

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 26 February 2015
In room 1B27, Technopark, London Road, London, SE1

Present

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

External Auditors

David Barnes	Grant Thornton
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Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers (<i>until minute 29</i>)
Justin Martin	PricewaterhouseCoopers (<i>until minute 29</i>)

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
Rob McGeechan	Director of ICT (<i>for minutes 13-15</i>)
Ian Mehrtens	Chief Operating Officer (<i>for minutes 13-15</i>)
Michael Broadway	Governance Manager

Welcome and apologies

1. The Chairman welcomed members to the meeting. Apologies had been received from James Stevenson.

Declarations of Interest

2. No interests were declared on any item on the agenda.

Minutes of the last meeting

3. The minutes of the meeting held on 30 October 2014 were approved subject to minor amendments (paper **AC.01(15)**). The amended minutes were approved for publication subject to the proposed redactions. The committee requested that minute 13 is published.

Matters arising

4. There were no matters arising from the previous minutes which were not picked up elsewhere on the agenda.
5. Minute 24 of 30 October 2014 refers - the Vice Chancellor updated the committee on the UK Visas and Immigration investigation.
6. The risk appetite framework was approved by the Board at its meeting of 20 November 2014. A discussion on the Board's appetite for risk would take place at the Board strategy day of 23 April 2015.

Change programme update: informed decision making

7. The committee discussed an update on the informed decision making theme of the change programme (paper **AC.02(15)**). The *League Table* project had been completed and a project closure report is being prepared for the Executive. Progress on the *Corporate Performance Management* and the *Data Quality and Management* projects was noted.

Internal audit progress report

8. The committee noted a progress report on internal audit work (paper **AC.03(15)**). It was noted that the internal auditors were halfway through their plan for the year. The committee noted that the second audit of the change programme had been deferred to quarter 4.
9. The committee noted that the implementation rate of recommendations had dropped from previous reports and requested the Executive to monitor this closely.

Continuous Auditing: Key Financial Systems, period 2 2014/15

10. The committee noted the continuous auditing report for period 2, 2014/15 (paper **AC.04(15)**). There had been a slight decline in performance this quarter with accounts payable and cash graded at amber (green for period 1 2014/15).

Continuous Auditing: Student data, period 1 2014/15

11. The committee noted the continuous auditing report for student data for period 1, 2014/15 (paper **AC.05(15)**). This was the first continuous auditing report for student data.

12. The committee requested that the Deputy Academic Registrar attend the next meeting for the continuous auditing report on student data.

Internal audit report – Data Security

Ian Mehrtens and Rob McGeechan joined the meeting

13. The committee noted the internal audit report on data security, which was rated as high risk (paper **AC.06(15)**). Three high risk issues were identified:
 - a. Lack of integration between HR and ICT records for leavers;
 - b. Physical security; and
 - c. Logical security.
14. The audit committee expressed concern at the risks in the report and requested an update on progress of implementing the recommendations at the audit committee meeting of 4 June 2015.
15. It was reported that the post of Head of Information Security had been created and recruitment was underway. The post would provide leadership in a specialised and complex area.

Ian Mehrtens and Rob McGeechan left the meeting

Risk Register

16. The committee noted the risk register (paper **AC.07(15)**).
17. The committee noted that following new guidance from the Home Office the risk on international recruitment would be reviewed.

New statement of recommended practice (SORP) update

18. The committee noted an update on preparations for the new SORP and FRS102 which all higher education providers have to adopt for accounting periods starting on or after 1 January 2015 (paper **AC.08(15)**). Under the new SORP the figures for year ending 31 July 2015 would be restated in the 2016 accounts.
19. It was noted that the main impact of the revised SORP would be the accounting treatment of non-government grant income and enhanced disclosures around related parties and senior staff remuneration.

20. A further update on the revised SORP and new accounting policies would be considered by the Audit Committee at its meeting of 4 June 2015.

Transparent Approach to Costing (TRAC) Return

21. The committee discussed the TRAC return which had been submitted to HEFCE on time (paper **AC.09(15)**). The committee noted that the data had met all the validations tests. The committee ratified the return and its submission.
22. It was noted that a management, time limited working group to oversee the TRAC process would be set up.

Speak up – independent channel to raise concerns

23. The committee noted an update on the procurement of an independent channel to raise speak up issues (paper **AC.10(15)**). A mini tender was underway involving three suppliers. The preferred supplier would be approved by the Chairman of the Audit Committee. A revised speak up policy reflecting any changes needed in relation to the new independent channel to raise concerns would be considered by the Audit Committee at its meeting of 4 June 2015.

Speak up report

24. The committee noted the speak up report (paper **AC.11(15)**). One matter had been raised under the speak up policy since the last meeting. It was reported that it was appropriate for this matter to be dealt with under the grievance procedure.

Anti-fraud, bribery and corruption report

25. The committee noted the anti-fraud, bribery and corruption report (paper **AC.12(15)**). No issues had arisen since the last Audit Committee meeting.

Finance and Management Information Department structure and leadership team

26. The committee noted an update on the finance department structure and leadership team (paper **AC.13(15)**). It was noted that following changes to professional service departments, Finance and Management Information (FMI) had been created by combining the Finance department with elements of the Registry function. The purpose of the new department is to lead the

finance function and facilitate business planning and corporate performance review.

27. Divisions within FMI are financial control; planning, information and reporting (including elements of the Registry); fees and bursaries; procurement; and systems and business continuity.

Matters to report to the Board

28. The committee requested that the outcomes of the continuous auditing of student data and of the data security internal audit, an update on the speak up advice line, and the internal audit tender (see minute below) are reported to the Board meeting of 14 May 2015.

Any other business

29. The committee congratulated Shachi Blakemore on her appointment as an independent governor of the University.

Internal audit tender update

PwC and Grant Thornton left the meeting

30. In the absence of PwC, the current internal auditor, the committee noted an update on the internal audit tender process from the Chief Financial Officer. Three bids had been received for the internal audit contract. Following review, led by the Chairman of the Audit Committee, all three firms would be invited for interview on 13 March 2015. The Board of Governors would be asked to ratify the appointment at its meeting of 14 May 2015.

Date of next meeting

31. It was noted that the next meeting would be at 4pm on Thursday, 4 June 2015.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman