

**The University of Dublin**

**Trinity College**

**Minutes of Audit Committee, Wednesday 23 June 2004**

*Present* Mr D Kingston (Chairman), Mr T Forsyth, Professor D Dickson, Dr S Allwright, Professor J McGilp.

*(ex officio)* Internal Auditor, Assistant Secretary

The Treasurer attended for items 2003/43 (g) and 2003/45.

**2003/39** **Minutes** The Minutes of the meetings held on 14 May 2004 were approved and signed.

**2003/40** **Appointment of Auditors for the Trust Funds (Benefactions)** (see **minute 2003/35 of 14 May 2004**) The meeting noted that the recommendation that KPMG be appointed to audit the Trust Funds (Benefactions) for 2003/2004 and 2004/2005 had been approved by the Board at its meeting on 9 June 2004 subject to the provision of an appropriate letter of engagement.

**2003/41** **HEA Verification Letter** (see **minute 2003/37 of 14 May 2004**) The secretary invited the meeting's attention to the verification letter which had been sent from the Provost to the Secretary/Chief Executive of the HEA, dated 28 May 2004, which had been circulated.

**2003/42** **College Governance** (see **minute 2003/38 of 14 May 2004**) The secretary advised the Committee that the Board, at its meeting on 9 June 2004, had established a working group, comprising members of the Board, to develop proposals for the implementation of the Board's decisions in relation to College governance. The meeting noted that it was hoped to implement recommendations in relation to Principal Committees by the start of the next academic year.

**2003/43** **Status of implementation of audit recommendations** The Internal Auditor invited the Committee's attention to a document, which had been circulated, detailing progress on recommendations arising from external and internal audits since 2000, noting in particular issues outstanding in relation to the following areas.

- (a) **The Fixed Asset Register:** The Committee, noting the importance of the asset register as an input to consolidated accounts, further noted that concerns still remain as to its timeliness and accuracy. The Internal Auditor advised the Committee that there are difficulties at departmental level in maintaining an accurate record of purchases and disposals and that there can be a lack of clarity in relation to the definition of an asset for the purposes of the register. The Committee noted the view that maintaining an accurate asset register can be resource intensive, particularly in large departments, and requested that the scale of resources required should be addressed in future reports. In response to a query, the Internal Auditor advised that the implementation of external auditors' recommendations is the responsibility of the College's management, noting that the College Secretary is currently coordinating issues raised by external auditors. The Committee noted that it would be usual for external auditors to review the status of recommendations made in previous audits.

- (b) **IT Security:** The Internal Auditor advised the Committee that much work remains to be done if the College is to move closer to the principles outlined in the British Standard 7799 in relation to IT security and that progress is being made through the development of security policies and procedures. The Committee also noted the vital role which an IT Security Officer plays in addressing security risks.
- (c) **IT Disaster Recovery Plan:** The Committee, noting the risks for the College in not having resources to implement a disaster recovery plan, agreed that this should be brought to the attention of the Board in the Committee's next Annual Report.
- (d) **Employment Contracts:** The Committee, noting that procedures for the issuing of contracts to staff had improved significantly over the last year, further noted that problems still exist in relation to short-term contracts and requested that this be kept under review.
- (e) **Repository of Knowledge in relation to Risks:** The Internal Auditor advised the Committee of the difficulties associated with implementing the recommendation, which arose from a study of the College's insurance process, to develop a risk-based repository of knowledge. The Committee also noted that experience in other organisations would suggest that developing such a repository is very resource intensive.
- (f) **Regulations on Research Grants:** The Internal Auditor invited the Committee's attention to internal control risks associated with the rapid increase in research income from funding agencies, and emphasised the importance of implementing recommendations that research staff be advised about regulations on research grants and contracts. The Committee further noted that the Internal Auditor had indicated that their implementation is being hampered by lack of resources in the Treasurer's Office.

The Committee agreed that the Internal Auditor would make a further report to the Committee at its next meeting in which the key outstanding issues would be collated and the responsibility for their resolution clearly stated.

- (g) **Haughton Institute:** The meeting noted the following documents tabled at the meeting: (a) a letter from Dean of Health Sciences to the Internal Auditors, dated 21 June 2004, together with an accompanying report; (b) a memorandum from the Provost to the Board dated 2 July 2003; (c) an extract from Audit Committee report to Board 2003 concerning Haughton Institute.

Introducing the topic, the Internal Auditor invited the Committee's attention to the comments on the Haughton Institute which had been included in the Committee's Annual Report to Board in December 2003, noting in particular, the advice of the Dean of Health Sciences that new partnership arrangements between the College and the teaching hospitals would be required and that the future relationship with the Haughton Institute must be considered in that context, thus necessitating a review of the proposals which had been approved by Board in July 2003.

The Internal Auditor invited the Committee's attention to the report from the Directors of the Haughton Institute outlining actions which had been taken to address the Board's recommendations of July 2003, which he had received on 21 June 2004. The Committee, in over-viewing the issues addressed in the report, noted that they were concerned almost exclusively with financial matters and that the report did not appear to address many of the risk issues which had been identified by Board. (The Board had agreed in December 2003 that a review of these risk issues would be carried out in the context of proposed new arrangements with the Teaching Hospitals.)

In response to a query, the Treasurer advised the Committee that, while draft accounts had been made available to the College, the Haughton Institute Executive were as yet unable to provide the College with final accounts and an audit report. The Committee, noting that the Directors' report would be considered by the Finance Committee at its meeting that afternoon (23 June 2004), requested that the Treasurer advise the Finance Committee that, as the report had only recently been received, it was still under consideration by the Audit Committee.

The Committee agreed that the Internal Auditor would meet with the Dean of Health Sciences as soon as possible to address out-standing issues with a view to providing a progress report to the Board.

**2003/44 Accommodation Office – Summer Lettings** The Internal Auditor invited the Committee's attention to the report *Accommodation Office – Summer Lettings* which had been prepared to examine issues raised by KPMG regarding summer lettings and possible risks to College. The Committee noted the report's conclusions that the occupancy rate of College residences is on a par with the average equivalent tourist accommodation and that while some system weaknesses and risks had been identified, the overall level of control and supervision appears strong. The Committee noted that the College's Accommodation Manager had indicated that the recommendations would be implemented in due course.

**2003/45 HEA Financial Review** The Treasurer invited the Committee's attention to the following documents which had been circulated:

- (a) Letter from the Secretary/Chief Executive of the HEA to the Treasurer, dated 6 February 2004
- (b) Memorandum of meeting between TCD and the HEA, 19 February 2004
- (c) Correspondence between the Provost and the Chairman of the HEA, dated 18 and 23 February 2004
- (d) Letter from the Treasurer to the Secretary/Chief Executive of the HEA dated 25 February 2004
- (e) Letter from the Secretary/Chief Executive of the HEA to the Provost dated 6 April 2004
- (f) Presentation to the Financial Review Group by Trinity College Dublin dated 20 April 2004

The Treasurer invited the Committee's particular attention to the items of information which had been requested by the HEA on 6 February 2004 as an input to its Financial Review and to the College's response, dated 25 February. The Committee, reviewing the request for information from the HEA, noted the very tight time-scale within which the College had to reply. The Committee also noted with concern that the HEA had not requested any elaboration by the College of the contextual background against which the data had been collected, and which had been identified by the Treasurer in the College's response. The Treasurer advised the Committee that discussions with the HEA had indicated that there appeared to have been little appreciation that universities are going-concerns with business cycles longer than one year and that as such they must manage their finances accordingly.

The Treasurer advised the Committee that following the submission of the data to the HEA for the Financial Review there had been a number of subsequent requests for information, the most significant of which had been the request that full Consolidated GAAP Accounts, (the Consolidated Accounts), for the year ended 30 September 2003, be delivered within a three week period. The Treasurer advised the Committee that in order to supplement the staff resources in her area, which were already extremely stretched, additional accountancy support had been secured from KPMG with the approval of that firm's Technical Advisors. In response to queries, the Treasurer addressed a number of technical issues associated with the preparation of the College's Consolidated Accounts and the Committee agreed that these would be considered in more detail when these audited accounts are presented in September 2004.

The Treasurer invited the Committee's attention to discussions which had taken place with the HEA in relation to the College's concerns regarding the interpretation of one-year draft accounts, prepared across the sector within a very short timescale, possibly using different approaches, with a risk that there might be inconsistencies in the manner in which the data had been collected which could result in erroneously based conclusions. The Committee noted that the HEA had indicated that due to their own tight deadline there would not be an opportunity for the HEA Financial Review Group to meet each College as they had previously indicated, nor for universities to review the report from a factual point of view prior to its finalisation. The Committee expressed concern that the College would not have an opportunity to check the factual accuracy of the report, particularly as the Consolidated Accounts refer only to one year and were being considered in isolation from an analysis of the on-going business of the College. The Committee requested that its concerns in this regard be brought to the attention of the Finance Committee and Board.

The Committee noted that sight should not be lost of the fact that the prime objective of the Consolidated Accounts is to present a true and fair view of the College's activities.

The Committee concluded its discussions by thanking the Treasurer for her comprehensive presentation and commended her and her staff for their very significant work in responding to the HEA's Financial Review under very difficult circumstances.

**2003/46                      Committee Membership** Under Other Business the Committee noted that Professor Dickson, who had been appointed Registrar by the Board, would be resigning from the Committee and that the Board would appoint a replacement at its next meeting. The Committee thanked Professor Dickson for his contribution to the work of the Committee during his term of office.

The Committee also extended its appreciation to Mr Kingston who was attending his last Committee meeting after six years as Chairman and thanked him for his very significant and unstinting work in establishing the internal audit function and the Audit Committee in College.

Signed: .....

Date: .....