

UNIVERSITY OF GLASGOW

Audit Committee

Minute of Meeting held on Thursday, 1 October 2009
in The Melville Room

Present:

Dr Paul Brady, Ms Margaret Manson, Mr Neil Menzies, Ms Elizabeth Simpson (Vice-Convener), Mr Kevin Sweeney (Convener)

In attendance:

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

Apologies:

Members: Mr Hamish Guthrie

Attendees: [REDACTED] (Ernst & Young), [REDACTED] (Ernst & Young), [REDACTED] (Deloitte & Touche LLP)

AUDIT/2009/01. Welcomes

The Convener welcomed the new Principal, Professor Anton Muscatelli, to his first Audit Committee meeting.

AUDIT/2009/02. Minutes of the meeting held on 20 May 2009

The Minutes were approved subject to a change to the wording of point 41.1 to reflect that: a Financial Reporting Standard, rather than a Statement of Recommended Practice, was due to be issued on Heritable Assets; and this would potentially impact in 2012.

AUDIT/2009/03. Matters Arising

Risk Management (Audit/2008/38)

In response to a request by the Committee at its last meeting, the Director of Finance provided a definition of the risk ratings supplied by Deloitte.

AUDIT/2009/04 Internal Audit Status Update

Internal Audit informed the Committee that the 2008/09 Audit Plan was substantially complete and the remaining reports would be presented to the Committee in November 2009. Due to the type of areas reviewed there was a lower volume of recommendations and less Priority 1 points had been identified in comparison with the previous year. A summary of the results of work carried out since the last Audit Committee meeting in May included: PAYE Compliance Risk Assessment; Insurance Management; Programme Approval Procedures; e-Learning Management; Hospitality Services; Faculty Corporate Planning; IT Resource Management and Risk Management. There were 3 Priority One points, 2 of which were identified during the review of Hospitality Services and one with regard to IT Resource Management. The key points to note were as follows:

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PAYE Compliance Risk Assessment

The employment status of self employed individuals tended to be identified at the invoice stage and it was agreed that a policy should be established to ensure this information was captured in advance of work being undertaken. The Committee noted that an exercise was currently being undertaken by the Finance Office to identify self-employed lecturers as the University was required to provide details to the HMRC of gross payments made. The total number of staff currently working overseas was not known and it was recommended that a policy and procedure for dealing with and capturing this information should be established.

Insurance Management

There were a number of areas where process improvements were recommended including the provision of claim information to the Finance Committee so that they could better judge the adequacy of the University's insurance cover.

Programme Approval Procedures

Evidence of a clear decision making process to consider the strategic and business suitability of new programmes and the level of compliance with guidance was found to be lacking. The Committee was informed that consideration was being given on how best to improve the current procedure to ensure that a programme could not be committed at Faculty level without the appropriate prior approval in place.

e-Learning Management

A review of the University's virtual learning environment, Moodle, identified that there was inadequate management information which should be enhanced in order to monitor trends and discrepancies and identify variances in usage.

Hospitality Services

[REDACTED]

Faculty Corporate Planning

Whilst there was a clear corporate planning process, managed by the Vice-Principal Strategy and Resources, there was a great deal of variance in corporate plans across the Faculties.

IT Resource Management

Internal Audit highlighted a previously reported issue regarding the overall structure and management of IT in that local IT teams did not report to the Director of IT Services and there were various local policies and procedures in operation across the University. The Director of IT was carrying out an exercise to review priorities and consider how best to address some of the issues raised. It was noted that the Committee members planned to meet with the Director of IT around March 2010.

Faculty Risk Management

Internal Audit were working closely with Faculties to provide guidance in the development of Faculty action plans.

The Committee stated that they would benefit from having sight of Internal Audit recommendations and management comments. Internal Audit would meet with management to consider how best this request could be addressed.

AUDIT/2009/05. Management Structure

The Convener introduced an additional agenda item to the meeting.

The Principal informed the Committee that plans were underway to improve the management structure of the University and the Senior Management Group decision-making process. The proposal involved a move from 9 Faculties to a system of 4 Colleges, to be headed by Heads of College, with an underlying system of Schools. The proposal to change the structure was motivated by a need to enhance the academic competitiveness of the University and to ensure more responsive and efficient decision-making in the University. There would be a consultation process prior to presentation to Court for approval in December 2009 with implementation aimed for October 2010.

The Committee noted that responsibility for implementation of the Risk Management Policy and improving visibility within the Faculties had been raised with the Deans.

AUDIT/2009/06. Internal Audit Plan 2009/10

Internal Audit undertook to present a revised Audit Plan to the next Audit Committee meeting for approval with the inclusion of Estates Acquisition and Disposal and the Management of Endowment Funds.

Internal Audit and senior management undertook to consider the request for early sight of the draft Audit Plan in May each year.

AUDIT/2009/07 Implementation of Outstanding Priority 1 and 2 Recommendations

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

Finance Office

The Group Financial Controller reported that 96 points had been actioned in the last 3 years. A total of 12 points had been actioned since the last meeting leaving 23 actions outstanding as follows:

- *Cash Collection:* The number of collection points would be reduced to 4 following the completion of the Student Lifecycle Project (SLP). The cash processes within the Veterinary School would be reviewed by November 2009 and guidance on control requirements for cash collection points would be issued by December 2009.
- *Commercial Pricing:* An exercise would be undertaken to identify all sources of miscellaneous income and a full cost and price review would be carried out by July 2010.
- *Debt Management:* Debt letters would be raised on Agresso from December 2009. Further progress would be made in September 2011 with the implementation of the SLP.
- *Financial Awareness:* A training programme would be formalised by December 2009.

- *Ledger Journal Access:* Further to the ledger restructure, the recommendations to introduce a policy and control journal access could now be taken forward with a view to completion by June 2010.
- *Ledger Restructure and Maintenance:* Work was due to be completed by November 2009 to formalise the balance sheet monthly reconciliation process.
- *Payroll and Expenses:* A system to automate the expenses procedure was due to be implemented by March 2010.
- *Purchase to Pay:* A number of procedures and purchase to pay interfaces should be implemented throughout the year with completion by June 2010.
- *Research:* The task allocation data within faculties would be enhanced by December 2009 and by December 2010 reconciliation and automation between the Research and Agresso systems should be implemented and consideration given to management of the data.
- *Sales Invoicing:* Sales invoicing had been rolled out across the University and the accounts receivable process would be re-engineered by March 2010.
- *Tendering:* Tender guidance would be updated by December 2009.

Departments other than the Finance Office

The Secretary of Court informed the Committee that in the period 2005 to 2007 13 non-financial audits were carried out and the 14 recommendations that had not yet been implemented were mainly in the area of IT. While much had been achieved there were challenges surrounding the extent of devolved responsibilities for IT management. An inter-Faculty Technical Review Group had been established to encourage academic departments to move to corporate systems. It was noted that the implementation of a single system to deal with pre- and post-award research projects would take some time to implement and a number of the review points were reliant on the implementation of the SLP. Further to the Review of Campus Security, a programme for investment had been agreed and a budget established.

There were 42 recommendations in 2007/08 one of which had been implemented since the last meeting, leaving 10 outstanding. The main points to note were the requirement for a single system to collect and approve postgraduate research applications and the need for improved market analysis, an issue that would be addressed through a proposed new appointment. The new HR/Payroll System would include a model to capture and manage training requirements and performance and development reviews.

There were seven non financial audits in 2008/09 and 26 recommendations had still to be addressed, including:

- *Space Management:* A Policy Manager would be employed to review the policy, procedures and system for the management of available space.
- *Project Management Methodology:* The recommendation to establish a central project management office was being considered.
- *Absence Management:* Absence management training would be provided and recommendations regarding Occupational Health referrals and the review of web policy guidance would be implemented.
- *Sport and Recreation Service:* The main recommendation relating to lockers would be implemented after associated building work was complete in October 2010.
- *Corporate Communications:* Recommendations on the content management system and archiving policy would be implemented by December 2009. A Public Affairs Assistant had been recently appointed and would take the remaining recommendations forward.

- *Business Continuity Management:* A template setting out key principles and standards to be adopted would be issued in October 2009.

To date one non financial audit had been completed in 2009/10 and 5 of the 7 recommendations had still to be addressed regarding the integration of student services, improved processes and efficiency savings.

The Committee requested that future reports on the non-financial areas also include a note clarifying the timescale for implementation.

AUDIT/2009/08 Corporate Structure

The Group Financial Controller informed the Committee that the University's Corporate Structure was relatively simple with two trading companies, GU Holdings Limited and Kelvin Nanotechnology Limited. The main change in year was an allocation of ordinary share capital resulting in Kelvin Nanotechnology Limited being owned 100% by the University Court rather than via GU Holdings Limited. The four entities, including GU Developments Limited and GU Heritage Retail Limited, would be consolidated into the financial statements. In addition, the University would include its own transactions with the Scottish University Environmental Research Centre's (SUERC). A number of companies 100% owned by GU Holdings Limited had moved into dormant status.

The Group Financial Controller confirmed that there was a dedicated University accountant who prepared the financial statements for the companies and that they were audited by the University External Auditors.

AUDIT/2009/09 Allegations of Research Misconduct 2008/09

The Committee noted the Report and that, due to a number of recommendations arising from investigations, the procedures were due to be reviewed and a revised version would be provided to the Committee in due course.

AUDIT/2009/10 Any Other Business

Current Sector Risks and Issues

In response to a request at a previous meeting, Internal Audit provided an update on changes and developments within the sector.

AUDIT/2009/11 Date of Next Meeting

Wednesday, 4 November 2009

*Prepared by: Paula Vinaccia, Clerk to Committee, x.xxxxxxxx@xxxxx.xxx.xx.uk
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