisations
- Escalation procedures
- Risk management
- Finance management framework and controls

B. <u>Financial Management</u>

- Dedicated exchequer investment
- Additional costs faced by the institutions, and how they were addressed
- Adherence to original budget
- Value for money
- The HEA process for the allocation of Exchequer funding
- Public Spending Code Guidelines

C. <u>Impact (Outcomes/Targets)</u>

- Consortia were required to demonstrate, in their application each year, the outcomes/targets of each of their main project objectives. In addition, consortia provided key milestones marking progress towards meeting their objectives.

As part of our review we undertook a lessons Learned exercise based on the projects reviewed which considered the following aspects:

- The basis on which the project was undertaken

- The expected benefits and outcomes materialised

- The planned outcomes of each project in relation to actual public needs

- The appraisal and management procedures adopted

- Conclusions drawn and how they might apply to other programmes or to associated policies.

The following sections detail lessons Learned to be considered and taken forward so that the HEA can translate these lessons into future practices to be communicated within the organisation. These learnings should provide guidance on how future projects might be better aligned with Public Spending Code guidelines and drive future project management processes for similar projects awarded funding.

We adopted the following approach in performing this review:

- Reviewed relevant documentation to understand the project management structures put in place to ensure the projects' objectives and milestones were achieved across stakeholders, work programmes and management.
- Assessed the financial management structures in place to provide visibility and transparency of the allocation of the exchequer funding awarded.
- Performed sample testing on procurement carried out to identify whether Public Spending Code guidelines were adhered to.
- Performed sample testing on itemised transactional costs to understand how Public Spending Code guidelines were adhered to.
- Performed walkthrough tests on the HEA process for the allocation of exchequer funding to assess controls in place.
- Interviewed key personnel involved in each incorporation project to assess how they ensured that value for money had been achieved.
- Reviewed a sample of the main project objectives to understand the outcomes and how the relative impacts that these made were determined.
- Interviewed key personnel involved in each incorporation project to ascertain whether a lessons Learned, or project review, had been undertaken to evaluate the overall success of the project.
- Interviewed key personnel to ascertain their opinion on how future projects could be better aligned with Public Spending Code guidelines.
- Interviewed key personnel to canvass their opinions on the lessons they had Learned from undertaking the project.
- Identified areas within the review scope that were performed well by each consortium.
- Identified areas for improvement within the review for each consortium.

We then compared and contrasted the processes and controls in place between the consortia in order to derive the key lessons to be Learned from the various projects.

1.3 Conclusion

Our simultaneous review of 5 consortia that were awarded Landscape Funding allowed us to have an overarching view of the way the projects and associated finances have been managed in order to derive the lessons Learned themes. Subsequently we were able to identify areas where the project controls were performed well across the consortia highlighting the good practices that contribute to success.

High Performance Areas:

- Impacts/Outcomes - The progress made towards achieving the eligibility criteria set out in the TU Act 2018 for applicants seeking TU status was monitored and clearly communicated. Each consortium demonstrated their progress towards the key metrics in a transparent manner. This was done through both internal reporting and the engagement of third parties to conduct external audits of the metrics.

- Monitoring of Project Activities - We were pleased with the regularity of reporting and comprehensive monitoring of project activities and updates. Project activities were regularly monitored by appropriate stakeholders through the establishment of project management steering groups which met on a regular basis to report, discuss and plan the many aspects involved in the incorporation project.

- Defined Allocation of Roles and Responsibilities - The roles and responsibilities of stakeholder groups within the projects were clearly defined and articulated. The functions and expectations for each group established was outlined which helped to develop an understanding of the responsibilities of each role and enhances the awareness of individuals of not only their own role but that of their colleagues within the project organisation structure.

