

The University of Dublin

Trinity College

Draft Minutes of Audit Committee, Wednesday 9 March 2011

Present Mr J Collins (Chair), Mr P O'Reilly, Ms J O'Neill, Professor J McGilp, Professor J O'Hagan, Professor J Horne

(ex officio) Internal Auditor (secretary), Secretary to the College

In Attendance Ms M Thompson

The Chief Operating Officer and Treasurer attended for item AD/10-11/50

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

- AD/10-11/47 Minutes**
The Minutes of the meeting held on 12 January 2011 were approved and signed.
- AD/10-11/48 Call-over**
The Committee noted the actions which had been implemented since the previous meeting and those that remained outstanding.
- AD/10-11/49 Matters Arising**
The Committee noted there were no matters arising.

SECTION B - IMPLEMENTATION ISSUES

- AD/10-11/50 Consideration of Funding Risk and potential associated external issues**
XXX The Chairman welcomed the Chief Operating Officer and the Treasurer to the meeting. He invited the Committee's attention to the memorandum from the Provost to Board and to the Planning Group's Financial Action Plan dated February 2011, which had been circulated.

He outlined the background to the Committee's consideration of this item, noting that in light of recent documents circulated to the Committee, members had expressed a wish to review the funding risk in greater depth. Noting that it was important to ensure that the Committee finds the appropriate balance between assessing risks involved whilst not infringing on management's role, he invited the Chief Operating Officer and the Treasurer to brief the Committee on the current status of the funding risk and associated issues.

The Chief Operating Officer confirmed that the funding risk had been escalated to critical in the latest Risk Register and that a number of different scenarios were being examined by the Planning Group to meet the financial challenges facing College. The Treasurer outlined the current financial position and briefed the Committee on specific actions that have been proposed by the Planning Group, with particular reference to steps being taken to increase revenue generation and strategic management of costs.

He drew the Committee's attention to a number of specific proposals being examined under each of the following headings:

- Revenue Generation
(i) International/fee-paying students

- (ii) Commercialisation
- (iii) Philanthropy

Cost Management

- (i) Pay Savings
- (ii) Non-Pay Savings

In the course of a detailed discussion, Committee members considered if the targets are sufficient, are deliverable and whether the risks to their achievement can be overcome. The Committee also noted that revenue generation proposals, such as that to increase international students, will require investment if the targets are to be met and that rigorous cost/benefit analysis would be needed. The Chief Operating Officer, advising that matters are still at an early stage and that detailed plans on internationalisation are being prepared, stated that in respect of all the proposals there are significant barriers to surmount and stressed the importance of greater flexibility and early action. The Treasurer, tabling a document outlining how the indicative targets could be achieved over the five-year plan, advised that Executive Officers believe the targets are realistic and achievable, provided the barriers can be overcome. In the course of discussion, it was noted that there are significant external and internal threats that pose risks to achieving the necessary changes. Concern was expressed at the increasing micro-management of the sector, the use of blunt instruments to control the actions of institutions in the sector, the Employment Control Framework and conditions recently imposed on new appointments. The opportunities and challenges associated with the Croke Park Agreement were noted. In addition, the Committee agreed that internal resistance to change and flexibility and sectional interests seeking to preserve the *status quo* will also pose significant challenges and that there would be a significant role for the incoming Provost in addressing all of these various issues.

In conclusion, the Chairman commended the work being done by the Planning Group, noting that the Committee had been presented with a good overview of the current position. He emphasised that the Committee would continue to focus on and review the risks associated with the funding crisis and that the discussion had been a very helpful step in that process. The Committee agreed that it would be useful, in assessing the effectiveness of the management of these risks, to regularly track actual progress against targets, as well as changes to the indicative targets, perhaps as part of the review of the annual financial statements.

He thanked the Chief Operating Officer and the Treasurer for their valuable contribution to the discussions and they then withdrew from the meeting.

Action: The Treasurer to update the Committee on progress against targets and changes to targets as part of its ongoing review of the management of funding risk.

AD/10-11/51
XXX

Expenses

Introducing the item, the Chairman drew the Committee's attention to a memorandum from the Internal Auditor and to the Hospitality and Entertainment Policy, which had been circulated. The Internal Auditor summarised the Policy, commenting that the Internal Audit Work-plan contained provision for a review of its implementation in due course. He also advised that the Travel and Subsistence Policy is under review to examine if it can be further updated and strengthened, along similar lines to the Hospitality and Entertainment Policy and that he would keep the Committee informed of any developments. The Committee, noting that following the previous internal audit work in this area a number of issues had been raised with the Provost, including the need for a formal policy on hospitality and entertainment, welcomed the policy and agreed that the Chairman and Internal Auditor should now meet with the Provost to review progress on any remaining

issues

Action:

The Chairman and Internal Auditor to review progress with the Provost.

AD/10-11/52 Self-Evaluation of the Effectiveness of the Audit Committee

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The Chairman invited the Committee's attention to a memorandum from the Secretary to the Committee, which had been circulated, detailing the results of the self-evaluation of the Committee undertaken by the members of the Committee, the Internal Auditor, the External Auditors and the Secretary to the College.

The Chairman, noting that the results of the Committee's self-evaluation indicated a high level of satisfaction in its effectiveness, invited the Committee to comment on the results. There was agreement that the planned Board evaluation of its Principal Committees would provide a very welcome input to the process in the future. During a detailed discussion of the results of the current evaluation, Committee members agreed with the actions proposed in the memorandum dealing with the issues raised in regard to the terms of reference, management responses, focus and further education and training.

In regard to the resourcing of Internal Audit in the context of the breadth of the Committee's terms of reference, the Committee expressed strong concern that not all areas can be addressed fully and in a reasonable timeframe given the modest nature of current resources and that this is of even more concern in the current economic climate. The Committee agreed to re-consider the resourcing issue at a future meeting. In regard to the number of meetings a year, members commented that they would welcome further exploration of the possibilities for more open agenda items or extra meetings.

Actions:

- 52.1 The Committee to consider the resourcing of Internal Audit at a future meeting
- 52.2 The Secretary to the Committee to further explore possible options to allow for more open agenda items or meetings

AD/10-11/53 Internal Audit Work-plan

The Chairman invited the Committee's attention to the memorandum and the Internal Audit Work-plan, which had been circulated. The Internal Auditor advised that, pending consideration of the updated College High-Level Risk Register which had been presented to the Committee in January 2011, the Committee's Annual Report to Board in December 2010 contained only a general outline of proposals for work and that the document now being considered reflected a more detailed and updated plan in response to the Risk Register. He also advised that the plan took account of issues identified by the Committee, either in its formal self-evaluation or in the course of its meetings; issues identified by an independent Internal Audit assessment of issues or College risks; and by the need to provide independent assurance to Board on internal controls in academic and administrative areas. He also advised that the plan, as presented, outlined only the areas for work that were discretionary issues and did not include a significant amount of work that is pre-ordained. Noting that the resource available to deliver the Internal Audit Work-plan is very modest, he drew the Committee's attention to the planned allocation of resources and the projected reporting dates. The Internal Auditor invited the Committee to review the tasks contained in the Work-plan and the targets and time-frame as outlined and whether any additional tasks or changes to priorities were needed.

Commenting that it was a very ambitious Work-plan, the Committee endorsed the tasks and targets set out in the document, noting that if resources permitted additional items could have been added in response to issues previously discussed

by the Committee and that the resource issue is a matter for concern and consideration at a future meeting.

In a subsequent discussion regarding the use of external specialist assistance for work on IT related matters, the Committee agreed to consider the matter further when specific specifications are drawn up.

SECTION C - ITEMS FOR NOTING

- AD/10-11/54 Funding Statements for year ended 30 September 2009/10**
The Committee noted the memorandum dated 19 January 2011 from the Chairman to Board that had been circulated.
- AD/10-11/55 College High Level Risk Register**
The Committee noted the memorandum dated 18 January 2011 from the Chairman to Board on the College High Level Risk Register, which had been circulated.
- Dr McGilp confirmed that Board had approved the Audit Committee recommendation that all significant proposals presented to Board for approval must have an accompanying risk assessment.
- AD/10-11/56 Current Developments and Practices in Audit**
The Committee noted and welcomed the circulation of the KPMG 10 To-Do's for Audit Committees in 2011, which had been circulated.
- AD/10-11/57 Board Papers**
The Committee noted the Board Agenda and Board Minutes that had been circulated.