

Minutes of the 12th Audit & Risk Committee meeting

Date: Monday, 18th November 2024

Time: 1pm, SETU Carlow Campus

Chairperson: Dr David Dempsey

Attendees: Mr Kevin Lewis
Mr Sean Quigley
Ms Kathleen Holohan (via MS Teams)
Ms Imelda Buckley (via MS Teams)

In attendance under the Code of Governance:

Ms Elaine Sheridan, VP Governance/University Secretary

In attendance:

Ms Sarah Morrissey, SETU Internal Auditor

In attendance for Agenda Item 2:

Professor Veronica Campbell, President
Mr David Denieffe, VP Student Experience
Mr Tony Miller, Director of ICT & Digital Transformation

In attendance for Agenda Item 3:

Ms Susan Green, Compliance & Risk Manager

In attendance for Agenda Item 4:

Ms Brenda Nelson, Deloitte (via MS Teams)
Mr Cormac O'Toole, VP Finance/Financial Controller (Item 4.1 only)

Secretariat: Ms Annette Byrne

Item Title	
1.	<u>Chairperson's Opening:</u>
1.1	<u>Welcome & Approval of Agenda</u> NOTED The Chairperson welcomed all to the meeting. Confirming that the meeting was quorate he commenced the business of the meeting.
1.2	<u>Conflict of Interest</u> NOTED The Chairperson asked members if they had any conflicts of interest to declare particularly associated with items on the meeting agenda. No members present declared a conflict for this meeting.
1.3	<u>Approval of Minutes</u> AGREED It was agreed to approve the minutes of 6 th September 2024 and publish them on the website.

1.4 Matters arising (Action Log)

NOTED The Chairperson reviewed matters listed on the Action Log and updated as follows;

- Dedicated meeting regarding Risk to be conducted in early Q1 2025 and to include a demonstration of the Risk Management System at this meeting;
- Inductions days on SETU campuses. The Chairperson indicated that he would reach out to members individually to make the necessary arrangements.
- Exact dates to be added to the log for all items.

2. Cyber Security Update:

NOTED The President, Mr Denieffe and Mr Miller joined the meeting. Mr Denieffe commenced by outlining the series of events regarding the recent Cyber Security incident and the actions that the University has undertaken to address same. In providing context Mr Denieffe informed the committee that the University had undertaken an external Cyber Security assessment earlier this year and have been implementing recommendations and opportunities for improvement as outlined in the findings report including the appointment of a Director of ICT & Digital Transformation. These findings had also been reflected in the University's Risk Register which was updated recently prior to the Cyber Incident. A summary of the incident report and details of all engagements with internal stakeholders and external parties was provided. The establishment of an Incident Response and Business Continuity team who currently meet daily was noted. In moving forward Mr Denieffe outlined immediate focus points, including minimal disruption to academic classes, the scheduling of Semester 1 exam sessions, noting that this process remains on schedule, identification of key short-term restorations noting immediate supports that have been put in place in key business operations and also technical requirements for Recovery Planning and Build. Mr Denieffe provided an outline of lessons learned as a result of the incident, necessary actions including requirements in terms of a Cyber Security team and system investment. The committee commended all on the actions that have been taken and the ongoing continued work to address the Cyber Security incident acknowledging the disruption that has been caused and the tireless efforts being exercised by all. The Chairperson thanked the President, Mr Denieffe and Mr Miller for the briefing and they left the meeting.

In summarising the matter, the Chairperson indicated that a progress update on the Cyber Security incident would be beneficial to the Audit & Risk Committee at the next meeting. He also suggested that an external review of the incident might be considered in conjunction with the Internal Audit plan.

ACTION To include Cybersecurity on the Audit Plan.

3. Risk Matters:

3.1 Risk Appetite and Risk Management Policy

NOTED Ms Green was welcomed to the meeting. She firstly referred to the Risk Management Policy and outlined changes to the policy post review by the Audit & Risk Committee and Executive Management Team. All changes have been reflected in the revised policy as presented to the committee. It was therefore agreed to accept and approve the Risk Management Policy.

NOTED Ms Green continued by informing the members that EMT have re-considered the Risk Appetite statement for the university SETU and have determined an acceptable appetite range for a number of categories should be reduced to reflect a low risk score. A brief discussion on the matter ensued which considered risk appetite and mitigating plans. The committee members recommended some further minor changes to the risk appetite. The recommendation from the Audit & Risk Committee would be brought back to EMT for further consideration.

ACTION To bring recommendation regarding risk appetite to the EMT.

3.2	<p><u>Strategic Risk Register</u></p> <p>NOTED Ms Green informed the committee that a detailed review of the Strategic Risk Register has been undertaken with each risk owner and responsible Vice President as well as the VP Strategy to ensure alignment with the Strategic Plan. She outlined the number and categorisation of risks and where there has been movement in actions, noting that the residual risk scores remain unchanged. She also highlighted that the Executive Management Team have conducted a full review of the Strategic Risk Register in recent weeks and have noted that further reviews and analysis is underway regarding the risks associated with Cyber Security and reputation. Ms Green also provided detail regarding additional controls and mitigating actions pertaining to a number of other risks and risks outside the risk appetite, noting that further work with risk owners is ongoing to identify controls and actions to reduce the risk. Ms Green provided an update regarding extreme risks in the Faculty/Function risks registers, reported previously to the Audit & Risk Committee, indicating that there was a discussion at EMT regarding same as well as consideration of possible emerging risks. The Audit & Risk Committee were then requested to consider if there are any emerging risks that they wished to bring to the attention of management. It was confirmed that there is nothing further to report in this regard. The Chairperson thanked Ms Green and she left the meeting.</p>
4.	<p><u>Internal Audit:</u></p> <p>4.1 <u>Cash Handling Review</u></p> <p>NOTED Mr O'Toole and Ms Nelson joined the meeting at this point. In a follow up to a discussion on the matter at the previous meeting, Mr O'Toole outlined the Phase 1 and 2 review processes conducted by Deloitte, a summary of findings and proposed recommendations to strengthen oversight. As these recommendations have only been made available to management in recent days, responses to same are pending. The Audit & Risk Committee members suggested that it would be desirable to get to a point of final recommendation in time for their next meeting in order to close the matter and also to enable an appropriate response on the matter in the Statement of Internal Controls. The Chairperson thanked Mr O'Toole and he left the meeting.</p> <p>ACTION Final review of Cash Handling matter to be scheduled for the next meeting</p> <p>4.2 <u>Internal Financial Controls Review</u></p> <p>NOTED Ms Nelson presented details of the process and scope of work carried out regarding the Internal Financial Controls noting that this particular review is carried out on an annual basis. She outlined five minor findings with recommendations that have been accepted by management and who have indicated appropriate timelines for implementation. The Audit & Risk Committee indicated satisfaction with the report as presented and agreed to approve same.</p> <p>4.3 <u>Facilities Contract Management Review</u></p> <p>NOTED Ms Nelson continued by presenting findings (4 Moderate / 1 Minor) in relation to the above assignment. The Chairperson sought clarification with regards to the inclusion of the Wexford Campus in audit assignment. Explanation was provided and it was agreed that a footnote would be inserted into the report to identify and define campus locations Subject to the minor amendment, the Audit & Risk Committee indicated satisfaction with the report as presented, subject to the insertion of the footnote, and agreed to approve same.</p> <p>The Chairperson thanked Ms Nelson and she left the meeting.</p>
5.	<p><u>Effectiveness Review of the System of Internal Control 2023/24:</u></p> <p>5.1 <u>Implications of delay in submitting Financial Statements to OCAG</u></p> <p>NOTED Ms Sheridan updated the committee with regards to potential delays in submitting the Annual Financial Statement to the Comptroller & Auditor General as a result of the recent Cyber Security</p>

incident. As there has been difficulties accessing financial data and systems since this event occurred, timelines as stipulated will not be realised.

NOTED Ms Sheridan reminded the committee of a paper that was presented at the last meeting which outlined the process undertaken regarding the annual review of the effectiveness of the system of internal control.

5.2 Subsidiary - Compliance Reports

NOTED Ms Sheridan drew attention to the above reports provided for all Subsidiary and DAC companies of the University noting that the board of each company has conducted a full review of same. She indicated areas of commonality, in particular obligations in terms of De Minimus funding and financial sustainability. Ms Sheridan also informed the committee that matters regarding Insurtech DAC and Novus are due to be addressed by the Finance & Capital Investments Committee later in the day. Mr Quigley suggested that it would be beneficial to conduct periodic assessments in terms of internal audit assignments for the subsidiary companies. This was noted and all were informed that this practice was conducted previously and therefore indicated that scheduling of audit assignments for subsidiaries would be scheduled on the Internal Audit Plan.

ACTION To include on the audit plan Internal Audit assignments for SETU subsidiaries.

5.3 Report on effectiveness review of system of internal control

NOTED Ms Morrissey set out details of the work undertaken by the Audit & Risk Committee which includes ongoing reviews of Risk Management, Internal Control Framework Internal Audit and follow up reports to name but a few. Ongoing reviews and consideration of such matters enables the committee to form an opinion on the effectiveness of the system of internal control. In doing so, the Audit & Risk Committee noted the draft Statement of Internal Control (SIC) and proposed additional inclusions to disclose matters related to the Cyber Security Incident and Cash Handling matter, noting that a review of internal controls has been conducted through the workplan of the committee .

AGREED Subject to proposed inclusions, it was agreed to approve the draft Statement of Internal Control and provides assurances that the system of internal control is operating effectively, with some exceptions, and to submit same to the Governing Body for approval.

ACTION To submit the Statement of Internal Control to the Governing Body for approval.

6. AOB:

NOTED The Chairperson referred to the Terms of Reference of the Audit & Risk Committee, suggesting some minor amendments. These were accepted by all and therefore agreed that the revised document would be submitted to the Governing Body for approval at their meeting on November 26th.

ACTION To submit Terms of Reference to the Governing Body for approval.

There being no other matters to attend to the Chairperson thanked all and closed the meeting at 3.05pm.

Approved: *Dr David Dempsey*

Date: 19th December 2024

ARC Chairperson