

Appropriation Account 2020

Vote 45

Further and Higher Education, Research, Innovation and Science

Introduction

As Accounting Officer for Vote 45, I am required each year to prepare the appropriation account for the Vote, and to submit the account to the Comptroller and Auditor General for audit.

In accordance with this requirement, I have prepared the attached account of the amount expended in the year ended 31 December 2020 for the salaries and expenses of the Office of the Minister for Further and Higher Education, Research, Innovation and Science for certain services administered by that Office, and for the payment of certain grants.

The expenditure outturn is compared with the sums granted by Dáil Éireann under the Appropriation Act 2020, including the amount that could be used as appropriations-in-aid of expenditure for the year.

A surplus of €8.184 million is liable for surrender to the Exchequer.

The Statement of Accounting Policies and Principles and notes 1 to 6 form part of the account.

Statement of Accounting Policies and Principles

The standard accounting policies and principles for the production of appropriation accounts, as set out by the Department of Public Expenditure and Reform (DPER) in circular 22 of 2020, have been applied in the preparation of the account.

Fixed assets

The costs relating to office equipment and furniture and fittings fixed assets, used by both Department of Education (Vote 26) and Department of Further and Higher Education, Research, Innovation and Science (Vote 45), are recorded in the Vote 26 appropriation account. The assets are reported in the Vote 26 statement of capital assets. A notional depreciation charge has been applied to Vote 45 under Note 1.1 net allied services to reflect the use of these shared assets by Vote 45.

Creation of Vote

The Department of Further and Higher Education, Research, Innovation and Science was established on 2 August 2020 with further and higher education functions transferred from Department of Education with an effective date of 21 October 2020. Prior to the decision to transfer those functions, the (then) Vote for Education and Skills was presented under three expenditure programmes. Two expenditure programmes transferred to the Department of Further and Higher Education, Research, Innovation and Science: programme B skills development; and programme C higher education.

The full expenditure in 2020 in relation to these two programmes has been included in this appropriation account. The 2019 expenditure values for these programmes have been replicated for comparative purposes.

Other research, innovation and science functions transferred from the Department of Enterprise, Trade and Employment with effect from 1 January 2021 and are not reflected in this appropriation account for 2020.

The transfers of functions from the Department of Education and from the Department of Enterprise, Trade and Employment are subject to continued examination in conjunction with both Departments. This may result in further transfer recommendations to Government if this is found to be appropriate.

Vote 26 Education is providing a shared service to Vote 45 for a number of corporate functions including HR, finance, accommodation and services, audit and IT. A notional charge has been applied to Vote 45 under Note 1.1 net allied services to reflect the staff costs attributable to the shared service.

The detailed arrangements governing these shared services are subject to a process of joint development and documentation and this will include the agreement of a formal memorandum of understanding.

Statement on Internal Financial Control

Responsibility for system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Department.

This responsibility is exercised in the context of the resources available to me and my other obligations as Secretary General. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Shared services

As a newly established Department with functions being transferred from the Department of Education during 2020 without any pre-existing core corporate functions, I relied on the appropriate controls being exercised by the Department of Education in the provision of shared service to this Department, mainly in the areas of HR, finance, accommodation and services, audit and IT.

Certain payroll and human resource functions are provided on a shared services basis by the National Shared Services Office (Vote 18) within the overall shared services provided by the Department of Education. The Accounting Officer of the National Shared Services Office is responsible for the operation of controls within the Shared Services Centres.

I take assurance from the system of control within shared services as reported to me by the Accounting Officer for the National Shared Services Office.

Aegis bodies

State bodies under the aegis of this Department are overseen by relevant policy divisions within the Department who are supported by other relevant divisions across the Department and on a shared services basis by the Department of Education's Sectoral Governance Unit.

Responsibility for delivery on the mandate and functions of aegis bodies rests in the first instance with each Board and the Chairperson of the respective Board.

The relationship between this Department and the bodies under its aegis is typically informed by

- the legislative underpinning of the body
- DPER's 2016 *Code of Practice for the Governance of State Bodies* and associated annexes to that code.

The Department works with its aegis bodies to ensure that the oversight conditions laid out in the *Code of Practice* are satisfied and that robust performance delivery agreements or equivalent are in place in each body. As appropriate, the Department works with its aegis bodies to ensure that time-limited or full derogations from aspects of the code have been agreed and documented in order to satisfy the code's 'comply or explain' requirements.

In line with the code requirements, corporate plans are required to be adopted by the respective bodies to cover the delivery of strategy on a multi-annual basis. These plans allow for the development of corporate strategy and annual priorities to be developed and agreed with the Department.

Within the wider sector, sectoral codes of practice aligned to the specific regulatory frameworks of universities and institutes of technology are in place.

The reform of institutional governance arrangements within the higher education sector forms part of the Government's legislation programme and the priorities set out in the *Statement of Strategy 2021-2023* of the Department.

The Department avails of membership of a Governance Forum for Civil and Public Servants. The forum, which is run by the Institute of Public Administration, promotes good governance and aids the Department with the supply of timely advice and information supports to enhance good governance.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows.

Financial control environment

I confirm that a control environment containing the following elements is in place.

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- The Department of Education's Audit Committee provision of ongoing systematic review of the control environment and governance procedures also covered the Department of Further and Higher Education, Research, Innovation and Science during the period 2020.
- Procedures for all key business processes have been documented.
- There are systems in place to safeguard the assets.

Administrative controls and management reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability, and in particular, that

- there is an appropriate budgeting system with an annual budget which is kept under review by senior management
- there are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts
- a risk management system operates within the Department and during 2020 this was based on risk being owned by individual business units that had transferred from the Department of Education.
- there are systems aimed at ensuring the security of the ICT systems
- there are appropriate capital investment control guidelines and formal project management disciplines
- the Department ensures that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines.

Internal audit, European Social Fund audit (ESF) and Audit Committee

For internal audit services, I have relied on the Department of Education's internal and EU audit unit with its appropriately trained personnel, which operates in accordance with a written charter. Its work is informed by analysis of the financial risks to which the Department is exposed and its annual internal audit plans, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. Procedures are in place to ensure that recommendations included in internal audit reports are tracked for implementation by management. The Department of Education's Audit Committee also covered the provision of ongoing systematic review of the control environment and governance procedures for the Department of Further and Higher Education, Research, Innovation, and Science during the period 2020. A separate Audit Committee for the Department of Further and Higher Education, Research, Innovation, and Science was established in 2021.

The ESF Audit Authority, a section within the Department of Education's Internal and EU Audit Unit, is functionally independent and operates in accordance with its own written charter. It reports to the Department of Education's Audit Committee and to the European Commission on the conduct of its audit programme in respect of compliance with the regulatory requirements of the European Union in relation to the management, control and audit of ESF funds in Ireland. Once established, my Department's Audit Committee will take over responsibility for reviewing significant findings, recommendations and issues arising from the audit of the ESF, given the particular emphasis on the responsibilities within my Department of the National Certifying and Managing Authorities.

Non-compliance with procurement rules

The Department ensures that there is an appropriate focus on good practice in procurement and that procedures are in place to ensure compliance with relevant procurement guidelines. The Department complied with the guidelines.

There were no instances of non-competitive procurement during 2020 and a nil return was made in respect of circular 40/2002 to the Comptroller and Auditor General and the Department of Public Expenditure and Reform.

Risk and control framework

The Department has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks and these have been identified, evaluated and graded according to their significance. The risks are signed off at head of business unit level and noted by the Management Board member responsible for that business area. The register details the controls and actions needed to mitigate risks and the register is used, along with other relevant processes, to ensure that risks are managed and mitigated.

The Department's Management Board oversees the risk management system and a Risk Committee has recently been set up by the Management Board. The Risk Committee is finalising a risk management policy for the Department.

As part of the shared service provided by the Department of Education, a governance framework exists that sets out the governance procedures, process and principles that underpin the work of this Department. It is kept under ongoing review.

Ongoing monitoring and review

Procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Management Board, where relevant, in a timely way. I confirm that 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.

Review of effectiveness

I confirm that the Department has procedures to monitor the effectiveness of its risk management and control procedures. The Department's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management within the Department responsible for the development and maintenance of the internal financial control framework.

ICT security

The Department has a strong commitment to the security of its ICT systems and implements multiple cybersecurity protocols and measures including user awareness, perimeter security, anti-virus/anti-malware, email and web filtering, system patching, risk management, policies, regular vulnerability assessments/penetration testing, mobile device management, access management, incident management, security incident and event monitoring, information security governance, GDPR awareness, disaster recovery, offline backups, supplier management and encryption. The Department's cyber security protocols are supported by the work of the National Cyber Security Centre and the national computer security incident response team, CSIRT, which provides early warnings, alerts, announcements and dissemination of information about risk and incidents to the Department. The Department is also supported by security expertise from multiple third party security organisations. Relevant ICT staff members have security qualifications and ICT security arrangements are subject to review by the Internal Audit Unit.

Covid-19 pandemic

The Covid-19 pandemic coincided with the setting up of this Department and provided additional challenges in doing so.

As a result of Covid-19, the Department's staff were required to work mainly from home. Internal audit has conducted an assessment of the impact of Covid-19 on internal financial controls and mobile security and has provided me with reasonable assurance that the financial controls and mobile security are being adequately managed. Furthermore, the move to remote working has accelerated the use of electronic documentation for audit trail and work efficiency purposes. The results of these assessments were also presented to the Audit Committee on March 24 2021.

Internal financial control issues

No weaknesses in internal financial control were identified in the Department in relation to 2020 that resulted in losses that require disclosure in the appropriation account.

Jim Breslin

Accounting Officer

Department of Further and Higher Education, Research, Innovation and Science

22 September 2021

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Vote 45 Further and Higher Education, Research, Innovation and Science

Opinion on the appropriation account

I have audited the appropriation account for Vote 45 Further and Higher Education, Research, Innovation and Science for the year ended 31 December 2020 under section 3 of the Comptroller and Auditor General (Amendment) Act 1993.

In my opinion, the appropriation account

- properly presents the receipts and expenditure of Vote 45 Further and Higher Education, Research, Innovation and Science for the year ended 31 December 2020, and
- has been prepared in the form prescribed by the Minister for Public Expenditure and Reform.

Basis of opinion

I conducted my audit of the appropriation account 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 *Preface to the Appropriation Accounts*. I am independent of the Department of Further and Higher Education, Research, Innovation and Science 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 the statement on internal financial control, and on other matters

The Accounting Officer has presented a statement on internal financial control together with the appropriation account. My responsibilities to report in relation to the information in the statement, and on certain other matters upon which I report by exception, are described in the *Preface to the Appropriation Accounts*.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller and Auditor General

23 September 2021

Vote 45 Further and Higher Education, Research, Innovation and Science

Appropriation Account 2020

| | | 2020 | |
|------------------------------|------------------------------|---------------------------|------------------|
| | | Estimate provision | |
| | | €000 | €000 |
| | | Outturn | |
| | | €000 | €000 |
| Programme expenditure | | | |
| A | Skills development | | 607,103 |
| B | Higher education | | 599,538 |
| | <i>Original</i> | 1,898,553 | |
| | <i>Supplementary</i> | 43,500 | |
| | | <u>1,942,053</u> | <u>1,927,002</u> |
| Gross expenditure | | | |
| | <i>Original</i> | 2,505,656 | |
| | <i>Supplementary</i> | 43,500 | |
| | | <u>2,549,156</u> | <u>2,526,540</u> |
| | <i>Deduct</i> | | |
| C | Appropriations-in-aid | <u>103,442</u> | <u>105,710</u> |
| Net expenditure | | | |
| | <i>Original</i> | 2,402,214 | |
| | <i>Supplementary</i> | 43,500 | |
| | | <u>2,445,714</u> | <u>2,420,830</u> |

Surplus

The surplus of the amount provided over the net amount applied is liable for surrender to the Exchequer. Under Section 91 of the Finance Act 2004, all or part of any unspent appropriations for capital supply services may be carried over for spending in the following year. €16.7 million of unspent allocations in respect of capital elements were carried forward to 2021.

| | | 2020 |
|----------------------------------|--|-------------------------|
| | | € |
| Surplus | | 24,883,838 |
| Deferred surrender | | <u>(16,700,000)</u> |
| Surplus to be surrendered | | <u>8,183,838</u> |

Jim Breslin

Accounting Officer

Department of Further and Higher Education, Research, Innovation and Science

22 September 2021

Notes to the Appropriation Account

Note 1 Operating Cost Statement 2020

| | 2020 |
|--------------------------------------------|------------------|
| | €000 |
| Programme cost | 2,518,205 |
| Pay | 6,943 |
| Non pay | 1,392 |
| Gross expenditure | 2,526,540 |
| <i>Deduct</i> | |
| Appropriations-in-aid | 105,710 |
| Net expenditure | 2,420,830 |
| | |
| Changes in net current assets | |
| Decrease in closing accruals | (8,342) |
| Increase in stock | (6) |
| Direct expenditure | 2,412,482 |
| | |
| Expenditure borne elsewhere | |
| Net allied services expenditure (note 1.1) | 5,426 |
| Notional rents | 446 |
| Net programme cost | 2,418,354 |

1.1 Net allied services expenditure

The net allied services expenditure amount is made up of the following amounts in relation to Vote 45 borne elsewhere.

| | 2020 ^a |
|-----------------------------------------------|-------------------|
| | €000 |
| Vote 9 Office of the Revenue Commissioners | 19 |
| Vote 12 Superannuation and Retired Allowances | 3,397 |
| Vote 13 Office of Public Works | 70 |
| Vote 18 National Shared Services Office | 20 |
| Vote 26 Education | 1,883 |
| Central Fund – ministerial pensions | 37 |
| | 5,426 |

Note ^a The 2020 net allied services expenditure figures do not include figures related to aegis bodies or agencies of the Department of Further and Higher Education, Research, Innovation and Science. The net allied services expenditure has been assigned directly to the Vote and where this was not possible it was apportioned based on agreed allocation of costs between Vote 26 and Vote 45.

Note 2 Statement of Financial Position as at 31 December 2020

| | Note | 2020 €000 |
|-----------------------------------------------------|------|---------------|
| Capital assets | | — |
| Current assets | | |
| Bank and cash | 2.1 | 17,779 |
| Stocks | | 6 |
| Prepayments | 2.2 | 8,128 |
| Amounts due from the EU | | 2 |
| Other debit balances | 2.3 | 3,736 |
| Accrued income | | 938 |
| Total current assets | | 30,589 |
| Less current liabilities | | |
| Accrued expenses | | 703 |
| Salary recoupment to other departments and agencies | | 21 |
| EU moneys for distribution | | 520 |
| Other credit balances | 2.4 | 254 |
| Net Exchequer funding | 2.5 | 20,743 |
| Total current liabilities | | 22,241 |
| Net current assets | | 8,348 |
| Net assets | | 8,348 |
| Represented by: | | |
| State funding account | 2.6 | 8,348 |

2.1 Bank and cash

| | |
|----------------|---------------|
| at 31 December | 2020 |
| | €000 |
| PMG balances | 17,779 |
| | 17,779 |

2.2 Prepayments

| | |
|-----------------------------------------------------------|--------------|
| at 31 December | 2020 |
| | €000 |
| Advance to Waterford Institute of Technology ^a | 7,826 |
| Other | 302 |
| | 8,128 |

Note ^a Waterford Institute of Technology repaid
€903,000 in 2020.

2.3 Other debit balances

| | |
|----------------------------------|--------------|
| at 31 December | 2020 |
| | €000 |
| Transfer of functions | 3,684 |
| Payroll suspense | 33 |
| Cycle to work scheme | 6 |
| Travel pass scheme | 8 |
| Shared offices' costs recoupment | 5 |
| | 3,736 |

2.4 Other credit balances

| | |
|---------------------------------------|-------------|
| at 31 December | 2020 |
| | €000 |
| Amounts due to the State | |
| Income tax | 120 |
| Pay related social insurance | 69 |
| Universal social charge | 24 |
| Local property tax | 1 |
| Professional services withholding tax | 25 |
| Value added tax | 4 |
| Pension contributions | 11 |
| | 254 |

2.5 Net Exchequer funding

| at 31 December | 2020 |
|------------------------------|---------------|
| | €000 |
| Surplus to be surrendered | 8,184 |
| Deferred surrender | 16,700 |
| Exchequer grant undrawn | (4,141) |
| Net Exchequer funding | 20,743 |
| Represented by: | |
| Debtors | |
| Bank and cash | 17,779 |
| Other debit balances | 3,736 |
| Amounts due from the EU | 2 |
| | 21,517 |
| Creditors | |
| Due to the State | (254) |
| EU moneys for distribution | (520) |
| Other credit balances | — |
| | (774) |
| | 20,743 |

2.6 State funding account

| | Note | 2020 |
|--------------------------------------|---------|--------------|
| | | €000 |
| Balance at 1 January | | — |
| Disbursements from the Vote | | |
| Estimate provision | Account | 2,445,714 |
| Surplus to be surrendered | Account | (8,184) |
| Deferred surrender | | (16,700) |
| Net vote | | 2,420,830 |
| Expenditure (cash) borne elsewhere | 1 | 5,426 |
| Non cash expenditure – notional rent | 1 | 446 |
| Net programme cost | 1 | (2,418,354) |
| Balance at 31 December | | 8,348 |

2.7 Commitments

| a) Global commitments | |
|-------------------------------------------------|-------------------------|
| at 31 December | 2020 |
| | €000 |
| Procurement of goods and services | 832 |
| Non-capital grant programmes ^a | 2,303,076 |
| Capital grant programmes ^b | 416,954 |
| Capital projects | 13,375 |
| Public private partnership projects | 733,966 |
| Total of legally enforceable commitments | <u>3,468,203</u> |
| | |
| b) Non-capital grant programmes | |
| | 2020 |
| | €000 |
| Opening balance | 2,341,224 |
| Grants paid in the year | (2,343,413) |
| New grant commitments per 2021 estimates volume | 2,303,076 |
| Net grant (under)/overspend | 2,189 |
| Closing balance | <u>2,303,076</u> |
| | |
| c) Capital grant programmes | |
| | 2020 |
| | €000 |
| Opening balance | 142,931 |
| Grants paid in the year | (141,135) |
| New grant commitments per 2021 estimates volume | 416,954 |
| Net grant (under)/overspend | (1,796) |
| Closing balance | <u>416,954</u> |

Notes ^a Non-capital grant programmes include grants that will be made to aegis bodies and other organisations including universities, institutes of technology and education and training boards to fund current expenditure including pay.

^b Capital grant programmes relate to grants that will be made to aegis bodies for all capital projects, including universities, institutes of technology and education and training boards.

d) Major capital projects

Capital projects involving total expenditure of €10 million or more

| | Cumulative expenditure to 31 December 2019 | Expenditure in 2020 | Project commitments in subsequent years | Expected total spend lifetime of project 2020 | Expected total spend lifetime of project 2019 |
|-----------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | €000 | €000 | €000 | €000 | €000 |
| National Children's Hospital (Higher Education Facilities) | 10,000 | — | 7,000 | 17,000 | 17,000 |
| Maynooth University, Technology Society and Innovation Building | 5,374 | 13,251 | 6,375 | 25,000 | 25,000 |
| Total | 15,374 | 13,251 | 13,375 | 42,000 | 42,000 |

Unitary payments of Public Private Partnership projects

The Department has obligations under three separate contracts to design, build, finance, maintain and operate educational accommodation under the public private partnership (PPP) model. PPPs are structured arrangements between public sector bodies and private sector investors for the purpose of providing infrastructure projects that would otherwise be delivered through traditional procurement mechanisms with all related construction expenditure being made up front. The costs are paid by the Department in the form of monthly unitary charges spread over 25 years, with the first unitary charge payable once construction has been completed.

| Name of PPP project | Cumulative expenditure to 31 December 2019 | Expenditure in 2020 ^a | Legally enforceable commitments to be met in subsequent years | Project total 2020 | Project total 2019 |
|--------------------------------------|-------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| | €000 | €000 | €000 | €000 | €000 |
| National Maritime College of Ireland | 133,784 | 6,849 | 46,782 | 187,415 | 187,640 |
| Cork School of Music | 110,228 | 8,292 | 100,675 | 219,195 | 219,989 |
| Grangegorman Quads | — | — | 586,509 | 586,509 | 588,749 |
| | 244,012 | 15,141 | 733,966 | 993,119 | 996,378 |

Note ^a The expenditure reflected at the end of 2020 relates specifically to capital payments i.e. unitary charges. The 2020 expenditure in the table above is included in the overall outturn of subhead B.17 of €18.257 million.

Significant variations

In addition to the summary information on each of the PPP projects below, an explanation is provided where projected total expenditure increased/decreased by more than €500,000 from 2019 to 2020.

Indexation

The Department makes monthly unitary charge payments to the relevant PPP company on all operational PPP projects. The unitary charge payment is made up of two elements, a fixed cost element and a variable (indexed) element which changes in line with the Consumer Price All Item Index (CPI). An indexation review date is specified in each contract. Once the indexation factor is determined, the annual unitary charge is calculated by adding the fixed and adjusted variable values.

National Maritime College of Ireland

The National Maritime College of Ireland (NMCI) PPP project was completed in October 2004. NMCI was the first third level PPP to be completed and operating in Ireland. The college provides state of the art education and training facilities to service the needs of the Cork Institute of Technology and the non-military needs of the Irish Naval Service.

Cork School of Music

A contract for the design, build, financing and operation of the Cork School of Music was signed with Hochtief in September 2005. The Cork School of Music was completed in July 2007. The decrease in projected costs from 2019 to 2020 of €794,000 relates to the yearly indexation review and a revision to the calculation of the projections.

Grangegorman Quads

The Grangegorman PPP project, which comprises the central and east quads, will deliver significant academic infrastructure for Technological University Dublin at Grangegorman. The contract for the design, build, financing and maintenance of the buildings was signed in March 2018. The downward variation of €2.24 million from 2019 to 2020 reflects the savings achieved in unitary charges due to the delay in completion of this project and construction VAT that was less than originally profiled.

2.8 Matured liabilities

| | |
|------------------------------------------------------------|-------------|
| at 31 December | 2020 |
| | €000 |
| Estimate of matured liabilities not discharged at year end | 197 |

2.9 Contingent liabilities

There were no contingent liabilities at the end of 2020.

Note 3 Vote Expenditure

Analysis of administration expenditure

Administration expenditure set out below has been apportioned across the programmes, to present complete programme costings.

| | | 2020 | |
|-----|--------------------------------------------------|-----------------------|--------------|
| | | Estimate provision | Outturn |
| | | €000 | €000 |
| i | Salaries, wages and allowances | 9,710 | 6,943 |
| ii | Travel and subsistence | 251 | 65 |
| iii | Training and development and incidental expenses | 232 | 220 |
| iv | Postal and telecommunications services | 293 | 59 |
| v | Office equipment and external IT services | 1,245 | 840 |
| vi | Office premises expenses | 214 | 208 |
| vii | Consultancy and other services | 18 | — |
| | | 11,963 | 8,335 |

Significant variations

The following presents an analysis of the administration expenditure of the Vote and outlines the reasons for significant variations (+/- 25% and €100,000).

i Salaries, wages and allowances

Estimate provision €9.71 million; outturn €6.943 million

The decrease in expenditure of €2.767 million relative to the estimate provision was mainly due to the amount of funding allocated to this subhead as part of the transfer of functions from the Department of Education. The funding transferred was a provisional estimate for 2020 until more detailed information became available on staff resources transferred and the corresponding subhead allocation for 2021 has been adjusted accordingly.

ii Travel and subsistence

Estimate provision €251,000; outturn €65,000

The decrease in expenditure of €186,000 relative to the estimate provision was mainly from reduced travel and subsistence costs due to Covid-19 and the additional amount of funding allocated to this subhead as part of the transfer.

iv Postal and telecommunications services

Estimate provision €293,000; outturn €59,000

The decrease in expenditure of €234,000 relative to the estimate provision is mainly due to the pro-rata apportionment methods applied to allocations for the transfer of function from the Department of Education to this Department.

v Office equipment and external IT services

Estimate provision €1.245 million; outturn €840,000

The decrease in expenditure of €405,000 relative to the estimate provision is mainly due to the pro-rata apportionment methods applied to allocations for the transfer of function from the Department of Education to the Department of Further and Higher Education, Research, Innovation and Science.

Programme A Skills Development

| | | 2020 | | 2019 |
|-----|---------------------------------------------------------------------------------------------|--------------------|----------------|----------------|
| | | Estimate provision | Outturn | Outturn |
| | | €000 | €000 | €000 |
| A.1 | Administration – pay | 4,944 | 3,535 | 5,293 |
| A.2 | Administration – non pay | 1,147 | 709 | 1,229 |
| A.3 | Grants to SOLAS in respect of administration and general expenses | 24,600 | 21,029 | 22,373 |
| A.4 | European Social Fund (ESF) and European Globalisation Fund (EGF) supports | 525 | 294 | 300 |
| A.5 | Grants to SOLAS in respect of further education and training activities | 536,903 | 537,687 | 367,566 |
| A.6 | Grant to Quality and Qualifications Ireland (QQI) | 5,984 | 4,919 | 4,516 |
| A.7 | Superannuation etc. payable to former members of FÁS, SOLAS and An Comhairle Oiliúna (ANCO) | 33,000 | 31,365 | 31,271 |
| | | 607,103 | 599,538 | 432,548 |

Significant variations

The following presents an analysis of the programme expenditure of the Vote and outlines the reasons for significant variations (+/- 5% and €100,000). Overall, the expenditure in relation to Programme A was €7.565 million lower than provided.

A.3 Grants to SOLAS in respect of administration and general expenses

Estimate provision €24.6 million; outturn €21.029 million

The decrease in expenditure of €3.571 million relative to the estimate provision was mainly due to funding retained by the body at the end of 2019 which was offset in the 2020 grant payments in compliance with Circular 13/2014 (€3.386 million). The remaining €185,000 can be attributed to savings achieved in a Storage Area Network (SAN) project and a further IT project not progressing as planned in 2020.

A.4 European Social Fund (ESF) and European Globalisation Fund (EGF) supports

Estimate provision €525,000; outturn €294,000

The decrease in expenditure of €231,000 relative to the estimate provision was primarily due to there being no EGF programme in operation in Ireland in 2020 (€100,000). Other savings are attributable to the transfer of eCohesion system licences from the ERDF to the ESF (€49,000) and the in-house development of an ESF website rather than going to market (€23,000). Additional savings of €43,000 in communications and publicity activities arose as a direct result of the Covid-19 pandemic.

A.6 Grant to Quality and Qualifications Ireland (QQI)

Estimate provision €5.984 million; outturn €4.919 million

The decrease in expenditure of €1.065 million relative to the estimate provision was primarily due to the implementation of the new functions assigned to Quality and Qualification Ireland (QQI) under the Qualifications and Assurance (Education and Training) (Amendment) Act 2019 not progressing as planned partly due to Covid-19 (€905,000). In addition, funding made available under the July 2020 stimulus programme to compensate QQI for loss of fee income as a direct result of Covid-19 was not drawn down as fee income reduction did not materialise at the anticipated level (€160,000).

Programme B Higher Education

| | | 2020 | | 2019 | |
|------|------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| | | Estimate provision | | Outturn | |
| | | €000 | €000 | €000 | |
| | | | Outturn | Outturn | |
| | | | €000 | €000 | |
| B.1 | Administration – pay | | 4,766 | 3,408 | 5,122 |
| B.2 | Administration – non pay | | 1,106 | 683 | 1,186 |
| B.3 | Grant for general expenses of Higher Education Authority | | 9,347 | 8,896 | 7,782 |
| B.4 | General current grants to universities, institutes of technology and other designated institutions of higher education | | | | |
| | | <i>Original</i> | 1,107,836 | | |
| | | <i>Supplementary</i> | 24,400 | | |
| | | | <u>1,132,236</u> | 1,137,064 | 1,004,955 |
| B.5 | Training colleges for primary teachers – excluding those funded through the Higher Education Authority | | — | — | 5,748 |
| B.6 | Dublin Dental Hospital (grant) | | 12,831 | 12,831 | 12,226 |
| B.7 | Dublin Institute for Advanced Studies (grant) | | 7,548 | 7,552 | 6,882 |
| B.8 | Royal Irish Academy of Music (grant) | | 3,394 | 3,394 | 3,216 |
| B.9 | Grants to certain third level institutions | | | | |
| | | <i>Original</i> | 8,793 | | |
| | | <i>Supplementary</i> | 600 | | |
| | | | <u>9,393</u> | 9,055 | 7,723 |
| B.10 | Superannuation etc. payable to former staff of universities and institutes of technology | | 159,278 | 162,753 | 116,606 |
| B.11 | Student support and related expenses | | | | |
| | | <i>Original</i> | 385,564 | | |
| | | <i>Supplementary</i> | 18,500 | | |
| | | | <u>404,064</u> | 401,178 | 383,294 |
| B.12 | Research activities | | 41,600 | 42,021 | 47,600 |
| B.13 | EU, international and north south activities | | 6,349 | 4,358 | 6,992 |
| B.14 | Grangegorman Development Agency | | 3,179 | 3,137 | 3,117 |
| B.15 | Miscellaneous grants and services | | 300 | 138 | 375 |
| B.16 | Third level infrastructure | | 84,000 | 86,500 | 65,000 |
| B.17 | Public private partnership costs | | 35,300 | 18,257 | 18,379 |
| B.18 | Shared services | | 27,362 | 25,777 | — |
| | | | <u>1,942,053</u> | <u>1,927,002</u> | <u>1,696,203</u> |

Significant variations

The following presents an analysis of the programme expenditure of the Vote and outlines the reasons for significant variations (+/-5% and €100,000). Overall, the expenditure in relation to Programme B was €15.051 million lower than provided.

B.13 EU, international and north south activities

Estimate provision €6.349 million; outturn €4.358 million

The decrease in expenditure of €1.991 million relative to the estimate provision was primarily due to

- postponement of the Academic Mobility scheme due to Covid-19 (€500,000)
- part of the €1.5 million Covid-19 funding allocated for the higher education sector to assist in the safe arrival of international students was not used (€589,000)
- postponement of some EU initiatives under European Universities funding due to Covid-19 (€492,000)
- the Department was not involved in any OECD projects in the field of higher education during 2020 (€200,000)
- lower than anticipated uptake of the Government of Ireland scholarships (€190,000).

B.15 Miscellaneous grants and services

Estimate provision €300,000; outturn €138,000

The decrease in expenditure of €162,000 relative to the estimate provision arose as funding demands were not as high as anticipated. This subhead caters for miscellaneous expenditure, the level of which can be difficult to determine in advance.

B.17 Public private partnerships costs

Estimate provision €35.3 million; outturn €18.257 million

The decrease in expenditure of €17.043 million relative to the estimate provision was primarily due to

- delays in the service delivery of the Grangegorman PPP project resulted in no unitary charges falling due in 2020 (€12.12 million)
- delays in profiled spend on the higher education PPP programme resulted in payments being lower than anticipated (€3.4 million)
- lower than anticipated inflation levels in 2020 resulting in lower than projected indexation costs being applied to unitary charges payments across two higher education projects (€400,000)
- reduced unitary charges in respect of agreed service and delivery across the two operational higher education projects (€200,000)
- lower than anticipated operational and contingency costs arising across a number of areas.

B.18 Shared services

Estimate provision €27.362 million; outturn €25.777 million

The decrease in expenditure of €1.585 million relative to the estimate provision was primarily due to the amount of funding allocated to this subhead as part of the transfer of functions from the Department of Education. The funding transferred was a provisional estimate for 2020 until more detailed information became available and the corresponding subhead allocation for 2021 has been adjusted accordingly.

Note 4 Receipts

4.1 Appropriations-in-aid

| | 2020 | | 2019 |
|------------------------------------------------------------------------------------------|-------------------|------------------|------------------|
| | Estimated €000 | Realised €000 | Realised €000 |
| C.1 Superannuation contributions | 689 | 726 | 682 |
| C.2 Receipts from EU funding ^a | 34,700 | 34,895 | 73,826 |
| C.3 Receipts from additional superannuation contributions on public service remuneration | 68,053 | 69,210 | 74,600 |
| C.4 Secondments/overpayments | — | — | — |
| C.5 Miscellaneous | — | 879 | 2,107 |
| Total | 103,442 | 105,710 | 151,215 |

Note ^a A breakdown of EU receipts of €34.895 million under C.2 is provided in the table under Note 6.3 EU funding.

Significant variations

The following outlines the reasons for significant variations in receipts (+/- 5% and €100,000). Overall, appropriations-in-aid were €2.268 million higher than the estimate forecast.

C.5 Miscellaneous

Estimate €nil; realised €879,000

The increase of €879,000 relative to the estimate primarily arose from the receipt of WIT loan repayments not estimated for as part of the transfer of funds/functions from Department of Education.

4.2 Extra receipts payable to the Exchequer

| | 2020 €000 |
|---------------------------------------------------------|--------------|
| Balance at 1 January | 155 |
| Recoupment of unspent funding from HEA/IRC ^a | 527 |
| Transferred to the Exchequer ^b | (682) |
| Balance at 31 December | — |

Notes ^a During 2020, a total of €527,000 was received from the HEA in respect of unspent grants to the Irish Research Council in prior years, which remained unspent.

^b €682,242 was surrendered to the Exchequer in 2020.

Note 5 Staffing and Remuneration

5.1 Employee numbers

| Full time equivalents | 2020 |
|-----------------------------|---------------|
| Department | 134 |
| Third level ^a | 22,250 |
| Other agencies | 391 |
| Number of staff at year end | 22,775 |

Note ^a Core-funded posts only. Other posts e.g. contract research staff are not included in the overall count of public sector numbers.

5.2 Pay

| Remuneration of Department staff | 2020 €000 |
|-------------------------------------------------|--------------|
| Pay | 6,388 |
| Higher, special or additional duties allowances | 48 |
| Other allowances | 1 |
| Overtime | 4 |
| Employer's PRSI | 502 |
| Total pay ^{a, b} | 6,943 |

Notes ^a The financial details in this table relate solely to salaries and allowances paid to employees of the Department.

^b The total pay figure is reflected under A.1.

5.2 Pay

| Third level | 2020 €000 |
|-------------------------------------------------|------------------|
| Pay | 1,990,250 |
| Higher, special or additional duties allowances | — |
| Other allowances | 6,876 |
| Overtime | 1,632 |
| Employer's PRSI | 147,580 |
| Total pay ^a | 2,146,338 |

Note ^a The financial details in this table reflect the full salary costs of universities, colleges and institutes of technology and include the costs of third level posts under Note 5.1.

| Other agencies | 2020 |
|-------------------------------------------------|---------------|
| | €000 |
| Pay | 22,411 |
| Higher, special or additional duties allowances | — |
| Other allowances | 160 |
| Overtime | 6 |
| Employer's PRSI | 1,483 |
| Total pay^a | 24,060 |

Note ^a The financial details in this table reflect the full salary costs of agencies and include the costs of agency staff counted under Note 5.1 (Core-funded posts only).

5.3 Allowances and overtime payments

| | Number of recipients | Recipients of €10,000 or more | Highest individual payment 2020 € |
|-------------------------------------------------|----------------------|-------------------------------|-----------------------------------------|
| Higher, special or additional duties allowances | 7 | 1 | 25,074 |
| Other allowances | 1 | — | 952 |
| Overtime | 6 | — | 1,185 |
| Extra remuneration in more than one category | — | — | — |

The details of allowances and overtime payments in this table relate solely to Departmental administrative staff.

Circular 20/2020 requires that the details of allowances and overtime paid in agencies under the aegis of the Department to be disclosed. The Department has not been in a position to provide this information for the 2020 accounts. This will be reviewed for the 2021 accounts.

5.4 Other remuneration arrangements

Three retired civil servants in receipt of civil service pensions were re-engaged on a fee basis at a total cost of €18,891 which included travel and subsistence costs of €1,366. The payments made were consistent with the principles of the Public Service Pensions (Single Scheme and the other provisions) Act 2012.

5.5 Payroll overpayments

| | Number of recipients | 2020 € |
|-------------------------------------------------|----------------------|-----------|
| Administration staff salary overpayments | | |
| Overpayments | — | — |
| Recovery plans in place | — | — |

No overpayment recovery plans were transferred during 2020.

5.6 Severance/redundancy

During 2020, a total of eight individuals were paid redundancy via the Department's administrative payrolls. The total amount paid was €125,977 and included payment for redundancy and severance sums as appropriate. Seven redundancy payments exceeded €10,000. The highest value sum paid in 2020 was €24,641.

There was no early payment of pension, addition of added years of notional service or other enhancements to the accrued pension terms granted to any of the eight individuals.

Note 6 Miscellaneous

6.1 Compensation and legal costs

| | | | | 2020 | |
|------------------------------------------------|----------------------------|------------------------------------------------------------|------------------------------------------|---------------------------------------------|-----------------------|
| | Number of cases | Legal costs paid by the Department €000 | Compensation awarded €000 | Legal costs awarded €000 | Total €000 |
| Claims by members of the public | 2 | — | 56 | — | 56 |
| | | — | 56 | — | 56 |

In the course of the day-to-day running of the Department, the total legal costs incurred by the Department in 2020 was €287,000 which includes the legal costs and compensation awards listed above. The table above identifies legal costs and fees paid directly by the Department and does not reflect legal costs of other bodies supported by voted subheads.

6.2 Fraud and suspected fraud

| | Number of cases | 2020 €000 |
|--------------------------------|------------------------|----------------------|
| Fraud | 1 | 10 |
| Suspected fraud/irregularities | — | — |
| | | 10 |

The Department was made aware of one new case of suspected fraud/irregularities.

6.3 EU funding

Receipts in relation to EU funding received during 2020 and lodged to appropriations-in-aid is detailed in the table below.

| EU funding category | 2020 | 2019 |
|----------------------------|---------------|---------------|
| | €000 | €000 |
| D2.1 ESF pay | 23,379 | 50,464 |
| D2.1 ESF non pay | 11,320 | 23,362 |
| PIAAC International | 196 | — |
| | 34,895 | 73,826 |

2020 European Structural Fund (ESF) receipts

The amount of €34.699 million (€23.379 million pay and €11.320 million non pay) received in 2020 and shown as appropriations-in-aid was included in the recorded expenditure from the B.5 and C.11 subheads of the Office of the Minister for Education for the years 2014-2018.

Receipts came from the Programme for Employability, Inclusion and Learning (PEIL) 2014-2020, which is a European Social Fund (ESF) co-funded programme.

ESF Programme for Employability, Inclusion and Learning 2014-2020: position at year end 2020

| | European Social Fund (ESF) | Youth Employment Initiative (YEI) | Total |
|--------------------------------------------|-------------------------------------------|--------------------------------------------------|----------------|
| | €000 | €000 | €000 |
| EU allocation 2014-2020 ^a | 484,516 | 68,145 | 552,661 |
| Receipts at end of 2019 | 254,793 | 47,543 | 302,336 |
| 2020 annual pre-financing receipts | 15,478 | 2,044 | 17,522 |
| Balance in respect of 2018-2019 | 1,789 | — | 1,789 |
| 2020 interim payment application receipts. | 21,477 | 3,065 | 24,542 |
| Total receipts in 2020 | 38,744 | 5,109 | 43,853 |
| Total receipts at end 2020 | 293,537 | 52,652 | 346,189 |
| As % of 2014-2020 allocation | 61% | 77% | 63% |

| Distribution of 2020 ESF programme receipts | €000 |
|------------------------------------------------------------------------------|----------------------|
| Department of Further and Higher Education, Research, Innovation and Science | 35,389 |
| Department of Education | 144 |
| Department of Justice | 6,417 |
| Department of Defence | 79 |
| National Training Fund | 1,500 |
| | <u>43,529</u> |

Note ^a €60 million was transferred from the ESF allocation to the ERDF to aid the purchase of PPE as part of the response to Covid-19 in December 2020.

The receipts from interim payment applications account for 90% of the EU allocations due as the Commission retains 10% which is payable after acceptance of the annual accounts and is reflected in the subsequent year's balancing amount.

6.4 Direct EU funding to bodies under the Department's aegis

In addition to the funding of grants from the Vote, direct EU aid to bodies under the aegis of the Department during 2020 was as shown below.

| | 2020 |
|------------------------------------|----------------------|
| | €000 |
| Aegis body | |
| Higher Education Authority | 309 |
| Quality and Qualifications Ireland | 273 |
| Irish Research Council | 327 |
| Léargas ^a | 19,240 |
| | <u>20,149</u> |

Note ^a Funding for Léargas relates to education-only related programmes.

| Aegis body | Purpose of funding | 2020 €000 |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Higher Education Authority | Promotion and administration of the Erasmus+ programme | 309 |
| Quality and Qualifications Ireland | Secretariat to EQUAVET (the European Quality Assurance in Vocational Education and Training) in addition to being the national centre for both EUROPASS and NARIC | 273 |
| Irish Research Council | Humanities in the European Research Area (HERA), CHIST-ERA programme (European coordinated research on future and emerging information and communication technologies) and Marie Skłodowska-Curie Actions COFUND Collaborate Research Fellowships Programme | 327 |
| Léargas | Erasmus+, Eurodesk, ECVET, E twinning Epale and Euroguidance | 19,240 |

6.5 Late payment interest

| | 2020 €000 |
|-------------------------|----------------------|
| Total net interest paid | 1 |

Appendix A Accounts of bodies and funds under the aegis of the Department of Further and Higher Education, Research, Innovation and Science

The following table lists the bodies under the aegis of the Department where the Department has an obligation to present financial statements. It indicates, as at September 2021, the period to which the last audited financial statements relate and the period in which they were presented to the Oireachtas.

| Body/departmental fund | Last accounting period audited | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas |
|-------------------------------------------------------|--------------------------------|----------------------|---------------------------------------|----------------------------------|
| Universities/Colleges ^a | | | | |
| University College Cork | 2019 | 21 Dec 2020 | 8 Jan 2021 | 3 Mar 2021 |
| University College Dublin | 2019 | 28 Sep 2020 | 5 Oct 2020 | 3 Dec 2020 |
| National University of Ireland Galway | 2020 | 30 Jun 2021 | 6 Jul 2021 | To be laid |
| National University of Ireland | 2019 | 21 Dec 2020 | 22 Dec 2020 | 22 Feb 2021 |
| Trinity College Dublin | 2020 | 29 Mar 2021 | 30 Mar 2021 | 25 May 2021 |
| University of Limerick | 2019 | 25 Sep 2020 | 28 Sep 2020 | 26 Nov 2020 |
| Dublin City University | 2019 | 9 Apr 2021 | 15 Apr 2021 | 26 May 2021 |
| National University of Ireland Maynooth | 2020 | 29 Mar 2021 | 30 Mar 2021 | 28 Apr 2021 |
| Mary Immaculate College, Limerick | 2020 | 31 May 2021 | 17 Jun 2021 | 16 Jul 2021 |
| Technological University Dublin | 2020 | 27 Aug 2021 | 31 Aug 2021 | To be laid |
| National College of Art and Design | 2020 | 28 May 2021 | 9 Jun 2021 | 5 Aug 2021 |
| St Angela's College of Education, Sligo | 2019 | 29 Oct 2020 | 13 Nov 2020 | 17 Dec 2020 |
| Institutes of Technology ^b | | | | |
| Athlone | 2020 | 29 Jun 2021 | 9 Jul 2021 | To be laid |
| Cork | 2019 | 5 Nov 2020 | 14 Nov 2020 | 18 Dec 2020 |
| Dundalk | 2019 | 22 Dec 2020 | 9 Jan 2021 | 23 Feb 2021 |
| Dun Laoghaire Institute of Art, Design and Technology | 2020 | 11 May 2021 | 13 May 2021 | 9 Jul 2021 |
| Galway-Mayo | 2019 | 5 Mar 2021 | 6 Apr 2021 | 25 May 2021 |
| Carlow | 2019 | 22 Dec 2020 | 23 Dec 2020 | 23 Feb 2021 |
| Sligo | 2020 | 29 Jun 2021 | 9 Jul 2021 | To be laid |
| Tralee | 2019 | 17 Dec 2020 | 6 Jan 2021 | 5 Mar 2021 |
| Letterkenny | 2019 | 11 Dec 2020 | 14 Dec 2020 | 28 Jan 2021 |
| Limerick | 2020 | 27 May 2021 | 3 Jun 2021 | 15 Jul 2021 |
| Waterford | 2019 | 23 Dec 2020 | 12 Jan 2021 | 12 Mar 2021 |

| Body/departmental fund | Last accounting period audited | Date of audit report | Date received by Minister/ Department | Date presented to the Oireachtas |
|---------------------------------------|---------------------------------------|-----------------------------|----------------------------------------------|-----------------------------------------|
| Aegis bodies | | | | |
| SOLAS | 2020 | 21 May 2021 | 27 May 2021 | 14 Jul 2021 |
| Grangegorman Development Agency | 2019 | 24 Dec 2020 | 5 Jan 2021 | 3 Mar 2021 |
| Higher Education Authority | 2020 | 28 Jun 2021 | 2 Jul 2021 | 2 Sep 2021 |
| Quality and Qualifications Ireland | 2019 | 17 Dec 2020 | 17 Dec 2020 | 26 Jan 2021 |
| Dublin Institute for Advanced Studies | 2020 | 8 Jul 2021 | 21 Jul 2021 | To be laid |
| Royal Irish Academy of Music | 2019 | 23 Dec 2020 | 20 Jan 2021 | 9 Mar 2021 |
| Royal Irish Academy | 2019 | 23 Dec 2020 | 20 Jan 2021 | 19 Mar 2021 |

Notes ^a Period of account 1 October to 30 September.

^b Period of account 1 September to 31 August.