HANDBOOK FOR
AUDIT COMMITTEE MEMBERS

Updated: September 2013
INTRODUCTION

This Handbook is intended to assist the induction and orientation of new members appointed to the Audit Committee and to provide a reference source for all members.

The Handbook highlights key issues of relevance to Audit Committee members.

The Audit Committee is a Principal Committee of Board. Its main functions are to review significant financial reporting issues and to review the scope and effectiveness of the College’s internal controls, including its risk management systems.

Along with the Handbook, all new appointees to the Audit Committee receive a letter from the Secretary to the Audit Committee setting out the term of the appointment, estimated time commitment per annum, a brief narrative on the collective responsibility of the Audit Committee, the importance of confidentiality and a reference to the College insurance arrangements for Directors and Officers.

Any comments or queries should be sent to the Secretary to the Audit Committee (Francis Sheeran): email: francis.sheeran@tcd.ie

HOW TO USE THIS HANDBOOK

The Handbook is available at http://www.tcd.ie/Internal_Audit/

To navigate from the Table of Contents to a section of the Handbook click on the dotted line close to the page number and the view will jump to the selected page.

A lot of information is already available on the College website. Rather than incorporate the documents into the Handbook, links are provided to the relevant pages, which appear in coloured text throughout. Click on the link to view the webpages. Please advise the Secretary to Audit Committee of broken links or suggested updates.

In a number of cases there are linkages internally between sections within the Handbook and these appear as grey shaded highlighted text. Click on the highlighted text to go to the relevant section.

This handbook will be updated periodically as necessary.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Terms of Reference</td>
<td>1</td>
</tr>
<tr>
<td>2. Internal Audit Charter</td>
<td>1</td>
</tr>
<tr>
<td>3. Membership of the Audit Committee</td>
<td>1</td>
</tr>
<tr>
<td>4. The Audit Committee Annual Audit Cycle</td>
<td>2</td>
</tr>
<tr>
<td>5. Committee Meetings and Papers</td>
<td>2</td>
</tr>
<tr>
<td>6. Governance Obligations</td>
<td>3</td>
</tr>
<tr>
<td>7. Universities Act, 1997</td>
<td>3</td>
</tr>
<tr>
<td>8. College Code of Governance</td>
<td>3</td>
</tr>
<tr>
<td>9. College Assurance Framework</td>
<td>4</td>
</tr>
<tr>
<td>10. Board Statement on Governance and Internal Control</td>
<td>5</td>
</tr>
<tr>
<td>11. Risk Management Policy</td>
<td>5</td>
</tr>
<tr>
<td>12. Funding Statements</td>
<td>5</td>
</tr>
<tr>
<td>13. Consolidated GAAP Accounts</td>
<td>6</td>
</tr>
<tr>
<td>14. US GAAP Accounts</td>
<td>6</td>
</tr>
<tr>
<td>15. College Subsidiaries</td>
<td>7</td>
</tr>
<tr>
<td>16. Trust Funds (Benefactions)</td>
<td>7</td>
</tr>
<tr>
<td>17. Trinity Foundation</td>
<td>7</td>
</tr>
<tr>
<td>18. Auditors</td>
<td>7</td>
</tr>
<tr>
<td>19. Strategic Plan 2009-2014</td>
<td>8</td>
</tr>
<tr>
<td>20. College Organisation Structure</td>
<td>9</td>
</tr>
<tr>
<td>21. Faculties, Schools and Departments</td>
<td>12</td>
</tr>
<tr>
<td>22. Administration and Service areas in College</td>
<td>12</td>
</tr>
<tr>
<td>23. Listing of Trinity Research Institutes</td>
<td>12</td>
</tr>
<tr>
<td>24. Relationships with External Bodies</td>
<td>12</td>
</tr>
<tr>
<td>25. Listing of Legislation relevant to College</td>
<td>14</td>
</tr>
<tr>
<td>26. Listing of College Policies</td>
<td>14</td>
</tr>
<tr>
<td>27. Acronyms in common use in College</td>
<td>14</td>
</tr>
</tbody>
</table>
1. **Terms of Reference**  
The Terms of Reference set out the objectives of the Audit Committee, membership details, its meetings arrangements, its duties in pursuance of its objectives, its authority and highlights the importance of monitoring its own performance on an annual basis.

