



Minutes of Audit Committee, 5 December 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), Senior Internal Auditor (Ms F McAuliffe), Ms M Thompson

The Data Protection Officer (Ms J Ryan) attended for item AD/17-18/23

The Chief Financial Officer (Mr I Mathews), the Vice-Provost/Chief Academic Officer (Professor C Morash) and the Chief Operating Officer (Ms G Ruane) attended for items AD/17-18/24 - AD/17-18/26

The Chief Financial Officer and the Chief Operating Officer attended for item AD/17-18/27

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

AD/17-18/20 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/17-18/21 Minutes

The draft Minutes of the meetings held on 10 October and 17 October 2017 were approved and signed.

AD/17-18/22 Call-Over

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

SECTION A and B - Policy & Implementation Issues

AD/17-18/23 Readiness for GDPR - Update by the College Secretary

XXX The Chair welcomed the Secretary to the College and the university's new Data Protection Officer, Ms Ryan to the meeting. The Committee noted the following items, which had been circulated for consideration under this item:

- GDPR High-Level Road Map
- Email and memorandum from the Data Protection Officer dated 5 December 2017

Introducing the item, the Secretary to the College summarised the

next steps and planned work to prepare the university for GDPR by May 2018. He then invited the Data Protection Officer to present a short report and high-level road map on the university's readiness for GDPR.

Ms Ryan advised the Committee that there are positives but there is a significant amount of work to be done by May 2018. Referring to the university's IT practices and devolved governance structure, Ms Ryan advised that implementing this complex legislation is more difficult than in other environments. Ms Ryan informed the Committee that many areas in the university have been proactive in seeking advice on GDPR and appear to have the resources and appetite for carrying out the required work. However, Ms Ryan advised that some areas, where there are significant volumes of data processing carried out, appear to be constrained in terms of resources and that this was a matter of concern.

Ms Ryan outlined the major challenges under the main headings in the legislation and, in particular, drew the Committee's attention to the following: -

- Defining lawful processing
- Records of processing
- Data breach reporting
- IT Security
- Principle of Minimisation
- Data Processing Contracts

Commenting on the GDPR Strategy, Ms Ryan advised that much of the work will have to be done by Schools/Departments and, that in her role as Data Protection Officer, she will provide the training and skills required for them to carry out that work. Ms Ryan advised that she will develop a "GDPR Toolkit" in addition to running a programme of training and workshops and launching a dedicated website. Ms Ryan assured the Committee that once data processing has been documented, the gap analysis can follow and a plan can then be formulated. Finally, Ms Ryan outlined plans for a university-wide awareness campaign on Data Protection Day on 25 January 2018.

During a subsequent detailed discussion, the Committee acknowledged that it is a challenging project for any organisation but expressed concern at the volume of work to be carried out by May 2018 and the particular additional challenges in the university. In particular, members considered if there is adequate support and resources for the Data Protection Officer including budgetary resources and if it is possible for one person to carry out the volume of work required. The Committee queried how the high impact of GDPR on the Academic Registry at the same time as the TEP project could be handled and the risks in this regard.

The Secretary to the College advised that, as the university's Data Controller, he will be closely involved in the project and that a risk-based approach will be followed so that if resources are not available locally for important tasks the matter can be escalated and resources made available centrally if necessary. He indicated one

such area where some outsourcing may be needed.

Commenting on the challenging timescale, the Committee expressed concern at the university's current state of readiness for GDPR and that there remains significant work that must be completed before being able to perform the gap analysis necessary to develop a coherent plan. The Committee stressed the urgent need to make up for the late start of a project of this magnitude and scale.

The Chair thanked Ms Ryan for her valuable contributions to discussions and she withdrew from the meeting.

Action:

The Committee agreed to review the gap analysis and detailed plan at a future meeting when they are available and to then consider the risks of the devolved approach being taken when that information is presented.

AD/17-18/24 Audit Committee Recommendations Log

XXX

The Chair welcomed the Vice-Provost/Chief Academic Officer, the Chief Operating Officer and the Chief Financial Officer to the meeting.

Introducing the item, the Chair invited the Chief Operating Officer to update the Committee on the current status of the Audit Committee Recommendations Log. The Committee noted that the total number of outstanding recommendations was previously 60, since then 15 new ones had been added and 4 previously removed were reinstated and 2 had been merged into 1 resulting in 78 in total. Of these 27 had been removed from the Log as they had been completed and 18 were risk accepted reducing the current outstanding recommendations to 33.

During a detailed discussion, the Committee welcomed the work to complete 27 recommendations but expressed concern in regard to the level of risk accepted items and requested clarification from the three Divisional Heads as to the criteria used and how these would be managed. The Committee emphasised the importance of using reasonable criteria to risk accept items and that it is vital that there be a consistent process for doing so across all areas. Members reiterated the dangers of risk accepting items when the risk management system is weak, querying how effective on-going management and tracking of the issues was taking place in light of poorly developed or absent risk management processes in areas. Members expressed concern at the removal of five of the data protection items to risk accepted, particularly in light of the earlier discussion on this topic.

The Vice-Provost/Chief Academic Officer, referring to the issue of the financial sustainability of TRIs which had been risk accepted, advised that it is a complex matter with many variables and that it is an on-going matter under constant review. The Chief Financial Officer advised that the three items risk accepted for FSD all relate to FIS benefits realisation and that they are difficult to resolve as they depend on other areas across the university. The Chief Operating Officer advised the Committee that there are functional risk registers for all 12 areas within CSD and that audit

recommendations are being monitored via the risk registers. In response to a query, the Chief Operating Officer confirmed that she could make these Registers available to the Committee. The Committee stressed that actions in the Risk registers need to reflect the recommendations made in the Log and that having difficulty resolving them should not be the basis for accepting no action will be taken.

In conclusion, the Committee welcomed the impetus given to dealing with the outstanding recommendations and the work of the Divisional Heads. Whilst acknowledging current budgetary constraints, the Committee stressed the importance of action and the need to clear items that have been long-outstanding on the Log.

In regard to the completed items removed from the Log, the Committee noted that, as per the agreed process, Internal Audit will now proceed to review them and will report to the Committee.

In regard to the risk-accepted items, the Committee stressed that issues should not be risk-accepted to bring down the numbers without support for that decision and a process to manage the issues. The Committee agreed to consider the issue of risk acceptance again at its next meeting and also agreed to keep the Audit Committee Recommendations Log under continuing review.

Actions:

- 24.1 The Committee agreed to discuss the issues again at its meeting on 15 December 2017 and to keep the Audit Committee Recommendations Log under continuing review.
- 24.2 The Internal Auditor to report to the Committee on the items removed from the Log on the basis that they have been completed.
- 24.3 The Chief Operating Officer to provide copies of the 12 risk registers in CSD to the Committee.

**AD/17-18/25 Executive Officer Response to the Audit Committee Annual Report
XXX 2016/17**

The Chair invited the Committee's attention to the memorandum from the Chief Financial Advisor, dated 28 November 2017, which had been circulated.

The Chief Financial Officer advised that the report circulated sets out an update, highlighted in yellow, of the Executive Officers' responses to the issues set out in the Audit Committee Annual Report for 2016/17 and that the updates were considered by Executive Officers on 3 November 2017.

The Chief Financial Officer acknowledged the previously expressed view of the Committee that the response is an analysis and description of the issues raised by the Committee and that the Committee expects a stronger focus on action and progress towards resolving the issues.

Noting that financial sustainability is a major challenge for the university and a key theme in the Committee's Annual Report, he updated the Committee on a number of developments in this regard.

In response to a query as to the target for deficit clearance, the Chief Financial Officer outlined timelines and projections in this regard and that income growth is key to achieving financial sustainability.

The Committee acknowledged the work on updating the Committee and thanked the Officers. In a discussion about the role of the Chief Financial Officer, with regard to the need for clarity around ultimate ownership and accountability for internal financial control and financial management, the Committee reiterated its view that it is an issue for the university. The Chief Financial Officer advised the Committee that he is aware of this lack. The Committee noted that there is a variance between these discussions with the Committee and what is being written in the responses. In conclusion, the Committee stressed that financial sustainability is a major concern. The Committee reiterated its view that there are particular challenges, which it outlined in the last two Annual Report, to achieving the strategic goals necessary to grow income. The Committee repeated its view that it is still unclear as to what, if any, action will be taken on a number of significant issues.

