



## Minutes of Audit Committee, Tuesday 8 December 2020

*The meeting was conducted remotely by Zoom*

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

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

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

Assistant Internal Auditor (Ms Y Coutts) attended for item AD/20-21/36

The Director of Human Resources (Ms A Quinn) attended for item AD/20-21/38

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

### **AD/20-21/31 Statements of Interest**

The Chair invited members to declare any potential conflict of interest they may have in relation to items on the Agenda. Professor Burke declared a potential conflict of interest in relation to Agenda item 5 "Audit of Employment Framework Management". The Committee noted the declaration and agreed that it did not require him to withdraw from the meeting for consideration of this item.

### **AD/20-21/32 Communication Received by Chair**

The Committee noted the final Report on the Communication Received which had been circulated. The Deputy Internal Auditor confirmed that the final Report will be held by Internal Audit as the secretariat to the Audit Committee. The Committee approved the draft memorandum to the Secretary to the College, which had been circulated.

#### **Action:**

The Acting Internal Auditor to circulate memorandum in relation to Communication Received by Chair to the Secretary to the College.

*The Secretary to the College joined the meeting by invitation*

### **AD/20-21/33 Minutes**

The draft minutes of 10 November 2020 were approved.

### **AD/20-21/34 Call-over**

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

**AD/20-21/35 Matters Arising**

The Chair advised members that Professor Linda Hogan has resigned from the Audit Committee following her declaration of interest in the Provostship. He thanked Professor Hogan for her service to the Committee, noting the Committee valued the experience and wisdom Professor Hogan brought to the Committee's work during her tenure.

The Acting Internal Auditor briefed the Committee on the delay in the on-going Audit of IT Security which commenced in August 2020 and is being undertaken by BDO on behalf of the University. The Committee noted that delays arose due to lack of engagement from management which has been escalated appropriately. The Acting Internal Auditor advised that, while Internal Audit are aware of the pressure which IT Services are currently under and recognise that there may be competing priorities, they are unable to accommodate these issues where there is an absence of engagement / communication from management. She advised that while progress has been made in relation to engagement issues, the Audit of IT Security is not expected to be concluded until March 2021.

The Committee acknowledged that all staff have been under significant pressure due to the impact of Covid-19 but stressed that it is a important area of compliance in the University, particularly in light of move to on-line teaching and remote working. The Committee noted the update on the status of the IT Security Audit, commenting that it hopes the Audit will now proceed smoothly.

**AD/20-21/36 Audit of Employment Framework Management**

The Chair welcomed Assistant Internal Auditor, Ms Y Coutts to the meeting for consideration of the Audit of the Employment Framework Management Report, which had been circulated. Noting that it is an area that may be subject to the scrutiny of the external auditors, the Chair invited her to present the key findings of the Audit Report.

The Assistant Internal Auditor advised the Committee that the Employment Control Framework (ECF) and the Departures Framework were established to manage the cost of the public sector pay bill. The Assistant Internal Auditor advised that Trinity as a public body is required to comply with these Frameworks and report to the Higher Education Authority (HEA) on a periodic basis in relation to key elements of the Frameworks. In particular, the Committee noted that the University must report staff numbers to the HEA on a quarterly basis.

The Committee noted that the purpose of the audit was to assess the adequacy and effectiveness of the control framework in place to manage the risks to the University associated with meeting the requirements of the ECF and the Departures Framework and whether reasonable assurance can be provided to the Audit Committee.

Commenting on the Report's key findings, the Assistant Internal Auditor advised that processes in place to manage the requirements of the Frameworks are operating reasonably well, but there are a number of areas for improvement that would enhance the control framework and provide greater assurance that all requirements are being met.

In particular, the Assistant Internal Auditor advised that an historic anomaly arising from a legacy position taken by the University when the ECF was introduced in 2011 should be considered and resolved by management. The Committee noted that management have identified and are fully aware of the anomaly but has not yet determined whether the associated employer contribution is required to be backdated and whether a retrospective pension liability arises.

The Assistant Internal Auditor also advised changes to employer pension contributions, effective from 01 January 2020, are manually processed and have yet to be reflected on the payroll system. Finally, the Assistant Internal Auditor reported that there is scope for improvement in documentation management, particularly in relation to quarterly reporting.

During a subsequent discussion, the Committee considered some of the key findings of the Report and the Assistant Internal Auditor answered a number of technical queries from members particularly in relation to the legacy issue. The Committee noted that all Report's recommendations have been accepted by management.

In conclusion, the Committee noted the findings and recommendations within the Audit of the Employment Framework Management report.

The Chair thanked Ms Coutts for her presentation and she withdrew from the meeting.

**AD/20-21/37 Covid-19 Response Groups Governance Overview**

The Chair drew the Committee's attention to the memorandum from the Deputy Internal Auditor dated 01 December 2020, which had been circulated and invited her to introduce the item.

