



Minutes of Audit Committee, Tuesday 13 June 2017

Present Mr O Cussen (Chair), Ms A Duffy, Professor J Barry

Apologies Professor R Byrne, Professor R Gilligan

(ex officio) Internal Auditor/Secretary (Mr F Sheeran), Secretary to the College (Mr J Coman)

In Attendance Deputy Internal Auditor (Ms A Cooney), Ms M Thompson

The Chief Financial Officer (Mr I Mathews) attended for items AD/16-17/60 and AD/16-17/61

Mr Brían Gartlan and Mr John Bolger of BDO attended for item AD/16-17/62

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

AD/16-17/57 Statement of Interest

The Chair invited members to declare any potential conflict of interest they may have in relation to items on the Agenda. There were no statements of interest.

AD/16-17/58 Minutes

The Minutes of the meeting held on 14 March 2017 were approved and signed.

AD/16-17/59 Call-over

The Committee noted the actions that had been implemented since the previous meeting and those that remained outstanding. In regard to Risk Management, the Secretary to the College informed the Committee that following a recent recruitment competition he expects the Chief Risk Officer post to be filled by the autumn.

AD/16-17/60 Update on College Business

The Chair welcomed the Chief Financial Officer to the meeting. The Chair drew the Committee's attention to the Update on College Business from the Secretary to the College, which had been circulated. The Secretary to the College highlighted key projects and strategies currently being considered. In particular, the Committee enquired about the financial sustainability of Trinity Research Institutes item and the Chief Financial Officer briefed the Committee on current issues in this regard.

The Committee thanked the College Secretary for the update on recent Board business.

SECTION A and B - Policy & Implementation Issues

AD/16-17/61 Executive Officer Response to the Audit Committee Annual Report to Board 2016/17 **XXX**

The Committee noted the following documents, which had been circulated for consideration under this item:

- Memorandum from the Internal Auditor dated 7 June 2017
- Executive Officer Response to the Audit Committee Annual Report to Board 2016/17
- Minute of Executive Officers Meeting 25 May 2017 Ref EO/16-17/284
- Audit Committee Annual Report to Board 2016/17 (copy circulated for reference)

Introducing the item, the Chair thanked the Chief Financial Officer for his work on coordinating the EOG Response to the Committee's Annual Report to Board. Noting the length of the document, the Chair advised the Chief Financial Officer that the Committee will need time to reflect on the EOG Response and will consider it again at its next meeting in October. The Committee noted that Ms Duffy and the Internal Auditor had attended a meeting of Executive Officers on 25 May to discuss the issues highlighted in the Annual Report.

Noting that the format of the Response was similar to previous years, the Chief Financial Officer advised the Committee that it had been approved by Executive Officers at its meeting on 6 June 2017 and that it will be considered by Board on 14 June. The Committee noted that the minute of the Board discussion together with amendments, if any, arising from that meeting will be forwarded to the next Audit Committee meeting in October.

The Committee welcomed the EOG Response but, noting the detailed analysis of the issues highlighted in the Annual Report, agreed that the Committee will look to future actions as responses and that it will review the position later in the year. The Committee stressed that whilst offering a good analysis of the issues and difficulties, the Response lacked clarity in regard to the actions proposed, noting in particular the response to the issue of financial sustainability and the feasibility of it. Members considered that some of the responses, particularly in regard to capacity and capability issues lacked information on what, if any, action is planned. Members stressed the importance of action if EOG accept the issues raised by the Committee. The Committee acknowledged that some issues are complex and not easily addressed but reiterated that its role is to highlight such serious issues.

Noting that the university's capacity to control costs is limited, the Chief Financial Officer emphasised the need to grow income and briefed the Committee on progress made in relation to income generation, but that execution of the various strategies is challenging in a devolved environment.

The Committee considered the timelines outlined in the EOG Response and proposed that it would be useful for them to receive updates on progress in meeting these timelines from the relevant Officers.

In response to a query in relation to section 12.2 Outstanding Audit Committee Recommendations on page 18 of the Response, the College Secretary clarified the reference to the role of the Secretary's Office, noting that that the responsibility for removing items and maintenance of the log lies with the Officers and that the Secretary's Office is facilitating a review process only, at the request of the Provost. He confirmed that the Committee should continue to engage with the three Divisional Heads as previously. The Committee welcomed the increased efforts now being made to address the outstanding issues.

The Committee reiterated its concern in relation to the embedding of a robust Risk Management system and in particular stressed the importance of the new Chief Risk Officer role and support for it in this regard.

On behalf of the Committee, the Chair thanked the Chief Financial Officer, upon which he withdrew from the meeting. The Chair then invited the College Secretary to step out of the meeting for a short time to allow the Committee to discuss the Response on their own.

