AUDIT & COMPLIANCE COMMITTEE

Minutes of the Twenty-First meeting of the Audit & Compliance Committee held on 29 February 2012

Present: Mr D Spence (Chair)
          Mr S Cooksey
          Mr M Newlands

In Attendance: Professor P Layzell (Principal) (Item 5.1 onwards)
               Mr S Higman (Secretary and Registrar) (Not for item 5)
               Mr G Robinson (Director of Finance)
               Mrs J Febry (Assistant Director of Finance)
               Mr M Evans (Internal Auditor) (Not for item 5.1)
               Ms Elaine Clarke (Senior Executive Officer) (Item 6)
               Mr Matt Purcell (Health and Safety Adviser(Acting)) (Item 9.1)
               Mrs R Knight (Deputy College Secretary) (Secretary)

Apologies:  Ms Esther Horwood

1. MEMBERSHIP & TERMS OF REFERENCE

   The Committee noted that the College Secretary had been appointed Acting Human Resources Director until August 2012 and the Registrar and Director of Operations was welcomed in his new role of Secretary and Registrar.

2. MINUTES

   The Committee confirmed the Minutes of the meeting held on 3 November 2011 (M11/80 – M11/126) subject to the following
change:

Minute 11/95 should read

They commented on the financial results they had seen elsewhere in the sector for 2010-11 and that these were also healthy.

The Minutes were signed by the Chair.

3. MATTERS ARISING

Following Minute 11/83 the Committee requested an update regarding the Data Protection breach investigation. It was

AGREED

That this would be provided at the July meeting.

4. INTERNAL AUDIT MATTERS

4.1 The Committee noted that the final revised follow-through procedures for the completion of final Internal Audit reports were circulated and approved on 11 November 2011.

4.2 The Committee received the Internal Auditor’s Operational Report (ACC/12/01) and noted that there had been significant progress. The Internal Auditor highlighted the key issues.

It was noted that the audit on the Policies and Practices relating to the Employment of Consultants, Individuals and Organisations had been finalised since the report was circulated.

The Internal Auditor confirmed that there was a confirmed commitment to buying in external support to complete the 2011-12 Audit plan. A schedule of works had been submitted for the external provider, although it was unclear whether this would be impacted by the decision to postpone planned audits of student recruitment until the autumn when the new recruitment cycle had been completed. It was noted that it would be appropriate to audit the process of awarding contracts rather than the contract performance if it would provide value to management and future plans.

The Committee discussed how the additional resource of 28 days would be used. Suggestions included additional audits of the Olympic Games preparation, professional services, and the Research Excellence Framework.

The Committee discussed the actions dates in Appendix 2 and expressed concern that there were a significant volume of actions due between March and June 2012. These dates coincide with the
end of term and the summer vacation which is when managers choose to complete work.

It was noted that there were a few audit actions which had been outstanding for a number of years. There was no process to review outstanding actions which were no longer relevant or had been subsumed by other business.

The Committee

AGREED

To postpone the planned audits; *policies practices and effectiveness for Home/EU undergraduate recruitment contracts and agreements put in place to expand student recruitment base.*

That the Internal Auditor and the Secretary and Registrar would distribute a revised audit and resources plan to the Committee.

That the Internal Auditor would identify the owners of outstanding actions for review by the Secretary and Registrar.

5. **FINANCIAL MATTERS**

5.1 The Committee received an update on the tender process for the External and Internal Audit provision (ACC/12/02 and ACC/12/03).

The Committee noted that a conflict of interest had required the withdrawal of Mr David Spence from the presentation panel for External Audit tenders. Mr Stephen Cooksey would join Mr Mark Newlands on the panel. Mr David Spence and Mr Mark Newlands would remain the presentation panel for the Internal Audit tenders.

The Director of Finance updated the Committee on the External Audit tender process. It was noted that the key objective was to receive a high level of assurance and that although fees may be a deciding factor in the appointment decision they were secondary to assurance.

The Director of Finance updated the Committee on the Internal Audit tender process. The Committee questioned what the tender process was aiming to achieve and it was

AGREED

That the Director of Finance and the Secretary and Registrar would produce a statement of management’s objectives in carrying out this procurement exercise.

It was noted that if the Tender submissions did not sufficiently address how the contractor would provide the audit structure
required the College was not bound to appoint.

5.2 The Committee noted that the TRAC return 2010-11 was approved by circulation and submitted to HEFCE on 31st January 2012. The Committee received and agreed with the proposed timetable for January 2013 (ACC/12/04).

5.3 The Committee received a verbal update from the Director of Finance regarding the production of the half-yearly balance sheets. It was noted that the process was underway, but that there was a resource issue. It was hoped that the selection process for a new finance system would include examining how other institutions produced balance sheets. The business case for the new system was under development, and it was noted that a new system would not be implemented before August 2013.

6. RISK MANAGEMENT

The Principal’s Senior Executive Officer explained the College risk management process and regime which had been embedded in management structures following recommendations made in the Internal Audit report in October 2010.

The Committee was pleased to note that the two existing risk registers, the Principal Risk Register and the College-wide Risk Register, were being amalgamated into one comprehensive primary register which would be realigned with the College's key manifesto themes agreed by Council. This would reduce duplication, prevent risks being accidentally omitted from both registers and improve the management of risks by identified 'owners’. The high level primary register would cascade down through the organisation, supported by detailed risk registers, management arrangements and training as appropriate.

The Committee discussed the difficulties in defining tolerance/appetite given that it was not a static measure and would change depending on other factors.

The primary risk register will be available for approval by the Committee in the July meeting. This will include identified risk owners and a commentary to help the Committee understand the risks and any previous or planned actions that would help the Committee understand decisions that had been made.

It was noted that the Planning and Resources Committee would be responsible for the risk register, and that risk considerations were documented on all discussion papers during the decision making process.

The Committee noted that although the College regularly hosted external events such as conferences the Olympics and Paralympic
Games were a high profile event. It was acknowledged that the London Organising Committee of the Olympic and Paralympic Games (LOCOG) would manage activities within the security fence. It was

AGREED

That the Secretary and Registrar would ensure a thorough broad risk assessment considering the risks associated with hosting an Olympic village was completed.

7. VALUE FOR MONEY

The Committee received a report on Value for Money activity in the College (ACC/12/06). The Secretary and Registrar confirmed that the College would develop a more sophisticated level of value for money, which would include benchmarking against competitors in and outside the sector.

It was noted that the report conflated the original target saving set by Council of £8 million by 2015 and the professional services target of £2.2 million by 2013. The Secretary and Registrar reassured the Committee that the aim was to make savings without prejudicing the effectiveness of services.

8. FRAUD REGISTER

8.1 The Committee noted that there had been no new entries in the College Fraud Register since the last meeting.

The Committee expressed concern that the Internal Auditor's Operational Report (ACC/12/01) stated that there was evidence to suggest that junior staff members have signed off manager's expenses because this was the type of environment in which fraud can occur. It was noted that credit card processes had been improved, and that the College was considering replacing the finance system during which project the whole system would be reviewed, including processes and delegation of authority.

8.2 The Committee APPROVED the revised Anti-Fraud Policy (ACC/12/07).
9. COMPLIANCE

9.1 Health and Safety

The Committee received the minutes of the Health and Safety Committee held on 27 October (ACC/12/08).

The Health and Safety Adviser (Acting) highlighted the key issues in the annual Health and Safety report to the Committee (ACC/12/09).

Following the retirement of the previous Health and Safety Adviser and the new management structure there were a number of procedures under review, including how formal audits reported to the Health and Safety Committee and the structure of the annual report. The College's arrangements for radiation and biological safety remain under review, although in September 2011 the Environmental Agency confirmed that current procedures continue to meet the required standards.

The Committee noted the slight increase in reportable accidents from 5 in 2009-10 to 7 in 2010-11, and observed that there was no obvious trend developing. Accidents leading to over 3 days lost time were all caused by slips, trips, falls and poor lifting. There was uncertainty about whether the increase was a reflection of improved accident reporting and that it would be necessary to closely monitor any emerging trends in the future.

The Committee was pleased to note the continued downward trend in the number of accidents and incidents despite the slight increase in the number of incidents involving students. The College residences will be entirely non-smoking from September 2012, and it was noted that this may have an impact on fire alarm activation in the immediate future.

The Committee questioned whether the Health and Safety team were involved in scheduled Estate improvements such as fire doors. The Health and Safety adviser (Acting) explained the current system and confirmed that he had produced a schedule of required work which would be considered by the Minor works and Cyclical Maintenance Steering Group which reported to the Estates Committee. Every year a set budget was available for fire improvements, but it was not clear how this was prioritised or how responsive it was to demand.

Concern was expressed by the Committee about consideration that had been given to the evacuation of campus during the Olympics and Paralympics when the accommodation would house between 500 and 600 teams in the athletes village. Most of these visitors would be unfamiliar with the campus and may not speak the language. It was noted that LOCOCG would control the area within the security fence which was to be constructed after Easter and that they were liaising with the College about health and safety considerations.

The Committee discussed whether it was the appropriate forum to
consider health and safety matters. There was recognition that issues should be properly and fully brought to the attention of Council as a whole. It was

AGREED

That the Secretary and Registrar would propose an alternative arrangement to ensure that Council received sufficient assurance that Health and Safety matters at the College are fully considered. The new arrangements would include the involvement of senior managers to ensure that there is clear visible leadership from the top of the organisation.

The Committee noted that the Health and Safety annual report would be forwarded to Council with the ACC minutes.

9.2 Research Ethics

The Committee received the confirmed minutes of the Research Ethics Committee held on 8th February 2012.

There was some concern that the minutes were not written for the purpose of reporting activity to the Audit and Compliance Committee and this made the minutes hard to read. It was

AGREED

That the Secretary and Registrar would review whether it was appropriate for the Research Ethics Committee to report to the Committee alongside any recommendations regarding the reporting arrangements for Health and Safety matters.

10. COMMUNICATION

10.1 Items for dissemination in the College

There were no items for broad dissemination throughout the College.

10.2 Items not for publication under the Freedom of Information Act

Information regarding the Audit Tendering should not be published without applying the appropriate exemptions under the Freedom of Information Act 2000.

11. DATE OF NEXT MEETINGS

11.1 The Committee noted that the next meeting will be Wednesday 25th July 2012 at 10am in the PMR

11.2 The Committee noted that the dates of the meetings in 2012 – 13 will
be:

8th November 2012 at 12.00 in the PMR
12th February 2013 at 10.00 in the PMR
25th July 2013 at 10.00 in the PMR

12. ANY OTHER BUSINESS

There were no other items of business

David Spence
Chair
25 July 2012