



## **Audit Committee, Tuesday 11 October 2022**

*Present* Mr D McCarthy (Chair), Ms M Fulton, Professor P Murphy, Professor R Reilly, Ms B Collins

*Apologies* Professor R A Kenny

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

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

The Vice-Provost/Chief Academic Officer (Professor O Sheils), Chief Operating Officer (Ms O Cunningham) and Chief Financial Officer (Mr P Reynolds) attended for item AD/22-23/04

Mr P Kinsley and Mr M Mulvihill of the Office of the Comptroller and Auditor General and Mr P O'Connor, Ms R Jasper and Mr M Newby of PwC attended for item AD/22-23/05 together with the Chief Financial Officer (Mr P Reynolds) and the Group Financial Manager (Ms A M Moran)

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

### **AD/22-23/01 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 conflicts of interest declared by members.

### **AD/22-23/02 Minutes**

The draft minutes of 21 June 2022 were approved.

### **AD/22-23/03 Matters Arising**

The Chair invited the Internal Auditor to update the Committee on a preliminary information gathering exercise recently undertaken by Internal Audit. The Internal Auditor briefed the Committee on the work undertaken and advised that this work is now complete and a memo summarising the results would be circulated to the members following the meeting.

#### **Action:**

**03.1** The Internal Auditor to circulate the memo in relation to the preliminary information gathering exercise to the members

## Section A and Section B – Policy and Implementation Issues

### **AD/22-23/04 Audit Recommendations Log**

The Chair welcomed the Vice-Provost/CAO and the Chief Financial Officer to the meeting for consideration of the Audit Recommendations Log, which had been circulated. The Committee noted that due to diary commitments, the Chief Operating Officer would join the meeting later to provide an update on recommendations within her division.

Noting the presentation on the Log and summary table which had been circulated, the Committee noted that there are 38 outstanding items on the Log as at October 2022 compared with 75 in February 2022. The Chair invited the Vice-Provost, the Chief Financial Officer and the College Secretary to brief the Committee on the status of recommendations in their respective areas.

The Vice-Provost/Chief Academic Officer summarised the outstanding items in her division, of which there are 5 in total. She advised the Committee that work is ongoing in relation to the financial sustainability of Trinity Research Institutes (TRIs) including CRANN, noting that it is a complex area. The Vice-Provost advised that the new Dean of Research is establishing a Working Group on TRIs and she expects significant progress to be made over the coming months on a longer-term viability plan for TRIs. The Vice-Provost/Chief Academic Officer advised that the Institutional Review has been completed and the Report received by the College, which is awaiting discussion. The Committee noted that the outcome of discussions on this Report will facilitate actions in response to recommendations within the Audit of Quality Compliance Oversight report.

The Chief Financial Officer summarised the outstanding items in his division, of which there are 12 in total. The Committee noted that 3 of the 12 recommendations marked as high relate to Procurement and Asset Register Management. In relation to the Procurement recommendations, the Chief Financial Officer advised that 2 of these relate to tender processes, and that the FSD, together with IT Services, are exploring possible tools that could be implemented to manage and standardise these processes. In relation to the Audit of Asset Register Management, he advised the Committee of steps being taken to address the outstanding recommendations.

The Secretary to the College provided an update to the Committee in relation to actions being taken to address the outstanding recommendations within the Provosts Directorate, and, highlighted recent progress in relation to the GDPR and Risk Management. The Committee noted there are 16 outstanding recommendations for the Provosts Directorate.

During a brief discussion, the Committee welcomed the management update on the Audit Recommendations Log and the progress made in completing outstanding recommendations and noted that the process is working reasonably well.

In conclusion, the Committee noted that, in line with the agreed process, Internal Audit will conduct a Review of Completed and Risk Accepted Recommendations.

The Chair noted that there is scope for wider discussion between the Audit Committee and management in relation to on-going developments within their respective areas.

The Committee noted that this increased engagement with management as part of the standing agenda item going forward would be beneficial to the work of the Committee.

The Committee noted some upcoming changes in reporting structures and the Internal Auditor confirmed that these would be reflected appropriately in the Recommendations Log once implemented.

The Chair thanked the Vice-Provost/Chief Academic Officer for her work on the Log and she withdrew from the meeting.

The Chief Financial Officer remained for the next Agenda item.

*The Chief Operating Officer joined the meeting at a later point.*

The Chair welcomed the Chief Operating Officer and invited her to update members on Recommendations Log from the perspective of CSD division.

The Chief Operating Officer summarised the outstanding items in her division, of which there are 5 in total, a reduction of 28 in the period since February 2022. The Chief Operating Officer advised that there is a comprehensive business continuity plan in place, together with plans to conduct regular testing but noted that implementation of these plans is subject to recruitment of appropriate staff which is on-going. The Chief Operating Officer also advised that good progress is being made on the Audit of IT Security and she expects this recommendation to be cleared this year.

The Committee welcomed progress made within the Corporate Services Division in addressing recommendations.

**AD/22-23/05 Plan for the Audit of the 2021 / 2022 Financial Statements**

The Chair drew the Committee's attention to the following documents which had been circulated for consideration under this item:

- PwC Audit Plan for the year ended 30 September 2022
- C&AG Audit Planning Memorandum for the year ended 30 September 2022

The Chair welcomed the Chief Financial Officer, the Group Financial Manager together with Mr O'Connor, Ms Jasper and Mr Newby of PwC and Mr Kinsley and Mr Mulvihill of the Office of the Comptroller and Auditor General to the meeting for consideration of the Audit Plan for the 2021/2022 financial statements.

The Chair invited Mr O'Connor and his team to present the highlights of the PwC Audit Plan. Introducing the Plan, Mr O'Connor outlined in general the approach PwC intend to take in their audit of the University's 2021/2022 financial statements and outlined timelines and reporting arrangements, noting that timelines are broadly similar to last year and that their key aim is to complete substantive work before Christmas 2022.

Mr O'Connor drew the Committee's attention to key audit risks and areas of audit focus as follows:

- Pensions
- Going Concern
- Revenue Recognition
- Fraud Risk in respect of Management Override of Controls
- Fixed Asset Expenditure and related funding
- Payroll and related Costs
- Research Grant income and expenditure
- Investment Property valuations

Mr O'Connor reported that PwC have carried out detailed planning with FSD and assured the Committee that should any significant issues arise during the audit they would be brought to the attention of the Chief Financial Officer and the Chair of the Audit Committee on a timely basis. Mr O'Connor confirmed that PwC will make their papers available to C&AG as was the case in previous years.

Ms Jasper briefed the Committee on key assumptions together with the materiality level set for the financial statements, noting that PwC consider the level set appropriate. Ms Jasper also advised that as part of the audit of IT systems, they would focus on key College IT Systems, in particular Oracle, SITS and the Core HR System. Mr Newby outlined in detail the approach to be taken for the audit of the University's IT Systems.

Mr O'Connor then briefed the Committee on areas of audit risk in detail and the proposed audit approach associated with them.

The Chair then invited Mr Kinsley and Mr Mulvihill of the Office of the Comptroller and Auditor General to comment on the PwC Audit Plan and their Audit Planning memorandum, which had been circulated. Mr Kinsley advised the Committee that the C&AG relies on the audit work performed by PwC to the greatest extent possible but will also carry out additional propriety and regularity work in line with their specific remit.

Mr Kinsley also drew the Committee's attention to a number of high-level risks that the C&AG expect to focus on during the audit, commenting that these will be updated as part of the C&AG planning once PwC have completed their work and their papers reviewed. Mr Kinsley advised that, in light of Covid-19, the C&AG will continue to review going concern assessment and documentation and evaluate the assessment and support for any assumptions.

Mr Kinsley advised that in as in previous years, the C&AG do not issue a qualification in regard to recognition of a pension asset and will treat it as an "emphasis of matter".

The Chief Financial Officer advised that the FSD are satisfied with the PwC Audit Plan and agreed timelines and he expects the audit to be completed in line with the agreed timelines. He also assured the Committee that the transition to the new auditors has gone smoothly since their appointment in 2021 and he does not anticipate any issues with the audit this year. Whilst acknowledging the tight timelines, the Chief Financial Advisor reported that engagement across the University has been very strong, and he expects the audit to proceed smoothly.

Commenting on the impact of Covid-19, the Chief Financial Officer advised that there has been a significant increase in student registrations and increased activity in commercial revenue, and that the University has rebounded well and has returned to a stronger financial position.

During a subsequent discussion, the external auditors responded to a number of technical queries from members.

In conclusion, the Committee welcomed the comprehensive nature of the Audit Plans presented. The Committee stressed that should any issues arise during the audit, they should be brought to the attention of the Audit Committee on a timely basis.

The Chair thanked the teams from the C&AG and PwC, as well as the Chief Financial Officer and Group Financial Manager, for their contribution and they withdrew from the meeting.

**AD/22-23/06 External Audit Quality Assessment**

Introducing the External Audit Quality Assessment Report which had been circulated, the Chair invited the Internal Auditor to brief the Committee on the Report's findings. The Committee noted that the EQA had been conducted by the Institute of Internal Auditors (Chartered IIA) who set the professional Standards for Internal Audit. The Internal Auditor advised that while a review is required every five years under the Standards, it was also beneficial to gain insights in relation to Internal Audit best practice.

The Internal Auditor thanked Committee members for their contribution to the EQA over the summer of 2022 and noted a minor typographical error in the report. The Internal Auditor advised members that the EQA assessed Internal Audit's conformance with the Standards and also identified areas for future focus.

The Internal Auditor advised that the Report noted that the Internal Audit function is a highly professional and diligent team and determined that Internal Audit generally conforms with the Standards. The Internal Auditor advised that this was the highest rating provided by the IIA when undertaking an EQA. The Committee noted only a small level of partial conformances with standards, some of which is outside the control of Internal Audit. The Internal Auditor assured members that general conformance rating provides a solid foundation for the next step in the maturity of the Internal Audit function.

During a subsequent discussion, the Internal Auditor responded to a number of queries from members on the assessment.

In conclusion, the Committee congratulated the Internal Auditor and her team on the results of the External Quality Assessment.

**AD/22-23/07 Update from the Chief Operating Officer**

The Chair welcomed the Chief Operating Officer to the meeting and, following discussion on the Audit Recommendations Log, invited her to provide an update to the Committee.

The Chief Operating Officer provided a brief update to the Committee on the history of matters previously brought to the attention of the Committee by the Internal Auditor and on-going actions being taken by management to address these matters.

The Chair thanked the Chief Operating Officer for the update provided and she withdrew from the meeting.

**AD/22-23/08 Audit of University & Student Union Financial Relationship**

The Chair drew the Committee's attention to the Audit of University and Student Union Financial Relationship, which had been circulated and invited the Deputy Internal Auditor to brief the Committee on its findings.

The Deputy Internal Auditor advised that the University and the SU have a necessarily close relationship as both organisations aim to benefit the students of the University, noting that a practice has emerged over time whereby some areas of the University engage with SU to provide services. The Committee noted that in response to the COVID-19 pandemic, the University utilised the SU to provide resources for the supervision of student spaces to ensure compliance with COVID requirements. The Deputy Internal Auditor advised that the purpose of the audit was to assess the adequacy and effectiveness of the oversight and review of the University and SU financial relationship and whether reasonable assurance can be provided to the Audit Committee on the operation of the controls and processes in the University. The Committee noted that the audit included all policies, procedures, and processes in place as of April 2022.

Summarising the findings, the Deputy Internal Auditor advised that the audit had identified significant opportunities for improvement. In particular, she advised that there was a lack of appropriate and documented rationale and approval for good and services provided by the SU together with public procurement guidelines not being followed. The Committee also noted that audit identified an urgent need for a review of legal status of all Capitated Bodies of the University and the structure and responsibilities of the Capitation Committee.

During a discussion, the Internal Auditor responded to a number of queries from members on the findings of the Report.

The Deputy Internal Auditor advised that all the Report's recommendations have been accepted by management, and action is being taken to meet all the recommendations.

The Committee agreed the Audit of University & Student Union Financial Relationship report.

**AD/22-23/09 Audit of Accommodation Management**

The Internal Auditor briefed the Committee on the findings of the Audit of Accommodation Management, which had been circulated for consideration.

The Internal Auditor advised that the purpose of the Audit was to assess the adequacy and effectiveness of processes in place to manage accommodation within the University. The Committee noted that the scope of the audit included both student and commercial accommodation. The Internal Auditor advised that the audit identified some opportunities for improvement, but that overall moderate assurance can be provided. The Committee noted that management have accepted all the Report's recommendations and work is underway to implement all the recommendations.

During a brief discussion, the Internal Auditor clarified a number of queries from members.

In conclusion, the Committee stressed the importance of Accommodation management from a reputational perspective and particularly in light of the national accommodation crisis.

The Committee agreed the Audit of Accommodation Management report.

**AD/22-23/10 Audit of Faculty Financial Responsibilities**

At the invitation of the Chair, the Internal Auditor briefed the Committee on the Audit of Faculty Financial Responsibilities, which had been circulated.

The Internal Auditor advised that the purpose of this audit was to establish if appropriate processes are in place and operating effectively to manage the Faculty Financial Responsibilities. The Internal Auditor advised that the audit found that the financial information and review processes that are in place are working reasonably well but there are some areas for improvement. The Internal Auditor advised that the Report contains three recommendations all of which are rated low. She advised that there had been good engagement from management during the audit and all the Report's recommendations have been accepted.

The Committee welcomed the assurance provided by the report and noted that the supporting processes in Schools and Faculties would be considered as part of the annual Internal Audit planning process for the coming year.

The Committee agreed the Audit of the Faculty Financial Responsibilities.

**AD/22-23/11 Update on the Internal Audit Annual Plan 2022**

The Internal Auditor drew the Committee's attention to the update on the Internal Audit Annual Plan for 2022, which had been circulated. Further to the approval of the Plan by the Audit Committee in December 2021, the Internal Auditor briefed the Committee on the status of audit assignments as of October 2022.

The Internal Auditor reminded members that in the first half of the year the resources of Internal Audit were focussed on non-audit assignments. The Committee noted that following the completion of work on these non-audit assignments, significant progress has been made on a number of audit assignments, including a number of Reports circulated for consideration at today's meeting. In addition, the Internal Auditor advised that the Audit of SITS Functionality Management is at management response stage and work has commenced on two further audit assignments.

The Internal Auditor reminded the Committee, that as with all plans, the Internal Audit Annual Plan is fluid and dynamic. The Internal Auditor advised that as part of the update, Internal Audit had considered the appropriateness of assignments and potential emerging risks that should be prioritised, and this is reflected in the update provided. The Internal Auditor advised that Internal Auditor are satisfied that progress on the Audit Annual Plan for to-date for 2022 is reasonable and in line with the schedule agreed with the Audit Committee.

The Committee noted that the delivery of the Internal Audit Annual Plan for 2022 will be impacted by the recent departure of the Senior Internal Auditor and that this is reflected in the update provided.

The Internal Auditor confirmed that the Internal Audit Annual Plan for 2023 is expected to be presented to the Audit Committee at the next meeting in December.

The Committee noted the update on the Audit Annual Plan for 2022.

#### **AD/22-23/12 Audit Committee Self-Evaluation**

Introducing the item, the Chair drew the Committee's attention to the results of the Committee's recent Self-Evaluation exercise, which had been re-circulated for information. He reminded members that it had been agreed at the Committee meeting on 21 June to reflect on the results of this exercise and provide an opportunity to discuss the results in greater depth at a future meeting.

The Chair thanked members for taking the time to engage with the self-evaluation process. He noted that members' overall assessment of the performance of the Committee is quite positive and in line with previous self-evaluation exercises. However, he noted that the results of the process identified a number of areas where there is scope for improvement and he invited members' comments on the results.

During a discussion, the Committee considered the results of the self-evaluation in detail, commenting that overall, the results are positive and are in line with members experience. Members noted that the Committee takes its role and responsibilities seriously and reflects on its role on a continual basis, which is very positive.

Noting the University's governance structure, members noted that the Audit Committee operates in a degree of isolation, but this may change as the University's governance structures change.

The Committee stressed the importance of reflecting on issues highlighted in individual Reports that come before it and considering them in the broader context.

In conclusion, the Committee welcomed the results of the Self-Evaluation, commenting that the results affirm the role of the Audit Committee and Internal Audit.

### **Section C – For Noting**

#### **AD/22-23/13 Audit Committee Terms of Reference and Internal Audit Charter**

The Committee noted the Audit Committee Terms of Reference and Internal Audit Charter which had been circulated.



**AD/22-23/14 Revised Annual Governance Statement**

The Committee noted the revised Annual Governance Statement for the year ended 30 September 2021, which had been circulated.

**AD/22-23/15 Board Papers**

The Committee noted the Board Agenda and minutes which had been circulated.

**AD/22-23/16 AOB**

On behalf of the Committee, the Chair thanked Ms Yvonne Coutts, Senior Internal Auditor who had recently departed the University and wished her well in the future.