

CONFIRMED MINUTES OF THE MEETING HELD ON 10 NOVEMBER 2020

PRESENT:

Prof C Kinsella, Chair	Ms K Finlayson
Ms J Allen	Mr J Warner
Ms V Brown	

APOLOGIES:

None

IN ATTENDANCE:

AGENDA ITEM

Ms J Andrew, KPMG (Observer)	All
Mr A Bush, KPMG	All except 1, 18 and 20
Ms M Boryslawskij, University Secretary and Clerk to the Board of Governors	All
Mr R Calvert, Deputy Vice-Chancellor Strategy and Operations	All except 1 and 2
Ms K Doherty, Grant Thornton	All except 1, 18 and 20
Mr A Foley, KPMG	15ii
Ms D Harry, Chief Finance and Planning Officer	All except 1 and 2
Prof K Kerrigan, Pro Vice-Chancellor, Business and Innovation	15ii
Ms L Mason, Director of Strategy, Planning and Insight	14
Mr Neil MacDonald, Chair of Finance and Employment Committee (Observer)	All
Prof L Mooney, Pro Vice-Chancellor, Research and Innovation	12
Ms A Ormston, KPMG	All except 1, 18 and 20
Mr C Moss, Director of Business Engagement, Skills and Employability	15ii
Mr M Redfern, Grant Thornton	All except 1, 18 and 20
Ms K Stead, Head of Planning, Risk and Compliance	12 and 13
Ms A Temple, Governance Senior Advisor (Minute Secretary)	All

Agenda item 1

Private Meeting of Committee Members

Minute Ref [A/20/67](#)

67.1 The Committee met privately prior to the arrival of the auditors, the Deputy Vice-Chancellor Strategy and Operations and the Chief Finance and Planning Officer. Ms J Andrew, KPMG, was observing the Audit and Risk Committee meetings as part KPMG's audit committee effectiveness review (A/20/58 refers). There were no substantive matters discussed that would not be covered during the meeting.

Agenda item 2

Private Meeting of Committee Members and Auditors

Minute Ref [A/20/68](#)

68.1 The Committee met privately with the auditors prior to the arrival of the Deputy Vice-Chancellor Strategy and Operations and the Chief Finance and Planning Officer. Minutes confidential to the Committee were prepared (A/20/68.2 to 68.5).

Agenda item 5

Declaration of Interests

Minute Ref [A/20/69](#)

69.1 There were no declarations of interest.

Agenda item 6 Paper Ref A/4/20/M	Minutes of the meeting held on 17 September 2020	Minute Ref A/20/70
<p>70.1 The minutes were <u>approved</u>.</p>		
Agenda item 7 Paper Ref A/5/20/7	Matters Arising/Audit and Risk Committee Action Tracker, Version 04 November 2020	Minute Ref A/20/71
<p>71.1 A/20/49: Data breach: The Committee had received a confidential report concerning a data breach at its September 2020 meeting. It was noted that the University had received notification from the Information Commissioners Office on Friday 6 November 2020 that no further action in relation to the University’s response would be taken by the ICO. The closure letter did not mean that the ICO had closed their investigation into the security incident itself, but that they had determined that the University, acting as a data controller, had acted properly in selecting the third party as its data processor. The internal and external auditors confirmed that the breach, which has affected a number of universities, had not been reported to the audit committee in any of their other clients.</p>		
<p>71.2 A/20/60: Public interest disclosure case: The University Secretary had received the outcome report following an internal investigation on a public interest disclosure case (reported in A/4/20/18). A report on the case would be submitted to the February 2021 meeting.</p>		
<p>71.3 FEC/20/70.2iii: Chief People Officer’s KPIs: The Finance and Employment Committee (FEC) noted at its September 2020 meeting that key performance indicators were being developed for the CPO’s portfolio. It was agreed that these could be considered for inclusion in the University Performance Report which would enable oversight by FEC on an ongoing basis and it was suggested that the Audit and Risk Committee might want to consider a presentation on this topic at a future meeting. The University Secretary reported that the CPO had agreed to attend the May 2021 Audit and Risk Committee meeting for a deep dive discussion of the staffing risk.</p>		
Agenda item 8	Chair’s Business	Minute Ref A/20/72
<p>72.1 The Chair formally welcomed Ms J Andrew, KPMG, as an observer (A/20/67.1 refers).</p>		
Agenda item 9	Update on COVID-19 Response	Minute Ref A/20/73
<p>73.1 The Deputy Vice-Chancellor Strategy and Operations updated the Committee on the University’s response to the on-going Covid-19 situation:</p> <ul style="list-style-type: none"> i. the University had been through a number of phases of restrictions, which had impacted on teaching delivery. Initially the University had operated under the default position which was to provide a mix of online and face-to-face provision (with a target of at least 4 hours face-to-face teaching for each student). As a result of the new national lockdown (which came into force on Thursday 5 November 2020) the University was providing largely online provision with face-to-face for essential activity only; ii. the government were expected to issue guidance on students returning home for Christmas imminently. The University was considering its approach to teaching and learning for the last few weeks of term, the government’s proposal on mass testing and how it supported students who remained in Sheffield during the break. It continued to work closely with the public health team at Sheffield City Council and the University of Sheffield; iii. the University was also planning for the rest of 2020/21 and the implications for the academic calendar (which was difficult to change in-year); iv. numbers of covid-19 cases had reduced after an early spike; 		

- v. ensuring staff health and wellbeing was a priority for the winter months

In response to a question the auditors confirmed that they were seeing similar responses in their other client HEIs. A further update would be presented at the next meeting.

Agenda item 10

Auditor Sector Update

Minute Ref A/20/74

74.1 The following was highlighted by the auditors:

- i. a key short-term challenge for HEIs was management of compliance with bank covenants;
- ii. key medium- to long-term challenges were whether students returned after the Christmas break and the impact of Brexit (including on international markets and EU staff). It was noted that many HEIs had put Brexit planning on hold and it was suggested that the University should review and update its Brexit planning;
- iii. the Economic, Social and Governance (ESG) agenda would be a key area for future work;
- iv. the new Access and Participation Funds disclosure in the financial statements had been a challenge for HEIs and external auditors. However, the Office for Students (OfS) had updated its Accounts Direction to clarify that the disclosure for 2019/20 should be made at group materiality level. It was noted that this was likely to lead to fewer qualified audit opinions on this matter across the sector;
- v. the USS pension scheme had reviewed its funding rates which would have an impact on costs.

74.2 The incoming Chair commended KPMG for a helpful Audit Committee Institute seminar which had highlighted the following issues for the Committee: Brexit and ESG. In particular, she suggested that the Committee should consider the plans around the specific risks around renewable energy including the campus masterplan and environmental KPIs.

74.3 The Deputy Vice-Chancellor Strategy and Operation noted that the University had recently updated the Brexit risk register and the Board of Governors would be receiving an update/report on 25 November 2020. The biggest risk was to research funding income.

Agenda item 11

Report on TPS

Minute Ref A/20/75

75.1 The Deputy Vice-Chancellor Strategy and Operation provided an update on the ongoing investigatory work in relation to the issue with the TPS pension scheme. A minute confidential to the Committee was recorded. An update would be provided to the February 2021 Audit and Risk Committee meeting.

Agenda item 12

Research and Innovation Risk

Minute Ref A/20/76

Paper Ref
A/5/20/12

76.1 The Pro Vice-Chancellor, Research and Innovation presented an overview of the research and innovation (R&I) corporate risk. Prior to the meeting she had directly answered a number of advance questions submitted by a member (following the advance receipt of the corporate risk). She highlighted the following:

- i. Brexit and diversification were key R&I funding risks;
- ii. in relation to Brexit, the University was continuing to reassure existing partners that it was continuing with business as usual;
- iii. the University had implemented a new Research & Innovation Development programme focused on understanding academic competencies for increased productivity and performance in income generation;
- iv. the University was working with a global grant crafting company to support the building of large-scale consortiums and preparing academics for increased competition;
- v. Research Institutes were focusing on large scale complex bid development and horizon scanning;

- vi. the focus of the work was on income diversification away from EU funding and to strengthen the University's overall portfolio of funders and investors;
- vii. the covid-19 pandemic had been challenging for R&I, with the biggest challenges being loss of income potential due to halting face-to-face engagement, accessing vital space, resources and kit to continue to pursue funded and contracted research, engagement with SMEs, and also maintaining a good experience and continuity for the University's postgraduate research students.
- viii. working was ongoing with Gold and Silver representation to align to institutional planning, risk and implementation and to maintain a good delivery at the best level possible level and in line with safe working guidance;
- ix. a Returning Together Strategic plan had been developed to support the R&I community through the covid-19 challenges and this had been aligned to the Future Strategy Group direction;
- x. a positive outcome of covid-19 had been an increased understanding of how the University might adjust the size, scale and use of our estate and how it might adopt remote working to define new collaborations and partnership.

Agenda item 13
Paper Ref
A/5/20/13

Report on Risk Management

Minute Ref A/20/77

- 77.1 The Head of Planning, Risk and Compliance introduced the report to provide the Committee with an update on the University's corporate risk management processes. The Committee noted the corporate risk register continued to be regularly reviewed and updated, with the last review taking place in October 2020. The University Leadership Team had approved changes to the likelihood scores for two risks:
- i. the UK student recruitment position was strong, however, there was a heightened risk around early withdrawals due to the impact of the pandemic on the student experience. Weekly monitoring was in place so that timely interventions could be made. The likelihood score for this risk had been reduced from 5 to 4 as the University moved through the cycle from recruitment to enrolment and retention;
 - ii. the University continued to offer a mix of online and on campus teaching and had demonstrated the ability to flex between the two as required in response to increasing health concerns. Risks to teaching quality were being managed through an autumn review of materials against the agreed course delivery principles, and a quarterly review of course plans incorporating actions arising from the latest NSS results, to ensure timely interventions to support and enhance student outcomes. The likelihood score for teaching quality had increased from 3 to 4 and this aligned the risk level to that for student outcomes, as these were closely linked.

77.2 A member noted that, following discussions at the Board Strategy event (in October 2020) they had been identified that digital transformation and estates were key areas that needed to be considered in the corporate risk register. Based on the update they were assured that these issues were being addressed in the corporate risk register.

77.3 A member asked whether the actions which had October 2020 completion dates had been completed. The Head of Planning, Risk and Compliance confirmed that the completion dates were correct at the time of the review and the status would be reviewed again now that the completion date had passed.

Agenda item 14
Paper Ref
A/5/20/14

Assurance of Data Returns

Minute Ref A/20/78

78.1 The Director of Strategy, Planning and Insight provided a report on the data returns submitted by the University to the Higher Education Statistics Agency (HESA), the SLC, the Office for Students, Research England and other funding bodies.

- 78.2 The Committee noted that:
- i. all data returns for the 2019/20 academic year had been completed with no significant data quality issues;
 - ii. the External Data Returns Board continued to oversee the data returns process and monitor the external environment and the potential impact on the University's external data returns;
 - iii. the University's data strategy continued to be implemented and was a key way in which the University was improving data accountability and data quality. This was designed to have a positive impact on both internal and external use of data;
 - iv. significant progress had been made over the last year on the data governance framework which established clear roles, responsibilities, and accountabilities for data across the University;
 - v. covid-19 had affected the data requirements for the sector and there had been several short-term and longer-term developments announced in the last six months. This had included the suspension of some data collections for the 2019/20 year as well as more fundamental reviews of data provision, in particular, reforms to the NSS and a review of the annual TRAC (T) return.

- 78.3 The purpose of the report was to enable the Committee to provide an opinion on the adequacy and effectiveness of the University's arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loan Company, the Office for Students, Research England and other funding bodies as part of its annual report (A/5/20/24).

Agenda item 15.1
Paper Ref
A/5/20/15i

Internal Audit Report on Governance – Regulatory Compliance and Case Management: Phase 1 on Regulatory Compliance

Minute Ref A/20/79

- 79.1 Mr A Bush, KPMG, presented the 2019/20 internal audit report on OfS Regulatory Compliance which was phase 1 of the audit 'Governance – Regulatory Compliance and Case Management'. The report had been graded 'significant assurance with minor improvement opportunities'. The following was noted:
- i. the report contained one medium priority recommendation concerning the further development of the University's Conditions of Registration Map to more clearly identify required levels of performance to justify continued compliance with OfS conditions;
 - ii. the University had produced a Public Interest Checklist, which was created in line with the recommendations emerging from the sector's 'HE Corporation Constitutional Working Group'. This document set out the principles required to be adhered to by the University, as set out in Annex B of the regulatory framework. KPMG had recommended that the University should consider combining the Conditions of Registration Map with the Annex B requirements document. The University had partially accepted the recommendation as it had decided to retain the current checklist as the format of the document was consistent with sector emerging good practice and had been recognised by the OfS.

