

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 7 February 2013
In Room 1B33, Technopark, London Road, SE1

Present

Andrew Owen	Chairman
Steve Balmont	
Douglas Denham St Pinnock	
Shachi Patel	(Independent co-opted member)

External Auditors

David Barnes	Grant Thornton
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Internal Auditors

Justin Martin	PricewaterhouseCoopers
David Wildey	PricewaterhouseCoopers

In attendance

Prof Martin Earwicker	Vice Chancellor
Dr Phil Cardew	Pro Vice Chancellor (Academic) (<i>for minutes 1-10 and 18-25</i>)
Natalie Ferer	Financial Controller (<i>for minutes 1-19 and 21-25</i>)
Dr Andrew Fisher	Academic Registrar (<i>for minutes 1-6</i>)
Richard Flatman	Executive Director of Finance
Stephen Kay	Head of Residential and Catering Services (<i>for minute 11</i>)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome and apologies

1. No apologies had been received.

Declarations of Interest

2. Steve Balmont declared an interest in the item on speak up arrangements as a director of the company which owned one of the prospective providers of a whistleblowing advice line service. The committee noted the declared interest.

Minutes of the last meeting

3. The minutes of the meeting held on 30 October 2012 were approved (paper **AC.01(13)**). The minutes were approved for publication subject to the proposed redactions, with the exception that the figure in minute 8 should not be redacted.

Matters Arising

4. There were no matters arising from the previous minutes which were not picked up elsewhere on the agenda.

HESA Improvement Project

5. The committee noted an update on the HESA Improvement project from the Pro Vice Chancellor (Academic) and Academic Registrar (paper **AC.02(13)**). It was noted that the HESA submission had been made for 2012 and that it had met HEFCE requirements. Management required further improvements to data quality to help improve internal decision making. The committee noted that progress was being made.
6. The committee requested the update to the Board to include a project plan with key steps.

Dr Andrew Fisher left the meeting.

TRAC Return – Internal Audit report

7. The committee discussed the internal audit report on the TRAC return process (paper **AC.14(13)**), which was given a classification of medium risk. It was noted that the audit did not check the accuracy of the underlying data but the management process to ensure accuracy.

TRAC Return

8. The committee discussed the annual TRAC return which, following review by the Chairman, had been submitted to HEFCE (paper **AC.03(13)**) on time. The committee requested management to ensure timely preparation of future TRAC returns so that the approval process can be completed on time. The committee noted that the data had met all the validations tests. The committee ratified the return and its submission.

Halls of residence debtors

9. The committee discussed a report on halls of residence debtors (paper **AC.04(13)**), which had been produced following concerns raised in the key issues memorandum by Grant Thornton as part of the year end audit (minute 9 of 30 October 2012 refers).
10. The committee expressed concern that the system had not been working for five years and that the Audit Committee had not been made aware of the issue. The committee requested that they receive an annual report on the level of unpaid halls fees.

Stephen Kay entered the meeting. Dr Phil Cardew left the meeting.

11. The committee approved the write off of £643k of cumulative halls of residence bad debt. The committee requested assurance that the problem had now been solved via a report at the next meeting demonstrating that the system was now working well. The committee noted that independent assurance would be provided by the continuous auditing programme.

Stephen Kay left the meeting

Quarterly Risk Report

12. The committee discussed the corporate risk register (paper **AC.05(13)**), which had been updated by the Executive. The register would be reported to the board meeting in March 2013.

Internal Audit Progress Report

13. The committee noted the Internal Audit progress report (paper **AC.06(13)**). The committee noted that all follow up actions had been implemented and that work on risk appetite was still in progress.
14. The committee requested that April be included in quarter 3 audit work.

Quarter 4 (2011/12) Continuous auditing report

15. The committee noted the quarter 4 (2011/12) continuous auditing report (paper **AC.07(13)**), a draft of which had been considered at the previous meeting.

Quarter 1 (2012/13) Continuous auditing report

16. The committee discussed the quarter 1 (2012/13) report (paper **AC.08(13)**). The committee expressed concern at the exception report in payroll, following the incident in the payroll department in 2012. It was noted that since quarter 1 a new payroll manager and team leader had been appointed and that an action plan had been agreed to resolve the problems.
17. The committee noted that a new payroll system was being implemented and requested the internal auditors to undertake a pre-implementation review.

Dr Phil Cardew entered the meeting

Capital Projects – Internal audit report

18. The committee noted the internal audit report on capital projects (paper **AC.09(13)**), which had been given a low risk rating. The committee emphasised the importance of post-expenditure reviews.

Counter Fraud – Internal audit report

19. The committee noted the internal audit report on counter fraud (paper **AC.10(13)**), which had been given a medium risk rating.

Natalie Ferer left the meeting

Finance Department Structure

20. The committee noted the update on the finance department structure and succession planning (paper **AC.11(13)**). It was noted that the key change in year had been the appointment of a new Financial Planning Manager.

Natalie Ferer entered the meeting

Anti-fraud, bribery and corruption report

21. The committee noted that no instances of fraud, bribery or corruption had been detected since the last committee meeting (paper **AC.12(13)**).

Speak up report

22. The committee noted that no issues had been raised through the speak up procedure since the last committee meeting (paper **AC.13(13)**).

23. As required under the speak up policy the committee undertook an annual review. The committee discussed the independent reporting route via the Chairman. After consideration, the committee agreed that an external advice line service was not required. The committee requested the policy to be amended to emphasise the existing independent reporting route to the Chair of the Audit Committee.

Matters to report to the Board

24. The committee noted that the matters to report to the Board were the approval of the TRAC return and the approved write off of halls of residence debts.

Date of next meeting

25. It was noted that the next meeting would be at 4pm on Thursday, 13 June 2013.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman