



**QQI**

Quality and Qualifications Ireland  
Dearbhú Cáilíochta agus Cáilíochtaí Éireann

**QUALIFICATIONS AND QUALITY  
ASSURANCE AUTHORITY OF IRELAND**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2018**

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## QUALIFICATIONS AND QUALITY ASSURANCE AUTHORITY OF IRELAND

# Contents

AUTHORITY INFORMATION .....	1
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL .....	2-3
GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT .....	4-11
STATEMENT ON INTERNAL CONTROL .....	12-15
STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES .....	16
STATEMENT OF COMPREHENSIVE INCOME .....	17
STATEMENT OF FINANCIAL POSITION .....	18
STATEMENT OF CASH FLOWS .....	19
NOTES TO THE FINANCIAL STATEMENTS .....	20 - 37



# Authority Information

**Authority Address:** 26/27 Denzille Lane  
Dublin 2  
Ireland  
D02 P266

**Members of the Authority:** Ms. Joanne Harmon (Chair) (appointed Chairperson 13 March 2018)  
Ms. Barbara Brittingham  
Ms. Mary Danagher  
Mr. Oisín Hassan (USI Nomination)  
Mr. Blake Hodgkinson (appointed 13 March 2018)  
Mr. Thomas McDermott  
Ms. Niamh O'Reilly (appointed 13 March 2018)  
Ms. Irene Sheridan (appointed 13 March 2018)  
Ms. Anne Walshe (appointed 13 March 2018)  
Dr. Pádraig Walsh Chief Executive Officer

**Executive Management Team:**

Dr. Pádraig Walsh - Chief Executive Officer  
Dr. Anna Murphy - Senior Strategic Adviser  
Dr. Bryan Maguire - Director of Quality Assurance  
Ms. Barbara Kelly - Director of Qualifications  
Ms. Karena Maguire - Head of Stakeholder Engagement  
Ms. Clíona Curley - Director of Corporate Services  
(appointed 22 Jan 2018)  
Mr. Eamonn Collins - Manager of HR & Employee Engagement  
Mr. Liam Butler - Finance & Procurement Manager  
(appointed 11 June 2018)

**Bank:** **A.I.B.**  
1 Lower Baggot Street  
Dublin 2  
D02 X342

**Solicitors:** Brian Whitaker & Co Solicitors  
4 Dartmouth Place  
Dublin 6  
D06 XK75

**Auditors:** The Comptroller and Auditor General  
3a Mayor Street Upper  
Dublin 1  
D01 KT50

**Web Site:** [www.qqi.ie](http://www.qqi.ie)





# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas

## Qualifications and Quality Assurance Authority of Ireland

### Opinion on the financial statements

I have audited the financial statements of the Qualifications and Quality Assurance Authority of Ireland for the year ended 31 December 2018 as required under the provisions of section 23 of 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, including a summary of significant accounting policies.

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

### *Basis of opinion*

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

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

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

The Qualifications and Quality Assurance Authority of Ireland has presented certain other information together with the financial statements. This comprises the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

### *Revenue Settlement*

I draw attention to note 25 to the financial statements which discloses a settlement with the Revenue Commissioners of €813,000 including interest and penalties of €131,000 in relation to the non-payment of VAT by the Authority on purchases from EU based suppliers.

**Seamus McCarthy**  
Comptroller and Auditor General  
19 December 2019



## Appendix to the report

### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under section 23 of the Qualifications and Quality Assurance (Education and Training) Act 2012
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 23 of the Qualifications and Quality Assurance (Education and Training) Act 2012 to audit the financial statements of the Qualifications and Quality Assurance Authority of Ireland and to report thereon to the Houses of the Oireachtas.

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

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

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

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Qualifications and Quality Assurance Authority of Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Qualifications and Quality Assurance Authority of Ireland to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### *Information other than the financial statements*

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

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

#### *Reporting on other matters*

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

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

I also report by exception if, in my opinion,

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

# GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

## GOVERNANCE

The Board of the Qualifications and Quality Assurance Authority of Ireland was established under the Qualifications and Quality Assurance (Education and Training) Act 2012. The functions of the Board are set out in section 9 of this Act. The Board is accountable to the Minister for Education and Skills and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and making strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Qualifications and Quality Assurance Authority of Ireland are the responsibility of the Chief Executive Officer (CEO) and the Executive Management Team. The CEO and the Executive Management Team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the Qualifications and Quality Assurance Authority of Ireland.

## BOARD RESPONSIBILITY

The work and responsibilities of the Board are set out in the Schedule of Reserved Functions, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

Section 23 of the Qualifications and Quality Assurance (Education and Training) Act 2012 requires the Board of the Qualifications and Quality Assurance Authority of Ireland to keep, in such form as may be approved by the Minister for Education and Skills with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the Qualifications and Quality Assurance Authority of Ireland is required to:

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

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 23 of the Qualifications and Quality Assurance (Education and Training) Act 2012. The maintenance and integrity of the corporate and financial information on the Qualifications and Quality Assurance Authority of Ireland's website is the responsibility of the Board.



The Board is responsible for approving the annual plan and budget. The Board evaluates the performance of the Qualifications and Quality Assurance Authority of Ireland by reference to the annual plan and budget at every board meeting.

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

The Board considers that the financial statements of the Qualifications and Quality Assurance Authority of Ireland give a true and fair view of the financial performance and the financial position of the Qualifications and Quality Assurance Authority of Ireland at **31 December 2018**.

## BOARD STRUCTURE

The Board consists of a Chairperson, the Chief Executive (Ex Officio member) and eight ordinary members, all of whom are appointed by the Minister for Education and Skills. The members of the Board were appointed for a period of five years and meet a minimum of four times per annum. The table below details the appointment dates for current members:

Board Member	Role	Date Appointed
Joanne Harmon	Chairperson	13 March 2018
Barbara Brittingham	Ordinary Member	6 November 2017
Mary Danagher	Ordinary Member	6 November 2017
Oisín Hassan	Ordinary Member	6 November 2017
Blake Hodkinson	Ordinary Member	13 March 2018
Thomas McDermott	Ordinary Member	6 November 2017
Niamh O'Reilly	Ordinary Member	13 March 2018
Irene Sheridan	Ordinary Member	13 March 2018
Anne Walsh	Ordinary Member	13 March 2018
Padraig Walsh	Chief Executive	6 November 2012

An External Review of Board effectiveness was carried out in 2017. The Board conducted an internal assessment of Board effectiveness in 2018.

### The Board has established six committees, as follows:

1. Audit and Risk Committee. Relative to the size of the Board of QQI, comprises two Board members and one independent member. The role of the Audit and Risk Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The Audit and Risk Committee is independent from the financial management of the organisation. In particular, the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The Audit and Risk Committee reports to the Board after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Thomas McDermott (Chairperson), Blake Hodkinson (commenced 27 April 2018) and Tony Mealy (external non-Board member). There were five meetings (one incorporeal) of the committee in 2018.

2. Policies and Standards Committee comprises two Board members and seven other members. The purpose of the Policies and Standards Committee is to apply its expertise to considering QQI draft policy and making recommendations to the Board regarding the approval of these policies in line with the organisation's strategy; it can also agree, or refer to the Board, modifications to policy. It will also consider and may act on recommendations from the Executive to determine standards of knowledge, skill and competence for education and training awards or to endorse subject guidelines concerning knowledge, skill and competence for higher education awards.

The members of this committee are: Anne Walsh (Chairperson) (commenced 4 July 2018), Niamh O'Reilly (commenced 4 July 2018), Lucien Bollaert, Bryan Fields, Ewart Keep (ended 19 March 2018), Barbara Kelly, Daire Keogh, Bryan Maguire, Aileen Ponton (commenced 4 July 2018) and Ann Marie Ryan. There were four meetings of the committee in 2018.

3. Programmes and Awards Executive Committee comprises one Board member and seven Executive members. The purpose of the Programmes and Awards Executive Committee is primarily to perform such of the Board's functions as to ensure that programmes and the awards to which they lead that are recognised within the National Framework of Qualifications (NFQ) are appropriate and consistent. The decisions and recommendations of the Committee are informed by external expertise and recommendations, normally provided in the form of external panel reports and the outcomes of monitoring and review activities carried out by QQI.

The members of this committee are: Pdraig Walsh (Chairperson), Barbara Kelly, Carmel Kelly (commenced 11 April 2018), Angela Lambkin, Bryan Maguire, Karena Maguire (ended 22 February 2018), John O'Connor, Deirdre Stritch, Róisín Sweeney and Andrina Wafer (ended 22 February 2018). There were six meetings of the committee in 2018.

4. Programmes and Awards Oversight Committee: comprises two Board members and five other members. The purpose of the Programmes and Awards Oversight Committee is to review and analyse the activities of the Programmes and Awards Executive Committee, and on that basis to provide advice and make recommendations to the Programmes and Awards Executive Committee on the fulfilment of its purpose. It will also confirm or refer back decisions referred to it by the Programmes and Awards Executive Committee, as required.

The members of this committee are: Barbara Brittingham (Chairperson), Mary Danagher, Ken Carroll, Liz Carroll (ended 9 April 2018), Maureen Conway (ended 9 April 2018), Peter Cullen, Paul Lyons, Anne Mangan (ended 9 April 2018), Gerard Morgan (commenced 12 September 2018), John D. Mulcahy (ended 9 April 2018) and Gina Quin (commenced 12 September 2018). There were three meetings of the committee in 2018.

5. Approvals and Reviews Committee: comprises two Board members and seven other members. The purpose of the Approvals and Reviews Committee is to perform such of the Board's functions as to ensure that providers, to which it grants access to external quality assurance, the International Education Mark, and delegated authority, have met and continue to meet, the associated criteria.

The members of this committee are: Oisín Hassan, Irene Sheridan (commenced 24 May 2018), Kevin Ryan (Chairperson), Ailsa Crum (commenced 19 July 2018), Colette Harrison, Marie Kehoe-O'Sullivan, Geraldine Larkin, (commenced 8 March 2018), Martin Lyes and Mary Sheridan. There were six meetings of the committee in 2018.

6. HR and Organisation Committee: comprises two board members plus one vacancy. The purpose of the HR and Organisation Committee is to reinforce its own governance and oversight in these areas.

The members of this committee are: Joanne Harmon, Mary Danagher and Blake Hodgkinson (appointed February 2019). This Committee did not meet in 2018 – a meeting scheduled for September 2018 was unable to proceed as the quorum was not met on the day. Due to availability of members, it was not possible to arrange a subsequent meeting in 2018.

## SCHEDULE OF ATTENDANCE, FEES AND EXPENSES

A schedule of attendance at the Board and Committee meetings for 2018 is set out below including the fees and expenses received by each member:

	Board**	ARC*	PSC*	PAEC*	PAOC*	A&RC*	HR&OC*	Fees 2018	Expenses 2018
TOTAL	7	4	4	6	3	6	0		25,883
Joanne Harmon <sup>++</sup>	7(7)						0	N/A	5,569
Barbara Brittingham	6(7)				3(3)			N/A	6,042
Mary Danagher	6(7)				0		0	N/A	4,255
Oisín Hassan	6(7)					1(6)		N/A	-
Blake Hodkinson <sup>***</sup>	6(6)	3(3)						N/A	-
Thomas McDermott	7(7)	5(5)						N/A	2,548
Niamh O'Reilly <sup>***</sup>	5(6)		3(3)					N/A	-
Irene Sheridan <sup>***</sup>	6(6)					4(5)		N/A	758
Anne Walsh <sup>***</sup>	6(6)		3(3)					N/A	1,078
Padraig Walsh <sup>+</sup>	7(7)			6(6)				N/A	5,633

Meeting attendance above is listed as number of meetings attended (number of meetings eligible to attend).

QQI Board Members do not receive Board fees.

ARC: Audit and Risk Committee  
PSC: Policies and Standards Committee  
PAEC: Programmes and Awards Executive Committee  
PAOC: Programmes and Awards Oversight Committee  
A&RC: Approvals and Reviews Committee  
HR&OC: HR and Organisation Committee (see also previous page)

\*\* In 2018, two Board Meetings were held incorporeally.

\*\*\* Appointed on 13 March 2018.

+ Includes travel and subsistence in performance of role as CEO

++ Includes travel and subsistence in performance of role as Chair of Board of QQI and other QQI duties.

## KEY PERSONNEL CHANGES

Four members of the Board were appointed by the Minister for Education and Skills on 13 March 2018 and the Chairperson (an existing Board Member) was also appointed with effect from 13 March 2018.

Cliona Curley, Director of Corporate Services, commenced employment on 22 January 2018. Liam Butler, Finance Manager, commenced employment on 11 June 2018.



## DISCLOSURES REQUIRED BY CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (2016)

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

### EMPLOYEE SHORT-TERM BENEFITS BREAKDOWN

Employees' short-term benefits in excess of €60,000 are set out in note 6 of the annual financial statements.

### CONSULTANCY COSTS

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
General Legal advice	39,463	5,689
Legal Proceedings	47,451	24,569
Actuarial advice	2,460	2,460
Chartered Surveyors advice	4,428	32,903
Human Resources advice	16,631	28,181
Architectural advice	18,387	-
Study of the impact of national framework	6,000	28,575
National student engagement programme	59,910	68,461
Total consultancy costs	<b>194,730</b>	<b>190,838</b>
Consultancy costs charged to the Income and Expenditure	194,730	190,838
Total	<b>194,730</b>	<b>190,838</b>

## LEGAL COSTS AND SETTLEMENTS

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Qualifications and Quality Assurance Authority of Ireland which is disclosed in **Consultancy costs above**.

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Legal fees - legal proceedings	47,451	24,569
Counter Party legal costs	111,300	-
Settlements	-	36,500
<b>Total</b>	<b>158,751</b>	<b>61,069</b>

On foot of the Judicial Review of Dublin College of Advanced Studies, Qualifications and Quality Assurance Authority of Ireland contributed €37,500 towards legal expenses incurred.

Arising from the Judicial Review of the National Employment Centre, Qualifications and Quality Assurance Authority of Ireland paid €73,800 being 50% of the taxed legal expenses incurred by National Employment Centre. The balance of the legal expenses was paid by the Department of Justice and Equality.

## TRAVEL AND SUBSISTENCE EXPENDITURE

Travel and subsistence expenditure is categorised as follows:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Domestic		
- Board*	19,456	12,950
- Employees	46,667	37,934
International		
- Board*	6,427	7,634
- Employees	48,057	36,867
<b>Total</b>	<b>120,607</b>	<b>95,385</b>

\* includes travel and subsistence of €14,878 paid directly to Board members in 2018 (2017: €8,106). The balance of €11,005 (2017: €12,477) relates to expenditure paid by QQI on behalf of the Board members.

## HOSPITALITY EXPENDITURE

The Income and Expenditure Account includes the following hospitality expenditure:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Staff hospitality	3,653	8,092
Board hospitality	1,024	2,583
<b>Total</b>	<b>4,677</b>	<b>10,675</b>

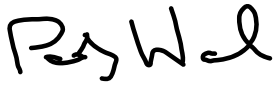
## STATEMENT OF COMPLIANCE

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Qualifications and Quality Assurance Authority of Ireland was substantially in compliance with the Code of Practice for the Governance of State Bodies in 2018.



Date: 12 December 2019

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**Joanne Harmon**  
Chairperson



Date: 12 December 2019

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**Padraig Walsh**  
Chief Executive Officer

## STATEMENT ON INTERNAL CONTROL

### SCOPE OF RESPONSIBILITY

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 controls is maintained and operated.

The system of internal 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.

### PURPOSE OF SYSTEM OF INTERNAL CONTROL

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 and Risk Committee. Its terms of reference included ensuring systems that continually operate and enhance internal 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 control.
  - Establishing formal procedures to monitor the activities and safeguard the assets of the organisation.

### CAPACITY TO HANDLE RISK

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

- Identifying the nature and extent of financial and business risks that face the Board;
- Assessing the potential of identified risks occurring;
- Evaluating and assessing the internal capacity of the Board to manage the risk.



## RISK AND CONTROL FRAMEWORK

The system of internal 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 and Risk Committee was established in 2013. The Audit and Risk Committee met five times in 2018.

The Board's monitoring and review of the effectiveness of the system of internal control was informed by the Internal Auditor, the Audit and Risk Committee which oversees the work of the Internal Auditor, and the executive managers within the organisation who have 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.

## ONGOING MONITORING AND REVIEW

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by the executive management team of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

## PROCUREMENT

We confirm that The Qualifications and Quality Assurance Authority of Ireland has procedures in place to endeavor to ensure compliance with current procurement rules and guidelines. Matters arising regarding controls over procurement are highlighted in the table on page 16.

## ANNUAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2018

We confirm that the Board conducted a review of the effectiveness of the system of internal control in respect of the financial year ended 31 December 2018.

## REVIEW OF EFFECTIVENESS

The Statement on System of Internal controls has been reviewed by the Audit and Risk Committee and the Board to ensure it accurately reflects the control system in operation during the reporting period.

A review of internal controls in 2018 was carried out by an external firm and signed off by the Board of the Authority in 2019.

The Authority is reasonably assured that the systems of internal control instituted and implemented in the Qualifications and Quality Assurance Authority of Ireland for the financial year ended 31st December 2018 are effective.

## INTERNAL CONTROL ISSUES


### DISCLOSURE OF DETAILS REGARDING INSTANCES WHERE BREACHES IN CONTROL HAS OCCURRED

Details of breaches	Mitigating actions
<p><b>Reverse Charge VAT</b></p> <p>QQI is liable to VAT on a reverse charge basis. During a self-review of invoices by QQI it was identified that QQI had not been operating reverse charge on VAT correctly.</p>	<p>Internal processes were revised to mitigate against a recurrence of the issue and a new Standard Operating Procedure was implemented.</p> <p>QQI made an unprompted voluntary disclosure to the Revenue Commissioners in February 2019. (See note 25)</p>
<p><b>Procurement and Contract Management</b></p> <ul style="list-style-type: none"> <li>The agreed contract amount was not contained on the register for all contracts in place.</li> <li>A formal procedure was not in place for contract extensions.</li> </ul>	<p>An improved contracts register is currently in development. A nominated staff member will be given responsibility for ensuring that the register is maintained up-to-date and that all tender documentation is available centrally including all documentation and copies of the signed contracts.</p> <p>The extension of contracts will be formalised through documentation of same and the Procurement policy will be amended to reflect.</p> <p>All of the management group are aware of the requirements and thresholds for obtaining quotations for tendering. The QQI procurement policy is available to all staff on the intranet in case of doubt.</p>
<p><b>Accounts Payable</b></p> <p>In a number of instances, the purchase order provided to the auditor was not raised in advance of the invoice.</p> <p>A number of invoices were not paid within 30 days, as required by the Prompt Payments Act.</p>	<p>Purchase order raised after the invoice date are the exception. PO's may be raised after the invoice receipt date to facilitate uploading of the invoice to the accounts payable system in certain instances.</p>
<p><b>Travel and Subsistence</b></p> <p>The Vouched Accommodation Domestic Subsistence Rate was exceeded.</p>	<p>QQI endeavours to obtain keenest room rates for accommodation. However, where occupancy is high (particularly in Dublin), it may not always be possible to secure rooms within the subsistence rate. Going forward, QQI will note on the claim the basis on which the subsistence rate was exceeded.</p>

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



Joanne Harmon  
Chairperson



Padraig Walsh  
Chief Executive Officer

Date: 12 December 2019

Date: 12 December 2019

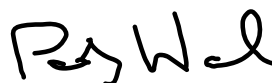
## STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		€	€
<b>INCOME</b>			
Grant	2	5,314,907	4,344,000
Fee Income	3	5,194,633	5,118,148
EU Projects Income	4	694,032	563,494
Other Income	5	61,188	66,635
Deposit Interest		-	111
		<b>11,264,760</b>	<b>10,092,388</b>
Transfer from Capital Account	19	729,103	462,163
Net Deferred Funding for Pensions	26(b)	1,762,000	2,068,000
		<b>13,755,863</b>	<b>12,622,551</b>
<b>EXPENDITURE</b>			
Staff Costs	6	6,905,919	7,082,526
Accommodation Costs	9	699,517	901,917
Board Costs	7	31,075	29,817
Corporate Services	10	570,528	518,892
Qualifax	11	11,139	10,742
Panel Fees and Expenses	12	445,176	438,724
EQAVET Project Expenditure	4(a)	524,511	490,135
Central Administration Costs	13	440,944	609,590
Information Communications Technology	14	2,057,572	2,775,448
Depreciation	15	768,913	821,521
		<b>12,455,294</b>	<b>13,679,312</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>1,300,569</b>	<b>(1,056,761)</b>
Balance Brought Forward at 1 January		<b>(445,402)</b>	<b>611,359</b>
<b>Balance Carried Forward at 31 December</b>		<b>855,167</b>	<b>(445,402)</b>

The Statement of Cash Flows and notes 1 - 27 form part of these financial statements. All income and expenditure for the year relates to continuing activities.



Joanne Harmon  
Chairperson



Pdraig Walsh  
Chief Executive Officer

Date: 12 December 2019

Date: 12 December 2019



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
<b>SURPLUS / (DEFICIT) FOR THE FINANCIAL PERIOD</b>		<b>1,300,569</b>	<b>(1,056,761)</b>
Experience losses / (gains) on pension scheme	<b>26(f)</b>	(730,000)	(863,000)
Changes in assumptions underlying the present value of pension scheme liabilities		2,164,000	715,000
Transfer of service from other public sector employer	<b>26(g)</b>	2,494,000	-
Actuarial (losses) on pension liabilities		5,228,569	<b>(148,000)</b>
Adjustment to deferred pension funding	<b>26(e)</b>	(3,928,000)	148,000
Total comprehensive income for the year		<b>1,300,569</b>	<b>(1,056,761)</b>

The Statement of Cash Flows and notes 1 - 27 form part of these financial statements.



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**Joanne Harmon**  
Chairperson

**Date: 12 December 2019**



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**Padraig Walsh**  
Chief Executive Officer

**Date: 12 December 2019**

# STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

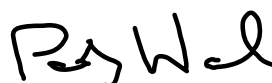
	Note	As at 31 December 2018 €	As at 31 December 2017 €
<b>FIXED ASSETS</b>			
Property, Plant and Equipment	16	954,828	1,683,931
<b>CURRENT ASSETS</b>			
Receivables	17	1,217,190	948,150
Cash and Cash Equivalents		1,380,147	209,518
		<u>2,597,337</u>	<u>1,157,668</u>
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Payables	18	<u>(1,582,170)</u>	<u>(1,443,070)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			
		1,015,167	(285,402)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		1,969,995	1,398,529
Provision for Liabilities and Charges	24	<u>(160,000)</u>	<u>(160,000)</u>
<b>TOTAL ASSETS LESS LIABILITIES BEFORE PENSIONS</b>			
Deferred Pension Funding	26(d)	44,171,000	41,349,000
Pension Liabilities	26(e)	<u>(44,171,000)</u>	<u>(41,349,000)</u>
<b>NET ASSETS</b>			
		<u><b>1,809,995</b></u>	<u><b>1,238,529</b></u>
<b>REPRESENTING</b>			
Capital Account	19	954,828	1,683,931
Retained Revenue Reserve		855,167	(445,402)
		<u><b>1,809,995</b></u>	<u><b>1,238,529</b></u>

The Statement of Cash Flows and notes 1 - 27 form part of these financial statements.



Joanne Harmon  
Chairperson

Date: 12 December 2019



Padraig Walsh  
Chief Executive Officer

Date: 12 December 2019

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
<b>Net cash inflow from operating activities</b>			
Surplus / (Deficit) for the year		1,300,569	(1,056,761)
Capital account movement	19	(729,103)	(462,163)
Depreciation	15	768,913	821,521
Loss on disposal of fixed assets		-	1,935
(Increase) / Decrease in receivables	17	(269,040)	365,735
Increase in payables	18	139,100	244,713
(Decrease) in provision	24	-	(106,000)
Bank interest received		-	(111)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>1,210,439</b>	<b>(191,131)</b>
<b>STATEMENT OF CASH FLOWS</b>			
Net cash inflow / (outflow) from operating activities		<b>1,210,439</b>	(191,131)
<b>Cash flows from investing activities</b>			
Payment to acquire fixed assets	16	(39,810)	(361,295)
<b>Cash flows from financing activities</b>			
Bank interest received		-	111
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>1,170,629</b>	<b>(552,315)</b>
Cash and cash equivalents at the beginning of the year		209,518	761,833
Increase / (Decrease) in cash and cash equivalents		1,170,629	(552,315)
<b>Cash and cash equivalents at the end of the year</b>		<b>1,380,147</b>	<b>209,518</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

## 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 6 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. The Attorney General advised in 2015 that the legislation needed to be amended to give full effect to the secure introduction of the IEM. The General Scheme of the Qualifications and Quality Assurance (Amendment) Bill is currently proceeding through the legislative process and will address issues that are impeding QQI from fulfilling its intended responsibilities.

### b) STATEMENT OF COMPLIANCE

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



**c) BASIS OF PREPARATION**

The financial statements have been prepared 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 Government Grants which are recognised on 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 reporting 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 reporting 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.

**l) 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.

**II) 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.

**III) 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.

<b>2. GRANT</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Grant towards Administration – Department of Education and Skills - Vote 26; Subhead B.6		
- Pay	2,505,000	2,613,280
- Non-Pay	1,936,500	1,730,720
	<u>4,441,500</u>	<u>4,344,000</u>
- Grant towards VAT and related costs	873,407	-
	<u><b>5,314,907</b></u>	<u><b>4,344,000</b></u>

<b>3. FEE INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Award Fees	3,600,321	3,700,005
ACELS	101,190	144,488
Record of Awards/ Duplicate Parchments	241	17,655
Validation Fees	614,259	380,000
Relationship Fees	878,622	876,000
	<u><b>5,194,633</b></u>	<u><b>5,118,148</b></u>

#### 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 for 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 October 2016 to reconfigure the fees charged.

#### 4. EU PROJECTS INCOME

	2018 €	2017 €
QQI for National Europass Centre	145,639	44,396
EQF - NCP	23,882	41,553
EQAVET	524,511	472,731
IQAVET Project	-	2,814
EQAREP Project	-	2,000
	694,032	563,494

#### 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 has 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 €45,706 (2017: €92,892) of which €145,640 (2017: €44,396) 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 contract was awarded to FETAC by the European Commission, following a tendering competition, and commenced work on implementing European Quality Assurance guidelines in 2010. The original contract was for 3 years and has been renewed continually. The initial contract commenced on 1 January 2016 for a two-year period to 31 December 2017. This was extended for a further two-year period to 31 December 2019. The functions of FETAC were assumed into QQI.

#### IQAVET PROJECT

IQAVET is the Irish practitioner network for Quality Assurance in VET and is the National Reference Point (NRP) for EQAVET which is based at QQI. An important aspect of the project was to help promote and leverage EQAVET principles and indicators to enhance quality in ETB and other VET provision. The project received Erasmus+ funding and activity began in April 2016, facilitated by QQI through the ETBI Quality Assurance Forum and the Further Education Support Service.

#### 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.



<b>4 a) EQAVET PROJECT INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Commission	524,511	472,731
EQAVET PROJECT EXPENDITURE		
Salaries and Wages	160,553	153,871
Programmes	363,958	336,264
	<b>524,511</b>	<b>490,135</b>

<b>(b)</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Receipts from EU Commission and participating member states	524,511	472,731
Allocated income to meet expenditure	(524,511)	(490,135)
Recognised Contribution (from)/ to QQI at period end	<b>-</b>	<b>(17,404)</b>

<b>5. OTHER INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Prompt Payment Interest	501	1,247
Recharged East Point Service Charge	-	15,250
Irish Research Council Grant	-	16,000
Erasmus+	13,500	21,965
Seminars and Conference Fees	13,859	-
International Quality Assurance Programme	33,279	-
Other Income	49	12,173
	<b>61,188</b>	<b>66,635</b>

<b>6. STAFF COSTS</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>€</b>	<b>€</b>
Salaries and Wages		3,994,760	3,855,416
Employers Contribution to Social Welfare		385,282	360,329
Staff Development Costs		52,071	84,375
Domestic Travel and Subsistence		31,853	36,306
Foreign Travel and Subsistence		46,667	36,868
Retirement Benefit Costs	<b>26(c)</b>	2,237,651	2,571,533
Secondment		78,863	43,619
Hospitality		6,185	14,167
Recruitment Costs		72,587	79,913
		<b>6,905,919</b>	<b>7,082,526</b>

Gross salary costs of €5,024,471 (2017: €4,782,636) were offset by recoupments of €481,623 (2017: €460,891) in respect of members of the Qualifications and Quality Assurance Authority of Ireland's staff who were redeployed through secondment arrangements to the Technological Higher Education Association, Education and Training Boards Ireland and the Department of Education and Skills. 2017 costs were further offset by a release of provision of €106,000.

€230,061 (2017: €229,207) of pension levy has been deducted from salaries and has been paid over to the Department of Education and Skills during the period. €8,990 (2017: €5,366) of pension contributions in respect of the Single Public Service Pension Scheme has been deducted from salaries and has been paid over to the Department of Public Expenditure and Reform during the period

The average number of employees during the year was 81. (2017: 82). QQI employed 78 WTE at the end of 2018. (2017:76). No overtime or allowance were paid in the period. There were no termination payments in the period.

Employee short term benefits in excess of €60,000 are categorised in the following bands;

Range of total employee benefits		Number of Employees	
From	To	2018	2017
€60,000	- €69,999	4	1
€70,000	- €79,999	2	3
€80,000	- €89,999	2	-
€90,000	- €99,999	12	11
€100,000	- €109,999	4	2
€110,000	- €119,999	-	-
€120,000	- €129,999	-	-
€130,000	- €139,999	1	1

For the purposes of this disclosure, short term employee benefits in relation to services rendered during the reporting period include salary but exclude employers PRSI. QQI did not pay overtime or allowances in the period.

#### KEY MANAGEMENT PERSONNEL

Key management personnel in QQI consists of the members of the Board, the Chief Executive Officer and the members of the executive management team. During 2018, the post of Finance and Procurement Manager was filled. The total value of employee benefits for key management personnel is set out below;

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Key Management Personnel	716,429	670,536

<b>7. BOARD COSTS</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Board Training Costs	2,045	810
	<hr/> 2,045	<hr/> 810
<u>Board Members – Travel and Subsistence</u>		
Domestic Travel	13,407	9,264
Foreign Travel	4,831	7,071
Subsistence/Meals	1,023	5,297
Accommodation	7,645	1,509
	<hr/> 26,906	<hr/> 23,141
Committee meetings, travel and subsistence	2,124	5,866
Committee training and development	-	-
	<hr/> 2,124	<hr/> 5,866
	<hr/> <b>31,075</b>	<hr/> <b>29,817</b>

No fees were paid to members of the Board for the year 1st January 2018 to 31st December 2018.

<b>8. CHIEF EXECUTIVE OFFICER'S REMUNERATION</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Basic Salary for the period	143,749	138,695
All-in cost of the Chief Executive Officer's total remuneration package	<hr/> <b>143,749</b>	<hr/> <b>138,695</b>

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.

The CEO had vouched expenses in respect of Travel & Subsistence totalling €5,633 in 2018 (2017: €2,780).

<b>9. ACCOMMODATION COSTS</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Rent		
- Denzille Lane	367,500	367,500
- East Point (Block P4B)	-	168,751
- Lower Mount Street	77,260	77,260
- Lower Mount Street Licence Fee	102,123	81,812
- Onerous Lease Provision	-	(168,751)
Service Charges	35,499	68,951
Security	2,860	2,852
Insurance	22,646	18,624
Light and Heat	28,046	29,262
Cleaning	43,599	39,547
Rates	157	250
Repairs and Maintenance	19,827	15,859
Termination of Lease Tenancy	-	200,000
	<b>699,517</b>	<b>901,917</b>

Termination of lease tenancy refers to the termination of lease at East Point Business Park in May 2017. Dilapidation costs are included in this expense.

<b>10. CORPORATE SERVICES</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Finance and Payroll Support, Accountancy and Internal Audit *	272,782	288,177
Audit Fees	24,000	21,000
Legal Fees	198,215	54,827
Promotion and Brand Awareness	69,780	150,284
Languages and Translation	1,919	3,152
Health and Safety	3,832	1,452
	<b>570,528</b>	<b>518,892</b>

Qualifications and Quality Assurance Authority of Ireland applied for, and received sanction for, a number of finance roles. These positions were filled by mid-2018. In 2017, for the interim period while awaiting sanction and recruitment, these positions were outsourced.

## 11. QUALIFAX

Qualifax is Ireland's National Learners' Database and is the "one stop shop" for learners and the public. Comprehensive, annually updated information is provided about further and higher education and training options in Ireland and further afield. Articles and links are also provided to assist students, jobseekers, parents, guidance professionals and graduates to make informed choices for education, training and career pathways.

Qualifax is a service provided by Quality and Qualifications Ireland.

<b>12. PANEL FEES AND TRAVEL EXPENSES</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Qualification and Quality Assurance Services	371,875	348,497
Parchments	73,301	35,870
PARN Research	-	24,770
Other research		
- European Qualifications Framework	-	6,827
- Recognition of Prior Learning FE Research	-	5,600
- Trends and Development in FE Qualification	-	17,160
	<b>445,176</b>	<b>438,724</b>

<b>13. CENTRAL ADMINISTRATION COSTS</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Telephone – Land Line	9,914	16,523
Telephone – Mobile	19,384	17,983
Postage and Courier	40,473	25,921
Stationery and Storage	20,208	29,227
Seminars and Conferences	19,762	19,671
Library and Periodicals	4,604	7,077
Subscriptions	47,141	40,596
Publications	71,863	109,475
Canteen	15,910	14,406
Entertainment	-	964
Meeting Expenses and Events	87,216	165,457
Lease/Hire of Office Equipment	1,033	5,691
General Office Expenses	4,854	5,343
Bank Charges	1,953	2,802
Photocopying	22,152	18,875
Bad Debts	-	3,912
Sponsorship and donations	3,250	18,700
HR Supports (including Change management project)	28,996	59,022
Interest on Late Payment of VAT and Penalties	42,232	46,008
Loss on disposal of fixed assets	-	1,937
	<b>440,944</b>	<b>609,590</b>



**14. INFORMATION COMMUNICATIONS TECHNOLOGY**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
IT Software Maintenance and Support	234,339	195,266
IT Software Expenditure/Licensing (Under €1,000)	10,239	10,803
IT Web Services*	4,789	3,368
IT Co-Location/Hosting*	88,638	71,330
IT Computer Hardware Supplies (Under €1,000)	5,095	22,265
Software Support Contractors*	769,730	794,908
Managed Services*	930,602	1,649,873
IT Hardware Support and Maintenance	3,629	13,348
IT Security Audit	10,511	14,287
	<b>2,057,572</b>	<b>2,775,448</b>

\*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.

**15. DEPRECIATION**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Office Equipment Depreciation	7,999	20,746
IT Hardware Depreciation	13,711	52,012
Office Fixture and Fittings Depreciation	24,921	29,105
Leasehold Property Depreciation	26,250	26,249
IT Software Depreciation	586,239	586,239
Fit Out Costs Depreciation	109,793	107,171
	<b>768,913</b>	<b>821,521</b>

## 16. FIXED ASSETS

	Leasehold Property €	Fit Out Costs €	Office Furniture €	Office Equipment €	IT Hardware €	IT Software €	Total €
<b>Cost</b>							
At 1 <sup>st</sup> January 2018	2,487,710	1,071,708	636,811	189,070	886,103	4,689,913	9,961,315
Additions	-	26,219	-	2,098	11,493	-	39,810
Disposals	-	-	-	-	-	-	-
At 31 <sup>st</sup> December 2018	2,487,710	1,097,927	636,811	191,168	897,596	4,689,913	10,001,125
<b>Depreciation</b>							
At 1 <sup>st</sup> January 2018	2,432,943	548,852	451,369	166,323	862,960	3,814,937	8,277,384
Charge for the year	26,250	109,793	24,921	7,999	13,711	586,239	768,913
Disposals	-	-	-	-	-	-	-
At 31 <sup>st</sup> December 2018	2,459,193	658,645	476,290	174,322	876,671	4,401,176	9,046,297
<b>Net Book Value</b>							
At 31 <sup>st</sup> December 2018	<b>28,517</b>	<b>439,282</b>	<b>160,521</b>	<b>16,846</b>	<b>20,925</b>	<b>288,737</b>	<b>954,828</b>
At 31 <sup>st</sup> December 2017	<b>54,767</b>	<b>522,856</b>	<b>185,442</b>	<b>22,747</b>	<b>23,143</b>	<b>874,976</b>	<b>1,683,931</b>

**17. RECEIVABLES**

	As at 31 December 2018 €	As at 31 December 2017 €
Debtors	438,929	272,832
Prepayments	316,797	86,351
Accrued Income	341,140	466,158
Other Debtors	120,324	18,101
EU Grant Receivable	-	104,708
	<b>1,217,190</b>	<b>948,150</b>

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.

**18. PAYABLES**

	As at 31 December 2018 €	As at 31 December 2017 €
Creditors	49,352	26,837
Accruals	453,917	623,061
PAYE/PRSI	141,554	129,454
Payroll Deductions	2,549	217
Professional Services Withholding Tax	16,833	17,709
Value Added Tax	736,341	526,186
Interest on Late Payment of VAT and Penalties	131,337	89,105
Deferred Income	50,285	30,501
	<b>1,582,170</b>	<b>1,443,070</b>

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.

**19. CAPITAL ACCOUNT**

	As at 31 December 2018 €	As at 31 December 2017 €
Balance at start of period	1,683,931	2,146,094
Grant used to acquire fixed assets	39,810	361,295
Amortisation in line with asset depreciation	(768,913)	(821,521)
Disposal of fixed assets	-	(1,937)
Released to income and expenditure account	<b>(729,103)</b>	<b>(462,163)</b>
Balance at period end	<b>954,828</b>	<b>1,683,931</b>

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 attached to these grants.

## 20. 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 (2017: €367,500) per annum.

### East Point Business Park

The Authority entered into a lease 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 totalled €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) also 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 amounted to €121,277 per annum. Service charge costs under the Lease are 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 €168,751, relating to the net rental payable on the premises in the period to 2017. The provision was unwound in 2017.

Following the decision to terminate the lease, QQI has no further lease commitment for East Point Business Park.

### 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 5 February 2016, the IUQB was voluntarily struck off the Companies Register and, leading up to the strike off, QQI had 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. The current rent is €77,260 per annum. The current licence fee is €102,123. (2017: €61,500)

At 31st December 2018 QQI had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	€
Payable within one year	549,973
Payable within two to five years	2,108,657
Payable after five years	-
	<u><u>2,658,630</u></u>

Operating lease payments recognised as an expense were €547,916 (2017: €695,323).

## 21. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2018.

## 22. CORPORATION TAX

The Authority is not liable for corporation tax.

## 23. 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' expenses and total CEO remuneration, amounted to €716,429 (2017: €451,836).

## 24. 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.

A former FETAC pensioner made a claim to the High Court against the Council's decision on the award of retirement benefits. This case was settled in September 2017 and a decision on taxed legal costs is awaited. Pending this decision, the Authority has provided for €40,000. There are three similar case regarding FETAC pensioners and QQI has provided €40,000 for each of these cases.

Taxed legal costs of €66,500 were paid directly by the Department of Education and Skills and deducted from the QQI grant for 2018.

## 25. TAX SETTLEMENT

QQI is liable to VAT on a reverse charge basis. VAT is normally charged and accounted for by the supplier of the goods or services. However, where goods are received from abroad, the recipient of goods or services, rather than the supplier, is obliged to account for the VAT due. During a self-review of invoices in late 2018, QQI identified that it had not been operating reverse charge VAT correctly. QQI made a qualifying voluntary disclosure to the Revenue Commissioners in February 2019. The 2018 financial statements make provision for late VAT and interest & penalty payments of €813,327 as follows;

	€	€	€
	VAT	Interest & Penalties	Total
2017 Financial Year and Prior Years	522,739	89,105	611,844
2018 Financial Year	159,250	42,233	201,483
	681,989	131,338	813,327

QQI made payments during 2019 to settle these liabilities and confirmation of closure of the matter was issued by the Revenue Commissioners on 29 October 2019.

## 26. PENSION COSTS

### a. DEFINED BENEFIT PENSION SCHEME

The Authority operates a defined benefits scheme which is unfunded. The Authority also operates the Single Public Service Pension Scheme (Single Scheme) which is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

The valuation used for disclosures has been based on a full actuarial valuation by a qualified independent actuary in order to assess the scheme liabilities as at 31<sup>st</sup> December 2018. The financial assumptions used to calculate scheme liabilities are:

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Discount rate	2.10%	2.00%
Salary increase assumptions	3.15%	3.30%
Pension increase assumptions	2.65%	2.80%
Price inflation	1.65%	1.80%

### b. NET DEFERRED FUNDING FOR PENSIONS IN YEAR

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Funding recoverable in respect of current year pension costs	2,536,000	2,954,000
State grant applied to pay pensioners	(774,000)	(886,000)
Net Deferred Funding for Pensions	<u>1,762,000</u>	<u>2,068,000</u>

### c. ANALYSIS OF TOTAL PENSION COSTS CHARGED TO EXPENDITURE

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Current service cost	1,700,000	2,242,000
Interest on Pension Scheme liabilities	836,000	712,000
Employee superannuation contributions retained	(298,349)	(382,467)
	<u>2,237,651</u>	<u>2,571,533</u>



**d. DEFERRED FUNDING ASSET FOR PENSIONS**

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions based on 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 31 December 2018 amounted to €44,171,000 (2017: €41,349,000).

**e. MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL PERIOD**

	<b>As at 31 December 2018 €</b>	<b>As at 31 December 2017 €</b>
Net pension liability at 1 January	41,349,000	39,133,000
Current service cost	1,700,000	2,242,000
Transfer of service from another public service scheme	2,494,000	-
Interest costs	836,000	712,000
Actuarial loss / (gain)	(1,434,000)	148,000
Pensions paid in the year	(774,000)	(886,000)
Net pension liability as at 31 December	<u>44,171,000</u>	<u>41,349,000</u>

**f. HISTORY OF EXPERIENCE GAINS AND LOSSES**

	<b>2018 €</b>	<b>2017 €</b>
Defined benefit obligations	44,171,000	41,349,000
Experience losses/(gains) on scheme liabilities		
Amount (€)	730,000	863,000
Percentage of the present value of scheme liabilities	1.7%	2.1%

**g. TRANSFER OR SERVICE FROM OTHER PUBLIC SECTOR EMPLOYER**

In 2018, several members of staff chose to invoke their entitlement to transfer service from another public service scheme. The cost to QQI of the transfers of past service was €2.494m.

**27. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Authority of Qualifications and Quality Assurance Authority of Ireland at its meeting on 12th April 2019.







**QQI**

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