



Minutes of Audit Committee, Tuesday 21 June 2022

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

Apologies Secretary to the College

(ex officio) Internal Auditor/Secretary (Ms F McAuliffe)

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

The Chief Risk Officer (Ms J Carmichael) attended for items AD/21-22/57 and AD/21-22/58

Senior Internal Auditor (Ms Y Coutts) attended for items AD/21-22/59 and AD/21-22/60

The Deputy Chief Financial Officer (Ms L Ryan) attended for item AD/21-22/66

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

AD/21-22/53 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/21-22/54 Minutes

The draft minutes of 10 March 2022 were approved.

AD/21-22/55 Call-over

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

AD/21-22/56 Matters Arising

The Chair informed members that there had been a positive discussion of the Committee's Annual Report at the Board meeting of 23 March 2022.

Section A and Section B – Policy and Implementation Issues

AD/21-22/57 Risk Management Presentation

XXX The Chair welcomed the Chief Risk Officer to the meeting for consideration of Risk Management and the University Risk Register.

Referring to the ERM presentation on Risk Management which had been circulated in advance, the Chief Risk Officer highlighted progress to-date on the process, with particular reference to Risk Management and Governance, the Risk Management Framework and the Risk Appetite Statement. She briefed the Committee in detail on work carried out in these respective areas. In particular, she drew the Committee's attention to a campaign to 'Review, Re-align and Re-engage' which is currently being rolled out across the University. The Chief Risk Officer advised that the second line of defence is still at an immature phase and clarity is needed in relation to the roles of data protection, legal and other compliance functions. It was noted that clarity around roles and obligations is not fully understood across this University. Referring to the Risk Appetite Statement, the Chief Risk Officer advised that a project to develop and implement appropriate key risk indicators and adequate reporting would take approximately 18 months to complete.

During a detailed discussion, the Chief Risk Officer clarified several queries from members. In particular, the Committee suggested, if in order to gain momentum and promote the embedding of the risk management process, it may be beneficial to concentrate on the top five or six high risks, rather than try to implement every aspect of the risk management process at the same time. The Committee also stressed the importance of the overall decision-making process particularly in relation to who in the University has responsibility for deciding on the key risks facing the University.

Members also emphasised that the language used in the process should be clear and concise and the importance of giving visibility to academic risks particularly in relation to staff retention and the University's position in the rankings. The Committee suggested that it may be useful for the Chief Risk Officer to engage with the Fellows and Heads of Schools for insight and to increase awareness of their obligations. Noting the value of such engagement, the Chief Risk Officer agreed to follow-up with Heads of School and the Fellows as discussed.

In conclusion, the Committee stressed the importance of having a robust risk management system in place in the University. The Committee noted that, having previously highlighted the need to address gaps in governance of Risk Management, particularly the absence of a dedicated Risk Management Committee or equivalent, they would welcome progress in this area as a priority.

AD/21-22/58 University Risk Register

XXX

The Committee noted the latest iteration of the University Risk Register 2021-2022, which was approved by Board in April 2022 and which had been circulated for noting by the Committee. The Chief Risk Officer advised members that the University Risk Register 2021-2022 had been drafted using the individual Risk Registers from faculties, schools, divisions, research institutions and subsidiaries and a risk-based approach was taken in drafting the Risk Register.

Noting that there had been a good discussion on the status of risk management in the University, the Chair thanked the Chief Risk Officer for her contributions to discussion and she withdrew from the meeting.

AD/21-22/59 Review of Completed & Risk Accepted Recommendations

The Chair welcomed the Senior Internal Auditor, Ms Y Coutts to the meeting for consideration of the Review of Completed and Risk Accepted Recommendations and the Internal Audit Reviews.

Introducing the Review of Completed & Risk Accepted Recommendations, the Internal Auditor advised that the scope of the review includes Complete and Risk Accepted recommendations reported by Divisional Heads to the Audit Committee in February 2022 for the period from October 2021 to February 2022. The Committee noted that in this period there was a total of 11 recommendations removed from the Recommendations Log and classified as Complete. There was one recommendation classified as Risk Accepted.

The Internal Auditor informed the Committee that for this review, a sample of 7 recommendations classified as Complete, representing 64% of total recommendations classified as Complete in the period, were selected for detailed examination. In addition, the Recommendation classified as Risk Accepted was also selected for detailed examination. She advised that in 6 out of 7 cases, Internal Audit were satisfied that appropriate action had been taken to justify the recommendations as Complete. The Internal Auditor advised that in 1 case, Internal Audit found that the recommended actions or alternate actions had not been taken in full by management and therefore recommends it be re-instated as 'Open Recommendation' on the Log until complete or classified as Risk Accepted by management if appropriate.

Noting that although not completely a clean Report, the Committee welcomed the progress on the Recommendations Log.

AD/21-22/60 Internal Audit Reviews

The Committee discussed and noted the results of recent reviews undertaken by Internal Audit.

AD/21-22/61 Audit of University and Student Union Financial Relationship

The Internal Auditor provided a verbal update on the audit of the University and Student Union Financial Relationship. The Internal Auditor advised the Committee that the audit fieldwork is now complete, with the report expected to come before the Committee in October 2022.

Commenting on the matters identified to date, the Deputy Internal Auditor advised members that the Student Union ('SU') is seen as an internal department rather than an external body/supplier and that there is widespread use of the SU as a resource provider. The Deputy Internal Auditor highlighted key findings emerging from the audit of the University and Student Union relationship and briefed the Committee on the likely recommendations.

During a subsequent discussion, the Internal Auditor and Deputy Internal Auditor clarified a number of matters for members.

The Committee thanked the Internal Auditor and Deputy Internal Auditor for the verbal update, noting that the report will be considered by the Committee when presented.

The Chair thanked Ms Coutts for attending meeting and Ms Coutts withdrew from the meeting.

AD/21-22/62 Update on Internal Audit Annual Plan 2022

The Internal Auditor drew the Committee's attention to the update on the Internal Audit Annual Plan, which had been circulated. Noting that the Annual Plan had been approved by the Committee in December 2021, Internal Auditor briefed the Committee on the status of audit assignments as at June 2022.

The Internal Auditor advised that resources in recent months had been focussed on non-audit assignments. The Committee noted that following the completion of work on these non-audit assignments, progress has been made several audit assignments, in particular the Audit of the University and Student Union Financial Relationship. The Internal Auditor reminded the Committee, that as with all plans, the Internal Audit Annual Plan is fluid and dynamic. The Internal Auditor advised that as part of the update, Internal Audit had considered the appropriateness of assignments and potential emerging risks and this would be continue to be assessed on an ongoing basis.

The Internal Auditor advised that, while noting the vacancy that will arise due to departure of the Senior Internal Auditor, she is satisfied that progress on the Audit Annual Plan to-date for 2022 is reasonable and in line with the schedule agreed with the Audit Committee.

The Committee noted the update on the Audit Annual Plan for 2022.

AD/21-22/63 Audit Committee Self-Evaluation

The Chair drew the Committee's attention to the results of the Committee's recent Self-Evaluation exercise, which had been circulated. The Chair thanked members for taking the time to engage with the self-evaluation process and noted that members' overall assessment of the performance of the Committee is quite positive and in line with previous self-evaluation exercises.

In considering the detailed responses within the report, the Chair noted that there is scope for discussion to identify potential changes in the Committees operation / approach. He noted in particular the new voices on the Committee, and it may be a useful to devote more time to discussing the results in greater dept at a future meeting.

In conclusion, the Committee agreed to reflect on the results of the self-evaluation process and discuss the results in greater depth at its next meeting in October.

AD/21-22/64 Audit Committee Terms of Reference and Internal Audit Charter

The Chair drew the Committee's attention to an updated draft of the Audit Committee Terms of Reference and the Internal Audit Charter, together with marked-up versions highlighting the proposed changes, which had been circulated.

The Internal Auditor advised that the Audit Committee Terms of Reference are reviewed annually, and any proposed changes deemed necessary by the Committee shall be recommended to Board for approval. The Committee also noted that the Internal Audit Charter is also reviewed annually by Committee and any changes deemed necessary are to be approved by the Audit Committee.

The Internal Auditor advised that the primary change proposed to the Terms of

Reference is the inclusion of a requirement for an Audit Committee Annual Report to Board containing the opinion of the Audit Committee on the effectiveness of the systems of internal control and the extent to which Board can rely upon them. The Committee noted that, while this was previously referenced solely within the Internal Audit Charter, it may be more appropriate to include within the Audit Committee Terms of Reference and the text in both documents has now been updated to reflect this.

Following a brief discussion, the Committee noted and approved the proposed changes to the Terms of Reference and the Internal Audit Charter as presented, subject to clarification of terminology with the College Secretary.

Actions:

- 64.1 The Internal Auditor to clarify the preferred terminology with the College Secretary
- 64.2 The Internal Auditor to finalise the Audit Committee Terms of Reference incorporating the amendments as agreed by the Committee and forward to Board for approval
- 64.3 The Internal Auditor to finalise the Internal Audit Charter incorporating the amendments as agreed by the Committee and forward to Board for approval

AD/21-22/65 Audit Committee Meeting Schedule

The Internal Auditor drew the Committee's attention to a draft meeting schedule for 2022-2023, which had been circulated. The Internal Auditor reminded members, while there is some flexibility, the dates are synchronised with the meeting and circulation dates of Board, Council and Finance Committees and the approval cycles of the financial statements. She invited members to consider the schedule and advise if they had difficulties with any of the dates.

Following a brief discussion, it was agreed to try to re-schedule the proposed December 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, members were asked to note the dates in their diaries.

AD/21-22/66 Non-Audit Services

The Chair welcomed the Deputy Chief Financial Officer to the meeting.

The Committee noted that as outlined in Section 3 of the Audit Committee policy on *Provision of Non-Audit services by External Auditors*, taxation advice is a prohibited service under schedule 2.

The Deputy Chief Financial Officer outlined the circumstances detailed in her memorandum to the Committee dated 14 June 2022 which had been circulated and confirmed that the tax advice was sought prior to the appointment of PwC as the University's external auditors and has now been largely completed. The Committee noted that the nature of the services could be considered as tax compliance rather than general taxation advice. The Committee also noted the fees incurred to-date for the tax advice and acknowledged that to change the tax advisors at this late stage would very likely result in further fees and delays in the matter reaching a conclusion.

The Deputy Chief Financial Officer briefed the Committee on work carried out by FSD

to ensure in so far as possible, that no other non-audit work has occurred.

On this basis, the Deputy Chief Financial Officer requested the Committee to retrospectively approve the non-audit services completed to December 2021 and the on-going service until this specific tax matter is completed.

Following a brief discussion, in which the Deputy Chief Financial Officer clarified a number of technical matters for members, the Committee agreed in the circumstances to retrospectively approve the non-audit service as outlined. The Committee agreed to raise the matter with the external auditors in the autumn.

The Chair thanked the Deputy Chief Financial Officer for attending the meeting and she withdrew from the meeting.

Section C – Items for Noting

AD/21-22/67 Management Letters

The Committee noted the management letters from PwC and the C&AG in relation to the financial statements for the year ended 30 September 2021, which had been circulated.

AD/21-22/68 Board Papers

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