

UNIVERSITY OF GLASGOW

Audit Committee

Minute of Meeting held on Wednesday, 25 February 2009
in The Carnegie Room

Present:

Mr Hamish Guthrie, Ms Margaret Manson, Ms Elizabeth Simpson (Vice-Convener), Mr Kevin Sweeney (Convener)

In attendance:

██████████ (Ernst & Young), Mr Robert Fraser (Director of Finance), Mr Colin Gibson (Deloitte & Touche LLP), ██████████ (Deloitte & Touche LLP), Mr David Newall (Secretary of Court), The Principal, Mr Robert Speir (Group Financial Controller), Ms Paula Vinaccia (Clerk)

Apologies:

██████████ (Ernst & Young), ██████████ (Deloitte & Touche LLP)

AUDIT/2008/22. Minutes of the meeting held on 5 November 2008

The attendance list should be amended to reflect that the Principal had been in attendance for the full meeting. The Minutes were otherwise approved as a correct record.

AUDIT/2008/23. Matters Arising

A Review under the Public Interest Disclosure Act

The University had agreed to reinvestigate a complaint concerning the handling of an investigation into allegations regarding practices within Research and Enterprise. The Director of Finance informed the Committee that when the review was complete the final report would be provided to the Committee.

AUDIT/2008/24. Implementation of Outstanding Priority 1 and 2 Recommendations

The Committee were updated on the degree of implementation of the audit recommendations.

Finance Office

The Group Financial Controller reported that another 10 audit actions had been added to the 79 reported to Audit Committee in October 2008 and 13 points had been fully implemented since then. Of the 89 points, 54 had been implemented (61%), 22 had been partially implemented (24%) and 13 had not yet been implemented (15%). The recommendations arose from audits carried out on Invoicing and Cash, Ledger Control and Maintenance, Payroll, Planning and Reporting, Policy, Purchase to Pay, Research and Tendering. The main 4 areas with Priority 1 points not fully implemented were: Invoicing and Cash (6), Ledger Control and Maintenance (3), Purchase to Pay (2) and Research (1). The following action was required to progress these points:

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- *Invoicing and Cash (6 Priority 1 points not fully implemented)*

A sundry sales invoicing process had been designed to automate the procedure for dealing with sundry income and this would be rolled out to Faculties.

- *Ledger Control and Maintenance (3 Priority 1 points not fully implemented)*

In order to progress improvements in this area a major ledger restructure was required and this was underway. The aim was to simplify the reporting structure, provide processing efficiencies and enhance system control. The Director of Finance informed the Committee that a Trial Balance, Balance Sheet and Income and Expenditure Statement were not available from Agresso and it was difficult to get information from the system. In order to compile the Accounts a number of different reports were run that provided the relevant information. There was a high

cost to maintaining the reporting structure and there was a high level of clerical checking of the data extracted from the system.

- *Purchase to Pay (2 Priority 1 points not fully implemented)*

The centralising of invoice processing was being progressed along with a focus on monitoring compliance.

- *Research (1 Priority 1 point not fully implemented)*

There were 2 different systems for post and pre-award processes, operated by Finance Office and Research and Enterprise respectively. Finance Office had carried out a great deal of work to restructure the post award process and reduce the level of manual input. Further collaboration was required to achieve a robust integrated system.

The Committee asked for the reporting schedule to be included in the update provided to them, to inform them of when the recommendation was raised and when it was due to be completed. It was noted that a great deal of work had been carried out to improve information reporting and increase confidence in the figures. Plans were underway to improve the systems and Finance Office was still actively seeking to recruit a systems Accountant to take this forward.

Departments other than the Finance Office

The Secretary of Court reported that as a result of the Campus Security Audit a consultant had been appointed and a review of electronic access systems and CCTVs was almost complete. Early indications were that significant expenditure would be required as the current systems were not sufficiently effective. The remaining 2006/07 recommendations would be reported at the next Audit Committee meeting in May 2009.

There were 42 recommendations made in 2007/08 with 15 still outstanding when last reported in October 2008. Since then, 2 recommendations had been completed. It was noted that 54% of the recommendations not fully implemented required systems developments. There were 2 outstanding Priority 1 points not fully implemented, both in the Staff Development Service. To progress these points a more integrated approach was being developed in the work of the 3 main training providers: the Staff Development Service, Learning and Teaching Centre and IT Services.

Three 2008/09 audits were finalised: Space Management, Project Management Methodology and Absence Management and 6 (21%) of the 28 recommendations had been fully implemented. There were 3 Priority 1 points, one of which had been partially implemented and 2 not implemented. The Secretary of Court updated the Committee:

- *Space Management (no Priority 1 points)*

Action was being taken to review the principles for space charging and improve the procedure for managing space. The Estates Committee would be updated at its meeting in March 2009.

- *Project Management Methodology (no Priority 1 points)*

Consideration was being given to the establishment of a centralised Project Management Office.

- *Absence Management (3 Priority 1 points)*

Recommendations included a requirement for Payroll/Human Resources to provide absence reports to line managers for action, information to relevant Boards/Management Committees on absence by departments/problem areas and for monthly absence reports to be submitted by all departments. In addition, effective training was required to manage absence.

The Secretary of Court confirmed that the Human Resources Committee had seen the audit report. It was agreed that the Estates Committee would benefit from seeing the Space Management Report.

The Committee queried progress of the Student Lifecycle Project and the Secretary of Court informed them that a due diligence process had been completed and issues regarding the implementation partner had been highlighted. A new partner, Oracle Consulting, has been appointed and they were well versed in implementing this system outwith the UK. A review of the cost would be carried out as the new partner had indicated a higher cost than the original partner had suggested. The project was estimated to take circa 2 and a half years to implement.

AUDIT/2008/25. Internal Audit Update

The Committee noted apologies from Internal Audit that the Internal Audit Update Report had not been discussed with management prior to submission to the Committee. It was also noted that the Commercial Pricing Report was at draft stage but that given its significance and the timescale the Dean of the Veterinary Faculty had agreed its early presentation to Audit Committee.

Internal Audit provided a summary of the results of work carried out in the following areas: Strategic Performance Management; Purchase to Pay Processes; Commercial Pricing; Student Lifecycle Workshops; IT Resource Management; and, Audit Committee Effectiveness. The key points noted were as follows:

Strategic Performance Management

No fundamental issues were identified from a review of the new process of reporting Key Performance Indicators to Court. Some opportunities for process and content improvements were noted. The Committee members requested a copy of the Key Performance Indicators and Audit Report.

Purchase to Pay Processes

A review of the Purchase to Pay system concluded that the system had been designed effectively and had addressed the control issues identified from a previous review of Accounts Payable. There were further opportunities for control improvements within the system. The Director of Finance informed the Committee that there were a number of underlying process issues that needed to be addressed.

Commercial Pricing

The audit was to assess the effectiveness of the pricing structure and processes and it was found that significant improvements were required with regard to the pricing of contracts. It was noted that this would be taken forward by a Commercial Manager, currently being recruited at the Veterinary Faculty.

Student Lifecycle Workshops

The scope of the audit was to review the outputs of workshops undertaken in December and January. On comparing the outputs with the initial specification, it was found that there were significant omissions and concerns over the workshop process. As a consequence, a revised approach to the system design was in progress.

IT Resource Management

The result from a review of IT resources and processes was being discussed with the Director of IT with a view to devising an action plan to take this forward. It was noted that there were 102 FTEs (full time equivalent staff) in central IT Services. The total

number of staff outwith central IT involved in IT related activities has yet to be confirmed (originally estimated at 53.5 FTEs). In the 7 areas visited to date there were 27.5 FTEs, 8.5 FTEs more than the original estimate for these areas.

Audit Committee Effectiveness

Internal Audit met with Audit Committee members and prepared a report of findings regarding the Audit Committee effectiveness in relation to the requirements of the Committee of University Chairmen Handbook issued in February 2008. It was agreed that the Audit Committee members would meet separately to discuss this further.

Other

The Committee noted that current activity included a review of Corporate Communications, Pensions Administration, the Performance and Development Review Processes and the design of an IT Security Workshop.

AUDIT/2008/26. Audit Committee Self Assessment Evaluation

The members of the Committee expressed their desire to understand more about the business of the University. Internal Audit confirmed that in the private sector Audit Committee members also tended to be members of the organisation's Management Board, giving them a high level of cumulative knowledge of the organisation. The Principal informed the members that the University would fully support their requirements and suggested that some thought should be given to achieving a balanced programme aimed at providing the knowledge they required in order to perform their role more effectively. It was agreed that a members only meeting of the Committee would be held to consider the Audit Report prior to the next regular Audit Committee meeting on 20 May.

AUDIT/2008/27. Risk Management

The Director of Finance tabled the 2008/09 Risk List which recorded the 13 top rated risks. The Committee agreed that some of the wording in the Policy should be strengthened and that a short paragraph should be included to state the level of risk the University was prepared to accept. It was agreed that responsibility for implementing the Risk Management Policy lay with and should be conveyed to management. It was suggested that senior managers should be required to provide Statements to the Principal stating whether risks have been assessed, procedures were in place and action had been taken to address the risks. It was also suggested that budgets and income delivery should be the subject of consideration regarding risk. The Convener informed the attendees that risk management was an area on which Audit Committee would require regular feedback and assurances.

AUDIT/2008/28. Membership of the Committee

The Secretary of Court informed the Committee that steps were being taken to fill the 2 Audit Committee vacancies.

AUDIT/2008/29. Any Other Business

There was none.

AUDIT/2008/30. Date of Next Meeting

Wednesday, 20 May 2009 at 10am in the Dean's Conference Room, Wolfson Medical School.

Prepared by: Paula Vinaccia, Clerk to Committee, ~~xx~~xxx

Last modified on: Thursday, 21 May 2009