- Procurement - We reviewed each project's procurement policies to confirm that these were appropriate and subsequently conducted sample testing to ensure these were adhered to by the consortium when engaging third-party suppliers. We are pleased to report that all policies were aligned to the Public Spending Codes. As such we can infer that value for money was achieved as the public spending codes were established to ensure that the money spent by the State each year is spent in a way that achieves a maximum value for money. The criterion used to select a winning tender under the guidelines is the Most Economically Advantageous Tender ("MEAT"). The testing performed showed the practical application of a 'MEAT' assessment with award criteria clearly stated and visibility of the scoring of tenderers.

We have detailed the areas performed well in section 2 of this report.

Areas for Improvement:

Project Management

We were pleased that across all 5 consortia our project management tests on areas such as project objectives, project plans and project updates did not identify any significant exceptions. However, we identified the following areas where lessons could be taken on how controls and processes could be strengthened:

- Project escalation procedures – The consortia would benefit from having formalised, defined escalation procedures in place to ensure that project issues are appropriately escalated and resolved in a timely manner. TU Dublin has an appropriate escalation process which has a process flow to triage the escalation stages.

- Project scheme of delegation – Whilst cost and expenditure schemes of delegation were in place, a project scheme of delegation usually in the form of a Responsibility Assignment (RACI) matrix outlines the authority levels for making project management decisions that have been assigned to the different stakeholder groups of the project.

- Project risk register / Risk and Issues Log – Risk assessments were adequately performed by the consortia through institutional risk registers. However, the documentation of such risk management practices in the form of a dedicated project risk register or risk and issues log was generally not in place. The risk registers allow the project risks to be captured, assessed, and assigned to risk owners so that corresponding actions can be put in place to mitigate the risks. The review highlighted that a project register was not in place for TUSEI. Risk registers were in place for the other four consortia. However, there were ongoing maintenance issues with the MTU and CUA risk registers, and in AIT-LIT, it was highlighted that risk ownership is not assigned in its project risk register.

- Progress Updates to wider stakeholders/general public – The general public and wider stakeholder groups were made aware of progress updates through consortia websites. For consortia still working towards designation, a dedicated site is an effective way to transparently communicate progress updates. A website is a useful tool in providing the public with an understanding of both the project and application process, by making available the Project Leadership minutes and any documentation submitted through the relevant stages of the application, in addition to news or updates that occur during the project.

Financial Management

- Budgets – We understand that budgets had to be consistently revised once the consortia were made aware of how much funding was to be awarded, as the amount of funding granted often differed to the amount that had been applied for. As such the consortia had to re-profile original budgets to align to the funding awarded, taking time and effort. We found that it was not always possible to ascertain whether consortia had adhered to the budget as financial or variance analysis had not been consistently performed in order to draw this conclusion. This is a key lesson to be Learned for both the HEA and the consortia, to ensure that budgets are appropriately aligned to the funding awarded, where the level of funding allocated is less than that sought.

- Finance Management Framework – The incorporation projects have relied on the individual institutional finance management frameworks and supporting policies as prior to the completion of the incorporation project each institute would have been a separate legal entity. We understand that a TU single entity Finance Management Framework is an output of the incorporation project. However, we would expect that these frameworks are in place for TUs that have achieved designation status or are close to achieving designation status.

General

- Reporting Requirements and Guidelines - There are currently limited reporting guidelines that can be used to deploy standards and criteria on how incorporation projects should be reported. Such guidelines would benefit both the HEA and the consortia in ensuring that incorporation projects are reported in a consistent manner in order to meet the standards and expectations according to the HEA.

We have detailed our lessons Learned in section 3 of this report.

2. Good Practice

The following sections detail the good practice identified that should be continued and adopted by future projects. The controls highlighted should drive future project management processes for similar projects awarded funding.

To determine the areas of good practice we reviewed our test results across the consortia to establish the areas within the review scope that were performed well by each of the consortia.

Impacts/Outcomes

The achievement of the key metrics set out in the Technological University Act 2018 was a driving force behind planned activities. Each consortium demonstrated their progress towards the key metrics. This was done through both internal reporting and the engagement of third parties to conduct external audits of the metrics.

In order to achieve status as a TU the key metrics set out in the TU Act 2018 must be achieved. The consortia awarded TU status achieved the metrics and for consortia still working towards designation the progress towards the key metrics was clearly articulated.

Monitoring of Project Activities

Project activities were regularly monitored by appropriate stakeholders through the establishment of project management groups. These groups met on a regular basis to discuss the various aspects of the project.

The establishment of Project Steering Groups enhances oversight of project activities and supports the strategic direction of the project. Each consortium had an established Steering Group or Oversight Board in place that met on a regular basis to report, discuss and plan aspects of the incorporation project.

Defined Allocation of Roles and Responsibilities

The roles and responsibilities of stakeholder groups within the projects were clearly defined by way of a Terms of Reference or a project organisation structure overview. The functions and expectations for each role were well articulated. This helps to develop a clear understanding of project roles and enhances the awareness of individuals, not only their own role but that of their colleagues within the project organisation structure.

Procurement

As part of our review we assessed the procurement policies in place to verify that these were appropriate in terms of quotation thresholds, award criteria and delegated authorities. We were satisfied that these policies were aligned to the Public Procurement Guidelines.

We selected a sample of 5 third-party suppliers for each project under review to confirm that they were procured in line with Procurement Policy. This test was performed well across the consortia. We were satisfied that of the samples selected there was suitable evidence to show that they had been procured in line with appropriate policies. Adherence to the Procurement Policy in place helps to ensure that value for money is achieved.

The Public Procurement Guidelines were established to ensure that the money spent by the State each year is spent in a way that achieves a maximum value for money. The criterion used to select a winning tender under the guidelines is the Most Economically Advantageous Tender ("MEAT"). The MEAT is the tender which following the award criteria is the most beneficial to the contract authority and represents value for money. The testing performed showed the practical application of a 'MEAT' assessment with award criteria clearly stated and visibility of the scoring of tenderers.

3. Areas for Improvement

The following sections detail lessons Learned to be considered and taken forward so that the HEA can translate these lessons into future practices to be communicated within the organisation. These learnings should provide guidance on how future projects might be better aligned with Public Spending Code guidelines and drive future project management processes for similar projects awarded funding.

We then compared and contrasted the processes and controls in place between the consortia in order to derive the key lessons to be Learned from the various projects.

Project Escalation Procedures	
Ref	Area for Improvement
3.1	A project escalation procedure should clearly define the procedures and processes in place for escalating project issues to the wider stakeholders of the project. Project issue escalation should be a formally documented process to act as a key control in ensuring project issues are addressed appropriately. We sought to confirm whether each consortium had a formal project escalation procedure and found that three out of the five consortia reviewed did not have a formally documented procedure in place. TU Dublin were able to provide evidence of a formalised project escalation procedure. Their escalation procedure is clearly articulated through a process flow chart with ancillary evidence documented. The escalation process is in place for the various project stakeholder groups with individuals assigned ownership to resolve project issues. We found the way that TU Dublin formally documented project escalation is clear and easy to understand.
	Recommendation:
	We recommend that the approach used by TU Dublin to formally document the project escalation process should be considered by the other consortia. This will create a robust control for ensuring project issues are properly reported to the relevant stakeholders for resolution.

Project Scheme of Delegation	
Ref	Area for Improvement
3.2	A project scheme of delegation is a key decision-making control that details who can approve what, within an organisation or project. A clearly articulated project scheme of delegation instructs stakeholders on what decisions they can and cannot make according to their delegated authority.

We tested the adequacy of the project scheme of delegation in place for each consortium awarded landscape funding. In a number of instances, we were provided with documents that outlined the programme governance structure for the project which served as the project scheme of delegation. These documents clearly articulated the hierarchy groups within the project and the roles and responsibilities of each group were defined. However, the project governance structure does not explicitly give express authority to approve project management decisions and it does not clearly identify the types of project management decisions that can be made for each stakeholder group.

TU Dublin conducted a project Preliminary Design Review which included a RACI matrix. A RACI matrix is a simple chart used to assign roles and responsibilities for each milestone, task and decision on a project. A review of the TU Dublin RACI matrix confirmed that it maps out who is 'Responsible' for each task, who is 'Accountable', and who should be 'Consulted' or 'Informed'. The introduction of such a framework provides a robust control for ensuring that every individual assigned to the project acts within the scope of their authority and that every task is actioned. |
| | Recommendation: |
| | We recommend that the approach used by TU Dublin to develop a RACI matrix should be considered by the other consortia. The introduction of a decision-making framework would provide a robust mechanism for ensuring project decisions are made in line with the scheme of delegation. |

Risk Management	
Ref	Area for Improvement
3.3	Risk management is an important part of project management which aids in the overall success of a project. To effectively manage project risk, the project stakeholders should identify, analyse and mitigate risk that could negatively impact the project objectives. The output of such an exercise is typically a project risk register. This details the specific project risks, ratings, risk owners, control mitigations and any necessary actions. This is often complemented by a risk and issues log which is a live project document to raise and document risks and issues as they arise throughout the project. The log should be updated regularly and include completion dates of actions taken to mitigate identified risks. We sought to confirm that each consortium had effective risk management practices in place with respect to the project. Specifically, we confirmed whether a project risk register and risk and issues log were in place to document the project risks. Whilst we were able to evidence that the majority of consortia had undertaken risk assessments, it was clear that these had not consistently been documented through the use of a project risk register or risk and issues log. As a result, project risks may not be formally identified as they arise throughout the project and therefore this may result in project risks crystallising which adversely impact the implementation of the project. TU Dublin has a well-defined risk and issues log. The TU Dublin Risk Register includes key sections that make it an effective tool for managing project risks. Some of these include: • Risk owner • Probability or likelihood • Risk Impact • Risk Rating • Text Rating • Opportunities • Action Plan Generated • Action Owners • Status of Risk – Open or closed • Review Committee Name. Key benefits of structuring risks in this way include: ✓ The assignment of risks to an individual ensures accountability. ✓ A risk rating allows managers to identify priority areas for action. ✓ Action plans detail what needs to be undertaken to ensure the risk is minimised. ✓ The assignment of risks to a review committee encourages oversight and facilitates communication across the various project streams.
	Recommendation:
	We recommend that project risks registers and/or risk and issues logs are utilised as project controls to ensure that identified risks are documented with corresponding assessments, risk owners and actions to ensure the risk is minimised. This should be routinely updated and monitored to track the progress of the risk mitigation strategies.

Budgets	
Ref	Area for Improvement
3.4	Our review of finance management processes included audit tests on the visibility of exchequer investments, adherence to an original project budget and whether a variance analysis had been conducted. Each consortium was able to provide evidence of the exchequer investment and project spend. However, it was generally difficult to ascertain visibility of a final budget and adherence to same (i.e. variance analysis).

The lack of documentation provided for budgetary testing was largely attributed by consortium management to the retrospective process by which Landscape Funding was allocated. For example, our interviews with some consortia highlighted that the lack of financial budgeting was due to the need to revise budgets when funding received did not match the amount applied for. Emphasis was placed on the fact that a consortium might apply for a certain amount of funding and build a projected budget based on this expectation but may not receive the full amount. It was felt that the funding application process took longer than expected and this resulted in the consortia accruing substantial expenditure prior to the allocation of funds.

Most of the consortia had clear visibility of the exchequer investment spend split out by work programmes, cost centre and institute. However, as initial budgets had to be revised because the amount of funding may have differed from what was applied for it was difficult to ascertain whether a consortium had adhered to the revised budget as this financial and variance analysis had not been consistently undertaken. |
| | Recommendation: |
| | We recommend that revised budgets are formalised once the amount of funding has been confirmed by the HEA. |

Finance Management Framework	
Ref	Area for Improvement
3.5	Financial management should cover all aspects of obtaining, deploying, analysing, monitoring and controlling financial resources on a project. A defined finance management framework allows an organisation to apply better use of financial information and resources. The Financial Management Framework within an organisation is integral to the control structure and process. We sought visibility of the Financial Management Framework in place for each consortium. While we were provided with various finance policies from the institutes, through which procurement was made or costs approved, we did not identify a finance policy or framework in place for a TU as a single entity. Whilst it may not be expected that these single entity policies are in place initially, we would expect that a Finance Management Framework is in place once a consortium has achieved designation status. A Finance Management Framework supports rigorous oversight, encourages accountability and provides guidance to ensure value for money is achieved. A single TU policy would allow for enhanced financial integration across campuses, mitigating risks of duplication and support consistency in processes and procedures.
	Recommendation:
	While we recognise that some projects are in the early phases, we would recommend, for those designated or approaching designation, that policies and frameworks such as a Finance Management Framework are devised for the single TU. The journey towards incorporation as a TU should involve the formation of specific TU policies and procedures to ensure a cohesive organisation is formed.

Progress Updates to wider stakeholders/general public	
Ref	Area for Improvement
3.6	As part of the incorporation process towards achieving designation as a Technological University, each consortium should provide progress updates to the wider stakeholders and general public to ensure transparency of the project status and the application process being undertaken. We tested whether the wider stakeholders and public in general were made aware of the progress of the project for those still working towards achieving designation. We reviewed the consortia's respective websites and found that while all websites contained a 'News' section that informed of the progress achieved, for the consortia still progressing towards designation, both MTU and TUSEI provided much greater detail on project status. In both cases, Project Leadership Group minutes are available to track the most up to date progress of each meeting and the actions and decisions that are decided upon, as well as updates from the various workstreams associated with the project. This allowed for a greater understanding of the project and the elements under review by the Project Leadership on a periodic basis.
	Recommendation:
	Making the Leadership minutes accessible to the public provided far greater visibility than 'News' articles alone. We recommend that this level of detail in informing the wider stakeholders/general public should be implemented by all consortia undertaking an incorporation project or a project of similar significance.

Reporting Requirements and Guidelines	
Ref	Area for Improvement
3.7	As part of our review we held a discussion with key personnel involved in each of the incorporation projects towards designation as a Technological University. We noted that there are currently limited reporting guidelines that can be used to deploy standards and criteria on how incorporation projects should be reported to the HEA. Such guidelines would benefit both the HEA and the consortia in ensuring that incorporation projects are reported in a consistent manner in order to meet the standards and expectations, according to the HEA. There is a risk that the consortia do not report the required information on such projects to demonstrate whether they have adhered to the standards and expectations of the HEA.
	Recommendation:
	We recommend that report guidelines are published to support the TU incorporation process so that a consistent approach may be undertaken on reporting by the consortia.

Appendix I – Personnel

BDO appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

Name	Job Title	Consortia
Louise Dowling	Financial Accountant	TU Dublin
Dr Mary Meaney	Registrar and Deputy President	TU Dublin
Denis Murphy	Chief Operations Officer	TU Dublin
Terry Twomey	TU Project Director LIT	AIT-LIT
Dr Niall Seery	TU Project Director AIT	AIT-LIT
Paul O'Brien	TUSEI Management	TUSEI
Dr Richard Hayes	WIT Head of Strategy	TUSEI
Declan Doyle	Vice President for Development & Research	TUSEI
Ann Higgins	Project Manager	CUA
Michael Henehan	Governance and Compliance Manager	CUA
Dr Sean Duffy	Executive Project Lead	CUA
Prof Hugh McGlynn	MTU Project Director (CIT)	MTU
Tim Daly	MTU Project Director (IT Tralee)	MTU

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