

**AUDIT AND RISK COMMITTEE**  
**Tuesday 11 November 2014**

**CONFIRMED MINUTES**

**Present:**

David Willis (Chairman)	Kathryn Barrow	Elizabeth Hall
Richard Learwood (dial-in)	Melissa Tatton	

**In attendance:**

Monique Arthur	Dr Sally Burtles [AOB]	Professor Bill Spence [item 6]
Professor Susan Dilly	Claire Eustace (External Audit)	David Marks
Sian Marshall	Jonathan Morgan	Nick Rolfe (Internal Audit)
Hayley Simpson (Secretary)	Mike Shore-Nye	Neil Thomas
Jane Tirard	Janice Trounson	

**Apologies**

Clive Everest (External Audit)	Simon Linnett
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**In-camera meeting with External Auditors**

2014.019 Prior to the commencement of the Committee meeting, the members of the committee attended a private meeting with the External Auditors, during which the External Auditors advised that they had no issues to raise beyond those already included in the report, and that QMUL had cooperated fully throughout the audit process.

**Part 1: Preliminary Items**

2014.020 The Chairman:

- [a] welcomed members and attendees to the meeting;
- [b] welcomed Richard Learwood, who was dialling into his first meeting after his recent appointment to the Committee. The Secretariat would arrange an appropriate induction in due course;
- [c] thanked the Director of Finance, who was attending her final Committee meeting having recently tendered her resignation from QMUL, for her valued contributions. The Chairman informed members that he will be involved in the impending recruitment process to appoint the new Director of Finance.

**Executive Summary and Minutes of the meeting 10 September 2014 [ARC2014/15]**

2014.021 The Committee **confirmed** the Executive Summary, non-confidential and confidential minutes of the meeting on 10 September 2014, subject to the clarification that co-opted member Melissa Tatton had sent her apologies for the meeting.

### **Matters Arising [ARC2014/16]**

2014.022 The Committee **noted** the following matters arising from the non-confidential minutes of the meeting on 10 September 2014.

#### **Minute 2014.003 Anti-bribery and Corruption Compliance Policies Update**

[c] The School of Physics and Astronomy had provided an updated figure of 85% compliance in response to the Committee's continued concerns at the previous meeting. The Chairman was satisfied that adequate progress had been made in advance of the meeting on 11 November, which removed the need to invite a representative from the School to the meeting. The Chief Operating Officer and Director of Finance informed members that during recent discussions with the Centre for Academic and Professional Development, it was agreed that the training will be added to the online 'MyHR' system in order to encourage compliance, together with inclusion in the staff induction and a general refresher of training. Council members should also be asked to complete the training.

*Action:* Council Secretariat

#### **Minute 2014.005 Strategic Risk: Biannual report for Council [ARC2014/04]**

[d] At the Council meeting on 28 October 2014, Council members agreed that the bi-annual report was no longer a necessary requirement, taking account of the fact that Council receives an executive summary of each Committee meeting and the Annual report, which is the key component of the Committee's reporting structure.

#### **Minute 2014.018 Any other business (in-camera meetings with IA)**

[c] The Secretariat had amended the Committee's annual schedule of business to note that future 'in-camera' meetings with the Internal Auditors should be held after the Committee has received the Internal Auditor's annual report.

2014.023 *Minute 2014.023 is confidential.*

## **Part 2: External Audit**

### **External Audit Opinion on Financial Statements 2013-14 and Management Letter [ARC2014/18]**

2014.024 *Minute 2014.024 is confidential.*

### **Audited Financial Statements [ARC2014/17]**

2014.025 Minute 2014.025 is confidential.

### Part 3: Risk Management

#### Research risk register [ARC2014/19]

2014.026 The Committee **noted** the draft Risk Register for Research, and the draft QMUL Research Strategy 2014.

- [a] The Vice-Principal (Research) explained that Senate will review the draft Research Strategy in December 2014, followed by the Strategic Risk Management Group at its next meeting. The general view of the Committee on the draft Risk Register was positive, with the suggestion that there was scope for further streamlining.
- [b] The Deputy Director of Strategic Planning explained that each of the cross-cutting Vice-Principals will be required to produce a risk register, together with an implementation plan. It was expected that the risk registers would improve and mature throughout the lifecycle. The Committee was pleased to hear that the process for developing local risk registers was working, as evidenced by the Risk Register for Teaching and Learning drafted in August 2014, however members emphasised that the advised upper limit of 25 risks needed to be flexible to ensure that all appropriate risks were listed.
- [c] Members congratulated the team in reaching this position, and it was agreed that the induction for new Committee members should include an overview on, and changes to, the Risk Register.

#### Strategic risk management (risk register) [ARC2014/29]

2014.027 The Committee **noted** the quarterly report on QMUL's strategic risk management framework.

- [a] Members were satisfied with the format of the report and felt that the information provided in the table, by request of the Committee at the previous meeting, was helpful. On the subject of the Change Log, the majority of members agreed that this should continue to be included in future reports. Members suggested that the February meeting would be an appropriate time to review progress on how the Risk Register was operating.
- [b] There was a need to define how the Committee will report on risk to Council owing to the recent decision to discontinue the biannual risk report. It was agreed that increases and reductions in risks will be included in the Committee's Executive Summary for Council.
- [c] Members discussed the current format of the 'deep dive' reports, which was managerial focused, and agreed that it should be refreshed for future reports in order to better align with the new QMUL Strategy. The Council Secretariat will meet with the Vice-Principal (Teaching and Learning) and the Deputy Director

for Strategic Planning to produce a list of potential topics for the next twelve months, taking account of the Internal Audit plan for 2014-15 and the Committee's schedule of business. The proposed topics, which needed to remain subject to change and would be contingent on timing, would be considered at the meeting in February.

*Actions:*

[c] Council Secretariat, Vice-Principal (Teaching and Learning), Deputy Director of Strategic Planning

### **Whistleblowing cases since the last meeting [Oral report]**

2014.028 The Finance Director **reported** that there had been no cases under the Public Interest Disclosure Policy since the last meeting.

### **Part 4: Financial Control**

#### **Fraud/Financial irregularities occurring since the last meeting [Oral report]**

2014.029 The Finance Director **reported** that there had been no cases of fraud or financial irregularity since the last meeting.

#### **Value for Money annual report [ARC2014/21]**

2014.030 *Minute 2014.030 is confidential.*

### **Part 5: Internal Audit**

#### **Internal Audit reports [ARC2014/22]**

2014.031 The Committee noted the internal audit reports finalised since the last meeting: Management of Student Housing (Compliance with the UUK code of practice) and Points based Immigration/Data Quality.

[a] The Director of Finance raised concerns with the agreement outlined in the Student Housing report, which proposed to return deposits to students prior to the end of semester and to subsequently invoice for any damages, and would follow-up on the issue after the meeting.

[b] The Internal Auditors explained that the amber-green rating allocated to points based immigration was based on the potential for better documentation moving forward, rather than on the processes in place for staff and students which were both working well. The Chief Operating Officer was confident that the recommendations will encourage improved awareness and better oversight concerning recruitment of international staff.

*Actions:*

[a] Director of Finance

#### **Progress report on audit recommendations and areas of non-compliance**

## [ARC2014/23]

2014.032 The Committee **noted** the progress report on internal audit recommendations and areas of non-compliance.

[a] The Chief Operating Officer and Deputy Director for Financial Controls provided the following oral updates:

- i. The Scheme of Delegation was being progressed as quickly as was feasible. Though the process was due to finish at the end of November, there were delays owing to pending responses from three medical institutes. The intention was that this item will be completed by the February 2015 meeting;
- ii. There was good progress with the independent review of payroll data and exception reporting, however there was still work to be done;
- iii. On the Health and Safety COSHH Regulations, the funding which enabled testing had been approved, however roll-out of the system was not yet complete and required more time for full implementation.
- iv. Budget holder training was on hold owing to a number of other priorities and the pending restructure of the Financial Management team.

[b] The Chief Operating Officer reminded members that there were ongoing efforts to deliver ambitious targets, which meant that some deadlines were not achieved, and requested further consideration in moving forward to ensure that agreed deadlines arising from recommendations contained in future Internal Audit reports are more realistic.

[c] It was agreed that the format of future reports should be refreshed and streamlined to include the most recent updates only in order to simplify monitoring and to enhance engagement with the information provided.

*Actions:*

[b] KPMG,

[c] Council Secretariat

## IT major incidents report [ARC2014/24]

2014.033 *Minute 2014.033 is confidential.*

## Part 6: Committee Management and Reporting

### Annual Report 2013–14 for Council Draft 4 [ARC2014/25]

2014.034 The Committee **considered** the fourth draft of its Annual Report to Council for 2013–14.

[a] There were no significant concerns to note, and the Council Secretariat would agree the wording for the Committee's opinions by electronic correspondence with the Chairman, before circulating the final draft to members for approval to

Council.

- [b] The Secretariat will clarify any new requirements for future reports in sufficient time for preparing the 2014-15 Annual report.

### **Committee effectiveness review [ARC2014/26]**

2014.035 The Committee **received** an oral report on the outcomes of the Committee effectiveness review.

- [a] The responses indicated a general satisfaction with the way meetings are chaired and serviced, and with the balance of discussion and presentations at meetings. Key recommendations which the Council Secretariat and Chairman would follow-up included: how to reduce the amount of paperwork for meetings; the provision of an opportunity for members to discuss their roles and requirements, and the need to establish a comprehensive induction programme for new members. The feedback would be written-up and circulated to members, together with the responses received.

- [b] Members suggested it would be helpful to allocate time at a future meeting to 'horizon-scan' in keeping with the Committee's responsibilities concerning risk. The President and Principal, as Accountable Officer, should also be invited to attend this meeting as a minimum each year moving forward, to present his views on key areas of concern for the Committee's consideration, and to comment on the external environment.

- [c] Members considered the required skills and expertise of future members, and agreed to return to the topic in 2015, after the outcomes of the external effectiveness review of Council were known.

*Actions:*

[a] Chairman, Council Secretariat

### **Committee schedule of business [ARC2014/27]**

2014.036 The Committee **noted** the updated schedule of business for 2014-14.

### **Draft Agenda for next meeting [ARC2014/28]**

2014.037 The Committee **noted** the draft agenda for the next meeting.

### **Any other business**

#### **MHRA Inspection [Oral report]**

2014.038 *Minute 2014.038 is confidential.*