



Minutes of Audit Committee, Tuesday 10 October 2017

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

Senior Internal Auditor (Ms F McAuliffe) attended for items AD/17-18/05 and AD/17-18/06

The Chief Operating Officer (Ms G Ruane) and the Director of Student Services (Dr A Oldam) attended for items AD/17-18/05 and AD/17-18/06

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

AD/17-18/01 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/17-18/02 Minutes

The Minutes of the meeting held on 13 June 2017 were approved and signed.

AD/17-18/03 Call-over

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

The Chair advised members that in line with good practice it had been decided to reserve the first 30 minutes of all meetings for an open discussion without any member of management present. The Committee discussed a number of issues in relation to items on the Agenda.

The Secretary to the College then joined the meeting.

SECTION A and B - Policy & Implementation Issues

AD/17-18/04 Trinity Foundation

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

- Memorandum from the Internal Auditor dated 4 October 2017
- Investigation of Fraud Incidents in Trinity Foundation dated 15 June 2017
- Memorandum of Understanding with Trinity Foundation Audit Committee and Board - Audit Arrangements

At the invitation of the Chair, the Internal Auditor presented the report and briefed the Committee on the background and sequence of events that lead to the investigation and outlined the fraud incidents and the report findings.

The Internal Advisor advised that in the course of the investigation a number of other internal control issues had arisen and it was decided to carry out a broader review of Trinity Foundation, summarising for the Committee the nature of the issues emerging from this work. The Committee noted that a report on the findings will be presented to the Committee at its meeting on 5 December 2017.

The Committee noted that, under the MoU which exists between the Trinity Foundation Audit Committee and the TCD Audit Committee, the Foundation can and did engage its own internal audit service but that Trinity Foundation remains subject to audit by Trinity at the discretion of the TCD Audit Committee. He noted that the Committee will need to re-consider the future arrangements for internal audit in the Foundation and it was agreed to consider this at a future meeting.

During a detailed discussion, the Committee expressed strong concern in regard to the serious findings and the implications for the Foundation and that there needs to be an overhaul of operations including the role and oversight by the Trustees in regard to a very important function for the University.

The Chair invited the Secretary to the College to comment on the actions being taken by the University. The Secretary to the College briefed the Committee on recent staff and organisational changes in Trinity Foundation and also advised that financial services for the Foundation are being provided by FSD and a SLA is being put in place to centralise financial operations for the future. The Committee noted that BDO have been engaged to carry out a Data Protection Impact Assessment as required by the Data Commissioner. The Secretary advised that he was pursuing the insurance claim and was confident some of the loss would be recovered. The Secretary also advised of a review of the Trust Deed that was underway before the fraud and that this may now lead to reconfiguring the role of the Foundation and that of the Trustees in their fiduciary capacity. The Secretary assured the Committee that university management are treating the matter very seriously and that in his view fundamental changes have been made in response to the fraud.

The Committee considered communication issues arising from the fraud and the Secretary to the College agreed to bring the Committee's comments in regard to communication issues to the attention of the Provost.

The Committee agreed to discuss the issues further when considering the next report on Trinity Foundation at its meeting on 5 December

2017.

Actions:

- 04.1 The Committee to revisit this matter at the December meeting and consider in detail a list of all the steps taken by the Trustees and the university in response to the fraud
- 04.2 The Secretary to the College to provide more detail on the fundamental changes that have taken place since the fraud
- 04.3 The Secretary to the College to provide further information on the communication issues raised by the Committee
- 04.4 The Committee to consider internal audit arrangements for Trinity Foundation at a future meeting

Professor J Barry withdrew from the meeting.

AD/17-18/05 Academic Registry

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The Chair welcomed Ms McAuliffe to the meeting and invited her to present the Report entitled Academic Registry Incident - Preliminary Investigation - Report to the Provost dated 5 September 2017, which had been circulated.

