



**Minutes of Audit Committee, 20 March 2018**

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

*Apologies* Mr D McCarthy

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

*In Attendance* Acting Deputy Internal Auditor (Ms F McAuliffe), Ms M Thompson

The Chief Financial Officer (Mr I Mathews) and the Management and Financial Accounting Manager (Ms E Farrell), together with Mr S O'Keefe, Mr R Hobson and Ms C Mullen of KPMG and Mr S Carton and Ms N Kilkenny of the Office of the Comptroller and Auditor General (C&AG) attended for item AD/17-18/63

The Chief Financial Officer and the Management and Financial Accounting Manager, together with Mr S O'Keefe, Mr R Hobson and Ms C Mullen of KPMG attended for item AD/17-18/64

The Data Protection Officer (Ms J Ryan) attended for item AD/17-18/66

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

**AD/17-18/59 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/17-18/60 Minutes**

The draft minutes of the meetings held on 13 February 2018 were approved.

**AD/17-18/61 Matters Arising**

There were no matters arising

**AD/17-18/62 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/16-17/63 Audit of the Consolidated Financial Statements for 2016/17

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

- Presentation on the Consolidated Financial Statements 2016/17
- Memorandum from the Chief Financial Officer and the Deputy Chief Financial Officer dated 13 March 2018
- Draft Consolidated Financial Statements for year ended 30 September 2017
- KPMG Report to the Audit Committee: Audit Findings for the year ended 30 September 2017
- Draft Letter of Representation to KPMG re the Audit of the Consolidated Financial Statements for the year ended 30 September 2017
- Draft Letter of Representation to the Office of the Comptroller and Auditor General re the Audit of the Consolidated Financial Statements for the year ended 30 September 2017
- Report from the Office of the Comptroller and Auditor General
- Draft Audit Certificate for 2016/17

Introducing the item, the Chair noted that as in previous years and, in accordance with good practice, the visitor arrangements were designed to afford FSD, KPMG and the C&AG each time by themselves with the Committee should they wish to raise any issues alone with the Committee. The Chair then welcomed the Chief Financial Officer (CFO) and the Management and Financial Accounting Manager to the meeting. The Chair invited the CFO to comment on the conduct of the audit before the C&AG and KPMG teams joined the meeting. The CFO advised that the audit had been satisfactory and there had been good cooperation between FSD and both sets of auditors. The CFO and the Financial Accounting Manager then withdrew temporarily from the meeting.

The Chair welcomed the C&AG team, Mr Carton and Ms Kilkenny, to the meeting and invited Mr Carton to comment on the conduct of the audit. Mr Carton noted that, as in previous years the timelines were tight and do not allow for any delays or disagreements with management. In response to a query, Mr Carton confirmed that the C&AG were satisfied with the arrangements and there was good co-operation with KPMG and FSD.

The Chair then welcomed Mr O'Keefe, Mr Hobson and Ms Mullen of KPMG to the meeting for consideration of the financial statements. The CFO and his team also re-joined the meeting.

The Chair invited the CFO to introduce the draft Consolidated Financial Statements. Referring to presentation on the financial statements, which had been circulated, the CFO advised that Finance Committee had noted the draft Financial Statements on 7 March 2018 and, subject to recommendation by the Audit Committee, they would be forwarded to Board for approval. The CFO drew the Committee's attention to key highlights and trends and to the figures in the Balance Sheet

At the invitation of the Chair, Mr O'Keefe of KPMG presented in detail the KPMG Audit Report, drawing particular attention to a number of issues that they had considered during the audit.

Mr O'Keefe advised that KPMG, as in previous years, would continue to qualify their audit opinion due to the absence of adequate audit evidence required to support the recognition of the full amount of pension asset.

He confirmed that, other than as outlined, KPMG had no significant audit issues to bring to the attention of the Committee. Mr O'Keefe confirmed that there were no new items in the draft letters of representation to bring to the attention of the Committee and that there were no items of significance to draw to attention with regard to the audits of the accounts of the subsidiaries included under Section C.

In conclusion, Mr O'Keefe confirmed that KPMG have completed their audit and expect to issue an audit opinion qualified only in regard to the pension asset, subject to approval of the financial statements by Board and receipt of the letter of representation.

At the invitation of the Chair, Mr Carton of the C&AG summarised the C&AG audit, which he confirmed is now substantially complete. He also confirmed that, as in the past, the C&AG continues to take a contrary view to KPMG in regard to the recognition of the full pension asset and will issue an unqualified audit opinion, but including an emphasis of matter in regard to the pension asset. In response to a query he advised that the C&AG agreed with the inclusion of the full pension asset. He advised that the C&AG rely on work of KPMG but continue to carry out additional work on regularity and propriety according to their remit.

He also advised that a draft management letter had been issued and that the final management letter will be issued on receipt of management responses but that there was nothing to draw to the Committee's attention in terms of it recommending the accounts to Board for approval. The Committee noted the draft Audit Certificate which had been circulated.

During a brief discussion the Committee considered the amount of the underlying deficit and noted the advice of the CFO that, notwithstanding progress made, it will take a number of years yet to grow income sufficiently to return to a surplus.

The Chair thanked the C&AG team and they withdrew from the meeting. The Committee agreed to consider if it was satisfied with the conduct of the audits after meeting with KPMG in private following the next agenda item.

**AD/16-17/64 Trinity Endowment Fund Financial Statements for the year ended  
XXX 30 September 2017**

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

- Presentation on the Trinity Endowment Fund Financial Statements 2016/17

- Memorandum from the Chief Financial Officer and Deputy Chief Financial Officer dated 13 March 2018
- Draft Trinity Endowment Fund Financial Statements for the year ended 30 September 2017
- Draft Letter of Representation to KPMG re the Trinity Endowment Fund - Audit for the year ended 30 September 2017
- KPMG Letter re Audit of the Financial Statements of Trinity Endowment Fund dated 28 February 2018

The CFO advised the Committee that the Trinity Endowment Fund Financial Statements were noted by Finance Committee on 7 March 2018 and, subject to recommendation by the Audit Committee, they would be forwarded to Board for approval.

Mr O'Keefe advised the Committee that KPMG had completed their audit and expect to issue an unqualified audit opinion, subject to approval of the financial statements by Board and receipt of the letter of representation. Mr O'Keefe advised that there were no matters to bring to the attention of the Committee arising from their audit.

The Chair thanked the CFO and his team and they withdrew temporarily from the meeting.

The Chair then invited Mr O'Keefe and Mr Hobson to comment on the audits of both sets of financial statements. Mr O'Keefe advised that they had received good cooperation and were satisfied with the conduct of the audits. He advised that there had been significant improvements in the process and that the delays experienced getting information from areas outside FSD during last year's audit were not repeated. He referred to a number of areas for improvement in the production of the accounts and that production of a consolidated Balance Sheet at quarterly intervals throughout the year would be useful.

The Chair thanked the KPMG team. Noting that that this was Mr O'Keefe's last meeting as audit partner, he thanked him for his work over a 7-year period and wished him continued success with KPMG. The Committee noted that Ms C Mullen will now be taking over as audit partner.

The CFO and Project Accounting Manager re-joined the meeting.

On behalf of the Committee and the University, the Chair extended his deepest condolences to Mr O'Keefe and the KPMG team on the recent death of Ms Laura Gallagher, who had been the audit partner on the Trinity accounts for several years.

The FSD and KPMG teams then withdrew from the meeting.

**AD/17-18/65 Conduct of the Audits**

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As agreed under the previous agenda item, the Committee then considered the conduct of the audits. The Committee expressed satisfaction with the performance of the audits of both sets of financial statements and the good progress made in recent years by the auditors and FSD in improving the audit process and the significant efforts that were made by all concerned to meet the tight timescale.

The Committee also noted the Statement of Governance and Internal Control.

The Committee agreed to recommend both sets of financial statements and the letters of representation be forwarded to Board for approval.

**Action:**

65.1 The Annual Consolidated Financial Statements for the year ended 30 September 2017 to be forwarded to Board with a recommendation that they be approved and signed.

65.2 The financial statements of the Endowment Funds Financial Statements for the year ended 30 September 2017 and the letter of representation to be forwarded to Board with a recommendation that they be approved and signed.

**AD/17-18/66 Audit Committee Recommendations Log**

The Chair advised the Committee that it is important to have all three Divisional Heads present for consideration of the status of the outstanding recommendations. As the Vice-Provost/CAO was unable to attend the meeting it had been decided to defer consideration of this item to the next meeting on 1 May.

**AD/17-18/67 Risk Management in College**

The Committee noted that it had been decided to also defer consideration of this item as the Vice-Provost/CAO was unable to attend the meeting.

**AD/17-18/68 Readiness for GDPR**

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The Chair welcomed the Data Protection Officer (DPO) to the meeting. The Chair then invited the Secretary to the College, as the University's Data Controller and Project leader, to introduce the topic and update the Committee on the status of readiness for the introduction of GDPR, which comes into force on 25 May, at which date organisations are expected to be compliant with the new regulations.

The Secretary to the College advised that a paper had been prepared by the Data Protection Officer and circulated for consideration under this item. The Secretary to the College then briefed the Committee on developments since the last presentation to the Committee on 5 December 2017 including updates in the following areas:

- Training and Guidance being developed
- Presentations and Workshops
- Data Protection Impact Assessments (DPIA's) underway

He acknowledged that extra resources will be required before May 2018 and that a process to procure external resources to assist Schools is nearing completion. He advised that with the additional external assistance, he expects to have a Roadmap and detailed Plan in place by 25 May 2018.

The Chair then invited the Data Protection Officer to comment on her memorandum to the Committee. The Data Protection Officer advised that her role in supporting areas and providing guidance has been very

demanding and that the feedback from Schools is that they feel ill equipped to deal with the issues at local level and that a College-wide approach would be preferable. She advised that Schools need assistance to complete the DPIAs and that because of the technical complexities of GDPR the level of training on offer will not be sufficient to equip Schools to properly understand GDPR, complete the DPIAs, assess the issues and identify actions needed. The Data Protection Officer confirmed that many of the key actions necessary did not yet have owners assigned to them and were incomplete or not yet started.

The Committee noted that many organisations of a similar size are managing the implementation of GDPR via a central project management team that actively supports areas. In response to a query, the Data Protection Officer advised that such a project could initially concentrate on the following key work-streams, which are of critical importance:

- Data processing agreements including cross border data transfers
- Privacy notices
- Storage and retention of data
- Records of data processing

During a detailed discussion, the Committee expressed concern on how implementation of GDPR can be monitored at Unit/School level and that it is unsatisfactory to expect Schools to avail of support without them understanding the need for it. The Committee noted that while the approach to GDPR is a matter for management it was expected that it would be in a much more advanced phase of intense focus on achievable targets and driving the resources to where they are needed. Members expressed concern at the lack of a project management approach and that the role of the DPO is a separate and necessary but independent role and that it seems inappropriate to conflate it with managing such a major project as appears to be the current state of affairs. The Committee also stressed the importance of adequate monitoring of the quality of the external assistance provided and that this was just not a matter of financial monitoring, the consistency and quality of the service will need central oversight also. The Committee emphasised the importance of supporting the Schools centrally and that the importance of GDPR needs to be communicated clearly to the College community as a whole who, unless they are aware of the enormity of the task, may be misled into thinking that current data protection processes will suffice.

In conclusion, the Committee expressed deep discomfort and concern at the current status of the university's readiness for GDPR and the passive approach to supporting Schools.

Noting the proximity of 25 May, the Committee stressed that preparations for the introduction of GDPR could have begun at a much earlier stage and stressed that the university will need to achieve full compliance very soon after 25 May.

The Secretary to the College acknowledged the Committee's concerns and agreed that the project management aspects would be given more attention and that, as project lead, he would prepare a detailed

Roadmap to be in place by 25 May.

The Committee requested a detailed update at its meeting on 1 May 2018.

The Data Protection Officer and the Secretary to the College then withdrew from the meeting.

**Action:**

- 68.1 The Secretary to the College to update the Committee again at its meeting on 1 May 2018.
- 68.2 The Secretary to the College to give urgent consideration to the project management aspects of GDPR implementation.

**AD/17-18/69 Draft Annual Report to Board 2017/18**

The Chair drew the Committee's attention to the draft of the Annual Report to Board, which had been circulated to members in advance of the meeting.

The Chair invited members to reflect on the Annual Report and to ensure that it incorporates the key messages they wish to impart to Board. He also invited members to consider the proposed changes in format from previous years. After a detailed discussion, members agreed that on an outline approach and that a further draft should be considered by the Committee before finalising it.

In conclusion, the Internal Auditor and Chair agreed to circulate a draft Annual Report as discussed to the Committee for consideration at its meeting on 1 May 2018.

**Action:**

The Internal Auditor and Chair to circulate a Draft Annual Report to the Committee for consideration at its meeting on 1 May 2018.

### **Section C - Items for Noting**

**AD/17-18/70 Subsidiary undertakings**

The Committee noted the following financial statements, already approved by the directors, which had been circulated for noting:

- Ghala Limited Financial Statements for the year ended 30 September 2017
- Trinity Online Services Limited Financial Statements for the year ended 30 September 2017
- Trinity Brand Commercial Services Limited Financial Statements for the year ended 30 September 2017

**AD/17-18/71 SITS/TEP**

The Chair reminded members that the Committee had requested a copy of the SITS Implementation and Contingency Plan for the TEP project at its meeting on 5 December 2017 (Minute AD/17-18/32). The Internal Auditor advised that he had only obtained a copy very recently and because of the length of the document and the volume of papers already on the agenda the item would be dealt with at the next meeting.

- AD/16-17/72 Protected Disclosures Annual Report 2017**  
The Committee noted the memorandum from the Secretary to the College dated 7 March 2018 which had been circulated.
- AD/17-18/73 Board Papers**  
The Committee noted the Board paper which had been circulated.
- AD/17-18/74 Audit Function Risk Register**  
The Committee noted memorandum from the Acting Deputy Internal Auditor dated 14 March 2018 together with the updated Audit Function Risk Register, which had been circulated.