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**Waterford Institute of Technology
Review of non-pay expenses incurred by
the Office of the President January 2004
to March 2011**

Dated 6 May 2011

*[This report is in draft. It is subject to amendment and should not be relied upon.
It may not be shown, quoted or referred to any party without our prior written consent.]*

**Deloitte & Touche
Charlotte Quay
Limerick**

Waterford Institute of Technology
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March 2011

6 May 2011

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APPENDICES

- 1 Proposed Review Strategy as attached to our Letter of Engagement dated 29 April 2011
 - 2 Analysis of non-pay expenditure by expense category
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1 INTRODUCTION AND TERMS OF REFERENCE

- 1.1 Deloitte & Touche (“Deloitte”¹, “we” and/or “us”), was appointed by the Chairman of the Governing Body of Waterford Institute of Technology, under the terms of our Letter of Engagement dated 29 April 2011. We were instructed to undertake a review of the expenses incurred by the Office of the President of Waterford Institute of Technology in the period January 2004 to March 2011.
- 1.2 Our Proposed Investigation Strategy, appended to our Letter of Engagement, is attached to this Report as Appendix 1.

Structure of this report

- 1.3 This report is set out as follows:
- In the remainder of this section 1, we set out the background to our work and the limitations on the use of this report;
 - At section 2 of the report, we set out our Summary of key findings;
 - Section 3 sets out the work we have performed and its limitations;
 - Section 4 contains our detailed findings in relation to the expense categories we have reviewed.

Background to our work

- 1.4 The Governing Body required a review to be undertaken summarising and analysing all non-pay expenditure incurred by the Office of the President over the time period noted above, and for this analysis to identify whether all expenditure is in line with the policies and procedures of Waterford Institute of Technology, and is appropriate for the organisation.
- 1.5 Table 1.1 below sets out the total expenditure which was incurred in the period January 2004 to March 2011 and which was subject to our review. This analysis was produced by the Finance Department of Waterford Institute of Technology:

¹ Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Table 1.1	
Total non-pay expenditure incurred by the Office of the President in the period under review	
	€
2004	348,078
2005	606,082
2006	603,652
2007	583,166
2008	634,308
2009	390,459
2010	455,183
January to March 2011	71,481
	<hr/>
Total expenditure incurred by the Office of the President	3,692,409
	<hr/>
<i>Source: Spreadsheet provided by WIT Finance</i>	

- 1.6 The above excludes a small number of high value transactions related to AIB's arrangements with Waterford Institute of Technology, which were included within the Institute's response to a Freedom of Information request.
- 1.7 For financial reporting purposes, the expenditure of €3,692,409 is classified under a number of sub-categories and in Appendix 2 we have included the analysis of this total between those sub-categories.
- 1.8 Our analysis of the expenses, which is detailed in Section 4 below, is based on our review of the major categories of expenses which are detailed in Appendix 2.
- 1.9 Waterford Institute of Technology has a number of policies and procedures in place which are of relevance to elements of the expenditure under review. The policies which we have considered comprise:
- Hospitality policy (January 2007);
 - Corporate credit card policy (February 2007);
 - Corporate WITCard proposal and letters to staff (February 2005);

- Travel policy and related procedures (May 2008); and
- Procedures for procurement of services and supplies (2011).

Limitations on the use of this report

- 1.10 We remind you of the Standard Terms of Business attached to our Letter of Engagement, particularly in relation to confidentiality. These preclude you from disclosing this Report to any third party without our prior written consent.
- 1.11 This Report has been prepared for use by the Governing Body of Waterford Institute of Technology. This Report is confidential and was prepared for the Purpose expressed in our Letter of Engagement dated 29 April 2011. It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent. Deloitte accepts no responsibility to any third parties for breach of this obligation or for any opinions expressed or information included within this Report.
- 1.12 In the event that we do provide our consent to the release of this Report, we cannot accept liability to any third party recipient of our report, including any recipient under the Freedom of Information Act. You should consult with us promptly should you receive any request which you consider requires disclosure of the contents of this report, either in whole or in part, under the Freedom of Information Act. No other party is entitled to rely on this report for any purpose whatsoever.

2 SUMMARY OF KEY FINDINGS

- 2.1 This Summary should be read in conjunction with the description of the work performed and its limitations, as set out in section 3, and our detailed findings as set out in section 4.
- 2.2 Total non-pay expenditure incurred by the Office of the President in the period January 2004 to March 2011 was €3,692,409 as detailed in Table 1.1 above and Appendix 2.
- 2.3 Table 2.1 details the expenditure categories which we have reviewed. These comprise 92% of the total expenditure in the period.

Table 2.1 Expenditure reviewed	
	€
Corporate Subscriptions / Membership	922,081
Publicity	586,214
Professional Fees – General Consultancy	538,406
Hospitality Expenses	290,814
Travel	263,379
Advertising – General	187,021
Printing	148,907
Courier and Taxi costs	139,977
Fine Art	134,009
Books	29,717
Miscellaneous	172,683
Total expenditure reviewed	3,413,208
Other expenditure not yet reviewed	279,201
Total expenditure incurred	3,692,409

- 2.4 Significant elements of this expenditure represent costs of the Institute generally. For example the majority of the largest category, Corporate Subscriptions and Memberships is the Waterford Institute of Technology membership of the IOTI, IBEC and Chambers of Commerce.
- 2.5 Expenditure in the review period also includes expenditure in relation to the University Initiative, in particular elements of the Publicity costs and the costs associated with Professor John Davies' work. The University Initiative did not have a separate costing category or budget.

2.6 Our review has highlighted a number of procedural issues involving a failure to comply with Waterford Institute of Technology policies:

- A number of services have been provided by suppliers which should in our view have been subject to formal procedures in accordance with the procurement policy of the Institute, for example Bracken Public Relations (€276,558), Marketing on Demand (€269,730), Power Martin and Eleanor – taxis (€129,000) and Professor John Davies (€85,059).
- We consider that the taxi expenditure is potentially in breach of the Travel policy which requires that such expenditure is only used when public transport is not available. Power Martin & Eleanor (the taxi service) is the sixth highest paid supplier in respect of the expenses of the Office of the President in the period covered by this review and we understand that this expenditure was not tendered for.
- Expenditure on hospitality is not in accordance with the Hospitality policy of the Institute. We have identified examples where insufficient detail is given in support of the expenditure and where the monetary limits have been breached. This means that it is not possible to verify the validity of the expenditure;
- We understand from the President that he does not seek formal pre-approval of travel expenses, as required under the Travel policy although he stated that he would normally get some informal approval, for example from the Chairman. We also note that in general there was limited explanation available as to the purpose of the travel which makes it hard to determine whether it was appropriate or not.

2.7 Our review also identified significant expenditure which the President has explained are for the cultural benefit of the Institute and its stakeholders and / or to support the University Initiative. We consider the Governing Body should examine these for appropriateness:

- The printing of a book entitled: “Waterford Municipal Art Collection” by Dr Peter Jordan at a net cost of €10,920;

- A payment of €41,242.48 to Pauline Bewick in 2006 to cover expenses incurred in cataloguing the Bewick Collection and the purchase of a Pauline Bewick painting (and accompanying book) for €7,500;
- Net expenditure of €62,126 for the purchase of the papers of Thomas Wyse at auction;
- €6,200 for 9 Marley Ireland sporting prints;
- Kilkenny Arts Festival (€15,500);
- A contribution to the Waterford Film Festival in 2006 - €1,856;
- A contribution to the Waterford SPRAOI Festival in 2007 - €8,000; and
- We have identified costs in relation to the Phoenix Players (a drama group led by Professor John Davies) in relation to visits to Ireland in 2006, 2007 and 2008 totalling €20,085, although we are unable to confirm if this is a complete list of all expenditure related to this activity.

3 WORK PERFORMED AND ITS LIMITATIONS

Work Performed

3.1 In accordance with our Letter of Engagement dated 29 April 2011 our work has comprised:

- Summarising and collecting the information available in relation to the expenses incurred;
- Reviewing the applicable policies and procedures in relation to these categories of expenditure;
- Analysing the expenditure and identifying any expenditure which required additional clarification; and
- Seeking additional evidence in relation to some items of expenditure. This included meeting with the President and Anne Phelan, a Senior Administrator in the Office of the President.

Limitations of the work performed

3.2 This report sets out our findings based on work performed up to 6 May 2011 in accordance with our letter of engagement. We cannot rule out the possibility that, had further work been conducted, our findings might have been different or that we may have identified additional matters to bring to your attention.

3.3 In the time available to us, we have focussed our review on the largest categories of expenditure as detailed in Appendix 2. We have examined samples of documentation, including invoices, concentrating in particular on the largest items of expenditure within each category. We have not had sufficient time to review all expenditure.

3.4 In addition, on 6 May 2011, the President provided us with a list of points which he wished to be addressed. This list was included in a letter which the President had sent to the Chairman of the Governing Body on 3 May. This report does not specifically address these issues, although some of our comments may be of relevance in relation to certain of the matters included in

the letter. Furthermore, we consider that some of the points raised represent strategic policy issues for the Institute.

- 3.5 For the purposes of this report, save where we have been able to corroborate information, we have had to assume that the documents or other information (including electronic material) disclosed to us are reliable and complete. Our investigation was heavily dependent on the co-operation and honesty of the people to whom we spoke and the completeness and integrity of the documentation that we reviewed. This report should be considered in that light and we cannot accept any liability for our findings being prejudiced through provision of incomplete or unreliable information or material.
- 3.6 We did not conduct a general review of the controls within Waterford Institute of Technology. Any control weakness points noted in this report are simply those which came to our attention during the course of our work. They are not intended to be exhaustive or a comprehensive list of all the control weaknesses that may exist. Moreover, our work should not be construed as an audit. The control weaknesses that we identified were those existing at the time of the events that formed the subject of our investigation.
- 3.7 This report should not be construed as expressing opinions on matters of law. However, it necessarily reflects our understanding thereof.

4 OUR DETAILED FINDINGS

4.1 In this section we have set out our findings in relation to the categories of expenditure detailed in Table 4.1 below. These categories comprise 92% of the total expenditure incurred of €3,692,409.

Table 4.1

Expenditure reviewed

	€
Corporate Subscriptions / Membership	922,081
Publicity	586,214
Professional Fees – General Consultancy	538,406
Hospitality Expenses	290,814
Travel	263,379
Advertising – General	187,021
Printing	148,907
Courier and Taxi costs	139,977
Fine Art	134,009
Books	29,717
Miscellaneous	172,683
Total expenditure reviewed	3,413,208
Other expenditure not yet reviewed	279,201
Total expenditure incurred	3,692,409

Source: Spreadsheet provided by WIT Finance

4.2 In the paragraphs below we set out our comments on each of these categories.

Corporate Subscriptions / Membership

4.3 The total amounts incurred under this category heading in each year are set out in Table 4.2 below.

Table 4.2: Corporate Subscriptions /Membership

Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
39,733	183,784	192,182	204,463	147,225	130,861	19,643	4,190	922,081

4.4 Our review indicates that €909,322 of the total of €922,081 relates to corporate memberships which we understand promote the Institute's interests in the community. These comprise:

- Institutes of Technology Ireland (IOTI) (formerly the Council of Directors of Institutes) (€689,991);
- IBEC (€190,343); and
- Chambers of Commerce (Waterford and Kilkenny) (€28,988).

4.5 The remaining amount of approximately €12,000 is made up of a number of subscriptions to various organisations. Based on our review of the invoices and our discussion with the President, it is our view that these can be broadly classified into three categories:

- Education related subscriptions / memberships, for example a subscription to the Times Higher Education supplement and membership of the Association for Teacher Education in Europe;
- Membership or subscriptions relating to local cultural bodies, for example Waterford Historical Society, Symphony Club and Waterford Archeological & Historical; and
- Subscriptions to magazines / journals which are displayed in the reception area of the President's Office including London Review of Books and The New York Review of Books.

Publicity

4.6 The total amounts incurred under this category heading in each year are set out in Table 4.3 below.

Table 4.3: Publicity									
Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total	
€16,410	€72,744	€63,517	€114,575	€110,008	€118,046	€83,704	€7,210	€586,214	

4.7 We have established that two suppliers are responsible for €481,566 or 82% of the total expenditure under this category, being:

- Bance Nolan Limited - €274,393; and

- Bracken Public Relations Limited - €207,173.

4.8 In addition to these two suppliers, the balance of expenditure is largely accounted for by payments to a number of different suppliers for photography totalling €48,079 over the period and €29,040 comprising eight monthly payments of €3,630 to Carr Communications for public relations assistance from August 2010 to date.

4.9 We note that Bance Nolan Limited and Bracken Public Relations Limited are the second and third highest paid suppliers in respect of the expenses of the Office of the President in the period covered by this review. The highest paid supplier is IOTI as detailed above. We set out further detail in relation to these two suppliers below.

Bance Nolan Limited

4.10 In addition to the amount of €274,393 analysed under the "Publicity" category, there was further expenditure of € 41,197 incurred with Bance Nolan Limited, which was analysed under other expenditure categories. The majority of this, €34,182 was categorised under Professional Fees – General Consultancy and arose in the period from January 2004 to February 2005, with a further amount of €6,217 classified under "Miscellaneous Expenses". We also understand that there may be payments to this company within other Waterford Institute of Technology departments, for example Marketing.

4.11 We understand that a formal tendering process took place in which Bance Nolan were successful, but that the period covered by this tender is now expired, and their role has effectively been taken over by Carr Communications. However, the President advised that they are still used for certain issues where Bance Nolan is considered more appropriate.

4.12 We obtained a sample of invoices from Bance Nolan Limited and note that they contain detailed explanations of the hours worked and the work done.

Bracken Public Relations Limited

4.13 In addition to the amount of €207,173 analysed under the “Publicity” category, ~~there was further expenditure of €69,385 incurred with this supplier.~~ This was analysed under other expenditure categories with the majority, €63,200 categorised under Professional Fees – General Consultancy. We also understand that there may be payments to this company within other Waterford Institute of Technology departments.

4.14 We understand that no tendering process was undertaken in relation to the services which Bracken Public Relation supplies. This would appear to be contrary to good practice and to Waterford Institute of Technology’s policies and procedures in relation to tendering.

4.15 We obtained a sample of invoices from Bracken Public Relations Limited and note that they contain a detailed breakdown of the hours worked and the work done.

Professional Fees – General Consultancy

4.16 The total amounts incurred under this category heading in each year are set out in Table 4.4 below.

Table 4.4 Professional Fees - General Consultancy								
Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
-€5,093	€35,603	€18,488	€24,027	€61,626	€102,546	€101,180	€200,029	€538,406

4.17 We have analysed the total expenditure under this category by supplier and set out our findings below. We have also detailed the total amounts incurred with these suppliers across all categories of expenditure.

Table 4.5: Analysis of suppliers of Professional Fees – General Consultancy		
	Included in Professional Fees – Consultancy	Total expensed in all accounts
Marketing On Demand Ltd	€253,928	€269,730
Bracken Public Relations Ltd	€63,201	€276,559
Fewer, Harrington & Partners	€48,400	€48,400
Totem	€35,431	€57,423
Bance Nolan PR Ltd	€34,183	€315,590
Design Factory	€31,516	€35,085
MAZARS	€28,919	€29,259
Professor John L. Davies	€14,776	€85,059
Marie Moran Consulting Ltd.	€8,470	€8,470
Rodger Cropera Design	€6,250	€7,000
Other	<u>€13,326</u>	N/A
Total	€538,406	

4.18 We have already noted that amounts in respect of Bracken Public Relations Limited and Bance Nolan Limited were included within “Publicity” expenses and that these two companies were among the most significant suppliers in the period under review.

4.19 Other suppliers detailed within Table 4.5 who are among the largest suppliers are:

Marketing On Demand Limited – 4th largest

Professor John Davies – 7th

Totem – 10th

4.20 We understand that no formal tender was ever issued in respect of the work undertaken by Marketing On Demand which supplies marketing services.

4.21 We understand that Professor John Davies has provided advisory services to the Office of the President and to the Institute more generally. In particular he assisted in relation to the University initiative. We understand that no formal tender process occurred in relation to his appointment.

4.22 Totem provides visual communications solutions.

Hospitality Expenses

4.23 The total amounts incurred under this category heading in each year are set out in Table 4.6 below.

Table 4.6: Hospitality expenses									
	Jan-March 2011	2010	2009	2008	2007	2006	2005	2004	Total
	€4,012	€12,740	€24,606	€57,011	€56,878	€56,390	€43,390	€35,788	€290,814

4.24 We were provided with the Waterford Institute of Technology Hospitality Policy dated January 2007. We note the following from our review of this policy:

- Budget holders are advised to consider the use of in-house facilities, when providing hospitality, in the first instance;
- Where it is necessary to incur external hospitality costs a full explanation as to the purpose of the event/meeting, the choice of venue/time/providers and a list of the guests must be included with any invoice for payment or claim for reimbursement;
- Every effort should be made to minimize costs, at all times; such costs should be consistent with the:
 - i. Rank or Status of the guest(s)
 - ii. The occasion and circumstances; and
 - iii. The number attending.
- The following guidelines should be followed in relation to maximum allowable rates (and costs) per head for hospitality:
 - i. Light Refreshments (morning/afternoon tea) € 4
 - ii. Light Refreshments (at receptions sandwiches etc) € 8
 - iii. Lunch €15 (in-house)
 - iv. €20 (external)
 - v. Dinner €50 (external)

If these guidelines are exceeded an appropriate explanation must accompany the invoice payment or claim for reimbursement.

- Alcoholic beverages should not normally be charged to Institute funds. There is no exception to this during normal working hours, however when it is necessary to provide evening entertainment it may be appropriate to serve wine with a meal, in all circumstances this should be kept to an absolute minimum.

4.25 Table 4.7 below is our analysis of the total Hospitality Expenses of €290,814 on an annual basis and by category of expenditure. This analysis is based on the information contained in the records provided to us by Finance.

	Note	Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
WIT Card Top Up		€600	€2,200	€7,400	€4,200	€11,300	€8,800	€15,591	€5,200	€55,291
In house	1	€1,533	€765	€7,735	€11,139	€11,501	€14,855	€1,712	€5,353	€54,592
External	2	€779	€7,314	€5,721	€33,601	€29,865	€21,742	€23,797	€18,483	€141,302
Mayor Gala Ball		€1,100	€1,100	€1,250	€1,100	€1,100	€1,430	€1,000	-	€8,080
Other events	3	-	€1,210	€2,356	€6,347	€3,112	€4,228	€1,200	€5,031	€23,483
Gifts		-	€151	€145	€625	-	€335	€90	€1,721	€3,067
Kilkenny Arts Festival Sponsorship		-	-	-	-	-	€5,000	-	-	€5,000
		€4,012	€12,740	€24,606	€57,011	€56,878	€56,390	€43,390	€35,788	€290,814

Note 1: In house includes any hospitality in any of the campus dining facilities, and also the provision of food/refreshments for meetings etc at WIT.

Note 2: External includes any external hospitality such as the provision of accommodation, dinner, travel etc.

Note 3: Other events include Waterford Chamber of Commerce dinners and events, IBEC dinners, Irish Fulbright dinners, Waterford LEDC dinners.

4.26 We understand that the WIT card is a multifunctional card that can be used to purchase numerous services including point of sale in campus shops and vending machines. It is provided to senior staff to be used when hosting visitors or other guests. From our analysis, €55,291 has been topped up on the Directors card in the period under review. We are awaiting sample copies of the expenditure summaries for a number of months.

4.27 From our review of a sample of invoices for external hospitality expenses, we have been unable to verify that the Hospitality policy document has been adhered to in relation to external hospitality. We would have expected a full

explanation as to the purpose of the event/meeting including why it could not be facilitated in-house and a list of the guests included with any invoice for payment or claim for reimbursement. This was not the case in the majority of the invoices we reviewed.

- 4.28 Our sample review identified instances where no explanation was provided as to the purpose of the event/meeting or the list of guests in attendance, both of which are required per the Hospitality policy. Without this detail, it is not possible to verify that the amount spent is consistent with the: rank or status of the guest(s); the occasion and circumstances; and the number attending.
- 4.29 We also identified instances where the maximum allowable rates (and costs) per head for hospitality have been exceeded with no explanation provided as is required by the Hospitality policy document.
- 4.30 The President acknowledged that he was aware of the policy and accepted that the examples referred to above were not in compliance with the policy.
- 4.31 We note that €61,270 of the €141,302 External Hospitality Expenses were incurred at the Arlington Lodge Hotel, Waterford. In addition to the amount of €61,270 classified under this expense category, a further €11,737 has been incurred at the Arlington Lodge Hotel and classified under other expenditure categories including €7,940 classified under Hire of Facilities. This level of expenditure means that the Arlington Lodge Hotel was the 9th largest supplier in respect of the expenditure incurred by the Office of the President in the period under review. The President advised us that the Hotel was used as a discrete location for confidential meetings and was also a convenient location for visitors to the Institute.
- 4.32 The President advised us that the payments to the Mayor's Gala Ball and the sponsorship of the Kilkenny Arts Festival were examples of the Institute taking a leading role in local cultural events.

Travel

4.33 Travel expenses had been included under a number of different cost headings in the analysis provided to us. In Table 4.8 below, we have summarised the total amounts included in all of these “travel” categories for each year.

	Jan- Mar 2011	2010	2009	2008	2007	2006	2005	2004	Total
Student Travel & Sub	0	0	0	0	0	800	0	0	800
Domestic Travel	0	0	0	0	0	3,794	23,707	12,691	40,192
Foreign Travel	0	0	0	0	0	2,610	29,946	1,138	33,694
Travel Institute Business	1,521	40,007	24,528	17,240	19,507	8,904	0	0	111,706
Travel Travel & Staff Development	0	-361	208	207	0	0	0	0	53
Travel Self Financing Projects	0	0	0	0	178	472	0	0	650
Travel Other Travel	0	0	0	223	361	0	0	0	583
Travel Conference Attendance	0	0	0	300	0	0	0	0	300
Travel Governing Body	2,219	3,795	3,206	5,365	7,386	2,513	0	0	24,485
Travel Visiting Lecturers	0	0	55	572	0	0	0	0	627
Professional Fees – Travel	2,080	12,669	3,063	941	4,768	10,546	14,277	1,942	50,285
Total	5,821	56,110	31,060	24,847	32,201	29,639	67,930	15,771	263,379

4.34 It should be noted that this includes travel expenses for a variety of individuals and not just those employed in the Office of the President.

4.35 The Travel Policy which is currently in place (since May 2008) includes the following:

- Staff intending to undertake travel on Institute business should ensure that they have received the pre-approval of their Budget Manager. Pre-approval should be applied for and received on-line, as part of the claims procedure prior to the trip being undertaken. However, in instances where travel is undertaken at short notice, verbal pre-approval of the estimated cost of the trip and the length of absence away from the Institute, would be acceptable, by the Budget Manager. It should, however, be noted that verbal approval does not eliminate the need to seek the pre-approval on-line. This step cannot be omitted when the claimant seeks reimbursement on-line.
- All claims for expenses must be authorised on-line by the Budget Manager of the cost centre to which the trip is to be charged.

- Certain expenses, (e.g. accommodation, flights, pre-paid train tickets, conference fees) may be processed by way of payment directly to the external supplier from the Accounts Dept, within the Institute. The cost of this expense must still be documented on the on-line claims system, with the stipulation that the Institute incurred the cost and not the claimant. In this way each Budget Manager will be in a position to analyze the total cost of any trip.

4.36 We understand from the President that he does not seek formal pre-approval of travel expenses, although he stated that he would normally get some informal approval, for example from the Chairman.

4.37 In order to review a sample of expenses incurred for travel we selected a sample of expense items from the year 2010. We would note that in general there was limited explanation available as to the purpose of the travel which makes it hard to determine whether it was appropriate or not.

4.38 We noted an amount of €3,060 included within Institute travel business, which was in respect of travel vouchers. The President advised that these represented gifts for retiring personnel and expressed the view that these should more properly be included and paid for out of the HR budget.

Advertising General

4.39 The total amounts incurred under this category heading in each year are set out in Table 4.9 below

Table 4.9 Advertising: General									
	Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
	€0	€2,798	€2,053	€11,490	€6,748	€45,908	€100,925	€17,100	€187,021

4.40 We selected a sample of the larger invoices for review and found that they all represented advertising expenditure. The President noted that some of these items were in respect of recruitment and should in his view, more properly be included and paid for by the HR budget.

Printing Costs

4.41 The total amounts incurred under this category heading in each year are set out in Table 4.10 below

Table 4.10 Printing Costs									
	Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
	€194	€2,314	€2,417	€5,838	€66,028	€12,694	€49,201	€10,222	€148,908

4.42 The 2007 figure included a payment of €40,920 which was a payment to Gandon Editions for the printing of a book entitled: "Waterford Municipal Art Collection" by Dr Peter Jordan. A contribution of €30,000 was received from Waterford City Council leaving a net costs of €10,920.

Courier and Taxi Charges

4.43 The total amounts incurred under this category heading in each year are set out in Table 4.11 below analysed between taxi, courier and bus transport costs.

Table 4.11 Courier and Taxi Costs									
	Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
Taxis	€2,480	€14,887	€11,750	€21,980	€24,062	€15,745	€20,530	€14,795	€126,229
Courier/Post	€66	€445	€479	€401	€1,488	-€51	€1,044	-	€3,871
Bus	-	-	-	€2,600	€3,000	€2,200	€1,700	€377	€9,877
	€2,546	€15,332	€12,229	€24,981	€28,550	€17,894	€23,274	€15,172	€139,977

4.44 It can be seen from Table 4.11 above that approximately 90% of the expenditure analysed under this expense category relates to taxis, representing €126,229 out of €139,977.

4.45 Our review indicates that one taxi company "Power Martin & Eleanor" appears to have been used exclusively throughout the period. We have reviewed a sample of the invoices by this company and the detail provided on these was minimal.

4.46 We note from the Travel Policy document (effective 1 May 2008) that taxis/cars should only be used when no suitable public transport is available.

- 4.47 It is therefore difficult to ascertain the appropriateness of using taxis rather than a different form of transport.
- 4.48 We would also note that Power Martin & Eleanor is the sixth highest paid supplier in respect of the expenses of the Office of the President in the period covered by this review.
- 4.49 We understand that this expenditure was not tendered for.
- 4.50 The President stated that he considered that this expenditure was justified in some instances, for example when work needed to be done in a discrete environment whilst travelling. He also stated that the taxi was not solely for his use but was made available to other staff. We have not been able to verify whether this is correct as the invoices do not contain sufficient detail on the purpose of the journey or the people involved.
- 4.51 The President also indicated that he believed that the use of the taxi was justified on occasions since, for example, the round trip to Dublin was cheaper than the alternative of mileage and an overnight stay. We would note that this justification is only valid if an overnight stay is included in the calculation and ignores the option of public transport, or arranging meetings to coincide with convenient public transport options.
- 4.52 We also noted an invoice for a bus in the amount of €1,800 in 2008. This was to transport the Phoenix Players. We discussed this with the President and he advised us that the Phoenix Players are a drama group led by Professor John Davies and that Waterford Institute of Technology provided financial support in the form of travel and accommodation costs to enable this group to travel to Ireland. We have identified costs in relation to the Phoenix Players in 2006, 2007 and 2008 totalling €20,085, although we are unable to confirm if this is a complete list of all expenditure related to this activity.
- 4.53 The President stated that he believed this exercise was helpful in the context of the University initiative in raising the profile of the Institute.

Fine Art

4.54 The total amounts incurred under this category heading in each year are set out in Table 4.12 below.

Table 4.12 Fine Art									
	Jan-March 2011	2010	2009	2008	2007	2006	2005	2004	Total
	-	€6,450	€800	€75,817	-	€49,592	€950	€400	€134,009

4.55 The major items of expenditure under this category were:

- A payment of €41,242.48 to Pauline Bewick in 2006 to cover expenses incurred in cataloguing the Bewick Collection;
- €7,500 Mayor's Gala Ball – purchase of a painting by Pauline Bewick;
- €75,000 to Kenny's Bookshop and Art Galleries Limited in 2008 for the purchase of the papers of Thomas Wyse at auction. An additional amount of €27,126 was incurred and classified under the heading "Miscellaneous" expenses. The Institute received a contribution from Waterford City and County Councils totalling €40,000, meaning the net expenditure by the Institute was €62,126.
- €6,200 for 9 Murray Ireland sporting prints.

4.56 The President confirmed that the decisions to make these purchases were his own, although he would have informed the Executive Board. He expressed the view that these items represented valuable assets for the Institute.

Books

4.57 The total amounts incurred under this category heading in each year are set out in Table 4.13 below.

Table 4.13 Books									
Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total	
€478	€9,000	€2,078	€4,914	€2,555	€2,389	€5,968	€2,335	€29,717	

4.58 The President indicated that book purchases were made on his authorisation and were not subject to any formal approval procedure. They were used for:

- Gifts to students and visitors;
- Gifts on overseas visits; and
- For use in his own office (for example the Dictionary of Irish Biography)

4.59 He acknowledged that more information could be provided in support of such purchases to identify what they had been used for.

Miscellaneous expenses

4.60 The total amounts incurred under this category heading in each year are set out in Table 4.14 below. We have adjusted the figures to reallocate a credit note relating to 2005 costs which was received in 2006 against 2005 to more properly reflect the costs incurred in each year.

Table 4.14: Miscellaneous expenses									
	Jan- March 2011	2010	2009	2008	2007	2006	2005	2004	Total
As recorded	2,716	23,933	12,632	58,849	27,787	-18,575	50,559	14,783	172,684
Adjustment						38,959	-38,959		
Revised totals	2,716	23,933	12,632	58,849	27,787	20,384	11,600	14,783	172,684

4.61 There are over 4,000 individual items making up the total expenditure of €172,684.

4.62 We have not conducted a review of all of these items but would highlight the following items based on our work to date:

- Expenditure on flowers and bouquets - €18,452;
- Photography costs - €7,717 (this is in addition to the amount of €48,079 for photography included under Publicity expenditure and discussed above);
- Kilkenny Arts Festival Sponsorship - €10,500 (this is in addition to the amount of €5,000 included under Hospitality expenditure and discussed above);
- Payments to Kenny's Bookshop and Art Gallery - €27,126 which represents part of the payment in relation to the Wyse Archive discussed under Fine Art above);
- A contribution to an overseas initiative by the Council of Directors of the Institutes of Education - €10,000;
- A contribution to the Waterford Film Festival in 2006 - €1,856
- Further payments to Bance Nolan - €7,717
- A contribution to the Waterford SPRAOI Festival in 2007 - €8,000
- Bell Airways – charter of a plane to transport a visitor from Waterford to Dublin in 2007 - €4,200

- A contribution to the Staff Social Club annual ball to celebrate the 40th anniversary of the Institute in 2010-€6,100



APPENDIX 1

Proposed Review Strategy
(as attached to our Letter of Engagement dated 29 April 2011)

Phase 1 Collecting and summarising all relevant information:

- Produce an initial summary of the total value of expenses over the period January 2004 to March 2011. This will establish the total population of expenses to be covered by the review;
- Obtain details of the appropriate policies and procedures which were in place in relation to expenses and in relation to preferred supplier and tendering arrangements throughout the period under review;
- Commence collection of all relevant records for the relevant period, which you believe to be the extent to which records are available;
- Assess the extent to which electronic evidence may be available to assist the review and collect any such evidence;
- Prepare a methodology for conducting an initial assessment of the validity and appropriateness of expense claims, based on our understanding obtained from the policies and procedures referred to above.
- As part of our review consider the accuracy of the accounting records in the context of charging non-pay expenditure to the President's cost centre. Have particular regard to:
 - Appropriate and complete narrative.
 - Proper classification of expenditure items.
 - Consistency of posting and analysis.
 - Appropriate recognition of specific income which can be matched directly to specific expenditure.

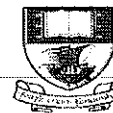
Phase 2 Analysis of expenditure:

- Summarise all available information in accordance with the methodology;
- Discuss our analysis with representatives of Waterford Institute of Technology to obtain additional information on the nature of specific items of expenditure;
- Meet with the President to discuss our findings and to seek his input on any specific items of expenditure which require clarification.

Phase 3 Reporting:

- Finalise a report summarising the work done and our findings in a form suitable for presentation to the Governing Body in draft by 6 May 2011 and in final form on 9 May 2011;
- Provide the Governing Body with any additional comments in relation to possible improvements in procedures around such expenditure, if such improvements are identified by us in the course of our work.

APPENDIX 2



	D001	D001	D001	D001	D001	D001	D001	D001	D001
	2011 Jan to 24.03.11	2010	2009	2008	2007	2006	2005	2004	TOTAL
Non PAY January to December									
3000 Class Materials & Consumables	0	0	0	0	1,203	0	0	1,742	2,945
3006 Equipment Repairs & Renewals	0	228	0	0	0	603	0	0	831
3300 Books	478	9,000	2,078	4,914	2,555	2,389	5,988	2,335	29,717
3302 Periodicals	375	734	526	403	717	195	0	890	3,340
3304 Online Subscriptions	0	61	369	3,598	0	0	0	0	4,028
3306 Multimedia - Audio, Visual & CD (Consumables)	200	0	0	0	0	345	100	25	670
3600 Computer Hardware Maintenance	0	0	221	0	0	0	0	0	221
3604 Computer Software Maintenance Contracts	0	136	45	221	0	0	0	0	402
3622 Software Purchases <1000 & Licence Fees	0	0	3,289	0	0	0	0	0	3,289
3630 Computer Consumables	0	67	0	0	0	45	0	0	112
3904 Prizes & Awards	0	5,000	0	1,800	1,000	5,000	5,390	4,330	25,510
3906 Conferencing Ceremony Expenses	0	0	0	30	0	0	0	0	30
3908 Student Travel & Sub	0	0	0	0	0	800	0	0	800
4300 Fixtures & Fittings Admin Equip (Non Capital)	0	0	6,204	0	0	13,180	0	0	19,384
4802 Furniture (Non Capital)	0	16,367	2,300	0	0	439	968	0	19,074
4806 Computer Equipment (Non Capital)	0	0	0	0	0	0	0	407	407
4812 Printers (Non Capital)	0	0	0	2,432	0	0	0	0	2,432
4816 Fine Art	0	6,450	600	75,317	0	49,392	950	400	134,009
5260 Hire Of Equipment	0	0	0	0	338	1,654	1,186	0	3,180
5262 Hire of Facilities	640	1,311	2,595	6,100	1,047	5,000	2,995	3,234	26,002
5400 Domestic Travel	0	0	0	0	0	3,794	23,767	12,691	40,192
5402 Foreign Travel	0	0	0	0	0	2,610	29,946	1,138	33,694
5403 Travel Institute Business	1,521	40,607	24,520	17,248	19,507	8,504	0	0	111,706
5404 Travel Travel & Staff Development	0	361	208	207	0	0	0	0	53
5405 Travel Staff Financing Projects	0	0	0	0	178	472	0	0	650
5407 Travel Other Travel	0	0	0	223	361	0	0	0	583
5408 Travel Conference Attendance	0	0	0	306	0	0	0	0	306
5409 Travel Governing Body	2,219	3,795	3,206	5,365	7,386	2,513	0	0	24,485
5410 Domestic Subsistence	0	0	0	0	0	0	14	1,102	1,088
5411 Travel Visiting Lecturers	0	0	55	572	0	0	0	0	627
5420 Conferences & Seminars Fees	2,022	1,713	120	290	1,378	1,730	3,652	4,937	18,750
5450 Hospitality Expenses	4,912	12,740	24,696	57,011	56,878	56,350	43,390	35,793	290,514
5700 Protective Clothing & Uniforms	0	0	0	0	0	0	0	100	100
5720 Training - External Courses	0	0	0	2,305	0	0	25	298	2,628
5722 Training - Internal Courses	0	0	0	0	1,050	775	0	0	2,635
5725 Training - Other Costs	0	0	1,911	0	0	12,817	1,258	0	16,016
5740 Corporate Subscriptions/Membership	39,733	183,784	192,182	204,463	147,225	130,861	19,643	4,190	922,081
6000 Professional Fees - Legal	0	0	0	0	2,444	0	0	0	2,444
6008 Professional Fees - General Consultancy	5,093	35,603	18,488	24,027	61,626	102,546	101,180	200,029	638,408
6010 Professional Fees Other	0	1,111	4,238	215	3,874	0	7,391	1,885	13,684
6012 Professional Fees - Travel	2,080	12,688	3,083	941	4,760	10,546	14,277	1,942	50,285
6300 Communications - Telephone	363	1,827	1,389	698	15	13	1,584	0	5,888
6302 Communications - Mobile Phone costs	338	4,214	2,230	2,522	2,757	5,572	3,536	1,991	23,160
6304 Communications - Calls to mobiles	0	0	23	0	0	12	0	0	35
6320 Postage Costs	0	0	53	47	16,890	24	18,933	0	33,947
6322 Courier & Taxi Charges	2,547	15,332	12,229	24,981	28,560	17,894	23,274	15,172	139,977
6600 Stationery	728	2,235	2,819	3,794	3,024	3,846	13,984	4,219	34,649
6602 Printing Costs	194	2,314	2,417	5,038	66,028	12,684	48,201	10,222	148,907
6608 Photocopying	0	313	0	10	1,023	255	371	20	1,991
6900 Advertising - General	0	2,790	2,053	11,490	6,748	45,800	100,925	17,100	187,021
6920 Publicity	16,410	72,744	63,517	114,575	110,008	110,046	83,704	7,210	586,214
7200 Insurance	0	0	0	0	0	4,672	0	0	4,672
7601 Bank Charges	0	52	48	30	0	0	0	0	131
9900 Miscellaneous/Sundry Costs	2,716	23,933	12,632	58,649	27,787	18,575	59,559	14,793	172,693
Total Non Pay Expenditure	71,481	455,183	390,459	634,308	583,166	603,652	608,082	348,078	3,652,408

APPENDIX 2