



Audit Committee, Monday 25 November 2024

The meeting was held in the Trinity Board Room

Present Mr B McDonagh (Chair), Ms R Mathews-McKay, Professor T Chadeaux, Ms S Daly, Ms B Collins, Professor P Murphy

(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 Chief Operating Officer (Ms O Cunningham) and the Chief Financial Officer (Ms L Ryan) attended for item AD/24-25/06

Mr R O'Regan of the Office of the Comptroller and Auditor General and Mr P O'Connor, Ms J Rogers and Mr M Newby of PwC attended for item AD/24-25/08 together with the Deputy Chief Financial Officer (Mr P Moore)

Ms C McDermott and Ms L Skelton of Deloitte attended for item AD/24-25/08 and AD/24-25/09 and AD/24-25/10

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

The Chair welcomed Ms Sarah Daly and Professor Thomas Chadeaux to their first meeting as Audit Committee members, noting that it was also his first meeting as Chair and member of the Committee.

AD/24-25/01 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/24-25/02 Minutes

The draft minutes of 06 June 2024 were approved subject to a minor amendment. The Internal Auditor confirmed that departing members of the Committee had confirmed their agreement with the minutes in writing.

AD/24-25/03 Call-over

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

In relation to training for members on Financial Statements, the Secretary to the College noted that this could be incorporated in annual Board updates. The Chair noted that individual members should advise him if they felt additional training was required in the interim.

AD/24-25/04 Matters Arising

The Internal Auditor advised the Committee that the Fraud Policy is still under review and that there has been significant engagement with the Chief Risk Officer on the draft revised policy to highlight key control gaps and areas for improvement.

Section A and Section B – Policy and Implementation Issues

AD/24-25/05 Update from Secretary to the College / Director of Governance

The Committee noted the memorandum from the Secretary to the College dated 20 November 2024, which had been circulated.

The Secretary to the College updated members on a specific matter which had previously been considered by Committee, advising that an Incident Team had been invoked to review the matter and following several meetings, appropriate action has now been taken. The Secretary to the College outlined the steps taken and progress to date. The Committee noted that the matter will be reflected appropriately in governance statements and a final report on the matter will be prepared in due course and submitted to the Provost.

In relation to the operational matters identified during the review of the specific matter, the Secretary to the College / Director of Governance advised that significant progress had been made on implementation of suggested changes and undertook to provide an update on these matters at the next meeting.

Action:

05.1 The Secretary to the College / Director of Governance to provide a written update on progress of operational matters to the Committee at the next meeting.

AD/24-25/06 Divisional Updates & Audit Recommendations Log

The Chair welcomed the Chief Operating Officer and the Chief Financial 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 but would provide an update to the Committee in February 2025.

Noting the presentation on the Log and summary table which had been circulated, the Committee noted that there are 37 outstanding items on the Log as at November 2024 compared with 61 as at February 2024. The Chair then invited the Chief Operating Officer, the Secretary to the College/Director of Governance and the Chief Financial Officer to brief the Committee on the status of recommendations in their respective areas.

The Chief Operating Officer advised that of the 11 recommendations in her division, 2 related to Business Continuity Management and advised that significant progress has been made to address the recommendations since the last update to the Audit Committee. The Committee noted that of the remaining 9 recommendations, 1 related to the Audit of IT security and the remaining 8 to HR matters. The Chief Operating Officer outlined actions being taken to address these recommendations.

The Secretary to the College/Director of Governance 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 16 outstanding recommendations in total.

The Chief Financial Officer summarised the outstanding recommendations in her division, of which there are 3 in total. The Committee noted that the high recommendation arising from the Audit of Procurement will be implemented by the end of this financial year. The Chief Financial Officer summarised actions being taken to address the remaining recommendations.

During a subsequent discussion, the Committee welcomed the management update on the Audit Recommendations Log. The Committee stressed the importance of addressing all recommendations in a timely manner.

The Committee noted that update includes original implementation dates as agreed in the individual audit reports and that the aged analysis is appropriately based on this information. In addition, the Committee noted that, for future updates, it would be beneficial for management to provide the expected timeline for implementation for all open recommendations at the time of the update.

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

Action:

06.1 The Internal Auditor to update the reporting template for the Audit Recommendations Log to include revised implementation dates.

AD/24-25/07 Internal Audit Annual Plan 2025

The Committee noted the memorandum from the Internal Auditor dated 18 November 2024, together with the Internal Audit Annual Plan for 2025, which had been circulated.

The Internal Auditor advised members that, in line with the agreed strategy for the function and in line with relevant professional standards, Internal Audit undertook a comprehensive planning process to develop a risk-based Internal Audit Plan for 2025. The Internal Auditor advised that the planning process incorporated information from various sources, including comprehensive Stakeholder engagement, a detailed review of the University Risk Register, and other University Committee papers, a review of the Audit Universe and consideration of the knowledge and experience of Internal Audit derived from its work.

The Internal Auditor advised that the information gathered from each of the sources outlined was collated to develop a comprehensive and broad range of assignments which were subject to a detailed Internal Audit Assessment of the relative priority, risk and complexity for each of the proposed areas / processes. Following detailed consideration and prioritisation of the areas / processes to be reviewed, and coverage across the University, individual audits were selected for inclusion on the Internal Audit Annual Plan for 2025.

In addition to the specific audits identified for inclusion on the Annual Plan for 2025, the Internal Auditor also drew members attention to potential alternate audits and specific areas of focus for future years identified as part of the multi-year approach to planning.

The Internal Auditor reminded members that as with all plans the Internal Audit Annual Plan for 2025 is fluid and dynamic and may be updated to take account of any emerging risks, developments in the university environment, or amendments to the University Risk Register. The Internal Auditor also noted that, as the risk register cycle is intended to change, that the next annual plan may move to February 2026 to ensure that most up to date risk information is considered as part of the planning process.

The Internal Auditor confirmed that she will provide the Committee with periodic updates of progress against the Annual Plan and will inform the Committee if additional work or any changes to Plan are required.

During a discussion, the Internal Auditor responded to a number of queries from members in relation to the Annual Plan and the process for the selection of audit assignments to be included in the Plan.

In conclusion, the Committee approved the Internal Audit Annual Plan for 2025 as presented, noting that periodic updates on progress will be provided during the year.

AD/24-25/08 Plan for the Audit of the 2023 / 2024 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 2024
- Audit Planning Memorandum from the Office of the Comptroller and Controller for the year ended 30 September 2024

The Chair welcomed the Chief Financial Officer and Deputy Chief Financial Officer together with Mr O'Connor, Ms Rogers and Mr Newby of PwC and Mr O'Regan of the Office of the Comptroller and Auditor General to the meeting for consideration of the Audit Plan for the audit of the 2023/2024 financial statements.

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 2023/2024 financial statements and outlined timelines and reporting arrangements. Noting that it is PwC's fourth year as the University's external auditors, he advised that timelines are broadly similar to previous years, that the audit is now well advanced, and he expects the audit to be completed before Christmas.

Mr O'Connor 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

Mr O'Connor 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 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.

Mr O'Connor briefed the Committee on key assumptions together with the materiality level set for the financial statements, noting that PwC consider the level set appropriate. The Chief Financial Officer advised that FSD are satisfied with the Audit Plan as presented and confirmed that the audit is progressing smoothly.

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 response to a query, Mr O'Connor advised that updates to FRS102 – Revenue and Leases will be come into effect from 01 January 2026 and outlined the likely impact this change may have in the future.

In conclusion, 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 several technical queries from members.

In conclusion, the Committee welcomed the comprehensive nature of the Audit Plans presented, noting that the final audited financial statements for 2023/2024 are to be presented at the March 2025 meeting of the Committee.

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

The Secretary to the College/Director of Governance withdrew by invitation for the following Agenda item.

AD/24-25/09 Audit of the Data Protection Framework to Support University Compliance with Health Research Regulations

The Chair welcomed Ms McDermott and Ms Skelton of Deloitte to the meeting for consideration of the Audit of the Data Protection Framework to Support University Compliance with Health Research Regulations Report, which had been circulated. The Committee noted that Deloitte were appointed as co-sourced Internal Audit providers in February 2023.

Introducing the item, the Internal Auditor summarised the background to the audit, noting that the Committee was briefed on the status of the audit and draft report at June meeting and of significant differences in opinion held by Deloitte and management at that time. The Internal Auditor reminded members that at the June meeting, the Committee had strongly recommended that management engage meaningfully with the internal audit process to discuss the responses with a view to finalising the draft report.

