Minutes of the Audit and Compliance Committee meeting held on Tuesday 11 February 2014 at 10am in the Large Board Room.

Present: Mr David Spence (Chair)
Ms Colette Wilson
Mr Majid Hawa
Mr Mark Newlands (by telephone, left during item 4)

In attendance: Mr Simon Higman (Registrar and Secretary, items 2 and 3)
Mrs Jenny Febry (Deputy Director of Finance)
Mrs Kay Trinder (Internal Audit Manager)
Mr Richard Neal (Deloitte Senior Manager)
Professor Johannes Zanker (items 2 and 3)
Mrs Rachel Knight (Deputy College Secretary and Secretary to the Committee)

APOLOGIES
Apologies were received from Professor Paul Layzell (principal), Mr James Aston (BDO partner) and Mr Graeme Robinson (Director of Finance) 14/01

1. MINUTES
CONFIRMED and signed the minutes of the meeting held on 1 November 2013 (M13/86 - 13/131). 14/02

2. MATTERS ARISING FROM THE MINUTES
RECEIVED an update on the implementation of the new finance system (ACC/14/03). 14/03

NOTED that a permanent Systems and Projects Accountant with substantial experience of Agresso is in post, and that two internal audits were planned within the next month. Any concerns highlighted by the audits would be dealt with before the end of the year. The Committee questioned the extent of the audits and received confirmation that they would include access controls, segregation of duties, application controls, and data integration accounts. Disaster recovery was not included because this was an IT issue. 14/04

DISCUSSED the focus of the post-implementation review. This would include business benefits, user adoption and feedback. AGREED that measures of success regarding usability and adoption of the Agresso system would be added to the post-implementation review. 14/05

RECEIVED a verbal update from the Registrar and Secretary regarding the outstanding action relating to the Major Incident Management Plan (M13/128). The update included a brief summary of lessons already learnt from the ongoing experience related to the flood response. 14/06

NOTED that a recognised organisation had been appointed to lead two training events were scheduled, one for roles specified in the plan and one for the Senior Management Team. 14/07

3. COMPLIANCE

Research Ethics Committee
RECEIVED the Annual Report from the Research Ethics Committee (ACC/14/04). A member of the Research Ethics Committee presented the report. 14/08
NOTED that the Committee had a quiet year during which it met once and that the composition of the Committee had changed as a result of staff resigning. Two positions were currently being recruited. Five applications had been received between August 2012 and July 2013, although departments have devolved powers to approve unproblematic applications and to report to the Research Ethics Committee.

DISCUSSED the criteria for ethical approval, including clarification of the term “human participants”. The scope of the ongoing procedural review was considered. NOTED that a recent incident had identified omissions in the current criteria and procedures, particularly where a research topic evolved over time and where social research involved participant observation. The role of PhD supervisors and the annual review process were also to be included in the review, with training to be developed as required.

REQUIRED a new research ethics process, with revised criteria, to be agreed by the end of April 2014. An update on the new process and its implementation would be provided at the July meeting.

4. INTERNAL AUDIT REPORTING

RECEIVED the Internal Audit Manager’s Report (ACC/14/05).

NOTED that a number of Grant Thornton recommendations from the recent Internal Audit reports were rated as significant. One of these, related to the Recruitment and Marketing Internal Audit, reflected an old outstanding recommendation which recommended that the College develop a Recruitment Strategy. The Committee observed that this reflected information provided to Council, which understood that a Recruitment Strategy was being developed by the Student Recruitment and Admissions strategy group, led by the Deputy Principal. The Internal Audit Manager had started the follow-up audit regarding student UKBA records, and reported that the Compliance Officer had completed an extensive records and process check which had led to an improvement in the recordkeeping.

NOTED that a follow-up audit would also be required in the next 6 – 9 months to ensure that the fundamental recommendation in the Deloitte Payroll report relating to the completion of employment forms and checks before employment commences had been actioned. It was understood that the College had already made some changes which had been communicated to Heads of Departments to improve the process.

NOTED that 21 recommendations were outstanding from previous internal Audit Reports. The Committee confirmed the aspiration to see a reduction to zero.

RECEIVED assurance that following financial loss from the named overseas agent (M13/95) checks had been completed and the policies, procedures and monitoring of overseas agents were robust and appropriate.

RECEIVED a report from Deloitte regarding internal audit progress (ACC/14/06).

DISCUSSED possible adjustments to the audit plan to reduce the number of allocated audit days from 162 to 140. Having been previously persuaded that a ‘Strategic Risk Deep Dive review’ would offer value the Committee was reluctant to postpone the exercise, although it was accepted that it was a consultancy rather than an assurance issue and was not fundamental to the Head of Internal Audit opinion. Deloitte had also committed to deliver risk management training to the Senior Management Team, which included all the Heads of Academic Departments and Professional Services.
REFERRRED the decision regarding the reduction of audit days to the Registrar and Secretary following consultation with Deloitte.

DISCUSSED the sector update on Cyber Security, which related to advanced persistent threat.

REQUIRED the Internal Audit Manager to respond to the four questions outlined in the update, and also to confirm that cybersecurity was included on the Strategic Risk Register.

5. INTERNAL AUDIT MATTERS
RECEIVED the Internal Audit Charter (ACC/14/07). The purpose of the Charter was to outline the agreement between the Committee and Deloitte, and would be reviewed annually.

APPROVED the Charter with the addition of the role of the Internal Audit Manager to the ‘Responsibilities’ section and clarification that the budget referred to the allocation of audit days.

RECEIVED the Internal Audit Maturity Assessment (ACC/14/08), which was a subjective assessment based on the feedback that Deloitte had received from College staff. The assessment was not evidence based.

DISCUSSED how the desired state had been agreed, and whether a cost benefit exercise had been completed. There was concern that the appetite for development of the internal audit function should come from the College rather than the provider. The Committee recognised that the assessment was an important tool for measuring progress and assessing where the function wanted to be, but were not comfortable with the implications of aiming for ‘Leading Practice’. Given that the majority of the proposed actions were reasonable and not overly aspirational the Committee were satisfied with the desired state but that it should be referred as ‘best in class’.

AGREED that the Internal Audit Maturity would be reassessed in 12 months’ time.

6. HEFCE ANNUAL ASSURANCE
NOTED that the Committee confirmed compliance with TRAC (Transparent Approach to Costing) requirements by circulation on 29 January 2014. (ACC/14/01 and ACC/14/02).

7. COMMUNICATION
No items were identified as requiring dissemination throughout the College at the current time.

8. DATE OF THE NEXT MEETING
Thursday 24 July 2014 at 10.00 am in the Principal’s Meeting Room.