



Minutes of Audit Committee, Wednesday 08 December 2021

The meeting was conducted remotely by Zoom

Present Mr D McCarthy (Chair), Ms M Fulton, Professor R Reilly, Ms B Collins, Professor P Murphy, Professor R Kenny

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

In Attendance Deputy Internal Auditor (Ms A Cooney), Senior Internal Auditor (Ms Y Coutts)

Mr B Gartlan and Mr G Fernandez from BDO attended for item AD/21-22/19

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

AD/21-22/15 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/21-22/16 Minutes

The draft minutes of 05 October 2021 were approved.

AD/21-22/17 Call-over

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

AD/21-22/18 Matters Arising

XXX The Internal Auditor confirmed that the Assistant Internal Auditor vacancy has been filled and the new staff member is scheduled to start in February 2022.

The Internal Auditor updated the Audit Committee on confidential matters arising across the University.

The Secretary to the College withdrew from the meeting.

Section A and Section B – Policy and Implementation Issues

AD/21-22/19 Audit of Risk Management Framework

XXX The Chair welcomed Mr Gartlan and Mr Fernandez from BDO to the meeting for the presentation of the Audit of Risk Management Framework which had been circulated for consideration.

Introducing the report, Mr Fernandez advised that the purpose of the audit was to assess the adequacy and effectiveness of the design and operation of the risk management framework. The scope of the audit was the governance of the framework in place as at July 2021 and as part of the audit the current framework was compared against best practice, namely, the Code of Governance for Irish Universities and the ISO 31000 Risk Management Framework.

There were a number of areas for improvement identified and Mr Fernandez advised that based on the results there is an audit opinion of limited assurance. Six recommendations have been raised. The first recommendation is in relation to the risk management governance structures and ensuring adequate independent challenge and oversight. The second and third recommendations relate to ensuring adequate update of the College Risk Register and presentation to Board and the Audit Committee. It is also recommended that risk management function review, streamline and update the risk register structure to ensure common risk areas are identified and that a Risk Appetite Statement and comprehensive Incident Management Policy are developed and approved.

The Committee welcomed the report on the Audit of the Risk Management Framework. During a detailed discussion, the Committee raised some queries on the management response to actions being taken to address the recommendations particularly in relation to the first recommendation regarding the Risk Management Governance Structure. The Audit Committee noted that the arrangements for any independent oversight within the Risk Management Framework should be determined by Board and that, ultimately, risk management is the responsibility of Board.

The Audit Committee also noted that it is important that the risk function is seen as a positive tool that can help decision making as opposed to an additional compliance burden. The Chair noted that the Code of Governance does allow for a Risk Committee in larger institutions such as Trinity rather than an Audit & Risk Committee and this could be something for the Board to consider especially due to the complex devolved structure in place in the University.

In response to a query on the new risk management system would be going live, the Internal Auditor confirmed that, as still in development, the new system was not within the scope of the audit, but it is her understanding that it is a bespoke system.

The Committee agreed that would be appropriate to engage with the Provost in relation to the risk management governance structure. It was also agreed to invite the CRO to a future Audit Committee meeting to obtain an update on the status of risk management including the development of the new system.

In conclusion, the Committee noted and agreed the Audit of Risk Management Framework report.

The Chair thanked Mr Gartlan and Mr Fernandez of BDO for their work and contribution to discussions and they withdrew from the meeting.

Actions:

19.1 Chair to engage with the Provost regarding governance of Risk Management within the University.

19.2 The Internal Auditor to invite the CRO to a future Audit Committee meeting to provide an update on risk management and the risk management system.

AD/21-22/20 Audit of Asset Register Management

The Chair invited the Deputy Internal Auditor to brief the Committee on the Audit of Asset Register Management, which had been circulated for consideration.

The Deputy Internal Auditor advised that there are seven audit findings within the report, the first five of which relate to the accuracy of the asset register. Currently assets are recorded on the Web Asset Portal (WAP) for insurance and tracking purposes and a separate fixed asset register (FAR) is maintained by the Financial Services Division for assets over the threshold for capitalisation on the financial system. However, a reconciliation between the two systems is not performed. While an accuracy confirmation process is in place for assets on the WAP system, opportunities for improvement were noted and a similar accuracy confirmation is not in place for assets on the FAR. The Deputy Internal Auditor advised that while the FSD assumed responsibility for the WAP in 2019, no clear roles and responsibilities were defined in relation to completeness and accuracy.

During a brief discussion, it was confirmed that FSD would be the main driver in ensuring that roles and responsibilities are defined and understood between itself and Estates & Facilities and the appointment of a new insurance manager next year is an opportune time for this exercise.

The Deputy Internal Auditor advised that there was good engagement from management who accepted the benefit of the recommendations. The Committee welcomed management's positive response albeit noting the challenges faced due to the systems in place.

In conclusion, the Committee noted and agreed the Audit of Asset Register Management report.

The Secretary to the College, Mr Coman, re-joined the meeting

AD/20-21/21 Review of Completed Recommendations

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 Divisional Heads to the Audit Committee in October 2021 for the period from February 2021 to September 2021.

The Committee noted that in this period there was a total of 18 recommendations removed from the Recommendations Log and classified as Complete. There were no Recommendations classified as Risk Accepted.

The Deputy Internal Auditor informed the Committee that for this review, a sample of 10 recommendations classified as Complete, representing 55% of total recommendations classified as Complete in the period, was selected for detailed examination. She advised that in 7 out of 10 cases, Internal Audit were satisfied that appropriate action had been taken to justify the recommendations as Complete. The Deputy Internal Auditor advised that in 3 cases, Internal Audit

found that the recommended actions or alternate actions have not been taken in full by management and therefore recommends it be re-instated on the Log until complete or classified as Risk Accepted by management if appropriate.

During a subsequent discussion, the Committee expressed disappointment that 3 out of the 10 recommendations required re-instatement. In response to a query, the Internal Auditor advised that continuous communication and education are required to ensure management understand when an action should be classified as Complete. The Chair noted that following a previous review of older recommendations a number of recommendations which has made the overall log more useful for tracking purposes.

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

AD/21-22/22 Internal Audit Plan 2022

The Chair drew the Committee's attention to the memorandum from the Internal Auditor dated 01 December 2021, which had been circulated and invited the Internal Auditor to brief the Committee on the Internal Audit Annual Plan.

The 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 08 December 2020, Internal Audit had undertaken a comprehensive planning process to develop a risk-based plan for 2022. The 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 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 Internal Auditor advised that expected dates for presentation at Audit Committee have not been included, due to a need for increased flexibility for ad hoc projects. The Internal Auditor invited the Committee to consider and approve the Annual Plan as presented and advise if they wished to make any amendments.

In response to a query, the Internal Auditor confirmed that the audits included on the plan are prioritised by risk and relevance based on the information available to Internal Audit at the time of planning. The Internal Auditor noted 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 as additional information becomes available from Risk Management and from Internal Audit processes it is incorporated in future planning. The Internal Auditor confirmed that a detailed review of the Audit Universe is undertaken, and Internal Audit have identified the specific proposed audits based on their knowledge and risk assessment. The Internal Auditor noted that the majority of audits undertaken are bespoke individual audits rather than a repeat audits.

In conclusion, the Committee approved the Internal Audit Annual Plan for 2022 as presented, noting that they would receive periodic updates on progress during the year.

The Secretary to the College withdrew from the meeting by invitation

AD/21-22/23 Audit Committee Annual Report 2021/2022

Introducing the topic, the Chair advised members that provision has been made at today's meeting for a preliminary discussion, commenting that it is an important document that evolves over time. 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 2020/2021, which had been circulated for reference.

During a discussion, the Committee considered the overall style it wishes to adopt for the Annual Report. Members discussed whether highlighting key themes would be useful especially in a period of managerial change with the appointment of a new Provost. The Committee also discussed whether the opinion provided could include additional context to allow for greater clarity in terms of what the opinion indicates regarding the control environment. The Committee also discussed the utilisation of graphs and visual aids to communicate certain points concisely to Board.

The Committee noted 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 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 agreed that an initial draft of the Annual Report would be circulated for consideration at the next meeting.

Actions:

23.1 The Chair and Internal Auditor to prepare an initial draft of the Annual Report 2021 / 2022.

Section C – For Noting

AD/21-22/24 Non-Audit Services

The Committee noted the memorandum dated 18 October 2021 from the Deputy Chief Financial Officer regarding Non-Audit Services which had been circulated.

AD/21-22/25 Board Papers

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

