

The University of Dublin

Trinity College

Minutes of Audit Committee, Monday 19 May 2014

Present Ms J O'Neill (Chair), Professor J Barry, Ms A Duffy, Professor J McGilp, Professor R Byrne

Apologies Mr P O'Reilly

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

In Attendance Ms M Thompson

SECTION A and B - POLICY AND IMPLEMENTATION ISSUES

AD/13-14/64 Internal Audit Resources

XXX Referring to the discussion on Internal Audit resources at the previous meeting of 24 April, the Chair welcomed members to the special single item Committee meeting convened to consider this matter further.

Drawing the Committee's attention to the paper that had been circulated, outlining the case for Internal Audit resources, the Chair advised that an earlier version of the document had been inadvertently circulated and the correct section of the paper was then tabled.

Introducing the topic, the Chair reminded members that the Committee has long expressed concern about Internal Audit's modest resources. While the issue has been highlighted in Annual Reports to Board, the Committee needs to present a document to enable Board consider the position. The Chair invited the Committee's views on the case presented in the paper and in particular invited them to consider the best mechanism for progressing an agreed proposal.

The Committee noted the history of the College's Internal Audit function and how the role of the Internal Auditor has become more complex and changed significantly since it was established in 2000. Whilst acknowledging the challenges that College faces in regard to funding, the Committee emphasised the need for a robust internal audit function, even more so in the current climate.

During a detailed discussion that followed, Committee members raised a number of issues and comments as follows: -

- The Committee is a Principal Committee of Board and has a duty not just to make Board aware of the constraints on its

ability to function effectively but to now quantify the needs in specific terms

- The decision is ultimately one for Board and whether it accepts the risks but the Committee needs to ensure it does not fail in its duty to highlight those risks to Board
- Board is aware of the issue and the document should reflect that it is a next step to enable Board consider possible actions
- The utter reliance on one person and the lack of succession planning poses a key-man risk that needs to be emphasised
- Internal Audit is now an absolute requirement and an essential part of good governance
- How Internal Audit is structured and pitched is notably different to many other organisations in the public and private sectors.
- The government and other public/private sector differs from the education sector, the scale of internal audit resourcing in other Irish universities is also modest. However, we should be taking a lead role where possible and need to recognise the particular complexities in College.
- The role has changed dramatically in the last decade and this is not reflected in College as it is in other organisations
- External auditors have also reported the need for increased resources and the requirements in the Code of Governance need to be reflected
- Increased oversight is particularly important in times of process change and cutbacks, staff turnover and loss of corporate memory
- The issue is assurance, oversight and proper governance and not the potential of Internal Audit to generate cost savings
- The costs of increasing Internal Audit resources need to be clearly laid out as they will be considerable and difficult for College especially at this time
- The needs and cost are separate from the funding solution and the two should be dealt with separately, a decision on whether or not Board wants to accept the risks should be the first step
- Outsourcing may be an interim or partial solution over time
- Apart from the value of assurances there have been other benefits in the past from having an Internal Audit function which should be reflected
- The key role Internal Audit can play in providing early warning or strengthening governance can prevent problems and may indirectly lead to avoiding costs that might otherwise have occurred

In conclusion, the Committee agreed a number of changes to the paper and recommended that it be re-drafted to take account of the issues discussed. The Committee also agreed that the Chair meet with the Provost to highlight the matter in advance of presenting a final proposal to Board. Given that the circulation date for the June Board meeting falls before the next Audit Committee on 19 June, the Committee agreed that the amended document be circulated to them by written procedure for approval.

Action:

- 64.1 The paper on Internal Audit resources to be amended as discussed and circulated by email to members for final approval, after which a proposal will be forwarded to Board for consideration.