



Minutes of Audit Committee, Tuesday 26 January 2021

The meeting was conducted remotely by Zoom

- Present* Mr D McCarthy (Chair), Ms B Collins, Professor A Burke (*By speaker phone*)
- Apologies* Professor R Reilly
- (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

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

AD/20-21/44 Statements 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 conflicts of interest declared by members.

AD/20-21/45 Minutes

The draft minutes of 8 December 2020 were approved.

In response to a query from the Secretary to the College in relation to the amendments to the Internal Audit Charter & Strategy and the Committee's Terms of Reference as agreed by Committee at its last meeting, the Deputy Internal confirmed that the final draft of these documents will be circulated to the next meeting of the Committee for noting.

AD/20-21/46 Call-over

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

AD/20-21/47 Matters Arising

The Acting Internal Auditor briefed the Committee on the Audit of IT Security which commenced in August 2020 and is being undertaken by BDO on behalf of the University. The Acting Internal Auditor advised members that some progress had been made on the audit with a final report now expected at the end of March. The Committee welcomed this progress, noting that the report will be considered by the Committee when finalised.

AD/20-21/48 External Audit Procurement Process

The Chair drew the Committee's attention to the memorandum from the Acting Internal Auditor dated 21 January 2021, which had been circulated.

The Committee noted the current contract for the provision for external audit services is due to conclude following the completion of the audit of the financial statements for the year ended 30 September 2020 and that it is now necessary to undertake a procurement process for the provision of external audit services. The Acting Internal Auditor reminded members that under the Committee's Terms of Reference it is responsible for making recommendations to Board on the appointment of the external auditors. The Committee noted the current external auditors will not be included in list of potential bidders, and that, given the length of their tenure, a change would be required by audit regulations and is a good governance outcome.

The Acting Internal Auditor advised the Committee that Internal Audit had engaged extensively with the FSD on the process and the details within the Supplementary Request for Tender have been reviewed and agreed with the FSD to ensure completeness and accuracy. The Committee noted that the Office of Government Procurement (OGP) has established a Multi-Supplier Framework for the Provision of Accounting, Audit and Financial Advisory Services and that External Audit Services for the University will be procured under this Framework.

The Acting Internal Auditor outlined the proposed arrangements for the procurement process including the contract term, evaluation criteria, scoring methodology and timelines for the process. The Committee noted that it is proposed that an Evaluation Team, comprised of a subset of Audit Committee members, be established to evaluate submissions received with a minimum of two full days required in April to evaluate submissions. The Committee also noted that representatives of the FSD and Trinity Foundation as well as Internal Audit may attend the Evaluation meetings solely in an observational capacity.

During a subsequent discussion, the Acting Internal Auditor answered a number of technical queries from members in relation to the proposed criteria and scoring methodology. In particular, the Committee noted that one of the key deliverables is meeting audit deadlines and that this should be adequately reflected in the procurement process and criteria. The Acting Internal Auditor assured the Committee that timelines are clearly stated in the Supplementary Request for Tender as well as the importance of the relationship between the external auditors and the C&AG.

The Committee agreed to consider the composition of the Evaluation Team at its next meeting on Tuesday 16 February.

In conclusion, the Committee approved the proposed arrangements for the procurement of external audit services.

Action:

48.1 The Committee to consider the composition of the Evaluation Team for the provision of external audit services.

AD/20-21/49 Review of Completed and Risk Accepted Recommendations

Introducing the Review of Completed & Risk Accepted items which had been circulated, the Acting Internal Auditor advised that the scope of the review includes Complete and Risk Accepted recommendations reported by Divisional Heads to the Audit Committee in the period from April 2020 to November 2020. The Committee noted that in this period there was a total of 13 recommendations removed from the Recommendations Log and classified as Complete.

The Acting Internal Auditor informed the Committee that for this review, a sample of 9 recommendations classified as Complete was selected for detailed examination and advised that in 6 out of 9 cases, Internal Audit were satisfied that appropriate action had been taken to justify the recommendations as Complete. However, in 3 cases, recommended / alternative actions had not been taken by management and it is recommended that these recommendations be re-instated as 'Outstanding Recommendations' on the Audit Recommendations Log.

Referring to a proposal agreed at the last Committee meeting, for management to provide timelines for the expected implementation of each Outstanding Recommendation, the Committee noted that Internal Audit are working with the Office of the Chief Operating Officer to implement this amendment for the next management update on the Recommendations Log.

In conclusion the Committee noted the Review of Completed & Risk Accepted Recommendations report as presented.

AD/20-21/50 Internal Audit Annual Plan

The Chair drew the Committee's attention to the memorandum from the Acting Internal Auditor dated 19 January 2021, which had been circulated and invited the Acting Internal Auditor to brief the Committee on the Internal Audit Annual Plan.

The Acting Internal Auditor advised members that in line with the Internal Audit Strategy for 2021-2023, which was approved by the Committee at its meeting on 8 December 2020, Internal Audit had undertaken a comprehensive planning process to develop a risk based plan for 2021. The Acting Internal Auditor advised that the Plan incorporates information and feedback from several sources including engagement with key stakeholders, a review of the College Risk Register and a review of Board, Council and Committee papers.

The Acting Internal Auditor stressed that the Internal Audit Plan is flexible and dynamic and kept under constant review and regular updates on progress will be provided to the Committee during the year. The Acting Internal Auditor invited the Committee to consider and approve the Annual Plan as presented and advise if they wished to make any amendments.

The Committee welcomed the inclusion of the Audit Universe as an appendix to the memorandum. In response to a query from a member, the Acting Internal Auditor confirmed that, while a risk assessment of all areas / activities could provide additional perspective, this information is not currently generated by the Risk Management process but could be incorporated in future planning process if available.

During a detailed discussion, the Acting Internal Auditor answered several queries from members in relation to the planning process and the methodology for selection of individual audits for inclusion in the Plan.

In response to a query on Brexit, the Acting Internal Auditor noted that Internal Audit have recently completed an Audit of Procurement and an audit of Accounts Payable is underway. The Acting Internal Auditor confirmed that any potential issues arising from Brexit will be considered throughout the year and will be incorporated within the Plan if necessary. The Secretary to the College advised, that although overshadowed by Covid-19, a Brexit Working Group continues to meet and that no significant issues have arisen to date.

In response to a query from a Committee member, the Acting Internal Auditor confirmed that the proposed Audit of Risk Management would assess the Universities arrangements against best practice including consideration of Risk Appetite. The Secretary to the College confirmed that he would bring the comments of the Committee to the attention of the Interim Chief Risk Officer and confirmed that the University's Risk Appetite is under active consideration.

In response to a suggestion from the Committee, the Acting Internal Auditor confirmed that information on the factors influencing the inclusion of individual audits on the Plan would be included with updates on progress against the Plan together with risk assessment of individual areas should this be available in the future.

In conclusion, the Committee approved the Internal Audit Annual Plan for 2021 as presented, noting that they would receive periodic updates on progress during the year.

The Secretary to the College was invited to withdraw from the Committee for consideration of Agenda items 7 and 8

Prior to withdrawing from the meeting, the Secretary to the College made several observations in relation to Agenda items 7 and 8. The Chair advised that the Secretary to the College that the Committee would take account of his comments during their discussions on the respective Agenda items.

The Secretary to the College withdrew from the meeting by invitation

AD/20-21/51 Audit of Annual Assurance Process

The Chair drew the Committee's attention to the Report on the Audit of the Annual Assurance Process dated January 2021, which had been circulated. The Chair invited the Deputy Internal Auditor to brief the Committee on the findings of the audit.

The Deputy Internal Auditor advised that the annual assurance process is referenced as a key control in the University High Level Risk Register (approved by EOG September 2020) and up until 2016/17 it was highlighted as a key element of the control framework within the Statement of Governance and Internal Control (SGIC). The Committee noted that the purpose of the audit is to assess the adequacy and effectiveness of the Annual Assurance Process undertaken to support the annual governance statements which confirm that a review of the effectiveness of internal control within the University has been carried out.

The Deputy Internal Auditor advised that at the time of the audit, the process is incomplete with some assurances outstanding. The Committee noted that the Secretary's Office, in conjunction with the Financial Services Division, are responsible for the compilation of the information in the SGIC. The Acting Internal Auditor advised that the incomplete implementation of a formal annual assurance process was highlighted to the Secretary's Office in September 2020 who undertook to address this for the financial year ended 30 September 2020. The Deputy Internal Auditor advised that some additional actions have now been implemented, but that a comprehensive overview has not yet taken place, with the Secretary's Office noting that the process is currently a work in progress for the current year.

The Deputy Internal Auditor advised the annual process should be aligned with the financial year to ensure timely confirmation and management agreed with this and that it will be implemented for future years. The Committee noted that management have accepted all recommendations within the report.

In response to a query on the high rating attributed to one finding, the Acting Internal Auditor advised that the rating was applied according to prescribed audit definitions and criteria. The Audit Committee noted the importance of applying these criteria consistently across all audits.

During a subsequent discussion, the Committee acknowledged the constraints and challenges posed by the Covid-19 Pandemic on the work of the University but stressed that this should not be allowed to adversely impact the governance of the University. The Audit Committee noted that the annual assurance process is a key process and part of the assurance framework to Board and, in the context of the Covid-19 Pandemic, it is even more important that it is undertaken correctly.

In conclusion the Committee noted the Audit of Annual Assurance Process report as presented. The Committee requested that its views on the report be shared with management.

Action:

51.1 The Acting Internal Auditor to share the comments of the Audit Committee in relation to the Audit of Annual Assurance Process report with management.

AD/20-21/52 Audit Committee Annual Report to Board 2020 / 2021

Introducing the topic, the Chair advised members that provision has been made at today's meeting for a preliminary discussion, commenting that it is a document that evolves over several months. The Chair invited the Committee to reflect on the overall message it wishes to convey to Board in its Annual Report and consider potential topics for inclusion. The Committee noted the Committee's Annual report for 2019/2020, which had been circulated for reference.

During a discussion, the Committee considered the overall message it wishes to convey in the Annual Report. Members discussed a number of issues for possible inclusion in the Report. In particular, the Committee considered the impact of the Covid-19 Pandemic, commenting that it provided a lens through which the Committee can reflect on the past year. The Committee noted that Part II of Report 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.

Noting that it has been the practice for the Annual Report to be considered by Board in March in conjunction with the annual financial statements, the Committee considered timelines for completion of the Annual Report. The Committee also explored potential options for engagement with management prior to the circulation of the Annual Report to Board. The Committee stressed the importance of maintaining the independence of Committee and that any such engagement should not re-open matters already agreed by management during work performed during the year.

In conclusion, the Committee agreed to reflect all the points by members and consider the matter further at its meeting in February. In order to advance discussions, the Committee an initial draft of matters for inclusion in the Annual Report would be circulated for consideration at the next meeting.

Action:

52.1 The Chair and Acting Internal Auditor to prepare an initial draft of matters for inclusion in the Annual Report.

Section C – For Noting

AD/20-21/53 Board Papers

The Committee noted the Board Agendas and minutes which had been circulated for noting. In particular, the Chair drew the Committee's attention to Board Minute BD/20-21/68 Risk Register 2019-2020 of 18 November 2020 in which risk posed by the lack of a Government guarantee in respect of a pension liability was discussed.