The main functions of the Audit Committee are:

- to review the significant financial reporting issues and judgements made in connection with the College’s financial statements and report
- to review the scope and effectiveness of the College’s internal financial, operational and compliance controls, including systems established by management to identify, assess, manage and monitor key risks, taking account of the key objectives of the College as contained in the Strategic Plan

The full Terms of Reference are available at [Terms of Reference - Audit Committee Papers - Trinity College Dublin](#)

2. **Internal Audit Charter**  
The Internal Audit Charter sets out the role of Internal Audit in providing an independent appraisal of the governance and control environment in College. The Charter outlines the scope of the work of Internal Audit, its role and responsibility, its access rights, its independence and objectivity, its working methods and its reporting duties.

The Internal Audit Charter is available at [http://www.tcd.ie/Internal_Audit/IA%20Charter%20Final%20to%20Board%202011%201109.pdf](http://www.tcd.ie/Internal_Audit/IA%20Charter%20Final%20to%20Board%202011%201109.pdf)

3. **Membership of the Audit Committee**  
There shall be not less than four members of the Committee, at least one of whom shall be an external member. The Chairperson of the Audit Committee shall be an external member. The three College members are made up of one Board member, one member of the College staff and one former Senior Annual Officer. Annual Officers are academic staff who are appointed to assist the Provost for up to three years normally in the statutory posts such as Vice-Provost, Bursar, etc.

Current Membership is detailed at [Trinity College Dublin - Internal Audit Office](#)
The Audit Committee is a Principal Committee of Board and members are required to exercise high standards of professional and ethical conduct in the interests of the Committee and the College as a whole.

The Code of Conduct for members of Principal Committees is available at section 3.2 of the College Code of Governance.

See also Handbook Section 8. College Code of Governance

4. The Audit Committee Annual Audit Cycle
The audit year starts in January each year when the College High Level Risk Register is available. Following this, an Audit Plan is prepared by the Internal Auditor and approved by the Audit Committee.

Work proceeds during the year according to the Audit Plan leading to the Audit Committee Annual Report to the Board, which is issued in December. This report is normally in two Parts: -

Part 1 provides Board with an outline of the key issues the Committee wishes to bring to the attention of Board.

Part 2 is a report of record, setting out a summary of the detailed work carried out in the year. Part 2 provides the context for the Committee’s opinion on internal control, and is part of the overall assurance that Board receives in considering the statement that it is required to make under the Code of Governance.

The cycle is such that Board will have already considered the Audit Committee Annual Report and opinion on internal control when it is presented with the Funding Statements in Hilary Term for approval.

The Committee also advises Board on each occasion that other financial statements are presented for approval and on the risk management system when the Risk Register is presented in January.

5. Committee Meetings and Papers
The current schedule of meetings is available at Schedule - Audit Committee Papers - Trinity College Dublin

Sharepoint is a document repository that is hosted on a College server. It is used to share internal audit work programmes, working papers and reports. It also hosts a document library dedicated to current and past Audit Committee meetings. Papers for each meeting can be accessed by Audit Committee members from any location. Members need to use their network password to
access the SharePoint site at https://share.tcd.ie/services/internalaudit/SitePages/Home.aspx

6. **Governance Obligations**
   Governance comprises the systems and procedures under which organisations are directed and controlled.

   The College Code of Governance adds to the requirements set out in the Universities Act, 1997 and takes account of developments in governance issues in the public and private sectors.

   The College must comply with the Universities Act, 1997, the principal requirements of which are contained in section 1 of the Code of Governance. A list of other relevant legislation is available at http://www.tcd.ie/about/legislation

7. **Universities Act, 1997**
   The [Universities Act, 1997](http://www.tcd.ie/about/legislation) prescribes a framework of accountability for the effective governance of universities.

   It is the primary piece of legislation governing universities and imposes considerable governance requirements.

   The most relevant sections of the Act for the Audit Committee are:
   - Part 111
     - Chapter 1 Objects and Functions of a university
     - Chapter 11 Governance - Governing Authority
     - Chapter 111 Staff of University - role of Chief Officer is significant
     - Chapter V11 Planning and Evaluation
     - Chapter V111 Finance, Property and Reporting
   
   Chapter V111 in 39(2) refers to the keeping of accounts and records and the role of the Comptroller and Auditor General in auditing the financial statements.

8. **College Code of Governance**
   The College Code of Governance is based on a template for the sector agreed by the Higher Education Authority and the Irish Universities Association.

   Section 1 of the Code sets out the regulatory requirements specific to the university sector with which College must comply. College is required to adhere
to the requirements of section 2 of the Code of Governance or explain a departure. Section 3 of the Code of Governance contains guidelines on good practice that should be taken into account but are not mandatory.

The latest Code of Governance, approved by Board in 2013, is available at [http://www.tcd.ie/about/content/pdf/code-of-governance.pdf](http://www.tcd.ie/about/content/pdf/code-of-governance.pdf)

The most relevant sections for the Audit Committee within Part 2 are:

- Section 2.3 Internal Control and Risk Management
- Section 2.4 Audit Committee
- Section 2.5 Internal Audit Functions
- Section 2.11 Reporting Arrangements - particularly 2.11.1 which requires a Board statement on internal control to be included in the annual financial statements

9. **College Assurance Framework**

The Board needs to rely on assurances on the effectiveness of the College’s internal control system in order for it to prepare the annual Statement of Governance and Internal Control as required under 2.11 of the Code of Governance.

The three primary sources of assurance relied upon by Board when making the statement are:

- The Provost, supported by the Executive Officers' Group, in respect of issues arising across the academic and administrative functions following written assurances from all Heads of Area.
- The Board Representatives in respect of issues arising at Principal Committees
- The Audit Committee in respect of issues arising through its work via Internal and External Audit and its opinion on internal control as reported in the Annual Report to Board.

The processes to channel assurances upward to these primary sources to enable them to provide assurance to Board annually on a formal basis, timed to coincide with the Board’s consideration of its annual governance and internal control statements, are set out in the policy document: Assurance Framework Policy. This is available at [http://www.tcd.ie/Internal_Audit/%20Framework.pdf](http://www.tcd.ie/Internal_Audit/%20Framework.pdf)
10. **Board Statement on Governance and Internal Control**

The most recent statement is included in the financial statements available at http://www.tcd.ie/Treasurers_Office/gen_finstats.php

The Statement acknowledges the responsibility of the Board for all internal controls including financial, operational and compliance controls and the risk management system that support the achievement of the College’s objectives.

The statement outlines the processes and procedures in College to ensure that there is a proper control environment and confirms that they were in place in the financial year and that no weaknesses in internal control have been identified which have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor’s report on the financial statements.

The Statement is reviewed by both the statutory auditors and the Board appointed auditors in the course of their work.

11. **Risk Management Policy**

The Risk Management Policy was approved by the Board in September 2008 and is available at -

Risk Management Policy - College Policies - Trinity Information - Trinity College, Dublin | Coláiste na Tríonóide, Baile Átha Cliath

There is a specific reference to the role of the Audit Committee as follows:

The Audit Committee, on behalf of Board, is responsible for reviewing the effectiveness of the risk management process. The Audit Committee will review the high-level risk register and form an independent view of the risks identified, the likelihood of their occurrence, the potential impact and the adequacy of steps taken to manage them. The Audit Committee may also review individual unit registers. On an annual basis, or more often should the need arise, the Audit Committee will report to Board an opinion, based on its review, on the effectiveness of operation of the risk assessment process and management of the risks including the effectiveness of the key controls.

The requirement for a robust system of risk management in College is set out explicitly in the Code of Governance Section 2.3.1

12. **Funding Statements**

The Funding Statements are prepared on an agreed harmonised basis approved by the HEA and C&AG.
The Funding Statements only report the core teaching and research activity in the Income and Expenditure Account. All of the Irish Universities prepare Funding Statements on a common basis. These Funding Statements form part of the financial reporting obligations of the University.

