



Higher Education Authority (“HEA”)

Landscape Funded Projects awarded Funding on Competitive Basis in the period 2017 – 2019

Lessons Learned

Final

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1. Introduction

The National Strategy for Higher Education provides for substantial and appropriate restructuring, consolidation and co-operative approaches within the landscape of Irish higher education, including the development of Technological Universities and the incorporation of HEIs in the Initial Teacher Education area.

Both the State, through the Department of Education and Skills and the HEA, and the institutions themselves have, and continue to, dedicate considerable investment and effort to such projects. In addition, some landscape calls have offered co-funded support to strategic alliance building with particular emphasis on the post-Brexit North/South context and, subject to the availability of funding, to regional clusters of higher education institutions which seek to address challenges or opportunities around higher education's contribution to social, economic and regional development in line with Project Ireland 2040 and the National Development Plan.

As part of the review scope of the Landscape Funded Projects that were awarded Funding on a Competitive Basis in the period 2017 – 2019, the Higher Education Authority (HEA) requested that Mazars prepare a report on “lessons learned” from the review of the Landscape projects. We understand the HEA intend to consider recommendations from this report for potential adoption into future HEA practices and to communicate the recommendations within the HEA as part of wider project management processes for the upcoming Technological Universities Transformation Fund (TUTF).

2. Lessons Learned

Having completed our reviews of the Landscape funded projects, three main areas were identified as recurring themes throughout our review, which the HEA may wish to consider as potential areas for further improvement. The three areas were as follows:

- Project Management
- Financial Management
- Co-Funding

For each of these areas we have set out below our high-level observations and recommendations.

2.1 Project Management

2.1.1 Observations

There was an absence of a formalised reporting structure in place, specifically relating to the Landscape project applications, to set out a defined reporting frequency and content to be included within progress reports, including evidence of completion of objectives.

HEIs were required to report to the HEA on progress against objectives at meetings to discuss Landscape Funding applications. However, HEIs did not prepare formal Landscape project progress reports over the lifecycle of the project which set out the progress to date on project objectives, outcome/targets and milestones achieved versus the original application. As a result, Mazars was unable to readily confirm the following:

- Current status of the project objectives and outcome/targets in comparison with those set out in the initial application.
- Confirmation that milestones were achieved/delivered in line with the timeline set out in the project application.

- Reason for objectives, outcomes/targets and milestone not being achieved including commentary on actions taken to address any issues and the renewed/updated timeframe for completion, and the responsibility for delivering on this.
- Any foreseen micro/macro environment issues which may impact on the HEI's capacity to deliver on planned/future milestones and how these risks are being addressed by the HEI.

To verify the above information, Mazars had to request status updates through meetings with and emails from the project leads together with the provision of information to support/validate the responses provided.

In the absence of a formal progress reporting mechanism in place, there is increased risk that the status/project progress is not formally communicated in a consistent manner to all relevant parties within both the HEI and also to the HEA, which could lead to unexpected deviations from initial timelines and objectives, an inability to respond to changes in the project delivery context in a structured and consistent manner, and a potential loss of knowledge or an inefficient handover in the event that a key project lead member leaves the institution or is on leave. For large scale projects which span over a number of months/years, there is a need to consider a more formalised approach in relation to project monitoring and reporting both within HEIs and for reporting purposes to the HEA.

2.1.2 Recommendations

We recommend that the HEA consider establishing a formal process for progress reporting by HEIs on agreed objectives and timelines as set out within the applications for funding. The HEA should then issue guidance to the HEIs going forward which include the minimum project management requirements to be adhered to for all HEA funded projects (provided that such projects meet a minimum threshold in respect of value and duration). Specifically, this guidance could include:

- Requirement for the HEI to prepare formal progress reports on an agreed periodic basis (i.e. quarterly, bi-annually, annually)
- Progress reports should be prepared in a standard template and consistent format and linked directly to the agreed project objectives and timelines. Progress reports should clearly demonstrate progress made to date versus the stated objectives, outcomes/targets and milestones set out in the original application submitted and approved by the HEA. The report should enable the reader of the report to identify progress against the agreed project objectives.
- Progress Reports should identify progress from one report to the next. Colour coding could be considered to readily identify objectives that have progressed and are now implemented, objectives that are in progress, and objectives that have yet to be actioned or are behind schedule. Progress Reports should provide commentary analysis on the reason for any delays in delivering the agreed objectives, outcomes/targets and milestones.
- Progress reports should clearly outline the action taken to address/remediate a delay in the delivery of the outcome/target and milestones set out in the application. The report should include the action taken to address, nominated responsibility to complete the action and the updated timeline for completion.
- Progress reports should demonstrate formal consideration and review of matters in the micro and macro environment which may impact the project in the future and identify steps taken to address or mitigate the impact where possible to do so. This should be clearly articulated in the form of a risk register specific to the project.
- Project Reports should be shared/communicated with the project team within the HEI and formally discussed. This will ensure that there is a strong and formalised communication channel in place which ensures that all team members are kept up to date.

2.2 Financial Management

2.2.1 Observations

- i. The timeline for the submission of funding applications, assessment of the applications, approval of the applications and disbursement of funding for the Landscape project resulted in notable variances between the budget versus actual expenditure incurred on the projects set out for each year.

The delay in the application approval and disbursement of funding, results in the project commencing at a delayed date which is likely to reduce the costs incurred in year one versus the application and/or may cause a knock on effect for other aspects of the project such as the ability to deliver outcomes/targets and milestones on time.

Therefore, the timeline in place currently for the application, review, approval and disbursement of funding may impact on the accuracy of the information included in the initial application and may be more difficult for the HEI to monitor, track and report on progress versus the original application.

- ii. We noted that in some instances the funding approved was less than the funding applied for, however we noted that in 2018 the HEIs were not always required to submit a revised submission to the HEA outlining project objectives, outcomes/targets and milestones to reflect any changes necessary as a result of a reduction in the approved funding allocation. In 2019, HEIs were required to submit revised project plans and budgets aligned to the level of funding allocated.

Therefore, Mazars found it challenging to review the project progress in some cases against objectives and timelines that were set as part of an application for a higher budget. There appeared to be an absence of a formal audit trail maintained where the HEI formally reviewed and assessed the impact of the funding approved being less than the application and demonstrating how this would affect the project and communicating this to the HEA.

- iii. Financial reports provided for the projects did not include detailed commentary on the impact of variances between the application and the actual funding received. Financial information did not formally document reasons/rationale for unspent funding.

Therefore, there is a need for the quality of financial commentary included in financial reports maintained for the projects to be improved to provide clarity for the reader on why variances have arisen from the initial application including details of any cost savings/underspends or delays which have arisen.

As noted in Section 2.1, HEIs did not prepare formal progress reports throughout the project lifecycle therefore there is an absence of formal reporting on the connection between financial performance and progress made to date versus the initial application taking place within the HEIs.

- iv. We identified that one HEI did not disclose in their funding application the intention to transfer funding to three other partner institutions and did not seek formal sanction from the HEA to transfer funds to these partner institutions. A formal agreement was not put in place with respect to financial arrangements for this Landscape funding received by the HEI and transferred to the Partner Institutions, detailing what the funding transferred could be used for or what the financial monitoring arrangements were in place between all parties in respect of the HEA funding received. Mazars were unable to obtain details of what each of the €100,000 transfers to the other three (3) partner institutions were spent on. Mazars did not receive any supporting documentation to allow verification of what the funding was allocated to or used for.

2.2.2 Recommendations

- i. We recommend that the HEA consider reviewing the existing timeline for funding applications, performing assessments and the award of funding, to ensure that the funding is approved prior to the scheduled commencement of the project.

The timely submission, review, approval and disbursement of funding would improve the accuracy of the projected expenditure in year one of the project and facilitate more accurate budget versus actual expenditure if there are no delays in project commencement.

- ii. We recommend that the HEA ensure they obtain confirmation from HEIs on the agreed project objectives and deliverables following the completion of the HEA assessment and award of funding, with specific consideration of how a revised approved allocation from the HEA impacts on project objectives and timelines.

Where funding is less than initially requested, the HEIs may need to review and consider their initial project applications to reflect the funding awarded by the HEA. HEIs may need to demonstrate to the HEA how the allocated funding impacts on the project objectives, outcomes/targets and milestones initially set out in the project application. If some objectives are no longer attainable this should be clearly communicated and agreed between the HEA and the HEI, and an updated project plan should be put in place.

The HEIs should maintain a clear audit trail demonstrating discussion and assessment of the approved funding allocation versus the initial application including the rationale for prioritising certain objectives. The inclusion of this step may provide additional comfort to the HEA that HEIs do not submit funding requests for a greater amount than may be required.

- iii. We recommend the HEA should consider requesting, as part of the funding allocation, that HEIs be required to prepare periodic financial reports (i.e. quarterly / bi-annually) which formally track the variances between the application budget (*or amended budget if applicable based on approved funding*) and actual expenditure. The reporting should include detailed commentary and variance analysis.
- iv. We recommend the HEA issue guidance to HEI project participants where there is an intention to work with other partner institutions to fulfil/complete project objectives. This guidance should include but not be limited to the following requirements:
 - HEIs must disclose an intention to work with and transfer funding to partner institutions in their application for funding. The guidance should clarify specifically if funding can be transferred to partner institutions and what the funding must be used for.
 - The requirement for a project specific Memorandum of Understanding to be agreed and signed between the HEI and any intended partners which details:
 - Total amount of funding
 - Purpose of funding
 - Information to be submitted to the HEI by the partner institution to validate that costs incurred by the partner are eligible costs and were wholly and exclusively incurred for the project
 - Monitoring and reporting arrangements in place
 - The requirement for HEIs to retain a clear audit trail demonstrating that they have validated and checked that costs incurred by partner institutions are wholly and exclusively incurred for the project, are within the agreed budget and are supported by appropriate invoices and proof of payment. The HEI must be able to clearly demonstrate that the partner institution has maintained an appropriate audit trail, including any co-funding where applicable.

2.3 Co-Funding

2.3.1 Observations

- i. From review of the projects within scope, we noted that there was not a consistent approach adopted in relation the calculation, monitoring and reporting of co-funding inputs by HEIs in respect of the landscape funded projects. While each project application set out the amount of co-funding to be input by the HEIs there does not appear to be any further criteria established with respect to what constitutes co-funding, and furthermore, how it should be calculated, monitored and reported upon. The rationale and method of calculation adopted by HEIs was not always clear in terms of how the method was decided, and was not formally documented in some projects, in which case Mazars then had to discuss and query the calculation of co-funding with the HEIs.

We understand through discussions with the HEA, that with respect to the periods under review for the Landscape funding (i.e. 2017 – 2019), the HEA had not provided explicit guidance to HEIs on what was deemed an acceptable methodology for calculating co-funding amounts for projects, including for example, items deemed eligible or ineligible, or criteria in relation to assumptions that can be applied.

However we note that in August 2020, the HEA issued a guidance note for the Technological Universities Transformation Fund (TUTF) for activities taking place in the period 1st September 2020 – 31st August 2023. This guidance note outlined that *“the method adopted by DCU to investment cost calculation, as part of its Incorporation Project, has been highlighted as a useful approach for higher education institutions to adopt, in the Mazars report on the “Review of the DCU Incorporation Project”, previously circulated to higher education institutions”*.

- ii. We noted that there was an inconsistent approach adopted by the HEIs to formally track and monitor co-funding input into projects. We would have anticipated that each HEI would have had a formalised mechanism in place for monitoring and reviewing co-funding expenditure incurred to date on projects. However, some HEIs did not appear to have readily available information with analysis of co-funding expenditure incurred to date versus the application with documented reasons outlining any differences.

We also did not identify evidence of the HEIs revising or updating their co-funding calculations based on approved funding applications. For example, in some projects the 2018 co-funding figures were not revised to reflect a timing delay in the receipt of HEA funding therefore it was difficult to assess the impact the timing delays had on project delivery. In some instances, Mazars had to raise queries with the HEIs to determine the reason/rationale for variances between the funding application and the actual co-funding calculated by the HEI as they were not formally documented.

2.3.2 Recommendations

- i. We recommend that the HEA establish formal guidance on the acceptable methods for the calculation of co-funding, which includes ineligible and eligible items and criteria in relation to assumptions that can be applied by HEIs as part of the applications for funding. The guidance should also require HEIs to maintain a clear audit trail, demonstrating the basis of calculation and how it complies with the HEA criteria.
- ii. We recommend that the HEA provide clear guidance to HEIs on the requirement to formally track and monitor co-funding expenditure incurred versus co-funding amounts included in funding applications (and if applicable, an amended estimation of co-funding costs as described above). HEIs should be required to maintain an up to date breakdown of co-funding incurred to date which includes commentary on any variances which are present at this time including any overspend/underspend to date. The co-funding expenditure incurred versus the application should be formally reported to the project team on a monthly/bi-monthly basis (included as part of the progress reports reference above).

Contacts

Corné Mouton, Partner

cmouton@mazars.ie

Robert Burke, Senior Manager

rburke@mazars.ie

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