

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2003

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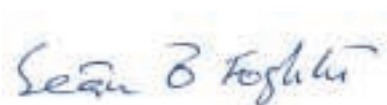
## FOREWORD FROM THE CHIEF EXECUTIVE

I am pleased to present this publication of the Annual Accounts 2003 which represent the National Qualifications Authority of Ireland's third year of operation. The Authority has presented the Annual Accounts 2003 to the Minister for Education and Science and has laid them before the Houses of the Oireachtas.

When the Authority was set up in 2001, our main task was to develop the National Framework of Qualifications, which was launched in 2003. The launch of the National Framework of Qualifications signalled significant progress in the creation of a single, coherent, more easily understood qualifications system for all levels of education and training in the State.

The implementation of the National Framework of Qualifications is now the most important national endeavour and the Authority is working with all those involved in education and training to make the National Framework a reality for learners, providers and awards bodies and for society as a whole. In addition, the Framework is now being used to enable the recognition in Ireland of international awards and the Authority is coordinating these activities.

I would like to invite you to follow the progress of the Authority by visiting its website [www.nqai.ie](http://www.nqai.ie) and [www.nfq.ie](http://www.nfq.ie).



**Seán Ó Foghlú**  
**Chief Executive**

April 2005





# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## INFORMATION

<b>Authority Address:</b>	5th Floor Jervis House Jervis Street Dublin 1
<b>Senior Executive:</b>	Mr Seán Ó Foghlú – Chief Executive Dr Anna Murphy – Director of Framework Development Ms Valerie Beatty – Director of Corporate Affairs
<b>Members of the Authority:</b>	Mr Richard Langford – Chairperson Prof Joyce O' Connor Prof Ciarán Murphy Mr Donal Kerr Ms Inez Bailey Ms Marie O' Mahony Fr Nicholas Flavin Mr Will Priestley Mr Jim Dorney Dr Caroline Hussey Ms Caroline Nash Prof Anne Moran Dr Abrar Hasan Mr Seán Ó Foghlú – Chief Executive
<b>Bank:</b>	Bank of Ireland College Green Dublin 2
<b>Solicitors:</b>	Brian Whitaker & Co Solicitors 17 Fitzwilliam Square Dublin 2
<b>Auditors:</b>	The Comptroller and Auditor General Dublin Castle Dublin 2
<b>Website:</b>	<a href="http://www.nqai.ie">www.nqai.ie</a>

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements on pages 7 to 12\* under Section 57(2) of the Qualifications (Education and Training) Act, 1999.

### RESPECTIVE RESPONSIBILITIES OF THE AUTHORITY AND THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Authority are set out on page 6\*\*. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on the system of internal financial control on pages 4 and 5\*\*\* reflects the Authority's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

### BASIS OF AUDIT OPINION

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Authority, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In my opinion, proper books of account have been kept by the Authority and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Authority at 31 December 2003 and of its income and expenditure and cash flow for the year then ended.



Comptroller and Auditor General  
10 February 2005

\*pages 13-18 in this publication

\*\*page 12 in this publication

\*\*\*pages 10 and 11 in this publication

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

On behalf of the members of the National Qualifications Authority of Ireland I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

### KEY CONTROL PROCEDURES

The Authority is taking steps to ensure an appropriate control environment by

- clearly defining management responsibilities;
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The Authority has identified and evaluated business risks by

- identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the body's ability to manage and mitigate the risks that do occur;
- assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial 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 Authority;
- regular reviews by the Authority of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance.

The National Qualifications Authority of Ireland has put in place an internal audit function, which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies. The work of internal audit is informed by 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 the internal audit plans are endorsed by the Audit Committee and approved by the Authority. At least annually, the Internal Auditor will provide the Authority with a report of internal audit activity. The report includes the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

## NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee which oversees the work of the internal auditor, the Executive within the National Qualifications Authority of Ireland who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

### ANNUAL REVIEW OF CONTROLS

I confirm that in the year ended 31 December 2003 the Authority has agreed a system of internal financial controls which is reviewed annually.

Signed on behalf of the Authority

*Richard Langford*

**CHAIRPERSON**

27 January 2005

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## STATEMENT OF RESPONSIBILITY OF THE AUTHORITY

The National Qualifications Authority was established on 26th February 2001, by the Minister for Education and Science, under Section 5 of the Qualifications (Education and Training ) Act, 1999.

The functions of the National Qualifications Authority are to do all things necessary or expedient in accordance with the Act to further the objects of the Authority.

The objects of the Authority are as follows:

- (a) to establish and maintain a framework, being a framework for the development, recognition and award of qualifications in the State based on standards of knowledge, skill and competence to be acquired by learners.
- (b) to establish and promote the maintenance and improvement of the standards of further education and training awards and higher education and training awards of the Further Education and Training Awards Council, the Higher Education and Training Awards Council, the Dublin Institute of Technology and universities established under section 9 of the Act of 1997.
- (c) to promote and facilitate access transfer and progression.

Section 57 of the Qualifications (Education and Training) Act, 1999 requires the National Qualifications Authority of Ireland (referred to as the Authority) to prepare financial statements in such form as may be approved by the Minister for Education and Science after consultation with the Minister for Finance.

In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.
- disclose and explain any material departures from applicable accounting standards.

The Authority is responsible for the keeping of proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with section 57 of the Qualifications (Education and Training) Act, 1999. The Authority is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

***Richard Langford***  
CHAIRPERSON

***Seán Ó Foghlú***  
CHIEF EXECUTIVE

27 January 2005

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## STATEMENT OF ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial statements are prepared under the accrual method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. The Financial Statements are in the form approved by the Minister for Education and Science with the concurrence of the Minister for Finance.

### ACCOUNTING PERIOD

These financial statements cover the year to 31 December 2003.

### STATE GRANTS

Income shown in the financial statements under State Grants represents the actual receipts in the period.

### GRANTS TO AWARD COUNCILS

The amounts shown in the financial statements under Award Council Grants represents the actual payments in the period.

### FIXED ASSETS AND DEPRECIATION

Fixed Assets are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, over their expected useful lives as follows:-

Leasehold buildings	Over lease term of 25 years
Computer Equipment	33.33%
Office Equipment	20%
Office Furniture	10%
Fixture and Fittings	10%

### CAPITAL ACCOUNT

The Capital Account balance represents the unamortised value of income applied for capital expenditure purposes.

### FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist.

### PENSIONS

Pension contributions are deducted from staff salaries and offset against the staff costs. There are no pensioners in payment.

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2003

	Note	2003 €	2002 €
<b>INCOME</b>			
State Grant	1	8,880,572	9,518,250
Deposit Interest		1,171	–
		8,881,743	9,518,250
Transfer to Capital Account	9	(67,493)	(693,019)
		8,814,250	8,825,231
<b>EXPENDITURE</b>			
Grants to Awards Councils	2	7,451,415	7,378,250
Staff Costs	3	734,290	591,021
Premises	4	328,623	182,680
Central Administration and Services	5	604,217	404,820
		9,118,545	8,556,771
<b>(DEFICIT)SURPLUS FOR THE YEAR</b>		<b>(304,295)</b>	<b>268,460</b>
Accumulated surplus at 1 January		376,613	108,153
Accumulated surplus at 31 December		<b>72,318</b>	<b>376,613</b>

The Statement of Accounting Policies and notes 1 - 16 form part of these financial statements.

There are no recognised gains or losses, other than those dealt with in this Account.

*Richard Langford*  
CHAIRPERSON

27 January 2005

*Seán Ó Foghlú*  
CHIEF EXECUTIVE

27 January 2005

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	€	2002 €
<b>FIXED ASSETS</b>	<b>6</b>	821,330	753,837
<b>CURRENT ASSETS</b>			
Debtors and prepayments	<b>7</b>	63,713	77,834
Cash on hand and at bank		137,906	781,927
		201,619	859,761
<b>CURRENT LIABILITIES</b>			
<b>AMOUNTS FALLING DUE WITHIN 1 YEAR</b>			
Creditors and Accruals	<b>8</b>	129,301	483,148
<b>NET CURRENT ASSETS</b>		72,318	376,613
<b>NET ASSETS</b>		<b>893,648</b>	<b>1,130,450</b>
<b>REPRESENTED BY:</b>			
Capital Account	<b>9</b>	821,330	753,837
Income and Expenditure Account		72,318	376,613
		<b>893,648</b>	<b>1,130,450</b>

The Statement of Accounting Policies and notes 1 – 16 form part of these financial statements.

*Richard Langford*  
CHAIRPERSON

27 January 2005

*Seán Ó Foghlú*  
CHIEF EXECUTIVE

27 January 2005

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 €	2002 €
<b>1 State Grant</b>		
Grant towards Administration	1,429,157	2,140,000
Grant for the Further Education and Training Awards Council	5,083,315	5,630,250
Grant for the Higher Education and Training Awards Council	2,368,100	1,748,000
	<b>8,880,572</b>	<b>9,518,250</b>
Up to 50% of the expenditure from State Grant is funded by the European Social Fund.		
<b>2 Award Council Grants</b>		
Further Education and Training Awards Council	5,083,315	5,630,250
Higher Education and Training Awards Council	2,368,100	1,748,000
	<b>7,451,415</b>	<b>7,378,250</b>
In accordance with Section 11 (1) of the Qualifications (Education and Training) Act, 1999 the Authority is provided with a grant each year by the Oireachtas. In accordance with Section 11 (2) of the Act, in each year the Authority may pay out of moneys received under Section 11 (1) a grant or grants to the Higher Education and Training Awards Council and the Further Education and Training Awards Council and in accordance with Section 11(3) of the Act, payments to the Awards Councils are made in such a manner and subject to such conditions as the Authority thinks fit.		
<b>3 Staff Costs</b>		
Salaries and Wages	670,073	528,043
Travel and Subsistence	36,565	39,918
Recruitment Costs	26,399	20,015
Staff Training	1,253	3,045
	<b>734,290</b>	<b>591,021</b>
<b>4 Premises</b>		
Repairs and maintenance	7,273	7,188
Rent	187,301	154,245
Service charges	39,486	0
Insurance	2,325	1,247
Security	7,328	0
Cleaning	9,982	0
Light and heat	7,251	0
Depreciation	67,677	20,000
	<b>328,623</b>	<b>182,680</b>
<b>5 Central Administration and Services</b>		
Telephone and postage	44,708	22,559
Accountancy	23,388	12,224
Bank charges	575	99
Information technology	40,368	1,393
Staff development	13,395	11,101
Audit fees	6,000	8,850
Advertising	20,307	98,124
Stationery	36,214	43,631
Newspapers and books	5,684	4,489
Subscriptions	5,261	2,631
General office supplies	4,126	51
Lease hire of office equipment	3,448	0
Meeting expenses	32,337	36,970
Legal fees	8,016	3,231
Consultancy fees	33,183	10,285
Loss on disposal of assets	0	2,119
Miscellaneous	4,074	804
Publications	119,645	28,426
Seminar expenses	114,313	22,478
Research and survey fees	20,860	35,574
Depreciation	68,315	59,781
	<b>604,217</b>	<b>404,820</b>

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

6 Fixed Assets	Leasehold Property F & F €	Office Furniture €	Office Equipment €	IT Equipment €	Total €
<b>Cost</b>					
At 1 January 2003	542,886	164,097	61,766	84,069	852,818
Additions	130,660	44,473	21,600	8,283	205,016
Disposals	0	0	0	(2,296)	(2,296)
<b>At 31 December 2003</b>	<b>673,546</b>	<b>208,570</b>	<b>83,366</b>	<b>90,056</b>	<b>1,055,538</b>
<b>Depreciation</b>					
At 1 January 2003	21,715	16,448	15,378	45,440	98,981
Charge for the period	67,677	20,857	16,674	30,784	135,992
Disposals	0	0	-	(765)	(765)
<b>At 31 December 2003</b>	<b>89,392</b>	<b>37,305</b>	<b>32,052</b>	<b>75,459</b>	<b>234,208</b>
<b>Net Book Values</b>					
<b>NBV at 31 December 2003</b>	<b>584,154</b>	<b>171,265</b>	<b>51,314</b>	<b>14,597</b>	<b>821,330</b>
<b>NBV at 31 December 2002</b>	<b>521,171</b>	<b>147,649</b>	<b>46,388</b>	<b>38,629</b>	<b>753,837</b>
				<b>2003</b>	<b>2002</b>
				<b>€</b>	<b>€</b>
<b>7 Debtors and Prepayments</b>					
Prepayments				62,182	77,834
Other receivable				1,531	-
				<b>63,713</b>	<b>77,834</b>
<b>8 Creditors and Accruals</b>					
Trade Creditors				72,631	422,491
Accruals				53,050	53,729
Taxation				500	6,928
Other Creditors				3,120	0
				<b>129,301</b>	<b>483,148</b>
<b>9 Capital Account</b>					
Balance at 1 January				753,837	60,818
Allocation from state recurrent grant				205,016	771,520
				<b>958,853</b>	<b>832,338</b>
Release to income					
Amortisation in line with asset depreciation				(135,992)	(78,501)
Funds released on Disposal of Fixed Asset				(1,531)	-
<b>Balance at 31 December</b>				<b>821,330</b>	<b>753,837</b>

# NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 10 Capital Commitments

There were no capital commitments at 31 December 2003.

### 11 Operating Lease

The Authority holds a 25 year tenancy agreement from 5 December 2002 in respect of the lease of the office accommodation in Jervis House. The annual cost of the lease is €219,217 with a 5 year rent review.

### 12 Contingent Liabilities

No contingent liabilities existed at 31 December 2003.

### 13 Superannuation

Section 52 of the Qualifications (Education and Training) Act, 1999 provides for the establishment of a superannuation scheme for staff of the Authority. A draft scheme is in operation which is based on the Department of Finance Model Public Sector Scheme and which has been submitted to the Department of Education and Science for approval. Pending approval, the scheme is being operated on an administrative basis.

The scheme is a contributory defined benefit superannuation scheme. Superannuation entitlements arising under the scheme will be paid out of current income.

Salaries are shown in the Financial Statements net of employee superannuation contributions.

There is no material pension liability at the year end. An actuarial review will be conducted in the coming year.

The average number of employees during the year was 13.

### 14 Corporation Tax

The Authority is not liable for Corporation Tax.

### 15 Authority Members – disclosure of transactions

The Authority adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority members and these procedures have been adhered to. There were no transactions in relation to the Authority's activities in which members had any beneficial interests.

### 16 Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 27 January 2005.