



Minutes of Audit Committee, Tuesday 10 October 2023

The meeting was held in the Trinity Board Room

Present Ms M Fulton (Chair), Professor P Murphy, Professor R Reilly, Ms B Collins, Ms R Mathews-McKay

(ex officio) Internal Auditor/Secretary (Ms F McAuliffe), Secretary to the College (Mr J Coman), Secretary to the College/Director of Governance – Designate (Ms V Butler)

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

The Vice-Provost/Chief Academic Officer (Professor O Sheils), Chief Operating Officer (Ms O Cunningham) and Interim Chief Financial Officer (Ms L Ryan) attended for item AD/23-24/04

Mr R O'Regan of the Office of the Comptroller and Auditor General and Mr P O'Connor, Ms R Jasper, Ms J Rogers and Mr M Newby of PwC attended for item AD/23-24/05 together with the Interim Chief Financial Officer (Ms L Ryan) and the Head of Financial Planning (Ms C Lynch)

The Chief Risk Officer (Ms J Carmichael) attended for item AD/23-24/06

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

The Chair welcomed Ms Rachel Mathews-McKay, who was attending her first meeting as a member of the Audit Committee, noting that Ms Mathews-McKay is the Board representative on the Committee. On behalf of the Committee, the Chair thanked Professor R A Kenny for her service to the Audit Committee, noting that Professor Kenny's term as member had concluded.

The Chair also welcomed Ms V Butler, Secretary to the College/Director of Governance – Designate to the meeting.

AD/23-24/01 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/23-24/02 Minutes

The Committee approved the draft minutes of 7 June 2023.

AD/23-24/03 Matters Arising

There were no matters arising.

Section A and Section B – Policy and Implementation Issues

AD/23-24/04 Divisional Update & Audit Recommendations Log

The Chair welcomed the Vice-Provost/Chief Academic Officer, the Interim Chief Financial Officer and the Chief Operating Officer to the meeting for consideration of the Audit Recommendations Log.

Noting the presentation on the Log and summary table which had been circulated, the Committee noted that there are 61 outstanding items on the Log at October 2023 compared with 48 at February 2023. The Chair noted that progress on implementation of recommendations, particularly high and overdue recommendations should be a key focus of management to ensure control weaknesses identified are addressed on a timely basis. The Chair then invited the Interim Chief Financial Officer, the Vice-Provost/CAO, the Chief Operating Officer and the Secretary to the College/Director of Governance – Designate to brief the Committee on the status of recommendations in their respective areas.

The Interim Chief Financial Officer summarised the outstanding recommendations in her division, of which there are 10 in total. The Committee noted that the high recommendation arising from the Audit of Procurement is close to full implementation. The Interim Chief Financial Officer summarised actions being taken to resolve the recommendations. The Committee noted that, in some cases, budgetary constraints may impact on the resolution of recommendations.

The Vice-Provost/Chief Academic Officer summarised the outstanding recommendations in her division, of which there are 4 in total, all of which relate to the Audit of Quality Compliance Oversight. The Vice-Provost/CAO advised that work is ongoing to clear these recommendations and she outlined steps being taken to progress matters.

The Chief Operating Officer advised that of the 19 recommendations in her division, two relate to Business Continuity Management, and advised of plans to resolve these outstanding recommendations. In relation to the recommendation Audit of IT Security, the Committee noted that this is a complex and challenging area, which necessitates balancing appropriate controls whilst not impacting on academic freedom. As an example, the Chief Operating Officer noted that, in some cases, the need to preserve academic freedom impacts on College's ability to fully utilise controls that may be used by commercial entities.

The Secretary to the College/Director of Governance - Designate provided an update to the Committee in relation to actions being taken to address the outstanding recommendations within the Provosts Directorate and highlighted recent progress in relation to the Oversight of Externally Contacted Services and its associated review. The Committee noted that there are currently 28 outstanding recommendations in the Provosts Directorate.

During a subsequent discussion, the Committee welcomed the management update on the Audit Recommendations Log. The Committee stressed the importance of clearing outstanding recommendations in a timely manner and encouraged management to proactively engage with Internal Audit with a view to addressing, closing or risk accepting long standing recommendations where appropriate.

In conclusion, the Committee noted that, in line with the agreed process, Internal Audit will conduct a sample-based Review of Completed and Risk Accepted Recommendations.

The Chair thanked the Vice-Provost/Chief Academic Officer and the Chief Operating Officer for their work on the Log and they withdrew from the meeting.

The Interim Chief Financial Officer remained for the next Agenda item.

The Secretary to the College joined the meeting.

AD/23-24/05 Plan for the Audit of the 2022 / 2023 Financial Statements

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The Chair drew the Committee's attention to the following documents which had been circulated for consideration under this item:

- PwC Audit Plan for the year ended 30 September 2023
- Audit Planning Memorandum from the Office of the Comptroller and Controller for the year ended 30 September 2023

The Chair welcomed the Head of Financial Planning together with Mr O'Connor, Ms Jasper, Ms Rogers and Mr Newby of PwC together with Mr O'Regan of the Office of the Comptroller and Auditor General to the meeting for consideration of the Audit Plan for the 2022/2023 financial statements. The Committee noted apologies received from Ms Henry of the Office of the Comptroller and Auditor General, who was unable to attend the meeting due to illness.

