

The University of Dublin

Trinity College

Minutes of Audit Committee, Tuesday 19 June 2012

Present Ms J O'Neill (Chair), Professor J McGilp, Professor J O'Hagan,
Professor J Horne, Mr J Cunningham

Apologies Mr P O'Reilly

(ex officio) Internal Auditor (secretary), Secretary to the College

In Attendance Ms M Thompson

The Chief Operating Officer attended for items AD/11-12/79, AD/11-12/80, AD/11-12/81 and AD/11-12/82.

The Director of Human Resources attended for items AD/11-12/79 , AD/11-12/80 and AD/11-12/81.

The Vice-Provost/Chief Academic Officer attended for item AD/11-12/81.

The Vice-Provost for Medical Affairs/Head of School of Medicine attended for item AD/11-12/84

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

AD/11-12/77 Minutes
The minutes of the meetings held on March 7 and 19 April 2012 were approved.

AD/11-12/78 Call-over
The Committee noted the actions that had been implemented since the previous meeting and those that remained outstanding.

Section A - Policy Issues

AD/11-12/79 C&AG Special Report 78: Matters arising out of Education Audits
XXX The Chair welcomed the Chief Operating Officer and Director of Human Resources to the meeting. Introducing the item, the Chair drew the Committee's attention to the following documents, which had been circulated for consideration:

- Memorandum from Assistant Internal Auditor dated 13 June 2012
- C&AG Special Report 78 dated February 2012 published 5 June 2012
C&AG Press Release dated 5 June 2012
- Memorandum from the Chair to Board dated 25 April 2012
- Letter from Chair to C&AG Deputy Director of Audit dated 25 April 2012

- Letter from Provost to C&AG Deputy Director of Audit dated 27 April 2012

Referring to the discussions at the previous meeting, the Chair then invited the Director of Human Resources to update the Committee on the current status of the issues involved. Referring to the comprehensive nature of the papers circulated to Committee, the Director advised of discussions at a recent meeting with the HEA at which College sought clarification on figures in regard to excess remuneration as outlined in the C&AG Special Report and he noted that the HEA had confirmed that they will notify the College as well as other Universities of their final figures shortly.

In response to a query as to what action is being taken to prevent such issues arising in the future, the Director of Human Resources confirmed that no new allowances will be allocated until clarification is received from the HEA. He advised that there is agreement in principle between the Department of Education and Science (DES) and College that allowances to Heads of School and Disciplines are acceptable but the amount of such allowances has to be quantified and he confirmed that no new allowances will be approved until this process is complete.

In response to a query as to whether the HEA are maintaining their view that the College breached the terms of the Employment Control Framework by the promotion of 27 academic staff on 1 January 2011, the Director of Human Resources confirmed that this was still the HEA's view and that in his view the facts, as presented in the C&AG Report, are not fully representative of the complete situation.

Responding to a query on non-monetary allowances he also confirmed that staff are assessed to tax for benefits-in-kind but that DES has not stated a position on these and that these were also referred to in the C&AG Special Report.

During a discussion, members emphasised the urgency of reaching closure on the outstanding issues arising from the publication of the C&AG Special Report.

Action:

The Director of Human Resources to update the Committee on outstanding issues at a future meeting.

AD/11-12/80
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Risk Assessment - Remuneration of Non Review Body Grades

The Chair drew the Committee's attention to the memorandum and Draft Internal Audit Report dated June 2012, which had been circulated and invited the Internal Auditor to update the Committee on the issues.

The Internal Auditor advised that, as requested at the last Audit Committee meeting, an initial review of the remuneration of Non Review Body grades had been carried out to determine if there was a risk that issues could arise similar to those reported in the C&AG Special Report covering Review Body Grades. He advised that similar

issues were emerging but reminded the Committee that the report is still in draft form, information is incomplete and that a number of queries have been referred to the Director of Human Resources for further investigation. He advised that a final report will be issued once clarification is received on the outstanding queries but that there appears to be a significant risk of problems emerging with allowances for Non Review Body grades.

During a discussion, the Director of Human Resources welcomed the exercise and advised that his Office will begin a process to map all allowances and that a management decision will need to be taken on how to deal with them. He added that there is a lack of clarity across the sector and that the approval process needs to be looked at also. The Chief Operating Officer advised that there may be a need to consider a full audit to clarify matters. The Committee expressed concern at the potential magnitude of the risk, the lack of clarity surrounding the approval process and the need to resolve matters quickly. The Director of Human Resources confirmed that his Office will undertake a full and in-depth analysis, after which the Committee would be updated further on the matter. The Committee noted that the introduction of the new Financial Information System will streamline tracking of allowances in future but that there are issues to address in regard to devolved decision making on operational matters so as to ensure compliance by the College as a whole. In response to a discussion on external remuneration, the Committee also requested that the analysis of remuneration issues by the Director of Human Resources encompass that area also. The Committee agreed that these matters should be highlighted to Board when commenting on internal control matters in the Annual Report.

In conclusion, the Committee agreed to keep the matter under review pending the completion of further work.

Action:

- 80.1 The Director of Human Resources to undertake a detailed review and analysis of remuneration and update the Committee at a future meeting.
- 80.2 The Internal Auditor to finalise the report following receipt of clarification of the outstanding issues from HR.

AD/11-12/81 Risk Register

The Chair then welcomed the Chief Academic Officer to the meeting and drew the Committee's attention to the Risk Register documents that had been circulated for consideration:

- Memorandum from the Chief Operating Officer dated 11 June 2012
- Risk Register Summary dated June 2012
- College High Level Risk Register

Referring to the Risk Register Summary document, the Chief Operating Officer drew the Committee's attention to the main changes to the High Level Risk Register since it had last being presented to the Committee in January 2012. In particular, she drew

the Committee's attention to high risks as well as to a number of textual changes and re-classification of certain risks.

The Committee noted the inclusion of a new risk relating to START, the administrative reform process, and the deletion of risk relating to inter-institutional bodies due to the implementation of changes in this area.

The Chair invited the Director of Human Resources to brief the Committee on the status of HR risks contained in the Risk Register. In particular, the Director drew the Committee's attention to a recent Labour Court recommendation concerning redundancy payments by College to three individuals, the impact of which may give rise to potentially significant risks to the College. Committee members expressed concern at this development and the potential impact the recommendation may have on College, both financially and operationally. The Committee requested further information on the implications and agreed to keep the matter under review, commenting that a government policy designed to save the Exchequer money may give rise to unforeseen costs in the future.

During a further discussion, members recommended an amendment to the wording of one HR risk and proposed the creation of a new risk to reflect the Committee's concerns in regard to the remuneration issues previously discussed.

In response to a query, the Vice-Provost/Chief Academic Officer confirmed that budget allocations will have to follow activity but that with limited flexibility this is a difficult task. She advised that she has had discussions with the Dean of Research and the Bursar in regard to the annual budgetary process and that she hoped to bring forward some proposals to Board in the next academic year.

In conclusion, the Committee welcomed the Risk Register update and the continued refinement to, and embedding of, the risk management process in College.

The Chair thanked the Vice-Provost/CAO and Director of Human Resources for their valuable contributions to discussions and they withdrew from the meeting.

Action:

The Chief Operating Officer and Director of Human Resources to take account of the Committee's views when next updating the Risk Register.

AD/11-12/82 Response to Audit Committee Annual Report 2012

The Chair invited the Chief Operating Officer to update the Committee on the response of Executive Officers to the Audit Committee's recommendations as contained in the Annual Report presented to Board in December 2011. The Chief Operating Officer, referring to the document circulated, summarised the responses to the Committee's main highlighted areas:

- GeneSIS Project

- Strategic Planning
- Resource Allocation and Risk Management

Following a brief discussion, the Committee welcomed the positive progress made in response to the recommendations contained in the Annual Report and agreed that the Internal Auditor would include outstanding issues in the Committee's next Annual Report to Board.

The Chair thanked the Chief Operating Officer for her valuable contribution to discussions and she withdrew from the meeting.

AD/11-12/83 GeneSIS

The Internal Auditor drew the Committee's attention to his memorandum dated 18 June 2012, which had been circulated together with the first GeneSIS QA Report by the newly appointed consultants to the project. He advised that more information would be available at the end of the month when further QA Reports will be available and if the timelines in the current QA Report are correct the efficacy of remedial actions undertaken will become clearer. As the next Audit Committee is not until 17 October and given the critical importance of the project to College and the critical project dates that occur in the interim, he proposed if necessary to email members an update in early July for their consideration. The Committee concurred with this proposal.

Action:

The Internal Auditor to email, if necessary, an update to Committee members in early July for their consideration.

AD/11-12/84 Payments to Hospital Staff

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Introducing the item, the Internal Auditor drew the Committee's attention to the following documents, which had been circulated:

- Memorandum from the Internal Auditor dated 14 June 2012
- Memorandum from the Provost to the Head of School/Vice-Provost for Medical Affairs on 30 May 2012 (dated 30 June)
- Response from the Head of School of Medicine to the Provost dated 15 June 2012
- Memorandum from the Internal Auditor dated 18 June 2012
- Emails from Internal Auditor to Head of School of Medicine dated 15 and 18 June 2012

Referring to recent media reports in regard to payments to hospital staff, the Internal Auditor advised the Committee that he had carried out an initial review in regard to payments to hospital staff who were contracted by the College. He advised that the Provost had also written to the Head of the School of Medicine seeking information and drew the Committee's attention in particular to the reply that had been made. He advised that the Head of the School of Medicine had been invited to the meeting to further explain the background and rationale for these appointments and to assist the Committee in its consideration of the matter.

The Head of the School of Medicine then joined the meeting and the Chair, welcoming him, outlined the information that had come to the Committee's attention and invited him to brief the Committee on the matter.

The Head of School advised that these appointments began in 2004 under the old Faculty structure and that at the time there was an unsatisfactory relationship between the Health Service Executive and institutions providing medical education. It was generally recognised at the time that there was a need to strengthen the ties between the Medical School and senior hospital management to improve medical education delivery. He explained that the positions had been established and advertised externally and two appointments made. He emphasised the benefits that tighter engagement with hospital management had brought to the School, both in teaching and research. He drew the Committee's attention to the unique nature of the Medical School, in that it is a very large school, spread across multiple campuses with a large number of adjunct teaching staff.

While noting the context and background to the appointments, members expressed concern that the evidence as to the fulfilling of contractual obligations by the post holders appeared sparse and inadequate. In response to a query as to whether more documentation could be provided, the Head of the School of Medicine agreed to forward further information to the Committee on the duties and hours involved, especially in regard to the non-teaching duties.

Members emphasised that the Audit Committee's role was to evaluate if proper governance arrangements were in place and if there was compliance with regulations and procedures, rather than comment on the value or operational need for individual appointments. Members expressed concern that these appointments were not considered by the School of Medicine prior to their submission to the Faculty Executive, the practice usually followed in Schools. The Committee, noting that this was allowed under current procedures, emphasised that the spirit behind College procedures needs to be observed and not just the "letter of the law".

The Chair thanked the Head of School for attending the meeting and for his contribution to discussions.

Following discussion the Committee concluded that: -

- the appointment process was weak and it should provide for more checks and balances and that, at a minimum, appointments in a School should not bypass the School Committee;
- there is a need to enable an appropriate role for the central HR function in regard to all HR issues and appointments;

- the information made available to date is insufficient to allow the Committee conclude whether or not the contractual obligations were met; and
- it is not known whether the services which were contracted are regarded by the hospitals as part of the normal duties of the hospital posts held or whether the services were performed privately, outside the working time of the individuals. In regard to the latter possibility the Committee noted that, where it was specified, the time commitment contracted for was substantial.

The Committee agreed that the Internal Auditor should take these matters into consideration in the review of the School that had been planned.

Actions:

- 84.1 The Head of the School of Medicine to provide further information on the fulfilment of contractual obligations and number of hours by the hospital staff appointed to College posts.
- 84.2 The Chair to advise Board of the results of its review to date and the Committee's views and concerns.
- 84.3 The Internal Auditor to take account of these matters in the upcoming review of the School of Medicine.

AD/11-12/85
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Review of HR Department

The Chair invited the Internal Auditor to update the Committee on the report on the review of HR that had been circulated for consideration. Introducing the report, the Internal Auditor referred to links with earlier discussions and advised that the report had been forwarded to Director of HR for comment and that he had supplied some management responses as included in the report. He advised that the review had commenced as a routine matter but had been overtaken by the emergence of issues regarding remuneration, as previously discussed, which pose questions on a broader scale regarding the role of HR in a devolved structure.

Prior to discussing the content of the report in full, the Chair proposed that reports of this nature could be presented in two stages in future: an initial or draft report to be followed by a final report that clearly identifies the keys issues, what actions management proposes, who will be responsible for them and the timelines.

During a discussion, members commented that the role of the HR department is a difficult one and should be more clearly defined given the College's devolved governance structure. The Committee agreed that in a devolved environment it is critical to have clearly defined lines of responsibility and consistent application of procedures so as to enable HR to take appropriate action where compliance concerns arise. Noting the frequent turnover and large numbers of PIs and Heads of School, the Committee noted that ensuring there is adequate take-up of training in College policies and

procedure may be necessary.

In conclusion, the Committee recommended that further feedback be sought from the HR department on the report's recommendations, after which the Internal Auditor would refine the report for further consideration by the Committee.

Action:

The Internal Auditor to seek feedback from Director of HR and refine the report for consideration at a future meeting.

AD/11-12/86 Matters Arising - Audit Committee Terms of Reference and Internal Audit Charter

The Chair, introducing the topic, advised that she had asked for the Audit Committee Terms of Reference and Internal Audit Charter to be circulated again for discussion. Referring to recent issues that had come to the Committee's attention via media reports, rather than via management advising the Internal Auditor or through audit work, the Chair invited members to review the documents and consider if any changes were necessary and if the Committee needed to take any action to ensure significant issues reached Internal Audit and the Committee in a timely fashion. The Committee noted that the Chief Operating Officer had agreed to raise this matter with Executive Officers.

During a discussion on the role of the Committee, members emphasised the importance of maintaining independence and providing a clear and unambiguous view, particularly on compliance issues and the independent assurance it gives to Board on internal controls. The Committee agreed that opportunities to strengthen communication and relationships and ensure timely communication to it of issues arising would be considered at a future meeting.

Action:

Opportunities to strengthen and improve communication to be considered at a future meeting.

AD/11-12/87 Research Audits

The Committee noted the memorandum from the Internal Auditor dated 10 April 2012, which had been circulated.

AD/11-12/88 Space Utilisation

The Committee noted the memorandum from the Internal Auditor dated 11 June 2012, which had been circulated.

Section C - Items for Noting

AD/11-12/89 Control Exception Report

The Committee noted the Control Exception Report dated May 2012, which had been circulated.

- AD/11-12/90 Travel and Subsistence Policy**
The Committee noted the memorandum from the Finance Operations Manager to Finance Committee dated 8 May 2012, which had been circulated.
- AD/11-12/91 Audit Qualification Issue**
The Committee noted the letter from the Treasurer dated 27 April 2012 to Ms M Kerr HEA, which had been circulated.
- AD/11-12/92 Current Developments and Practices in Audit**
The Committee noted the Audit Committee Institute Quarterly Bulletin No. 22, which had been circulated.
- AD/11-12/93 Audit Committee Meeting Schedule 2012-13**
The Committee noted the Audit Committee meeting schedule for 2012-13 which had been circulated.
- AD/11-12/94 Board Papers**
The Committee noted the recent Board Agenda and Board Minutes, which had been circulated.

Signed:

Date: