

**lyit****Institiúid Teicneolaíochta Leitir Ceannainn**
Letterkenny Institute of Technology**Letterkenny Institute of Technology****Annual Governance Report and Financial Statements****Year Ended 31 August 2019****Contents****Part A – Annual Governance Report**

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Letterkenny Institute of Technology

PART A - ANNUAL GOVERNANCE REPORT

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Letterkenny Institute of Technology**

ANNUAL GOVERNANCE REPORT 2018/19

We are pleased to present the Annual Report on Governance for Letterkenny Institute of Technology ("LYIT").

A new Code of Practice for the Governance of State Bodies was published in August 2016 with effect from 1 September 2016. A Code of Governance for Irish Institutes of Technology in line with the new requirements of the State Code, was published in January 2018 and updated in June 2019 by THEA. The Institute adopted the 2019 Code of Governance (referred to as the Code of Governance) at their September 2019 Governing Body meeting.

1. Governing Body

The composition of the Governing Body is determined by the Regional Technical Colleges Act, 1992 and 1994. The Governing Body is collectively responsible for leading and directing the Institutes' activities and fulfils key functions including; reviewing strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring performance and overseeing major capital expenditure and investment decisions in line with Section 4.7 of the Code of Governance.

The Governing Body are responsible for preparing the Annual Report and Financial Statements and whether they consider the financial statements to be a true and fair view of the Institute's financial performance and its financial position at the end of the year in line with Section 1.18 of the Code of Governance.

The Governing Body acts on a fully informed and ethical basis, in good faith, with due diligence and care and in the best interest of the Institute, having due regard to its legal responsibilities and the objectives set by Government.

2. Members of the Governing Body

Fintan Moloney (Chairperson)

Paul Hannigan (President)

Pat Campbell

Joan Crawford

Siobhan Cullen

Siobhan Howe

Seamus Hughes

Cllr Niamh Kennedy

Cllr Seamus Kilgannon

Paul Lynch

Philip Maguire

Cllr. Michael McBride

Linda McGlinchey

Anne McHugh

Bernie Mulhern (Deputy Chairperson)

Grainne O'Brien

Cllr Paddy O'Rourke

Meadbh Seoighe

Marie Slevin

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3. Attendance Record of Governing Body Members

There were eight meetings of the Governing Body during the year ended 31 August 2019 and the attendance record of the Governing Body members is outlined below.

X- IN ATTENDANCE - IN APOLOGIES

GB Member	12 Sept 2018	8 Nov 2018	13 Dec 2018	7 Feb 2019	21 Mar 2019	9 May 2019	20 June 2019	18 July 2019
Fintan Moloney	X	X	X	X	X	X	X	X
Paul Hannigan	X	X	X	X	X	X	X	X
Pat Campbell	X	X	X	X	X	X	X	-
Joan Crawford	-	-	X	X	-	X	X	X
Siobhan Cullen	-	X	X	-	-	X	X	-
Siobhan Howe	-	-	X	X	-	X	X	X
Seamus Hughes	X	X	X	X	X	X	X	-
Cllr Niamh Kennedy	X	X	X	-	X	-	X	-
Cllr Seamus Kilgannon	-	X	X	X	X	-	X	X
Paul Lynch	-	X	X	X	-	X	X	X
Philip Maguire	X	X	-	-	-	-	-	X
Cllr. Michael McBride	-	-	X	-	X	X	X	X
Linda McGlinchey	X	X	X	X	X	X	X	X
Anne McHugh	X	X	-	X	-	-	X	-
Bernie Mulhern	X	-	X	X	-	X	-	-
Grainne O'Brien	X	X	X	X	X	-	X	X
Cllr Paddy O'Rourke	X	X	-	X	X	-	X	X



GB Member	12 Sept 2018	8 Nov 2018	13 Dec 2018	7 Feb 2019	21 Mar 2019	9 May 2019	20 June 2019	18 July 2019
Meadbh Seoighe	X	-	-	X	-	X	X	-
Marie Slevin	-	X	-	X	-	-	X	X

4. Governing Body Members Fees and Expenses

Fees and/or expenses paid to members of the Governing Body are in accordance with the guidelines from the Department of Finance. LYIT affirms that Governing Body members do not receive fees in respect of this membership of the Governing Body. Governing Body members may receive expenses for attending Governing Body meetings and may receive fees and expenses for facilitating the Institute in respect of Interview Boards. All such fees and expenses are paid in accordance with the guidelines issued by the Departments of Finance and Public Expenditure and Reform.

Expenses paid and interview fees to Governing Body members for the academic year 2018/19 are detailed below.

Governing Body Member	Expenses	Interview Fees	Total paid
Patrick Campbell	68		68
Linda McGlinchey	176		176
Bernie Mulhern	651	3,450	4,101
Paddy O'Rourke	702		702
Seamus Kilgannon	391	1,200	1,591
Philip Maguire	1,253	300	1,553
Niamh Kennedy	137	600	737
Total	3,378	5,550	8,928

5. Governing Performance Evaluation

The Governing Body commissioned an external review of the operation of the Governing Body during 2019 by Mazars. A report was presented to the May 2019 meeting of the Governing Body. An internal review of the Governing Body took place at the end of 2019/ early 2020. A report has been finalised. A further internal review will occur at the end of 2020/ early 2021. An additional external review will occur at the end of the term of the Governing Body in 2021.

6. Annual Performance and Budgets

In line with Section 1.17 of the THEA Code of Governance 2019 the Governing Body approved the Annual Programmes and Budgets and formally undertakes an evaluation of actual performance.



The Governing Body also formally undertake an evaluation of actual performance by reference to the programme and/or budget on an annual basis. Regular updates are provided to the Governing Body on financial performance against budgets.

7. Risk Management

The Governing Body has a key role in the oversight of risk management and has establishing an Audit and Risk Committee to give an independent view in relation to risks and risk management systems. Risk Management is a standing item on the Governing Body meeting agenda. The Governing Body has advised the Minister for Education and Skills of the need to include risk management experience/expertise in the competencies of at least one Governing Body member. External training was obtained from PwC with regards to risk management for the Audit and Risk Committee in April 2019.

The Institute's Risk Management Policy was approved by the Governing Body in June 2019 in line with the THEA Code of Governance 2018 this included a risk appetite and risk management plan. Work is ongoing across the Institute to implement functional and school level registers. Responsibility for maintaining the overall Institute's risk register has been assigned to the Executive Board as a management alternative to the Chief Risk Officer. Direct reporting occurs to the Audit and Risk Committee and subsequently to the Governing Body. The Institute's risk register is reviewed by the Audit and Risk Committee and the Governing Body twice per year.

The Audit and Risk Committee review management's reporting on risk management and note/approve actions as appropriate and on a periodic basis will request an external review of the effectiveness of risk management framework. The Audit and Risk Committee also carries out an assessment of the Institute's principal risks, including a description of these risks, where appropriate, and associated mitigation measures or strategies.

8. Public Spending Code

The Chairperson of the Institute's Governing Body confirms that Letterkenny Institute of Technology adheres to the relevant aspects of the Public Spending Code and that the Governing Body has robust and effective systems and procedures in place at Letterkenny Institute of Technology to ensure compliance with the relevant principles, requirements and guidelines of the Public Spending Code.

9. Statement on Internal Control

The statement on the System of Internal Controls will be reviewed by the Audit and Risk Committee and the Governing Body to ensure it accurately reflects the control system in operation during the reporting period.

As part of the external audit conducted by and/or on behalf of the C&AG, the Statement on Internal Control is reviewed by the Institute's External Auditors.

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

- Clearly defining and documenting management responsibilities and powers.
- Establishing processes for identifying risks and evaluating their financial implications.
- Establishing an Audit and Risk Committee with clear terms of reference.
- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation.
- Developing a strong culture of accountability across all levels of the organisation.

The Executive Board takes steps to ensure an appropriate control environment is in place.

- An annual review of the Internal Control Framework is carried out and signed off by each responsible manager. This document is reviewed by the Audit and Risk Committee and any control weaknesses are rectified.



- The Executive Board also considers all Internal Audit Reports carried out and monitors the close out of recommendations made by the internal auditors.

10. Review of the effectiveness of the system of internal control

Through the Internal Audit structure and reporting, the Audit and Risk Committee has conducted a review of internal controls operating in the Institute and has reported on these with a confirmation that an appropriate control environment exists within the Institute. The confirmation is set out below:

- The Audit and Risk Committee reported on its activities for the year ended the 31 August 2019 to the Governing Body on the 19 September 2019.
- The Governing Body conducted a review of the effectiveness of the system of internal control for the year ended 31 August 2019 on the 20 February 2020.

11. Major information systems in place

The system of internal control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular, it includes:

- A comprehensive budgeting system with an annual budget, which is reviewed and agreed by the Governing Body with authority delegated where appropriate, for managing and controlling the annual allocation as granted by the Higher Education Authority and other income and expenditure.
- Management Information Systems in respect of Financial Management, HR Records and Management, Library Information Systems, Student Records and Academic Administration and Timetabling Information.
- A Risk Management System with regular reporting and reviews.
- Regular reviews by the Governing Body of periodic and annual financial reports.
- An Academic Council, which reports to the Governing Body.
- An Academic Quality Framework with clearly defined academic and quality processes and control guidelines.
- Clearly defined capital investment control guidelines.
- The Internal Control Framework has been developed.
- Per the above measures the Institute has implemented a range of Management Information Systems in respect of Financial Management, HR Records and Management, Library Information Systems, Student Records and Academic Administration and Timetabling Information.

12. Major Business Risks

LYIT is presently monitoring on an ongoing basis the impact of COVID-19 on its business.

LYIT employs a range of actions to mitigate other business risks, including written policies and procedures requiring transactions to be properly authorised and providing for sufficient segregation of duties including the following key control procedures:



- Financial procedures and regulations are currently documented, implemented and up to date.
- Clearly defined capital investment control guidelines.
- Formal management controls and checks including segregation of duties and sample checking of invoices and payments.
- Procurement procedures which have been communicated to all staff.
- A Fraud Policy.
- Disposal of asset procedures which have been communicated to all staff.
- Processes to facilitate compliance with Guidelines on Achieving Value for Money in Public Expenditure.
- Procedures and systems to facilitate compliance with all relevant taxation laws.

13. Monitoring the Effectiveness of the Internal Control System

The Governing Body's monitoring and review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, the Governing body's Audit and Risk Committee, which oversees the work of the Internal Auditors, the Executive Board, which has responsibility for the development and maintenance of the Financial Control Framework and comments made by the Comptroller and Auditor General in management letters and other reports.

The Institute has an outsourced internal audit function, which operated in accordance with the Code of Governance. The work of internal audit is informed by the analysis of the risk to which the Body is exposed and annual internal audit plans are based on this analysis. The analysis of risk and internal audit plans are endorsed and approved by the Governing Body's Audit and Risk Committee. The Internal Auditors provide the Audit and Risk Committee with regular reports of internal audit activity. These reports highlight any deficiencies or weaknesses in the system of internal control and the recommended corrective measures to be taken where necessary. The Audit and Risk Committee received regular reports on the status of issues raised.

14. Weaknesses in Internal Controls

There were no significant breaches in control identified during the period that require reporting. The Governing Body and Audit and Risk Committee reviewed two Grade 1 Findings identified prior to the reporting period namely "delay in bank reconciliations" and "room audits" and the actions taken to correct these weaknesses during the period.

Signed on behalf of the Governing Body:

Fintan Moloney
Chairperson of the Governing Body

4/12/2020
Date

Paul Hannigan
President LYIT

4/12/2020
Date



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PART B - ANNUAL FINANCIAL STATEMENTS

Letterkenny Institute of Technology
Financial Statements
For the year ended 31 August 2019



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Statement of Responsibility of the Institute

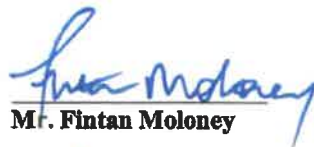
The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare Financial Statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these Financial Statements, the Institute is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare Financial Statements on the going concern basis, unless it is inappropriate to presume that the Institute will continue in operation.
- Disclose and explain any material departures from applicable accounting standards.

The Institute is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enables it to ensure that the Financial Statements comply with the Institutes of Technology Acts 1992 to 2006.

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

Chairman:


Mr. Fintan Moloney

President:


Mr. Paul Hanagan

Date:


4/12/2020



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Statement on Internal Control

Responsibility for the System of Internal Control

The Governing Body of Letterkenny Institute of Technology acknowledges its responsibility for ensuring that an effective system of internal control, based on compliance with the THEA Code of Governance for Institutes of Technology published in January 2018 with effect from 1 January 2018, and the Code of Practice for the Governance of State Bodies published in August 2016, with effect from 1 September 2016, is maintained and operated. The system of internal control consists of those processes used to identify, evaluate, prioritise and manage the significant risks faced by Letterkenny Institute of Technology in the management of its affairs. The system 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 on a timely basis.

