1. **MEMBERSHIP & TERMS OF REFERENCE**

The Committee received and **APPROVED** 12/85

The revised terms of reference subject to the removal of the Health and Safety Committee as a reporting committee.
2. MINUTES

The Committee confirmed the minutes of the meeting held on 25 July 2012 (M12/47 – M12/84) subject to the following change:

Mr M Evans (Internal Auditor) (not for item 4.4)

To be amended to;

Mr M Evans (Internal Auditor) (not for item 5.4)

The minutes were signed by the Chair.

3. MATTERS ARISING

3.1 The Committee received an update from the Chair of the Finance Project regarding recent progress on the design and implementation of the new finance system. It was noted that further progress had been made since paper ACC/12/25 had been submitted to the Committee. The contract with the new provider had been agreed and signed, and meetings had been held between College staff and the IT consultant and project manager from Unit 4, the new provider. It was also noted that the installation of the development system had now been completed.

Although the project had gone well to date and the status was denoted as ‘green’ the timetable to deliver the solution by the start of the next financial was aggressive. It was explained that the detailed timetable was currently being developed, and that it may be necessary to prioritise items for implementation in order to meet the ‘go live’ date.

The Committee discussed the project risk register, and noted that it was a live document which was regularly updated. Project progress was regularly considered within the project governance framework and in management meetings.

The risks of delaying the delivery date were discussed, and it was understood that in order to avoid serious problems with resource and the business cycle it was very important that the date of August 1st 2013 was met. The Committee expressed concern that an alternative implementation plan had not been developed, should the date not be met.

The initial phase of the project was to produce a system design document as a result of a series of workshops. It was unclear how this would document the systems control design, and the arrangements for this would be clarified and reported back to the Committee.
It was AGREED

That a note would be circulated to the Committee in December 2012 after the project team and the Planning and Resources Committee had considered a ‘go / no-go’ decision date.

That any major project issues would be reported to the Committee by exception and by email circulation.

It was noted that a new experienced Project Manager had been recruited to cover the upcoming maternity leave of the current Project Manager and that this was not expected to impact on the project risks.

3.2 There were no other matters arising from the agenda.

4. INTERNAL AUDIT REPORTING

4.1 The Secretary and Registrar provided the Committee with a brief update regarding arrangements for the Internal Audit Service (ACC/12/32). Following the resolution of the TUPE issue, Grant Thornton had been appointed to deliver the service until the end of the 2012-13 financial year. An EU procurement exercise would be carried out to let a longer-term contract from 2013-14. The internal auditor had been appointed as the internal audit manager to monitor the audit plan and audit recommendations. The internal audit manager would also liaise with the Chair of the Committee regarding Internal Audit matters. It was noted that the process had been managed by the Secretary and Registrar to deliver a seamless transfer of Internal Audit delivery. No members of the Committee had been involved in the appointment decision. HEFCE had not yet been informed of the change to the Head of the Internal Audit Service, but would be contacted as soon as possible. It was also noted that the outgoing Head of Internal Audit was required to submit a statement to Council which highlighted appropriate issues or stated there were no issues to report.

The Internal Auditor highlighted the key issues in the operational report (ACC/12/30). After two months leave the Internal Auditor had returned to College on 1st October as an FTE 0.5. Since her return the work had been focussed on the draft Data Integrity Audit which had been recently issued. The report included a brief consideration of Key Information Set (KIS) data, which would be audited in depth before the HEFCE visit at the end of November 2012, as part of a sample of HEIs to be audited. The Committee discussed the visit with the External Auditors and management, and concluded that although no problems were anticipated, there was appropriate College resource to respond to any issues and that the
The data were considered to be robust.

The Committee discussed the outstanding audit recommendations and expressed concern that a number of long outstanding recommendations remained. It was noted that work on these recommendations was now in progress and policies were pending approval by Council and its committees. Furthermore, although new recommendations were being completed much quicker there was still more work to be done to change the culture surrounding audit reports and recommendations. It was

AGREED

That in the future high risk recommendations would be prioritised, which would be articulated with the use of a traffic light system.

The Head of Internal Audit introduced the Internal Auditor's Annual Report 2011 - 12 (ACC/12/31). If approved by the Committee the report would be forwarded for Council approval as the appendix to the Committee’s Annual Report submitted to HEFCE. The majority of the work assigned to the Internal Audit Service, including all the fieldwork, had been completed, although a couple of reports had not been issued. The work assigned to external resource had not been completed because no additional resource had been recruited. These audits, including the IT based audit of policies and practises to minimise operational outages and IT system, operations, support, resilience, accuracy and reliability of the Student Records system between Registry and IT, had been carried forwards into the 2012 - 13 plan.

It was explained that the report referred to two audit reports titled Impact and administration of new points based immigration system because the first report had been issued after it was carried forward from the 2010 - 11 plan and the second updated audit report was currently being prepared.

The Committee received an update on fraud investigations. College procedures had been completed regarding the incident of purchasing card fraud (M11/21) but despite the progress of the Police prosecution sentencing remained outstanding. It was noted that a new online purchasing card system was being introduced which would improve the reconciliation process and would reduce the risk of future fraud of this nature.

The Committee discussed progress on draft reports and responses to audit recommendations. It was recognised that improvements to the audit finalisation process had been made, especially in the Professional Services, but that it would be necessary to see further and wider improvements across the College management in 2012 - 13. The Committee
AGREED

That the report was accurate and would be reflected in the Committee’s annual report.

The Head of Internal Audit confirmed that he was aware of the HEFCE requirement to submit a statement to Council and that this was under consideration.

5. INTERNAL AUDIT MATTERS

5.1 The Chair welcomed the Grant Thornton team to their first meeting. The Internal Auditors introduced the interim Internal Audit plan 2012 - 13 (ACC/12/33) and the resource, currently allocated at 105 days, required to complete the plan before the end of the current financial year. The audits in the plan had yet to be agreed, and the Committee expressed concern that the work would be too concentrated in the latter half of the financial year and recommended that a block of work was developed for the autumn. The plan would retain some flexibility to allow emerging risks to be considered as necessary, and the Committee would continue to receive regular updates.

It was

AGREED

That Grant Thornton and the Internal Audit Manager would review the plan as soon as possible to incorporate advice from Grant Thornton. The revised plan would refer to the Risk Register and would be circulated to the Committee as soon as possible.

That the Committee would receive a report about completed fieldwork at the next meeting. It was anticipated that that this would be for two or three audits.

5.2 The Committee considered the recommendation to appoint an experienced external auditor to complete the research grant audits to July 2013 (ACC/12/33b). The auditor had to meet required criteria established by the funding body, and the College had historically outsourced this role for some grants, others had been audited by the Head of Internal Audit. One auditor was known to the College and was recommended, although terms and conditions had not yet been explored.

The Committee

AGREED
To delegate authority to the Assistant Director of Finance to decide on the best course of action and to appoint external resource as necessary to complete the audits.

That in the future these audits would be considered with the Internal Audit service provision.

6. **ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS**

6.1 The Committee reviewed the RHUL Consolidated Financial Statements for 2011 - 12 (ACC/12/26a and ACC/12/26b). They discussed the Going Concern Statement (ACC/12/26c). It was noted that compulsory going concern disclosure had been postponed until 2013 - 14, however it was understood that 85% of the sector do consider Going Concern during the sign off of the financial statements. The Committee AGREED

That the going concern basis was appropriate for the consolidated financial statements for 2011 - 12.

6.2 The Committee considered the financial report on the Founders Endowment Fund (ACC/12/37).

6.3 The Committee considered the Financial Statements for Royal Holloway Enterprise Ltd (ACC/12/28a and ACC/12/28B) and AGREED

The statements could be submitted to the RHE board for approval.

7. **EXTERNAL AUDIT MATTERS**

The Committee considered the External Auditors' Report (ACC/12/29). The External Auditors explained that the audit had gone very well and although the current accounting system, BluQube had many limitations the College was controlling the limitations well. The External Auditors welcomed the project to replace the financial system. It was noted that the outstanding matters relating to the audit status that could be completed before the date of sign off were completed and that no issues had been raised. The receipt of written representation relating to the new subsidiary, Holloway Immunology Limited, would be received in the Letter of Representation to be signed with the Financial Statements by Council on 23 November. The partly owned subsidiary company had been established in March 2012 and was financially dormant in the 2011 - 12 financial year.

The management letter points arising from the 2012 final audit work
were discussed. It was noted that there were five points rated as grade 2 and one at grade 3. Grade 2 was explained as needing attention, grade 3 meant that best practice had not been met. Although the management response was included in the report no corrective action was included.

The audit had found two minor amounts of unadjusted differences in one-off areas. There was no indication of systemic problems and the auditors were required to notify the Committee but were not advising that they should be adjusted.

The Committee noted the change to the role of Audit Committees regarding going concern considerations and the expected revision of guidance from the Charity Commission.

It was

AGREED

That the representation letter would remove the reference to Holloway Immunology Limited as being 'dormant' and to clarify that "there have been no transactions with that company from the date of incorporation until year end".

That the follow-up actions would be documented and tracked. The Committee required a full response on management issues raised at the next meeting.

That no adjustment would be required.

The Committee

RECOMMENDED

To Council for APPROVAL the Financial Statements 2011-12.

8. FINANCIAL MATTERS

The Committee

APPROVED

the proposed sign-off process for the TRAC (Transparent Approach to Costing) Return (ACC/12/34), noting that the Committee would be asked to approve the return by circulation in early January 2013.

9. VALUE FOR MONEY

The Committee received a report about recent Value for Money activity in the College (ACC/12/35). It was noted that the planning
process for 2013 - 14 was underway, and would be largely completed by the next meeting. The process had highlighted the culture of investment in service functionality without review of activity. Service metrics were still being developed, which meant that the College could not point to regular improvements. The Committee was required by HEFCE to comment on value for money considerations, but there was a lack of helpful guidance on how this should be articulated. The Committee

AGREED

That members should contact the Secretary and Registrar with suggestions for what should be included in Value for Money reports.

The External Auditor provided feedback on the Committee's Annual Report.

10. **RISK MANAGEMENT**

The Committee received an update on the Risk Registers (ACC/12/36), including a draft Strategic Risk Register which identified the ten main risks from the Principal Risk Register which could prevent the College from fulfilling its strategic objectives. It was anticipated that the draft Strategic Risk Register would be considered at the next Council meeting, and would then be revised further following the approval of the new Strategic Plan, which would be considered by Council in June 2013. For all of the risks there was work currently in hand to help mitigate the risk. Each risk was briefly discussed and it was noted that the document would continue to evolve, and in the future would form the basis of the Principal’s report to Council.

The Committee made a number of minor recommendations, and congratulated management on the improvement in the risk register.

It was

AGREED

That the explanation of risk scoring would be moved to the front of the document

That the Gross Risk column would be checked for accuracy

That the Risk Appetite Statement would be revisited to consider how readers could be 'prompted' although it was understood that paragraph headings were not desirable.

To review the wording and Residual Risk level of risk number six to reflect the complexity of student experience considerations.
11. **HEFCE MATTERS**

The Committee discussed what was required from the Committee for the Annual Assurance Return (ACC/12/37). The Committee **AGREED**

That it was satisfied that it had been provided with the required quality assurance based on the documents it had received.

That the agenda wording relating to Annual Assurance would be revised for future meetings.

12. **ANNUAL REPORT TO THE COUNCIL**

The Committee considered the draft of the Committee's Annual Report to the Council (ACC/12/38). Following the reports from the External and Internal Auditors it was **AGREED**

To include references to concerns raised in the Internal Auditor’s Annual Report.

That the Committee Secretary would circulate a revised report for approval by the end of the week.

13. **COMPLIANCE**

13.1 **Fraud Register**

The Committee received details of new entries in the Fraud Register (ACC/12/39). It was confirmed that there was no requirement to report to the Serious Organised crime Agency the event reported in July 2012 because it did not relate to terrorism or money-laundering. It was **AGREED**

That the incident dated August 2012 would be investigated by Internal Audit.

13.2 **Ethics**

The Committee received a summary from the Ethics Committee held on 2nd October 2012 (ACC/12/40). The Committee expressed interest in the next ethics event which would target Arts and Social Science researchers, and it was hoped that more details about this would be available at the next meeting.
14. COMMUNICATION

14.1 Items for dissemination in the College

No items were agreed for broad dissemination throughout the College

14.2 Items not for publication under the Freedom of Information Act

There were no items that should not be published automatically under the Freedom of Information Act.

15. DATE OF NEXT MEETING

The next meeting will be Tuesday 12th February 2013 at 10am in the PMR