The Chair invited Mr O'Connor and his team to present the highlights of the PwC Audit Plan. Introducing the Plan, Mr O'Connor outlined in general the approach PwC intend to take in their audit of the University's 2022/2023 financial statements and outlined timelines and reporting arrangements. Noting that it is PwC's third year as the University's external auditors, he advised that, notwithstanding additional work arising from the US GAAP audit, timelines are broadly similar to last year and that their key aim is to complete substantive work before Christmas 2023.

Ms Jasper then drew the Committee's attention to key audit risks and areas of audit focus as follows:

- Fraud Risk in respect of Management Override of Controls
- Fraud Risk in respect of Revenue Recognition
- Pensions
- Going Concern
- Fixed Asset Expenditure and related funding
- Payroll and related Costs
- Research Grant accounts
- Investment Property valuations

Ms Jasper reported that PwC have carried out detailed planning with FSD and assured the Committee that should any significant issues arise during the audit they would be brought to the attention of the Interim Chief Financial Officer and the Chair of the Audit Committee on a timely basis. The Committee noted that PwC will make their papers available to C&AG as was the case in previous years.

Ms Jasper also confirmed that Trinity is required to submit audited US GAAP financial statements to the US Department of Education every three years and advised that PwC will be conducting the audit this year.

Ms Jasper briefed the Committee on key assumptions together with the materiality level set for the financial statements, noting that PwC consider the level set appropriate.

Mr Newby outlined in detail the approach to be taken for the audit of the University's IT Systems. Ms Rogers outlined in detail the timelines to completion of the audit and confirmed that established deadlines are expected to be met.

The Committee noted the areas of audit risk in detail and the proposed audit approach associated with them.

In summing up Mr O'Connor noted that the proposed audit fees were as previously agreed. He also outlined the procedures undertaken by PwC to ensure that the firm remained independent and that in particular any proposals for non-audit work are required to be approved by him prior to any work being undertaken.

The Chair then invited Mr O'Regan of the Office of the Comptroller and Auditor General to comment on the Audit Plan and their Audit Planning memorandum, which had been circulated. Mr O'Regan advised the Committee that the C&AG relies on the audit work performed by PwC to the greatest extent possible but will also carry out additional propriety and regularity work in line with their specific remit. Mr O'Regan also drew the Committee's attention to a number of high-level risks that the C&AG expect to focus on during the audit, commenting that these will be updated as part of the C&AG planning once PwC have completed their work and their papers reviewed.

During a subsequent discussion, the external auditors responded to a number of technical queries from members. Mr O'Connor also advised the Committee of potential future changes in reporting and assurance requirements in relation to non-financial reporting information, particularly under the Corporate Sustainability Reporting Directive.

In conclusion, the Committee welcomed the comprehensive nature of the Audit Plans presented. The Committee stressed that should any issues arise during the audit, they should be brought to the attention of the Audit Committee on a timely basis.

The Chair thanked Mr O'Regan from the C&AG and the team from PwC, as well as the Interim Chief Financial Officer and the Head of Financial Planning, for their contributions and they withdrew from the meeting.

AD/23-24/06 University Risk Register

The Chair welcomed the Chief Risk Officer to the meeting.

Introducing the topic, the Chief Risk Officer advised that the University Risk Register 2022-2023 was approved by Board at its meeting on 21 June 2023, and is now presented to the Audit Committee for noting.

Referring to her presentation which had been circulated in advance, the Chief Risk Officer summarised the top risks currently facing the University. In particular, the Chief Risk Officer reported that the main trends in the Risk Register include those related to external threats which includes cybercrime and cyberattacks on the University's infrastructure, the impact of disruptive technology such as artificial intelligence on academic integrity and climate change adaptability and mitigation.

In addition, the Chief Risk Officer noted the continued impact of underfunding in the University sector is an underlying factor for the majority of risks included in the Risk Register.

During a subsequent discussion, the Chief Risk Officer responded to a number of queries from members in relation to individual Risks together with actions being taken to mitigate the risks.

The Committee noted the proposed establishment of a Risk & Compliance Committee, and the need for clarification of responsibilities and information exchange between this newly established Committee and the Audit Committee.

In conclusion, the Committee noted the presentation on the University Risk Register as presented.

The Chair thanked the Chief Risk Officer for the update on the University Risk Register and she withdrew from the meeting.

AD/23-24/07 Audit of TAP Financial Assistance

The Chair invited the Deputy Internal Auditor to brief the Committee on the findings of the Audit of TAP Financial Assistance Report, which had been circulated.

Introducing the report, the Deputy Internal Auditor advised that a key aspect of the Trinity Access Programme (TAP) is the provision of financial assistance for Trinity Access students. The Deputy Internal Auditor advised that the purpose of the audit was to assess the adequacy and effectiveness of internal controls in place and noted that Internal Audit can provide moderate assurance in relation to the design and effectiveness of the current control environment and have identified some opportunities for improvement in relation to TAP Financial Assistance. The Committee noted that the scope of the audit includes all processes, policies and procedures in place as of June 2023.

The Deputy Internal Auditor drew the Committee's attention to the six recommendations contained in the Report, noting that all the recommendations have been accepted by management.

Following a brief discussion, the Committee agreed the Audit of TAP Financial Assistance Report, welcoming the positive engagement from management and acceptance of all the recommendations.

AD/23-24/08 Update on Internal Audit Annual Plan 2023

The Internal Auditor drew the Committee's attention to the update on the Internal Audit Annual Plan for 2023, which had been circulated. Further to the approval of the Plan by the Audit Committee in December 2022 the Internal Auditor briefed the Committee on the status of audit assignments as of October 2023.

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 that should be prioritised, and this is reflected in the update provided.

The Internal Auditor advised that Internal Audit are satisfied that progress on the Audit Annual Plan is reasonable and in line with the schedule agreed with the Audit Committee, allowing for the impact of additional non-audit work and the loss of resources. The Committee noted the recent departure of the Senior Internal Auditor and that this is reflected in the update provided.

The Internal Auditor confirmed that the Internal Audit Annual Plan for 2024 is to be presented to the Audit Committee at the next meeting on 5 December.

The Committee noted the update on the Audit Annual Plan for 2023.

AD/23-24/09 Non-Audit Services Policy

The Internal Auditor drew the Committee's attention to the draft Non-Audit Services Policy, together with a draft procedures document for the implementation of this Policy, which had been circulated.

The Internal Auditor reminded members that the previous Policy on the Provision of Non-Audit Services by External Auditors was approved in June 2014. The Committee noted that this Policy has now been reviewed and updated under the Policy Management Framework of the University. The Internal Auditor advised that as part of the review, Internal Audit consulted with the Financial Services Division as significant stakeholders for the Policy and their feedback has been incorporated in the final policy.

The Committee noted that the objective of the Policy is to ensure that the University's External Auditors remain independent, and the Policy defines which services the External Auditors may and may not be engaged to provide.

The Internal Auditor advised that the Draft Procedures for the Approval of Non-Audit Services sets out the steps required to obtain Audit Committee approval for the provision of Non-Audit Services by the External Auditors.

The Internal Auditor advised that following consideration and approval by the Audit Committee, the draft Non-Audit Services Policy will be submitted to Board for approval in line with the Policy Management Framework of the University.

Following a brief discussion, the Committee approved the Draft Non-Audit Services Policy and the draft Procedures for the Approval of Non-Audit Services and recommended that the policy be forwarded to Board for approval.

Action:

09.1 The Internal Auditor to liaise with the Secretary's Office to put the revised Non-Audit Services Policy forward to Board for approval.

Section C – Items for Noting

AD/23-24/10 Reports from Internal Audit

XXX The Committee noted reports which had been previously circulated to the members and the Internal Auditor briefed the Committee on the circumstances and background to these reports. The Secretary to the College briefed the Committee on steps being taken by management in response to suggested actions within the report.

The Committee noted the content of the reports as circulated and management actions being taken in response to the circumstances arising. The Chair noted that it would be beneficial for the Audit Committee to receive an update from management at a future meeting on measures implemented to address matters raised within the report.

Action: 10.1 The Secretary to the College/Director of Governance to provide an update on measures implemented by management in response to reports.

AD/23-24/11 Internal Audit Reports – Agreed by Written Procedure

XXX The Committee noted the following Audit Reports which had been circulated, noting that both had been agreed by written procedure by the Committee in July 2023:

- **Audit of Occasional Staff & Casual Payroll Report dated July 2023**
The Internal Auditor noted that based on the results of work undertaken in relation to Occasional Staff and Casual Payroll, Internal Audit cannot provide assurance in relation to the design and effectiveness of the current control environment and significant opportunities for improvement have been identified.
- **Audit of Externally Contracted Resources Report dated July 2023**
The Internal Auditor noted that Based on the results of work undertaken in relation to Externally Contracted Services, Internal Audit cannot provide assurance in relation to the design and effectiveness of the current control environment and significant opportunities for improvement have been identified.

The Internal Auditor reminded the Committee that these reports had been circulated for agreement by written procedure due to the time between meetings and to ensure the recommendations were reflected in the Management Update on the Audit Recommendations Log. The Internal Auditor confirmed that queries / comments from members were responded to prior to agreement of the reports.

AD/23-24/12 Trinity College Dublin – Board Composition

The Committee noted the news article dated September 2023 on the new Trinity Board, which had been circulated.

AD/23-24/13 Board Papers

The Committee noted the Board Agenda and minutes which had been circulated.

AD/23-24/14 AOB

Under any other Business, the Committee noted that the Secretary to the College was attending his last meeting prior to his retirement from the University at the end of October. The Committee extended its thanks to the Secretary for his support and service to the Audit Committee during his time as Secretary to the College and wished him a long and happy retirement. The Committee also congratulated Ms Butler on her appointment as Secretary to the College/Director of Governance.