

CONFIRMED MINUTES OF THE AUDIT AND RISK COMMITTEE HELD ON 10 MARCH 2022

PRESENT:

Joanna Allen (chair)	Sameer Kothari (to item 8 inclusive)
Vickie Brown	Matt Lilley
Ian Hall	John Warner

APOLOGIES: None

IN ATTENDANCE:

AGENDA ITEM

Michaela Boryslawskij, University Secretary	All
Louise Bostock, KPMG	All except 1, 20 and 21
Simon Briggs, Chief Information Officer (“CIO”)	9
Andrew Bush, KPMG	All except 1, 20 and 21
Richard Calvert, Deputy Vice-Chancellor Strategy and Operations (“DVCSO”)	All
Katy Doherty, Grant Thornton	All except 1, 20 and 21
Katy Stead, Head of Planning, Risk and Insurance	8 and 9
Simon Taylor, Interim Chief Finance Officer (“CFO”)	All except 1
Angela Temple, Governance Senior Advisor (Committee Secretary)	All
Deborah Watson, Grant Thornton	All except 1, 20 and 21
Libby Wilson, Director of Transformation	9

Agenda item 1

PRIVATE MEETING OF COMMITTEE MEMBERS

Minute Ref **A/2/22/01**

- 01.1 It was noted that the University Secretary and the Chair had reviewed the approach to private meetings (with management and auditors) and noted that this had led to duplication of discussion outside of the formal committee meetings; as such it was proposed that the Committee should revert to the previous practice of having one formally scheduled private meeting with management and one with auditors prior to the November meeting when year-end matters are discussed. It was noted that opportunities to raise matters in private with the Chair were maintained through the Chair’s brief (management) and the pre-meetings (auditors). The Chair would continue to report back on any matters raised at the private members only meeting and it was further noted that the Committee, management, or the auditors could request a private session at any time. .
- 01.2 The Committee had agreed to consider at each private meeting whether there was any value-added input that it would like from KPMG (minute A/5/21/19.4 refers). Two members noted that they had attended a useful session provided by KPMG’s Audit Committee Institute on 9 March 2022 and the section on value for money had been particularly useful and applicable. The University Secretary noted that KPMG had issued their advisory review on ‘Value for Money Framework’ on 10 March 2022., which would be circulated to members following the meeting and considered at the 12 May 2022 meeting.
- 01.3 As part of its discussion on future agenda planning the Committee had noted that it would be helpful for the Committee to consider how it could put a questioning framework in place which ensured that it addresses equality, culture, and sustainability (minute A/1/22/4.4). It was agreed that it would be helpful for members to be mindful of equality, culture, and sustainability during all discussions.

Agenda item 3	DECLARATION OF INTERESTS	Minute Ref A/2/22/02
02.1 There were no declarations of interest.		
Agenda item 4	CHAIR'S BUSINESS	Minute Ref A/2/22/03
03.1 The Chair noted that the 26 January 2022 meeting had been Deborah Harry's last meeting of the Committee as she had left the role of Chief Finance and Planning Officer. She had first attended ARC in November 2016. The Committee thanked Ms Harry – in her absence – for her significant contribution to the Committee.		
The Chair welcomed Simon Taylor to the meeting as Interim Chief Finance Officer. The Chair also welcomed Deborah Watson, Grant Thornton, to the meeting and noted that she would be the Lead External Audit Partner responsible for the audit of the University's financial statements for the year ended 31 July 2022 onwards.		
Agenda item 5	MINUTES OF PREVIOUS MEETINGS	Minute Ref A/2/22/04
04.1 The Committee <u>approved</u> the minutes and the confidential minutes of the meeting held on 25 November 2021.		
04.2 The Committee <u>approved</u> the minutes of the meeting of the private meeting of the Committee only held on 26 January 2022.		
04.3 The Committee <u>approved</u> the minutes and the confidential minutes of the joint meeting with Finance and Employment Committee (FEC) held on 26 January 2022 (noting that FEC had also approved the minutes on 28 February 2022).		
Agenda item 6	MATTERS ARISING/AUDIT AND RISK COMMITTEE ACTION TRACKER, VERSION 3 MARCH 2022	Minute Ref A/2/22/05
05.1 The Committee <u>received</u> the action tracker and noted the following:		
05.2 A/5/21/6.3: Risk Appetite Statement: consideration of the risk appetite had been deferred to the May 2022 ARC meeting. This was to allow further consideration by the Extended University Leadership Team following the discussion at the Board of Governors update and development day on 8 February 2022. A member observed that he had been unable to attend the risk appetite discussion and it was agreed to provide the member with information in relation to the discussion.		
05.3 A/1/22/4.9: Harassment: At its January 2022 meeting the Committee had agreed to consider whether there is any need for ARC scrutiny in relation to harassment etc following the 8 March 2022 session for the Board on Protect and Respect. It was agreed to share the recording of the session with the co-opted ARC members and that members should reflect further on whether there was any need for ARC scrutiny and provide feedback to the University Secretary.		
Agenda item 7	AUDIT MATTERS AND SECTOR ISSUES UPDATE	Minute Ref A/2/22/06
06.1 The Committee noted the following:		
i. recent press coverage on HE sector matters included industrial relations; online provision vs in person provision/student satisfaction/value for money for students; and the government's response to the Augar Review;		
ii. In relation to Augar the following was highlighted:		
a. the extension of the student loan repayment term from 30 to 40 years;		
b. the consultation of the lifelong learning entitlement under which individuals would get a loan entitlement to the equivalent of four years of post-18 education to use over their lifetime. This would be available for both modular and full-time study at higher technical and degree levels		

(levels 4 to 6), regardless of whether it was provided in colleges or universities. This may result in increased demand for part-time study; and may present challenges to long-term planning due to the increased uncertainty about future income levels and resource requirements (i.e. staffing, estate and IT) compared to the traditional 3-year undergraduate model;

- iii. the NAO report on ‘Regulating the financial sustainability of higher education providers in England’ which highlighted concerns about the financial resilience of some HEIS and made recommendations for the Office for Students including around KPIs for value for money to students;
- iv. KPMG had provided a draft report on their work to benchmark 58 HEIs corporate risks. It was agreed that KPMG would clarify why Pre-92 and Russell Group Institutions had been separately reported. A member commented that the report had been helpful to consider in tandem with the corporate risk register;
- v. there were no new or changed requirements around financial reporting for the financial statements for year ended 31 July 2022;
- vi. reporting on the green agenda and sustainability would become more prominent in the narrative sections of financial statements, although this was not currently a requirement for the University. It was noted that KPMG had provided a report to the University on their work to benchmark ESG reporting which compared the University’s ESG reporting against a number of other HEIs and that lenders were taking an increasing interest in the approach to ESG;

06.2 In relation to the government’s response to Augar the DVCSO confirmed that the University had considered the implications and it was felt that the Future Strategy Programme remained appropriate. The main challenge for the University would be how the developments would affect the behaviour of 17- and 18-year-olds from the particular socio-economic demographic groups who were the University’s key market.

Agenda item 8

CORPORATE RISKS UPDATE

Minute Ref **A/2/22/07**

07.1 The Committee considered the report and noted that a review of the corporate risk register had been undertaken and an updated risk register and heatmap produced (Appendix 1). It also noted that the assurance map had been updated to document the controls in place to manage and reduce the University’s risks, including any responses to additional assurances required by OfS during this period (snapshot provided as Appendix 2).

07.2 A minute confidential to the Committee was recorded.

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Agenda item 9

**DIGITAL ROADMAP AND ONLINE PROVISION
RISK DEEP DIVE**

Minute Ref **A/2/22/08**

08.1 Following a request from the Committee to undertake a risk deep dive discussion in relation to the University’s digital vision/roadmap, including online provision, (minute A/1/22/4.5 refers), the Committee received a confidential Finance and Employment Committee paper on the Technology Strategy Roadmap.

