

Minutes of a Meeting of the Audit Committee
held at 4pm on Thursday, 9 February 2012
in Room V405, K2, Keyworth Street, London SE1

Present

Mr C Swinson Chair
Mr A Owen

Auditors

Mr J Martin PricewaterhouseCoopers - internal auditor
Ms D Tilson PricewaterhouseCoopers - internal auditor

In attendance

Prof M Earwicker Vice Chancellor
Dr P Cardew Pro Vice Chancellor (Academic)
Ms N Ferer Financial Controller (*except for minute 28*)
Dr A Fisher Academic Registrar (*for minutes 1-6*)
Mr R Flatman Executive Director of Finance
Mr J Stevenson University Secretary and Clerk to the Board of Governors
Mr M Broadway Governance Officer

Welcome and apologies

1. It was noted that apologies had been received from Steve Balmont.

Declarations of Interest

2. No interests were declared in any items on the agenda.

Minutes of the last meeting

3. The minutes of the meeting held on 16 November 2011 were approved. The minutes were approved for publication subject to the proposed redactions.

Action Plan on Student Data

4. The committee discussed the action plan on student data (paper **AC.01(12)**), introduced by the Pro Vice Chancellor (Academic). The committee noted that constructive discussions with HEFCE were ongoing. Issues had been identified and the University was working with HEFCE to rectify them.

5. The committee noted that a separate project had been established to look at the University's data quality in four key areas of student, financial, HR and space data to improve management information.
6. The committee requested that a copy of the detailed action plan be circulated to committee members.

Committee self assessment

7. The committee discussed the outcomes of the self assessment exercise (circulated to members via email), introduced by the Chairman. The committee requested that its future meetings be scheduled so that it could approve documents before submission to HEFCE.
8. The committee was of the view that it would benefit from having a member with experience of education and requested the executive to continue looking for a relevant candidate. The committee noted that a new independent governor would be recommended to join the Board by the Nominations Committee and that it was likely that they would be asked to join the Audit Committee.
9. The committee requested that CUC guidance for audit committee members be circulated to the committee. The committee requested the secretary to ask committee members if they had any other business when the agenda was being drafted.

Students' Union

10. The committee discussed an update on the Students' Union (SU) as requested at its last meeting (paper **AC.02(12)**). The committee noted that following a review by the National Union of Students the SU would move away from trading activity and focus on representation and advice and that its societies would be linked to the University's employability agenda. Proposals on the restructuring of sabbatical officer posts would be considered by the Policy and Resources Committee (P&R) on 21 February 2012 and that a new constitution would be considered by P&R and the Board in summer 2012. It was envisaged that the new SU structure would be in place for the opening of the Student Centre in September 2012

TRAC Return

11. The committee noted the Transparent Approach to Costing (TRAC) Return which had been submitted to HEFCE on 31 January 2012. The committee noted that Andrew Owen had reviewed the return before submission to HEFCE.

12. The committee questioned the usefulness of the TRAC return to the University and noted that work on internal costings data was more useful.
13. The committee noted that some recommendations for improvement from last year's TRAC return had not been acted upon.

Risk Management

14. The committee discussed the quarterly risk report (paper **AC.04(12)**), introduced by the Executive Director of Finance. The committee noted that the risk register had now been revised in accordance with the Corporate Plan, 2011-14 and that work was ongoing to ensure that it was aligned to the corporate projects. There had been no changes to the level of risk from the last report.
15. The committee noted that with regard to risk 14 (*Potential Loss of NHS contract income*) it was likely that adult nursing numbers would be reduced by around 50% as a result of the recent retendering for NHS contracts.
16. The committee noted that with regard to risk 2 (*Failure to meet recruitment targets*) full time undergraduate and postgraduate applications were up on last year.
17. The committee noted that with regard to risk 3 (*Increasing pensions deficit*) the University had appointed Lane, Clark and Peacock to advise on setting up a defined contribution pension scheme for enterprise staff and that this had been discussed in detail at the HR Committee.
18. The committee noted that a detailed risk register for the 2012 London Olympic games was being produced.

Internal Audit Progress Report

19. The committee discussed the internal audit progress report (paper **AC.05(12)**), introduced by PricewaterhouseCoopers (PwC). It was noted that 42 days work had been completed by the end of January 2012 (out of 114 agreed for the year).
20. It was noted that of the 12 recommendations, only 3 had been implemented and 6 had gone beyond their target date. The committee requested that in future owners of overdue actions should attend audit committee meetings to explain why actions had not been completed.
21. The committee approved the proposed report classification and individual findings ratings as set out in the report.

Quarter 1 Continuous Auditing Report

22. The committee noted the quarter 1 continuous auditing report (paper **AC.06(12)**), introduced by PwC, which showed an improvement in the financial monitoring environment but that work was still required on Accounts Payable.

Format of Internal Audit Reports

23. The committee noted the new format of internal audit reports (paper **AC.07(12)**), introduced by PwC.

HESA Report

24. The committee noted the internal audit report on the HESA staff return (paper **AC.08(12)**), which had no recommendations from PwC. The committee noted that the audit review did not test the accuracy of data and was therefore limited.

Student Residences

25. The committee noted the internal audit report on student residences (paper **AC.09(12)**) which was reviewed every three years based on Universities UK Code of Practice. There were no recommendations from the report.

Internal Audit Key Performance Indicators

26. The committee agreed the key performance indicators (KPI's) of PwC and noted delivery (paper **AC.10(12)**).
27. The committee noted that PwC would report on risk management and University strategy at the next meeting.

Finance Department Structure and Succession Planning

Natalie Ferer left the room for this item

28. The committee noted a report and verbal update on finance department structure and succession planning (paper **AC.11(12)**), introduced by the Executive Director of Finance. The committee noted that there had been no fundamental changes in the structure of the department in the last twelve months.

Natalie Ferer returned to the meeting

Impairment Reviews of the Enterprise Centre and the Student Centre

29. The committee discussed the impairment reviews for the Enterprise and the Student Centres (paper **AC.12(12)** and **AC.13(12)**), which concluded that no impairment for either project is expected.
30. The committee noted that Grant Thornton, the University's external auditors had given advice on the principles underlying impairment reviews but had not reviewed the business case in detail. Further clarity was requested before more detailed consideration by Property Committee, Policy and Resources Committee and the Board.
- Secretary's Note: It has since been agreed that future impairment reviews should be limited not to the cashflows assumed in the business case but to the service criteria agreed for each building. Service criteria are being established with the sponsor for each building as the lead, and will be agreed by the Board as follows:*
- *Student Centre – 8 March 2012*
 - *Enterprise Centre – 24 May 2012*

Ethical Fundraising

31. The committee noted an update on ethical fundraising and a proposed new Gift Acceptance Policy (paper **AC.14(12)**), which had been prepared in response to the recommendations of Lord Woolf's Inquiry into the LSE and Libya of November 2011.

Research Councils Funding Assurance Report 2011

32. The committee noted a Research Councils Funding Assurance (Desk Based Review) Report 2011 (paper **AC.15(12)**), which examined the University's system of internal control relating to the research grant administration process. The report gave satisfactory assurance.

Anti-fraud, bribery and corruption report

33. The committee noted that no instances of fraud, bribery or corruption had been reported to the Executive Director of Finance or the internal auditors since the last meeting (paper **AC.16(12)**).

Speak up review and report

34. The committee noted that no speak up issues had been raised with the University Secretary or the Chair of the Audit Committee since the last meeting (paper

AC.17(12)). The arrangements had been in place for 18 months and no changes were proposed.

Matters to report to the Board

35. The committee requested that the report on data quality and that the effectiveness review summary should be reported to the next Board meeting.

Date of next meeting

36. It was noted that the next meeting would be at 4pm on Thursday, 7 June 2012.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman