



Audit Committee, Wednesday 14 March 2024

The meeting was held in the Trinity Board Room

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

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

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

The Interim Chief Financial Officer (Ms L Ryan), Interim Deputy Chief Financial Officer (Ms A M Moran), together with Mr P O'Connor, Ms R Jasper, Ms J Rodgers and Mr M Newby of PwC and Ms M Henry and Mr O'Regan of the Office of the Comptroller and Auditor General (C&AG) attended for item AD/23-24/44.

The Interim Chief Financial Officer (Ms L Ryan), Interim Deputy Chief Financial Officer (Ms A M Moran), together with Mr P O'Connor, Ms R Jasper, Ms J Rodgers and Mr M Newby of PwC attended for items AD/23-24/45 and AD/23-24/46.

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

AD/23-24/40 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/23-24/41 Minutes

The draft minutes of 13 February 2024 were approved.

AD/23-24/42 Call-over

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

AD/23-24/43 Matters Arising

There were no matters arising.

Section A and Section B – Policy and Implementation Issues

AD/23-24/44 Audit of the Consolidated Financial Statements for 2022/2023

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The Committee noted the following documents, which had been circulated for consideration as follows:

- Presentation on the Consolidated Financial Statements 2022/2023
- Memorandum from the Interim Chief Financial Officer and Interim Deputy Chief Financial Officer dated 08 March 2024
- Draft Annual Report and Consolidated Financial Statements for the year ended 30 September 2023
- PwC Presentation to the Audit Committee – Year End Audit 30 September 2023
- Draft Letter of Representation to PwC re the Audit of Consolidated Financial Statements for the year ended 30 September 2023
- Report from the Office of the Comptroller & Auditor General
- Draft Letter of Representation to the Office of the Comptroller & Auditor General re the Audit of the Consolidated Financial Statements for the year ended 30 September 2023
- PwC IT Internal Control Recommendations Report for the year ended 30 September 2023
- Extract from the PwC Audit Findings Report

The Chair welcomed the PwC team, Mr O'Connor, Ms Jasper, Ms Rodgers and Mr Newby to the meeting, together with Ms Henry and Mr O'Regan of the Office of the Comptroller and Auditor General (C&AG) and the Interim Chief Financial Officer and Interim Deputy Chief Financial Officer.

At the invitation of the Chair, the Interim Chief Financial Officer presented the Draft Consolidated Financial Statements for the year end 30 September 2023.

Referring to a presentation, which had been circulated, the Interim Chief Financial Officer advised that Finance Committee had noted the draft Consolidated Financial Statements on 07 March 2024 and, subject to recommendation by the Audit Committee, advised that they would be forwarded to Board for approval. The Interim Chief Financial Officer advised that PwC has satisfactorily concluded their audit and intend to issue unqualified audit opinion on the Consolidated Financial Statements following approval by Board on 27 March 2024. The Committee noted that the C&AG audit is also substantially complete, with their final audit opinion pending.

The Interim Chief Financial Officer reported that the audit of the University's subsidiary undertakings has also been completed and approved by their respective Boards and are included in the meeting papers for noting.

The Interim CFO drew the Committee's attention to key highlights and trends and to the figures in the Balance Sheet. In particular, she reported that the University is reporting a surplus of €3.9m for 2022/2023. She advised that the University has an underlying surplus of €1.1m which compares to a deficit of €11.7m in the previous year.

The Interim CFO advised that the University is engaged in advanced discussions in relation to settlement of claims with a contractor, with settlement expected to be significantly less than the amount of the original claims. She confirmed that the financial statements include appropriate provisions for this matter.

At the invitation of the Chair, Mr O'Connor presented in detail the PwC Audit Report, drawing particular attention to some key areas of focus they had considered during the audit as follows: -

- Risk of Fraud due to Management Override of Controls
- Risk of Fraud in Revenue Recognition
- Accounting for Pension Asset and Liability

Mr O'Connor advised the Committee that the PwC audit was substantially complete subject to normal conditions: approval of the Consolidated Financial Statements and Letter of Representation by Board and their review of any post balance sheet events. Mr O'Connor discussed the provision for settlement and confirmed that PwC are satisfied that the provision is appropriate and a reasonable estimate.

Mr O'Connor and Ms Jasper presented the PwC Report and confirmed that PwC had no significant additional audit issues to bring to the attention of the Committee and confirmed that the audit had run smoothly, noting that it had been a successful audit for PwC. Ms Rodgers provided a brief overview of observations in relation to controls and confirmed that there was no material impact.

Mr Newby briefed the Committee on the approach taken by PwC in their review of the IT Control environment and summarized the key observations and recommendations arising from their IT audit work.

Mr O'Connor advised that PwC have considered the treatment of the pension asset under accounting standards and their opinion is that the treatment within the Consolidated Financial Statements by management is appropriate and he confirmed that the PwC Audit Report, will contain an unqualified opinion on the Consolidated Financial Statements, as was the case last year.

At the invitation of the Chair, Mr O'Regan of the C&AG briefed the Committee on the C&AG audit, which he confirmed is now substantially complete subject to approval of the accounts and Letter of Representation. Mr O'Regan advised that the C&AG rely on the work of PwC but continue to carry out additional work on regularity and propriety according to their remit.

Mr O'Regan advised the Committee that, while the draft Audit Cert is outstanding, the C&AG expects to issue an unqualified audit opinion. Mr O'Regan referenced one outstanding matter to be finalised which was the subject of preliminary information gathering reports from Internal Audit during the year. There was a detailed discussion on the matter and the Secretary to the College confirmed that University inquiries into the matter are ongoing. The Committee noted that management have agreed to include reference to this matter within the Statement of Governance & Internal Control.

The Committee noted that the draft management letter points within the C&AG presentation and that the C&AG Draft Management letter is expected to be issued in the coming weeks.

Mr O'Regan then drew the Committee's attention to significant audit findings they had identified during their audit, commenting that many echoed those reported by PwC. During a subsequent discussion, the FSD team and external auditors answered a number of technical queries from members on the financial statements.

Ms Henry confirmed that the draft Audit Certificate is expected to be issued shortly following discussion with C&AG and will be available prior to Board meeting on 27 March.

In relation to the Letters of Representation, both PwC and the C&AG confirmed that they were standard letters of representation and had nothing additional to bring to the attention of the Committee.

In conclusion, the Committee thanked the auditors and FSD, welcoming the successful completion of the audit to schedule, and recommended that the Consolidated Financial Statements together with the Letters of Representation be forwarded to Board for approval.

The Chair thanked Ms Henry and Mr O'Regan of the C&AG for their contribution to discussion and they withdrew from the meeting.

AD/23-24/45 Trinity Endowment Fund Financial Statements for the year ended 30 September 2023

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The Committee noted the following documents, which had been circulated for consideration under this item:

- Presentation on the Trinity Endowment Fund Financial Statements 2022/2023
- Memorandum from the Interim Chief Financial Officer and Interim Deputy Chief Financial Officer dated 08 March 2024
- Draft Trinity Endowment Fund Annual Report and Financial Statements for the year ended 30 September 2023
- Draft Letter of Representation to PwC re the Trinity Endowment Fund – Audit for the year ended 30 September 2023

The Interim Chief Financial Officer advised the Committee that Finance Committee noted the Trinity Endowment Fund Financial Statements on 07 March 2024 and, subject to recommendation by the Audit Committee, they would be forwarded to Board for approval.

Mr O'Connor advised the Committee that PwC had completed their audit and expect to issue an unqualified audit opinion, subject to approval of the Financial Statements by Board and receipt of the Letter of Representation and advised that there were no matters to bring to the attention of the Committee arising from their audit.

During a subsequent discussion, the Interim Chief Financial Officer responded to a number of technical queries from members on the Trinity Endowment Fund Financial Statements.

In conclusion, the Committee recommended that the Trinity Endowment Fund Financial Statements together with the Letters of Representation be forwarded to Board for approval.

AD/23/24/46 US GAAP Consolidated Financial Statements for the year ended 30 September 2023

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The Committee noted the following documents, which had been circulated for consideration under this item:

- Presentation on US GAAP Consolidated Financial Statements 2022 / 2023
- Memorandum from Interim Deputy Chief Financial Officer dated 08 March 2024
- Draft US GAAP Consolidated Financial Statements for the year ended 30 September 2023
- Draft Letter of Representation to PwC re the Audit of US GAAP Consolidated Financial Statements for the year ended 30 September 2023

The Interim Deputy Chief Financial Officer outlined the background to the requirement to prepare financial statements in accordance with US GAAP. Since 2011, foreign institutions in receipt of Federal Student Aid Programs in the range of \$3m - \$10m (or €2.8m - €9.2m) are required to submit financial statements prepared in accordance with US GAAP once every 3 years as well as submitting audited Irish GAAP financial statements on an annual basis. The Interim Deputy Chief Financial Officer confirmed that the University is prepared to provide US GAAP financial statements on an annual basis should the funding level increase over the threshold. The Committee noted that Trinity last submitted US GAAP financial statements to the US Department of Education for the year ended 30 September 2020 and therefore, must submit US GAAP financial statements for the year ended 30 September 2023.

The Interim Deputy Chief Financial Officer drew the Committee's attention to key reconciling items when converting from Irish to US GAAP. The Interim Deputy Chief Financial Officer informed the Committee that PwC have completed their audit fieldwork for the US GAAP Financial Statements, and an unmodified audit opinion is expected with no material issues outstanding. The Committee noted that the Draft US GAAP Consolidated Financial Statements were noted by Finance Committee on 07

March 2024. The Committee noted that these financial statements are being prepared to satisfy a requirement of the US Student Aid Programme and will only be made available to the US Department of Education.

The Committee noted the strict timeline imposed by the US Department of Education and that it may be necessary in future to prepare the US GAAP financial statements on an annual basis.

The Committee noted the US GAAP Consolidated Financial Statements for the year ended 30 September 2023, along with the draft letter of representation and recommended that they be forwarded to Board for approval.

AD/23-24/47 Conduct of the Audits

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The Chair advised members that, as in previous years and in accordance with good practice, visitor arrangements were designed to afford FSD, PwC and the C&AG each time by themselves with the Committee should they wish to raise any issues alone with the Committee. She advised the Committee that PwC had confirmed they wished to avail of the opportunity, but the FSD and C&AG team had advised they did not require time alone with the Committee.

The Chair thanked the Interim Chief Financial Officer and Deputy Chief Financial Officer for their hard work in preparing the financial statements and they withdrew from the meeting.

Following a private discussion between the PwC audit team and the Audit Committee, the Chair thanked Mr O'Connor, Ms Jasper, Ms Rodgers and Mr Newby for their valuable contributions to discussions and they then withdrew from the meeting.

In conclusion, the Committee agreed that the three sets of Financial Statements and the Letters of Representation should be forwarded to Board with recommendation for their approval.

Actions:

- 47.1 Subject to receipt of draft Audit Certificate from C&AG, the Annual Report and Consolidated Financial Statements for the year ended 30 September 2023 and the Letter of Representation to be forwarded to Board with a recommendation that they be approved and signed.
- 47.2 The Trinity Endowment Fund Annual Report and Financial Statements for the year ended 30 September 2023 and the Letter of Representation to be forwarded to Board with a recommendation that they be approved and signed.
- 47.3 The US GAAP Financial Statements for the year ended 30 September 2023 and Letter of Representation to Board with a recommendation that they be approved and signed.

AD/23-24/48 Review of Completed & Risk Accepted Recommendations

Introducing the Review, the Internal Auditor advised that the scope of this Review included Completed and Risk Accepted recommendations as assessed and reported by the Reporting Officers to the Audit Committee in February 2024. The Committee noted that in this period, there was a total of 20 recommendations removed from the Open Log and classified as Complete. No recommendations were classified as Risk Accepted during the period.

The Internal Auditor advised that for the purpose of the Review, a sample of 10 recommendations classified as Complete were selected for detailed examination, representing 50% of total recommendations classified as Complete in the period.

Members noted that in 8 out of 10 cases, Internal Audit were satisfied that appropriate action had been taken to justify classifying the recommendations as Complete. However, the Internal Auditor advised that in 2 cases, in the absence of management response, the specific recommendations identified are to be re-instated as 'Open Recommendation' on the Log until Complete or classified as 'Risk Accepted'.

The Committee welcomed recent progress made in reporting completed recommendations but reiterated the importance of clearing outstanding recommendations in a timely manner.

AD/23-24/49 Communication with Risk and Compliance Committee

The Committee noted the memorandum from the Internal Auditor dated 07 March 2024, together with draft proposal for communication between the Audit Committee and the Risk & Compliance Committee, which had been circulated.

The Internal Auditor reminded members that at a recent meeting of the Committee, it was agreed it would be beneficial to put in place a documented approach to communication and engagement between the Audit Committee and the newly established Risk & Compliance Committee. The Committee noted that the as Secretary to the Risk & Compliance Committee, the Secretary to the College was consulted on the draft proposal. The Internal Auditor invited the Committee to consider and approve the draft proposal, which would then with the agreement of members be forwarded to the Risk & Compliance Committee for their review and approval.

During a brief discussion, the Committee welcomed the draft proposal, noting its importance given the overlap in areas of focus for both Committees.

Action:

- 49.1 The Internal Auditor to forward the draft proposal for communication and engagement between the Audit Committee and the Risk & Compliance Committee to the Risk & Compliance Committee for their review and approval.

The Secretary to the College withdrew from the meeting by invitation for the following item

AD/23-24/50 Audit Committee Annual Report 2023 / 2024

Introducing the topic, the Chair drew Committee's attention to the Draft Annual Report for 2023/2024, which had been circulated.

The Chair invited members to advise if they had any comments on the overall message it conveys, and to confirm if the Report captures all the points raised by members during discussions on the matter at its meeting on 13 February 2024.

Following a discussion, a number of minor amendments to text were agreed. Noting the tight timelines for circulation to Board for its meeting on 27 March, members were requested to send any additional comments or suggestions to the Internal Auditor immediately following the meeting.

The Committee agreed that following approval of the final text by members, the final Annual Report will then be forwarded to Board for consideration at its meeting on 27 March.

Action:

50.1 The Chair and Internal Auditor to finalise the Draft Annual Report for 2023/2024 and forward it to members for approval, after which the final Annual Report to be forwarded to Board for consideration at its meeting on 27 March 2024.

Section C – For Noting

AD/23-24/51 Subsidiary Undertakings

The Committee noted the following documents, which had been circulated for noting:

- Ghala Limited Financial Statements for the year ended 30 September 2023
- Trinity Online Services Limited Financial Statements for the year ended 30 September 2023
- Trinity Brand Commercial Services Limited Financial Statements for the year ended 30 September 2023
- Trinity Asia Services Limited Financial Statements for the year ended 30 September 2023
- Trinity Foundation Financial Statements for the year ended 30 September 2022

AD/23/24/52 Risk and Compliance Minutes

The Committee noted the Risk and Compliance Committee minutes of 25 January 2024 which had been circulated for noting.

AD/23-24/53 Board Papers

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