



Minutes of Audit Committee, Tuesday 9 June 2020

The meeting was conducted remotely by Zoom

Present Mr D McCarthy (Chair), Professor A Burke, Ms B Collins, Professor L Hogan, Professor R Reilly

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

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

The Quality Officer attended for item AD/19-20/65

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

AD/19-20/60 Statements of Interest

The Chair invited members to declare any potential conflict of interest they may have in relation to items on the Agenda. The Chair advised that Professor Hogan had declared a potential conflict of interest in regard item 4 on Agenda “Communication received by Chair” and would join the meeting following consideration of this item.

AD/19-20/61 Communication received by the Chair

The Committee discussed developments in regard to the item and agreed how to proceed.

Action:

The Internal Auditor to proceed as instructed by the Committee

Professor Hogan joined the meeting.

The Secretary to the College joined the meeting by invitation.

AD/19-20/62 Minutes

The draft Minutes of the meeting held on 28 April 2020 were approved subject to two amendments. The Chair advised that a slight misunderstanding had arisen in regard to the discussion on the Audit Risk Register (Draft Minute AD/19-20/57). He reminded members that the Committee had agreed that the Audit Function Risk Register be reviewed to separate the Internal Audit risks from the risks of the Audit Committee. Ms Collins clarified that her proposal was to remove Audit Committee risks completely from the Risk Register. The Chair advised that he had not understood the proposal to be deletion rather than separation of Audit Committee and Internal Audit Risks. The Committee agreed that the minutes be amended to correctly reflect Ms Collins’ proposal.

Action:

The draft minutes of 28 April 2020 to be amended as discussed.

AD/19-20/63 Call-over

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

In particular, the Internal Auditor drew the Committee's attention to the items in red on the call-over; the Review of the Effectiveness of the Risk Management Process and the College Risk Register.

In regard to the proposed Audit of Risk Management, the Deputy Internal Auditor, Ms McAuliffe informed members that she had met with the Chief Risk Officer following the last meeting when and it was agreed the audit would have to be deferred until the Chief Risk Officer returned from maternity leave. Referring to the discussion at the last meeting as to whether it would be worthwhile auditing the automated processes referred to by the Chief Risk Officer, pending an evaluation of the full Risk Management Process, Ms McAuliffe advised that she also discussed this with the Chief Risk Officer. Ms McAuliffe advised that as automated processes are currently not in place, an audit would not be feasible until the processes are established and that the Chief Risk Officer confirmed that was the position and was of the same opinion.

In response to a query from a member, the Secretary to the College advised that an Interim Chief Risk Officer had been appointed to cover the Chief Risk Officer's maternity leave and had taken up the role recently.

Commenting on discussions at the last meeting on 28 April at which the Chief Risk Officer undertook to forward the updated Risk Register to the Committee, the Secretary to the College advised that unfortunately the document was not ready in time and that it was then decided that the Interim Chief Risk Officer, who took up the role on 5 June be given the opportunity to review it. He apologised to the Committee for the delay and invited the Committee's views on how they wished to proceed.

During a discussion, the Committee considered the timelines and steps in the approval process. Noting the importance of the Board considering the Risk Register before the summer, particularly in light of the Covid-19 Pandemic, the Committee agreed to hold an additional meeting on 18 June, following EOG approval of the Risk Register, to consider the document prior to its circulation to the Board meeting of 25 June.

The Committee requested that the updated Risk Register be made available as soon as possible after the meeting, to allow Internal Audit to prepare a commentary on it prior to circulation to the Committee for consideration at the additional meeting on 18 June. The Secretary to the College assured the Committee that the updated Risk Register would be made available as a matter of urgency.

Action:

63.1 The Secretary to the College in conjunction with the Interim Chief Risk Officer to forward the updated Risk Register as soon as possible after

the meeting.

63.2 The Committee to hold a special additional meeting to consider the updated College Risk Register at 10.00am on Thursday 18 June 2020.

AD/19-20/64 Matters Arising

The Chair advised that as agreed at the last meeting of the Committee, the submission by the Internal Auditor on the Code of Governance had been forwarded to the Review Group on the Code of Governance. The Chair informed members that he and the Internal Auditor had attended a recent meeting of the Review Group, at which the Code was discussed. The Chair advised members that it had been a useful discussion allowing clarification of a number of fundamental issues. The Chair advised that the matter is in progress and that the Group may seek the views of the Committee in due course. The Committee noted the update from the Chair and agreed to consider the topic again when matters progress further.

AD/19-20/65 Presentation on Institutional Review

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The Chair welcomed the Quality Officer to the meeting. Referring to a proposal that members of the Audit Committee be invited to participate in the upcoming Institutional Review, the Chair advised that it would be helpful for the Committee to have more information on what the Review entails and invited the Quality Officer to give a presentation to the Committee.

The Quality Officer advised the Committee that, due to the Covid-19 Pandemic, the Institutional Review has been deferred from November 2020 and the University is awaiting notification of a new date for the Review.

Referring to her presentation on the Institutional Review which had been circulated, the Quality Officer briefed members on the legislative framework and the associated quality assurance guidelines, policies and codes. The Quality Officer stressed that the University wishes to take a self-critical and self-reflective approach to the Institutional Review which would benefit from the participation of the Audit Committee.

During a detailed discussion, the Committee considered the potential participation of the Audit Committee in the Institutional Review. Members noted that in other institutions Audit Committees were not invited by Reviewers to engage in process and members discussed if the participation of the Committee, given the nature of its role would be appropriate. In conclusion, the Committee advised that careful consideration be given to the issues raised by members before listing it to participate in the Institutional Review, whilst confirming that if invited by the Reviewers to participate the Committee would accept the invitation.

The Chair thanked the Quality Officer for her presentation and invited her to consult and elicit other views, reflect on the Committee's views and to report back in due course to the Committee.

The Quality Officer withdrew from the meeting.

Action

The Quality Officer to consult and elicit other views, reflect on the Committee's views and to report back in due course to the Committee on

whether the Committee should be listed as a participant in the upcoming Institutional Review having considered the points raised by members.

AD/19-20/66 Review of Completed & Risk Accepted Items

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Introducing the Review of Completed & Risk Accepted items which had been circulated, the Deputy Internal Auditor advised that the scope of the review includes Complete and Risk Accepted recommendations reported by Chief Officers to the Audit Committee in the period from December 2019 to April 2020. The Committee noted that in that period there was a total of 20 recommendations removed from the Recommendations Log and classified as Complete. Ms McAuliffe informed the Committee that for this review, a sample of 13 recommendations classified as Complete was selected for detailed examination. Ms McAuliffe advised that in 9 out of 13 cases, she was satisfied that appropriate action had been taken to justify the recommendations as Complete. However, in 4 cases evidence to support the classification of recommendations as Complete was not available and recommended that these recommendations be re-instated so as to maintain their visibility until their removal could be justified by management.

During a discussion, the Committee noted that good progress has been made by management in completing outstanding recommendations, particularly following work on the clarification of definitions.

In response to a query for clarification on the 4 cases to be re-instated, Ms McAuliffe advised that in 3 of the 4 cases there had been a lack of engagement by the relevant area due to the burden of managing the Covid-19 emergency and that it had been necessary to re-instate them until more information is available. In the remaining case, Ms McAuliffe advised that the action taken did not match the actions recommended in the report.

In response to a query if a higher sampling rate should be undertaken, the Internal Auditor advised that this had been considered. He assured the Committee that Internal Audit consider carefully the items to sample. However, he advised that it is a management responsibility to report accurately to the Committee and that the objective of the Log is to assist management and to encourage the Divisional Heads to engage with their staff in resolving outstanding recommendations. If a sample indicates inaccurate reporting, then increasing the sample size is not necessary from an audit validation perspective and risks becoming the performance of management's task and undermining the proper responsibility for the process. He stressed the importance of categorising items correctly as when they are removed from the Log they are no longer visible.

In conclusion, the Committee acknowledged the importance of the robust verification process in place and stressed that it be conducted in a way that underpins the supportive objectives of the Audit Committee Recommendations Log. The Committee noted the Review of Completed and Risk Accepted Items.

AD/19-20/67 Update on Internal Audit Work Schedule

The Committee noted the update on the Internal Audit Work Schedule for 2020/21, which had been circulated for consideration. The Deputy Internal Auditor advised that the proposed audit of the Academic Registry has been deferred due to the increased workload in area due to the Covid-19 pandemic and clarification from management on plans to address issues

identified during a recent review of area by external consultants. As discussed earlier in the meeting, she noted that the proposed Audit of Risk Management has had to be deferred again until the Chief Risk Officer returns from maternity leave. In place of these audits, the Deputy Internal Auditor briefed the Committee on 3 audits for inclusion in the Work Schedule for 2020/21 and advised that the Work Schedule, as always, is dynamic and subject to change. In addition, she advised that the input of the Chief Risk Officer had been solicited and had suggested no other areas for inclusion.

Regarding the recent review of the Academic Registry by consultants, the Committee noted that they are still awaiting an update from the Chief Operating Officer on the matter. Ms McAuliffe advised that she had discussed it with the Office of the Chief Operating Officer, who advised that a working group had been established to formulate an action plan on the findings of the consultants' review. The Committee stressed that it would be valuable for the Committee to be provided with an update on this matter and Ms McAuliffe agreed to follow-up with the Office of the Chief Operating Officer following the meeting.

During a subsequent discussion the Committee considered the drivers of the Work Schedule and the methodologies employed for selecting audits and how emerging risks are captured in the Work Schedule.

The Internal Auditor advised that in the absence of a mature fully embedded risk management system, the Work Schedule was formulated using a combination of a review of the available Risk Registers, previous Internal Audit Reports and professional experience while also taking into account areas that may come to attention during the course of other work. In addition, he advised that Internal Audit examine the University's Strategic Plan and any risks that may impact on the delivery of its objectives. The Committee noted that a thematic approach has been taken and Internal Auditor advised that in audit planning, there is a deliberate focus on audits to encourage the strengthening of the 2nd line of defence, which is essential to support the University's devolved structure.

In response to a query from a member as to how the Work Schedule for 2020/21 fits into a more long-term Work Plan and on the role of "continuous auditing", the Internal Auditor advised that continuous auditing is used mostly in the financial sector but would not sensibly translate into a Trinity environment due to the different nature of the business as well as other factors. While noting the term implies something desirable and positive, he advised that in his opinion, it is not appropriate for Trinity, is too often misunderstood and confused with continuous monitoring and with the gaps that exist in 2nd line defences it would be unworkable without IA effectively becoming the 2nd line of defence. He advised that the focus of the audit effort is strategic and aimed at strengthening the 2nd line and that in his view this best serves the interest of Trinity in achieving better governance.

Ms Collins commented that in her view it would be useful to the Committee to have sight of a three-year Work-Plan, with the explicit understanding that it may change. Ms Collins acknowledged the value of a thematic approach but commented that she would like to see more work focused on emerging risks.

In regard to work on emerging risks, the Internal Auditor advised that Internal Audit continuously consider developments and emerging risks during the year and, as part of this work, intend to review processes that have been moved on-line due to the Covid-19 pandemic, which may impact the current plan. The Internal Auditor advised that having an effective risk assessment and management process in place has been a priority for the Audit Committee, virtually since its inception, and that while progress is being made the system is still immature and results are still awaited. In the absence of a reliable register of the risks he agreed that the basis for audit planning is not ideal and that Audit's own assessment of risk areas, of necessity must be of a high level. He stressed the importance of having access also to the local risk registers in audit planning as the College-level one conflates many risks and advised the Committee that Internal Audit are awaiting receipt of local risk registers despite repeated efforts to obtain them. The Internal Auditor also advised that the audit view of risk may not fully overlap the management one and that the audit workplan should never be driven by the management view of risk alone. In regard to multi-year work plans he advised that the approach has been thematic, in line with the key risks to the Strategic Plan and strategic in targeting the key weakness in the governance structure as already outlined. He advised that a multi-year view of those priorities had been agreed with the Audit Committee previously, which is the framework for the current workplan. He advised that, in his opinion, focussing the limited resources on those key issues is most beneficial and that risk-based auditing requires an acceptance that it is not all-encompassing as some areas may never be audited. Commenting on the Work Schedule as presented, he advised that if the Committee wishes to include or focus on a particular area or risk, the Work Schedule can be amended.

The Committee noted that the 2nd line of defence is a significant part of an organisational structure and the question is how best to support the University in achieving its goals within the current devolved structure. The Committee noted that many universities have a devolved structure and many have faced the challenges of assuring quality and ensuring decisions are implemented and that is also the challenge for Trinity. The Committee noted that every governance model, including a devolved structure, has positive and negative aspects and it is not the Committee's intention to suggest that the current model should be changed, although this is sometimes the impression formed by others.

In conclusion, the Chair advised that it had been a useful discussion and the Audit Committee noted the update on the Internal Audit Work Schedule.

Action

The Deputy IA to follow-up with the Office of the Chief Operating Officer following the meeting with regard to an update on the Academic Registry.

AD/19-20/68 Audit Committee and Internal Audit Risk Register

The Chair referred to a misunderstanding that had arisen in regard to a discussion on this topic at the last meeting on 28 April and which the Committee has already noted when considering the considering the Draft Minutes of 28 April. Ms Collins advised members she proposed the removal of Audit Committee risks completely from the Internal Audit Risk Register and that it be a register of Internal Audit risks only.

During a discussion, the Committee considered the background to and objectives of the Audit Risk Register. The Internal Auditor advised the Register is intended as a useful tool. He advised that the inclusion of Audit Committee risks in the Register reflects the interdependency and close working relationship between the Committee and Internal Audit in delivering the overall audit function.

In response to a query from Ms Collins, the Internal Auditor confirmed that Internal Audit staff observe International Auditing Standards in carrying out audits and appropriate ongoing training is provided and that arrangements are in place for quality assurance.

The Chair reminded members that the Committee is scheduled to carry out its own self-evaluation process in the autumn, a process which will give members a valuable opportunity for reflection and self-assessment. He proposed that the Committee reflect on the matter and consider the points raised in more detail following its self-evaluation process. The Committee noted the update and agreed to consider the points discussed in the context of its forthcoming Self-Evaluation exercise.

AD/19-20/68 Audit Committee Meeting Schedule Draft 2020 - 2021

The Internal Auditor drew the Committee's attention to a draft meeting schedule for 2020-21, which had been circulated. He reminded members, while there is some flexibility, that the dates are synchronised with the meeting and circulation dates of Board, Council and Finance Committees and the approval cycles of the financial statements. He invited members to consider the schedule and advise him if they had difficulties with any of the dates. Following a brief discussion, it was agreed to re-schedule the November date due to a diary clash for one member. It was also noted by members that teaching schedules are not yet available so the dates may need to be reviewed when teaching schedules are confirmed in the autumn. In the interim, the Committee was asked to note the dates in their diaries.

Action

68.1 The draft meeting schedule for 2020-2021 to be amended as discussed and circulated to members after the meeting for noting in their diaries.

68.2 The draft dates to be confirmed when teaching schedules become available.

Section C - For Noting

AD/19-20/69 Board Papers

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