

**Minutes of the Audit and Risk Committee held on Wednesday 15 June 2011 at 5.30 pm in the Principal's office,
 Science Park Campus, Cambridge**

MINUTES

Present Vernice Key [Chair]
 Anne Kent
 Vicky Parrett
 Ros Francis

In attendance Chris Lang
 Charlotte Skinner
 Andrew Strickland [Scrutton Bland]
 Paul Goddard [Scrutton Bland]
 Jonathan Holmes [RSM Tenon]

Clerk Julia Kennedy

			Action	By
1.	Matters that are confidential	<i>There were no confidential matters that the Committee wished to discuss with the Auditors.</i>		
2.	Apologies for absence	Apologies were received from David Hoose of RMS Tenon.		
3.	Minutes of the meeting held on 16 March 2011 and matters arising	<p><u>Minutes:</u> the Minutes were agreed to be a true record, subject to one amendment, and signed by the Chair.</p> <p><u>Matters arising:</u> 5(iv) Internal Audit Report: International Students: the follow-up review of the International Office had been incorporated into the Annual Internal Audit Plan 2011/12.</p>	Clerk	
4.	Declaration of Interests	Vicky Parrett declared her position as a member of the College's finance team.		

<p>5.</p>	<p>AUD/19/10-11 Internal Audit Reports 2010/11: i) Management Information ii) Corporate Governance</p>	<p><i>Scrutton Bland presented the final two reports for the year.</i></p> <p><u>(i) Management Information</u> This was a consultancy review and, while no overall assurance level was provided, the auditors concluded that management information available was consistent, timely, and accessible. One best practice point and three added value points were made. At the end of the discussion Paul Goddard confirmed that, if an assurance level had been provided, it would have been strong.</p> <p>The objective of the audit was to ensure that key management information produced is comprehensive and sufficient to monitor performance against targets and strategic objectives, and the methods used to produce the information are fit for purpose. The wide scope provided for an examination of key systems and meetings with operational managers.</p> <p>The report noted the College's aim to consolidate the number of systems, with plans to reduce from five to four by the end of 2012, which would speed up report writing. Consideration was being given to implementing a dashboard screen to enable staff to view all reports relevant to them at login stage. This would help mitigate risks associated with multiple sources of data.</p> <p>Committee Members asked about the impact on information systems of the changing needs and the requirement to generating income, and whether the systems needed to be redesigned. The Committee also discussed the efficiencies that could be gained from automating registers and noted the plans to pilot automated registers in the H&B building from September. The system would include portable devices to enable registers to be taken off-site and enable future development, for example to enable students to make payments. On absences, Chris assured the Committee that present systems ensure very fast chase-up of students that an automated system was unlikely to speed-up.</p> <p><u>(ii) Corporate Governance</u> The level of assurance provided was significant, with two recommendations made and three added value points.</p> <p>The objective was to ensure that Members of the Corporation are able to make appropriate decisions based on a clear definition and delegation of authority, and that relevant Corporation information is available to members of the public.</p>		
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6.	AUD/20/10-11 Progress Report on Actions Arising from Internal Audit Reports	<p><i>This item was considered after item 7.</i></p> <p>This report is provided to enable the Audit Committee to monitor progress against audit recommendations. There were 8 recommendations outstanding: 6 were medium priority, and 2 were low priority.</p> <p>The medium priority recommendation included agency staff utilisation, monitoring course forecasts, agreements for Practical Learning Opportunities, MoUs for courses other than diplomas, policies and procedures for external funding bids, and post project evaluation. Charlotte explained that these recommendations related to areas of low-level activity and, in view of this reduced risk, asked how much further the Committee wished to pursue implementation of these recommendations.</p>		

		<p>In relation to the outstanding low risk recommendations, Charlotte reported that progress was being made on implementing the recommendations relating to a recruitment policy and obtaining feedback on the VLE.</p> <p>The Committee noted that any residual risk in relation to business development was covered in the audit plan for 2011/12. An extensive discussion followed that covered—</p> <ul style="list-style-type: none"> • whether business development was an area where there was sufficient accountability • the extent to which this came under the purview of the Finance and Resources Committee • the impact of individual staff and their responsibility and accountability • the potential that risks were not properly understood • use of risk assessment and its place in the current processes and procedures. <p>Chris Lang explained the use of risk assessment in relation to a number of projects, including SmartLIFE and the Deakin Centre, and the role of sensitivity analysis. The Committee requested that risk assessment was included in the internal audit plan: they were concerned to ensure that CRC policy was effective, that it was complied with, and that information provided to Governors was both timely and clear. Paul Goddard confirmed that these issues could be incorporated in the audit of business development, which was set down for 4 days.</p> <p>The Committee received the report on outstanding audit actions, and noted that the issues they raised would be incorporated in the audit of business development.</p>	Scrutton Bland	2011/12 Internal Audit
7.	AUD/21/10-11 Audit Risk Assessment and Strategic Internal Audit Plan 2011/12 to 2013/14 and Annual Internal Audit Plan 2011/12	<p>The audit strategy is risk-based and key issues taken into account included funding cuts, the Government’s focus on apprenticeships, and the need for timely and accurate management information.</p> <p>The majority of planned audits followed the strategy developed in consultation with the College and the Committee last year. One change was the increased emphasis given to the audit of business development/income generation, where an audit of 4 days was proposed.</p> <p>Four days was also proposed for governance/risk management to enable a consultancy approach to both and production of an assurance map.</p>		

		<p>Financial controls, also allocated 4 days, were an annual theme with the focus agreed each year. Lecturer deployment, allocated 6 days, was using 4 days carried over from the current year. Also covered in the plan were Marketing, Safeguarding, Partnerships, and Student Records.</p> <p>Governors asked for a more appropriate title to the safeguarding report than “Safeguarding Children”, and whether greater emphasis was needed on business development and partnerships. Chris explained that currently there was only one project but that the number of days’ allocated could be reviewed at a later date.</p> <p>The Committee approved the Audit Risk Assessment and Strategic Internal Audit Plan 2011/12 to 2013/14 and the Internal Audit Plan 2011/12.</p>	Scrutton Bland	2011/12 Internal Audit
8.	AUD/22/10-11 Audit Planning Memorandum for Financial Statements 2010/11	<p>The Planning Memorandum provided the audit strategy for the 2010/11 Financial Statements audit. Jonathan Holmes explained that it would cover both the financial statements and regularity, and Tenon would report via their management letter.</p> <p>The Memorandum covered scope of the audit, audit independence and objectivity, audit approach, identifying risks, audit risks [which would include the accounting treatment of the VAT refund], significant accounting and reporting developments, timing and the audit team.</p> <p>Committee Members considered that Section 6 on accounting and reporting developments was particularly useful.</p> <p>The Audit Committee approved the Audit Planning Memorandum for the Financial Statements 2010/11 and recommended that Section 6 was shared with the Finance and Resources Committee.</p>	CL/Clerk	29 June 2011
9.	AUD/23/10-11 College Risk Register	<p>Chris Lang reported that he was undertaking a review of the approach to risk management, which he had taken on after Andrea Chilton left the College. His proposal for a streamlined approach would be considered by the SMT and presented to the July meeting of the Corporation.</p> <p>The new approach would focus on—</p> <ul style="list-style-type: none"> • Providing more information on mitigation for those risks categorised as red • developing a strategy for implanting risk management practice more effectively throughout the College 		

		<ul style="list-style-type: none"> aligning the risks in the register with the 6 goals in the VGSM Introducing 3 impact measures: on finance, quality, and reputation – and a scale of measurement against these. <p>The aim was the “sharpen up” the risk register and would involve re-orientating some information provided. Each department would develop a plan against the VGSM incorporating a risk assessment, and a risk matrix would be developed for each VGSM.</p> <p>Committee Members asked that a system of flagging changes could be incorporated. In answer to Members questions about how the register was used and for whom it was intended, Chris explained it was a management planning tool and provided the example of SMT monitoring the risk of increasing competition from schools and planning mitigation. Members emphasised the importance of risk ownership and of their being provided with appropriate information so that they could properly consider the risks.</p> <p>The Committee received the College Risk Register, noted the work in progress and that a revised approach would be brought to the July meeting of the Corporation.</p> <p><i>Andrew Strickland and Paul Goddard [Scrutton Bland] and Jonathan Holmes [RSM Tenon] left at the end of this item.</i></p>	CL	13 July 2011
10.	AUD/24/10-11 Recommendation for Re-appointment of Internal Audit Service Auditor for 2011/12	<p>This was the end of the first year of the appointment of Scrutton Bland and the Committee agreed that it had been helpful to have new auditors and a change in audit approach, questions asked, and suggestions made. The Committee also agreed that Scrutton Bland’s recommendations were well thought out with useful added-value points, their auditors took a holistic and balanced view, and the reports reflected the extent of their experience in sector. The Committee were pleased that the same auditor who undertook the work attended their meetings, and noted that their daily rate was competitive.</p> <p>The Audit Committee recommended to Corporation the reappointment of Scrutton Bland as the provider of Internal Audit Services for 2011/12.</p>	CL	13 July 2011
11.	Self Assessment of Governors’ Performance	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked the following questions—</p> <ul style="list-style-type: none"> Were the agenda and papers clearly presented? Was there time for sufficient debate and critical review of each item? Do members consider that they were able to participate fully? 		

		Committee Members provided a positive response to each question. They also asked whether page numbering, which had been inserted during printing, could be provided on an ongoing basis.		
12.	Any other business	There was no other business.		
13.	Date of next meeting	The date of the next meeting was agreed as 16 November 2011.		
<p>The meeting closed at 7.05 pm.</p> <p>Julia Kennedy Clerk to the Corporation</p> <p>SignedChair</p> <p>Date.....</p>				