

The University of Dublin

Trinity College

Minutes of Audit Committee, Monday 19 May 2008

Present: Mr T Forsyth (Chairman), Mr J Collins, Professor J O'Hagan, Professor B McGing, Dr D O'Donovan

(ex officio) Internal Auditor, Assistant Secretary.

Apologies:

In attendance: Mr B McGee, Internal Audit

Dr O'Dell, Chair of the Statutes Review Working Party attended for item AD/07-08/57

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

AD/07-08/51 Minutes The Minutes of the meeting held on 28 February 2008 were approved and signed.

AD/07-08/52 Call-over The Committee noted the actions which had been implemented since the last meeting and those which remained out-standing and which would be addressed in due course.

AD/07-08/53 Appointment of the Treasurer (see minute AD/07-08/47 of 28 February 2008)
The Committee noted the memorandum from the Secretary to the College, dated 6 May 2008, which had been circulated. He advised the Committee that it was expected that the Chief Operating Officer would be in post by July 2008 at which time it was hoped to commence the recruitment to the post of Treasurer.

SECTION A - Policy Issues

AD/07-08/54 Review of Status of ARAM Implementation The Chairman, introducing the topic, invited the Committee's attention to a report from Internal Audit on the status of the implementation of ARAM which had been circulated. He stated that the main objective of ARAM was to align the allocation of the State's recurrent grant with the achievement of the College's strategic objectives, noting that the parameters of this model are different to those of the more recently introduced HEA model (RGAM). The Committee noted that the College had been unable to establish the strategic fund which is an integral part of the ARAM model and that the balancing of funding between over-funded and under-funded Schools had not yet been fully addressed. The Chairman stated that the conclusions of the Internal Audit report had suggested that, while the introduction of ARAM had made decision-makers more financially aware, the funding of academic areas continues to be predicated on the previous historical model rather than on the parameters of ARAM.

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In the course of a long and detailed discussion the following points were made by members of the Committee:

(a) there is uncertainty in Schools concerning the level of funding which will be

- available to them at the end of the ARAM transition period in 2009/2010, thereby limiting their capacity for effective forward planning;
- (b) the purpose of ARAM is to reward Schools for achieving the College's academic objectives and, while it is having some influence on the decisions being made at School level, its partial implementation means that it is not being as effective as originally envisaged;
 - (c) the current divergence of the College's ARAM and the HEA's RGAM will have to be addressed;
 - (d) the high proportion of the HEA's recurrent grant which, of necessity, is absorbed by pay costs and the approval of strategic recruitment in both over-funded and under-funded Schools, in the absence of the College's strategic fund, appears to be hindering the full application of ARAM;
 - (e) the costs associated with the provision of administrative and support services will also need to be addressed in the context of ARAM;
 - (f) there appears to be a reluctance to implement ARAM in full because of the possible consequent risks to the College; it was noted that there is no mechanism to review the impact of ARAM under the current risk assessment procedures.

In the course of the discussion a number of technical issues in relation to the implementation of ARAM were noted.

In response to queries, the Internal Auditor advised the Committee that the parameters for ARAM are being reviewed with a view to unifying the resource allocation and the budgetary procedures in College. He stressed the importance of the strategic fund as a mechanism whereby ARAM can be implemented in full, while at the same time addressing the needs of over-funded Schools.

It was noted that, while the Board had expressed a desire to complete the implementation of ARAM, the College Officers responsible for the development of the model have been heavily engaged in the re-structuring exercise thereby contributing to the delay in presenting final proposals to Board. Changes in Officers and Board membership, as well as the changes to academic governance arising from the restructuring, will also add to the uncertainty in the implementation of ARAM over the coming year. The Committee noted the important role which an academic champion can play in progressing the model's implementation.

In conclusion, the Committee, recommending that the current period of uncertainty be brought to a close as soon as possible, agreed that the following views should be brought to the attention of the Board:

- (i) there has been considerable progress in raising the awareness of the need for financial planning aligned to the achievement of academic objectives since the introduction of ARAM;
- (ii) the final ARAM parameters need to be developed and agreed without further delay any proposed amendments should be subjected to a full risk assessment;
- (iii) the Academic Annual Officer with responsibility for the implementation of ARAM should work with the three Faculty Deans to develop an implementation time-table as soon as possible;
- (iv) the strategic fund, which is an integral part of the ARAM model, needs to be established.

Action

The Committee's views to be brought to the attention of the Board.

AD/07-08/55 College's Committee Structure Introducing the topic, the Internal Auditor
XXX outlined the background to the previous reviews of the College's Committee

structures in which the Audit Committee had been involved, culminating in April 2004 with the approval by Board of a series of recommendations presented by a joint Working Group of the Audit Committee, College Officers and Board. He advised the Committee that a review of the implementation of the Board's decisions carried out in 2006 had shown that good progress had been made in implementing the Board's decisions. This review had identified four main areas which needed further action which have now been largely addressed.

The Internal Auditor invited the Committee's attention to a memorandum from the Senior Lecturer to Board, dated 20 March 2008, which had been circulated outlining proposals from the Restructuring Implementation Oversight Group (RIOG) for revisions to the College's Committee structure.

Dr O'Donovan, a member of RIOG, advised the Committee, that it had been decided to defer decisions on new committee structures until the next academic year at which time the three-faculty structure would be more established and the implications of the restructuring of administrative and support areas would be clearer. In the meantime, Principal Committees of Board and Council had been invited to carry-out reviews of their functions and their sub-committees and to submit their reports to RIOG.

