

The University of Dublin

Trinity College

Summary* Minutes of Audit Committee, Friday 17 June 2005

Present Mr T Forsyth (Chairman), Dr S Allwright, Professor J McGilp, Professor B McGing*
(ex officio) Internal Auditor, Assistant Secretary
By invitation: Mr Kieran Mongan and Mr Ciaran Kelly from PwC, Mr Michael Nowlan, Director of IS Services, Mr John Murphy, Assistant Director of IS Services and Ms Sara McAneney, IT Security Officer for item AD/04-05/45.

Present for: * AD/04-05/42-48

(Items of specific interest to the Board are denoted **XXX**)

AD/04-05/42 Minutes The Minutes of the meeting held on 24 May 2005 were approved and signed.

AD/04-05/43 Draft Code of Practice for the Governance of Third Level Institutions (see minute AD/04-05/32 of 24 May 2005) The Internal Auditor advised the Committee that the sectoral response to the draft code is being prepared by CHIU in conjunction with the Secretaries Group and that the views of Finance Officers are being incorporated by College Secretaries at an institutional level, noting that the Treasurer has submitted her comments to the College Secretary, as he had in relation to the views of the Audit Committee.

AD/04-05/44 External Auditors' Non-Audit Work (see minute AD/04-05/33 of 24 May 2005) The Internal Auditor advised the Committee that KPMG have internal software programmes to monitor client relationships and that the Senior Partner in KPMG has agreed to take responsibility for notifying the Audit Committee in advance of any KPMG non-audit work being considered by her colleagues on behalf of the College.

Action

The secretary to write to Ms Gallagher to confirm the arrangements.

SECTION A

AD/04-05/45 Information Technology Security Audit of Trinity College Dublin The Chairman welcomed Mr Mongan and Mr Kelly from PwC to the meeting. The Chairman invited the Committee's attention to a report which had been prepared by PwC on IT security in Trinity, dated June 2005, which had been circulated. Mr Mongan advised the Committee that the purpose of the audit had been to assess the current state of compliance on a number of selected College systems and to highlight any actions considered critical to strengthen the IT security environment. The approach had involved a comparison of Trinity's IT security with ISO 17799 and the report had highlighted areas which did not reach this standard. The Committee noted that, due to the time-lag between conducting the audit survey and the completion of the report, some issues which had been identified as problem areas have now been, or are in the process of being, addressed and further noted that the report did not record the significant improvements that had been made by IS Services over the past few years to the College's IT security environment.

The Committee noted concerns in relation to the environmental threats to which the College's servers are currently exposed. Mr Mongan advised that the College's IT security policies are a good basis for information security and that they provide a solid foundation on which to develop the necessary IT security controls, while noting the importance of formal College-wide risk assessments in developing strategies in this regard.

* Full minutes are available from the secretary to the committee

Mr Kelly advised the meeting that the probability and the impact of certain events should be taken into account when allocating resources to manage the risks identified in the report. The Internal Auditor indicated that IS Services have been engaged in risk assessments within their own area in recent years and that there are on-going resource constraints preventing the optimal management of some significant risks.

The Chairman welcomed Mr Michael Nowlan, Director of IS Services, Mr John Murphy, Assistant Director of IS Services and Ms Sara McAneney, IT Security Officer to the meeting.

The meeting considered the report's findings and management's comments in relation to the following matters, and in relation to each area, the representatives from PwC and IS Services staff answered queries and clarified issues raised by the Committee:

- Network security
- Email system
- Physical security
- Domain security
- Server security
- Application security
- Policy

The Director of IS Services invited the Committee's attention to the challenges facing the College in providing a computer environment which, on the one hand, is secure and, on the other, meets the academic needs of the College Community. He advised the Committee that, in order to address this potential conflict, internal licensing arrangements had been introduced for users of autonomously managed systems which are not under the direct control of IS Services but are part of the College network and if breached from a security point of view, could result in serious damage to the network as a whole. The Committee noted that such licences are awarded to research groups and academic departments which have computer requirements which require network features and enhancements beyond that which are available to users of the central College network. The Director of IS Services advised the Committee that all applications for licences are considered by the Information Policy Committee from which approval is required before they can be implemented.

The fact that the physical security of the College's server facilities had been identified as remaining a significant risk to the College was noted with concern by the Committee. While this situation was receiving attention the Director of IS indicated that additional resources are required in order to mitigate these risks.

The Committee, having discussed and noted the detailed risks presented by PwC and the actions proposed by IS Services, thanked PwC for their comprehensive report.

Mr Kelly and Mr Mongan left the meeting.

In response to queries, the Director of IS Services advised the Committee that the permanent appointment of the IT Security Officer had significantly increased the College's capability to address IT security issues. The Committee noted the Director's comments in relation to the resources required to tackle areas such as physical location of servers and off-site back-up facilities. The Director agreed that an up-date on the status of the implementation of the report's recommendations would be available by the start of the next academic year.

