

The University of Dublin

Trinity College

Minutes of Audit Committee, Wednesday 27 May 2009

Present Mr J Collins (Chairman), Professor J McGilp, Professor B McGing Professor J O'Hagan, Mr P O'Reilly

(ex officio) Internal Auditor (secretary), Acting Secretary

In attendance: Ms S Mac Bride

The Interim Chief Operating Officer and Acting Deputy Director of IS Services attended for item AD/08-09/66

The Acting Treasurer attended for items AD/08-09/64 and 65.

The Assistant Internal Auditors attended as follows: Mr B McGee for items AD/08-09/68 and 69 and Mr S James for items AD/08-09/64 and 65.

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

AD/08-09/62 **Minutes** The Minutes of the meeting held on 24 February 2009 were approved and signed. The Chairman welcomed Mr James who was recently appointed.

AD/08-09/63 **Call-over** The Committee noted the actions which had been implemented since the previous meeting and those which remained out-standing.

SECTION A - POLICY ISSUES

AD/08-09/64 **Financial Issues - Update** Introducing the item, the Chairman referred to the discussion at the previous meeting of the Committee about the need for urgency in developing plans to deal with the projected outturn for 2009/10 [minute AD/08-09/57 refers] at which members agreed that the Chairman should bring the views of the Committee to the attention of the Provost. The Chairman advised the Committee of the discussions he had since had with the Provost on this matter and on a range of other issues.

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The Acting Treasurer, present by invitation, joining the meeting invited the Committee's attention to the High Level Revised Estimates for Financial Years 2009 to 2014, which had been tabled.

The Acting Treasurer advised that the Funding Group's report, which was considered by Board at its meeting on 25 February 2009, included proposals for savings in the academic year 2009/10. The Committee noted that since completion of the Funding Group's work, a Planning Group had been established to implement the recommendations of the Funding Group taking account of the College's Strategic Plan.

The Acting Treasurer, advising the Committee of recent correspondence from the HEA in regard to funding cuts and deferral of fee payments and the consequent adverse impact on the College's finances, outlined a

number of measures which are being taken and the extent of the current estimated deficit for 2009/10. The Acting Treasurer advised the Committee that the estimates will go to the Planning Group for consideration in the coming weeks.

The Acting Treasurer, responding to questions from Committee members, clarified a number of issues and the steps being taken to address them. The Committee agreed that the plans being developed to address 2009/10 should not delay consideration of longer term strategies and decisions. The Committee, thanking the Acting Treasurer for his presentation, noted the need to develop proposals quickly with an ability to react to the rapid pace of change in the economic climate and to take account of the time that will be required for any decisions to take effect.

The Acting Treasurer informed the Committee that the draft legislation transferring the College's pension assets and liabilities has now been prepared and is currently before the Oireachtas. He advised that, once the legislation is passed, the consolidated accounts for previous academic years can be finalised and he expects this to occur in the current year. He also advised that KPMG would be issuing a qualified audit opinion on accounting periods preceding the enactment of the legislation while the C&AG audit opinion is expected to be unqualified. The Committee noted that work on the 2007/08 accounts has commenced.

The Acting Treasurer also advised that he was liaising with the External Auditors, KPMG, with a view to negotiating a reduction in the audit fee. The Committee, noting that this may have some impact on the scope of work, requested the Acting Treasurer to keep the Committee informed of developments.

Action:

The secretary to include this matter on a future agenda.

AD/08-09/65 **Resource Planning Model - Update** The Acting Treasurer, present by invitation, tabled a Status Report on RPM dated 14 May 2009 which is currently being considered by the Planning Group. The Acting Treasurer provided the Committee with an overview of the report and drawing attention to some areas also advised that the risks attaching to the proposals are being looked at. The Committee agreed to put the Resource Planning Model on the agenda in the near future for further consideration.

Action:

The secretary to include the RPM on a future agenda.

