



Minutes of Audit Committee, Tuesday 15 February 2022

The meeting was conducted remotely by Zoom

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

Apologies Ms B Collins

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

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

Ms Marie Collins, Chair of the Trinity Foundation Audit and Risk Committee attended for item AD/21-22/30

The Interim Chief Operating Officer (Ms O Cunningham) and the Chief Financial Officer (Mr P Reynolds) attended for item AD/21-22/31

Senior Internal Auditor (Ms Y Coutts) attended for item AD/21-22/32

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

Opening the meeting, the Chair advised that one member has given apologies for the meeting, and two members would be unable to join until later in the meeting. Noting that the meeting would be inquorate until then, the Chair proposed that any decisions required of the Committee would be taken after these two members join meeting.

AD/21-22/26 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/21-22/27 Minutes

The draft minutes of 08 December 2021 were approved subject to one minor amendment.

AD/21-22/28 Call-over

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

The Chair confirmed he met with the Provost and had a productive discussion in relation to Risk Management and current structures within Trinity. In addition, the Internal Auditor advised that the Chief Risk Officer has been invited to provide a presentation to the Committee and this is currently scheduled for the Committee meeting in June 2022.

AD/21-22/29 Matters Arising

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The Internal Auditor provided an update on recent developments on matters previously discussed with the Committee.

Section A and Section B – Policy and Implementation Issues

AD/21-22/30 Report of Trinity Foundation Audit and Risk Committee

The Chair welcomed Ms Marie Collins, Chair of the Trinity Foundation Audit and Risk Committee (TFARC) to the meeting for consideration of their Report for 2020/2021 which had been circulated for consideration.

The Committee noted that there is a memorandum of understanding in place with the Foundation, whereby it has its own Audit Committee and commissions its own internal audit work but that the Trinity Audit Committee retains a right to carry out further work if it deems it necessary. As part of the agreed process, the Chair of the Foundation's Audit & Risk Committee provides annual updates to the Trinity Audit Committee.

The Committee noted that the MOU requires TDA and TCD to employ the same firm to conduct the annual audit of their financial statements therefore the annual audit of Trinity Foundation's Financial Statements is included within the scope of these services. Noting the appointment of PricewaterhouseCoopers (PwC) as the University's external auditors in August 2021, Ms Collins advised that there had been a seamless transition to the new auditors.

Noting that the objective of the Report is to advise the Trinity Audit Committee (TCDAC) on activities during the past year and in particular to highlight issues which may of specific interest to the TCDAC, the Chair invited Ms Collins to brief the Committee on the work of TFARC during the year.

Ms Collins advised that in accordance with its Terms of Reference the TFARC focuses on four broad areas as follows:

- External Audit
- Risk Management and Internal Audit
- Governance
- Policy Development

Ms Collins briefed members on enhancements to the membership of the TFARC since her last Report to the TCDAC in February 2021 and reported that the TFARC had met five times during 2020/2021.

Ms Collins advised that the Audit & Risk Committee reviewed the audited Financial Statements for 2020/21 at its meeting on 13 December 2021. Ms A Fitzgerald and Ms N Shetty from PwC attended the meeting and reported that the 2020/21 audit had been conducted very smoothly. Ms A Fitzgerald of PwC advised the TFARC that no issues of concern had been identified in the course of the audit and, subject to final audit completion procedures and the approval of the financial statements and letter of representation by the Trustees, it would be issuing an unqualified audit report. The Committee noted that the Trinity Foundation Trustees had approved the financial statements at their meeting on 25 January 2022.

Ms Collins advised that one of the focuses of the TFARC's work during 2020/21 was monitoring TDA's risk management, internal controls and compliance, including an annual review of TDA's Risk Policy and Risk Appetite Statement.

Ms Collins reminded members that BDO were appointed as internal auditors by the TFARC in October 2018 and that in June 2021, the Committee approved a one-year extension to this arrangement, as allowed within the terms of the original contract. Ms Collins advised that a competition to appoint a new internal auditor will be conducted in September/October 2022.

Ms Collins advised that in 2020/21, three internal audits were conducted as follows:

- External and Internal Penetration Testing of TDA's IT networks and systems (November 2020 - January 2021) in collaboration with the University's IT Services;
- Internal Financial Control review (March - June 2021);
- Review of TDA's GDPR and IT Security (September - November 2021). Observations and recommendations from both audits were presented to TFARC.

In addition, Ms Collins advised that the TFARC is considering the implementation of a spot check process in relation to the use of disbursed funds to provide assurance that funds are used as intended. She advised that this process is currently being designed and is expected to be implemented during the year. The Internal Auditor confirmed that she would liaise with TDA to provide any potential insight.

Ms Collins advised that following the Fraud incident in 2017, the Foundation is satisfied that there is now a high level of compliance with the Donor Disbursement Policy.

During a subsequent discussion, Ms Collins responded to a number of questions from members in relation to the Report.

In conclusion, the Committee welcomed the report and the update. In particular, the Committee welcomed the planned focus on cyber security and end user compliance.

The Chair thanked Ms Collins for her valuable contribution to discussions and she withdrew from the meeting.

AD/21-22/31 Update on Audit Recommendations Log

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The Chair welcomed the Chief Financial Officer and the Interim Chief Operating Officer to the meeting for consideration of the Audit Recommendations Log. The Committee noted that the Vice-Provost/Chief Academic Officer was unable to attend the meeting and had conveyed her apologies.

The Internal Auditor reminded members of changes to the administration of the Audit Recommendations Log process, which had been approved by the Committee at its meeting on 5 October 2021. The Internal Auditor reported that the revised process is working well and invited feedback from members on the revised process.

Noting the Management Update on the Audit Recommendations Log which had been circulated, the Committee noted that there were 74 outstanding items on the Log as of February 2022 compared with 60 as of September 2021. The Chair invited the

Interim Chief Operating Officer, the Chief Financial Officer and the College Secretary to brief the Committee on the status of items in their respective areas.

The Interim Chief Operating Officer briefed the Committee on progress to date in relation to the outstanding recommendations within the CSD directorate. The Interim Chief Operating Officer advised that good progress has been made but there were some delays in relation to Health & Safety Oversight and Business Continuity Management actions due to Covid-19. The Interim Chief Operating Officer advised that she is due to meet the Internal Auditor shortly to discuss the process for resolution and reporting of completed actions. The Committee noted there are currently 30 outstanding recommendations in the CSD directorate.

The Chief Financial Officer advised that of the 17 outstanding items in the FSD directorate, 4 relate to the recent Audit of Procurement, 5 to Accounts Payable and 6 to the Audit of Asset Register Management. He assured the Committee that a detailed work-plan is in place to complete the outstanding recommendations and he expects most to be completed by March of this year.

The Secretary to the College provided an update to the Committee in relation to actions being taken to address the outstanding recommendations within the Provosts directorate, of which there are 22 outstanding. In particular, the Secretary to the College advised of planned work in the area of policy management.

During a detailed discussion, the Committee welcomed the management update on the Audit Recommendations Log. The Committee raised some queries on actions being taken to address high-rated outstanding recommendations particularly in relation to Data Protection and GDPR. The Committee expressed particular concern that some high-rated recommendations are still outstanding for a significant period and reiterated the importance of completing outstanding items in a timely manner.

In conclusion, the Committee noted that in line with the agreed process, Internal Audit will conduct a Review of Completed and Risk Accepted Recommendations. The Committee also noted that the revised process has resulted in a clearer and more transparent presentation of the Log.

The Chair thanked the Interim Chief Operating Officer and the Chief Financial Officer for their work on the Log and they withdrew from the meeting.

Professor R Reilly joined the meeting

AD/21-22/32 Audit of Immigrant Investor Programme Management

The Chair welcomed Ms Coutts to the meeting for consideration of the Audit of Immigrant Investor Programme Management report, which had been circulated.

Introducing the report, Ms Coutts advised that the Immigrant Investor Programme (IIP) was introduced by the Government in 2012 to attract Foreign Direct Investment into Ireland. It is a residency by investment programme that allows for non-EEA nationals to apply for immigration permission on the basis of a long-term investment or endowment. It is governed by the Irish Naturalisation and Immigration Services who review and approve the applications.

Ms Coutts clarified the conditions that are required to be met by the applicants and projects in order to be approved for the endowment stream of the IIP. She advised that

Trinity's engagement with the programme is managed by Trinity Brand Commercial Services Ltd in conjunction with Trinity Development & Alumni and that since April 2020 a new process has been implemented whereby professional fee-based agents have been contracted by TBCSL to identify and secure potential suitable IIP donors for Trinity projects.

Ms Coutts advised that the purpose of the audit was to assess the adequacy and effectiveness of the control framework in place, namely that all IIP requirements have been identified, processes are in place to manage them and there is appropriate monitoring and oversight. Commenting on the findings of the audit, Ms Coutts advised that the processes in place for managing Trinity's engagement in the IIP programme are designed effectively and operating reasonably well but some areas for improvement had been identified. Ms Coutts summarized the three findings for members and advised that management cooperated fully with Audit and have accepted all the Report's recommendations.

During a subsequent discussion, Ms Coutts answered a number of questions from members in relation to the findings of audit and confirmed that since Trinity started participating in the programme in 2017 it has received €14.85 million from 37 donors.

In conclusion, the Committee agreed the Audit of Immigrant Investor Programme Management, which had been circulated. The Chair thanked Ms Coutts for her presentation and work on the Report and Ms Coutts withdrew from the meeting.

AD/21-22/33 Internal Audit Annual Report

The Chair invited the Internal Auditor to brief the Committee on the Internal Audit Annual Report for 2021, which had been circulated. The Internal Auditor advised members that the purpose of the Internal Audit Annual Report was to provide the Committee with a summary of the activities carried out by the Internal Audit function between January – December 2021 and is provided to the Committee for information. The Committee noted that an Assistant Internal Auditor has recently being recruited thus returning the function to full complement of staff.

The Committee noted the Internal Audit Annual Report for 2021.

Professor P Murphy joined the meeting

AD/21-22/34 Governance Statements

The Chair drew the Committee's attention to the memorandum from the Internal Auditor dated 08 February 2022, together with the Draft Statement of Governance and Internal Control (SGIC) and the Draft Annual Governance Statement, which had been circulated.

Noting the differences between the two statements, the Internal Auditor advised that the Draft Statement of Governance and Internal Control (SGIC) is prepared by FSD in conjunction with the College Secretary's Office on behalf of Board and will form part of the financial statements for 2020/2021 to be presented to Board for approval. The Committee noted that the draft Annual Governance Statement for the same period is prepared by the College Secretary's Office for submission to the Higher Education Authority (HEA).

The Internal Auditor invited members to consider and note the Draft Statements as circulated and to ensure that there is no direct inconsistency between the Statements presented and any information that the Audit Committee has been made aware of during the year. The Internal Auditor advised that both statements are in draft form and are intended to provide an overview of the system of internal control within the University. The Committee noted that there is significant overlap in the scope and context of both statements. The Committee also noted that Internal Audit have identified several minor amendments which would be advised to management following the meeting.

The Committee discussed the Draft Statement of Governance & Internal Control (SGIC), together with the Draft Annual Governance Statement, noting that final statements will be circulated to the Committee in March as part of the University's financial statements.

The Secretary to the College withdrew from the meeting by invitation.

AD/21/22/35 Audit Committee Annual Report

Introducing the topic, the Chair drew the Committee's attention to an initial draft of the Annual Report for 2021/22, which had been circulated to provide a vehicle for discussion. The Committee noted 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 that Part II 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.

During a detailed discussion, the Committee considered the overall message it wishes to convey in its Annual Report together with key themes to be highlighted in Report. In order to facilitate further discussion, the Committee agreed that an additional meeting dedicated to the Annual Report be scheduled for the end of February/early March.

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 considered 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 would be for information, would not result in changes to the Annual Report and should not re-open matters already agreed by management during work performed during the year.

In conclusion, the Committee agreed to reflect on all the points raised by members and consider the matter again at an additional meeting to be held at the end of February/early March.

Actions:

- 35.1 The Chair and Internal Auditor to update a draft of the Annual Report 2021/2022 for consideration by the Committee
- 35.2 The Internal Auditor to schedule an additional meeting of the Committee to discuss the draft Annual Report

Section C – For Noting

AD/21-22/36 Internal Audit Report

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The Committee noted the Internal Audit Report, which had been re-circulated for noting.

AD/21-22/37 Board Papers

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