The Deputy Internal Auditor advised that the purpose of the memorandum is to provide the Committee with an overview of the governance of the Covid-19 response groups, which have been established by the University since the beginning of the Pandemic. The Deputy Internal Auditor advised that the structures in place are continuing to change in response to the challenges posed by an evolving situation. The Deputy Internal Auditor advised that in compiling the overview for the Committee, Internal Audit made a number of high-level observations from a control perspective and these observations were communicated and discussed with management.

In response to a query from the Chair, the Secretary to the College advised members that there has been a move from emergency management of the crisis towards more ongoing structures. The Secretary to the College advised that many immediate issues have been dealt with and there is now a greater focus on staff and student well-being, particularly on student mental health. He reported that there is continuing and positive dialogue taking place with government on the matter. Members noted the significant amount of work required to implement measures agreed.

During a subsequent discussion, the Committee welcomed the paper as timely and informative. In response to a query on lessons learned and if the University will be reviewing its Emergency Response, the Secretary to the College advised that the University Emergency Plan will be reviewed by an external body and also confirmed that recommendations arising from the recent Internal Audit report on Business Continuity Management & Disaster Recovery completed in April 2020 are being implemented.

The Audit Committee discussed the appropriate role of Internal Audit in relation to the response to Covid-19 by the University. While noting the paramount importance of Internal Audit maintaining its independence and objectivity, the Committee agreed that in some circumstances Internal Audit can assist management by providing advice from a control perspective.

The Acting Internal Auditor proposed circulating a questionnaire to management which would be based on a paper from the Comptroller & Auditor General. The results of which would provide the Audit Committee with some management assurance on the response to Covid-19 which was welcomed by members.

The Secretary to the College advised the Committee that the Chief Risk Officer is a member of several of the response groups outlined in the overview of the Covid-19 response groups.

In conclusion, the Committee noted the overview of the Covid-19 Response Groups Governance.

**AD/20-21/38 Update from Director of Human Resources**

The Chair welcomed the Director of Human Resources to the meeting and reminded members that it had been agreed at the last meeting that the Director of Human Resources be invited to provide an update to the Committee on recent developments and projects in Human Resources.

Referring to a presentation which had been circulated, the Director of Human Resources outlined five high-level Strategic recommendations arising from the Quality Review of Human Resources conducted in April 2019 and advised the Committee that there has been significant progress since the Review was conducted in 2019. In particular, she reported that good progress has been made to resolve significant recruitment issues and briefed members on actions taken to improve processes as part of Recruitment transformation. In particular, the Committee noted the positive progress made in relation to Chair recruitment, together with the streamlining of key processes including interview guidelines, the roll-out of standard job descriptions and stabilisation of the recruitment team. Responding to a query from a Committee member in relation to recruitment processes, the Director of Human Resources advised in early 2021, Human Resources will be holding information roadshows for Heads of School and School Managers.

For each of the high-level strategic areas identified by the Quality Review, the Director of Human Resources briefed the Committee in detail on achievements to date and planned work to address all recommendations arising. The Director of Human Resources also advised that major systems upgrades have provided a much-improved technical base to HR operations.

The Committee also noted Covid-19 additional work in 2020 including the set-up of a Covid-19 Staff and Student helpline as soon as the University closed in March, the establishment of Covid-19 website, on-line interviewing and membership of key Covid-19 Committees.

During a subsequent discussion, the Committee stressed that Human Resources is a key function of the University and it is critical that it performs well for the University to achieve its goals.

In response to a query from a Committee member in relation to controls and if they were considered in designing new processes, the Director of Human Resources advised that in relation to personal data for example, there was close engagement with the Data Protection Officer and GDPR implications were considered carefully. The Deputy Internal Auditor also that the progress outlined in the presentation addresses a number of areas highlighted within the Audit of HR Recruitment in October 2018.

In conclusion, the Committee thanked the Director of Human Resources for the comprehensive update and welcomed the significant progress achieved.

The Director of Human Resources withdrew from the meeting.

**AD/20-21/39 Internal Audit Charter and Strategy**

The Chair drew the Committee's attention to the documents which had been circulated for consideration and invited the Acting Internal Auditor to brief members.

Referring to the Draft Internal Audit Charter, the Acting Internal Auditor advised members that the Charter formally outlines the vision and mission of Internal Audit together with its scope, role and authority. She confirmed that the Charter is reviewed annually, with any proposed amendments to be approved by the Committee. The Committee noted the Draft circulated, together with a marked-up version to highlight the proposed changes for the information of members. The Deputy Internal Auditor advised that many of the changes are to ensure consistency of language with the Internal Audit Strategy.

During a discussion, the Committee considered the Draft Internal Audit Charter in detail and agreed two amendments. The Acting Internal Auditor, in response to a query from a member, confirmed that the Internal Audit Charter had been reviewed to ensure conformance with relevant Internal Audit Standards.

Concluding the discussion of the Draft Internal Audit Charter, the Committee approved the Draft Internal Audit Charter subject to agreed amendments.

The Deputy Internal Auditor advised that the Draft Internal Audit Strategy documents the high-level focus for internal audit activity and creates a link between the Internal Audit Charter and Internal Audit Annual Plan. The Committee noted that the document outlines high-level strategic objectives of the function and identifies goals and actions to be taken to achieve these objectives.

Responding to comments from a Committee member concerning the timing of the Audit Strategy in advance of the appointment of the Internal Auditor, the Chair noted that it is a high-level document and a good reflection of the objectives of the function for 2021-2023, and can be re-visited after an appointment is made.

In response to a query in relation to Internal Audit resources, the Secretary to the College confirmed that a benchmarking exercise conducted in 2017 found that Trinity's Internal Audit staff numbers compared well with other Universities. The Committee noted that Internal Audit, with access to additional external resources where necessary, has delivered all work required by the Audit Committee, including some unplanned and significant pieces of work.

During a subsequent discussion, the Committee proposed two amendments to the text of the Draft Audit Strategy, which the Acting Internal Auditor agreed to incorporate.

In conclusion, the Audit Committee approved the Draft Internal Audit Strategy (2021 - 2023) subject to agreed amendments.

**Action:**

- 39.1** The Acting Internal Auditor to finalise the Internal Audit Charter incorporating the amendments as agreed by the Committee and forward to Board for approval.
- 39.2** The Acting Internal Auditor to finalise the Internal Audit Strategy (2021-2023) incorporating the amendments as agreed by the Committee.

**AD/20-21/40** **Audit Committee Terms of Reference**  
**XXX**

Introducing the item, the Chair drew the Committee's attention to the draft Audit Committee Terms of Reference which incorporated suggested changes subsequent to previous discussions. The Chair also drew the attention of members to the summary paper on the activities of the Audit Committee, which was compiled to assist members in considering the Terms of Reference.

The Chair invited members to consider if they were broadly satisfied with the Committee's Terms of Reference as presented. He then invited the Committee to review the content in detail and advise of any amendments they wished to make to the text.

The Chair reminded members that earlier in the year he and the Internal Auditor attended a meeting of the Review Group on the Code of Governance in relation to potential updates to the Trinity Code of Governance and impact on the role of the Audit Committee. The Secretary to the College advised that due to the impact of Covid-19 some non-operational matters, including the work of this Group, had been delayed. The Committee noted the Group have sought some external, international and independent views in relation to Audit and Risk Committees.

On the basis that the work of the Review Group has not reached a conclusion, the Chair proposed that the Committee review the Terms of Reference as presented. He noted that the Code of Governance makes provision for separate Audit and Risk Committees especially in large institutions and that there is merit in keeping them separate given Trinity's complex structure. He stressed the importance of ensuring the independence of the Audit Committee is not diluted.

Following a discussion, the Committee agreed some updates to the Terms of Reference, particularly in relation to risk management and the role of the Chief Risk Officer (CRO). Members also agreed an amendment to the membership section to make it consistent with the College Statutes.

The Committee approved the draft Audit Committee Terms of Reference, subject to incorporation of agreed amendments.

**Action:**

The Acting Internal Auditor to finalise the Audit Committee Terms of Reference incorporating the amendments as agreed by the Committee and forward to Board for approval.

**Section C – For Noting**

**AD/20-21/41 Subsidiary Undertakings**

The Committee noted the following financial statements for subsidiary undertakings, which had been circulated:

- Ghala Limited Financial Statements for the year ended 30 September 2019
- Trinity Online Services Limited Financial Statements for the year ended 30 September 2019
- Trinity Brand Commercial Services Limited Financial Statements for the year ended 30 September 2019
- Trinity Asia Services Limited Financial Statements for the year ended 30 September 2019
- Trinity Foundation Financial Statements for the year ended 30 September 2019

The Committee noted that the financial statements for the subsidiary undertakings are consolidated in the University's financial statements, which are subject to external audit.

**AD/20-21/42 Board Papers**

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

**AD/20-21/43 Any other Business**

The Committee discussed the potential adoption of an overall rating system for Internal Audit reports and noted the advantages and drawbacks of the adoption of such a system. The Acting Internal Auditor confirmed that control objectives for areas under review are currently assessed independently with opinion on the achievement of each objective provided. She noted that the introduction of an overall assessment would be a significant change in operational approach but would keep under advisement.

The Committee noted that the rating of individual findings is an important information tool within the Audit Recommendations Log. The Acting Internal Auditor confirmed that this would be reflected within the revised template for the update from management.