



**Minutes of Audit Committee, 15 December 2017**

- Present* Mr O Cussen (Chair), Professor J Barry, Professor R Byrne, Ms A Duffy, Professor R Gilligan, Mr D McCarthy
- (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 Chair of the Trinity Foundation Trustees (Mr D Went), the Chair of the Trinity Foundation Audit Committee (Ms A FitzGerald) and Acting Director of the Trinity Foundation (Ms K Bond), together with the Chief Financial Officer (Mr I Mathews) and the Project Accounting Manager (Mr D O'Shea) attended for item AD/17-18/37

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

Opening the meeting, the Chair welcomed Mr Dermot McCarthy to his first meeting as an external member of the Audit Committee.

**AD/17-18/33 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/17-18/34 Call-Over**

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

The Committee also noted that due to time constraints consideration of the FIS benefits item was held over to the next Committee meeting in February to allow for proper consideration of the document received from FSD for circulation.

**AD/17-18/35 Matters Arising**

The Committee discussed the issue that had arisen at the previous meeting in regard to the AC Recommendations Log and the basis for risk accepting items. After a brief discussion it was agreed that the Internal Auditor would prepare a paper setting out the basis for risk acceptance and circulate it to the members for comment. It would then be forwarded to the Heads of Division to help them to clarify their approach and process for the next iteration of the Log in March.

**Action:**

The Internal Auditor to prepare a paper setting out the basis for risk acceptance and circulate to the members for comment and to be then forwarded to the Heads of Division for the next iteration of the Log.

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

**AD/17-18/36 Communications**

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The Committee noted the memorandum from the Internal Auditor dated 11 December 2017, which had been circulated. The Internal Auditor advised that the main purpose of the memorandum is to propose the development of a policy for better engagement and communications with management and he invited the Committee to consider how best to proceed in this regard. He cited some examples where the role of audit is not understood or properly represented and that it may improve the effectiveness of the Committee and aid management if there is more clarity. The Committee, recognising the importance of good communications and the need to have its position accurately reflected, and in the context of a fuller understanding of the role and organisational benefits of Internal Audit, agreed to consider the matter further and to highlighting it in its Annual Report to Board for 2017/18.

**Action:**

The Committee agreed to consider engagement and communication issues, in the context of a fuller understanding of the role and organisational benefits of Internal Audit, when compiling its Annual Report for 2017/18.

**AD/17-18/37 Trinity Foundation**

The Chair invited the Internal Auditor to update the Committee on the results of the on-going work in Trinity Foundation. The Internal Auditor, referring to a draft report which had been circulated, advised that work was substantially complete. The finalisation of the report had been deferred to allow Trinity Foundation complete an exercise that could have a significant bearing on the findings. He advised that the report will be finalised and presented to the next Audit Committee meeting. Noting that this a follow-on audit of internal controls and other issues arising from the Fraud Investigation carried out earlier in the year, the Internal Auditor briefed the Committee on the main findings and recommendations. During a discussion that followed, members expressed their concern at the findings coming to light as a result of audit work, despite the assurances the Committee had received from Trinity Foundation's Audit Committee in previous years.

The Secretary to the College then joined the meeting. The Chair welcomed the Chair of the Trustees of Trinity Foundation, the Chair of the Trinity Foundation Audit Committee and the Acting Director of Trinity Foundation, together with the Chief Financial Officer and the Project Accounting Manager to the meeting for consideration of this item.

The Chair of the Trinity Foundation Trustees advised the Committee that the Trustees welcome the audit work and accept its findings and recommendations and that the next step is to produce a remediation

plan. The Committee noted that it will require a sustained and co-ordinated effort between the Foundation and the university to resolve the issues highlighted and to complete the exercise in progress.

Commenting on the KPMG Draft Report on the Financial Statements that was tabled, the Committee noted that that it mirrors many of the issues raised by Internal Audit.

During a detailed discussion, the Committee expressed its grave concern in regard to the draft findings and strongly urged the Trustees to ensure that all the issues raised are dealt with as a matter of urgency. It also emphasised that decisions need to be taken quickly in regard to the Foundation's structures and future operations. The Committee emphasised the importance of the role of the Chief Financial Officer and his team in the remediation process and that they will need to work closely with the Trustees and Foundation staff on an action plan. The Committee noted that FSD has acted as paymasters to the Foundation since the fraud incident and the Chief Financial Officer advised of steps taken since then to strengthen processes and procedures. He assured the Committee that his team will continue to work to resolve all operational issues. The Chair of the Trustees assured the Committee that the Trustees and Management are committed to resolving the issues.

In conclusion, the Committee agreed to consider progress on resolving the serious issues identified in the draft report and to receive the finalised report at its next meeting on 13 February 2018.

The Chair thanked the Chairs of the Trustees and the Foundation's Audit Committee and the Acting Director of the Foundation, together with the Chief Financial Officer and the Project Accounting Manager for their valuable contributions to discussions and they withdrew from the meeting.

**Action:**

The Committee agreed to consider progress on implementing the Draft Report's main recommendations at its next meeting in February 2018 and to receive the finalised report.

**AD/17-18/38 Fraud Policy**

The Chair invited the Committee's attention to the memorandum from the Secretary to the College dated 8 December 2017, together with the Fraud Policy which had been circulated. The Chair invited the Secretary to the College to update the Committee on the Policy. The Secretary to the College briefed the Committee on the main changes in the Fraud Policy since it was first approved by Board. During a brief discussion, the Secretary to the College clarified a number of points. In particular, members suggested two minor edits to the text, which the Secretary to the College agreed to implement. The Committee noted that the version considered and approved by Finance Committee on 22 September 2017 and Chief Officers' Group on 25 September 2017 had been subsequently amended. The Committee noted that the Assistant Secretary had advised that Finance Committee approved it for Board and did not require sight of the subsequent updates. The Committee noted the revised Policy was further noted by the Chief Officers Group on 4 December 2017

and that following approval by the Audit Committee it will be forwarded to Board for final approval with the minor edits incorporated.

In conclusion, the Committee approved the Fraud Policy as presented, subject to the minor edits discussed.

**Action:**

The Secretary to the College to finalise the Fraud Policy, incorporating the two edits, and bring it to Board for approval.

**AD/17-18/39 Internal Audit Budget and Resources**

The Committee noted the Benchmarking Study which had been circulated for consideration under this item. The Secretary to the College advised that his Office was requested by Finance Committee to carry out the exercise and had circulated it to the Finance Committee in October 2017. In response to a query as to the purpose of, or response to the document, he advised that it had been noted by Finance Committee and no further action had been proposed. The Committee noted the Benchmarking Study as circulated and agreed to review progress at its next meeting on resources.

During a brief discussion, the Committee reiterated the importance of an appropriate independent mechanism to manage the Internal Audit budget. The Secretary to the College advised that a proposal to top-slice the budget has been submitted to management for approval and he will update the Committee further at its next meeting.

The Committee thanked the Secretary to the College for his assistance with this matter and he then withdrew from the meeting.

**Action:**

The Secretary to the College to update the Committee on the budget at its next meeting on 13 February 2018.

**AD/17-18/40 Audit Function Risk Register**

The Committee noted the memorandum from the Deputy Internal Auditor dated 11 December 2017, together with the Updated Audit Function Risk Register, which had been circulated. The Chair invited the Deputy Internal Auditor to brief the Committee and outline the main proposed changes. The Deputy Internal Auditor summarised the key changes to the Risk Register.

Following a brief discussion, members noted and approved the proposed changes, commenting that it is a live document and it is useful for the Committee to review it routinely as a standing item on the Agenda.

**AD/17-18/41 Annual Report to Board 2017/2018**

Introducing the item, the Internal Auditor reminded members that a preliminary draft of Part I of the Committee's Annual Report to Board for 2017/18 will be considered at the meeting of 13 February 2018. The Committee noted that the practice to date has been to draw Board's attention to key issues of concern to the Committee and its recommendations in relation to same in Part I and that Part II is a

report of record for the year, setting out a summary of work carried out during the year, as reported in the Committee minutes.

The Internal Auditor invited the Committee to reflect on the issues it would like to highlight in the Annual Report for 2017/18 and proposed a different approach to the report. He reminded members that the draft Annual Report to Board will be presented to the Committee meeting of 20 March and the final Report to the Board meeting of 28 March 2018.

During a detailed discussion, members considered the content of the Annual Report for 2017/18, recommending a number of issues to be highlighted as well as discussing possible changes to the Report. The Internal Auditor agreed to draft Part I of the Annual Report in conjunction with the Chair, taking account of all the points discussed and circulate a preliminary draft of Part I for consideration at the next meeting in February 2018.

**Action:**

The Internal Auditor and Chair to draft a preliminary Part I of the Annual Report for consideration at the next meeting of the Committee on 13 February 2018.

**Section C - Items for Noting / Standing Items**

- AD/17-18/42 Handbook for Audit Committee Members**  
The Committee noted the updated Handbook for Audit Committee members dated December 2017, which had been circulated.
- AD/17-18/43 Board Papers**  
The Committee noted the Board Agenda, which had been circulated for noting.
- AD/17-18/44 Provost's Annual Review 2017/18**  
The Committee noted the Provost's Annual Review for 2017/18, which had been circulated for noting.