

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2006

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December, 2007

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FOREWORD FROM THE CHIEF EXECUTIVE

Leading a Cultural change in Education and Training

The Authority is working to bring about the recognition of learning outcomes that individuals have achieved, be that in the form of formal qualifications, experience or learning acquired throughout life. This entails a cultural change in approach to learning, one which has multiple pathways, is learner-centred and which focuses on the outcomes or achievements of learning. A learner-centred system provides for learning throughout life, access to learning at all stages in life and at all levels.

The Authority is leading the cultural change by shifting the focus of the qualifications system to the learner, by using the National Framework of Qualifications to emphasise learning outcomes as the basis for comparing and valuing qualifications across education and training and by advocating the necessary changes in existing mechanisms of provision, delivery and quality to assist in achieving this.

I am pleased to present this publication of the Annual Accounts 2006 which represents the National Qualifications Authority of Ireland sixth year of operation. The Authority has presented the Annual Accounts 2006 to the Minister for Education and Science and has laid them before the Houses of the Oireachtas.

Mise, le Meas



Seán Ó Foghlú
Chief Executive

December 2007

www.nqai.ie

www.nfq.ie

www.qualificationsrecognition.ie

www.europass.ie

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INFORMATION

Authority Address:	5th Floor Jervis House Jervis Street Dublin 1
Senior Executive:	Seán Ó Foghlú - Chief Executive Dr Anna Murphy - Director of Framework Development Ms Claire Byrne - Director of Corporate Affairs
Members of the Authority:	Mr Paul Haran - Chairperson Dr Caroline Hussey - Deputy Chairperson Ms Inez Bailey Mr Mogens Berg Dr Sean Conlan Mr Eamon Devoy Mr Colm Hamrogue Prof Anne Moran Ms Caroline Nash Mr Pat O'Callaghan Mr Donal O'Rourke Mr Martin Shanahan Prof Seamus Smyth Mr Seán Ó Foghlú - Chief Executive
Bank:	Allied Irish Bank 126/128 Capel Street Dublin 1
Solicitors:	Brian Whitaker & Co Solicitors 17 Fitzwilliam Square Dublin 2
Auditors:	The Comptroller and Auditor General Dublin Castle Dublin 2
Website:	www.nqai.ie

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 of the National Qualifications Authority of Ireland for the year ended 31 December 2006 under the Qualifications (Education and Training) Act, 1999.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes.

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

The Authority is responsible for preparing the financial statements in accordance with the Qualifications (Education and Training) Act, 1999 and for ensuring the regularity of transactions. The Authority prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Authority are set out in the Statement of Responsibilities of the Authority.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with General Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Authority's compliance with the Code of Practice for the Governance of State Bodies 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. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

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 International Standards on Auditing (UK and Ireland) 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 and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

OPINION

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Authority's affairs at 31 December 2006 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

A handwritten signature in blue ink, appearing to read 'Gerard Smyth', with a long horizontal stroke extending to the right.

Gerard Smyth

For and on behalf of the
Comptroller and Auditor General

6 September 2007

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT ON INTERNAL FINANCIAL CONTROL

1. On behalf 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.
2. 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.

3. KEY CONTROL PROCEDURES

The following procedures have been put in place and are designed to provide effective internal financial control:

- i an appropriate control environment is ensured by the introduction of clearly defined management responsibilities and includes reaction to and monitoring of control failures.
 - ii a formal process to identify and evaluate organisational business risks has been put in place
 - iii a comprehensive planning and budgetary system is in operation and expenditure trends are reviewed on a monthly basis
 - iv procedures for addressing the financial implications of major business risks have been implemented and include financial instructions and notes of procedures, delegation practices such as authorisation limits, and segregation of duties.
 - v the procedures for monitoring the effectiveness of the internal financial control system include an internal audit function which will operate in accordance with the Code of Practice for the Governance of State Bodies and report to the Audit Committee.
4. A review of the effectiveness of internal financial controls was undertaken in 2006.

On behalf of the Authority



Paul Haran
CHAIRPERSON

27 August 2007

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF RESPONSIBILITIES 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.



Paul Haran
CHAIRPERSON



Seán Ó Foghlú
CHIEF EXECUTIVE

27 August 2007

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

The financial statements cover the year to 31 December 2006.

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.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

PENSIONS

The Authority operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the Department of Education and Science and from contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Authority. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Education and Science.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Education and Science.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2006

	Note	2006 €	2005 €
INCOME			
State Grant	1	10,972,405	10,411,000
Other income		59,864	-
Net deferred funding for pensions	16	260,000	164,000
Deposit Interest		483	1,110
		11,292,752	10,576,110
Transfer from/(to) Capital Account	9	92,882	74,177
		11,385,634	10,650,287
EXPENDITURE			
Grants to Awards Councils	2	8,925,000	8,375,000
Staff Costs	3	1,100,140	871,310
Premises	4	336,949	397,459
Central Administration and Services	5	1,190,712	761,202
Pension Costs	16	217,591	129,591
		11,770,392	10,534,562
(DEFICIT)/SURPLUS FOR THE YEAR		(384,758)	115,725
Accumulated surplus at 1 January		132,682	16,957
Accumulated (deficit)/surplus at 31 December		(252,076)	132,682

The Statement of Accounting Policies and notes 1 - 18 form part of these financial statements.

All income and expenditure for the year relates to continuing activities.



Paul Horan
CHAIRPERSON

27 August 2007



Seán Ó Foghlú
CHIEF EXECUTIVE

27 August 2007

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDEND 31 DECEMBER 2006

	Note	2006 €	2005 €
(Deficit)/Surplus for the Year		(384,758)	115,725
Experience (losses)/gains on pension scheme		(40,000)	(1,076,000)
Changes in assumptions underlying the present value of pension scheme liabilities		-	-
Actuarial (Losses) on Pension Liabilities	16	(40,000)	(1,076,000)
Adjustment to Deferred Pension Funding		40,000	1,076,000
Total recognised gain/(loss)		(384,758)	115,725

The Statement of Accounting Policies and notes 1 – 18 form part of these financial statements.



Paul Haran
CHAIRPERSON

27 August 2007



Seán Ó Foghlú
CHIEF EXECUTIVE

27 August 2007

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 €	2005 €
Fixed Assets	6	565,436	658,318
Current Assets			
Debtors and prepayments	7	30,288	123,546
Cash on hand and at bank		91,890	78,197
		122,178	201,743
Current Liabilities			
Amounts falling due within 1 year			
Creditors and Accruals	8	374,254	69,061
Net Current Assests		(252,076)	132,682
Total assets less current liabilities before pensions		313,360	791,000
Deferred pension funding	16	1,800,000	1,500,000
Pension liabilities	16	(1,800,000)	(1,500,000)
Total assests less current liabilities		313,360	791,000
Represented by:			
Capital Account	9	565,436	658,318
Income and Expenditure Account		(252,076)	132,682
		313,360	791,000

The Statement of Accounting Policies and notes 1 - 18 form part of these financial statements.



Paul Haran
CHAIRPERSON

27 August 2007



Seán Ó Foghlú
CHIEF EXECUTIVE

27 August 2007

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 €	2005 €
1 State Grant		
Grant towards Administration	2,047,405	2,036,000
Grant for the Further Education and Training Awards Council	6,525,000	5,775,000
Grant for the Higher Education and Training Awards Council	2,400,000	2,600,000
	10,972,405	10,411,000
Up to 50% of the expenditure from State Grant is funded by the European Social Fund.		
2 Award Council Grants		
Further Education and Training Awards Council	6,525,000	5,775,000
Higher Education and Training Awards Council	2,400,000	2,600,000
	8,925,000	8,375,000
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.		
3 Staff Costs		
Salaries and Wages	1,035,906	805,749
Travel and Subsistence	63,387	56,562
Recruitment costs	847	9,000
	1,100,140	871,310
4 Premises		
Repairs and maintenance	14,855	23,186
Rent and rates	219,313	244,081
Service charges	24,531	47,207
Insurance	4,861	6,461
Security	1,153	690
Cleaning	9,343	11,620
Light and heat	11,663	12,983
Depreciation	51,230	51,231
	336,949	397,459
5 Central Administration and Services		
Telephone and postage	41,851	34,145
Accountancy	31,906	22,837
Bank charges	1,477	508
Information technology	110,208	11,158
Staff development	36,336	55,266
Audit fees	7,200	5,700
Advertising	351,027	59,570
Stationery	25,659	29,249
Newspapers and books	4,604	5,465
Subscriptions	5,040	2,906
General office supplies	7,880	5,799
General maintenance	16,621	12,517
Meeting expenses	21,883	25,320
Legal fees	4,265	725
Consultancy fees	16,372	5,938
Miscellaneous	6,822	5,496
Publications	202,092	90,366
Professional membership	7,156	3,415
Seminar expenses	160,460	262,906
Research and survey fees	58,781	47,381
Internal audit	22,499	26,202
Depreciation	50,573	48,333
	1,190,712	761,202

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

6 Fixed Assets	Leasehold Property	Office Furniture	Office Equipment	IT Equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2006	673,546	226,141	86,332	115,418	1,101,437
Additions	-	3,150	-	5,771	8,921
Disposals	-	-	-	-	-
At 31 December 2006	673,546	229,291	86,332	121,189	1,110,358
Depreciation					
At 1 January 2006	191,853	81,140	65,991	104,135	443,119
Charge for the year	51,230	22,929	17,266	10,378	101,803
At 31 December 2006	243,083	104,069	83,257	114,513	544,922
Net Book Values					
NBV at 31 December 2006	430,463	125,222	3,075	6,676	565,436
NBV at 31 December 2005	481,693	145,001	20,341	11,283	658,318

	2006 €	2005 €
7 Debtors and Prepayments		
Prepayments	19,044	123,546
Other receivables	11,244	-
	30,288	123,546
8 Creditors and Accruals		
Trade creditors	292,734	7,244
Accruals	42,083	54,528
PAYE/PRSI	16,522	-
Professional services withholding tax	18,830	2,659
Other creditors	4,085	4,630
	374,254	69,061

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 €	2005 €
9 Capital Account		
Balance at 1 January	658,318	732,495
Allocation from state recurrent grant	8,921	25,387
	667,239	757,882
Release to income		
Amortisation in line with asset depreciation	(101,803)	(99,564)
Balance at 31 December	565,436	658,318

10 Capital Commitments

There were no capital commitments at 31 December 2006.

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 2006.

13 Corporation Tax

The Authority is not liable for Corporation Tax.

14 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.

15 Important Events Since The Year End

There have been no significant events affecting the Authority since the year end.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

16 Pension Costs

a. Pension Scheme

The Authority operates a defined benefits scheme which is unfunded.

The valuation used for FRS 17 disclosures has been based on a full actuarial valuation by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the scheme liabilities as 31 December 2006.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	2006	2005
Discount rate	5.5%	5.5%
Salary increase assumptions	4.0%	4.0%
Pension increase assumptions	4.0%	4.0%
Price inflation	2.0%	2.0%

b. Net Deferred Funding for Pensions in year

	2006 €	2005 €
Funding recoverable in respect of current year pension costs	260,000	164,000
State grant applied to pay pensioners	-	-
	260,000	164,000

c. Analysis of total pension costs charged to Expenditure

	2006 €	2005 €
Current service cost	180,000	150,000
Interest on Pension Scheme liabilities	80,000	14,000
Employee contributions	(42,409)	(34,409)
	217,591	129,591

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

16 Pension Costs

d. Deferred Funding Asset for Pensions

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation scheme, and the policy and practice in relation to funding public service pensions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the Department of Education and Science, the Authority has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. The deferred funding asset for pensions as at 31 December 2006 amounted to €1,800,000. (2005: €1,500,000)

e. Movement in Net Pension Liability during the financial year

	2006 €	2005 €
Net pension liability as at 1st January	1,500,000	260,000
Current service cost	180,000	150,000
Interest costs	80,000	14,000
Actuarial loss	40,000	1,076,000
Pensions paid in the year	-	-
Net pension liability as at 31st December	1,800,000	1,500,000

f. History of experience gains and losses

	2006 €	2005 €
Experience losses/(gains) on scheme liabilities		
Amount (€)	40,000	(1,076,000)
Percentage of the present value of scheme liabilities	2%	72%
Total amount recognised in Statement of Total Recognised Gains and Losses		
Amount (€)	40,000	(1,076,000)
Percentage of the present value of scheme liabilities	2%	72%

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

17 Average number of employees

The average number of employees during the year was 15 (2005:14).

18 Approval of Financial Statements

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

NOTES