Key Control Procedures

The Governing Body has taken steps to ensure an appropriate control environment, including the following:

- Procedures and regulations are documented, implemented and up to date. The Institute has an ongoing process to ensure existing procedures are up to date and new procedures are introduced where appropriate.
- Regular reviews of periodic and annual reports, including financial performance against budgets, are performed by the Governing Body.
- An Audit and Risk Committee operates with clear terms of reference, dealing with significant control issues and receiving the reports of the internal and external auditors.
- Clearly defined capital investment control guidelines are in place.
- Establishing processes for identifying risks and evaluating their financial implications
- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation.
- Developing a strong culture of accountability across all levels of the organisation.

The Executive Board takes steps to ensure an appropriate control environment is in place.

- An Annual review of the Internal Control Framework is carried out and signed off by each responsible manager. This document is reviewed by the ARC and any control weaknesses are rectified.
- The Executive Board also considers Internal Audit Reports and monitors the close out of recommendations made by the internal auditors.

Letterkenny Institute of Technology has an outsourced internal audit function, which operates in accordance with the Code of Governance of Irish Institutes of Technology. Annual internal audit plans take account of areas of potential risk identified by management and the Audit and Risk Committee. The Internal Audit Plan 2018-2020 was approved in September 2017 by the Audit and Risk Committee. The



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Annual Internal Audit Plan for 2018-2019 was approved by the Audit and Risk Committee in November 2018.

Risk Management

The Governing Body has a key role in the oversight of risk management and has establishing an Audit and Risk Committee to give an independent view in relation to risks and risk management systems. Risk Management is a standing item on the Governing Body agenda. The Governing Body has advised the Minister for Education and Skills of the need to include risk management experience/expertise in the competencies of at least one Governing Body member. External training was obtained from PwC with regards to risk management for the Audit and Risk Committee in 2019.

Direct reporting occurs to the Audit and Risk Committee and subsequently to the Governing Body. The Institute's risk register is reviewed by the Audit and Risk Committee and the Governing Body twice per year.

In June 2019, the Governing Body reviewed and approved the Institute's Risk Management Policy in line with the THEA Code of Governance 2018. An Institute-wide risk register has been developed and is subject to bi-annual review by the Institute's Executive Board. Responsibility for risk management oversight and maintenance of the Institute's risk register has been assigned collectively to the Executive Board and the Audit and Risk Committee review the risk register bi-annually. Work is ongoing to implement functional and School level risk registers with each member of the Executive Board having responsibility for their area.

The Audit and Risk Committee review management's reporting on risk management and note/approve actions as appropriate and on a periodic basis will request an external review of the effectiveness of risk management framework. The Audit and Risk Committee also carries out an assessment of the Institute's principal risks, including a description of these risks, where appropriate, and associated mitigation measures or strategies.

Procurement

The Institute is addressing procurement non-compliances where aggregate spend during the financial year with an individual supplier has exceeded €25,000. Non-compliant procurement in the period in question totalled €187,136 of which €68,768 related to food consumables related to the School of Tourism and has been addressed through a national tender completed in September 2019. The remaining non-compliances relate to training in School of Science (€25,955), the IT Department (€32,492) and travel agencies (€59,921) are being addressed during 2019/20. There were no other breaches of control.

Material Losses or Fraud

There were no material losses or fraud at the Institute.



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Weaknesses in Internal Controls

There were no significant breaches in control identified during the period that require reporting. There were no weaknesses in internal control that have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements. The Governing Body and Audit and Risk Committee reviewed two Grade 1 Findings identified prior to the reporting period namely "delay in bank reconciliations" and "room audits" and the actions taken to correct this weakness during the period.

Annual Review of Controls

The Governing Body's review of the effectiveness of the system of internal control is informed by:

- Senior officers within the Institute, who have responsibility for the development and maintenance of an internal control framework.
 - Work processes and procedures across key Institute activities are designed to ensure adequate and appropriate segregation of duties.
 - The Executive Board reviews the Institute's financial performance during the year, including comparisons against budget.
- The Audit and Risk Committee, which assists the Governing Body in fulfilling its oversight responsibilities.
 - The Audit and Risk Committee oversees the work of the Internal Auditors and, at a minimum of once each year, meets the Internal Auditors to review their plans and activities.
 - Deliberations of the Audit and Risk Committee and any issues of concern are reported to the Governing Body.
 - The Audit and Risk Committee's Annual Report for year ended 31 August 2019 was presented to the Governing Body in September 2019.
 - The Audit and Risk Committee approved LYIT's Internal Control Framework during 2018 the document is currently being reviewed on a regular basis and will be updated formally in 2020.
- The Institute's Internal Auditors.
 - The Internal Audit plan considers risk when identifying areas for review.
 - The Internal Auditors perform their work in accordance with the Internal Audit plan. Where the work relates to the Institute's system of internal control, the Internal Auditors submit reports which provide independent assurance on the adequacy and effectiveness of the Institute's system of internal control, with recommendations for improvement. These reports are provided to the Institute's Audit and Risk Committee, which reports directly to the Governing Body.
- The comments made by the Comptroller and Auditor General in his Report on the audit to the Audit and Risk Committee, management letter and other reports.



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Review of the effectiveness of the system of internal control

We confirm that the Governing Body conducted a review of the effectiveness of the system of internal controls for the year ended 31 August 2019 in February 2020.

Activities in progress

- The Institute incurred operating deficits for each of the six years beginning the year ended 31 August 2011 up to the year ended 31 August 2016. The Institute is engaged in ongoing consultation with the Higher Education Authority regarding its financial position, with particular focus on the financial challenges associated with the School of Tourism, Killybegs. The Institute had an operating surplus in the years ended 31 August 2017, 2018 and 2019 due primarily to additional funding received from the HEA and growth in student numbers compared to 2016.
- The Institute's Risk Management Policy was approved by Governing Body in June 2019. It was updated in line with the THEA Code of Governance for Institutes of Technology during 2019. Work is ongoing to develop risk registers across functional areas and Schools.
- The Institute is working towards full compliance with procurement rules and guidelines as set out by the Office of Government Procurement.
- To reflect the Code of Practice for the Governance of State Bodies (2016) a revised Code of Governance for Institutes of Technology was published by THEA, which is effective from 1st January 2018; this code was approved by the Governing Body of Letterkenny Institute of Technology on the 5 April 2018. This Code has been applied throughout LYIT. The Code requires additional disclosures in relation to a number of matters and these disclosures have been made as follows:

Required Disclosure	Reference
Governance procedures, Governing Body and its committees	Annual Governance Report
Governing Body fees and attendance	Annual Governance Report
Governing Body responsibility for financial statements and performance evaluation	Annual Governance Report
Confirmation that the Institute is adhering to the Public Spending Code	Annual Governance Report
Remuneration	Financial Statements – note 9
Legal costs and settlements, Consultancy	Financial Statements – note 11, 11. (b)
Travel & Subsistence, Hospitality	Financial Statements – note 11, 11. (b)

Mr. Fintan Moloney, Chairperson

4/12/2020

Date

Mr. Paul Hannigan, President

4/12/2020

Date



Ard Reachtaire Cuntas agus Ciste **Comptroller and Auditor General**

Report for presentation to the Houses of the Oireachtas

Letterkenny Institute of Technology

Opinion on the financial statements

I have audited the financial statements of Letterkenny Institute of Technology for the year ended 31 August 2019 as required under the provisions of the Institutes of Technology Acts 1992 to 2006. The financial statements comprise

- the statement of comprehensive income
- the statement of changes in reserves and capital account
- 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 Institute at 31 August 2019 and of its income and expenditure for the year then ended 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 Institute 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 Institute has presented certain other information together with the financial statements. This comprises the annual governance report, the statement of responsibility of the Institute 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.

I have nothing to report in regard to those matters.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

11 December 2020

Appendix to the report

Responsibilities of Governing Body members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Institutes of Technology Acts 1992 to 2006
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- 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 the Institutes of Technology Acts 1992 to 2006 to audit the financial statements of the Institute 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 Institute'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 Institute 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 bodies in receipt of substantial funding from the State 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.



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Statement of Comprehensive Income
Year ended 31 August 2019

	Note	31/08/19 €000's	31/08/18 €000's
Income			
State Grants	3	16,484	15,799
Tuition Fees and Student Contributions	4	12,009	11,766
Research Grants & Contracts	5	2,562	1,913
Student Support Funding	7	656	425
Other Income	8	3,732	2,208
Other Income Generating Activities	10	564	520
Amortisation of Deferred State Capital Grants	18	2,138	2,163
Deferred Pension Funding	25	9,396	9,246
Total Income		47,541	44,040
Expenditure			
Staff costs	9	25,726	24,667
Retirement Benefit Cost	25	9,396	9,246
Other Operating Expenses	11	7,848	7,065
Depreciation	13	2,142	2,167
Total Expenditure		45,112	43,145
Operating Surplus		2,429	895
Experience (losses)/gains on retirement benefit obligations	25	(16,265)	2,551
Reduction in pension liabilities arising from retirements in the year	25	1,265	4,202
Changes in Assumptions underlying the Present Value of Retirement Benefit Obligations	25	(25,213)	(246)
Total Actuarial (Losses) / Gains in the year		(40,213)	6,507
Adjustment to Deferred Retirement Benefits Funding	25	40,213	(6,507)
Transfer to Capital Development Reserve	19	(2,429)	(895)
Total Comprehensive Income		-	-

The Statement of Comprehensive Income includes all gains and losses recognised in the year.

Notes 1 - 26 form part of the financial statements.

Signed on behalf of the Governing Body:


 Chairman, Mr. Fintan Moloney

 4/12/2020
 Date


 President, Mr. Paul Hannigan

 4/2/2020
 Date



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Statement of Changes in Reserves and Capital Account Year ended 31 August 2019

	Deferred State Capital Grants €000's	Capital Development Reserve €000's	Revenue Reserves €000's	Total €000's
Balance at 31 August 2017	71,201	1,659	2,292	75,152
Operating Surplus			895	895
Amortisation of Deferred State Capital Grants	(2,163)			(2,163)
State Grant Allocated to Capital	443			443
Student Support Funding allocated to Capital	29			29
Other Capital Grants				
Transfer to Capital Development Reserve		895	(895)	
Balance at 31 August 2018	69,510	2,554	2,292	74,356
Operating Surplus			2,429	2,429
Amortisation of Deferred State Capital Grants	(2,138)			(2,138)
State Grant Allocated to Capital	678			678
State Capital Grant	75			75
Student Support Funding allocated to Capital	37			37
Allocated from Research Grants & Contracts	37			37
Other Capital Grants	7			7
Allocated from Capital Development Reserve	34	(34)		
Disposals	(92)			(92)
Transfer to Capital Development Reserve		2,429	(2,429)	
Balance at 31 August 2019	68,148	4,949	2,292	75,389

Notes 1 - 26 form part of the financial statements.

Signed on behalf of the Governing Body:


Chairman, Mr. Fintan Moloney


President, Mr. Paul Hannigan

4/12/2020
Date

4/12/2020
Date



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Statement of Financial Position As at 31 August 2019

	Note	31/08/19 €000's	31/08/18 €000's
Non Current Assets			
Tangible Fixed Assets	13	68,162	69,523
		<u>68,162</u>	<u>69,523</u>
Current Assets			
Receivables	14	1,904	2,220
Cash and Cash Equivalents	15	11,609	7,853
		<u>13,513</u>	<u>10,073</u>
Less Payables; Amounts due within 1 year	16	(6,286)	(5,240)
Net Current Assets		<u>7,227</u>	<u>4,833</u>
Retirement Benefits			
Retirement Benefit Obligations	25	(194,340)	(143,304)
Deferred Retirement Benefit Funding Asset	25	194,340	143,304
Total Assets less Current Liabilities		<u>75,389</u>	<u>74,356</u>
Total Net Assets		<u>75,389</u>	<u>74,356</u>
Represented by:			
Deferred State Capital Grants	18	68,148	69,510
Capital Development Reserve	19	4,949	2,554
Income & Expenditure Reserve		2,292	2,292
Total		<u>75,389</u>	<u>74,356</u>

Notes 1 - 26 form part of the financial statements.

Signed on behalf of the Governing Body:


Chairman, Mr. Fintan Moloney

4/12/2020
Date


President, Mr. Paul Hannigan

4/12/2020
Date



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Statement of Cash Flows

Year ended 31 August 2019

	Year Ended 31/08/19 €000's	Year Ended 31/08/18 €000's
Net Cash flow from Operating Activities		
Excess income over expenditure	2,429	895
Depreciation of fixed assets	2,142	2,167
Amortisation of deferred state capital grants	(2,138)	(2,163)
Decrease / (Increase) in receivables	316	(668)
Increase in payables	1,046	1,698
Net Cash Inflow from Operating Activities	3,795	1,929
Cash Flows from Investing Activities		
Payments to acquire Fixed Assets	(873)	(478)
Net Cash Outflow for Investing Activities	(873)	(478)
Cash Flows from Financing Activities		
State Recurrent Grants spent on Fixed Assets	678	443
Other funds spent on Fixed Assets	156	29
Net Cash Inflow from Financing Activities	834	472
Net Increase in cash and Cash Equivalents in the year	3,756	1,923
Cash & Cash Equivalents at 1 September	7,853	5,930
Cash & Cash Equivalents at 31 August	11,609	7,853

Notes 1 - 26 form part of the financial statements.

Signed on behalf of the Governing Body


Chairman, Mr. Fintan Moloney

Date

4/12/2020


President, Mr. Paul Hannigan

Date

4/12/2020



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Notes to the financial statements

For the year ended 31 August 2019

1. Significant accounting policies

The accounting policies which are considered material in relation to the financial statements are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and statement of compliance

The primary objective of the Institute is to provide third level education.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and with the requirements of the Higher Education Authority.

The functional currency of FRS 102 financial statements for Letterkenny Institute of Technology is considered to be Euro because that is the currency of the primary economic environment in which the Institute operates.

b. Going concern

Letterkenny Institute of Technology incurred operating deficits in each of the six years beginning the year ended 31 August 2011 up until the year ended 31 August 2016. However, the Institute returned an operating surplus for the years ended 31 August 2017 to 31 August 2019, due primarily to additional funding received from the Higher Education Authority and growth in student numbers compared to 2016.

Given the return to operating surpluses in the years ended 31 August 2017 to 31 August 2019, the restoration of funding for minor capital works in recent years, and anticipated increased funding going forward, the Governing Body is satisfied that the Institute has adequate resources to meet its obligations as they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Covid-19 crisis has created major business challenges for all third level institutions. The Institute in conjunction with the Department of Education and Skills, the Higher Education Authority, and all third level entities is currently assessing the ongoing and projected impacts of this and these are being reported on regularly to the Governing Body. The Governing Body are satisfied that there is sufficient funding for the Institute to meet its liabilities as they fall due and to continue as a going concern. On this basis the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern.



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Notes to the financial statements – (continued)

For the year ended 31 August 2019

1. Significant accounting policies (continued)

c. Tangible Fixed Assets

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Leased Land & Buildings	Over the term of the lease

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(ii) Equipment

From 1 September 2009, equipment costing less than €3,000 per individual item is written off to the income and expenditure account in the year of acquisition. Where individual items of equipment purchased are below the capitalisation limit (€3,000) and the total purchase invoice is in excess of the limit, these items are individually capitalised in the normal way. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Fixtures & Fittings including Prefabs	10 years
Computer equipment	3 years
Plant & Machinery	10 years
Equipment	5 years
Motor Vehicles	5 years

All equipment funded from Research Grants and Contracts is depreciated over the life of the assets in line with the policy for all other Fixed Assets.

d. Stocks

Expenditure on books and consumable stocks is charged to the Statement of Comprehensive Income as incurred.

e. Taxation

As an exempt charity, the Institute is not liable for corporation tax or income tax on any of its charitable activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the Institute falls into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute.



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Notes to the financial statements – (continued)

For the year ended 31 August 2019

1. Significant accounting policies (continued)

f. Recognition of income

State Grants

Recurrent State grants from the Higher Education Authority and other State bodies are recognised in the period in which they are receivable. Capital Grants from the Higher Education Authority or other State bodies received in respect of the acquisition or construction of Fixed Assets are treated as Deferred State Capital Grants and amortised in line with the depreciation over the life of the assets.

Fee Income

Fee income is accounted for on an accruals basis.

Research grants and contracts

Income from research grants and contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. The most common classes of such transactions are:

(i) Donations with no restrictions

Donations with no restrictions include amounts given to the Institute by way of cash or asset with no restriction as to how the donation should be used. Such donations are recorded in the Statement of Comprehensive Income on entitlement to the income.

(ii) Donations with restrictions

Donations with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income. The restricted income received is held in a restricted reserve until such time that the expenditure is incurred in accordance with the restrictions.

(iii) Research grants from non-government sources

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If there is a restriction in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income when the Institute becomes entitled to the income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

Other Income from non-State sources used for capital purposes

Income from non-government sources used for capital purposes is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction is in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income when the Institute becomes entitled to the income.

Income from non-government sources used for capital purposes with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.



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Notes to the financial statements – (continued)

For the year ended 31 August 2019

1. Significant accounting policies (continued)

Income from non-government sources used for capital purposes with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction

Minor Capital Works

The Minister for Education and Skills introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works.

In all cases Minor Capital Works funding is recognised in the period received.

Income from short-term deposits

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

g. Employee benefits

(i) Retirement Benefits

Pension entitlements of staff recruited prior to 1 January 2013 are conferred under a defined benefit pension scheme established under the Education Sector Superannuation Scheme 2015. The scheme is operated on a Pay-as-You-Go basis, with superannuation deductions made from employees being retained by the Institute as an agreed part of its funding.

The Institute also operates the Single Public Service Pension Scheme ("Single Scheme"), which is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Single Scheme members' contributions are paid over by the Institute to the Department of Public Expenditure and Reform (DPER).

Pension costs charged to expenditure in the year reflect the benefits earned by current employees during the year and are shown net of staff pension contributions which, in respect of (i) the Education Sector Superannuation Scheme 2015, are retained by the Institute and (ii) the Single Scheme, are remitted to DPER. An amount corresponding to the pension cost is recognised as income to the extent that it is recoverable.

Pension liabilities represent the present value of future pension payments earned to date. The retirement benefit funding asset represents future pension payments which will be paid by the Department of Education and Skills.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the retirement benefit funding asset.

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. Pension liabilities in respect of former employees who are in receipt of pension are excluded because pension payments are charged to the appropriation account of the Department of Education and Skills. The reduction in liability arising from members who retire during the year is reflected as an experience gain. The costs of providing pension benefits are recognised 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.



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Notes to the financial statements – (continued) For the year ended 31 August 2019

1. Significant accounting policies (continued)

(ii) 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. There is no accrual for holiday pay for Academic staff at year-end due to the nature of their contracts.

h. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date.

i. Leases

Rentals under operating leases are charged to the Statement of Comprehensive Income in the period in which the expenditure is incurred.

j. Deferred State Capital Grants

Deferred state capital grants represent the unamortised value of accumulated funds from State sources used for the acquisition or construction of fixed assets.

k. Capital Development Reserve

The capital development reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student contributions, non-State capital donations, banking facility fees and transfers from Revenue Reserves, in the latter case, which have had the prior approval of the Governing Body, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development plan, have been approved by the Governing Body, time phased and with estimates of costs.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institute's accounting policies, which are described in note 1, the Governing Body is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Letterkenny Institute of Technology

Notes to the financial statements – (continued)

For the year ended 31 August 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Institute's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Governing Body has made in the process of applying the Institute's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Governing body has determined that the going concern basis remains appropriate as outlined in note 1b. to the financial statements.

Key sources of estimation uncertainty:

Holiday Pay Accrual

The holiday pay accrual is calculated by reference to the days holidays outstanding at the year-end. Academic staff do not require an accrual at year-end due to the nature of their contract.

Provision for Bad Debts

We have estimated the bad debt provision using historical collection rates, particularly in relation to tuition fee and student contribution receivables.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions

Letterkenny Institute of Technology

Notes to the Financial statements - (Continued)
Year ended 31 August 2019

3. State Grants

	Allocated for Recurrent Expenditure €000's	Allocated for Capital Expenditure €000's	2019 Total €000's	2018 Total €000's
State Grant for Recurrent Expenditure - HEA	15,144	678	15,822	14,980
State Grant for Recurrent Expenditure - HEA (Nursing)	750		750	672
State Grant for Capital Expenditure - Department of Education and Skills				
State Grant for Minor Capital Works	590		590	590
Total 2019	16,484	678	17,162	16,242
Total 2018	15,788	443	-	16,242

4. Tuition Fees and Student Contributions

	2019 Students WTE	2019 State Funded	2019 Non State Funded	2019 Total €000's	2018 Students WTE	2018 State Funded	2018 Non State Funded	2018 Total €000's
Fees paid by State	2,498	2,336		2,336	2,599	2,233		2,233
Non EU Fees	138		1,057	1,057	72		355	355
Fees paid by students or on behalf of students	481		238	238	606		472	472
Life Long Learning and other fees	404		564	564	405		355	355
Student Contributions		5,378	2,436	7,814		5,764	2,587	8,351
Student Numbers / Net Fee Income	3,521	7,714	4,295	12,008	3,682	7,997	3,769	11,766

The Higher Education Authority paid tuition fees in the year of €2,048,089 (2018: €1,885,748) for full-time Degree courses, and €288,250 (2018: €336,875) for Higher Certificate and Ordinary Degree courses, the total costs of which are part funded by the European Social Fund.

Student numbers are stated as whole-time equivalents based on enrolled credits.

Letterkenny Institute of Technology

Notes to the Financial statements - (Continued) Year ended 31 August 2019

5. Research Grants & Contracts

	2019 Total €000's	2018 Total €000's
Income		
State & semi state	1,689	1,380
European Union	853	487
Industry	26	33
Other	31	19
Less: Research Grants and Contract Income allocated to capital	(37)	(6)
Net Income	2,562	1,913
Expenditure		
Pay Costs	1,080	867
Non Pay Costs	1,482	1,046
	2,562	1,913
Net Outcome	-	-

6. Analysis of State Derived Income

Name of Grantor	Opening Deferral 01/09/18	Grant received	Closing Deferral 31/08/19	I&E 2019
Note 3 - State Grant				
HEA	(1,094)	16,311	605	15,822
HEA - Nursing	-	750	-	750
Allocated for Capital expenditure	-	(678)	-	(678)
State Grant Minor Capital Works Allocated for Recurrent Expenditure	-	590	-	590
Total State Income	(1,094)	16,973	605	16,484
Note 4 - Tuition Fees & Student Contributions				
HEA	-	2,336	-	2,336
Faillte Ireland	-	33	-	33
SUSI	-	5,345	-	5,345
Total State Income	-	7,714	-	7,714
Note 5 - Research & Contracts				
Enterprise Ireland	100	319	(131)	288
HEA	582	533	(315)	800
HSE	31	-	(30)	1
Department of Education & Skills	(59)	660	(52)	549
Bord Iascaigh Mhara	3	26	(6)	23
Department of Agriculture, Food and the Marine	-	42	(18)	24
Other	3	13	(12)	4
Total State Income	660	1,593	(564)	1,689



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Notes to the Financial statements - (Continued) Year ended 31 August 2019

7. Student Support Funding

	2019 Disabilities €000's	2019 Student Assistance €000's	2019 Total €000's	2018 Total €000's
Balance at 1 September	-	-	-	98
Receipts				
Higher Education Authority	490	203	693	454
Other				
Less: Receipts allocated to capital	(37)	-	(37)	(29)
Net Receipts	453	203	656	425
Amounts Applied				
Pay Costs	109	-	109	143
Non Pay Costs	179	203	382	380
Total Expenditure	288	203	491	523
Balance at 31 August	165	-	165	-

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social Fund.

8. Other Income

	2019 Total €000's	2018 Total €000's
Superannuation Deductions retained	1,223	1,255
Rental of Facilities	115	114
Central Research Overhead	305	246
Proceeds on Disposal of Fixed Assets	-	5
Project Income	900	-
Other Course Income	820	276
Sundry Income	369	312
Net Outcome	3,732	2,208

Letterkenny Institute of Technology

Notes to the financial statements - (continued) For the year ended 31 August 2019

9. Staff Costs

The average number of persons (including senior post-holders) employed by the Institute during the year, expressed in full time equivalent is:

	2019 No. of employees	2018 No. of employees
Teaching and research	220	211
Technical	55	53
Central administration and services	114	110
	389	374
	2019	2018
	€'000	€'000
Salaries	23,594	22,717
Employer PRSI	2,050	1,874
Allowances and Overtime	82	76
Salaries and wages	25,726	24,667

Key management compensation

The total remuneration for key management personnel for the year 2019 totalled €172,727 (2018: €162,884). Key management personnel of the Institute consists of the President, members of the Governing Body and the Executive Board. The remuneration of the President paid in the year was €152,748 (2018: €147,449). The President, Executive Board and relevant members of the Governing Body are members of the Education Sector Superannuation Scheme with pension entitlements that do not extend beyond the terms of the model public service pension scheme.

	Headcount (FTE)		Fees / Salary Payments		Other Benefits	
	2019	2018	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Governing Body Members	N/A	N/A	6	5	-	-
President	1	1	152	147	-	-
Executive Board	7	7	745	731	-	-
	8	8	903	883	-	-

Fees paid to Governing Body members were in respect of participation in Interview Board panels.

Higher paid staff

The Institute has adopted a starting value of €60,000 to identify higher paid staff. Staff remuneration, in salary bands of €10,000, using €60,000 as the starting value, is as follows:

Total Remuneration Levels	Year Ended 31 August 2019	Year Ended 31 August 2018
€		
60,000 - 70,000	33	34
70,001 - 80,000	20	35
80,001 - 90,000	47	75
90,001 - 100,000	62	15
100,001 - 110,000	19	8
110,001 - 120,000	5	3
120,001 - 130,000	2	-
130,001 - 140,000	1	-
140,001 - 150,000	-	1
€150,001 +	1	1
Grand Total	190	172

The overall figure for employer pension contribution in the year was €216,083 (2018: €173,400).

The Institute made severance payments with an aggregate value in excess of €10,000 to two individuals during the year ended 31 August 2019. The total of these severance payments was €30,831. There were no severance payments in excess of €10,000 made in the year ended 31 August 2018.

Retrospective payments totalling €377,000 were made to five retirees during the year ended 31 August 2018. These payments resulted from a historical issue and were discovered following an internal review. These liabilities were fully provided for in the financial statements for the year ended 31 August 2018. The Institute is satisfied there are no further cases of this nature.



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Notes to the Financial statements - (Continued)

Year ended 31 August 2019

10. Other Income Generating Activities

	2019 €000's	2018 €000's
Income		
CoLab	335	299
An Danlann Student Centre	236	221
Less allocated to capital	(7)	-
Total Income	564	520
Expenditure		
Pay Costs	297	273
Non-Pay Costs	208	229
Depreciation	5	2
	510	504
Net Outcome	54	16

11. Other Operating Expenses

	2019 Pay Costs €000's	2019 Depreciation €000's	2019 Other Operating Expenses €000's	2019 Total €000's	2018 Total €000's
Research Grants & Contracts	1,080	51	1,481	2,612	1,963
Academic Departments	19,149	422	1,629	21,200	20,485
Academic Services	567	1	183	751	722
Facilities	499	1,619	1,167	3,285	3,794
Central Admin	3,370	37	1,214	4,621	4,245
General Education	458	1	856	1,315	763
Other Income Generating Activities	297	5	208	510	504
Student Support Funding	109	-	382	491	526
Student Services	197	6	728	931	897
Total Expenditure	25,726	2,142	7,848	35,716	33,899
Total 2018	24,667	2,167	7,065	-	33,899

Letterkenny Institute of Technology

Notes to the Financial statements - (Continued) Year ended 31 August 2019

11. Other Operating Expenses - Continued

	2019 €000's	2018 €000's
Materials and Other Consumables	872	696
Light, Heat and Power	399	403
Repairs and Maintenance Costs	703	852
Printed material, books and periodicals	197	169
Travel and Subsistence	509	427
Hospitality	98	79
Printing, Stationery, Postage and other Office Expenses	184	184
Rent, Rates and Insurance costs	290	240
Recruitment, training etc.	541	510
Auditors Remuneration in respect of Audit Services	55	53
Consultancy costs	269	299
Equipment (non capitalised) purchases	178	163
Computer Maintenance, Software and Licenses	405	291
Security and Grounds Maintenance	106	121
Medical service	73	75
Communications	40	47
Advertising and Marketing	322	258
Institute Management Service	51	63
Waste Disposal	20	25
Health and safety	24	32
Student Support Funding	371	383
Student Registration Charges	655	636
Course development and validation	71	35
Bad Debts	(56)	40
Transfers to Project Partners	860	54
Contractor Payments	23	510
Other Expenses	588	420

Total Other Operating Expenses	7,848	7,065
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Hospitality expenditure includes costs of hosting external visitors, refreshments at meetings etc.

11.(b) Other Operating Expenses include:

	2019 €000's	2018 €000's
<u>Auditors Remuneration:</u>		
External Audit of Institute	30	28
Internal Audit Services provided by a 3rd Party	24	24
Other Audit Services	1	1
	55	53
<u>Consultancy Costs:</u>		
Legal	32	22
Tax and financial advisory	3	8
Public relations / marketing	11	22
Pensions and human resources	11	29
Other	212	218
	269	299
<u>Travel:</u>		
Domestic:	337	291
International:	172	136
	509	427

12. Taxation

Letterkenny Institute of Technology is exempt from Corporation Tax under a charitable status order.



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Notes to the financial statements - (continued) For the year ended 31 August 2019

13. Tangible Fixed Assets

	Land & Buildings €'000	Assets in course of construction €'000	Fixtures & fittings €'000	Computer equipment €'000	Plant & machinery €'000	Equipment €'000	Motor Vehicles €'000	Total €'000
Cost								
At 1 September 2018	94,438	-	506	12,405	550	9,937	40	117,876
Additions in year	258	40	46	308	15	206	-	873
Trfs Assets in Construction								0
Disposals in year	-	-	(3)	(283)	(454)	(74)	-	(814)
At 31 August 2019	94,696	40	549	12,430	111	10,069	40	117,935
Depreciation								
At 1 September 2018	25,797	-	257	12,116	388	9,755	40	48,353
Transfers								0
Charge for year	1,667	-	50	294	11	120	-	2,142
Eliminated on disposals			(3)	(283)	(362)	(74)		(722)
At 31 August 2019	27,464	-	304	12,127	37	9,801	40	49,773
Net book value								
At 31 August 2019	67,232	40	245	303	74	268	-	68,162
At 1 September 2018	68,641	-	249	289	162	182	-	69,523

Tangible Fixed Assets

	Land & Buildings €'000	Assets in course of construction €'000	Fixtures & fittings €'000	Computer equipment €'000	Plant & machinery €'000	Equipment €'000	Motor Vehicles €'000	Total €'000
Cost								
At 1 September 2017	94,418	-	487	12,174	515	9,876	40	117,510
Additions in year	20	-	19	299	35	105	-	478
Trfs Assets in Construction								
Disposals in year	-	-	-	(68)		(44)	-	(112)
At 31 August 2018	94,438	-	506	12,405	550	9,937	40	117,876
Depreciation								
At 1 September 2017	24,135	-	206	11,905	333	9,679	40	46,298
Transfers								0
Charge for year	1,662	-	51	279	55	120	-	2,167
Eliminated on disposals				(68)		(44)		(112)
At 31 August 2018	25,797	-	257	12,116	388	9,755	40	48,353
Net book value								
At 31 August 2018	68,641	-	249	289	162	182	-	69,523
At 1 September 2017	70,283	-	281	269	182	197	-	71,212

Letterkenny Institute of Technology

Notes to the financial statements - (continued) For the year ended 31 August 2019

14. Receivables

	2019 €'000	2019 €'000	2018 €'000	2018 €'000
State Recurrent Grant receivable		605		1,094
State Capital Grant receivable		41		
Tuition and Other Fees receivable	371		528	
Less Provision for Bad debts	(256)	115	(365)	161
Research grants and contracts receivable		696		269
Self Funded Activities		47		97
Prepayments & Accrued Income		253		353
Other receivables	167		269	
Less Provision for Bad debts	(20)	147	(23)	248
		1,904		2,220

15. Cash & cash equivalents

	2019 €'000	2018 €'000
Cash at bank including balances held on short term deposit	11,609	7,853
	11,609	7,853

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Notes to the financial statements - (continued) For the year ended 31 August 2019

16. Payables: amounts falling due within one year

	2019 €000's	2018 €000's
Trade payables	102	44
Research grants and contracts received in advance	569	330
Self Funded Activities	271	657
Tuition fees received in advance	1,336	939
Deferred Income Student Support Funding	166	-
Accruals and Deferred Income	3,001	2,240
Other tax and social security	701	853
Other payables	140	177
Total Creditors	6,286	5,240

17. Commitments under Property Leases

At the year end the Institute had commitments under property leases expiring as follows:

	2019 €000's	2018 €000's
Within 1 Year	24	40
Between 2 & 5 Years	13	102
Greater than 5 years	-	-
Total Commitments	37	142

18. Deferred State Capital Grants

	2019 €000's	2018 €000's
At 1 September		
Opening Balance	69,510	71,201
Capital Grants Receivable		
Allocated from State Recurrent Grant - HEA	678	443
State Capital Grant - HEA	75	-
Allocated from Research Grants & Contracts	37	-
Allocated from Student Support Funding	37	29
Other Capital Grants/Funding	7	-
Allocated from Capital Development Reserve	34	-
Total	868	472
Disposals	(814)	(112)
Amortised to income and expenditure in year		
Amortised in line with depreciation	(2,138)	(2,163)
Total	(2,138)	(2,163)
Disposals	722	112
At 31 August		
Closing Balance	68,148	69,510

Letterkenny Institute of Technology

Notes to the financial statements - (continued)
For the year ended 31 August 2019

19. Capital Development Reserve

	2019 €000's	2018 €000's
Opening Balance	2,554	1,659
Allocated to capital projects	(34)	-
Transfer to Capital Development Reserve	2,429	895
Closing Balance	<u>4,949</u>	<u>2,554</u>

20. Capital Commitments

	2019 €000's	2018 €000's
Contracted for but not provided	414	106
	<u>414</u>	<u>106</u>

21. Related Parties

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the Code of Governance of Irish Institute's of Technology in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

22. Contingent Liabilities

There were no contingent liabilities existing at 31 August 2019 and 31 August 2018.

23. Post Statement of Financial Position Events

The Covid-19 crisis has created major business challenges for all third level institutions. The Institute in conjunction with the Department of Education and Skills, the Higher Education Authority and all third level entities is currently assessing the ongoing and projected impacts of this and these are being reported on regularly to the Governing Body. There were no other significant events since the Statement of Financial Position date which could have implications for these financial statements.

24. Technological University: Connacht-Ulster Alliance

Through collaboration Letterkenny Institute of Technology, Galway-Mayo Institute of Technology and the Institute of Technology Sligo will achieve the criteria outlined in the Technological Universities Act 2018 to underpin an application for designation as a technological university (TU). Such a development will greatly strengthen the economic and social position of the West/North-West region and contribute significantly to achievement of the outcomes outlined in the National Development Plan and Ireland 2040.

The Connacht Ulster Alliance (CUA) of LYIT, GMIT and IT Sligo has made significant progress towards meeting the TU criteria, development of collaborative projects and preparation for submitting an application. The CUA plans to be in a position to submit an application to become a Technological University, subject to meeting the TU criteria, by the end of 2020.

The estimated total project cost to the end of 2019 was €13.2m of which €5.9m has been funded directly by the HEA through the Landscape funding mechanism. This funding was expended in pursuance of the project objectives.

Letterkenny Institute of Technology

Notes to the financial statements - (continued) For the year ended 31 August 2019

25. Retirement Benefit Costs

(i) Staffing

Retirement benefit obligations were accounted for the first time in the 2016/2017 financial statements. The opening position at 1 September 2016 was estimated by the actuary, based on market conditions at that time.

(ii) Description of Schemes

Institute Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation. Deductions from staff are retained by the Institute.

Single Scheme

New entrant staff, employed by the Institute after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Sector Pensions (Single Scheme and Other Provisions) Acts 2012. Deductions from staff salaries under the Single Scheme are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the act.

The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts", accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly, the total of the scheme member's lump sum referable amounts.

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2019. On retirement, members' pensions are paid by the National Shared Services Office on behalf of the Department of Education and Skills and those payments are charged to that Department's appropriation account. Therefore, former employees of the Institute who are in receipt of a pension have been excluded from the valuation. The reduction in liability arising from members who retire during the year is reflected as an experience gain and is separately identified in the liability reconciliation. The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2019 were as follows:

	2019	2018
Discount rate	0.85%	2.00%
Inflation rate	1.30%	1.85%
Salary increases	2.55%	3.10%
Pension increases	2.05%	2.60%



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Notes to the financial statements - (continued) For the year ended 31 August 2019

25. Retirement Benefit Costs (continued)

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

	2019	2018
	Years	Years
Male aged 65	21.7	21.5
Female aged 65	24.1	24.0

(iii) Analysis of total retirement benefit costs charged to the Statement of Comprehensive Income

	2019	2018
	€'000	€'000
Current service cost including employee contributions	7,878	7,520
Interest on retirement benefit scheme liabilities	2,945	3,074
Employee contributions	(1,427)	(1,348)
	<u>9,396</u>	<u>9,246</u>

(iv) Movement in net retirement benefit obligations during the financial year

	2019	2018
	€'000	€'000
Net retirement benefit obligation at 1 September	143,304	139,217
Current service costs	6,451	6,172
Employee contributions	1,427	1,348
Interest costs	2,945	3,074
Experience Losses / (Gains)	16,265	(2,551)
Reduction in pension liabilities arising from retirements in the period	(1,265)	(4,202)
Changes in actuarial assumptions	25,213	246
	<u>194,340</u>	<u>143,304</u>
Net retirement benefit obligations at 31 August		
Split between		
Single Public Sector Pension Scheme	2,746	1,872
Education Sector Superannuation Scheme	191,594	141,432
	<u>194,340</u>	<u>143,304</u>

Experience losses in the year ended August 31, 2019 include €17m in respect of increases in service identified arising from service transferrable from other public sector pension schemes previously not recognised.

(v) Deferred funding asset for retirement benefits

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the single scheme. It is the Institute's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future state funding.

The Institute recognises amounts owing from the State for the unfunded deferred liability for retirement benefits relating to the Education Sector Superannuation Scheme 2015 on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Institute has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

Letterkenny Institute of Technology

Notes to the financial statements - (continued) For the year ended 31 August 2019

25. Retirement Benefit Costs (continued)

The net deferred funding for retirement benefits recognised in the Statement of Comprehensive Income was as follows:

	2019 €'000	2018 €'000
Funding recoverable in respect of current year Retirement Benefit Costs	9,396	9,246

The deferred funding liabilities for retirement benefit as at 31 August 2019 amounted to €194,340,000
(2018: €143,304,000)

(vi) History of defined benefits obligations

	2019 €'000	2018 €'000
Defined benefit obligations	194,340	143,304

26. Approval of Financial Statements

The financial statements were approved by the Governing Body on September 22, 2020.

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