

Minutes of the Audit Committee held on Tuesday 4 March 2008 at 4.00 pm in the Principal's Room, Science Park Campus, Cambridge.

MINUTES

Present

Raymond Tait (Chair)
Ben Bradnack (from 5.05 pm)
Amanda Last

In attendance

Chris Lang
Charlotte Skinner
Paul Foreman (PricewaterhouseCoopers LLP)

Clerk

Julia Kennedy

Section 1: Matters that are Confidential		Action	By
	<p>The opportunity was taken by the Chair to ask the auditor about the two reports that had taken an exceptional time to complete. Paul Foreman explained that, despite the delay, the substance of the reports was unchanged and there were no significant issues identified in the reports. The delay resulted from the time it had taken for key players at the College to engage with the recommendations. This was caused by a number of exceptional reasons.</p> <p>There were no matters that the auditors wished to raise in confidence with Governors.</p>		

Section 2: General			Action	By
2.1	Apologies for absence	Apologies were received from John Cousins and Elaine Olson.		
2.2	Minutes of the meeting held on 21 November 2007	The Minutes were agreed to be a true record, with one amendment (at 3.5) and signed by the Chair.		
2.3	Matters arising from the Minutes	The Chair asked that his concern about the delay in completing the two outstanding audit reports is recorded. There were no other matters arising.		
2.4	Declaration of Interest	There were no declarations of interest.		
Section 3: Matters for Decision			Action	By
3.1	AUD/1//07-8 Internal Audit Reports 2006/7— <ul style="list-style-type: none"> ○ Business Continuity ○ Single Site Project ○ Follow Up 	<u>Business Continuity</u> This is one of the delayed reports, only recently finalised. Moderate assurance was awarded. There are two separate business continuity plans: one covering facilities and estates and one dealing with IT. Auditors consider that the IT plan is a better reflection of good practice and recommend the plans are amalgamated or, if this is not possible, greater consistency is achieved across the two plans. In particular, auditors emphasised the role of desk-top and scenario testing in risk mitigation. Governors asked about insurance and wanted to know where the plans are located: copies (both printed and electronic) are kept offsite and in the offices of key staff.		

		<p><u>Single Site Project</u> There are now two reports, one dating from November 2006 and a more recent report. Both provide a high level overview and identify key issues.</p> <p>In 2006, moderate assurance was awarded and auditors noted 9 key risks including—</p> <ul style="list-style-type: none"> • the need for the high level project risks to be represented in the College Risk Register • reliance on key personnel • some issues around contract signing <p>In 2008, high assurance was awarded. The second report shows that there are now robust processes around contracts, and improvements in a number of other areas. The project is well managed, with critical path and risk register in place. Governors have been kept well informed of progress. A number of examples of good practice have been identified by the auditors.</p> <p>There was some discussion about the validity of the recommendations in the first report (which Governors considered had negative elements) in the light of good practice identified in the second report. Paul Foreman explained that the nature of the risks have changed over time.</p> <p>Governors asked about the potential for conflict of interest in the tender process. Chris Lang confirmed that the tender had been carried out by College management and that Fusion was significantly the best submission. The matter was noted by auditors without recommendation.</p> <p><u>Follow Up of Previous Recommendations</u> The report was prepared in June 2007 and summarises the position at that point in time. A number of recommendations relate to updating the financial regulations.</p> <p>Governors asked about outstanding recommendations that are high risk. Chris Lang confirmed that 9 of these 11 from the previous 5 years had been cleared and there are plans in place to resolve others. These relate to the scheme of delegation and the data protection policy, both of which would be considered by Corporation by July 2008.</p>		
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3.2	<p>AUD/11/07-8 Internal Audit Reports 2007/8—</p> <ul style="list-style-type: none"> ○ HR System ○ Single Site Project ○ Procurement ○ Payroll 	<p><u>HR System</u> Moderate assurance awarded. The College had challenged some of the issues raised and the Chair asked whether, as a consequence, there would be a delay in auctioning the report. Chris Lang explained that the majority of recommendations have been actioned and the difference of opinion relates to the risk rating rather than the recommendations.</p> <p><u>Single Site Project</u> <i>See above.</i></p> <p><u>Procurement</u> Moderate assurance awarded. Governors noted that the College has developed a procurement strategy that will be considered by the Finance and Resources Committee at its next meeting. Procurement was previously audited in 2005 and a number of improvements have been made including relocating purchasing from Facilities to Finance.</p> <p><u>Payroll</u> Moderate assurance awarded. The last audit report made a number of recommendations and in response a new payroll system, Earnie, was put in place. There are no high risk issues and Governors noted that all but one of recommendations has been implemented.</p> <p>The Committee approved the internal audit reports for the 2007/08 year relating to HR Systems, Procurement, and Payroll.</p>		

		Chris Lang identified that further reports are in progress and will be completed by the time of the next Audit Committee Meeting. Some audit days have been freed up and there was discussion about how these might be used, for example staff timetabling or “value for money”, or rolled on to the following year.		
3.3	AUD/12/07-8 Audit Committee Terms of Reference	As the College no longer has funding auditors, a change of terminology to funding methodology consultants is proposed. The terms of reference are consistent with the latest guidelines issued by the LSC in April 2007. The Committee <u>recommended</u> the revised terms of reference to Corporation.		
Section 4: Matters for Information			Action	By
4.1	AUD/13/07-8 Progress Report on Actions Arising from Internal Audit Reports 2006/7	The progress report covers the actions arising from the areas audited by PricewaterhouseCoopers LLP in 2006/07, including— <ul style="list-style-type: none"> • Sickness Absence Management • Corporate Governance “Every Child Matters” • EBS Timetabling Review • Risk Management • Budgetary Control • Bank Accounts and Treasury Management • Key Controls All high risk recommendations have been actioned. Governors were pleased and noted that this is an improvement on the previous year. The Committee <u>received</u> and <u>noted</u> the report.		
Section 5			Action	By

5.1	Self Assessment of Governors' Performance	The Committee noted — <ul style="list-style-type: none"> • the robust position on outstanding high risk audit recommendations • that the plan of work for the year and the agenda for this meeting reflect the requirements of the terms of reference • the improved position in relation to internal audit reports: there is a higher level of assurance provided, with more recommendations completed. 		
5.2	Any other business	The expiry of the term of office of one of the Committee members was noted and the Clerk was asked by the Chair of the Search Committee to draft a recommendation for consideration by the Corporation. There was no other business.	Clerk	19.03.08.
5.3	Date of next meeting	The date and time of the next meeting was confirmed as 11 June 2008 at 5.15 pm.		
		<p>The meeting closed at 5.50 pm.</p> <p>Julia Kennedy Clerk to the Corporation</p> <p>SignedChair</p> <p>Date.....</p>		