08.2 It was noted that:

- i. in 2019 the University had agreed a three-year digital strategy and roadmap, against which good progress had been made, with six of the eight recommendations to replace major applications having been completed and work underway to progress the remaining two.

- ii. work completed included the introduction of a corporate customer relationship management (CRM) system and a new virtual desktop; and applications moving to the Cloud.
- iii. the response to working during the covid-19 pandemic had accelerated some developments such as mobile working and use of on-line platforms;
- iv. future priorities included further development of CRM and web systems, including the transition of SITS to the cloud;
- v. the UK had experienced the 3rd highest level of ransomware attacks in the world in 2021 (as reported by the National Centre for Cyber Security); 21 higher education providers had been subjected to cyber-attacks that had affected business operations in 2021. The University was targeted by c.1200 cyber-attacks per month;
- vi. work to maintain the University's Cyber Essentials accreditation; which was essential to obtain cyber security insurance and also a requirement of key funding bodies.

08.3 A minute confidential to the Committee was recorded.

Agenda item 10

INTERNAL AUDIT PROGRESS REPORT

Minute Ref A/2/22/09

09.1 KPMG indicated that:

- i. planning for the 2021/22 reviews was on-going;
- ii. they had completed 56 days against the 262 days for the year 2021/22;
- iii. the HE Apprenticeships Data Review had been postponed; post planning meeting due to an ESFA audit commencing; this would be reviewed in due course;
- iv. KPMG and the DVCSO had discussed possible additional work to review IT assets.

Agenda item 10i

INTERNAL AUDIT ON PAYROLL (2020/21)

Minute Ref A/2/22/10

10.1 The Committee received KPMG's 2020/21 Payroll report. The report had been circulated to members on 11 January 2022, prior to the joint meeting with the Finance and Employment Committee which had considered the Committee's opinion in relation to 2020/21. Conclusion of the final report had meant that KPMG could confirm their final opinion for 2020/21.

10.2 A minute confidential to the Committee was recorded.

10.3 A member asked whether the review had included any benchmarking against of HEIs. KPMG confirmed that benchmarking had not been included in the review. However, KPMG observed that the audit had found fewer issues than was typical for such an audit.

Agenda item 10ii

**INTERNAL AUDIT ON UUK STUDENT
ACCOMMODATION CODE OF PRACTICE
(2021/22)**

Minute Ref A/2/22/11

11.1 The Committee received KPMG's 2021/22 UUK student accommodation code of practice report. It had been graded as 'partial assurance with improvements required' – the grading related to delays in remediating "Potentially Dangerous" observations identified in the July 2021 electrical installation condition report. The DVCSO confirmed that he would follow-up with the Head of Estates, Infrastructure and Compliance, who was responsible for the high and medium priority recommendations, to check whether there were any wider system or governance issues which needed addressing.

11.2 A member suggested that the Committee had not needed to see the appendix which detailed compliance with each element of the Code of Practice. Members requested that reference/background information included in internal audit reports should be included in Resource Centre rather than the meeting book.

