1. MEMBERSHIP AND TERMS OF REFERENCE

The Committee noted that the Nominations and Honorary Awards Committee had agreed to:

1.1 Extend Mr Bill Rooke as Chair of the Audit and Compliance Committee until 31 December 2010
1.2 Confirm Mr Stephen Cooksey as a member of the Committee until 31 December 2013
1.3 Extend Mrs Esther Horwood as a member of the Committee until 31 July 2012

2. MINUTES

The Minutes of the last meeting held on 26 February 2010 (M 10/01 – M 10/42), were confirmed.

3. MATTERS ARISING FROM THE MINUTES

3.1 Investment Managers’ Control Reports
Kleinwort Benson had not produced the requested report and had been asked to stand down. Council had approved the appointment of Newton Asset Management to replace them. The contractual paperwork would need to be produced and the transfers then made.

3.2 Value for Money
A well received report had been produced for the March 2010 Council meeting.

3.3 Arising from Minute 10/31, Treasury Management
The Committee were concerned to ensure that control reports relating to custodians of investments and money market funds were provided.

3.4 Arising from Minute 10/36, Ethics
It was agreed that the Director of Finance should check that the insurance issues raised with the Ethics Committee had been addressed.

4. HEFCE MATTERS

4.1 HEFCE Risk Assessment
The Committee received paper ACC/10/13.
It was noted that the College was not considered to be at higher risk by HEFCE. The benchmarking data showed a strong cash position but borrowing in the top quartile at close to 50% of total income. This was the result of the extensive investment in buildings over the last few years funded by term debt. The servicing costs of debt at this level made it important to manage funding cuts carefully.

4.2 HEFCE Assurance Review
The Committee received an oral report on the HEFCE Assurance Review which had taken place on 22 June 2010. The written report had not yet been received.
The feedback to the Acting Principal and Chair of the Audit and Compliance Committee had generally been positive and indicated that HEFCE were satisfied they could rely on the College’s returns. A number of recommendations had been made in the initial feedback:

1. The Statement of Primary Responsibilities should be published in the annual report
2. The Audit Committee annual report should be submitted to Council in advance of its submission to HEFCE
3. The Council should review and approve the forecasts and audited financial statements prior to their submission to HEFCE and the schedule of meetings in the autumn should be amended to allow this happen
4. The Finance Director should not be a member of the Finance Committee
5. The College should expect Value For Money to have an increased profile in future years. Consideration should be given to providing quantifiable values for savings from VFM exercises
6. Treasury Management should have been included in the College’s Principal Risk Register
5. INTERNAL AUDIT MATTERS

5.1 The Committee received the Internal Auditor’s Operational Report (ACC/10/14)

Significant progress had been made on dealing with draft audit reports and on most of the outstanding significant weaknesses. Progress was now being monitored through the monthly meetings of the Management Co-ordination Group. Internal Audit matters were a standing item on the agenda and the terms of reference had been amended to include these responsibilities. There was some concern that adding the review by the Group into the procedures would extend the time taken to get reports approved. The Committee AGREED

The Head of Internal Audit should report any changes that were made to internal audit reports by the MCG to the Audit and Compliance Committee.

Contingency time had been allocated to investigating an irregularity in the Library relating to cash held overnight. Recommendations had been made by Internal Audit and the Assistant Director of Finance to address the problem.

There were time pressures with completing the plan for 2009/10 and it was likely that the work would run into August but should be completed by the end of August without additional resources.

The outstanding significant weaknesses relating to creditor payments would be addressed through the College’s Purchase to Pay project. This was due to be implemented by July 2011. An order had been signed with the supplier of the software and some funding for the project was being provided by HEFCE. The External Auditors confirmed that they were content with this proposal from a materiality perspective.

5.2 The Committee received the Internal Audit plan for 2010/11 (ACC/1015).

It was noted that the HEFCE Assurance Review had indicated that the internal audit plans were satisfactory. The Committee concluded that the plan appeared to be a reasonable approach to achieving acceptable coverage. The approved plan should be noted by MCG.

6. EXTERNAL AUDIT MATTERS

6.1 The Committee received paper ACC/10/16, the Audit Planning Document for the year ending July 2010.

The Committee’s attention was drawn to the executive summary and the list of risks. Uncertainties about future teaching funding in relation to changes in the fee cap and the likely increase in student expectations associated with higher fees were noted.

6.2 The Committee received a presentation from the External Auditors on student data quality issues.

Recommendations included: ensuring the data was linked to the KPIs; not relying on a very small number of people being able to produce the data; undertaking benchmarking against other institutions on the number of non-completions against other similar institutions; and not relying on just one thing for assurance.
The Committee discussed the audit process for data audits. The Internal Auditor was asked to reflect on the recommendations when undertaking his audits. External Audit would review the institutions internal audit reports and do some testing but not a deep audit.

The Director of Finance confirmed that the College was confident it properly understood HEFCE’s definitions for non-completions. The wider issue was that it was important to ensure that there were proper processes in place for the robust management of data across the institution.

7. **FINANCIAL MATTERS**

7.1 The Committee received the minutes of the meeting of the Investment Sub-Committee held on 15 April 2010 (ACC/10/17).

It was noted that the control reports, except for Kleinwort Benson (see minute 3.1 above) were now in place. It was

AGREED

That the minutes of the Investment Sub-Committee would not be required at Audit and Compliance Committee meetings in future.

7.2 The Committee received a paper on for information on the December 2009 European Commission Financial Audit of Colorspore Grant (ACC/10/18).

This grant had been audited in detail and the Committee were pleased to note it had received a positive report. The Committee thanked the Research Finance Manager for her efforts.

8. **ANTI FRAUD POLICY**

The Committee received the Anti Fraud Policy and Response Plan for approval.

It was

AGREED

That the policy should be approved subject to minor amendments and final approval by the College Council.

9. **COMPLIANCE**

9.1 **Risk Management**

9.1.1 The Committee received and noted the unconfirmed minutes of the meeting of the Risk Management Committee held on 25 June 2010 (ACC/10/20)

9.1.2 The Committee received proposals for amendments to the Terms of Reference of the Risk Management Committee and a change of name to the Risk Management Steering Group (ACC/10/21).

The Committee discussed the membership of the Risk Management Committee with the External Auditors and whether it would be desirable to have a lay member of Council as a member of the Committee. It was noted that practice varied between institutions but that it was important that the Audit and Compliance Committee received the risk registers and
regular reports on risk management. The External Auditors indicated that they were satisfied with the current arrangements. It was

AGREED

That the College Secretary should seek advice from the CUC as to whether College was out of line with sector practice. She should also investigate whether it was acceptable to have a Management Steering Group reporting to a Council Committee.

9.1.3 The Committee received the Principal and College Wide Risk Registers for review (ACC/10/22).

The Committee noted the updated risk registers. Management was asked to review the Principal Risk Register to identify the root causes of the risks. Further work needed to be undertaken on the post mitigation likelihood and impact of the risks occurring.

9.2 Health and Safety

9.2.1 The Committee received and noted the minutes of the Health and Safety Committee held on 4 February 2010 (ACC/10/23).

9.2.2 The Committee received the annual report from the Health and Safety Committee which was presented by the Deputy Health and Safety Adviser

The Committee noted the significant amount of training undertaken by Health and Safety and asked about compliance with mandatory training. Whilst the College was aiming for 100% completion of the online Fire Training course it was noted that this had not been achieved and follow up reminders were being sent.

A Health and Safety Auditor had been appointed on a fixed term contract until the end of the 2010/11 academic year and was aiming to audit all departments within the College at least once during her appointment. These audits were being well received and recommendations were being completed.

It was noted that the number of reported accidents and near misses remained low. Fire alarm activations had fallen following improvements to the system and better management of deliberate activations.

9.3 Ethics

The Committee received and noted the unconfirmed minutes of the Ethics Committee held on 9 February 2010 (ACC/10/25).

It was noted that the minutes received at the Audit and Compliance Committee were often four or five months old and could be issued to the Committee members some time in advance of the Audit and Compliance meetings. A member of the Ethics Committee should attend the next Audit and Compliance meeting to present their annual report.

9.4 Equal Opportunities

The Committee received and noted the minutes of the Human Resources and Equal Opportunities Committee held on 18 May 2010 (ACC/10/26).

The Committee requested an update on the risks associated with equal pay issues at its meeting in November.
10. COMMUNICATION

10.1 The Committee did not agree any items for broad dissemination throughout the College at this time.

10.2 The Committee did not identify any items which should not be published automatically under the Freedom of Information Act.

11. DATE OF NEXT MEETING

The Committee noted that the date for the next meeting was Friday, 5 November 2010 at 10am.

12. ANY OTHER BUSINESS

There were no other items of business

Katie Kerr
College Secretary and Head of Governance
30 October 2010