The Committee reiterated the earlier points about the importance of action in response to the issues highlighted in the Annual Report and that the document analysed the difficulties but the actions proposed were not always clear. The Committee agreed that it would review the status of the issues at a later meeting. The College Secretary then re-joined the meeting.

Action:

- 61.1 The Committee agreed to reflect further on the Executive Officer Response and consider the matter again at a later meeting
- 61.2 The Committee to consider the Board minute on the EOG response at its next meeting
- 61.3 In regard to the timelines outlined in the Response, the Committee proposed that it receive regular updates on progress from the relevant College Officers

AD/16-17/62 SITS Review

The Chair welcomed Mr Brían Gartlan and Mr John Bolger of BDO to the meeting for consideration of the Review of SITS, which had been circulated.

Introducing the item, the Internal Auditor briefed the Committee on the background to the SITS Review and in particular made reference to the GeneSiS Project initiated in 2010 to implement the Student Information System ("SITS"). The Committee noted that the project was formally closed in 2014 with the delivery of SITS and that the Academic Registry Enhancement Program was completed in 2016. The Internal Auditor advised that SITS and the Academic Registry are key to fundamental operations and as such were due for review. The Internal Auditor advised, however, that in light of continuing issues with SITS, while plans for the Trinity Education Project (TEP) were progressing, the risk was deemed to be increased and that the Audit Committee had agreed to prioritise these in the work plan in February

2016. A review was initiated a year ago of both SITS and aspects of the Academic Registry, but that there had been a long delay in scheduling and delays in completing the work. Considering the increased risk thorough reliance by TEP on SITS he advised that BDO, as co-sourced Internal Auditors to Trinity were asked to review the SITS system and that the review of the Academic Registry aspects, which had also been delayed due to recent events in the Foundation, would follow as soon as possible.

The Chair then invited Mr Gartlan and Mr Bolger to highlight the critical issues as presented in Review. Mr Gartlan informed the Committee that the scope of their review included the following:

- The system as implemented, incorporating current and future requirements
- Systems governance, stakeholder needs identification and future requirements
- Budgetary and approvals

The Committee noted that the Review presents the results of BDO's work carried out during the period December 2016 to May 2017. Mr Gartlan advised that in performing the review, they had conducted interviews with relevant stakeholders for SITS, including external service providers, to assess stakeholder requirements and to get feedback on the system and how it is meeting their needs.

Mr Gartlan drew the Committee's attention to key issues as follows:

- Governance and ownership of SITS
- In-house SITS expertise
- Impact on SITS of major projects such as TEP and vice versa
- Reporting Capabilities
- Management of Enhancement Requests

He advised that SITS faces a number of fundamental challenges, the most serious of which is a lack of clear governance and ownership of the system. Noting that a lot of hard work has been done by both IT Services and the Academic Registry to get the solution to where it is today, he advised that these efforts are being hampered by the governance and ownership deficiencies. He advised that despite significant improvements in system functionality, users reported frustration around reporting requirements and a lack of clarity as to who they should go to for help with problems. Whilst acknowledging that the Review had identified some serious issues, Mr Gartlan was of the view that with prompt action, they could be resolved relatively simply.

During a detailed discussion, the Committee considered the issues identified in the Review. In particular, members expressed concern in relation to the governance issues highlighted, and that this was a common thread running through their Annual Report and similar issues had arisen in other Internal Audit reports. The Committee noted that SITS is of fundamental importance to TEP and that the problems highlighted in the Review should be addressed urgently to meet the requirements of TEP.

In conclusion, the Committee stressed that SITS is of fundamental importance to the university, and is critically linked to TEP and vice versa. The Committee emphasised that it is vital that the issues identified in the Review are resolved urgently and the Review clearly highlights a possible pathway to address these issues. Commenting on the management responses, the Committee agreed that the responses are positive and accepting of the findings but lacked a sense of ownership for delivering the actions needed. Noting that the area falls within the remit of the Chief Operating Officer, and given that the Committee do not meet again until October, the Committee agreed to communicate their concern as to the urgency and importance of action to the Chief Operating Officer. Noting that responsibility for TEP falls within the remit of the Vice-Provost/CAO, the Committee proposed that he be copied with the same communication. Finally, the Committee also agreed to invite the Chief Operating Officer to their next meeting in October to report on progress in implementing the Review's recommendations.

Action:

- 62.1 The Committee agreed to communicate their concern in relation to the Review's findings to the Chief Operating Office before the summer break
- 62.2 The Committee agreed to invite the Chief Operating Officer to its next meeting in October to update the Committee on progress in implementing the Review's recommendations

AD/16-17/63
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Trinity Foundation

The Chair invited the Internal Auditor to update the Committee on the current Internal Audit investigation into fraudulent incidents in Trinity Foundation. The Internal Auditor advised the Committee that Internal Audit had conducted an investigation and he briefed the Committee on the chronology of events and advised members that the Internal Audit Report would be finalised shortly and that the final Report would be brought to the Committee in October. The Internal Auditor also informed members that in the course of the investigation, certain other control issues had emerged, the nature of which he summarised briefly. The Committee requested that a broader review of Trinity Foundation should be carried out as soon as possible.

Noting the Memorandum of Understanding (MOU), which had been agreed between Trinity's Audit Committee and the Trinity Foundation Audit Committee in November 2014, he also advised that it may be necessary to review those arrangements in light of recent events. Following a detailed discussion, the Committee agreed that Internal Audit proceed with the broader review of Trinity Foundation and bring both Reports to the next Committee meeting in October. The Committee agreed to review the MOU and current arrangements with the Trinity Foundation Audit Committee at that time.

Action:

- 63.1 The Committee agreed that Internal Audit carry out a broader review of Trinity Foundation and give this priority in the workplan
- 63.2 The Committee agreed to review the MOU with the Trinity Foundation Audit Committee together with future

arrangements at its next meeting in October when the audit reports will be available

AD/16-17/64 External Audit Tender

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Introducing the item, the Chair briefed the Committee on the recent tender process for the provision of external audit services to the university. He reminded members that the Committee sub-group, established to evaluate the tenders on its behalf, was comprised of himself, Ms Duffy and Professor Byrne. The Committee noted that the group met on 22 May to consider the two bids received and met again on 30 May to formally evaluate the bids and to meet the audit teams from the two firms. The Chair advised the Committee that the sub-group proposed that the Audit Committee makes a recommendation to Board to re-appoint KPMG and invited the Committee's attention to a draft memorandum to Board for this purpose, which had been circulated.

During a discussion, the Internal Auditor clarified a number of technical points on the audit tender. In particular, the Committee stressed the importance of senior staff rotation and the Internal Auditor advised that this could be discussed directly with KPMG. The Committee also agreed to review the audit tender process and consider what improvements could be made to the process in the future.

Action:

- 64.1 The memorandum from the Chair of the Audit Committee recommending the re-appointment of KPMG as the University's external auditors to be forwarded to Board for approval immediately following the meeting
- 64.2 The Committee to consider improvements to the audit tender process at a future meeting

AD/16-17/65 Audit Committee Self-Evaluation

Introducing the item, the Chair reminded members that consideration of the Committee's recent self-evaluation process had been deferred from the meeting on 14 March. Following a brief discussion, the Committee agreed to defer discussion of this item until the October meeting due to the absence of two Committee members.

Action:

The Committee to consider the results of the self-evaluation process at its next meeting in October

AD/16-17/66 University Internal Auditors Group (UIAG Report)

The Committee noted the University Internal Auditors Group (UIAG) Report, which had been circulated.

AD/16-17/67 Audit Committee Membership

Noting that the Committee needs to appoint a new external member, the Chair invited the Internal Auditor to update the Committee on progress on this matter. The Internal Auditor briefed members on efforts and advised that he expects a new member to be appointed in time for the next meeting of the Committee in October.

AD/16-17/67 Audit Committee Meeting Schedule 2017-2018

The Internal Auditor invited the Committee's attention to the proposed meeting schedule for 2017-18 which had been circulated. He invited members to approve the proposed dates and noting that there had been some debate in relation to the start time and venue, he invited members' views on this also. Following a brief discussion, the Committee approved the meeting schedule for 2017-18 and agreed to continue with the 8.00 am start time and to continue with the present venue.

During a subsequent discussion, the Deputy Internal Auditor invited members to consider if it would be prudent to hold an additional meeting given the volume of business due before the Committee in October. The Committee agreed to hold an additional meeting on Tuesday 10 October 2017, pending agreement from the members not present.

Action:

The additional meeting proposed for 10 October 2017 to be confirmed following meeting and the final schedule to be circulated to Committee members.

Section C - For Noting

AD/16-17/68 Consolidated Financial Statements year ended 30 September 2016

The Committee noted the memorandum from the Chair of the Audit Committee to Board dated 15 March 2017, which had been circulated.

AD/16-17/69 Trinity Endowment Funds year ended 30 September 2017

The Committee noted the memorandum from the Chair of the Audit Committee to Board dated 15 March 2017, which had been circulated.

AD/16-17/70 Board Papers

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

Signed: _____

Date: _____