The Committee thanked the Director and his staff for their very positive and constructive contribution to the Committee's consideration of the security audit.

Mr Nowlan, Mr Murphy and Ms McAneney left the meeting.

Action

The Internal Auditor to review progress on the implementation of PwC's recommendations

and include an up-date in the Committee's annual report to Board in December 2005.

AD/04-05/46 **Resourcing the Internal Audit Function** The Chairman invited the Committee's attention to a document dated 10 June 2005, which had been circulated, outlining options for the presentation of resourcing issues to the Provost. Following consideration of the Chairman's proposals, the Committee agreed that he would send a letter summarising the Committee's conclusions in relation to the resources required for the Internal Audit function together with the draft terms of reference previously agreed (minute AD/04-05/24 of 16 December 2004 refers).

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Action

The Chairman to revise the draft letter in view of the comments made and to send it to the Provost, together with the draft terms of reference, with a request that he meet with the Provost to discuss the matters raised.

AD/04-05/47 **Risk Management Policy** The Chairman invited the Committee's attention to a memorandum from the secretary dated 10 June 2005 and the attached draft risk management policy which had been referred from the Executive Officers for the Committee's consideration prior to Executive Officers forwarding it to Board for approval.

Following a discussion of the draft policy, it was agreed that the Committee would recommend to Executive Officers that the policy be re-drafted to include a clear policy statement on risk management and a second section on the procedures which would be used to implement the policy. It was also recommended that research institutes should come within the remit of any College risk policy and procedures and that the inclusion of a time-line should be included in the procedures being presented to Board by Executive Officers.

Action

The secretary to write to the College Secretary advising of the Committee's recommendations.

AD/04-05/48 **Academically Based Resource Allocation Model (ARAM)** The Chairman invited the Committee's attention to a memorandum from the secretary, dated 10 June 2005, which had been circulated together with a paper outlining the key features of the ARAM which had been approved by Board on 26 January 2005.

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At the outset the Committee clarified that its concerns were not with the ARAM itself but with any possible risks to which the College might be exposed during its implementation, particularly in the transition period.

In the course of a brief discussion, the Committee noted the need to develop new financial systems to meet the data needs of the ARAM while at the same time continuing to meet the on-going needs of the College. It was also noted that there is a need for accounting/financial staff to support Heads of School in managing large budgets. The Committee also noted the need to provide adequate resources for the devolution of functions to Schools/Vice-Deaneries.

Action

The secretary to minute these potential concerns and the Committee to note these issues for consideration at a later date.

SECTION B

AD/04-05/49 **Status of Work Programme** The Chairman invited the Committee's attention to a memorandum, dated 10 June 2005, which had been circulated outlining the current status of the Internal Auditor's work programme. The Committee, noting that the Internal Auditor had, in the course of the year, invested a significant amount of time on the development of

resourcing models for the internal audit function and the revised terms of reference, approved the priorities for the work plan as proposed, with the addition of the review of the College's governance procedures.

Action

The Internal Auditor to provide a progress report to the Committee at its meeting in September 2005.

AD/04-05/50 Management of C&AG Audit The Internal Auditor invited the Committee's attention to some operational issues associated with the audit which the C&AG carries out each year following the KPMG audit of the financial statements. Following consideration of the issues raised, the Committee concluded that it does not fall within its remit at this time to have any formal involvement with the C&AG in the conduct of its audit, noting that the Internal Auditor and the secretary to the Committee will continue to assist the C&AG auditors during the course of their audit.

AD/04-05/51 Self-evaluation of the effectiveness of the Audit Committee The Chairman invited the Committee's attention to a paper, dated June 2005, which had been circulated outlining the results from the self-evaluation survey completed by all members of the Committee, its secretary and the Internal Auditor. The Chairman advised that he had also sought and obtained the views of the Audit Partner in KPMG on the effectiveness of the Audit Committee. The Committee, having discussed the findings, agreed that the Chairman would draft an action plan for issues identified in the evaluation, taking into account the comments made at the meeting, and that this plan would be considered at the next meeting of the Committee.

Action

The Chairman to draft an action plan arising from the results of the evaluation for consideration at the next meeting.

SECTION C

AD/04-05/52 Audit Committee Institute of Ireland The Committee noted a document entitled 'Shaping the Irish Audit Agenda' dated May 2005 which had been prepared by the Audit Committee Institute Ireland, a copy of which had been provided to each member of the Committee.

The Chairman paid tribute to Dr Allwright, who was attending her last Audit Committee meeting, and on behalf of the Committee and the College thanked her for her very significant contribution to the work of the Committee since her appointment in July 2001.

Signed:

Date: