

The University of Dublin

Trinity College

Minutes of Audit Committee, Tuesday 24 February 2009

Present Mr J Collins (Chairman), Professor J McGilp, Professor J O'Hagan, Mr P O'Reilly

Apologies Professor B McGing

(ex officio) Internal Auditor (secretary), College Secretary (Acting)

In attendance: Ms S Mac Bride

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

AD/08-09/52 **Minutes** The Minutes of the meeting held on 19 December 2008 were approved and signed.

AD/08-09/53 **Call-over** The Committee noted the actions which had been implemented since the previous meeting and those which remained out-standing.

SECTION A - POLICY ISSUES

AD/08-09/54 **Review of Trinity Research Institutes** The Chairman invited the
XXX Committee's attention to the Internal Audit report on Trinity Research Institutes (TRIs) which had been circulated. The Chairman noted that the semi autonomous status of Research Institutes has governance and risk implications, for both existing and possible future Institutes, which the Audit Committee needs to consider.

The Internal Auditor advised the Committee that the objectives of the review were to assess the governance and control arrangements in the context of the College approved *Policy on Research Groupings*, to review the current financial position and stability and to ascertain if there are issues for College to consider with respect to current or future TRIs. The Internal Auditor, noting that the review covered CRANN and TCIN, which are important and successful drivers of College research and reputation, stated that there are however governance issues similar to those arising in the review of Inter-Institutional Research ventures that was considered in the past by the Committee. Noting that such entities do not easily fit into the existing governance structure, given the dynamic between flexibility to adapt and evolve with the need for oversight and control, he drew the Committee's attention to the recommendations in the report. The Committee noted that, as it may now be opportune to review international best practice and consider whether College needs to further develop the Research Institutes model given their importance to College research strategy, the governance issues could be addressed as part of such a review.

In the course of a discussion Committee members raised the following issues:

(i) there is a need to ensure that the procedures which are already in

- (ii) place are followed which has not always been the case to date; financial reporting should be forward-looking, not just retrospective due to the pace of change of the economic climate;
- (iii) projections should also be clearer on the risks to College and be extended to show a long-term view;
- (iv) requiring a self financing basis may not be realistic and give rise to overly optimistic projections at the proposal stage whereas the strategic dimension needs to be recognised and accepted that it may require funding;
- (v) TRIs could be disadvantaged under the RPM and consideration should be given to establishing a College strategic fund to be available to support such ventures if necessary;
- (vi) unless there are strong controls and procedures, damage to the reputation of TRIs and College and a reduction in funding and investment could result.

The Committee agreed that the report should be forwarded to the Executive Officers' Group and that the following issues should be emphasised in an accompanying memorandum from the Committee:-

- (i) the importance of addressing the concerns raised and associated risks;
- (ii) the need to have forward-looking and more regular reporting;
- (iii) the need to ensure a more stringent application of existing procedures and especially to any future proposals for a new TRI.

Action:

The Internal Auditor to forward the report along with the views of the Committee to the Executive Officers' Group.

- AD/08-09/55 Strategic Planning Process in College The Chairman invited the
 XXX Committee's attention to the following documents:
- (i) Memorandum from the Vice-Provost/Chief Academic Officer dated 21 January 2009 with extracts from the report on review of Strategic Plan 2003-2008
 - (ii) Strategic Plan 2009-2014 - Development Process

The Committee welcomed the comprehensive approach being followed which is intended to improve strategic planning and noting the memorandum from the Internal Auditor to the Strategic Planning Group, which had also been circulated for noting, agreed that future targets will need to be measurable and be assigned to owners. The Committee also agreed that the planning process needs to be aligned with the risk management process and that future plans should be subjected to a risk assessment with a financial assessment of possible scenarios, which must be flexible given the rate of change in the economic environment.

- AD/08-09/56 Consideration of allocation of Audit Committee time The Chairman invited the Committee's attention to a Memorandum from the Internal Auditor dated 15 February 2009, which had been circulated, and referring to the previous survey conducted by the previous Chairman of members' views, noted that it is necessary for the Committee to continually assess whether its focus continues to be appropriate and if further time should be allocated to any area to improve its effectiveness. The Committee also noted that further discussion with the External Auditors on interaction with the Committee may be useful prior to the commencement of the next audit cycle. The Committee agreed that the risk assessment should provide the main focus for its work, noting also that the current economic situation posed a considerable challenge to College which had been previously

considered by the Committee in its discussions on financial flexibility. The Committee, expressing support for the work of the Funding Group, discussed the need for proposals to deal with 2009/10 and agreed that the Committee should request a presentation from the Funding Group when those proposals are prepared.

In response to a query the Acting Secretary to College confirmed that Board has approved the appointment, job description and search committees for the posts of Treasurer, Secretary to the College and Director of Information Services (minute BD/08-09/146 of 28 January 2009 refers).

Action:

- 56.1 Internal Auditor and Chairman to review interaction between the Committee and the External Auditors.
- 56.2 The Funding Group's proposals for 2009/10 to be considered at a future meeting.

SECTION B - IMPLEMENTATION ISSUES

- AD/08-09/57** **Management of Financial Risk** The Chairman invited the Committee's attention to the Report from the Funding Group to the Finance Committee dated 23 January 2009 and to the draft minute of the Finance Committee FN/08-09/41 of 6 February 2009, both of which had been circulated.
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In the course of a discussion, Committee members welcomed the progress in developing structures and a process to facilitate integrated financial planning. Commenting on the scenarios, the Committee expressed concern that the need for specific plans is now urgent and that the data provided by the scenario planning should be utilised to come up with realistic solutions. The Committee, reviewing the scenarios for 2009/10 and beyond, agreed that the likely outcomes are probably now much bleaker than when the report was compiled. The Committee, noting that major cuts in spending are likely to be necessary, agreed that there is also a need to link the plans being developed to the strategic planning process to ensure such cuts are carefully targeted and that assumptions such as student numbers, fees, grant allocations and others are subjected to a full risk assessment. As steps have already been taken to address 2008/09 and as it is difficult to predict too far into the future, the Committee agreed that the priority now is to address 2009/10, noting that the urgency of developing a plan should be emphasised and that, while more robust structures are being built corrective, action cannot await the embedding of the RPM.

Action:

The views of the Committee to be brought to the attention of the Provost.

SECTION C - ITEMS FOR NOTING

- AD/08-09/58** **College Risk Register** The Committee noted the following correspondence which had been circulated:-
- (i) Memorandum from the Chairman to Board dated 14 January 2009
 - (ii) Correspondence from the Office of the Chief Operating Officer dated 14 January 2009 incorporating a Memorandum from the Provost to Board dated 13 January 2009; and
 - (iii) the final College High-Level Risk Register.

The Committee noted that the Risk Register had been amended to include an additional risk since it had been previously considered by the Committee. In response to a query on embedding the risk management process, the Committee noted that the Risk Register will be included periodically as a regular agenda item at meetings of the Executive Officers Group who will review the management of the risks.

AD/08-09/59 Strategic Plan The Committee noted the Memorandum from the Internal Auditor to the Secretary to the Strategic Planning Group dated 12 January 2009.

AD/08-09/60 Funding Statement for year ended 30 September 2008 The Committee noted the Memorandum from the Chairman to Board dated 14 January 2009.

AD/08-09/61 Board Papers The Committee noted the papers which had been circulated and commenting on minute BD/08-09/122 welcomed the progress and decisions made in regard to ARAM.