

The University of Dublin

Trinity College

Minutes of Audit Committee, Wednesday 15 February 2006

Present Mr T Forsyth (Chairman), Professor J McGilp, Professor B McGing, Dr D O'Donovan
(ex officio) Internal Auditor, Assistant Secretary

Dr Orna Duggan, Mazars and the Assistant Auditor attended for item AD/05-06/45

The Treasurer, Deputy Treasurer, the Procurement Officer attended for AD/05-06/47

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

AD/05-06/43 Minutes The Minutes of the meeting held on 21 December 2005 were approved and signed subject to one grammatical correction.

AD/05-06/44 Call-over The Committee noted the actions which had been implemented since the previous meeting and those which remained out-standing and which would be addressed in due course. The Committee requested that the Executive Officers consideration of its Annual Report and the review of the implementation of the new governance arrangements be added to Part 2 of the call-over.

Action

The secretary to up-date the call-over to include Executive Officers consideration of the Committee's Annual Report and the review of the implementation of the new governance arrangements.

SECTION A – POLICY ISSUES

AD/05-06/45 Risk Management in College The Chairman welcomed Dr Duggan from Mazars, present **XXX** by invitation, to the meeting. He invited the Committee's attention to the following documents which had been circulated: (a) memorandum from the Internal Auditor, dated 8 February 2006; (b) memorandum from the Secretary to the College and the accompanying risk register; and (c) a paper from Mazars.

Introducing the topic, the Chairman clarified that the role of the Audit Committee was to review and monitor the effectiveness of controls in the College's management of risk and not to become involved in their management *per se*. The Committee agreed that the purpose of the discussion was to review the risks and to seek to understand the nature and impact of the reported mitigating factors on the overall risk profile of the College, and to consider the relationship between the College's risk appetite and the risks as reported in the draft register.

Dr Duggan advised the Committee that Mazars had been commissioned to prepare a high level risk register for the College and that in carrying out this task they had used the departmental registers which had been prepared previously and that they had engaged in extensive consultation with managers in academic, administrative and support areas. The Committee noted that the consultation process had culminated in a joint meeting of all managers to identify the key risks at a College level and to assign a raw risk score in each case. Dr Duggan stated that following this meeting, and on the basis of information provided to them, Mazars had applied mitigating factors to the raw risks to derive a relative residual

risk rating for the nineteen high level risks. She advised the Committee that the current version of the draft register had been presented to Executive Officers and that following the meeting with the Audit Committee and further consultation with a number of College Officers it would be completed over the coming weeks.

Dr Duggan invited the Committee's attention to the paper which had been circulated and which was considered in conjunction with the draft risk register which had been received from the Secretary to the College. Dr Duggan invited particular attention to a review of the key points arising from the compilation of the risk register and introduced the concept of risk appetite and presented some sectoral benchmarks.

In the course of her presentation, Dr Duggan clarified technical issues in relation to the methodology used to compile the register and advised the Committee that the College would have to identify the 'risk owner' in each case.

In considering the ranking of the risks as presented, concern was expressed by the Committee that financial risks might be understated, particularly as the management and control of many other risks were dependent on sufficient funding being available. The Committee also noted the risks which had been identified by the College's external auditors in the course of their audit to which consideration might be given in finalising the register.

In the course of a discussion on the compilation and presentation of residual risks, the Committee expressed concern that too much weight may have been placed on mitigating factors which are planned to take place in the future and recommended that consideration be given to differentiating between those factors currently in place and those planned when the final register is being compiled.

Dr Duggan invited the Committee's attention to sectoral comparisons in Ireland and the UK and clarified the differences between institutions in relation to a number of key factors.

The Chairman thanked Dr Duggan and her colleagues for their excellent work in presenting the risks in a structured and clear form. The Committee thanked Dr Duggan for her attendance at the meeting and agreed that the Internal Auditor would be available to clarify any issues with Dr Duggan after the meeting.

The Committee agreed that the secretary would write to the College Secretary advising of its concerns in relation to the draft register and requesting that it receive the final register prior to its submission to Board.

The Committee also agreed that a discussion on the Internal Auditor's work plan in relation to College risk management would be deferred until the final register would be available.

Actions

- 45.1 The secretary to write to the College Secretary advising of its concerns in relation to the draft register and requesting that it receive the final register prior to its submission to Board.
- 45.2 The discussion on the Internal Auditor's work plan in relation to College risk management to be put on the agenda for the next Committee meeting.

AD/05-06/46 Policy on multi-institutional ventures The Internal Auditor invited the Committee's attention to a memorandum, dated 8 February 2006, which had been circulated together with the draft policy on multi-institutional ventures and associated checklists for proposers of such collaborations, which he had prepared in consultation with the Secretary to the College. The Committee, noting that this document was currently being considered by the Policy Working Group, noted its contents and made some recommendations in relation to its content.

Action

The Internal Auditor to re-draft the document to reflect the Committee's recommendations and forward it to the Secretary to the College.

AD/05-06/47 XXX Tender for Audit Services The Treasurer, the Deputy Treasurer and the Procurement Officer, present by invitation, attended for this item. The Chairman invited the Committee's attention to a memorandum from the Internal Auditor, dated 8 February 2006 which had been circulated outlining proposals in relation to the forthcoming tender for audit services which was being initiated by the College on the expiry of the previous contract.

The Procurement Officer outlined the key requirements of the tender process noting in particular the need for clarity and transparency in the ranking and rating of submissions.

Following a detailed discussion of the issues raised it was agreed that a restricted tender would be applied whereby:

- (i) a questionnaire would be issued to all parties who expressed interest following publication of a notice;
- (ii) no more than five firms would be short-listed based on the information in the questionnaires received;
- (iii) an invitation to tender would be issued to those short-listed firms;
- (iv) an invitation to interview would be issued to those firms whose information supplied in their tender reached a pre-determined standard.

The Committee agreed the criteria and weightings to be used at all stages in the process. It was also agreed that the most recent funding statements and consolidated financial statements would be supplied to those firms invited to tender, noting that the latter would be provided on a confidential basis as they are not likely to be published at that time.

The Committee also agreed that the audit of the Trust Funds (Benefactions) Financial Statements would be included in the terms of the contract and that the contract would be awarded for four years with an option, in exceptional circumstances, to be extended for up to a further two years, each of which would be decided on an annual basis.

It was agreed that an Evaluation Panel comprising two members of the Audit Committee, two representatives of the Treasurer's Office and the Internal Auditor would be established to short-list applications at each stage of the process and to make a recommendation to the Audit Committee following the interviews. The secretary to the Audit Committee will be secretary to the Panel.

Actions

- 47.1 The Internal Auditor to finalise the documentation to reflect the decisions made and forward to the Procurement Officer for publication
- 47.1 The Treasurer and the Audit Committee each to nominate two members to the Evaluation Panel

SECTION B – IMPLEMENTATION ISSUES

AD/05-06/48 Staffing the Internal Audit Function The secretary advised the Committee that the Personnel and Appointments Committee at its meeting on 25 January 2006 had noted the approval of an Assistant Internal Auditor and that the advertisement and further particulars for the post were currently being prepared.

SECTION C – ITEMS FOR NOTING

AD/05-06/49 Draft minute of the Board discussion on Funding Statements 2004/2005 The Committee noted the minutes of the discussion which had taken place in relation to the Funding Statements for 2004/2005 at the Board meeting on 25 January 2006.

AD/05-06/50 Audit Institute Ireland – Quarterly: Issue 8 The Committee noted the Audit Institute Ireland – Quarterly: Issue 8 which had been circulated.

Signed:

Date: