



Minutes of Audit Committee, Tuesday 12 February 2019

Present Mr O Cussen (Chair), Professor R Byrne, Ms A Duffy, Mr D McCarthy, Professor R Reilly

Apologies Professor Andrew Burke

(ex officio) Internal Auditor/Secretary (Mr F Sheeran), Secretary to the College (Mr J Coman)

In Attendance Deputy Internal Auditor (Ms F McAuliffe), Deputy Internal Auditor (Ms A Cooney), Ms M Thompson

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

AD/18-19/34 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 statements of interest.

AD/18-19/35 Minutes

The Minutes of the meeting held on 11 December 2018 were approved and signed.

AD/18-19/36 Call-over

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

SECTION A and B Policy & Implementation Issues

AD/18-19/37 Draft Annual Report to Board 2018/19

XXX Introducing the item, the Chair advised the Committee that it had been intended to bring a first draft of Part I of the Committee's 2018/19 Annual Report to the February meeting. However, it had been decided to defer this until the issues that arose in respect of last year's Annual Report are resolved. Because of the delay, it was noted that the 2018/19 Report was unlikely to be available for the March meeting as planned, but that members would email any subjects or views to the Internal Auditor to be included in the content. The Chair noted that should there be any material issue being reported to Board, he would meet with the Provost, as Chair of the Board, to pre-advise him in advance.

The Chair advised the Committee that, as agreed at the last meeting, he had met recently with the Provost in regard to last year's Annual Report and advised him of the Committee's conclusions and concerns. Noting that there were no factual inaccuracies in the Report, the

Provost undertook to advise Board accordingly and that the Executive Officers Group would proceed with a response to the Report's recommendation.

The Chair also advised that the Provost requested the Audit Committee to consider how its role compared to an Audit and Risk Committee and whether there should be any change in the current role. Noting that the Committee's current role is to review the effectiveness of systems of internal control, including risk management, members decided to seek external advice on best practice and to consider the matter further at a future meeting.

Actions:

37.1 The Internal Auditor to commission, on behalf of the Committee, external professional advice on its role vis à vis that of an Audit & Risk Committee and the matter to be considered at a future meeting.

AD/18-19/38 Trinity Foundation Action Plan Implementation Report

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The Secretary to the College then joined the meeting. The Deputy Internal Auditor reminded the Committee that following the Internal Audit report investigating the fraud incidents in April 2017, the Foundation had compiled a detailed Action Plan to address the issues identified which was presented to its Audit and Risk Committee. The Deputy Internal Auditor advised that progress to date on the implementation of the actions is monitored by the Foundation's Audit and Risk Committee, with updates provided in May and September 2018. She advised that the objective of the audit was to provide assurance that the action plan addresses all areas of concern and that progress reported to the Foundation's Audit and Risk Committee is accurate. The Deputy Internal Auditor briefed the Committee on the findings of the audit which found that all issues raised in recent audit work were appropriately reflected in the Action Plan and that the status of all action points reported in September 2018 was appropriate and supported by evidence. Revised procedures have been implemented as part of the Action Plan and additional controls are recommended in the audit report to further strengthen those procedures.

The Committee, noting the report and the significant progress made, also noted the importance of vigilance to ensure compliance with revised procedures and controls. The Committee noted that the Foundation's Audit and Risk Committee will continue to monitor the progress of implementation of the Action Plan and compliance with the procedures.

AD/18-19/39 Report from the Trinity Foundation Audit and Risk Committee

The Chair welcomed Ms Collins, Chair of the Trinity Foundation Audit and Risk Committee to the meeting for consideration of the Report. Tabling a summary document, Ms Collins advised that she had been appointed Chair in March 2019 and outlined the Terms of Reference and current membership of the Committee.

Ms Collins advised that the Committee focuses on four broad areas:

- External Audit
- Risk Management and Internal Audit

- Governance
- Policy Development

Ms Collins advised that the Audit and Risk Committee reviewed the Audited Statements for 2017/18 at its meeting on 14 December 2018 and that no issues of concern had been identified in the course of the audit. She advised that the main focus of the Committee's work in 2017/18, was to monitor progress on the remediation action plan and was satisfied that all actions are completed and new policies established and advised that there is a quarterly compliance checklist now in place. She also advised that internal audit services had been procured and would monitor and report compliance with the policies and procedures and that the Governance Code for Charities was formally adopted by the Trustees in November 2018.

In response to a number of queries, Ms Collins confirmed that there is a now solid foundation of systems and procedures to cope with the scale of the planned fundraising campaign and that the Foundation is in a good position to support this strategy that is so strategically important for Trinity. She advised that the Trust Deed had been updated and that there were no fundamental changes made to the roles of the Foundation or of the Trustees.

The Secretary to the College advised the Committee of the position regarding continuing efforts to recover funds that were lost due to the fraud.

The Committee welcomed the significant improvements and progress made and the assurances received, and it noted that the Internal Auditor would liaise with the Foundation's internal audit service providers in regard to the planning, execution and output of their audits.

The Chair thanked Ms Collins for her valuable contributions to discussions and she withdrew from the meeting.

Action:

39.1 The Internal Auditor to maintain liaison with the Foundation's internal audit service providers in the course of their work.

AD/18-19/40 US GAAP Financial Statements

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The Chair invited the Committee's attention to the following documents, which had been circulated for consideration:

- Memorandum from the Deputy Chief Financial Officer dated 05 February 2019
- US GAAP Consolidated Financial Statements for the year ended 30 September 2017
- Letter of Representation to KPMG dated 27 February 2019
- Report from KPMG on the US GAAP Financial Statements Audit for the year ended 30 September 2017

The Chair welcomed the FSD team to the meeting for consideration of the item, including the Interim Chief Financial Officer to his first meeting with the Committee.

The Deputy Chief Financial Officer outlined the background to the

requirement to prepare financial statements in accordance with US GAAP and drew the Committee's attention to key reconciling items when converting from Irish to US GAAP. She advised that the financial statements were prepared solely to satisfy a condition for US Student Aid and will only be made available to the US Department of Education. The Deputy Chief Financial Officer informed the Committee that KPMG have completed their audit fieldwork for the US GAAP Financial Statements and that there are no material issues outstanding and that the statements had been considered by Finance Committee on 4 February 2019. She drew the Committee's attention to the KPMG report, which had been circulated. The Committee noted that it was unfortunate that KPMG were unable to attend and present their report and that this item had been scheduled for the previous meeting but deferred due to delays.

The Committee noted the strict timeline imposed by the US Department of Education is challenging for all Irish universities and that it may necessary in future to prepare the US GAAP financial statements on annual basis.

The Committee noted the US GAAP Consolidated Financial Statements for the year ended 30 September 2017, along with the draft letter of representation and recommended that they be forwarded to Board for approval.

Referring to the memorandum from the Chief Operating Officer about outstanding student debt, included with documents for noting, the Chair said that it would be discussed later in the meeting but that as FSD were present the Committee would like to know what knowledge or oversight FSD had of this. The Deputy Chief Financial Officer advised that the increasing level of debt had been identified in management meetings with the Academic Registry, that there were competing priorities and staff changes in that area and that the issue had been escalated to the Chief Operating Officer last year.

In response to a query from the Chair about a letter received from the C&AG regarding delays in information, the Deputy Chief Financial Officer confirmed that following engagement with KPMG and the C&AG that the issues were resolved and, although still very tight, the expectation is to have the audited financial statements completed for the March Audit Committee meeting as per the original timetable.

Action:

40.1 The US GAAP Financial Statements and letter of representation to be forwarded to Board for approval

AD/18-19/41 Risk Management Policy

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The Chair welcomed the Chief Risk Officer to the meeting for consideration of the draft Risk Management Policy and invited her to brief the Committee on the main aspects of the policy.

The Chief Risk Officer advised that there had been good engagement on the Policy from Board, Executive Officers and the Risk Management Group and the objective is to make it a dynamic policy.

In particular, the Chief Risk Officer summarised the principal amendments to the existing Policy. The Committee noted and

approved the provisions in regard to the role of the Committee and Internal Audit. The Chief Risk Office advised the Committee that while further changes may be needed in the future, the Policy as presented will now go forward to Board for approval.

AD/18-19/42 Review of Completed and Risk Accepted Recommendations

The Committee noted that the Heads of Division will present the next bi-annual iteration of the Log at the March meeting which will provide the status update to be included in the Audit Committee's Annual Report to Board.

In respect of the previous version of the Log, the Deputy Internal Auditor advised that the scope of the review included completed and risk accepted recommendations reported by the Chief Officers to the Audit Committee for the period from May to November 2018 and advised that in this period, there were a total of 14 recommendations removed from the Log, 13 of which were classified as Complete and one as Risk Accepted.

The Committee noted that for the purposes of this review, all recommendations classified as Complete and Risk Accepted were selected for detailed examination. The Deputy Internal Auditor advised that in respect of 11 of 13 items removed as completed, Internal Audit were satisfied that appropriate action had been taken to justify their removal but that the remaining two were still in progress and not completed and consequently needed to be retained on the Log. The Committee noted the improvement in the validity of the Log as reported to it but expressed disappointment that items that were clearly not completed had been removed from the Log, which undermines its purpose as a record of outstanding issues. The Committee agreed to discuss this matter with the Heads at the next meeting.

Action:

42.1 The Committee to discuss with Heads at the March meeting the need to ensure items are not removed from the Log prematurely.

AD/18-19/43 Employee Expenses Control Framework Audit Report

The Deputy Internal Auditor briefed the Committee on the Employee Expenses Control Framework Audit Report, commenting that the FSD monitoring process is a good example of a second line of defence operating well.

During a discussion, the Committee noted that FSD still require paper copies of expenses to be submitted even though approval is on the basis of imaged receipts submitted on-line and queried the need for this.

In conclusion, the Committee commented favourably on the FSD process and the importance of such supervisory and 2nd line of defence controls in a highly devolved environment. The Committee noted and approved the Report's findings and recommendations.

Action:

43.1 The Internal Auditor to enquire why FSD require hard copies of

expenses to be submitted.

AD/18-19/44 Petty Cash Validation Control Framework Audit Report

The Deputy Internal Auditor briefed the Committee on the Petty Cash Validation Control Report's findings.

The Committee noted and approved the Report's findings and recommendation and that this is another useful example of a working supervisory/2nd line of defence control process.

AD/18-19/45 Audit Function Risk Register

The Committee noted the memorandum from the Acting Deputy Internal Auditor dated 12 February 2019, together with the updated Audit Function Risk Register, which had been circulated. The Committee noted the amendments made since the last iteration of the Audit Function Risk Register.

AD/18-19/46 Audit Committee Meeting Schedule

The Internal Auditor advised the Committee that at its November meeting Board had approved a Meeting Hours Policy in response to Trinity's Athena SWAN gender action plan and that the Policy calls for meetings to be held between 10.00 and 16.00, unless in exceptional circumstances. Noting that it has been the practice for a number of years to hold Audit Committee meetings at 08.00, he invited members to consider the revised timings and if it would be possible to change the timings for the remaining meetings in the 2018/19 cycle: 12 March and 11 June. He also proposed that the schedule for 2019/20 be circulated on a tentative basis to the June meeting pending the availability of the teaching timetable. He asked members to note that there may be a significant level of change required to the tentative schedule once the teaching timetables become available. The Committee noted the Meeting Hours Policy and agreed to hold its meetings in future between 10.00 and 16.00 unless exceptional circumstances arise but that it could from time to time present a particular difficulty for external members who have other working engagements during the day. The Committee agreed to re-arrange the timings of the remaining meetings and in light of a number of diary clashes, it was also agreed to explore the possibility of changing the date of the 12 March and 11 June meeting.

Action:

46.1 The Internal Auditor to email members with suggested changes to the schedule after the meeting.

Section C - Items for Noting

AD/18-19/47 Casual Pay Report

The Committee noted the memorandum from the Internal Auditor dated 4 February 2010, which had been re-circulated, together with the Casual Payroll Review of Internal Controls Report dated October 2007.

AD/18-19/48 Student Fees

The Committee noted the memorandum from the Chief Operating Officer, dated 1 February 2019, which had been circulated. The Committee noted that the university strives to facilitate students and awaits the payment by SUSI of fees where grants have been applied for. Referring to the earlier discussion, the Committee expressed concern at the failure of such a basic control process, the long delay in identifying it and taking action and the apparent absence of an effective 2nd line of defence. The Committee agreed that it should discuss the matter further with the Chief Operating Officer and the Interim Chief Financial Officer at the next meeting.

Action:

48.1 The Committee to discuss the roles and responsibilities for the student debt issue with the Chief Operating Officer and the Interim Chief Financial Officer at the next meeting.

AD/18-19/49 Control Exception Report

The Committee noted the Control Exception Report dated November 2018, which had been circulated. During a brief discussion, the Committee queried what action is taken in relation to issues outlined in the Control Exception Report. The Committee also noted that one issue in particular raises a question about the internal control process that allowed such an exception to occur.

Actions:

49.1 The Internal Auditor to enquire what process is followed in regard to the Control Exception Report.

49.2 The Internal Auditor to investigate whether one of the exceptions reported indicated a weakness in the control process.

AD/18-19/50 Board Papers

The Committee noted the Board papers, which had been circulated for noting.