1. MEMBERSHIP & TERMS OF REFERENCE

1.1 The Chair noted that this would be the last meeting for Mrs Esther Horwood.
1.2 The Chair welcomed Mrs Colette Wilson to her first meeting.

1.3 The Chair welcomed Mr James Aston and Ms Paula Willock to their first meeting.

2. MINUTES

The Committee confirmed the minutes of the meeting held on 29 February 2012 (M12/01 – M12/46) and the minutes were signed by the Chair.

3. MATTERS ARISING

3.1 The Committee received an update on the Data Protection breach (ACC/12/11) which occurred in October 2011 (see M11/83). The breach involved a student who had accessed photographs of students online and then publicised this fact. The student hacked into the interim solution immediately implemented, but was prevented from further access by a more permanent solution.

The Committee observed that this was an isolated incident which illustrates the need for thorough data penetration testing. Although the Committee agreed that the procedures used to deal with the incident were adequate, they were concerned that the Data Security audit completed in 2011 did not include a full data penetration test, which placed the College at risk of embarrassment, especially given the success of the College’s Information Security Group. It was

AGREED

That the Secretary and Registrar would consider what action should be taken and report to the Committee at the November meeting.

3.2 The Committee discussed the Donation of Gifts policy (ACC/12/12). The policy aimed to establish a more robust escalation process for large or complex gifts than was provided by the existing policy. It was

AGREED

That the policy should be revised further with particular attention to;

paragraph 6 “create unacceptable conflicts of interest” should be amended to “create conflicts of interest which are not fully transparent”;

paragraph 11 should indicate that the behaviour of academic staff should not be influenced by the donation of a gift.

principles 4 and 5 should be linked to ensure that the governance
structure is appropriately addressed.

the language in Paragraph 22 should be amended to specify the policy.

that the policy should clearly refer to related policies, including anti-bribery and anti-fraud policies.

that the revised Schedule of Delegation should be communicated to senior members of College staff.

Following some debate about whether it was ever appropriate to accept a gift from a prospective or current student and/or their families it was noted that paragraph 29 should define in more detail the processes for the main categories of donations. These should be based on experience and allow a route for any donation received which was outside the provision of the paragraph. It was noted that academic judgement and processes were separated from the use of a gift, and that the College policies and practices were in line with the sector norms.

3.3 The Committee received an update from the finance system project manager. The Change Project Manager highlighted the central features of the report (ACC/12/13), and explained that she became involved in March 2012 to develop work begun by finance following concerns that the current finance system was not delivering the quality required by finance and College staff. The project structure was described, including the project board members and the operational teams involved. There were currently two project streams, a blueprint for the final system and a structured OJEC tender process.

The paper included a tentative timetable, which specified a live period from August until December 2013 when it was anticipated that the core functionality of the new system would be delivered. The project was expected to continue to develop after this period to deliver further benefits during the five year contract which would reflect change in the College culture.

The Committee was assured that the project team were visiting other institutions, both within and outside the sector, in order to ensure that the delivery was as robust and in line with best practice as possible. It was noted that the tender process involved five suppliers with experience in the HE sector who operated across a range of technological platforms and services.

It was
AGREED

That the project chair (Professor O’Keefe) would attend the next Committee meeting to provide an update on the project and to present the project risk register.

3.4 The Committee received an update from the Secretary and Registrar regarding the Olympic Village risk assessment. It was noted that the risk assessment had been completed and was focused on operational issues, such as the risk of electricity generators failing. The Committee were assured that the College was involved with the daily management of the site, which was now live and occupied, and that a Major Incident Plan had been established. The plan included two gold responders, appropriate professional services, and regular contact with the gold responders in the local Council.

The Registrar and Secretary also reported that the income from hosting the village would be larger than predicted because paratroopers had been made resident on site. However, the village had been hugely disruptive to the work of some professional services which had impacted on the income benefits.

4. EXTERNAL AUDIT MATTERS

4.1 The Committee received a presentation from the new External Auditor, BDO. The presentation summarised the content normally provided in the seminar course that Audit Committee members were encouraged to attend. This included descriptions of the role of an Audit Committee in the HE sector and what it was required to achieve. The presentation also outlined the contribution that should be made by individual Committee members, including best practice and processes.

4.2 The Committee approved the External Auditors letters of engagement for RHUL and RHE (ACC/12/18a and ACC/12/18b). The External Auditors highlighted the changes from their standard terms and conditions which had been agreed at the College’s request.

4.3 The External Auditors highlighted the key points in their Audit Strategy (ACC/12/19). The interim audit was nearly complete, but there was not an outcome report because some actions had been carried forward to the final audit in September. Planning materiality was set at 2% of revenue, which was £2.3m, but reducing to 1% where judged by BDO to be appropriate. The unadjusted error threshold will be 1% of materiality. Other abnormalities would be reported if appropriate.

The External Auditors confirmed that their initial risk assessment had not highlighted any significant risks beyond those which were
comparable to other similar sized institutions. It was noted that the key audit dates meant that there was a quick turnaround regarding student numbers, which could not be signed off before 5 October, but that the Highlights Report presented to the Audit & Compliance Committee in the autumn would be complete. The Assistant Director of Finance confirmed that she was happy with the key dates.

The Committee approved the Audit Strategy.

5. INTERNAL AUDIT MATTERS

5.1 The Committee received an update on the outstanding internal audit actions (ACC/12/14). The majority of the backlog of actions that the Committee expressed a concern about during the last meeting had been cleared (see M12/11). The remaining action dated December 2007 required a special budget request for £13000 from the small works budget, which would be released before the next meeting in the Autumn. It was noted that the follow-through procedures for the completion of internal audit reports combined with the regular review of management actions should prevent the backlog reoccurring.

It was

AGREED

That the Secretary and Registrar would report the success of these arrangements to the Committee.

5.2 The Committee received the Internal Auditors’ operational report (ACC/12/15). The Internal Auditor highlighted the key issues in the report. Three draft reports, namely Inventory Management Arrangements and Controls within Residence and Catering Services; Review of the Recording, Control and Management of College ‘Precious Assets’ and Review of Policies, Practices and Controls over Complying with the Obligations under the HEFCE Memorandum had been issued since the February meeting and were being considered by management. Five final internal audit reports had been issued since the last meeting including reports on the Employment of Consultants, Individuals and Organisations; College Policies and Practices on Complying with Widening Participation Obligations; Review of Student Complaints; Review of compliance with the UUK Code for the Management of Student Accommodation; and Audit of the Selection and Implementation of the Purchase to Pay System.

The finalised audit report on the Selection and Implementation of the College Purchase to Pay (P2P) Project included a number of agreed significant issues which applied to general College project
management processes. There were some outstanding issues from the project, to be resolved by the end of September 2012, and it was noted that the interface with the finance system would need to be reconsidered during the design and implementation of the new finance system.

Two instances of fraud had been reported and investigated. Postgraduate students had used credit card details belonging to individuals unknown to them to pay a total of £10,980 tuition fees. Police had been advised and work was ongoing to identify whether there are any payments of tuition fees which have similar patterns of multiple payments which may warrant further action.

It was noted that management actions agreed in the audit report College Strategy and Practices on External Fundraising would now progress because a Director of Development had been appointed and had been made aware of the outstanding actions. The outstanding action to update the College Code of Practice relating to the Students’ Union from the Students Union Management, Operations and New Obligations was currently being revised. The format of the Code of Practice had been modified following a benchmarking exercise.

5.3 The Committee received the Internal Auditors Audit plan for 2012 – 13 (ACC/12/16). The Internal Auditor explained that the plan had not been fully developed because of the uncertainty surrounding the future provision of internal audit services in the College. It was noted that six of the eighteen proposed audits were removed from, and four were carried over from, the final 2011-12 plan. The College was obliged to carry out the UUK Accommodation Code – limited update audit. The remaining suggested audits were focused on data management, IT, HESA returns, treasury management and Key Information Set data.

The Committee supported the recommendation to audit student finance and the implementation of the new points based immigration system. It was noted that the landscape in both these areas continued to change dramatically, and that the College needed to ensure compliance. It was

AGREED

That the Secretary and Registrar would review the audit plan 2012 – 13 with reference to risk management.

5.4 The Committee received an update regarding future Internal Audit provision (ACC/12/17). The Committee felt that the current position was unsatisfactory. It was noted that the College continued to pursue the solution of a hybrid provision of both internal and external resource as agreed in November 2011 (M11/113), but that an interim arrangement would need to be
considered for the 2012 – 13 year. The objectives of the change remained the same; to ensure that the Internal Audit function was resourced appropriately to provide the Committee with the required assurance. It was noted that the planned provision would increase the current costs, but that this would be offset against the improved resilience and breadth of coverage.

The Committee expressed concerns about the internal audit function reporting to the College Secretary following the recent changes to that role. The College Secretary is also the Director of Operations who is responsible for most of the professional services which are the subject of the audits. The management structure for internal audit would need to be reconsidered. HEFCEs requirement for the nominated Head of Internal Audit to sign the annual return was discussed. It was noted that the reporting period ended on 31st July, and that the current Head of Internal Audit would probably be in post at that time.

6. RISK MANAGEMENT

The Committee received an update about the primary risk register (ACC/12/20) which was presented by the Senior Executive Officer. Work on the risk register was ongoing, and it was noted that significant progress had been made. The report provided a clear picture which articulated why some risks were perceived to be greater than others, alongside the causes and consequences which would feed into risk mitigation. Risks would require different monitoring and review processes, which would be managed by the risk owners, all of whom would receive appropriate training. The revised timetable outlined the expected completion date for the risk register, and the Committee noted that a final version was expected to be available at the November meeting.

The resulting outputs from the exercise would be a Primary Risk Register which would identify the key risks and top priorities, and a Risk Appetite Statement which would indicate the context and boundaries of institutional tolerance for risk. It was noted that the College had held a risk adverse attitude in the past, but that the risk appetite statement would establish an attitude which would allow flexibility within the defined tolerance boundaries.

It was

AGREED

That the Risk Appetite Statement should specify the purpose of the statement, for those who were unfamiliar with risk

That the draft Appetite Statement should be edited to include paragraph headings.
7. **VALUE FOR MONEY**

The Committee received a report on current value for money initiatives from the Secretary and Registrar (ACC/12/21). The Committee understood that initiatives that are expected to either improve the standards of professional standards within existing budgets or to reduce the cost of the activity were continuing. It was

**AGREED**

That in November the Committee will be provided with a breakdown of the £2 million improvement in the financial performance of the Professional Services.

That in future the Committee would receive a quantified report.

8. **FRAUD REGISTER**

It was

**AGREED**

To add the incident involving the unauthorised use of credit cards to pay tuition fees to the register.

That the Deputy Director of Finance would clarify whether there was a duty to report money-laundering activity to external bodies.

9. **COMPLIANCE**

9.1 **Health and Safety**

The Committee received the minutes of the Health and Safety Committee held on 7 June 2012 (ACC/12/22).

The Committee received a proposal regarding the establishment of a Health and Safety Assurance Committee (ACC/12/23). As agreed by the Audit & Compliance Committee (M12/38) the purpose of the new committee would be to strengthen the assurance provided to Council regarding health and safety matters, and to demonstrate visible leadership from the top of the institution. It was noted that if the new Committee was approved by Council health and safety matters would not continue to be considered by the Audit & Compliance Committee.

The Committee approved the draft terms of reference.

9.2 **Ethics**

The Committee received a report from the Research Ethics Committee held on 8 February 2012 (ACC/12/24). It was felt that the report format was easier to read and understand than meeting minutes. Some concern was expressed about potential applications to the Research Ethics Committee which may require an
assessment to check whether they were subject to the Human Tissue Act 2004. It was

AGREED

That the College should be encouraged to avoid involvement with Human Tissue because the regulations were extremely strict with a number of legal implications.

10. COMMUNICATION

10.1 Items for dissemination in the College

It was

AGREED

That the revised Donation of Gifts policy should be circulated to Heads of Departments and Professional Services.

10.2 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.

11. DATE OF NEXT MEETINGS

The next meeting will be Thursday 8 November 2012 at 10am in the PMR

12. ANY OTHER BUSINESS

The Chair thanked Mrs Esther Horwood for her service to the Committee since 2007.

Mr Stephen Cooksey sent his apologies for the November meeting.