The Internal Auditor advised that extensive draft management responses were received on 30 May 2024 and that subsequent to the June meeting and following consultation with the Secretary to the College, Deloitte were requested to review the extensive management responses and consider additional documentation provided. The Internal Auditor advised that once this additional work was completed, a revised version of the draft report, with limited material changes, was circulated for management response which were provided following a meeting of all relevant parties.

The Internal Auditor advised that the draft report includes 7 recommendations, 3 of which were agreed by management. The remaining 4 recommendations have not been agreed due to significant differences of opinion. The Committee noted that Internal Audit, in consultation with Deloitte, have considered the management responses and are of the opinion that the recommendations remain appropriate and valid.

Ms McDermott noted that the audit had identified a number of areas for improvement and summarised the key findings from the audit as follows:

- From a review of individual research projects, it was apparent that there were significant inconsistencies in approach to compliance with Health Research Regulations suggesting that research staff do not have full clarity and understanding of the legislative requirements with which they are required to comply.
- While a suite of templates is available, they are not used consistently and a wide variety of documentation / templates were in use. The Policies and guidance documents also direct staff to these various templates but with no consistency of approach as when each one is to be used.
- There is no established process in place to ensure accountability for resolution of matters identified by Data Protection team reviews.
- There is no standardised approach across the University to the documentation of data collection and transfer and there is a lack of appropriate documentation retained by research teams as evidence. The lack of consistency of approach may result in University non-compliance with legislation.
- Mandatory training on data protection requirements specific to Health Research Regulations is not in place across the University.

- While guidance on informed consent forms has been developed, the documentation reviewed as part of the audit would not be sufficient to satisfy transparency obligations. There also appears to be a significant misinterpretation of what constitutes 'anonymised data' for the purposes of health research.

The Internal Auditor advised that based on the results of the internal audit work undertaken, Internal Audit can provide limited assurance in relation to the design and effectiveness of the current control environment.

During a detailed discussion, Ms McDermott and Ms Skelton together with the Internal Auditor responded to a number of technical queries from members. In particular, the Committee considered how best to proceed in light of the difference of opinion between Deloitte and management. Following a detailed discussion, the Committee agreed that the matter should be escalated appropriately. The Chair advised that, as an initial action, he would raise the matter with the Chairperson of the Board and revert to the Audit Committee members.

In conclusion, the Committee agreed the Audit of the Data Protection Framework to Support University Compliance with Health Research Regulations Report as presented and agreed that the matter should remain as a standing item on the Agenda.

Action:

09.1 The Internal Auditor to include Data Protection for Health Research Regulations as a standing item on the Audit Committee Agenda until resolved.

09.2 The Chair of the Audit Committee to discuss the matters arising from the audit with the Chairperson of the Board and revert to the Audit Committee with update.

The Secretary to the College/Director of Governance rejoined the meeting.

AD/24-25/10 Audit of Budget Model Implementation

The Chair invited Ms McDermott and Ms Skelton of Deloitte to brief the Committee on the Audit of Budget Model Implementation Report, which had been circulated.

Introducing the audit, Ms McDermott advised that the purpose of this audit was to assess the adequacy and effectiveness of the implementation of the budget model for the University. The audit included an assessment of the level of assurance that can be provided to the Audit Committee in relation to the University's Budget Model Implementation control framework.

Ms McDermott advised that the scope of the audit included all processes, policies and procedures in place as at March/April 2024 in relation to budget model implementation across the University.

Commenting on the findings of the audit, Ms McDermott advised that some opportunities for improvement were identified and summarised the key findings from the audit as follows:

- While the overall allocation of funding under the Budget, Planning & Allocation Mode to the three Divisions is appropriately documented, there was no formal documented consideration of the split of the allocation between Divisions and no documented criteria for disbursements to individual units within Divisions.
- From a detailed walkthrough of processes and review of supporting documentation, there were a number of areas where processes / procedures have not been fully / formally documented.
- While monitoring and reporting of actual results is a key control in the budget process, there is no formalised guidance on variances and thresholds to ensure consistency of approach across the University. In addition, there are inconsistencies in content / format of quarterly reporting.
- The budget upload template, used to ensure all amounts are allocated to correct codes on the financial system, does not include adequate provision for new activity codes and manual intervention is required as a result.

In summarising the findings, Ms McDermott advised that all the audit's findings have been accepted by management. The Internal Auditor advised that based on the results of the audit work undertaken, Internal Audit can provide moderate assurance to the Committee in relation to the effectiveness of the current control environment.

In conclusion, the Committee agreed the Audit of the Budget Model Implementation Report as presented and noted that all recommendations had been agreed by management.

The Chair thanked Ms McDermott and Ms Skelton of Deloitte for their contribution to discussions and they withdrew from the meeting.

AD/24-25/11 Audit of Student Levy Management

The Chair invited the Internal Auditor to brief the Committee on the Audit of Student Levy Management Report, which had been circulated. Introducing the report, the Internal Auditor advised that student levies and charges (SLC) were introduced in 2019 following Finance Committee approval and includes the Student Sports Centre charge, Student Space and Centre levy, Commencement fee and U.S.I. membership.

The Internal Auditor advised that the purpose of the audit was to assess the adequacy and effectiveness of internal controls in place for Student Levy Management. The Committee noted that the scope of the audit includes all processes, policies and procedures in place as at March 2024 in relation to Student Levy Management across the University.

The Internal Auditor advised that some opportunities for improvement were identified and summarised the key findings from the audit as follows:

- There are several elements that determine the amount of SLC charged. However, there are currently no documented / formal processes in place to review or revise the SLC or to calculate new rate types.
- SLC rates are entered manually on the student information system and while there is a review process for set up of new courses, the audit identified two new courses where incorrect rates were charged to students (amounts involved were minimal).
- The Student Finance team have implemented a sample review process for SLC refunds. The documentation for this process does not include sampling methodology and documentation of the review is minimal.
- One element of the SLC is the Commencement fee, which is not currently separately recorded and monitored and costs are not offset against income.

In summary, the Internal Auditor advised that based on the results of the internal audit work undertaken, Internal Audit can provide substantial assurance to the Audit Committee in relation to the design and effectiveness of the current control environment.

In conclusion, the Committee agreed the Audit of Student Levy Management Report as presented and noted that all recommendations had been agreed by management.

AD/24-25/12 Audit of Disability Service Governance

The Chair invited the Deputy Internal Auditor to brief the Committee on the Audit of Disability Service Governance Report, which had been circulated.

The Deputy Internal Auditor advised that the purpose of the audit was to assess the adequacy and effectiveness of the internal control framework for the University Disability Service and advised that the scope of the audit included all processes, policies and procedures in place as at April 2024 in relation to the Disability Service governance across the University.

The Deputy Internal Auditor advised that some opportunities for improvement were identified and summarised the key findings from the audit as follows:

- The HEA administers the Fund for Students with Disabilities which has specific criteria and the University completes an annual return summarising the services provided to students. There was no documented formal reconciliation to support the information within this report available at the time of the audit.
- A recently appointed staff member had not fully completed the required GDPR training and the Disability Service does not maintain a log of training completed. In addition, the Disability Service does not require confirmation of completed training for individuals receiving reports containing sensitive information.
- There is no formal reporting by the Disability Service on compliance / non-compliance with legislation during the year.

In conclusion, the Deputy Internal Auditor advised that based on the results of the internal audit work undertaken in relation to Disability Service Governance, Internal Audit can provide moderate assurance in relation to the design and effectiveness of the current control environment.

The Committee noted that, with the exception of a disagreement on the rating level for one finding, all the recommendations within the report were agreed by management.

In conclusion, the Committee agreed the Audit of Disability Service Governance Report as presented.

AD/24-25/13 Audit of Travel Policy

The Chair invited the Internal Auditor to brief the Committee on the Audit of Disability Travel Policy Report, which had been circulated.

The Internal Auditor advised that the Travel Policy is in place to ensure transparency and appropriateness in relation to travel expenditure. In the University travel expenditure is incurred and paid either through reimbursement of expenses incurred by staff or through direct payment to appropriately tendered suppliers.

The Internal Auditor advised that the purpose of the audit was to assess the adequacy and effectiveness of the internal control framework in place for the University Travel Policy, noting that the scope of the audit includes all processes, policies and procedures in place as at June 2024 in relation to the governance of the Travel Policy across the University.

The Internal Auditor advised that some opportunities for improvement were identified and summarised the key findings from the audit as follows:

- There is a high level of non-compliance with Travel Policy requirements identified by both the established review process and the audit, which indicates a lack of management awareness at a local level of the requirements in relation to travel expenditure. In addition, there is no monitoring in place to ensure previously rejected claims are not re-submitted under a different claim.
- Appropriate documentation of business reason for travel and approval for business class flights was not available at the time of audit for a significant percentage of expenses via tendered supplier.
- The Travel Policy does not currently include a specific time limit for reclaiming travel expenses.
- While sustainability reporting prepared by Procurement includes c. 96% of travel expenditure, it does not currently include expenditure via all tendered suppliers.

Commenting on the overall findings, the Internal Auditor advised that based on the results of the internal audit work undertaken in relation to the Travel Policy, Internal Audit can provide moderate assurance to the Committee in relation to the design and effectiveness of the current control.

During a subsequent discussion, the Internal Auditor confirmed that the sample size reviewed as part of the audit was small as the purpose of the review was to identify potential control gaps.

In conclusion, the Committee agreed the Audit of Travel Policy Report as presented and noted that all recommendations had been agreed by management.

AD/24-25/14 Update on Internal Audit Annual Plan 2024

The Internal Auditor drew the Committee's attention to the update on the Internal Audit Annual Plan for 2024, which had been circulated. Further to the approval of the Plan by the Committee in December 2023, the Internal Auditor briefed the Committee on the status of audit assignments as of November 2024.

In particular, the Internal Auditor briefed the members on the status of the Audit of the Accountability Framework. The Internal Auditor advised that, as any audit would be significantly limited in the absence of a final approved Accountability Framework, this audit had been deferred to 2025.

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. The Committee noted the update on the Audit Annual Plan for 2024 as presented.

AD/24-25/15 Audit Committee Meeting Schedule

The Internal Auditor advised members that the meeting schedule for 2024-2025 had been agreed by the Committee in June 2024. However, given recent changes in Committee membership and the deferral of the October meeting to November, the Internal Auditor invited members to consider the meeting schedule again.

Following discussion, and confirmation from Internal Auditor that there were no specific Agenda items for consideration, the Committee agreed that the meeting previously scheduled for 10 December 2024 should be cancelled.

In addition, the Internal Auditor proposed that, as the last meeting of Board is scheduled for 04 June 2025, that the Audit Committee meeting scheduled for 05 June 2025 be re-scheduled to an earlier date. This would ensure that any items from the Audit Committee that may require subsequent Board approval can be considered on a timely basis.

Following a brief discussion, the Committee agreed that the meeting scheduled for 05 June 2024 be rescheduled to the afternoon of Tuesday 27 May 2025.

Action:

15.1 The Internal Auditor to circulate revised meeting schedule for 2024/2025 to members following the meeting.

AD/24-25/16 Audit Committee Annual Report 2024/2025

The Committee noted the memorandum from the Internal Auditor dated 18 November 2024, together with the Audit Committee Annual Report 2023/2024 which had been circulated.

Introducing the topic, the Internal Auditor advised that the overall opinion of the Committee regarding the effectiveness of internal control is documented in the Audit Committee Annual Report, which is normally presented to Board in March in conjunction with the financial statements. The Committee noted that it also provides an opportunity for the Committee to highlight specific areas of concern to Board based its work undertaken during the year.

Further to a suggestion from the Chair, the Internal Auditor confirmed that the previous Chair of the Committee would be contacted to provide any relevant input to the draft annual report.

The Internal Auditor advised that a draft of the Audit Committee's Annual Report for 2024/2025 will be brought to the February Audit Committee meeting, and outlined several key areas that may inform the Committee's consideration of specific topics to highlight in the Annual Report for 2024/2025.

The Internal Auditor invited members to reflect on the key observations it may wish to include in the Annual Report for 2024/2025, together with the nature of the overall opinion it wishes to convey to Board. The Committee noted that the appendices to Report summarise the work of the Audit Committee during the year. The Committee were also invited to consider if they wished to make any changes to the format of the Annual Report for 2024/2025.

During a brief discussion, the Internal Auditor responded to a number of queries from members.

Action:

16.1 The Chair and Internal Auditor to prepare a draft of the Audit Committee Annual Report 2024/2025 for consideration at the Audit Committee meeting of 11 February 2025.

Section C – Items for Noting

AD/24-25/17 Risk & Compliance Committee Minutes

The Committee noted the minutes of the Risk & Compliance Committee which had been circulated for noting.

AD/24-25/18 Board Papers

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