

The University of Dublin

Trinity College

Minutes of Audit Committee, Monday 19 June 2014

Present Ms J O'Neill (Chair), Professor J Barry, Ms A Duffy, Professor J McGilp, Mr P O'Reilly

Apologies Professor R Byrne

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

In Attendance Ms M Thompson

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

AD/13-14/65 Minutes

The minutes of the meeting held on 24 April were approved. The minutes of the meeting held on 19 May were approved, subject to an amendment.

AD/13-14/66 Call-over

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

AD/13-14/67 Matter Arising

Referring to the paper on Academic Risks by Professor J O'Hagan, which had been re-circulated to the Committee, the Internal Auditor invited members to consider if there were any further risks they wished to include for consideration. Professor Barry advised that he would forward comments to the Internal Auditor after the meeting.

SECTION A and B - POLICY AND IMPLEMENTATION ISSUES

AD/13-14/68 Risk Management in College

Introducing the item, the Chair welcomed the Chief Operating Officer and Chief Financial Officer to the meeting. Referring to the importance of risk management to the work of the Committee, the Chair advised that although the Risk Register was not available as anticipated, it had been decided to invite the three Divisional Heads to the meeting for a general discussion and a verbal update on the current review of the risk management process. The Committee noted that due to prior commitments the VP/CAO was unable to attend the meeting. The Chair advised the COO and CFO, that in the absence of a new Risk Register, the Committee would welcome in particular some assurance on the risk profile of College since the Risk Register was last presented to the Committee.

The COO briefed the Committee on the current status of the risk management review process. In particular, the COO advised that a

sub-committee had been established to review the process and it was agreed at its meeting of 8 May 2014 that risk management should be combined with business planning and driven from the top down. The COO advised that in early June 2014 the Draft Strategic Plan for 2014-19 was developed and each strategic objective owner was asked to outline the key high level actions required to achieve these objectives and to identify key high level risks that could result in a failure to deliver these objectives. The COO advised that on 18 June 2014 a joint meeting of Board and Council was held to consider the Draft Strategic Plan 2014-19 and that during the meeting members were invited to review the high level risks. The COO advised that the sub-committee on Risk Management was due to meet again shortly and one of its key objectives will be to review the existing Risk Management Policy as well as finalise timelines for delivering the College High Level Risk Register.

During a detailed discussion, the Committee welcomed in principle the initiative but expressed concern that a top-down approach might not capture all risks and yield the potential business benefits and that it is important to embed risk management at all levels of College. As examples, members made reference to health and safety and data protection risks, which may not be included as high level risks but carry significant reputational risk if not managed effectively. The Committee emphasised that the risk management process must be embedded at School as well as Faculty level and that clarity of ownership of individual risks is imperative to embed the process fully. The Committee recognised that engaging the whole College community in the process may be challenging and that it is important to communicate the benefits of the process to the academic community in particular. The COO confirmed that the aim is to keep the process as clear and user friendly as possible.

In response to a query as to when the new Risk Register will be available, the COO advised that it will not be available until October-December 2014. The COO also confirmed that the Risk Register would cover associated companies and entities of the College.

Referring to the long gap without an updated Risk Register, the Chair enquired if there were any significant issues the Committee should be made aware of in the absence of the Risk Register. The COO advised that funding remains the key risk. The CFO briefed the Committee on steps being taken to address funding issues and in particular made reference to growth strategies outlined in the draft Strategic Plan 2014-19 to mitigate these risks.

In response to a query, the COO confirmed that the revised Risk Management Policy would be circulated to the Committee for consideration before it is finalised.

Referring to the work of the sub-committee on Risk Management, it was agreed that it would be appropriate for the Internal Auditor to assist and make inputs to the process when invited by the COO. It was agreed that in order to preserve the distinction between the executive decision making function and the audit assurance function, such contributions should be made by written procedure, rather than participation in the sub-committee.

In conclusion, the Committee welcomed the verbal update, noting that the Risk Register and review process would be considered again at its meetings in Michaelmas Term. The Chair thanked the COO and CFO for their valuable contributions to the discussion before they withdraw from the meeting.

Action:

The COO to forward a revised Risk Management Policy to the Committee for consideration before it is finalised.

AD/13-14/69 Internal Audit Resources

Introducing the item, the Chair briefed the Committee on her recent meeting with the Provost to highlight resource issues in advance of circulating a final proposal to Board on 25 June. The Chair advised that she had a constructive meeting with the Provost in which the issues were discussed in depth. She advised that the Provost had noted the proposal and in particular acknowledged that the appointment of a deputy internal auditor should be considered as a first step towards improving resources. During a discussion, the Committee re-expressed the importance of addressing the resource issues, whilst acknowledging that College faces severe budgetary constraints. Notwithstanding these constraints, the Committee emphasised the important assurance role Internal Audit provides to College.

Referring to the final resources paper that had been circulated for noting, together with the memorandum from the Chair to Board dated 18 June 2014, which had been tabled, the Committee noted that the matter would be considered by Board on 25th June. In conclusion, the Committee welcomed the update from the Chair and agreed to keep the matter under review pending Board consideration of the matter.

Action:

The Committee agreed to keep the matter of Internal Audit resources under review.

AD/13-14/70 Trinity Foundation

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Introducing the topic, the Internal Auditor reminded members that the Trinity Foundation accounts are to be consolidated as part of the College's accounts and drew the Committee's attention to his memorandum dated 16 June, which had been circulated. He briefed the Committee on a recent exploratory meeting between the Committee Chair and himself and the Chairman and Director of Trinity Foundation. He advised that in principle it was accepted that Trinity Foundation falls within the remit of the TCD Audit Committee and that in gaining assurance the TCD Audit Committee would take account of the work of the Trinity Foundation Audit Committee now being formed. He drew the Committee's attention to a draft Memorandum of Understanding between the TCD Audit Committee and the Trinity Foundation Audit Committee and Board, which had also been circulated setting out proposed arrangements for future interaction. He invited the Committee to consider the draft MOU and to advise if they wish to make any amendments to the document. During a discussion, the Committee recommended a number of revisions to the Draft MOU and the Internal Auditor

agreed to discuss the draft MOU with Trinity Foundation before updating the Committee at its next meeting. In conclusion, the Committee welcomed developments and agreed to review progress at its next meeting.

Action:

The Internal Auditor to update the draft MOU, discuss it with Trinity Foundation and update the Committee at its next meeting.

AD/13-14/71 Reporting Arrangements

The Internal Auditor drew the Committee's attention to his memorandum of 16 June 2014 together with revisions to the future reporting arrangements document, which had been circulated. He advised that the proposed arrangements had been approved at the Committee meeting of 24 April, subject to strengthening the wording to ensure clarity on the relationship between the three Divisional Heads and the Committee. The Committee approved the revisions to the document as circulated.

Action:

The Internal Auditor to finalise the Reporting Arrangements document as approved by the Committee.

AD/13-14/72 Non-Audit Services

Introducing the item, the Internal Auditor drew the Committee's attention to a draft policy on the engagement of external auditors to provide non-audit services and invited them to consider if they wish to make any amendments. Following a brief discussion, the Committee approved the draft and recommended that the policy be finalised to take account of the points raised.

Action:

The Internal Auditor to finalise the policy on the provision of Non-Audit Services by External Auditors as agreed.

AD/13-14/73 Audit Arrangements with the Comptroller and Auditor General

The Internal Auditor updated the Committee on the current status of discussions regarding future audit arrangements with the C&AG. He advised that the tender for external audit services is due to be issued early in 2015 and that it is important to finalise audit arrangements with the C&AG before then. He advised the Committee that together with the CFO he had met with KPMG and explored the possibility of a parallel direct engagement between KPMG and C&AG. He advised that the CFO had agreed to discuss the latest proposal at a sectoral Finance Officers meeting in May but that the meeting had been deferred till October. During a discussion, members welcomed the update and stressed the importance of resolving the issues. In conclusion, the Committee recommended that informal follow-up discussions take place over the summer with all relevant parties to try to resolve the outstanding issues.

Action:

The Internal Auditor to discuss the outstanding issues with all relevant parties during the summer and update the Committee at its

next meeting.

AD/13-14/74 Audit Meeting Schedule 2014-15

The Chair drew the Committee's attention to the draft Audit Committee Meeting Schedule for 2014/15, which had been circulated and requested that members consider the schedule and advise of any difficulties with the tentative dates. The Chair advised members that she would be away for most of January 2015 and would be unavailable for the January Committee meeting or the Board meeting of 21 January. The Committee agreed that Ms Duffy would chair the January Committee meeting in the Chair's absence. In conclusion, the Committee approved the meeting dates and requested that it be finalised and re-circulated to members for their diaries.

Action:

The Committee schedule for 2014-15 to be finalised and to be re-circulated to members for their diaries.

AD/13-14/75 Membership

Introducing the topic, the Chair advised members that Mr O'Reilly was attending his last Committee meeting having served six years as a Committee member. The Chair invited members to reflect on the Committee's membership and the preferred profile for a replacement member. Following a brief discussion, members agreed to forward suggestions for a new member to the Internal Auditor.

The Chair and the Committee extended their deep appreciation to Mr O'Reilly for his six years service on the Committee and thanked him for his very significant work in support of the Audit Committee in College and the valuable contribution he has made over that period and wished him well in the future.

AD/13-14/76 Open Discussion Item

Referring to his memorandum of 13 June 2014, which had been circulated, the Internal Auditor advised that it has been the practice to allow some time for an open discussion towards the end of the year and before the commencement of a new cycle in Michaelmas Term. He invited members to consider if there were any topics they wished to raise on any aspect of Internal Audit or Audit Committee work. During the discussion, members reflected on the importance of devoting time to academic risks and in particular stressed the importance of engaging with the VP/CAO in this regard. The Internal Auditor confirmed that the VP/CAO would be invited to the October Committee meeting. The Committee stressed the importance of embedding risk management at School level and that Committee could be helpful to the VP/CAO and the COO in this regard.

SECTION C - FOR NOTING

AD/13-14/77 Internal Audit Resources

The Committee noted the final paper on Internal Audit Resources which had been circulated.

AD/13-14/78 Current Development and Practices in Audit

The Committee noted the article “Concerns about Reputation, Legal Risks Driving Changes in Companies’ focus, behaviour”, which had been circulated.

AD/13-14/79 Board Papers

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