The Funding Statements are available at

13. Consolidated GAAP Accounts

The Consolidated Financial Statements are prepared based on Generally Accepted Accounting Principles (GAAP) and report all activities of the College and its subsidiary undertakings in the Income and Expenditure account and Balance Sheet and are akin to statements published by commercial entities. All Universities are required to prepare accounts on this basis in respect of financial reporting periods since 2002/03. The published accounts incorporate the Consolidated Financial Statements, the Funding Statements and a reconciliation between both.

The Financial Statements are available at

14. US GAAP Accounts

The College is obliged to prepare US GAAP financial statements as a consequence of its involvement with the US Federal Student Aid Program since the enactment of legislation by the US Government in 2011.

The financial statements are prepared only for the purpose of satisfying the requirements of the US Department of Education and are not made available to other parties.

The financial statements are an amended version of the Irish GAAP accounts to take account of different accounting treatments of certain issues and the reconciling items between the two are brought to the attention of the Audit Committee prior to approval by Board.

There is an obligation to prepare these every third year only and there is no requirement for comparative figures.

The first set of US GAAP financial statements were prepared for the year ended 30 September 2011.
15. College Subsidiaries
Ghala Limited is a fully owned subsidiary of College and was established in response to tax based funding for the purposes of the construction and refurbishment. The directors are all members of College staff.

Trinity College Dublin Academy of Dramatic Art Limited is a fully owned subsidiary established for the purposes of delivering educational services in Dramatic Art and operates as The Lir. The directors include members of College staff.

16. Trust Funds (Benefactions)
The Trust Funds are a collection of individual permanent funds intended to provide financial support to specific College activities in perpetuity. The Trustees of the Trust Funds are the Provost, Fellows and Scholars of Trinity College and the Funds are governed by a Trust Deed and managed by the Investment Committee on behalf of Board. The Trust Funds (Benefactions) were not incorporated into the Consolidated GAAP Accounts up to the year ended 30 September 2011. The College has determined that, with effect from 1 October 2011, it will adopt the Statement of Recommended Practice (“SORP”) Accounting for Further and Higher Education (2007) in full resulting in the recognition of endowment fund assets in the College’s Consolidated Accounts.

17. Trinity Foundation
Trinity Foundation was established as an independent charity in 1994 to support the College’s funding priorities and is charged with philanthropic fund raising. It is formed under a Trust Deed and governed by Trustees separately from the College. As with the Trust Funds (Benefactions), the College did not include Trinity Foundation in its Consolidated GAAP Accounts up to the year ended 30 September 2011. The College has determined that, with effect from 1 October 2011, it will adopt the Statement of Recommended Practice (“SORP”) - Accounting for Further and Higher Education (2007) in full, resulting in the consolidation of Trinity Foundation.

18. Auditors
The College is subject to audits by both the statutory auditors and by Board appointed auditors.

The role of the Audit Committee in relation to auditors is set out in the Audit Committee Terms of Reference Terms of Reference - Audit Committee Papers - Trinity College Dublin under Sections 4.10 to 4.16 for the Board appointed auditor and Sections 4.17 to 4.18 for the Comptroller and Auditor General.
The statutory auditor is the C&AG whose role is provided for in the Universities Act, 1997. See Section 7. Universities Act, 1997. The C&AG audits the Consolidated GAAP accounts only.

The Audit Committee has agreed procedures with the C&AG and the Board appointed auditors in relation to their audits. In reaching an audit opinion, the C&AG relies on audit work done by the Board appointed auditors and gets access to their files. The procedures also allow for communication and input into the audit planning process by the C&AG. Typically the C&AG audit will extend into areas not normally covered in the financial audit by the Board appointed auditors.

Auditors were appointed by the College for many years prior to the enactment of the Universities Act and College has continued the practice to ensure that the financial statements are audited and laid before Board within the period provided for in the College Statutes. The Board appointed auditors are selected by a periodic public tender process undertaken by the Audit Committee on behalf of the Board. The Board appointed auditors audit the Funding Statements, the Consolidated GAAP Accounts and a reconciliation between the two sets of accounts. They also audit Ghala Limited, Trinity Foundation and the Trust Funds. The contract for audit services is normally for four to five years with an option to annually extend the period by up to two additional years in exceptional circumstances.

To ensure that the auditors remain independent in the fulfilment of their duties the Audit Committee has developed a policy on Auditor Rotation, in the event of an incumbent winning the tender,. The Policy is available at http://www.tcd.ie/Internal_Audit/

19. Strategic Plan 2009-2014
This is the high level plan that sets out the aspirations and specific targets for the university as a whole.

An understanding of the strategic plan is important for new Audit Committee members in order to understand the vision and mission of the College and in assessing reports presented to the Audit Committee for consideration.

The strategic plan sets out specific targets to be achieved and the key supports to be in place to enable the strategy. One of the key supports is proper governance and this is addressed in section 6 of the strategic plan.

The plan makes reference to fully complying with the Code of Governance and to fully embed risk management procedures into the operation of all College activities.
Section 7 dealing with implementing the strategic plan, sets out that responsibility for its delivery rests with the Executive Officer Group and outlines the actions to be taken to facilitate implementation.

The most recent Strategic Plan of the College is available at http://www.tcd.ie/about/content/pdf/tcd-strategic-plan-2009-2014-english.pdf

20. College Organisation Structure
College is a large complex organisation with many varied academic and administrative activities.

The principles of collegiality and academic pre-eminence, which underpin College’s governance are intended to enable widespread participation by members of the College community in the College’s decision-making.

The Universities Act, 1997 specifically stipulates that the College should have a governing authority (Board) and an Academic Council. It describes in broad terms the functions of the Board and also provides for Board to delegate some of its function to Committees.

A simplified diagram follows which outlines the main features of the organisation structure:

NOTE

ADMINISTRATION IS BEING RE-ORGANISED UNDER THE START INITIATIVE AND THE FOLLOWING CHART WILL NEED TO BE ALTERED WHEN THE PROCESS IS COMPLETED. AT PRESENT IT IS PROPOSED THAT THERE WILL BE THREE DIVISIONS - CORPORATE SERVICES WHICH WILL BE HEADED BY THE CHIEF OPERATING OFFICER, ACADEMIC SERVICES HEADED BY THE VICE-PROVOST/CHIEF ACADEMIC OFFICER AND FINANCIAL SERVICES HEADED BY THE TREASURER/CHIEF FINANCIAL OFFICER
Board

Board has the ultimate authority in College and is accountable to all the College’s stakeholders. In order to allow the Board to focus on high level policy development and on the future direction of the College, in accordance with good governance practice, the Board has agreed that decision-making should be delegated, within defined parameters.

Council

The University Council is the highest Academic Committee of the University. The College Statutes outline its function and the composition of its membership. Council “shall superintend and regulate the academic business of the University”. Council sets policy and makes decisions on behalf of Board on such measures as are necessary for the promotion and encouragement of teaching,
scholarship and research. (Statutes, Chapter X111). The University Council meets monthly in term time.

**Principal Committees**

Committees are not meant to have a management or implementation role but instead monitor the implementation of policy decisions on behalf of Board.

All Principal Committees, once a year, are expected to review their own performance and terms of reference and report their findings and any recommendations for change to the Board.

A list of Committees and links to information are available at: - [http://www.tcd.ie/committeepapers/](http://www.tcd.ie/committeepapers/)

**Provost**

Management and implementation is the responsibility of designated individuals which includes the Provost and Executive Officers, Annual Officers and the Heads and Directors of Academic and Administrative Support Units.

The Provost is the Chief Officer of the College and Chairman of the Board. As Chief Officer he is responsible for the executive management of the College and its day-to-day direction. The responsibilities of the Provost in relation to Board business include implementing the decisions of the Board or ensuring that they are implemented through the senior management team. The Provost is also the Chief Accounting Officer for the purposes of accountability for public funds.

The Provost is elected by the academic community from a panel of applicants following a public advertisement and shortlisting process. The Provost holds office for a maximum term of ten years.