The Committee noted that in line with the University's policy, the Internal Auditor had been requested to carry out a preliminary investigation in the Academic Registry (AR) to gather factual information to reach a preliminary view if further action is required and report the findings and recommendations to the Provost. Ms McAuliffe summarised the findings of the investigation. The Committee noted that the Provost had charged the Chief Financial Officer and the Chief Operating Officer with taking appropriate action in response to the report.

Ms McAuliffe briefed the Committee on the main recommendations arising from the investigation with particular reference to the lack of controls, notwithstanding assurances given to FSD and the non-implementation of the cash management process recommended under the AR Enhancement Project. The Committee noted that AR management have accepted the recommendations and that a move to cashless payments has largely been completed.

The Chair then welcomed the Chief Operating Officer and the Director of Student Services to the meeting. Noting that the Committee had been briefed on the Report, he invited them to comment in particular on the absence of adequate records and controls.

The Director of Student Services noted that there had been cash controls in place prior to 2013 but that these had lapsed during the transition to the AR at which time a number of staff also left. She advised that the AR Enhancement Project had approximately four hundred recommendations and that management had concentrated on the top fifty or so that they considered to be the principal ones. She advised that a report on the implementation status of the processes recommended under the AR Enhancement Project was being prepared and would be available by the end of the month. The Chief Operating Officer advised that most transactions in AR are now cashless.

In response to a query as to cash controls in other areas, the Chief Operating Officer advised she was liaising with FSD and a report would be brought to the Committee on 5 December 2017.

In conclusion, the Committee expressed its surprise and concern in regard to the lack of control and adequate records and that the issues highlighted in the investigation need to be tackled and addressed as a serious matter.

Actions:

- 05.1 The Chief Operating Officer to attend and present a report to the Committee at its meeting on 5 December 2017 on cash controls in the CSD division.
- 05.2 The report on the implementation status of the AR Enhancement Project recommendations to be considered by the Committee at a future meeting.

AD/17-18/06 SITS Review

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Introducing the item, the Chair reminded the Committee that following consideration of the SITS Review at its meeting on 13 June 2017, the Committee had major concerns in relation to the Review's findings, particularly in regard to the governance of SITS and readiness to support the Trinity Education Project (TEP). He advised that the Chief Operating Officer had been written to in June, communicating those concerns and inviting her to present an update on progress in implementing the Review's recommendations.

The Chief Operating Officer briefed the Committee on the steps taken in response to the Review's recommendations. In regard to the issue of a lack of clear governance and ownership of the SITS system, the Chief Operating Officer confirmed that a proposal to formally identify the Academic Registry as the owner of SITS will shortly be presented to the Library and Information Policy Committee. The Chief Operating Officer also read from a paper steps taken in regard to the following recommendations:

- In-house SITS expertise
- the impact on SITS of major projects such as TEP and vice versa
- reporting capabilities
- management of enhancement requests.

The Committee requested a copy of the written paper be forwarded to the Committee for consideration. The Committee discussed further the Review's recommendations in the context of readiness for TEP. Commenting that TEP is a key strategy, the Chief Operating Officer and Director of Student Services answered a number of questions from members on the issues and advised the Committee that the required changes to SITS have now been identified. The Chief Operating Officer advised that a business case seeking funding for the system changes is being finalised and is going to be presented for a decision within the next two weeks which will address all the issues raised by the Committee. The Chief Operating Officer assured the Committee that a decision will be made shortly and that unless funding is available TEP will not proceed. The Committee noted with concern the advice of the Director of Student Services that timelines for Phase I of TEP

are tight and that it will be challenging to successfully implement any required system changes to SITS. The Committee expressed concern that as TEP is already underway there is a substantial risk to the university if SITS is not successfully adapted in the very short timeframe involved.

In response to a number of queries, the Chief Operating Officer confirmed that:

- the business case includes contingency arrangements should there be any delays in system changes in SITS to support TEP
- an implementation plan has been included in the proposal
- there is adequate time to have the system changes made and fully tested and de-bugged ahead of going live

In response to a query from the Chair as to what, in her view, are the two major risks, the Chief Operating Officer advised the Committee that getting “buy-in” from the university community together with funding were the main risks.

In conclusion, the Committee requested a further update at its meeting on 5 December 2017. The Committee expressed concern at the tight timeline, notwithstanding the assurances received, reiterating the potential of a major strategic impact for the university and a risk to academic operations in Schools with added reputational consequences.

The Chair thanked the Chief Operating Officer and the Director of Student Services and they withdrew from the meeting.

In a brief subsequent discussion, the Committee noted the potential impact on Schools of any delays or system failures to accommodate TEP, and agreed that the matter should also be discussed further at the 5 December meeting when the Vice-Provost/Chief Academic Officer would be present.

Action:

- 06.1 The Chief Operating Officer to provide a copy of her paper on the actions taken in response to the SITS Review recommendations.
- 06.2 The Chief Operating Officer to update the Committee on SITS at its meeting on 5 December 2017.

AD/17-18/07 Internal Audit Work-Plan

The Committee noted the memorandum and Work-Plan from the Internal Auditor dated 4 October 2017, which had been circulated.

During a discussion, the Committee queried who holds budgetary responsibility for Internal Audit, noting that there appears to some ambiguity around the matter. The Committee agreed that the budget should be subject to management and control like any other but that care should be taken in how that is structured to avoid any perception that management could hinder the work of Internal Audit. The Secretary to the College agreed to obtain clarification on the budgetary position and update the Committee at its next meeting on

17 October 2017.

Noting that Internal Audit is a small unit with limited resources and that it is often diverted from its Work-Plan to deal with unforeseen projects, the Committee discussed if an allowance for such work should be built into the Work-Plan. The Committee also noted that the Work-Plan is limited to what can be delivered with available resources rather than a full risk-based approach.

In conclusion, the Committee noted and approved the Work-Plan as presented.

Action:

The Secretary to the College to obtain clarification on who holds budgetary responsibility for Internal Audit and update the Committee at its next meeting on 17 October.

AD/17-18/08 Executive Officer Response to the Audit Committee Annual Report to Board 2016/17
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Introducing the item, the Chair invited the Committee to the following documents which had been circulated for consideration under this item:

- Memorandum from the Internal Auditor dated 7 June 2017
- Executive Response to the Audit Committee Annual Report to Board
- Minute of EO Meeting 25 May 2017 Ref EO/16-17/284
- Audit Committee Annual Report to Board 2016/17
- Board Minute Reference BD/16-17/283 14 June 2017

During a brief discussion, the Committee noted that it has now written and presented two Annual Reports highlighting broadly similar issues. Members stressed the need to focus on action and they hope to see actions flowing from the recommendations made in their recent Annual Report.

Noting that financial sustainability is a major challenge, the Internal Auditor advised the Committee that the Chief Financial Officer will provide an update on the topic at its next meeting on 17 October. The Committee also noted that an update to the Response is being coordinated by the Chief Financial Officer for presentation to the December meeting. The Committee commented that the response being sought is a stronger focus on actions and progress rather than an analysis of the issues.

AD/17-18/09 Audit Committee Self-Evaluation

The Chair drew the Committee's attention to the documents which had been re-circulated, reminding members that this topic had been deferred on a number of occasions. Given time constraints together with the absence of one member for this item, the Committee agreed to defer consideration of the self-evaluation results until its next meeting on 17 October.

Action:

The Committee agreed to defer discussion of the self-evaluation results until its meeting on 17 October 2017.

AD/17-18/10 Audit Committee Membership

The Internal Auditor briefed members on developments since the last meeting on 13 June 2017. The Chair advised the Committee that he hopes the process of appointment a new external member will be brought to a conclusion soon and will update the Committee further.

Section C - For Noting

AD/17-18/11 Current Developments and Practice in Audit

The Committee noted the KPMG Audit Committee Institute Quarterly 33, dated July 2017, which had been circulated.

AD/17-18/12 Board Papers

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