



QQI

Quality and Qualifications Ireland
Dearbhú Cáilíochta agus Cáilíochtaí Éireann

QQI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2015

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AUTHORITY INFORMATION

Authority Address: 26/27 Denzille Lane
Dublin 2
Ireland

Senior Executive: Dr. Pdraig Walsh - Chief Executive Officer
Dr. Anna Murphy - Senior Strategic Analyst
Dr. Bryan Maguire - Director of Quality Assurance
Mr. Ultan Tuite - Director of Governance & ICT
Ms. Barbara Kelly - Director of Qualifications
Ms. Claire Byrne - Director of Corporate Affairs,
Strategic Planning & Communication

Members of the Board: Mr. Gordon Clark – Chairperson
Dr. Barbara Brittingham
Ms. Una Buckley
Mr. Thomas McDermott (Appointed on 15th June 2015)
Ms. Mary Danagher
Dr. Ann-Louise Gilligan
Ms. Joanne Harmon
Mr. James Moore
Mr. Jack Leahy
Dr. Margaret Cullen (Resigned on 23rd January 2015)
Dr. Pdraig Walsh – Chief Executive Officer

Bank: A.I.B.
1 Lower Baggot Street
Dublin 2

Solicitors: Brian Whitaker & Co Solicitors
4 Dartmouth Place
Dublin 6

Auditors: The Comptroller and Auditor General
3a Mayor Street Upper
Dublin 1

Website: www.qqi.ie

1. REPORT OF THE COMPTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS

QUALIFICATIONS AND QUALITY ASSURANCE AUTHORITY OF IRELAND

I have audited the financial statements of the Qualifications and Quality Assurance Authority of Ireland for the year ended 31 December 2015 under the Qualifications and Quality Assurance (Education and Training) Act 2012. 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. The financial statements have been prepared in the form prescribed under Section 23 of the Act, and in accordance with generally accepted accounting practice.

RESPONSIBILITIES OF THE MEMBERS OF THE AUTHORITY

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

RESPONSIBILITIES OF THE COMPTROLLER AND AUDITOR GENERAL

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Authority's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

OPINION ON THE FINANCIAL STATEMENTS

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Authority as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

MATTERS ON WHICH I REPORT BY EXCEPTION

I report by exception if I have not received all the information and explanations I required for my audit, or if I find • any material instance where money has not been applied for the purposes Intended or where the transactions did not conform to the authorities governing them, or

- the information given in the Authority's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted. have nothing to report in regard to those matters upon which reporting is by exception.



Patricia Sheehan

For and on behalf of the Comptroller and Auditor General

30 September 2016

2. STATEMENT ON INTERNAL FINANCIAL CONTROL

RESPONSIBILITY FOR SYSTEM OF INTERNAL FINANCIAL CONTROL

On behalf of the members of the Board of the Qualifications and Quality Assurance Authority of Ireland, we acknowledge our responsibility for ensuring that an effective system of internal financial controls is maintained and operated.

The system of internal financial controls can 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 would be detected in a timely period.

KEY CONTROL PROCEDURES

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

- Scheduling regular meetings at which the Board was provided with regular updated reports of expenditure;
- Establishing an Audit Committee. Its terms of reference included ensuring systems that continually operate and enhance internal financial control;
- Clearly defining management responsibilities, with responding accountability;
- Monitoring and reporting on process;
- Adopting the principles of corporate governance contained in the Code of Practice for the Governance of State Bodies including:
 - Affirmation of compliance with procurement guidelines as set out in the Code.
 - Affirmation of compliance with disposal of assets and access to assets by third parties as set out in the Code.
 - Review and finalise policies and procedures to ensure the effectiveness of the systems of internal financial control.
 - Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.

RISK ASSESSMENT

Qualifications and Quality Assurance Authority of Ireland had established processes to identify and evaluate financial and business risks by:

- Identifying the nature and extent of financial risks that faced the Board.
- Assessing the potential of identified risks occurring.
- Evaluating and assessing the internal capacity of the Board to manage the risks that did occur.

CONTROL MECHANISM

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

- A comprehensive budgeting system with an annual budget, which is reviewed and approved by the members of the Board.
- Setting authorisation limits for the disbursement of the Board's funds.
- Regular review by the members of the Board of periodic and annual financial information and reports (including management accounts), which indicate financial performance against budgets.

The Audit Committee was established in 2013. The Audit Committee met five times in 2015.

The Board's monitoring and review of the effectiveness of the system of internal financial control was informed by the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, and the executive managers within the organisation who had responsibility for the development and maintenance of the financial control framework.

Mechanisms for ensuring the adequacy of the security of the Information and Communication Technology (ICT) systems that included the establishment of appropriate policies and control procedures had been established.

ANNUAL REVIEW OF CONTROLS FOR YEAR ENDED 31 DECEMBER 2015

We confirm that the Board conducted a review of the effectiveness of the system of internal financial control in respect of the financial year ended 31st December 2015.

Signed on behalf of the Board of the Qualifications and Quality Assurance Authority of Ireland:



Mr Gordon Clark
Chairperson, QQI



Dr Padraig Walsh
Chief Executive Officer, QQI

3. STATEMENT OF BOARD'S RESPONSIBILITIES

The Qualifications and Quality Assurance Authority of Ireland was established on 6th November 2012, by the Minister for Education and Skills, under Section 7 of the Qualifications and Quality Assurance (Education and Training) Act, 2012.

The objects of the Authority are as follows:

- Quality assure providers of further and higher education and training and their research and related services
- Promote, develop and maintain the National Framework for Qualifications
- Validate programmes and make awards
- Inform the public about the quality of education and training programmes and qualifications
- Advise the Minister for Education and Skills in relation to national policy on quality assurance and enhancement in education and training.

Section 23 of The Qualifications and Quality Assurance (Education and Training) Act, 2012 requires the Qualifications and Quality Assurance Authority of Ireland (referred to as the Authority) to prepare financial statements in such form as may be approved by the Minister of Education and Skills after consultation with the Minister of Public Expenditure and Reform.

In preparing those financial statements, the 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 the Authority will continue in operation.
- Disclose and explain any material departures from applicable accounting standards.

The Board confirm that they have complied with the above requirements in preparing the financial statements. The Board is responsible for the keeping of proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with Section 23 of The Qualifications and Quality Assurance (Education and Training) Act, 2012. The Board is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of the Qualifications and Quality Assurance Authority of Ireland:



Mr Gordon Clark
Chairperson, QQI



Dr Pádraig Walsh
Chief Executive Officer, QQI

4. STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	Re-Styled 2014 €
INCOME			
Grant	3	3,600,000	5,500,000
Fee Income	4	5,345,397	4,914,990
Secondment Income	6	368,594	192,977
EU Projects Income	5	721,066	642,431
Other Income	7	260,251	219,670
Deposit Interest		713	1,564
		<u>10,296,021</u>	<u>11,471,632</u>
Transfer from Capital Account	21	678,554	633,902
Net Deferred Funding for Pensions	28(b)	1,557,000	1,930,000
		<u>12,531,575</u>	<u>14,035,534</u>
EXPENDITURE			
Staff Costs	8	6,880,117	7,562,386
Accommodation Costs	11	917,827	861,447
Board Costs	9	12,812	12,326
Corporate Services	12	822,776	598,617
Qualifax	13	20,505	10,126
Panel Fees and Expenses	14	69,589	153,436
EQAVET Project Expenditure	5(a)	388,616	446,342
Central Administration Costs	15	429,772	430,343
Information Communications Technology	16	1,901,601	2,666,263
Depreciation	17	835,940	828,635
		<u>12,279,555</u>	<u>13,569,921</u>
SURPLUS FOR THE PERIOD		252,020	465,613
Balance Brought Forward at 1 January		633,142	167,529
BALANCE CARRIED FORWARD AT 31 DECEMBER		<u>885,162</u>	<u>633,142</u>

The Statement of Cash Flows and notes 1 - 30 form part of these financial statements. All income and expenditure for the year relates to continuing activities.



Mr Gordon Clark
Chairperson, QQI



Dr Padraig Walsh
Chief Executive Officer, QQI

5. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	Re-Styled 2014 €
SURPLUS FOR THE FINANCIAL PERIOD		252,020	465,613
Experience gains on pension scheme	28(f)	901,000	1,130,000
Changes in assumptions underlying the present value of pension scheme liabilities		(7,605,000)	-
Actuarial (losses)/gains on pension liabilities		<u>(6,451,980)</u>	<u>1,595,613</u>
Adjustment to deferred pension funding	28(e)	<u>6,704,000</u>	<u>(1,130,000)</u>
Total comprehensive income for the year		<u><u>252,020</u></u>	<u><u>465,613</u></u>

The Statement of Cash Flows and notes 1 - 30 form part of these financial statements.



Mr Gordon Clark
Chairperson, QQI



Dr Padraig Walsh
Chief Executive Officer, QQI

6. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Re-Stated as at 31 December 2015 €	Re-Stated as at 31 December 2014 €
FIXED ASSETS			
Property, Plant and Equipment	18	2,851,861	3,530,415
CURRENT ASSETS			
Receivables	19	1,547,722	1,958,260
Cash and Cash Equivalents		997,622	719,755
		<u>2,545,344</u>	<u>2,678,015</u>
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Payables	20	(1,260,182)	(1,458,951)
NET CURRENT ASSETS		<u>1,285,162</u>	<u>1,219,064</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>4,137,023</u>	<u>4,749,479</u>
Provision for Liabilities and Charges	27	(400,000)	(585,922)
TOTAL ASSETS LESS LIABILITIES BEFORE PENSIONS		<u>3,737,023</u>	<u>4,163,557</u>
Deferred Pension Funding	28(e)	34,461,000	26,200,000
Pension Liabilities	28(e)	(34,461,000)	(26,200,000)
NET ASSETS		<u><u>3,737,023</u></u>	<u><u>4,163,557</u></u>
REPRESENTING			
Capital Account	21	2,851,861	3,530,415
Retained Revenue Reserve		885,162	633,142
		<u>3,737,023</u>	<u>4,163,557</u>

The Statement of Cash Flows and notes 1 - 30 form part of these financial statements.



Mr Gordon Clark
Chairperson, QQI



Dr Padraig Walsh
Chief Executive Officer, QQI

7. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	Re-Styled 2014 €
Reconciliation of Surplus to net cash inflow from operating activities			
Surplus for the period		252,020	465,613
Capital account movement	21	(678,554)	(633,902)
Depreciation	17	835,940	828,635
Decrease/(Increase) in receivables	19	410,538	(439,310)
(Decrease) in payables	20	(198,769)	(719,786)
(Decrease)/Increase in provision	27	(185,922)	585,922
Bank interest received		(713)	(1,564)
NET CASH INFLOW FROM OPERATING ACTIVITIES		434,540	85,608
STATEMENT OF CASH FLOWS			
Net cash inflow from operating activities		434,540	85,608
Cash flows from investing activities			
Payment to acquire fixed assets	18	(157,386)	(194,733)
Cash flows from financing activities			
Bank interest received		713	1,564
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		277,867	(107,561)
Cash and cash equivalents at the beginning of the year		719,755	827,316
Increase/(decrease) in cash and cash equivalents		277,867	(107,561)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		997,622	719,755

8. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

The basis of accounting and significant accounting policies adopted by the Qualifications and Quality Assurance Authority of Ireland are set out below. They have been applied consistently throughout the year and for the preceding year.

A) General

The Qualifications and Quality Assurance Authority of Ireland was established on 6th November 2012, by the Minister for Education and Skills, under Section 7 of the Qualifications and Quality Assurance (Education and Training) Act, 2012.

The objectives of the Authority are as follows:

- Quality assure providers of further and higher education and training and their research and related service.
- Promote, develop and maintain the National Framework of Qualifications.
- Validate programmes and awards.
- Inform the public about the quality of education and training programmes and qualifications.
- Advise the Minister in relation to national policy on quality assurance and enhancement in education and training.

In relation to English language teaching organisations (ELTOs), the accreditation and Coordination of English Language Services (ACELS) is administered by QQI. It is a national, voluntary scheme for English language teaching organisations and is a non-statutory service of QQI that will be superseded by the International Education Mark (IEM). The establishment and implementation of an International Education Mark (IEM) is provided for under the Qualification and Quality Assurance (Education and Training) Act 2012.

A High Court case in December 2014 relating to the connected policy area of international student immigration regulations has impacted on the anticipated implementation schedule for the IEM. It has also led to a further examination of the 2012 Act in order to ensure that the bases upon which the IEM will be introduced are sufficiently secure. QQI is continuing to engage with the Department of Education and Skills (DES) regarding the IEM and will work towards its introduction as soon as practicable.

B) Statement of Compliance

The financial statements of the Qualifications and Quality Assurance Authority of Ireland for the year ended 31 December 2015 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. These are the Qualifications and Quality Assurance Authority of Ireland's first set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2014. The prior year financial statements were re-stated for material adjustments on adoption of FRS 102 in the current year. The result of this adoption can be seen in Note 2.

C) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The Financial Statements are in the form approved by the Minister for Education and Skills with the concurrence of the Minister for Public Expenditure and Reform under the Qualifications and Quality Assurance (Education and Training) Act, 2012.

The Financial Statements are prepared in Euro which is the functional currency of the Authority. The following policies have been applied consistently in dealing with items which are considered material in relation to the Qualifications and Quality Assurance Authority of Ireland's financial statements.

D) Revenue

Revenue is generally recognised on an accruals basis; one exception to this is in the case of Oireachtas Grants which are recognised a cash receipts basis.

E) Fee Income

Income shown in the financial statements under Fee Income represents amounts invoiced to third parties in the ordinary course of business.

F) Software Development

Software development costs on major systems are treated as capital items and are written off over the period of their expected useful life from the date of their implementation.

G) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

Leasehold Buildings (Denzille Lane)	Over lease term of 21 years
Leasehold Premises (Eastpoint Business Park)	5.25%
Capitalised VAT on Lease	Over lease term of 21 years
Computer Hardware	33.33%
Computer Software	12.5%
Office Equipment	20%
Office Furniture	10%
Fixtures, Fittings & Telephone (Legacy Agencies)	10%

The residual value and useful lives of fixed assets are considered annually for indicators that these may have changed. Where such indicators are present, a review will be carried out of the residual value, depreciation method and useful lives, and these will be amended if necessary. Changes in depreciation rates arising from this review are accounted for prospectively over the remaining useful lives of the assets.

H) Capital Grants

Capital grants received by the Authority are recognised as a liability and released to income over the expected useful life of the related assets.

I) Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits.

J) Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist.

K) Employee Benefits

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits

Qualifications and Quality Assurance Authority of Ireland previously established its own defined benefit pension scheme, 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 and members' salaries. Qualifications and Quality Assurance Authority of Ireland also operates the Single Public Services Pension Scheme ("Single Scheme"), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members' contributions are paid over to the Department of Public Expenditure and Reform (DPER).

Pension costs reflect pension benefits earned by employees, and are shown net of staff pension contributions which are remitted to the Department of Education and Skills. 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.

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.

The financial statements reflect, at fair value, the assets and liabilities arising from Qualifications and Quality Assurance Authority of Ireland's pension obligations and any related funding, and recognises the costs of providing pension benefits in the accounting periods in which they are earned by employees. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

L) Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Qualifications and Quality Assurance Authority of Ireland will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

M) Other Financial Liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

N) Operating Leases

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

O) Critical 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 balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

a. Establishing lives for depreciation purposes of property, plant and equipment

Long lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimates of residual values. The Authority regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation charges for the period. Detail of the useful lives is included in the accounting policies.

b. Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

c. Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Authority's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not provided for. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2. TRANSITION TO FINANCIAL REPORTING STANDARD (FRS) 102

		As at 1 January 2014	As at 31 December 2014
	Note	€	€
Reconciliation of Capital and Reserves			
Capital and reserves (as previously stated)		4,502,509	4,344,848
Holiday pay accrual	(a)	(170,663)	(181,291)
CAPITAL AND RESERVES (AS RE-STATED)		4,331,846	4,163,557
Reconciliation of Surplus for the year			
	Note		Year ended 31 December 2014
			€
Surplus for the year (as previously stated)			476,241
Holiday pay accrual	(a)		(10,628)
SURPLUS FOR THE YEAR (AS RE-STATED)			465,613

(a) Holiday pay accrual

Qualifications and Quality Assurance Authority of Ireland had previously not accrued for holiday pay earned by employees but not availed of at the reporting date. Under FRS 102, the financial statements must recognise such accruals.

The impact of this change is an increase of €170,663 in creditors at the transition date and €181,291 at 31 December 2014. The surplus is reduced by €170,663 in the year-ended 31 December 2013 and by €10,628 in the year-ended 31 December 2014.

3. GRANT

	2015	2014
	€	€
Grant towards Administration – Department of Education and Skills - Vote 26; Subhead B.6		
Pay	2,594,000	3,177,000
Non-Pay	3,200,000	4,048,000
Grant Allocation Not Drawn	(2,194,000)	(1,725,000)
	3,600,000	5,500,000

4. FEE INCOME

	2015	2014
	€	€
Award Fees	3,562,962	3,086,436
ACELS	295,735	288,471
Record of Awards/ Duplicate Parchments	41,000	78,315
Validation Fees	345,700	361,768
Relationship Fees	1,100,000	1,100,000
	5,345,397	4,914,990

AWARD FEES

QQI is the national awarding body for accredited courses run by recognised further and higher education colleges. A schedule of award fees has been approved by the Minister for Education and Skills and fees are collected from candidates by the relevant further and higher education colleges and paid over to QQI. There are a number of criteria where payment of fees are exempt, including for holders of Medical Cards, Youthreach or VTOS students and candidates for NFQ Level awards 1 to 3.

ACCREDITATION AND CO-ORDINATION OF ENGLISH LANGUAGE SERVICES (ACELS)

ACELS is the national body responsible for the development and management of an inspection/recognition scheme for English Language Teaching organisations (ELTOs) nationally. All recognised ELTOs are listed on the ACELS website. ELTOs are required to pay an annual renewal of recognition fee depending on the number of centres in operation. Fees are also chargeable for inspection of new centres and periodic inspections of existing centres.

VALIDATION FEES

Validation is the quality assurance process through which QQI evaluates programmes to ensure they meet the required standards of the award on offer. Learners can then be assured that the programme meets their needs. Fees are payable by providers of Further and Higher Education for this service. The applicable fee is determined whether a programme leads to a major or minor award and the credit value of the award.

RELATIONSHIP FEES

Relationship fees are fees charged to public Universities and Institutes of Technology for services provided by QQI such as Quality Assurance Services. Under Section 80 of the Qualifications and Quality Assurance (Education and Training) Act 2012, consent of the Minister of Education and Skills and the Minister for Public Expenditure and Reform to charge such fees is required. Consent was received in October 2013 and the collection of the fees commenced in 2014. Ministerial sanction was received in August 2015 to reconfigure the fees charged.

	2015	2014
	€	€
QQI for National Europass Centre	62,089	25,725
EQF - NCP	40,532	26,706
EQAVET	590,000	590,000
EQAREP Project	19,553	-
ENQA Conference	8,892	-
	<u>721,066</u>	<u>642,431</u>

NATIONAL EUROPASS CENTRE

National Europass Centre is an EU initiative which aims to help people make their skills and qualifications easily understood in Europe thereby facilitating the mobility of Learners and Workers. A network of National Europass Centres have been established throughout Europe in order to co-ordinate the initiative. In Ireland QQI is the designated National Europass Centre.

Expenditure incurred in respect of Europass amounted to €102,965 of which €51,483 was funded by the EU.

EQF - NCP

QQI is designated as European Qualifications Framework (EQF) – National Coordination Point for Ireland. (NCP) This involves participating in the development of the EQF and associated policy at European level and the implementation of EQF policy at national level. QQI applies annually for financial assistance to implement agreed actions as EQF-NCP under Erasmus+, the EU Programme for Education.

EQAVET

The European Quality Assurance in vocational Education and Training (EQAVET) Secretariat original 3 year contract, awarded to FETAC by the European Commission following a tendering competition, commenced work on implementing European Quality Assurance guidelines in 2010. The contract is renewed on an annual basis. The EU Commission fund an advance on the latest contract with the balance being paid the following year after accounts and a report of activities have been filed with the EU Commission.

EQAREP PROJECT

The European Higher Education through Public Quality Assurance Reports (EQAREP) project's primary objective was to develop guidelines for external Quality Assurance reports. QQI were partners on this project and conducted surveys and analysis of reports. Staff costs incurred in respect of this project amounted to €19,553 which was reimbursed by EQAREP.

ENQA CONFERENCE

Dr. Padraig Walsh is the President of the European Association for Quality Assurance in Higher Education (ENQA), an umbrella organisation which represents its members at European level and internationally, especially in political decision making processes and in co-operation with stakeholder organisations. QQI hosted the sixth ENQA General Assembly which took place at Dublin Castle on 22-23 October 2015 the cost of which was partly refunded by ENQA.

	2015	2014
	€	€
EQAVET PROJECT INCOME		
Commission	590,000	590,000
EQAVET PROJECT EXPENDITURE		
Salaries and Wages	170,978	212,116
Programmes	217,638	234,226
	<u>388,616</u>	<u>446,342</u>
b.		
	€	€
Receipts from EU Commission and participating member states	590,000	590,000
Allocated income to meet expenditure	(388,616)	(446,342)
RECOGNISED CONTRIBUTION TO QQI OVERHEADS AT PERIOD END	<u><u>201,384</u></u>	<u><u>143,658</u></u>

6. SECONDMENT INCOME

	2015	2014
	€	€
SECONDMENT INCOME		
Holiday pay accrual	368,594	192,977
	<u>368,594</u>	<u>192,977</u>

This income relates to 4 (2014: 2) members of the Qualifications and Quality Assurance Authority of Ireland's staff who were redeployed through secondment arrangements to the Institute of Technology Ireland, Education and Training Boards Ireland and the Department of Education and Skills. Their salary costs are recharged by the Authority on a monthly basis.

7. OTHER INCOME

	2015	2014
	€	€
OTHER INCOME		
Prompt Payment Interest	1,547	790
Employee Pension Receipts	-	1,607
East Point Rental Income	121,277	121,276
Recharged East Point Service Charge	91,661	84,888
Other Income	45,766	11,109
	<u>260,251</u>	<u>219,670</u>

8. STAFF COSTS

		2015	2014
		€	€
STAFF COSTS	Note		
Salaries and Wages		4,454,582	5,106,273
Staff Development Costs		75,252	119,157
Travel and Subsistence		79,769	96,497
Retirement Benefit Costs	28(c)	2,196,598	2,140,406
Contract / Temporary Staff		-	11,501
Secondment		63,499	84,665
Educational Assistance		9,792	3,318
Staff Relations		625	569
Fees		100	100
		<u>6,880,117</u>	<u>7,562,386</u>

€281,042 of pension levy has been deducted from salaries and has been paid over to the Department of Education and Skills during the period.

The average number of employees during the year was 72. (2014:78)
Employment Control Framework (ECF) sanctioned numbers were 78 (2014: 78)

Range of total employee benefits

From	To	Number of Employees	
		2015	2014
€60,000	- €69,999	1	1
€70,000	- €79,999	4	2
€80,000	- €89,999	1	3
€90,000	- €99,999	17	17
€130,000	- €139,999	1	1

9. BOARD COSTS

	2015	2014
	€	€
BOARD COSTS		
Board Training Costs	150	1,040
Membership	300	-
	<u>450</u>	<u>1,040</u>
<u>Board Members – Travel and Subsistence</u>		
Domestic Travel	3,548	3,604
Foreign Travel	3,272	6,716
Subsistence/Meals	513	436
Accommodation	857	530
	<u>8,190</u>	<u>11,286</u>
Sub-committees	4,172	-
	<u>12,812</u>	<u>12,326</u>

No fees were paid to members of the Board for the year 1st January 2015 to 31st December 2015.

10. CHIEF EXECUTIVE OFFICER'S REMUNERATION

	2015	2014
	€	€
CHIEF EXECUTIVE OFFICER'S REMUNERATION		
Basic Salary for the period	134,485	133,888
ALL-IN COST OF THE CHIEF EXECUTIVE OFFICER'S TOTAL REMUNERATION PACKAGE	<u>134,485</u>	<u>133,888</u>

The Chief Executive Officer received no performance related pay during the period.

The Chief Executive Officer's pension entitlements do not extend beyond the standard entitlement in the model public sector defined benefit superannuation scheme.

Dublin City University recharge the Authority for a portion of the Chief Executive Officer's salary costs. The total amount reimbursed to Dublin City University in respect of the Chief Executive Officer's salary in the period of account was €66,379. This amount is reflected in the salary cost above. From 1st October 2015 the Chief Executive Officer's secondment arrangement terminated and he transferred substantively to the Authority.

The CEO had vouched expenses in respect of Travel & Subsistence totalling €1,524 in 2015 (2014: €1,347).

11. ACCOMMODATION COSTS

	2015	2014
	€	€
ACCOMMODATION COSTS		
Rent	367,500	346,000
- Denzille Lane	405,000	405,000
- East Point (Block P4B)	77,260	77,260
- Lower Mount Street	61,500	40,320
- Lower Mount Street Licence Fee	(283,723)	(283,723)
- Onerous Lease Provision	121,911	132,569
Service Charges	1,651	3,737
Security	18,019	17,115
Insurance	37,776	32,921
Light and Heat	37,461	45,496
Cleaning	15,109	3,327
Rates	30,859	41,425
Repairs and Maintenance	27,504	-
Termination of Lease Tenancy	100	100
	<u>917,827</u>	<u>861,447</u>

Termination of lease tenancy refers to the transfer of the lease for 10 Lower Mount Street from the IUQB to QQI. Dilapidation costs are included in this expense.

12. CORPORATE SERVICES

	2015	2014
	€	€
CORPORATE SERVICES		
Expert Panel Skills Requirement	89,690	154,071
Finance and Payroll Support, Accountancy and Internal Audit	224,614	234,499
Audit Fees	21,000	14,000
Legal Fees	188,466	60,876
Public Relations	22,375	33,018
Promotion and Brand Awareness	272,983	93,455
Languages and Translation	3,648	8,698
	<u>822,776</u>	<u>598,617</u>

13. QUALIFAX

QualifaX provides comprehensive information on further and higher education and information needed to make informed choices about education, training and career choices.

14. PANEL FEES AND TRAVEL EXPENSES

	2015	2014
PANEL FEES AND TRAVEL EXPENSES	€	€
Qualifications Services	9,654	28,643
Quality Assurance Services	59,935	124,793
	<u>69,589</u>	<u>153,436</u>

15. CENTRAL ADMINISTRATION COSTS

	2015	2014
CENTRAL ADMINISTRATION COSTS	€	€
Telephone – Land Line	15,926	16,843
Telephone – Mobile	17,310	17,626
Postage and Courier	34,679	47,706
Stationery and Storage	24,417	34,010
Parchments	59,087	37,881
Seminars and Conferences	44,654	35,067
Library and Periodicals	5,518	10,776
Subscriptions	24,298	24,923
Publications	54,913	95,835
Canteen	17,079	15,729
Meeting Expenses	51,619	42,956
Lease/Hire of Office Equipment	3,849	12,657
General Office Expenses	12,917	10,728
Bank Charges	1,973	1,875
Exchange Rate Variance	-	8
Photocopying	14,746	20,623
Sponsorship and Donations	-	5,100
Bad Debts	40,256	-
EQF-NCP Research	6,531	-
	<u>429,772</u>	<u>429,772</u>

16. INFORMATION COMMUNICATIONS TECHNOLOGY

	2015	2014
INFORMATION COMMUNICATIONS TECHNOLOGY	€	€
IT Software Maintenance and Support	269,972	232,215
IT Software Expenditure/Licensing (Under €1,000)	41,499	47,435
IT Web Services*	20,292	103,147
IT Co-Location/Hosting*	60,584	125,120
IT Computer Hardware Supplies (Under €1,000)	22,509	15,661
Software Support Contractors*	1,476,785	1,360,156
Managed Services (HP & ISS)	-	741,061
IT Hardware Support and Maintenance	9,960	41,468
	<u>1,901,601</u>	<u>2,666,263</u>

*QQI provides access to its QBS system to over 700 provider account holders who interact in terms of submissions for awards and certification services, accessing up to date information and submitting queries through a Customer Relationship Management (CRM) system.

17. DEPRECIATION

	2015	2014
	€	€
DEPRECIATION		
Office Equipment Depreciation	23,546	24,054
IT Hardware Depreciation	110,375	142,565
Office Fixture and Fittings Depreciation	13,150	27,879
Leasehold Property Depreciation	26,250	26,249
IT Software Depreciation	555,448	500,717
Fit Out Costs Depreciation	107,171	107,171
	<u>835,940</u>	<u>828,635</u>

18. FIXED ASSETS

	Leasehold Property	Fit Out Costs	Office Furniture	Office Equipment	IT Hardware	IT Software	Total
	€	€	€	€	€	€	€
Costs							
At 1st January 2015	2,487,710	1,071,708	488,132	263,461	982,938	4,399,559	9,693,508
Additions	-	-	26,356	-	125,616	5,414	157,386
Disposals	-	-	(5,253)	(7,167)	(27,998)	-	(40,418)
At 31st December 2015	<u>2,487,710</u>	<u>1,071,708</u>	<u>509,235</u>	<u>256,294</u>	<u>1,080,556</u>	<u>4,404,973</u>	<u>9,810,476</u>
Depreciation							
At 1st January 2015	2,354,194	227,045	405,147	193,259	865,926	2,117,522	6,163,093
Charge for the year	26,250	107,171	13,150	23,546	110,375	555,448	835,940
Disposals	-	-	(5,253)	(7,167)	(27,998)	-	(40,418)
At 31st December 2015	<u>2,380,444</u>	<u>334,216</u>	<u>413,044</u>	<u>209,638</u>	<u>948,303</u>	<u>2,672,970</u>	<u>6,958,615</u>
Net Book Value							
At 31st December 2015	<u>107,266</u>	<u>737,492</u>	<u>96,191</u>	<u>46,656</u>	<u>132,253</u>	<u>1,732,003</u>	<u>2,851,861</u>
At 31st December 2014	<u>133,516</u>	<u>844,663</u>	<u>82,985</u>	<u>70,202</u>	<u>117,012</u>	<u>2,282,037</u>	<u>3,530,415</u>

	As At 31 December 2015	As At 31 December 2014
	€	€
RECEIVABLES		
Debtors	693,283	1,037,437
Prepayments	243,070	336,962
Accrued Income	116,795	67,169
EQAVET Debtors and Prepayments	494,574	516,692
	<u>1,547,722</u>	<u>1,958,260</u>

The fair values of debtors and prepayments approximate to their carrying amounts. All debtors are due within one year. Debtors are shown net of impairment in respect of doubtful debts.

20. PAYABLES

	As At 31 December 2015	Re-Styled As At 31 December 2014
	€	€
PAYABLES		
Creditors	200,338	-
Accruals and Onerous Lease Provision	862,090	1,292,122
PAYE/PRSI	134,234	137,950
Payroll Deductions	10,130	10,570
Professional Services Withholding Tax	52,649	12,723
Value Added Tax	741	586
Deferred Income	-	5,000
Prepayments	1,260,182	1,458,951
	<u>1,547,722</u>	<u>1,958,260</u>

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment. No interest was due at the financial year end date. The terms of accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

21. PAYABLES

	As At 31 December 2015	As At 31 December 2014
	€	€
PAYABLES		
Balance at start of period	3,530,415	4,164,317
Grant used to acquire fixed assets	157,386	194,733
Amortisation in line with asset depreciation	(835,940)	(828,635)
Released to income and expenditure account	(678,554)	(633,902)
Balance at period end	<u>2,851,861</u>	<u>3,530,415</u>

In accordance with accounting policy, government grants are recognised based on the accruals model. These grants, which are for the purchase of property, plant and equipment are recognised over the useful life of the assets. There are no unfulfilled conditions or contingencies attaching to these grants.

22. OPERATING LEASE

Denzille Lane

The Authority has commitments payable up to the year 2023 in respect of a 21 year lease for office accommodation at 26 – 27 Denzille Lane, Dublin 2. Rent reviews are carried out every 6 years and the current rent is €367,500 (2014: €346,000) per annum.

East Point Business Park

The Authority holds a lease up to the year 2027, with a break clause provision effective in 2017, in respect of office accommodation at East Point Business Park, Dublin 3. The annual cost of this lease totals €405,000 (not including service charges) arising from a 3% rent review increase effective from June 2008.

During 2011, the Authority's Interim Board (arising from the planning that took place in respect of the amalgamation of the three agencies) made the decision to locate the new agency, Quality and Qualifications Ireland, and its staff in Denzille Lane (former HETAC premises) and an annexe at Mount Street (former Irish Universities Quality Board premises). At that time, the Interim Board also took the decision to exercise the break clause in the lease at East Point Business Park in May 2017.

FETAC (now QQI) had entered into a sub-letting Agreement at market value in respect of these premises which came into effect in August 2012 for the period up to May 2017. Rental income accruing under the sub-letting agreement amounts to €121,277 per annum. Service charge costs under the Lease will be fully recharged.

Arising from the decision of the Interim Board to exercise the break clause in the lease at East Point Business Park in May 2017 the QQI Board has made an onerous lease provision of €560,399, relating to the net rental payable on the premises in the period to 2017. The provision is included in Payables (Note 20).

Lower Mount Street

Since its establishment in November 2012, QQI has been renting the Ground Floor at Lower Mount Street from the Irish Universities Quality Board (IUQB) and in turn the IUQB were tenants of the Irish Universities Association (IUA).

On 5th February 2016, the IUQB was voluntarily struck off the Companies Register and, leading up to the strike off, QQI has been in discussions with the IUA and the lead landlord with a view to transferring the lease to QQI. Legal documents of assignment were signed by QQI and the IUA in 2015 and final sign off by the landlord is pending. The current rent is €77,260 per annum. The current licence fee is €61,500. (2014: €40,320)

At 31 December 2015 QQI had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payable within one year	911,260
Payable within two to five years	2,193,790
Payable after five years	1,449,400
	<u>4,554,450</u>

Operating lease payments recognised as an expense were €911,260 (2014: €868,580).

23. CAPITAL COMMITMENTS

There were no capital commitments at 31st December 2015.

24. CONTINGENT LIABILITIES

Arising from the successful defence of a judicial review action taken against FETAC and four other state bodies which was heard in the High Court in January 2013 (with judgement delivered in April 2013), the litigant served a Notice of Appeal to the Supreme Court in May 2013 against that judgement. The advice which has been given to FETAC (now QQI) is that this appeal could take approximately three years to be heard.

FETAC (now QQI) recognises that any potential costs cannot be quantified with any certainty at this time.

25. CORPORATION TAX

The Authority is not liable for corporation tax.

26. RELATED PARTY DISCLOSURES

The Authority 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. There were no transactions in relation to the Authority's activities in which members had any beneficial interests.

Key management personnel in QQI consist of the Senior Executive and members of the Board. Total compensation paid to key management personnel, including Board members' fees and expenses and total CEO remuneration, amounted to €536,212 (2014: €569,483).

27. PROVISION

The Qualifications and Quality Assurance (Education and Training) Act, 2012 dissolved the Higher Education and Training Awards Council (HETAC) and the Further Education and Training Awards Council (FETAC) with effect from 5th November 2012. The rights and obligations of HETAC and FETAC were transferred to the Qualifications and Quality Assurance Authority of Ireland (QQI) in accordance with the Act.

At year end 31st December 2014, a former pensioner from FETAC (now QQI) made a claim to the High Court against the Authority's decision on the award of retirement benefits. A provision of €400,000 which represents an estimated cost of said claim has been provided for in the financial statements.

As at 31st December 2015 QQI had received an order of discovery from the High Court for certain documents relating to the case which is expected to be heard in 2016.

28. PENSION COSTS

a. Pension Scheme

The Authority operates a defined benefits scheme which is unfunded.

The valuation used for disclosures has been based on a full actuarial valuation by a qualified independent actuary in order to assess the scheme liabilities as at 31st December 2015. The financial assumptions used to calculate scheme liabilities are.

	2015	2014
	%	%
Discount rate	2.40%	5.5%
Salary increase assumptions	3.10%	4.0%
Pension increase assumptions	2.60%	4.0%
Price inflation	1.60%	2.0%

	2015 €	2014 €
Funding recoverable in respect of current year pension costs	2,544,000	2,500,000
State grant applied to pay pensioners	(987,000)	(570,000)
	<u>1,557,000</u>	<u>1,930,000</u>

	2015 €	2014 €
Current service cost	1,100,000	1,100,000
Interest on Pension Scheme liabilities	1,444,000	1,400,000
Employee superannuation contributions retained	(347,402)	(359,594)
	<u>2,196,598</u>	<u>2,140,406</u>

d. Deferred Funding Asset for Pensions

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation scheme, and the policy and practice in relation to funding public service pensions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the Department of Education and Skills, the Authority has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

The deferred funding asset for pension as at 31st December 2015 amounted to €34,461,000.

e. Movement in Net Pension Liability During the Financial Period

	As at 31 December 2015 €	As at 31 December 2014 €
Net pension liability transferred from agencies	26,200,000	25,400,000
Current service cost	1,100,000	1,100,000
Interest costs	1,444,000	1,400,000
Actuarial loss / (gain)	6,704,000	(1,130,000)
Pensions paid in the year	(987,000)	(570,000)
Net pension liability as at year end	<u>34,461,000</u>	<u>26,200,000</u>

f. History of Experience Gains and Losses

Defined benefit obligations	34,461,000	26,200,000
Experience losses/(gains) on scheme liabilities		
Amount (€)	(901,000)	(1,130,000)
Percentage of the present value of scheme liabilities	2.6%	4%

29. ACCOUNTING PERIOD

These financial statements have been prepared for the year to 31st December 2015.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Authority of Qualifications and Quality Assurance Authority of Ireland at its meeting on the 15th April 2016.



QQI

Quality and Qualifications Ireland
Dearbhú Cáilíochta agus Cáilíochtaí Éireann

26/27 Denzille Lane
Dublin 2
D02 P266
Ireland

t +353 (0) 1 905 8100

www.QQI.ie