**Executive Officers Group**

The Executive Officers Group is the senior management team, chaired by the Provost whose members are drawn from Academic Officers, comprising the Vice-Provost, Deans, Chief Operating Officer and certain Heads of Administration.
21. Faculties, Schools and Departments
The academic structure of the College is outlined at Faculties and Schools - Trinity College Dublin, The University of Dublin

22. Administration and Service areas in College
A listing of the Administration and Service areas in the College is available at Services and Administration - Trinity College Dublin, The University of Dublin

23. Listing of Trinity Research Institutes
There are five Trinity Research Institutes (TRIs) as follows:-
- Centre for Research on Adaptive Nanostructure and Nanodevices - CRANN
- Trinity College Institute of Neuroscience - TCIN
- Institute for International Integration Studies - IIIS
- Trinity Long Room Hub
- Trinity Biomedical Sciences Institute

TRIs are research groupings that focus on strategic priorities of the College and are recognised as long-term strategic initiatives.

TRIs occupy substantial space, have significant administration and technical staffing levels and approach the scale of a School. To be granted TRI status the research programme will have been endorsed by an external independent evaluation in an international context. Though closely related with one or more Schools, TRIs enjoy a semi autonomous status in College outside of the normal School and Faculty governance structure.

College policy is that TRIs are expected to be self-financing and supported by appropriate governance structures. The Board of a TRI must present an Annual Report, including a financial statement, to the Research and Finance Committees for onward communication to the Board of the College. TRIs and affiliated Schools are expected to develop mutually beneficial relationships by negotiating agreements in relation to sharing finance and staff appointments.

24. Relationships with External Bodies
Entities in which the College has a specific interest or is engaged in a special relationship include:
- Molecular Medicine Ireland (MMI)
TCD interest is 20%. The strategic mission of MMI is to mobilise the strengths of the five partner institutions and their associated hospitals to build a sustainable national system to co-ordinate support and promote translational and clinical research aimed at realising benefits at patient care level.

National Digital Research Centre (NDRC)

TCD interest is 20%. As an investor in digital innovations based on research, NDRC’s investment programmes are tailored to enable innovators, entrepreneurs, researchers and companies to translate ideas into income generating products and high growth companies.

The National Institute for Bioprocessing Research and Training (NIBRT)

TCD interest is 25%. The objectives of the company are to establish and operate a national institute of international excellence in bioprocessing research and training located in Dublin, to provide training and education to the bioprocessing industry and to carry out scientific research of value to the biotechnology/bioprocessing and biopharmaceutical sector.

The Haughton Institute for Graduate Education and Training in the Health Sciences Limited.

TCD interest is 33%. The principal activity of the company is to promote and assist in the provision, organisation and co-ordination of graduate education, training, research and consultancy work in the health sciences.

Trinity Foundation

Trinity Foundation is an independent charity. Its sole purpose is to support the Colleges educational, research and outreach programmes.

Economic and Social Research Institute (ESRI)

Strategic partnership which enables both institutions to build collaborative and complementary strengths in the social sciences and provide opportunities for developing joint research projects and for training graduate students and other researchers in the associated methodologies.

Marino Institute of Education

College is a co- Trustee with the Christian Brothers of the Marino Institute. The College accredits the teacher education programmes run by the Marino Institute and has responsibility for quality assurance over these programmes.
Church of Ireland College of Education

College accredits the teacher education programmes run by the Church of Ireland College of Education and has responsibility for quality assurance over these programmes.

Royal Irish Academy of Music

Associated College of Education.

DIT Conservatory of Music and Drama

Associated College of Education.

Milltown Institute of Theology and Philosophy

A strategic alliance with the Milltown Institute of Theology and Philosophy that established an Institute of Catholic Theology.

St James’s Hospital and The Adelaide and Meath Hospital, Dublin incorporating the National Children’s Hospital (AMNCH)

These are the two main teaching hospitals affiliated with the School of Medicine in College. The full list of affiliated hospitals is set out at Teaching and Affiliated Hospitals - About Us - School of Medicine : Trinity College Dublin, The University of Dublin, Ireland

25. Listing of Legislation relevant to College
The legislation considered to be most relevant to College is listed at Legislation - About Trinity - Trinity College Dublin

26. Listing of College Policies
Information on College policies is available at About Trinity - Trinity College Dublin

27. Acronyms in common use in College
A list of acronyms in common use is available at http://www.tcd.ie/Internal_Audit/