

The University of Dublin

Trinity College

Minutes of Audit Committee, Wednesday 8 May 2013

- Present* Ms J O'Neill (Chair), Professor J McGilp, Professor J O'Hagan, Professor J Barry
- Apologies* Mr P O'Reilly  
(*ex officio*) Internal Auditor (secretary), Secretary to the College
- In Attendance* Ms M Thompson  
  
Mr B McGee, Assistant Internal Auditor, for items AD/12-13/65 and AD/12-13/66  
  
The Treasurer/Chief Financial Officer attended for item AD/12-13/65  
  
(Items of specific interest to the Board are denoted XXX)

**AD/12-13/62 Minutes**

The Minutes of the meeting held on 9 April 2013 were approved, subject to a minor amendment.

**AD/12-13/63 Call-over**

The Committee noted the actions that had been implemented since the previous meeting and those that remained outstanding.

**AD/12-13/64 Matters Arising**

In regard to Minute AD/12-13/61 members noted that due to the deferral of business at the previous meeting, the Internal Auditor had agreed with members, by subsequent email, the following:-

- i) KPMG, who were engaged to audit compliance with prompt payments as part of their work, are to be advised that this work is no longer required due to its insignificance and the time savings be applied to reducing audit costs.
- ii) As in the future, Trinity Foundation will be consolidated in the financial statements of the College the Internal Auditor is to review to what extent the scope of work of the Committee needs to be expanded in response.

Members also noted that the Primecore report of June 2012 *Lessons Learned - Review of the Biosciences Project* had been circulated subsequent to the last meeting in response to a request.

**SECTION A and B - Policy & Implementation Issues**

**AD/12-13/65 Response to Audit Committee 2012 Annual Report**

XXX Noting that the Treasurer/Chief Financial Officer is attending the

meeting in his capacity as Acting Chief Operating Officer, the Chair invited him to brief the Committee on the response of Executive Officers to the Audit Committee's recommendations, as contained in the Annual Report presented to Board in December 2012. Referring to the document circulated, he advised that it had been prepared for the Board meeting of 27 March but was deferred to the following meeting of 1 May to allow sufficient time to consider it. He also noted that the Committee is aware that the GeneSIS issues had progressed since then and he referred to the papers circulated separately to the Committee regarding GeneSIS. The Treasurer then presented the responses to the recommendations, outlining the current status and responding to a number of queries.

During a following discussion, the Committee welcomed the manner in which the responses were presented and the comprehensive engagement by Executive Officers. Members noted that a devolved organisation presents challenges to ensuring good governance and avoiding breakdowns both internally, between the centre and the wider community and externally, between College and its stakeholders. Concern was expressed that those in positions of authority need to be fully aware of the policies and procedures and that active induction and engagement with Heads of Area is necessary. The Committee also noted the role of Administrative Officers in Schools is an evolving one and may offer scope to strengthen governance.

The Committee agreed that it remains to be seen how pay and HR related issues raised will be dealt with in the future. In regard to outside earnings, members emphasised the need to have clear policies and systems in place and that the issue would need to be considered after the Internal Auditor has engaged with Executive Officers, as proposed in the document.

Following a discussion, the Committee expressed satisfaction with the responses to the recommendations contained in the Annual Report, agreeing to consider at a later stage how some will translate into action.

The Chair thanked the Treasurer/Chief Financial Officer for his valuable contribution to discussions and his presentation before he withdrew from the meeting.

Action:

The Committee to consider at a future meeting how the responses have translated into action.

**AD/12-13/66 Status of Audit Committee Recommendations**

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At the invitation of the Chair and referring to the log of outstanding Audit Committee recommendations, which had been circulated, the Internal Auditor updated the Committee on the status of open issues while noting the positive progress made over the last 18 months in reducing their number.

Noting that the more significant items are contained in the Annual Report, which were dealt with in the preceding agenda item, he invited the Committee to review the status, drawing the attention of

the Committee to the issue of Casual Pay in particular, where there had been no progress. The Committee expressed concern that there has been no progress in regard to the casual payroll and agreed that the Internal Auditor will include the matter as a priority item in the current work plan for follow-up.

During a discussion, members reflected on whether it may be appropriate for significant outstanding items to be included on the College's High Level Risk Register. The Committee agreed that the Internal Auditor would consider how best to accelerate progress on open issues for consideration at a future meeting.

Actions:

66.1 The Internal Auditor to include casual payroll as a priority item in the work-plan.

66.2 The Internal Auditor to consider how best to accelerate progress on open issues for consideration at a future meeting including the appropriateness of recommending the inclusion of significant outstanding issues in the High Level Risk Register.

**AD/12-13/67 GeneSIS**

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The Chair invited the Internal Auditor to update the Committee on developments since the last meeting. Referring to the documents that had been circulated, he advised that he had met the Ernst & Young consultant to convey the Committee's concerns in advance of the completion of their report on the status of the GeneSIS project which, together with the Project Team's response, had been considered by Board on 1 May 2013. He advised that due to the number of high-risk issues, Ernst & Young had recommended a conservative approach to stabilise the project and reduce risks. The Committee noted that the report contains significant recommendations, including that the scope, budget, planning, milestones, delivery dates, business case, all need to be re-examined and that there is a need for improvement across a range of issues which concern project management and governance. During a detailed discussion, members questioned aspects of the response of the Project Team to the report. Members also expressed concern about the financial impact and its effect on College activities and whether the eventual outcome will justify the cost. Welcoming the proposal to re-configure the Project Board, including two external members of whom one will be the chair, the Committee noted the importance of ensuring that there is clarity on roles and responsibilities and that the authority of the key players for decision-making is unambiguous. Noting that the problems on GeneSIS were encountered on the previous student project and the importance of learning the lessons from the past, the Committee welcomed the steps being taken to develop policy and procedures for major College projects and agreed to review the outcome at a future meeting.

The Committee noted that following further work by the Project Team and Ernst & Young a proposal will be brought to Board on 29 May. The Committee noted that, at present, the three main areas of concern remain to be addressed fully: the budget, project execution and governance and agreed that the Chair and the Internal Auditor

convey its views when meeting the Provost as was arranged. The Committee agreed that the Chair and Internal Auditor should discuss the situation with the Provost, outlining the continuing concerns and, after having had the opportunity to hear and consider his views, would decide if any further action is needed from the Committee and report back to the next meeting on 13 June.

Action:

The Chair and Internal Auditor to meet the Provost and decide on further action if any and report back to the next meeting of the Committee.

**AD/12-13/68 Liaison with the Comptroller and Auditor General**

At the invitation of the Chair, the Internal Auditor updated the Committee on developments since the last meeting on 9 April, advising that progress had been made by the Treasurer's Office with the C&AG on the form of words to be included in the 2010/11 financial statements in regard to the accounting treatment of endowment funds. He drew the Committee's attention to the emphasis of matter paragraph outlined in the C&AG draft audit report, which had been circulated.

The Committee noted that the finalised wording will be incorporated into the financial statements to be considered by the Committee at a future meeting.

In regard to future audit arrangements with the C&AG, the Internal Auditor drew the Committee's attention to a document, which had been circulated, outlining the C&AG's proposal that future contracts for audit services should contain a specified role for the C&AG. During a brief discussion, the Committee noted the proposal and agreed that the matter would need to be discussed and finalised with KPMG and the C&AG in advance of the Committee commencing the next tender for audit services. The Internal Auditor advised that he would liaise with KPMG, the C&AG and the Treasurer's Office and update the Committee when matters are at a more advanced stage.

Action:

The Internal Auditor to liaise as appropriate and update the Committee at a future meeting.

**AD/12-13/69 Risk Management in College**

The Internal Auditor invited the Committee's attention to his memorandum dated 1 May 2013, which had been circulated. He advised the Committee that he had conducted a review of the risk management process underlying the production of the College High-Level Risk Register and also the process at operational levels. Outlining some preliminary findings, he drew the Committee's attention to a number of proposals, some of which would call for significant changes to the current practices and invited comment. During a brief discussion, the Committee supported the direction being taken by the Internal Auditor regarding recommendations for improvement and simplification of the risk process and its embedding in regular procedures and to promote more consideration of academic risk. The Committee agreed to consider a report by the

Internal Auditor at a future meeting after he has finished consultations and discussions.

**AD/12-13/70 Space Utilisation in College**

At the invitation of the Chair, referring to his memorandum that had been circulated, the Internal Auditor updated the Committee on progress made on this issue by the College since last year, which has been slow. The Committee, agreeing that there is potential for significant savings on space costs, which is a resource that is not costed in the ABC process, repeated its view that actual utilisation needs to be measured and the cost of space recognised in order to raise awareness and drive matters forward. The Committee agreed that the Internal Auditor should liaise with the Director of Buildings to confirm that a pilot audit by the Director of Buildings will take place as planned at the start of the next academic year.

Action:

The Internal Auditor to liaise with the Director of Buildings to confirm that the pilot audit will proceed as planned at the start of the next academic year.

**AD/12-13/71 Fraud Policy**

At the invitation of the Chair, the Internal Auditor briefed the Committee on the results of a review of the College Fraud Policy in the light of the new Code of Governance. Drawing attention to his memorandum, which had been circulated, he outlined several aspects of the policy that can be strengthened. In particular, he advised that reference was needed to College policies and procedures and the need for compliance with them and, in that regard, there is an overlap with the Code of Conduct for Employees, such that the two documents could be merged in responding to the new Code's requirements for good faith reporting. He also advised that the role of the Audit Committee and Internal Audit in the Fraud Policy is not consistent with good practice and needs to be revised. In a discussion following, the Board representative Dr McGilp confirmed that the position as outlined was consistent with that of the Board Sub-Group on Governance. The Committee endorsed the proposals as contained in the memorandum and agreed that the Internal Auditor would bring the issues to the attention of College Officers.

Action:

The Internal Auditor to bring the issues to the attention of College Officers.

**AD/12-13/72 Self-Evaluation of the Audit Committee**

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The Chair invited the Committee's attention to a memorandum from the Internal Auditor, as Secretary to the Committee, which had been circulated, detailing the results of the recent self-evaluation exercise.

At the invitation of the Chair, the Internal Auditor advised that the Committee continues to record quite high satisfaction with its performance and that the three main areas identified, where

improvements could be sought, were:

- i) Committee membership
- ii) Timeliness of action by management on issues raised
- iii) Need for closer involvement with the C&AG auditors

He also drew the Committee's attention to other issues mentioned in the self-evaluation process including concerns over resourcing, a desire for more formal briefing and training and increasing the focus of work on academic risks.

During a discussion, members reflected on the issues, concluding that the independence of the Committee was satisfactory, the quality of papers and support it received from Internal Audit was excellent and that it fulfilled its duty by being robust and forthright in reporting issues. In regard to GeneSIS, members agreed that the Committee had raised the issues appropriately over recent years. The Committee noted that a shortlist of potential new members was being prepared for submission to the Provost shortly. In response to a query, members discussed whether the Committee should raise awareness of its role in the wider College community and agreed to reflect on this and consider it at a later meeting.

Action:

The Committee to reflect on raising awareness of its role and to consider at a future meeting.

**AD/12-13/73 Internal Audit Work-plan and Resources**

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At the invitation of the Chair, the Internal Auditor drew the attention of the Committee to his memorandum on the audit work-plan dated 1 March 2013, which had been circulated. He advised that considerable work is dictated by the Committee's terms of reference, such as the financial audits and providing secretarial support to the Committee and that remaining resources are allocated based on an assessment of risk arrived at by consideration of the College High-Level Risk Register, own assessment of risk or issues arising or known to exist through the work of the Committee.

He advised that all of the activities of the College are considered and mapped against what other existing assurances can be relied upon in selecting areas for work and that because the approach is risk based some areas may never be reviewed.

Noting that the reliance on the external audit process has been reduced in regard to pay related matters, he confirmed that this will be an area given attention and that another significant area of work concerns the effectiveness of the risk management process. Referring to the earlier discussions on risk management and the need for greater consideration of academic risks, he advised that the plan is designed to extend work to address academic risks, involving a themed basis across selections of schools rather than individual school reviews as in the past.

In conclusion, he invited the Committee to consider the areas identified for review, noting that Trinity Foundation, which has come more under the remit of the Committee as a result of recent

events, would be considered after reviewing the work of the existing internal and external auditors to avoid duplication.

In response to a query on resources, the Internal Auditor advised that a risk based approach is the better one and consistent with best practice and that the scope of work is too broad to be addressed by a cyclical approach which, assuming no unplanned work arises, would take upwards of at least six or seven years to complete. He also confirmed that the contract extension of his assistant had been completed with the support of the Chief Operating Officer and that the matter of additional posts was a work in progress.

The Committee strongly endorsed the risk based approach adopted and welcomed the support of the College in regard to resources, noting that the Internal Auditor will report on new posts at the next meeting. The work-plan was approved as presented.

Action:

The Internal Auditor to report to the next meeting regarding new posts.

### **Section C - Items for Noting**

**AD/12-13/74 Audit Committee Terms of Reference**

The Committee noted the memorandum to Board from the Secretary to the Committee dated 17 April 2013, which had been circulated and that Board had approved the amendment to the terms of reference.

**AD/12-13/75 Current Developments and Practices in Audit**

The Committee noted the articles and publications that had been circulated under this topic.

**AD/12-13/76 Board Papers**

The Committee noted the Board Agendas and Minutes that had been circulated.