AD/17-18/26 SITS/TEP Review - Update by the Chief Operating Officer

XXX

The Chair reminded the Committee of discussions at the meeting of 10 October 2017, during which members had raised a number of issues and had requested that the Chief Operating Officer update the Committee on SITS again at its next meeting.

The Chair invited the Chief Operating Officer to update the Committee on developments since the last meeting. Noting the SITS governance issues raised by the Committee at its meeting of 10 October, the Chief Operating Officer advised that a paper, from the Director of IT Services and the Director of the Academic Register, proposing that the Academic Registry be formally identified as the owner of SITS will be submitted to the Library and Information Policy Committee meeting of 4 December 2017 and, if approved, will resolve these concerns.

In response to a query, the Chief Operating Officer confirmed that the TEP Business Plan and funding has been approved and also confirmed that a Contingency Plan has also been completed.

During a detailed discussion, the Committee considered a number of issues and risks and the Chief Operating Officer and Vice-Provost/Chief Academic Officer answered a number of queries in this regard. The Vice-Provost/Chief Academic Officer advised that he is confident that the project is on track and that everything that could have been done has been done to prepare for the change and to ensure SITS will be able to support TEP.

In conclusion, the Committee welcomed the update and that the TEP Business Plan and budget has been approved.

The Chair thanked the Vice-Provost/Chief Academic Officer and he withdrew from the meeting.

AD/17-18/27 Cash Controls

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

- Memorandum from the Financial Operations Manager dated 27 November 2017
- Memorandum from the Chief Operating Officer dated 5 December 2017

The Chief Operating Officer advised that her office had conducted a review of cash management within CSD. The Chief Operating Officer informed the Committee that the main outcome is that the services which deal exclusively with the university community such as the Academic Registry, College Health and Estates and Facilities are moving to cashless transactions. The Committee noted that areas which still interact with the public will continue to have cash transactions. The Chief Operating Officer assured the Committee that robust controls are in place, including multiple cash counts during the day, daily and monthly reconciliations and that the CSD Finance Partner will do spot checks.

In response to a query, the Chief Operating Officer advised that all the directors in the relevant areas have signed off on standard operating procedures and she assured the Committee that that she is satisfied with the current position.

The Chief Financial Officer advised that following the Audit Committee's request that CSD present a report on cash controls in the CSD division, FSD also undertook to complete a review of cash controls in the remaining areas of the university and will take a broader look at CSD. He advised that the intention is to adopt cashless transactions wherever possible. The Committee noted that FSD will report back to the Audit Committee in Hilary term on the result of the review and progress in moving to a cashless environment.

The Chair thanked the Chief Operating Officer and the Chief Financial Officer and they withdrew from the meeting.

Action:

27.1 The Chief Financial Officer to report on cash controls at a future meeting in Hilary Term.

Section C - Items for Noting / Standing Items

AD/17-18/28 SITS Review

The Committee noted the paper from the Chief Operating Officer read out at the Audit Committee meeting of 10 October 2017 (Minute Reference AD/17-18/06), which had been circulated.

AD/17-18/29 Financial Sustainability

The Committee noted the memorandum from the Chief Financial Officer to Board dated 8 November 2017, which had been circulated for noting.

AD/17-18/30 Board Papers

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

AD/17-18/31 Standing Item - Audit Function Risk Assessment

The Committee noted the Audit Function Risk Register, which had been circulated as a standing item.

AD/17-18/32 Any other Business

Under any other business, the Committee referred to earlier discussions in the meeting in regard to SITS/TEP. The Committee requested sight of the Business Plan, Implementation and Contingency Plans as referred to by the Chief Operating Officer.

The Committee also agreed to invite the Chief Financial Officer to the next meeting to discuss FIS benefits realisation.

The Chair updated members on progress in appointing a new external member to the Committee and advised that an appointment will be forwarded to Board for approval shortly and that he expects the new member will attend the next meeting.

Actions:

- 32.1 The Internal Auditor to obtain the SITS/TEP Business Plan, Implementation Plan and Contingency Plan for circulation to the next meeting.
- 32.2 The Chief Financial Officer to be invited to attend the next meeting to discuss FIS benefits realisation.