

Minutes of a Meeting of the Audit Committee  
Held at 4pm on Thursday, 6 February 2014  
In room 1B27, Technopark, London Road, London, SE1

**Present**

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

**External Auditors**

David Barnes	Grant Thornton
Amanda Tilley	Grant Thornton

**Internal Auditors**

Charlotte Bilsland	PricewaterhouseCoopers ( <i>except minutes 21-23</i> )
Justin Martin	PricewaterhouseCoopers ( <i>except minutes 21-23</i> )

**In attendance**

Prof Phil Cardew	Pro Vice Chancellor (Academic)
Natalie Ferer	Financial Controller ( <i>except minute 14</i> )
Dr Andrew Fisher	Academic Registrar ( <i>for minutes 11-12</i> )
Richard Flatman	Chief Financial Officer
Ian Mehrtens	Executive Director of Corporate Services ( <i>for minutes 1-6</i> )
Prof David Phoenix	Vice Chancellor and Chief Executive
James Stevenson	University Secretary and Clerk to the Board of Governors
David Swayne	Chief Information Officer ( <i>for minutes 1-6</i> )
Michael Broadway	Governance Officer

**Welcome and apologies**

1. Apologies had been received from Steve Balmont.

**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 2013 were approved (paper **AC.01(14)**). The minutes were approved for publication subject to the proposed redactions.

**Matters arising**

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

**ICT security update**

5. The committee noted an update on ICT security from the Executive Director of Corporate Services and the Chief Information Officer following the internal audit report considered at their meeting of 13 June 2013 (minutes 13-14 refer) (paper **AC.02(14)**).
6. The committee noted that all actions from the internal audit report had been completed except the purchase of the new user administration solution and the agreement of a Logical Security Policy. The user administration solution was part of the proposed contract with IBM. The solution was expected to be complete by June 2014. Approval of the contract with IBM was being discussed by a sub-committee of the Board on Friday 7 February 2014.

*Ian Mehrtens and David Swayne left the meeting*

**Transparent Approach to Costing (TRAC) Return**

7. The committee discussed the TRAC return which had been submitted to HEFCE on time (paper **AC.03(14)**). The committee noted that the data had met all the validations tests. The committee ratified the return and its submission.

**Quarterly Risk Report**

8. The committee discussed the quarterly risk report (paper **AC.04(14)**). It was noted that two new risks around the impact of the current restructuring on service levels to students (residual risk high) and the risk of academic programmes not remaining engaged with technological and pedagogic developments (residual risk medium) had been added to the corporate risk register.

### **Internal Audit Progress Report**

9. The committee noted the internal audit progress report (paper **AC.05(14)**). It was noted that the internal auditors were halfway through their plan for the year.

### **Continuous Auditing, Quarter 1 2013/14**

10. The committee noted the quarter 1 continuous auditing report for 2013/14 (paper **AC.06(14)**). There had been a slight decline in performance this quarter with payroll, accounts receivable and general ledger graded at amber (green for quarter 4 2012/13). The committee noted that while the control environment was still good there was sometimes a lack of consistency across different areas of the University which the proposed new schools and professional service groups hoped to improve.

### **Internal Audit Report – Student Module Data**

*Dr Andrew Fisher joined the meeting*

11. The committee discussed an internal audit report on Student Module Data (paper **AC.07(14)**), which was rated as high risk. The committee noted that management were aware of the issues and that the report was helpful in determining the extent of the problem.
12. It was noted that some of the concerns of the report centred around inconsistent practices across the faculties and that this issue would be addressed by the appointment of a single line manager for the faculty offices as part of the move to Schools.

*Dr Andrew Fisher left the meeting*

### **Internal Audit Report – HESA Finance Return**

13. The committee noted an internal audit report on HESA Finance Return (paper **AC.08(14)**), which was rated as low risk.

### **Finance Department Structure/Succession Planning**

*Natalie Ferer left the meeting*

14. The committee noted an update on the finance department structure which had not fundamentally changed in the last year (paper **AC.09(14)**). It was

noted that with the current changes to professional service departments, aspects of the department may change.

*Natalie Ferer returned to the meeting*

### **Anti-fraud, bribery and corruption report**

15. The committee discussed the anti-fraud, bribery and corruption report (paper **AC.10(14)**). Three instances of suspected fraud were reported: a potential fraud in the Faculty of Engineering, Science and the Built Environment (ESBE) which had been reported to the Board in November 2013; an estates purchasing matter; and attempted amendment of supplier bank details.
16. It was reported that the academic misconduct process had begun against the students involved in the suspected fraud in ESBE.
17. It was reported that the estates purchasing matter involved a member of staff in the estates department authorising expenditure without the correct authorisation and without issuing a purchase order. The committee noted that the individual was subject to a disciplinary investigation and the committee requested clarity on whether the matter was a breach of regulations or an attempted fraud.
18. It was noted that the attempt to amend supplier bank details had been identified through routine checks.

### **Speak up review and report**

19. The committee reviewed the speak up policy (paper **AC.11(14)**), and agreed that no changes to the policy were necessary at present.
20. No speak up matters had been reported since the last committee meeting.

### **Internal Audit contract extension**

*Justin Martin and Charlotte Bilisland left the meeting*

21. The committee discussed the executive's recommendation to extend the contract of PricewaterhouseCoopers (PwC) as internal auditors for an additional year (paper **AC.12(14)**). It was noted that PwC were appointed in 2010 for an initial three year term with the opportunity to extend on an annual basis thereafter for a further two years.

- 22. On the basis that agreed performance standards had been met by PwC the Audit Committee approved extending PwC's contract as internal auditors for an additional year. The committee requested that this be reported to the Board at its meeting of 20 March 2014.
- 23. As this would be the final permitted extension to PwC's appointment, it would be necessary to re-tender for internal auditors during mid-2014.

*Justin Martin and Charlotte Bilsland returned to the meeting*

**Matters to report to the Board**

- 24. The committee requested that the TRAC return, fraud update and the reappointment of PwC as internal auditors are reported to the Board meeting of 20 March 2014.

**Any other business**

- 25. The Vice Chancellor reported that with the proposed development of the University's structures, all financial and non-financial data would be brought together under one manager which should improve consistency of data reporting.

**Date of next meeting**

- 26. It was noted that the next meeting would be at 4pm on Thursday, 12 June 2014.

The Chairman closed the meeting.

Confirmed as a true record:

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Chairman