AD/08-09/66 **IT Issues- Update** The Chairman, referring to the previous work undertaken by the Internal Auditor in relation to the SAS project and the Committee's concerns over the risk caused by the continued reliance on an outdated system, welcomed the Interim Chief Operating Officer and the Acting Deputy Director of IS Services who had been invited to the meeting to provide an update on these and a number of other related issues.

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The Interim Chief Operating Officer advised that e-strategy is a priority area for action and that, while having only recently taken up his position, he is in the process of reviewing its scope and plans. He noted that e-strategy, in the format as developed to date, consisted principally of 3 major IT projects: a new SAS, new financial system and improved HR system as well as a project to manage data interfaces. Noting that the plan is an ambitious one, he nevertheless advised that the concept and scope of

e-strategy needs to be re-considered and the resourcing and governance arrangements need to be re-examined before proceeding any further and that he would be bringing forward a report to Board before the end of the academic year with proposals on how best to proceed. He also advised that a lot of work has been done to date on business processes, which will be invaluable in specifying user needs and identifying process changes.

The Acting Deputy Director of IS Services, commenting on the difference between a College e-strategy and individual IT projects and IT strategy, advised the Committee of the difficulties which had been experienced to date in staffing the e-strategy programme and also agreed with the comments of the Interim Chief Operating Officer that there is a need to review the scope and direction of e-strategy and the governance of the proposed projects. He also stated that the existing SAS is being maintained with great difficulty at a significant cost to College and, noting the real risks that it poses to College advised that it is essential it is replaced as soon as possible.

The Committee welcomed the decision of the Interim Chief Operating Officer to re-consider the scope of e-strategy as well as the governance and resourcing issues of the proposed projects. It agreed that, while a lot of time has elapsed since the pausing of the SAS Project, and noting there is an urgent need for a replacement system, it is essential that IT projects are undertaken with due care within a strategic framework despite the frustration the delay must be causing. The Committee also agreed that while IT should not be driving change, it is likely that ultimately an off-the-shelf package will be selected and modification of business processes will be necessary to reduce the risk of a failure. The Interim Chief Operating Officer advised that business processes had been examined in detail and many opportunities for improvements had already been identified.

The Committee, noting that the risk to security of back up data had been downgraded in the latest High Level Risk Register was advised by the Acting Deputy Director of IS Services of plans to develop a data centre in the O'Reilly Building to address the risk issues.

The Committee, noting that KPMG, the College's External Auditors, had tendered to provide quality assurance services for e-strategy related projects, discussed the issue with the Acting Deputy Director of IS Services. The Internal Auditor outlined the reasons expressed by KPMG as to why such work would not impair their independence as auditors and also advised that they have not tendered for the implementation stages. The Committee concluded that, as no evaluation has yet taken place, the issue would be considered if the Auditors are successful in their tender.

The Committee thanked the Interim Chief Operating Officer and the Deputy Director of IS Services for their valuable and comprehensive update before they withdrew.

In a subsequent discussion, the Committee noted members' concerns with the delay in progressing the replacement of SAS and, given the likelihood of an off-the-shelf package being proposed as the solution, recommended that a parallel approach to that being followed might also be considered, such as looking at the solutions in other universities that have recently replaced their student administration systems. The Committee also agreed that the issue of resources is critical to the success of IT projects and it is important that this aspect should be fully explored in the current economic conditions.

Action:

66.1 The Internal Auditor, as secretary, to bring the non-audit services

issue to the Committee's attention for consideration if the Auditors are successful in their tender.

- 66.2 The Internal Auditor, as secretary, to bring the views of the Committee to the attention of the Interim Chief Operating Officer on a possible parallel approach to replacing SAS.
- 66.3 The Internal Auditor to retain e-strategy and related projects in the workplan and to update the Committee at a future date.

AD/08-09/67 Statutes Review Working Party - Response to Submissions The Chairman invited the Committee attention to the following documentation which had been circulated:

- (i) Memorandum from the Internal Auditor dated 20 May 2009;
- (ii) Correspondence from the Chair of the Statutes Review Working (SRWP) Party dated 20 May 2009;
- (iii) Submission made to the SRWP.

The Internal Auditor outlined the main points made in the submission to the SRWP as previously considered by the Committee [minute AD/08-09/11 of 15 October 2008 refers] and summarised the responses received from the SRWP. The Committee, welcoming the response from the SRWP, agreed that the review is an important issue for College and that the process being followed needs to be robust. The Acting Secretary advised the Committee that the Chair of the SRWP reports to Board regularly regarding the work of the SRWP and the review is a two-part process comprising (a) general revisions to bring the statutes up to date and (b) specific amendments. She advised that the specific amendments will then be included with the general revisions before the final version is put before the Fellows for assent. The Committee agreed that the Internal Auditor would continue to engage with the Chair of the SRWP to represent the Committee's view on the process.

Action:

The Internal Auditor to continue to engage with the Chair of the SRWP to represent the Committee's views.

SECTION B - IMPLEMENTATION ISSUES

AD/08-09/68 Inter Institutional Ventures The Chairman invited the Committee's attention to the Report from the Internal Auditor on Inter-Institutional Ventures (Separate Legal Entities). The report included findings on:

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1. The Haughton Institute;
2. The National Institute for Bioprocessing Research and Training Limited (NIBRT);
3. The National Digital Research Centre Limited (NDRC);
4. Molecular Medicine Ireland Limited (MMI).

In the course of a discussion, noting specific findings in the report from the Internal Auditor, the Committee agreed that there is a need for Board to be assured that participation in these ventures is continuing to meet the College's strategic objectives and standards of compliance and that any significant risks are brought its attention promptly. The Committee concluded that the existing governance arrangements are inadequate to ensure this, while the potential for loss or damage to College, whether financial, reputational or otherwise is considerable. In the current economic climate, when funding from the State and industry in these ventures has become uncertain, the risks are further amplified. The Committee noted that the difficulty of ensuring adequate governance over

such entities has been reported on several occasions to Board, starting as far back as 2002.

The Committee agreed that the Internal Auditor would convey its views to the Executive Officers Group and suggested that the Executive Officers Group might establish a Compliance Sub-Group to monitor the risks of these ventures. The Committee also agreed that this issue should be brought to the attention of the Board again.

Action:

68.1 The minute of this item to be brought to Board's attention by the Board Representative.

68.2 The Internal Auditor to inform the Executive Officers' Group of the Committee's views on the governance arrangements over Inter Institutional Ventures.

AD/08-09/69 Procurement Compliance with Tendering The Assistant Internal Auditor, present by invitation, invited the Committee's attention to the Review of Compliance with College Tendering Procedures, which had been circulated. The Committee noted that in all but one case compliance with tendering procedures was observed. The Committee also noted the reasons advanced, in the sole case where tendering procedures had not been used, being the long-standing relationship and intimate knowledge of College requirements. The Committee also noted that its previous recommendation that the merits of centralised monitoring of tendering, as opposed to reasons for continuing the existing system, should be independently considered remains outstanding.

Action:

The Internal Auditor to raise the issue of the need for an independent review of College tendering procedures with the Interim Chief Operating Officer.

AD/08-09/70 School Reviews The Chairman, drawing the Committee's attention to the memorandum from the Internal Auditor, which had been circulated, outlining the main topics which are covered by a detailed audit programme for School Reviews currently being piloted, invited members to contribute any suggestions or views to the Internal Auditor subsequent to the meeting.

The Internal Auditor, noting that the topics were general and wide-ranging in order to address the Committee's terms of reference, advised that audit work would be tailored in individual circumstances to take full account of the results of any quality reviews which may have been carried out and would not duplicate that process.

Action:

Individual Committee members to convey any suggestions or comments to the Internal Auditor.

AD/08-09/71 Internal Audit Workplan - Progress Report The Committee noted the memorandum from the Internal Auditor dated 20 May 2009 and the progress on the work plan which is on target.

SECTION C - ITEMS FOR NOTING

AD/08-09/72 Current Developments and Practices in Audit The Committee noted the Audit Committee Institute Quarterly Bulletin.

AD/08-09/73 Board Papers The Committee noted the papers which had been circulated.