Agenda item 15.2
Paper Ref
A/5/20/15ii

Internal Audit Report on HE Apprenticeships: Phase 1

Minute Ref A/20/80

- 80.1 Pro Vice-Chancellor, Business and Innovation, the Director of Business Engagement, Skills and Employability and Mr A Foley, KPMG joined the meeting for the item.
- 80.2 The Pro Vice-Chancellor, Business and Innovation reported that the University had started to provide apprenticeship provision in 2015/16 as part of a strategy to diversify its provision. At that time the regulatory framework for apprenticeships was in development. During the initial years the University's apprenticeship numbers were low and numbers had subsequently increased. The University recognised that there was a need to improved systems and processes

in relation to the management of apprenticeships. As a result the University was implementing an electronic system (Maytas) to manage all aspects of the apprenticeship life-cycle.

- 80.3 The purpose of the audit was to gain assurance that provision delivered to date was compliant with current ESFA funding requirements, which should help mitigate risk of compliance issues if selected for funding audit. The report presented to the Committee set out the outcomes of phase 1 of the audit which provided informal feedback and a number of recommendations. Phase II of the work was due to be completed in February/March 2021 and would focus on compliance with ESFA funding rules. A formal audit report and an assurance rating would be provided following completion of phase 2 of the review.

Mr A Foley, KPMG, noted that:

- i. the implementation of an electronic system was key to support delivery of apprenticeships;
- ii. historical risks remained for legacy provision that had not had the benefit of the increased scrutiny and enhanced processes. Although assurances were given to ensure processes were in place for new starters, in some cases, it might not be possible to fully recover the historic position as the systems and processes were not in place at the time. There was also a need for the University ensure that these historic records, which would not be managed by the new electronic system, were complete and robust.

- 80.4 In response to questions the following was noted:

- i. approaches to management of apprenticeships varied between HEIs;
- ii. the team within Business Engagement, Skills and Employability (BESE) had developed an action plan to address the issues raised between now and early 2021 (i.e. prior to phase 2 of the audit). This was being overseen by the Director of Business Engagement, Skills and Employability who would escalate within the governance structure and/or to the Pro Vice-Chancellor, Business and Innovation/Deputy Vice-Chancellor Strategy and Operations as needed;
- iii. the University was likely to have been informed by the ESFA if it would be subject to an audit of 2019/20 data. It was noted that any future audit could consider past years data (although this would be unusual);
- iv. training of compliance staff would be externally delivered and it was felt important that training should extend beyond the team within BESE.

Agenda item 16
Paper Ref
A/5/20/16

**KPMG Annual Report to the Vice Chancellor and the
Board of Governors 2019/20**

Minute Ref A/20/81

- 81.1 The Committee received the report. It noted that during the 2019/20 KPMG delivered ten reviews totalling 140 days.

- 81.2 KPMG concluded that, for the period 1 August 2019 to 31 July 2020:

- significant assurance with minor improvements could be given on the overall adequacy and effectiveness of the organisation's framework of risk management, control and governance;
- that the University had adequate and effective arrangements in place to promote economy, efficiency and effectiveness. In particular, KPMG undertook a review of the Estates Masterplan – Procurement Model. There were no findings from this review or other work carried out during the year that would lead them to question the arrangements in place at the University to secure value for money in the use of resources;

In addition, in 2019-20 KPMG carried out a review of the process undertaken to generate the Transparent Approach to Costing Returns submitted to the OfS. This review was rated as 'significant assurance with minor improvements' and no significant weaknesses were noted. Management accepted the recommendations and actions for addressing the recommendations were agreed. KPMG also undertook the first phase of a review of funding assurance over apprenticeships. This was an advisory review to assess the University's plans for improving the data management and compliance processes for its Education and Skills Funding Agency funded

apprenticeship provision. This identified some significant issues for management to address. Phase 2 would be an assurance-based review and this work was planned for 2020-21.

- 81.3 It was suggested that the colour coding on page 10 should be amended as it appeared that low priority recommendations were coloured red and high priority were green.

Agenda item 17

Report on the Implementation of Internal Audit Recommendations

Minute Ref A/20/82

- 82.1 The University Secretary reported that discussions were ongoing with KPMG concerning the process of monitoring implementation of internal audit recommendations. The following was being addressed/considered:

- i. automation of reminders to recommendation owners to update the tracker;
- ii. a quick reference card to help managers use with the tracker;
- iii. training sessions for managers to assist them in using the tracker;
- iv. the development of an escalation process where managers did not complete the tracker – initially to the University Secretary and/or the Deputy Vice-Chancellor Strategy and Operations with a further escalation to the Committee if needed;
- v. KPMG had agreed to provide examples of recommendation implementation reports used at other clients;
- vi. a root cause analysis to review why managers were not completing the tracker – this could include factors such as tracker useability, not getting a reminder, not having the time or resources to complete the tracker update; and
- vii. reports on responses by action owner in addition to by audit report.

Agenda item 18

Annual Performance Review of Internal Audit

Minute Ref A/20/83

Paper Ref

A/5/20/18

Confidential

- 83.1 The representatives of KPMG and Grant Thornton left the meeting during discussion of this item and A/5/20/20.

- 83.2 It was noted that the University had appointed KPMG LLP as internal auditors for 2018/19 onwards for a minimum term of two years plus the option to renew for a further two successive periods of one year (BG/18/91 refers). Following a recommendation from Audit and Risk Committee in November 2019 (A/20/70 refers) the Board of Governors resolved to approve the re-appointment of KPMG as internal auditors for 2020/21 for a further year with the option to extend for a further 12 month period (for 2021/22) dependant on performance (BG/19/149.2 refers). 2020/21 was year 3 of the contract and, if reappointed, 2021/22 would be year 4 (i.e. the final year permissible under the contract).

- 83.3 The University Secretary report that management had reviewed KPMG's performance during 2019/20 and had concluded that:
- overall performance during the year has been satisfactory;
 - KPMG have responded well to feedback;
 - they were confident that KPMG would continue to provide a satisfactory internal audit service;
 - there was nothing in the market which suggested that the University was missing out on a better service from other providers.

In addition, management had also considered whether it was timely, given the current period of uncertainty and change (caused by the covid-19 pandemic) to go out to tender in early 2021 for the internal audit for 2021/22. It is felt that going out to tender at this time would not be timely/appropriate given that KPMG's performance has been satisfactory.

- 83.4 The Committee agreed that KPMG's performance had been satisfactory. In view of this it was not necessary for the Board to re-consider its decision to extend the appointment for 2021/22 and the appointment could be extended for 2021/22 (year 4).

Agenda item 20 Paper Ref A/5/20/20 Confidential	Annual Performance Review of External Audit	Minute Ref A/20/84
84.1	<p>The Committee noted that at its meeting on 25 March 2015, the Board of Governors had approved the appointment of Grant Thornton LLP as external auditors for the University from the audit of the financial statements year ended 31 July 2015 onwards for a minimum term of three years plus the option to renew for successive periods of two years, up to a maximum term of seven years (minute BG/15/39.1(ii) refers). At its meeting on 13 June 2018 the Board agreed to re-appoint Grant Thornton LLP for a further two years (i.e. audit of financial statements for year ended 31 July 2018 and year ended 31 July 2019) subject to annual performance assessment by the Committee (BG/18/65.1 refers). At its meeting on 17 March 2020 the Board approved the re-appointment of Grant Thornton for a further two years (for the audit of the financial statements for the years ending 31 July 2020 and 31 July 2021 (minute BG/20/25 refers) subject to:</p> <ul style="list-style-type: none"> (i) annual assessment of performance by the Audit and Risk Committee, and; (ii) consideration by the Audit and Risk Committee, of the fee proposal if it was proposed to increase the fee by more than the consumer price index. 	
84.2	<p>The Chief Finance and Planning reported that management had undertaken a review of Grant Thornton's performance. It was noted that that there was still audit fieldwork outstanding and that this was due to resource constraints relating to staff at Grant Thornton (A/20/68.3 also refers). As the timescale for submission of the Annual Report and Financial Statements (ARFS) had been amended by the OfS to reflect that current covid-19 pandemic, the delays to the external audit had not caused significant issues. It was noted that for the 2019/20 audit period additional work was undertaken by Grant Thornton's technical team in relation to the valuation of the LGPS pension scheme and the Access and Participation note to the accounts. In addition, a more thorough review in relation to the going concern assessment would be required (and this would be carried out in late November 2020). It was noted that an agreement has now been reached with GT that no price increase except for indexation would be applied for the 2020/21 review.</p>	
84.3	<p>The Committee <u>agreed</u> that Grant Thornton's performance had been satisfactory and noted Grant Thornton's commitment that there would be no price increase except for indexation for 2020/21. The Committee <u>agreed</u> that Grant Thornton should be appointed for the audit of the financial statements for 2020/21. In view of this it was not necessary for the Board to re-consider its decision in relation to the appointment for 2021/22.</p>	
Agenda item 19 Paper Ref A/5/20/19 Confidential	Draft Annual Report and Financial Statements	Minute Ref A/20/85
85.1	<p>The representatives of KPMG and Grant Thornton re-joined the meeting.</p>	
85.2	<p>The Chief Finance and Planning Officer introduced the draft Annual Report and Financial Statements (ARFS), and noted that a final draft would be submitted to the joint meeting of the Committee and Finance and Employment Committee on 13 January 2021 for recommendation to the Board. This would enable the University to meet the extended deadline for submitting the ARFS to the OfS. Feedback on the ARFS from members was welcome within the next two weeks. A paper on pensions was being considered by the FEC on 11 November 2020.</p>	
85.3	<p>As reported in the private meeting Grant Thornton were behind schedule with their audit due to staff absence. It was noted that the delays had not been caused by the University and that staff had provided information requested by Grant Thornton in a timely manner. The outstanding work was largely routine testing and Grant Thornton were not expecting any substantive issues to be raised by the work. It was expected that the majority of work would be completed by early December 2020.</p>	

- 85.4 The Committee noted the provisional findings of the external auditors (attached as an appendix). It noted that:
- i. the going concern assessment was outstanding as discussed in the private meeting with the auditors (A/20/68.2 refers);
 - ii. Grant Thornton had performed an analytical review on tuition fee income. As part of their testing they noted three areas where the differences identified were above their expectations. They discussed this with management and noted that the level of detail required in order to create accurate expectations was significantly more than was currently available to the audit team and would take a significant amount of time to prepare. As such they determined that it was appropriate to extend their sample testing in order to gain sufficient appropriate evidence in relation to tuition fees. They have agreed to share the proof-in-total exercise that they wish to perform with management in order for them to replicate a similar exercise internally;
 - iii. as noted in the private meeting with the auditors (A/20/68.4 refers) the University had adopted alternative assumptions for the LGPS pension scheme rather than the ones provided originally by its actuaries, Mercers. It was noted that Grant Thornton had discussed with management the reasoning behind this and their actuaries had reviewed the assumptions. Grant Thornton had concluded that the assumptions were within the acceptable range. The Chair of FEC confirmed that the Committee was receiving an update at its meeting on 11 November 2020.

- 85.5 In response a question the Chief Finance and Planning Officer confirmed that the University had considered other universities actuaries/benchmarking data from BUFDG as part of the work that had led to the adoption of alternative assumptions for the LGPS pension scheme. In addition, the University had recruited a pensions specialist. Grant Thornton noted that it would be important that the University adopted a consistent approach to the assumptions in future years.

Agenda item 21
Paper Ref
A/5/20/21

Modern Slavery and Human Trafficking Statement (for the Financial Year ended 31 July 2020)

Minute Ref A/20/86

- 86.1 The Chief Finance and Planning Officer introduced the report. It was noted that:
- i. the Procurement Team had undertaken benchmarking of HEI Modern Slavery Statements in 2020. The benchmarking showed that the University should evidence training and relevant qualifications more clearly and add data on its number of employees;
 - ii. the development of the responsible procurement policy was a key activity for 2021. This key action, delayed in 2020 due to the Covid pandemic, had been reprioritised for 2021 and would include a specific action plan to reinforce adherence to Section 54 of the Modern Slavery Act 2015.

- 86.2 It was noted that a Slavery and Human Trafficking Statement must be produced for each financial year, approved and signed by the Board of Governors and published no later than 31 January 2021 via a prominent link on the University's website homepage.

- 86.3 The Committee recommended the draft statement for approval by the Board.

Agenda item 22
Paper Ref
A/5/20/22

Annual Value for Money Report

Minute Ref A/20/87

- 87.1 The Committee received the report and noted that the OfS did not require a report on Value for Money (VfM) or a return to be provided either to them or internally to Governors. However, in order to demonstrate the University's performance against the OfS statement of VfM, and to meet the Committee's terms of reference, the University had decided to provide an annual report to the Committee.

<p>Agenda item 23 Paper Ref A/5/20/23</p>	<p>Compliance with CUC Audit Code of Practice</p>	<p>Minute Ref A/20/88</p>
<p>88.1 The Committee <u>received</u> the report and noted that:</p> <ul style="list-style-type: none"> i. the University had reviewed compliance with the OfS audit code of practice (the OfS Code) in November 2019 and noted that the University complied with the requirements of the OfS Code and would continue to comply in 2019/20. ii. during 2019/20 there had been no audit code of practice in place as the OfS had removed its Code from its Terms and Conditions of funding. iii. the CUC had issued a new audit code of practice (the CUC Audit Code) in June 2020. The University had undertaken an initial review of compliance with the CUC Audit Code which was attached as an appendix with points for further consideration highlighted in yellow. It had been presented as it was good practice for members to be familiar with the Code; iv. the CUC Audit Code was presented on a comply or explain basis; v. the CUC Audit Code now had an emphasis on audit committees role in culture, behaviour and sustainability and there was a need for further work to consider the Audit and Risk Committee’s role in these within the context of other committees’ roles. 		
<p>88.2 It was suggested that following issue of KPMG’s effectiveness review a full review of the Committees operation and terms of reference should take place. The Committee could also consider now whether recommend to the Board that it should adopt all or some of the Code for 2020/21 onwards or wait until further work has been undertaken.</p>		
<p>88.3 Ms J Andrew, KPMG, welcomed the report as useful background material to inform KPMG’s review of audit committee effectiveness.</p>		
<p>88.4 It was agreed that the Committee should consider a review of its operation and terms of reference taking into account the CUC Audit Code and KPMG’s report at its February 2021 meeting. It would also consider whether to adopt all aspects/elements of the CUC Audit Code. Further work would take place in consultation with the incoming Chair.</p>		
<p>Agenda item 24 Paper Ref A/5/20/24</p>	<p>Draft Audit Committee Annual Report to the Board of Governors and Accountable Officer 2019/20</p>	<p>Minute Ref A/20/89</p>
<p>89.1 The Audit and Risk Committee received the draft annual report to the Board of Governors and accountable officer 2019/20. It noted that it had previously been required to prepare an annual report for OfS as part of annual accountability process. The OfS no longer required the report, however, it was good practice to present annual reports for Board Committees. In addition, it was felt that the Committee should continue to give opinions on the adequacy and effectiveness of (i) risk management, control and governance (ii) the management and quality assurance of data and (iii) economy, efficiency and effectiveness (VfM) in line with previous requirements. The Committee <u>agreed</u> the opinions as set out in 2.12 to 2.14, subject to the addition, in 2.14, of confirmation that systems for control and governance were adequate and effective. The Committee would be asked to reconfirm its opinions at the joint meeting with FEC in January 2021 in order to provide assurance to the Board as part of the process of approving the Annual Report and Financial Statements.</p>		
<p>89.2 The Committee also considered its effectiveness. Based on information provided and discussion the Committee considered itself to be operating in an effective manner. It confirmed the opinion on effectiveness as set out in paragraph 2.11.</p>		
<p>89.3 The report would be updated to reflect discussion and submitted to the Board of Governors.</p>		
<p>Agenda item 25 A/5/20/25</p>	<p>Annual Fraud Report 2019/20</p>	<p>Minute Ref A/20/90</p>
<p>90.1 The Committee <u>noted</u> the report.</p>		

Agenda item 26 Paper Ref A/5/20/26	Additional Work carried out by the External Auditors	Minute Ref A/20/91
91.1 The Committee <u>noted</u> the report.		
Agenda item 27 Paper Ref A/5/20/27	Audit and Risk Committee: Annual Business Cycle 2020/21	Minute Ref A/20/92
92.1 The Committee <u>noted</u> the report.		
Agenda item 28	Any Urgent Business	Minute Ref A/20/93
93.1 No other urgent business		
Agenda item 29	Date of Next Meeting	Minute Ref A/20/94
94.1 Joint meeting with FEC: Wednesday 13 January 2021.		