



QQI

Quality and Qualifications Ireland
Dearbhú Cáilíochta agus Cáilíochtaí Éireann

**QUALIFICATIONS AND QUALITY
ASSURANCE AUTHORITY OF IRELAND**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2019**

QUALIFICATIONS AND QUALITY ASSURANCE AUTHORITY OF IRELAND

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Authority Information

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

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
Mr. Eamonn Collins	- Manager of Human and Physical Resources
Mr. Liam Butler	- Finance & Procurement Manager

Members of the Authority:

Ms. Joanne Harmon (Chair)	
Dr. Barbara Brittingham	
Ms. Mary Danagher	
Mr. Oisín Hassan	USI Nomination (ended 30 June 2019)
Mr. Blake Hodgkinson	
Mr. Kevin McStravock	USI Nomination (appointed 2 July 2019)
Mr. Thomas McDermott	
Ms. Niamh O'Reilly	
Prof. Irene Sheridan	
Dr. Anne Walsh	
Dr. Pádraig Walsh	Chief Executive Officer

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



Ard Reachtair 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 2019 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 2019 and of its income and expenditure for 2019 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 Authority 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.

Mark Brady
For and on behalf of the
Comptroller and Auditor General
17 December 2020

Appendix to the report

Responsibilities of Board members

As detailed in the governance statement and Authority members' report, the Authority 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 AUTHORITY MEMBERS' REPORT

GOVERNANCE

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 Authority are set out in section 9 of this Act. The Authority 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 Authority and must ensure that all Authority 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 Authority and management of the Qualifications and Quality Assurance Authority of Ireland.

AUTHORITY RESPONSIBILITY

The work and responsibilities of the Authority are set out in the Schedule of Reserved Functions, which also contain the matters specifically reserved for Authority decision. Standing items considered by the Authority 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 members 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 members of the Qualifications and Quality Assurance Authority of Ireland are required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 Authority 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 members.

The members of the Authority are responsible for approving the annual plan and budget. The members evaluate the performance of the Qualifications and Quality Assurance Authority of Ireland by reference to the annual plan and budget at every Authority meeting.

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

The members of the Authority consider 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 2019.

AUTHORITY STRUCTURE

The Authority 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 Authority are 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:

Authority Member	Role	Date Appointed
Joanne Harmon	Chairperson	13 March 2018
Barbara Brittingham	Ordinary Member	6 November 2017
Mary Danagher	Ordinary Member	6 November 2017
Blake Hodkinson	Ordinary Member	13 March 2018
Thomas McDermott	Ordinary Member	6 November 2017
Kevin McStravock	Ordinary Member	2 July 2019
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 Authority effectiveness was carried out in 2017. The Authority conducted an internal assessment of Authority effectiveness in 2019.

Gender Balance in the Authority membership

As at 31 December, the Authority had six (60%) female and four male members (40%), with no positions vacant. The Authority therefore meets the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

Advisory statement for submissions to Ministers on appointments/re-appointments to Boards

The Minister's attention is drawn to the Government target to achieve 40% representation of each gender in the membership of all State Authorities. QQI currently has six female Board members (60%) and four male Board members (40%) and no vacancies. To meet the gender balance target, the QQI Authority with ten Authority members would have to have a minimum of four males and four females.

The Authority has established six committees, as follows:

1. Audit and Risk Committee. Relative to the number of members of the QQI, comprises two Authority members and one independent member. The role of the Audit and Risk Committee is to support the Authority in relation to its responsibilities for issues of risk, internal 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 Authority after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Thomas McDermott (Chairperson), Blake Hodgkinson and Tony Mealy (external non-Authority member). There were 4 meetings of the committee in 2019.

- 2. Policies and Standards Committee** comprises two Authority 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 Authority regarding the approval of these policies in line with the organisation's strategy; it can also agree, or refer to the Authority, 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), Niamh O'Reilly, Lucien Bollaert, Bryan Fields, Barbara Kelly, Daire Keogh, Bryan Maguire, Aileen Ponton, Ann Marie Ryan (ended 19 March 2019) and Aoife Sweeney (commenced 28 November 2019). There were three meetings of the committee in 2019.

- 3. Programmes and Awards Executive Committee** comprises one Authority member and six Executive members. The purpose of the Programmes and Awards Executive Committee is primarily to perform such of the Authority'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: Padraig Walsh (Chairperson), Barbara Kelly, Carmel Kelly (ended 8 February 2019), Angela Lambkin (ended 22 February 2019, commenced 13 June 2019), Bryan Maguire, John O'Connor, Deirdre Stritch (ended 8 February 2019), Róisín Sweeney and Andrina Wafer (commenced 18 July 2019). There were six meetings of the committee in 2019.

- 4. Programmes and Awards Oversight Committee:** comprises two Authority members and four 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, Peter Cullen (ended 31 January 2019), Paul Lyons, Gerard Morgan, and Gina Quin. There were two meetings of the committee in 2019.

- 5. Approvals and Reviews Committee:** comprises two Authority members and seven other members. The purpose of the Approvals and Reviews Committee is to perform such of the Authority'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 (finished 30 June 2019), Kevin McStravock (appointed 27 September 2019), Irene Sheridan, Kevin Ryan (Chairperson) (ended 31 December

2019), Ailsa Crum, Colette Harrison, Marie Kehoe-O'Sullivan, Geraldine Larkin, Martin Lyes (ended 31 December 2019) and Mary Sheridan. There were four meetings of the committee in 2019.

6. HR and Organisation Committee: comprises three Authority members. 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 Hodkinson. There were three meetings of the committee in 2019.

SCHEDULE OF ATTENDANCE, FEES AND EXPENSES

A schedule of attendance at the Authority and Committee meetings for 2019 is set out below including the fees and expenses received by each member. The amounts states include travel and subsistence in performance of role as members of QQI authority and other QQI duties.

	Authority**	ARC*	PSC*	PAEC*	PAOC*	A&RC*	HR&OC*	Fees 2019	Expenses 2019
TOTAL	7	4	3	6	2	4	3		
Joanne Harmon	6(6)						3(3)	N/A	3,951
Barbara Brittingham	7(7)				2(2)			N/A	5,966
Mary Danagher	7(7)				0(2)		3(3)	N/A	105
Oisín Hassan***	5(5)					1(2)		N/A	66
Blake Hodkinson	6(6)	4(4)					3(3)	N/A	-
Thomas McDermott	7(7)	4(4)						N/A	3,548
Kevin McStravock****	2(2)					0(1)			-
Niamh O'Reilly	7(7)		2(3)					N/A	-
Irene Sheridan	7(7)					3(4)		N/A	482
Anne Walsh	6(7)		3(3)					N/A	737
Padraig Walsh+	6(6)			6(6)				N/A	8,786
TOTAL								NIL	23,641

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

QQI Authority Members do not receive 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

+ Includes travel and subsistence in performance of role as CEO

** In 2019, two Authority meetings were held incorporeally.

*** Membership ended 30 June 2019

**** Membership commenced 2 July 2019

KEY PERSONNEL CHANGES

There were no changes to key personnel in 2019.

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

The Authority 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. Consultancy costs are charged against 'Professional fees', 'Accountancy and Payroll Support', 'Legal Fees' and 'HR Supports' reflecting the nature and scope of the consultancy service provided.

	2019	2018
	€	€
General Legal advice	11,279	39,463
Legal Proceedings	-	47,451
ENQA Review	34,259	
Actuarial advice	2,460	2,460
Funding model review	19,680	-
Chartered Surveyors advice	-	4,428
Human Resources advice (incl Workforce Plan)	42,498	16,631
Architectural advice	-	18,387
Information technology plan	59,462	-
Study of the impact of national framework	-	6,000
National student engagement programme (NStEP)	54,536	59,910
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	224,174	194,730

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.

	2019	2018
	€	€
Legal fees - legal proceedings	-	47,451
Settlements	4,000	111,300
Total	4,000	158,751

In 2018, 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.

The amount of €24,569 (2018), relates to the Judicial Review of Dublin College of Advanced Studies. The settlement was a lump sum pension payment of €36,500. This is included in Staff costs in note 6 to the 2018 financial statements.

TRAVEL AND SUBSISTENCE EXPENDITURE

Travel and subsistence expenditure is categorised as follows:

	2019	2018
	€	€
Domestic		
- Authority*	18,961	19,456
- Employees	35,511	46,667
International		
- Authority *	7,794	6,427
- Employees	44,405	48,057
Total	106,671	120,607

* includes travel and subsistence of €11,220 paid directly to Authority members in 2019 (2018: €14,878). The balance of €15,535 (2018: €11,005) relates to expenditure paid by QQI on behalf of the Authority members.

HOSPITALITY EXPENDITURE

The Income and Expenditure Account includes the following hospitality expenditure:

	2019	2018
	€	€
Staff welfare and hospitality	7,762	3,653
Authority hospitality	3,114	1,024
Total	10,876	4,677

STATEMENT OF COMPLIANCE

The Authority has adopted the Code of Practice for the Governance of State Bodies (2016).

The Qualifications and Quality Assurance Authority of Ireland was in compliance with the Code of Practice for the Governance of State Bodies in 2019.

Joanne Harmon

Joanne Harmon
Chairperson

Date: 13 December 2020

C Curly

Interim Chief Executive

Date: 8 December 2020

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

On behalf of the members 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 Authority has taken steps to ensure an appropriate control environment by:

- Scheduling regular meetings at which the Authority 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 Authority;
- Assessing the potential of identified risks occurring;
- Evaluating and assessing the internal capacity of the Authority 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 Authority.
- Setting authorisation limits for the disbursement of the Authority's funds.

- Regular review by the members of the Authority 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 four times in 2019.

The Authority'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 14.

ANNUAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2019

We confirm that the Authority conducted a review of the effectiveness of the system of internal control in respect of the financial year ended 31 December 2019.

REVIEW OF EFFECTIVENESS

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

A review of internal controls in 2019 was carried out by an external firm and signed off by the Authority in 2020.

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 2019 are effective.

INTERNAL CONTROL ISSUES DISCLOSURE OF DETAILS REGARDING INSTANCES WHERE BREACHES IN CONTROL HAS OCCURRED

Details of breaches	Mitigating actions
<p>Procurement</p> <p>During 2019, QQI continued to procure services from suppliers where contracts had expired.</p> <p>Stationery – €4,461 Design Services - €49,049 Print Services - €75,797</p>	<p>QQI uses the stationery contract operated by the Department of Education and Skills. This contract had expired and QQI was awaiting a new framework arrangement. The value of purchases did not merit QQI undertaking a tendering exercise on its own behalf.</p> <p>The printing contract was tendered through the Office of Government Procurement (OGP) framework in early 2020 and awarded in May 2020. The figure presented represents the full year expenditure in 2019.</p> <p>Following a long engagement with OGP, OGP finally advised that it had no suitable framework for the design service being sought by QQI. QQI issued tenders for the service in October 2020.</p>

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

Joanne Harmon

Joanne Harmon
Chairperson

Date: 13 December 2020

C Curley

Interim Chief Executive

Date: 8 December 2020

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
INCOME			
Grant	2	4,516,000	5,314,907
Fee Income	3	5,644,120	5,194,633
EU Projects Income	4	1,059,478	694,032
Other Income	5	33,245	61,188
Deposit Interest		-	-
		11,252,843	11,264,760
Transfer from Capital Account	19	413,729	729,103
Net Deferred Funding for Pensions	26(b)	1,934,000	1,762,000
		13,600,572	13,755,863
EXPENDITURE			
Staff Costs	6	6,969,886	6,905,919
Accommodation Costs	9	703,702	699,517
Member Costs	7	26,755	31,075
Corporate Services	10	329,979	570,528
Qualifax	11	22,249	11,139
Panel Fees and Expenses	12	426,794	445,176
EQAVET Project Expenditure	4(a)	489,360	524,511
Central Administration Costs	13	688,514	440,944
Information Communications Technology	14	2,016,357	2,057,572
Depreciation	15	259,147	768,913
		11,932,743	12,455,294
SURPLUS FOR THE PERIOD		1,667,829	1,300,569
Balance Brought Forward at 1 January		855,167	(445,402)
Balance Carried Forward at 31 December		2,522,996	855,167

The Statement of Cash Flows and notes 1 - 28 form part of these financial statements. All income and expenditure for the year relates to continuing activities.

Joanne Harmon

Joanne Harmon
Chairperson

Date: 13 December 2020

C Curly

Interim Chief Executive

Date: 8 December 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
SURPLUS / (DEFICIT) FOR THE FINANCIAL PERIOD		1,667,829	1,300,569
Experience (losses) / gains on pension scheme	26(f)	966,000	(730,000)
Changes in assumptions underlying the present value of pension scheme liabilities		(3,994,000)	2,164,000
Transfer of services from another public service employer	26(g)	-	(2,494,000)
Actuarial (losses) on pension liabilities		(3,028,000)	(1,060,000)
Adjustment to deferred pension funding	26(e)	3,028,000	1,060,000
Total comprehensive income for the year		1,667,829	1,300,569

The Statement of Cash Flows and notes 1 - 28 form part of these financial statements.

Joanne Harmon

Joanne Harmon
Chairperson

Date: 13 December 2020

C. Curley

Interim Chief Executive

Date: 8 December 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	As at 31 December 2019 €	As at 31 December 2018 €
FIXED ASSETS			
Property, Plant and Equipment	16	541,099	954,828
CURRENT ASSETS			
Receivables	17	2,182,668	1,217,190
Cash and Cash Equivalents		1,181,132	1,380,147
		3,363,800	2,597,337
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Payables	18	(840,804)	(1,582,170)
NET CURRENT ASSETS		2,522,996	1,015,167
TOTAL ASSETS LESS CURRENT LIABILITIES		3,064,095	1,969,995
Provision for Liabilities and Charges	24	-	(160,000)
TOTAL ASSETS LESS LIABILITIES BEFORE PENSIONS		3,064,095	1,809,995
Deferred Pension Funding	26(d)	49,133,000	44,171,000
Pension Liabilities	26(e)	(49,133,000)	(44,171,000)
NET ASSETS		3,064,095	1,809,995
REPRESENTED BY:			
Capital Account	19	541,099	954,828
Retained Revenue Reserve		2,522,996	855,167
		3,064,095	1,809,995

The Statement of Cash Flows and notes 1 - 28 form part of these financial statements.

Joanne Harmon

Joanne Harmon
Chairperson

Date: 13 December 2020

C Curly

Interim Chief Executive

Date: 8 December 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
Net cash inflow from operating activities			
Surplus for the year		1,667,829	1,300,569
Capital account movement	19	(413,729)	(729,103)
Depreciation	15	259,147	768,913
Impairment of fixed assets		197,673	-
(Increase) in receivables	17	(965,478)	(269,040)
(Decrease) in payables	18	(741,366)	139,100
(Decrease) in provision	24	(160,000)	-
		(155,924)	1,210,439
STATEMENT OF CASH FLOWS			
Net cash (outflow) / inflow from operating activities		(155,924)	1,210,439
Cash flows from investing activities			
Payments to acquire fixed assets		(43,091)	(39,810)
(Decrease) / Increase in cash and cash equivalents		(199,015)	1,170,629
Cash and cash equivalents at the beginning of the year		1,380,147	209,518
Increase / (Decrease) in cash and cash equivalents		(199,015)	1,170,629
Cash and cash equivalents at the end of the year		1,181,132	1,380,147

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The basis of accounting and significant accounting policies adopted by the Qualifications and Quality Assurance Authority of Ireland (QQI) 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.

The Qualifications and Quality Assurance (Education and Training) (Amendment) Act 2019 amends and extends the 2012 Act. Specifically, the 2019 Act

- makes fresh provision concerning the means by which an award's status, with reference to the National Framework of Qualifications, may be established;
- provides for the establishment of a category of awarding bodies known as "listed awarding bodies";
- to provide for a requirement that criteria specified in regulations must be met, including criteria for the purpose of affording a reasonable assurance to QQI that a provider has the capacity and capability to provide programmes of education and training consistent with the requirements of that Act;
- provides for the establishment of a "Protection of Enrolled Learners Fund", into which an annual charge by certain providers must be paid and from which moneys may, in cases of default in delivery of certain programmes, be paid so to enable enrolled learners complete the programme concerned or so as to be used for certain other purposes;
- makes further provision regarding authorisation to use the International Education Mark (IEM);
- adds to the cases in which a provider may be authorised to describe itself as a "university" and, for that purpose, to amend the Universities Act 1997; and to provide for related matters.

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.

b) STATEMENT OF COMPLIANCE

The financial statements of the Qualifications and Quality Assurance Authority of Ireland for the year ended 31 December 2019 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
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	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) 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 increase 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.

I. 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.

2. GRANT

Grant towards Administration – Department of Education and Skills - Vote 26; Subhead B.6

	2019 €	2018 €
- Pay	1,979,000	1,905,000
- Pensions	600,000	600,000
- Non-Pay	1,937,000	1,936,500
	<hr/> 4,516,000	<hr/> 4,441,500
- Grant towards VAT and related costs	-	873,407
Net Income Receivable	<hr/> 4,516,000	<hr/> 5,314,907

In 2018, QQI received €873,407 funding in respect of VAT underpayment.

3. FEE INCOME

	2019 €	2018 €
Award Fees	3,990,630	3,600,321
ACELS	105,260	101,190
Record of Awards/ Duplicate Parchments	-	241
Validation Fees	672,230	614,259
Relationship Fees	876,000	878,622
	<hr/> 5,644,120	<hr/> 5,194,633

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

	2019 €	2018 €
QQI for National Europass Centre	134,534	145,639
EQF - NCP	-	23,882
EQAVET	924,944	524,511
	1,059,478	694,032

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 €153,800 (2018: €146,599).

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 functions of FETAC were assumed into QQI. The original contract was for 3 years and was renewed continually to end 2015. A second 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.

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.

	2019 €	2018 €
4(a) EQAVET PROJECT INCOME		
European Commission	924,944	524,511
EQAVET PROJECT EXPENDITURE		
Salaries and Wages	164,170	160,553
Programmes	325,190	363,958
	489,360	524,511

	2019	2018
	€	€
(b) EQAVET SUMMARY		
Receipts from EU Commission and participating member states	924,944	524,511
Allocated income to meet expenditure	(489,360)	(524,511)
Recognised Contribution to QQI at period end	<u>435,584</u>	<u>-</u>

	2019	2018
	€	€
5. OTHER INCOME		
Prompt Payment Interest	995	501
Erasmus+	-	13,500
Seminars and Conference Fees	32,250	13,859
International Quality Assurance Programme	-	33,279
Other Income	-	49
	<u>33,245</u>	<u>61,188</u>

	2019	2018
	€	€
6. STAFF COSTS		
	Note	
Salaries and Wages		3,994,760
Employers Contribution to Social Welfare		385,282
Staff Development Costs		52,071
Domestic Travel and Subsistence		31,853
Foreign Travel and Subsistence		46,667
Retirement Benefit Costs	26(c)	2,237,651
Secondment		78,863
Hospitality and Staff Welfare		6,185
Recruitment Costs		72,587
		<u>6,905,919</u>
		<u>6,969,886</u>

Gross salary costs of €4,910,828 (2018: €5,024,471) were offset by recoupments of €413,440 (2018: €481,623) 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 and further offset by the write back of provision no longer required.

€220,083 (2018: €230,061) of pension levy has been deducted from salaries and has been paid over to the Department of Education and Skills during the period. €15,006 (2018: €8,990) 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. (2018: 81). QQI employed 76 WTE at the end of 2019. (2018:78). 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	2019	2018
€60,000	- €69,999	4	4
€70,000	- €79,999	3	2
€80,000	- €89,999	4	2
€90,000	- €99,999	2	12
€100,000	- €109,999	13	4
€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 Authority, the Chief Executive Officer and the members of the executive management team. The total value of employee benefits for key management personnel is set out below;

	2019 €	2018 €
Key Management Personnel	774,968	716,429

7. AUTHORITY MEMBER COSTS

Authority Member Training Costs

	2019 €	2018 €
Authority Member Training Costs	-	2,045
	-	2,045

Authority Members – Travel and Subsistence

Domestic Travel

Foreign Travel

Subsistence/Meals

Accommodation

Domestic Travel	9,256	13,407
Foreign Travel	7,794	4,831
Subsistence/Meals	393	1,023
Accommodation	6,198	7,645
	23,641	26,906

Committee meetings, travel and subsistence

Committee meetings, travel and subsistence	3,114	2,124
	3,114	2,124

	26,755	31,075
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No fees were paid to members of the Authority for the year 1st January 2019 to 31st December 2019.

8. CHIEF EXECUTIVE OFFICER'S REMUNERATION

Basic Salary for the period

All-in cost of the Chief Executive Officer's total remuneration package

	2019 €	2018 €
Basic Salary for the period	148,948	143,749
All-in cost of the Chief Executive Officer's total remuneration package	148,948	143,749

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 €8,786 in 2019 (2018: €5,633).

9. ACCOMMODATION COSTS	2019	2018
	€	€
Rent		
Denzille Lane	367,500	367,500
Lower Mount Street	85,069	77,260
Lower Mount Street (Licence)	102,123	102,123
	<hr/>	<hr/>
	554,692	546,883
Service Charges on leased premises	22,607	35,499
Security	3,770	2,860
Insurance	25,925	22,646
Light and Heat	27,531	28,046
Cleaning	43,856	43,599
Rates	5,268	157
Repairs and Maintenance	20,053	19,827
	<hr/>	<hr/>
	703,702	699,517

10. CORPORATE SERVICES	2019	2018
	€	€
Finance and Payroll Support, Accountancy and Internal Audit *	41,433	272,782
Audit Fees	24,000	24,000
Legal Fees	17,009	198,215
Professional Fees	202,531	-
Promotion and Brand Awareness	7,556	69,780
Public Relations	1,125	-
Advertising	27,359	
Languages and Translation	519	1,919
Health and Safety	8,447	3,832
	<hr/>	<hr/>
	329,979	570,528

*In 2018, Qualifications and Quality Assurance Authority of Ireland applied for and received sanction for a number of finance roles. These positions were outsourced pending sanction and recruitment. The positions were filled by mid-2018.

11. QUALIFAX

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

12. PANEL FEES AND TRAVEL EXPENSES	2019	2019
	€	€
Qualification and Quality Assurance Services	375,658	371,875
Research Projects	16,100	-
Parchments	35,036	73,301
	<hr/>	<hr/>
	426,794	445,176

13. CENTRAL ADMINISTRATION COSTS

	2019 €	2018 €
Telephone – Land Line	5,375	9,914
Telephone – Mobile	36,639	19,384
Postage and Courier	34,193	40,473
Stationery and Storage	26,778	20,208
Seminars and Conferences	6,676	19,762
Library and Periodicals	4,703	4,604
Subscriptions	33,657	47,141
Publications	126,749	71,863
Canteen	13,120	15,910
Conference Expenses and Events	112,414	87,216
Lease/Hire of Office Equipment	886	1,033
General Office Expenses	13,713	4,854
Bank Charges	2,829	1,953
Photocopying	9,607	22,152
Sponsorship and Donations	3,500	3,250
HR Supports	57,800	28,996
EQARF Fees	2,202	-
Loss on Disposal of Fixed Assets	197,673	-
Interest on Late Payment of VAT	-	42,232
	688,514	440,944

14. INFORMATION COMMUNICATIONS TECHNOLOGY

	2019 €	2018 €
IT Software Maintenance and Support	215,798	234,339
IT Software Expenditure/Licensing (Under €1,000)	22,348	10,239
IT Web Services*	3,844	4,789
IT Co-Location/Hosting*	211,783	88,638
IT Computer Hardware Supplies (Under €1,000)	17,107	5,095
Software Support Contractors*	428,283	769,730
Managed Services*	1,095,054	930,602
IT Hardware Support and Maintenance	-	3,629
IT Security Audit	22,140	10,511
	2,016,357	2,057,572

*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

	2019 €	2018 €
Office Equipment Depreciation	5,725	7,999
IT Hardware Depreciation	24,345	13,711
Office Fixture and Fittings Depreciation	27,838	24,921
Leasehold Property Depreciation	26,250	26,250
IT Software Depreciation	65,240	586,239
Fit Out Costs Depreciation	109,749	109,793
	259,147	768,913

16. FIXED ASSETS

	Leasehold Property €	Fit Out Costs €	Office Furniture €	Office Equipment €	IT Hardware €	IT Software €	Total €
Cost							
At 1 st January 2019	2,487,710	1,097,927	636,811	191,168	897,596	4,689,913	10,001,125
Additions	-	-	-	2,940	40,151	-	43,091
Disposals	-	-	-	-	(653,915)	(421,595)	(1,075,510)
At 31 st December 2019	2,487,710	1,097,927	636,811	194,108	283,832	4,268,318	8,968,706
Depreciation							
At 1 st January 2019	2,459,193	658,645	476,290	174,322	876,671	4,401,176	9,046,297
Charge for the year	26,250	109,749	27,838	5,725	24,345	65,240	259,147
Disposals	-	-	-	-	(652,541)	(225,296)	(877,837)
At 31 st December 2019	2,485,443	768,394	504,128	180,047	248,475	4,241,120	8,427,607
Net Book Value							
At 31 st December 2019	2,267	329,533	132,683	14,061	35,357	27,198	541,099
At 31 st December 2018	28,517	439,282	160,521	16,486	20,925	288,737	954,828

17. RECEIVABLES

	As at 31 December 2019 €	As at 31 December 2018 €
Debtors	1,133,290	449,017
Provision for bad debts	(34,988)	(10,088)
	1,098,302	438,929
Prepayments	326,507	316,797
Accrued Income	316,330	341,140
Other Debtors	66,675	120,324
EU Grant Receivable	374,854	
	2,182,668	1,217,190

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. AMOUNTS DUE WITHIN ONE YEAR

	As at 31 December 2019 €	As at 31 December 2018 €
Creditors	296,170	49,352
Accruals	393,739	453,917
PAYE/PRSI	133,515	141,554
Payroll Deductions	-	2,549
Professional Services Withholding Tax	17,380	16,833
Value Added Tax	-	736,341
Interest on Late Payment of VAT	-	131,337
Deferred Income	-	50,285
	840,804	1,582,170

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 2019 €	As at 31 December 2018 €
Balance at start of period	954,828	1,683,931
Grant used to acquire fixed assets	43,091	39,810
Amortisation in line with asset depreciation	(259,147)	(768,913)
Amount released on disposal of fixed assets	(197,673)	-
	(456,820)	(768,913)
Released to income and expenditure account	413,729	729,103
	541,099	954,828

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. LEASES

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 (2018: €367,500) per annum.

Lower Mount Street

Since its establishment in November 2012, QQI has been renting the Ground Floor at 9–11, 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 €81,612 per annum (2018: €79,627).

QQI holds a licence for the use of the Top Floor of 9-11, Lower Mount Street. The current licence fee is €102,123 (2018: €102,123).

At 31 December, 2019, QQI had the following future minimum lease payments under non-cancellable operating leases for the of the following periods.

	€
Payable within one year	551,236
Payable within two to five years	1,010,604
Payable after five years	-
	<u>1,561,840</u>

21. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2019.

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 Authority 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 Authority. Authority members do not receive a fee for their service. Total compensation paid to key management personnel and total CEO remuneration, amounted to €774,968 (2018: €716,429)

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 2018 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.

QQI provided for €160,000 in respect of similar cases. Following a review of the matter, QQI is of the opinion that it is unlikely that further cases will be brought at that stage. The provision of €160,000 is therefore no longer required.

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

During 2019 all amounts due to settle the liability with the Revenue Commissioners arising from the tax settlement outlined in the 2018 Statements, were confirmed by the Commissioner to be in order and the matter was brought to conclusion.

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 31st December 2019. The financial assumptions used to calculate scheme liabilities are:

	2019 %	2018 %
Discount rate	1.35%	2.10%
Salary increase assumptions	2.95%	3.15%
Pension increase assumptions	2.45%	2.65%
Price inflation	1.45%	1.65%

b. NET DEFERRED FUNDING FOR PENSIONS IN YEAR

	2019 €	2018 €
Funding recoverable in respect of current year pension costs	2,626,000	2,536,000
State grant applied to pay pensioners	(692,000)	(774,000)
	1,934,000	1,762,000

c. ANALYSIS OF TOTAL PENSION COSTS CHARGED TO EXPENDITURE

	2019 €	2018 €
Current service cost	1,688,000	1,700,000
Interest on Pension Scheme liabilities	938,000	836,000
Employee superannuation contributions retained	(288,585)	(298,349)
	2,337,415	2,237,651

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 2019 amounted to €49,133,000 (2018: €44,171,000).

e. MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL PERIOD

	As at 31 Dec 2019 €	As at 31 Dec 2018 €
Net pension liability at 1 January	44,171,000	41,349,000
Current service cost	1,688,000	1,700,000
Interest costs	938,000	836,000
Pensions paid in the year	(692,000)	(774,000)
Net pension liability as at 31 December	46,105,000	43,111,000
Transfer of Services from another public service employer	-	2,494,000
Actuarial Loss / (Gain)	3,028,000	(1,434,000)
	<u>3,028,000</u>	<u>1,060,000</u>
Net pension liability at 31 December	<u>49,133,000</u>	<u>44,171,000</u>

f. HISTORY OF EXPERIENCE GAINS AND LOSSES

	2019 €	2018 €
Defined benefit obligations	49,133,000	44,171,000
Experience losses/(gains) on scheme liabilities		
Amount (€)	(966,000)	730,000
Percentage of the present value of scheme liabilities	(2.00%)	1.7%

g. TRANSFER OF 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 past service was €2.494m.

27. COVID

In accordance with FRS102, COVID-19 is a non-adjusting Post Balance Sheet event, with no impact on the financial statements for 2019. The Authority will continue to assess the impacts of emerging risks on its operations in the course of 2020, including any potential costs or impairments which may require to be reflected in the 2020 Financial Statements.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Qualifications and Quality Assurance Authority of Ireland at its meeting on 4 December 2020.



QQI

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