The Internal Auditor tabled a document outlining the new reporting arrangements for Officers, noting that it would be important for the College to ensure that any new committee structures would reflect these arrangements. He also emphasised the important role which Officers play in the development of College policy and the role which committees play on behalf of Board in this regard. The Committee noted the very important role which Executive Officers play in the effective operation of the College's committee structures.

The Committee noted the need to introduce effective work practices for sub-committees as well as committees.

The Committee agreed that the secretary would write to the Senior Lecturer, secretary of RIOG, stating the need to take account of the previously approved principles in determining the College's future committee structures. The Committee also agreed that it would be available, if requested, to review the final proposals on future committees and would advise Board on the proposals in due course.

Action:

The secretary to write to RIOG stating the need to take account of the previously approved principles on which future committee structures should be predicated and to advise that it would be available, if required, to review the final proposals and to advise Board accordingly.

AD/07-08/56 Audit Committee Mid-Term Report to Board The Internal Auditor invited the
XXX Committee's attention to the draft Mid-Term Report to Board which had been circulated. He proposed that progress and out-standing matters on the following issues would be included in the report to Board:

- Risk management in College
- ARAM
- Decision making
- Financial position and systems
- Administrative resources
- Student administration system

In discussing the report, Committee members expressed the view that as this

report was a mid-term review it need not be as comprehensive as the Committee's Annual Report and that it should focus on the key areas of concern. The Committee agreed that the Internal Auditor would re-draft the report to take account of the issues raised and that it would be circulated for comment to the Committee by email before being circulated to Board for its meeting on 18 June 2008.

Action:

The Internal Auditor to re-draft the report and circulate it for comment to the Committee prior to its submission to Board.

AD/07-08/57 Review of the College's Statutes Dr O'Dell, Chair of the Statutes Review Working Party (SRWP), present by invitation, invited the Committee's attention to a memorandum, dated 15 May 2008, which had been circulated together with the draft Chapter relating to the Board from the current version of the revised Statutes. Dr O'Dell outlined the work of the SRWP and invited the Committee's attention to the Working Group's tentative plans on the recognition of committees, the Board's financial powers, legislative compliance and risk management. He sought the Committee's views on the role of the Audit Committee in the Statutes and on any matters of specific interest to the Committee which should be considered for inclusion in the revised Statutes. In response to a query, Dr O'Dell advised the Committee that it was the Working Party's intention to introduce some flexibility into the Statutes by way of Schedules, while at the same time ensuring that the current revision would serve the needs of the College for some considerable time.

In response to a query concerning the dual functions of Chief Accounting Officer and Chair of the Board currently held by the Provost, Dr O'Dell advised the Committee that, following discussions with the Provost, it was not intended to change the College's statutory provisions in this regard.

In responding to Dr O'Dell's request, the following points were made by Committee members:

- (a) the Audit Committee's brief is wider than financial issues and this would have to be reflected in any consideration of the Committee in the Statutes;
- (b) the Statutes should not constrain the College in addressing any long-term governance risks;
- (c) the current Statutes are very prescriptive on the timing of Board's consideration of the financial statements and consideration should be given to relaxing the requirements in this regard, particularly as the College must now prepare funding statements according to the sector's agreed harmonised basis and consolidated financial statements prepared according to generally accepted accounting principles. The Committee noted that the Treasurer had made a similar request to the SRWP.

The Committee, noting the time-scale for the revision of the Statutes as outlined by Dr O'Dell, agreed that the Internal Auditor and the secretary would prepare a submission to the SRWP reflecting the views of the Committee.

Action:

The Internal Auditor and the secretary to prepare a submission for the SRWP.

AD/07-08/58 Review of Compliance with College Tendering Procedures Mr McGee, present
XXX by invitation, invited the Committee's attention to a review of compliance with the College's tendering procedures which had been circulated. He advised the Committee that material in relation to the tendering procedures operated by the

Director of Buildings was being prepared and would be included in the final version of the report. The Committee, noting the report's overall conclusion that the degree of compliance with tendering requirements in respect of the period under review was good, agreed that the final version of the review would be sent to the Secretary to the College.

Actions:

- 58.1 Internal Audit to complete the report on receipt of out-standing information from the Director of Buildings
- 58.2 The secretary to send the final report to the Secretary to the College

AD/07-08/59 KPMG: Non-Audit Services The secretary advised the Committee of non-audit services which may possibly be provided by KPMG in the future and it was agreed that there would be further consideration of the matter should the College wish to proceed with the proposed collaboration with KPMG.

SECTION B - Implementation Issues

AD/07-08/60 Committee Membership 2008/2009 The secretary advised the Committee that due to the forthcoming Board elections, the Board would not be in a position to approve the membership of the Committee for 2008/2009 until its first meeting in September 2008. She stated that the schedule of meetings for the coming year would be drawn up as soon as possible thereafter.

The Chairman thanked Dr O'Donovan, attending his last meeting of the Committee as a Board representative, for his very constructive contribution to the work of the Committee during his term of office.

SECTION C - Items for Noting

AD/07-08/61 Board Papers The Committee noted the documents which had been circulated.

AD/07-08/62 Review of Treasurer's Office The Committee noted the Review of the Treasurer's Office by Athrú Consulting and the Minute of Finance Committee of 30 May 2007 which had been circulated.

AD/07-08/63 Academic Risk Management The Committee noted the Chairman's Memorandum to Board, dated 26 March 2008.

AD/07-08/64 Estimates for 2008 & 2009 The Committee noted the correspondence to the HEA from the Provost dated 29 February 2008 and the HEA's response dated 24 April 2008.

Signed:

Date: