

Presentation

to

International Workshop on Accountability Challenges

Liverpool, UK

19 June – 21 June 2008



science foundation ireland
fondúireacht eolaíochta éireann

Donal Keane
Chief Operations
Officer

IRELAND- Policy Framework



Building on National Development Plan

2000-2006:

- **Strategy for Science, Technology & Innovation (SSTI), 2006-2013**
- **New National Development Plan, 2007-2013**



SSTI Vision



Ireland by 2013 will be internationally renowned for the excellence of its research and will be to the forefront in generating and using new knowledge for economic and social progress within an innovation driven culture.

- **Competing in a highly competitive global market**
- **Earning a living in the knowledge economy**
- **Growing quality employment and productivity**
- **To give us high standards of living and services**
- **International profile for Ireland as a location for carrying out world class research**

SSTI Focus



- **Build a world class research system.**
- **Increase trans national research activity.**
- **Capture protect and commercialise ideas and know-how.**
- **Drive growth through research and innovation in enterprise.**
- **Ensure sound foundations in education.**
- **Using focused research / knowledge to advantage across sectors - enterprise, health, agriculture, marine, energy, environment, geoscience.**

Government Strategy : SSTI and Role of SFI



- **Move Ireland up value chain: research- and innovation-driven economy.**
- **Attract, Grow R&D activities within Ireland.**
- **Broaden the activities of MNCs within Ireland.**
- **Be supportive of indigenous SMEs, start-ups.**
- **Under the SSTI and the National Development Plan 2007 - 2013, the Government has committed €8.2 billion to scientific research.**

SFI is a key component in this strategy

- **build research excellence & and human capital (# PhD's x 2 by 2013!).**
- **foster academic-industry collaboration through CSET & SRC Programmes.**

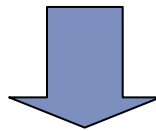
SFI - A Few Facts and Figures



- **Year of establishment: 2000**
- **Funded through Department (Ministry) of Enterprise, Trade & Employment**
- **Sister agencies; IDA Ireland, Enterprise Ireland, Forfás**
- **SFI Thematic Areas:**
 - **Life Sciences**
 - **Information Communication & Emergent Technologies**
 - **Energy (from 2008)**
- **Number of Employees: 43 (16 with PhD)**
- **New Commitments of €365m made in 2007 (Highest Year Ever)**
- **Annual Research Budget: €174m (2008)**
- **Total Funding Commitment to date; > €1 Billion**

SFI Imperatives

- **Build top quality R&D teams**
- **Attract and build industrial research**
- **Build on tradition of entrepreneurship**
- **Create culture of partnership – National and International**
 - **Inter-university**
 - **University-industry**



Maintain momentum of economic growth

Funding Criteria

- **Global / International Call for Proposals.**
 - **Funding available to independent researchers based at Irish Higher Education Institutes.**
 - **Research priorities mainly in BIO and ICT, but Energy now an added theme.**
 - **Competitive research proposals.**
 - **Quality/Excellence – International Peer Review.**
 - **Strategically important to Ireland.**
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Overview of Internal Audit

Jeremy Twomey
Head of Audit & Compliance
20 June 2008

Mission Statement

The mission of Internal Audit, as one component of the governance and control structure of SFI, is to provide independent, objective assurance and consulting services, which are designed to add value and to improve the operations of SFI.

SFI Internal Audit Charter



Internal Audit Responsibilities

- **To perform independent and objective assessments of the systems and practices of both SFI and SFI funded Institutions as laid down in the Annual Audit Plan.**
- **To establish and maintain policies and procedures to ensure the Internal Audit function adheres to the standards set forth in the *Code of Practise for the Governance of State Bodies*, and the *Code of Ethics and International Standards for the Professional Practise of Internal Auditing* published by the Institute of Internal Auditors.**



Internal Audit Responsibilities (Cont'd)

- **To provide assurance to the SFI Board and Management on the quality and degree of adherence to the system of control in the areas being audited and to follow-up on implementation of agreed upon audit recommendations with relevant management so as to ensure the adequacy and timeliness of corrections.**
- **To ensure that value for money auditing receives adequate attention.**



Internal Audit Responsibilities (Cont'd)

- **To reveal any serious defects in systems of internal control that may lead to corruption of records, misappropriation of assets and under-utilisation of resources or distortion of SFI's financial position. To report to the Audit Committee and Director General any suspected or reported cases of fraud , misappropriation of assets or loss of income discovered and to carry out investigations if so requested.**

Internal Audit Responsibilities (Cont'd)

- **To** coordinate activities **with other** internal **and** external providers of relevant assurance and consulting services. **The planning and execution of Internal Audit Services will be co-ordinated to** ensure adequate audit coverage, the timely delivery of a quality service by external service providers, **appropriate** sharing of information **and** elimination of any unnecessary duplication of work.

Reporting

- **Directly accountable** to the **Audit Committee**.
- Report on a regular basis (at least 6 times a year) the progress under the Annual Audit Plan.
- In addition Annual Report on activities of the Internal Audit Function to the SFI Board and Management.
- Administratively report to the Director General.

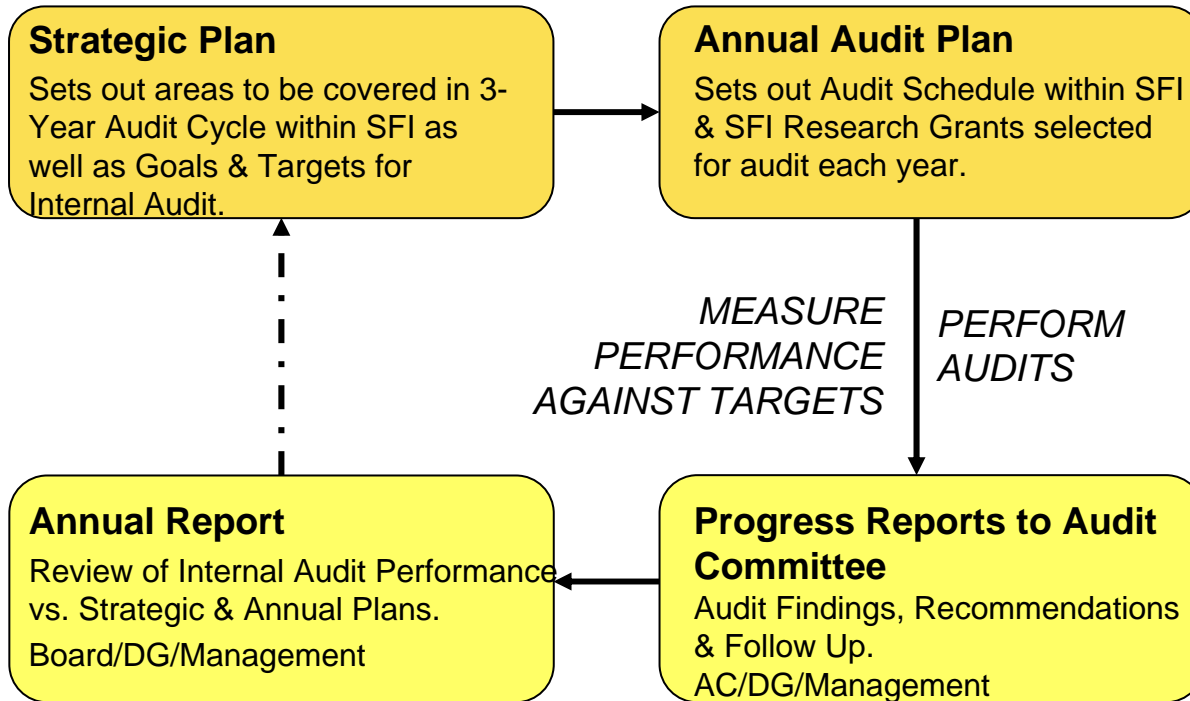


Independence

- Not authorised to perform any operational duties.



Audit Planning & Reporting



Audit Performance

Internal Audits

- **Systems-based reviews.**
- **Cover all aspects of SFI operations.**
- **Performed by Head of Audit & Compliance, or external consultant where specific expertise required.**
- **Seek to complete a review at least each quarter.**



Audit Performance (Cont'd)

External Audits

- **Ensure compliance with terms & conditions of SFI Research Grants.**
- **Awards to be audited selected by Head of Audit & Compliance by means of a risk based assessment process.**
- **Audits performed by external consultant.**
- **Managed by Head of Audit & Compliance.**
- **Seek to audit a minimum of 10% of total SFI Awards by value each year.**

Audit Process Overview



Thank You



For further information, please contact:

**Mr. Jeremy Twomey
Head of Audit & Compliance
Science Foundation Ireland
Wilton Park House
Wilton Place
Dublin 2
Ireland**

**Tel: + 353 1 6073202
Email: jeremy.twomey@sfi.ie**



CSET AWARDS

- **SFI's Largest Awards (up to €20m Direct Costs).**
- **Involve Industry/Academia Partnerships.**
- **Industry Cost-Share (25% of direct costs).**
- **Can be Actual or "In Kind".**

Accountability Challenge

- **2005 Internal audit recommendation.**
- **Combined Technical and Financial reviews.**
- **To achieve greater assurance about the governance structure and control over expenditure.**

Accountability Developments Since 2007 (cont'd)



Implementation

- **3 reviews conducted to date.**
- **Good cooperation from CSETs and Host Universities.**
- **No major issues noted.**
- **Strong links to Host University policies and procedures noted.**
- **Strong Governance Structures implemented as recommended by SFI.**

Outstanding Question

- **What steps should be taken to verify “In Kind” contributions from Industrial Partners?**

Current Issue for Resolution

THE PROBLEMS

- **Imperfections in Data on Grants Database are hampering proper strategic planning.**
- **Initial Cash Profile not adjusted to reflect actual expenditure.**
- **Generally results in an initial underspend against plan that throws subsequent cash flows out of synch.**
- **Budget planning model draws on original unadjusted data.**
- **Results in incorrect forecasting of cash requirements for existing commitments.**
- **Giving incorrect value for cash available for new awards.**

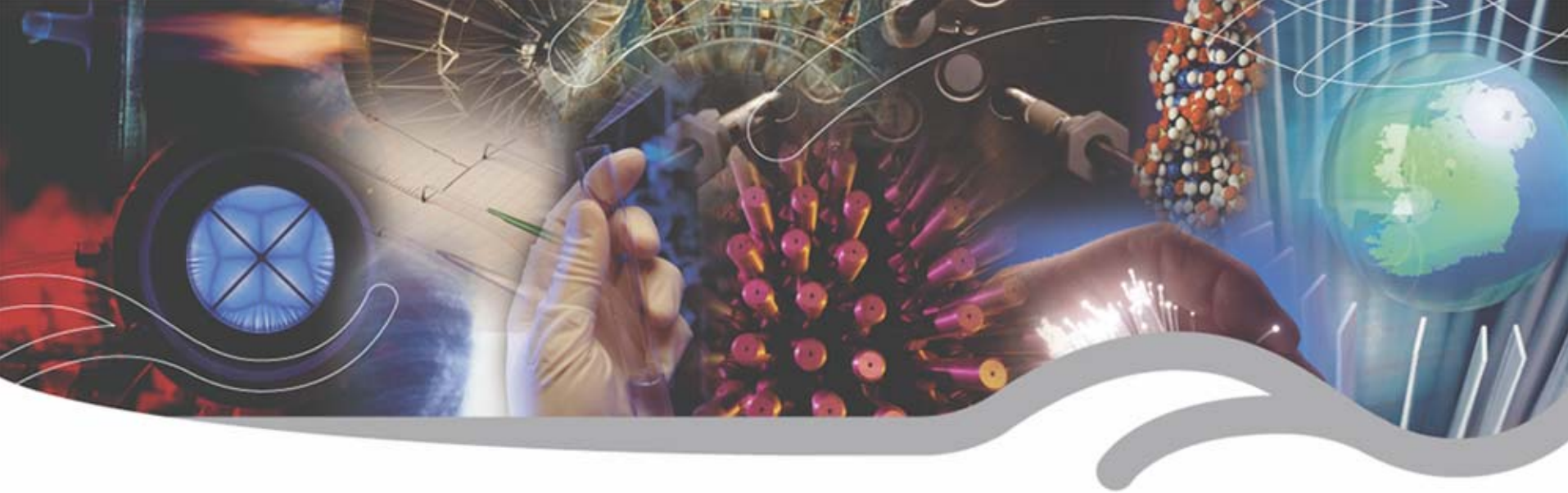
Current Issue for Resolution (Cond't)



THE SOLUTION

- **Major data cleansing operation in process using external resources.**
- **Each University required to project the timing of remaining cash flows for each award.**
- **Will modify the database accordingly.**
- **Looking strongly at a proposal to change the payment process from “claim based”.**
- **Will result in certainty of future cash flow projections.**





www.sfi.ie

email info@sfi.ie

tel +353 1 607 3200