Agenda item 10ii	INTERNAL AUDIT ON VALUE FOR MONEY STRATEGY (2021/22)	Minute Ref A/2/22/12
12.1	KPMG had finalised the advisory internal audit report, which would be circulated to members after the meeting and considered at the May 2022 meeting. It was agreed to share the ACI session slides on value for money with members (A/2/22/01.2 refers).	
Agenda item 11	REPORT ON IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS	Minute Ref A/2/22/13
13.1	The Committee noted that the University Leadership Team continued to scrutinise progress to implement internal audit recommendation. It had received a report on 15 February 2022 and had 8 revised completion dates (3 medium priority and 5 low priority). ULT had also agreed that two low priority recommendations were superseded. Following the ULT meeting the relevant ULT lead agreed a revised completion date for the high priority recommendation in the HE apprenticeships report. The Audit and Risk Committee had requested an update on all outstanding high priority recommendations irrespective of completion date (minute A/5/21/14.4ii refers). It noted that one high priority recommendation was currently showing as outstanding in the tracker with a completion date of March 2022.	
Agenda item 12	TRANSPARENT APPROACH TO COSTING (TRAC) – ANNUAL RETURN	Minute Ref A/2/22/14
14.1	The Committee received a report on the process used to compile the Transparent Approach to Costing (TRAC) return 2020/21. Based on the assurances in the report, the Committee <u>confirmed compliance</u> with the existing TRAC validation processes.	
Agenda item 13	TENDER FOR INTERNAL AUDIT FROM 2022/23 ONWARDS	Minute Ref A/2/22/15
15.1	The Committee received an update on the tender process. The Committee noted that: <ul style="list-style-type: none"> • a minute confidential to the Committee was recorded; • a minute confidential to the Committee was recorded; • a minute confidential to the Committee was recorded; • a minute confidential to the Committee was recorded; • the Contract Award Recommendation report (as required by Regulation 84 of the Public Contracts Regulations) was being prepared by colleagues in Procurement. 	
15.2	The Committee <u>agreed</u> that Chair’s action could be taken on behalf of the Committee to make a recommendation to the Board of Governors in relation to the appointment. A report, including the Regulation 84 report, would be submitted to Chair following the meeting to enable the Chair to take Chair’s action prior to the Board of Governors meeting on 29 March 2022.	
15.3	It was <u>agreed</u> to circulate the paper provided to the Chair to members for their information following conclusion of the tender process.	
15.4	Staff within the Procurement team and Governance, Legal and Sector Regulation were thanked for their work on the tender.	
15.5	Post meeting note: Following the meeting the Chair took action to approve a recommendation on appointment to the Board of Governors at its meeting on 29 March 2022.	

Agenda item 14	ANNUAL PERFORMANCE REVIEW OF EXTERNAL AUDIT	Minute Ref A/2/22/16
16.1	The Committee reviewed the report, which was based on a framework for audit committees to formally review the effectiveness and efficiency of their external auditors provided by KPMG in their document 'Shaping the UK audit committee agenda'.	
16.2	The Committee noted that overall, the audit process had been quite smooth and generally problem free. There had been a number of queries and further evidence being requested quite late in the process – going into November 2021. It was noted that for the audit of financial statements for year ended 31 July 2022, having reverted to usual OfS deadlines, it would be necessary to conclude fieldwork by mid-October 2022 to ensure that the Annual Report and Financial statements were ready for submission to the joint ARC/FEC meeting in November 2022.	
16.3	The Committee concluded that Grant Thornton's performance during the audit of the financial statements for year ended 31 July 2021 had been satisfactory.	
Agenda item 20	ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS	Minute Ref A/2/22/17
17.1	The Committee <u>noted</u> that following agreement at the November 2021 meeting (A/5/21/24.2 refers) work was on-going to identify grant work which might be appropriate to offer to alternative providers.	
17.2	The Committee was asked if it wanted to receive reports on grant work and <u>agreed</u> that this would not be necessary as reports on additional work carried out by the external auditors were made to ensure that independence of the external auditor was being monitored appropriately.	
Agenda item 15	REPORT ON TPS	Minute Ref A/2/22/18
18.1	The Committee <u>noted</u> the report.	
Agenda item 16	ASSURANCE OF DATA RETURNS	Minute Ref A/2/22/19
19.1	The Committee <u>noted</u> the report.	
Agenda item 17	REPORT ON REVIEW OF ANTI-BRIBERY POLICY AND UPDATE ON BRIBERY ACT COMPLIANCE MEASURES	Minute Ref A/2/22/20
20.1	The Committee <u>noted</u> the report.	
Agenda item 18	ANNUAL REPORT ON FRAUD	Minute Ref A/2/22/21
21.1	The Committee <u>noted</u> the report.	
Agenda item 19	REPORT ON WAIVERS OF THE FINANCIAL REGULATIONS	Minute Ref A/2/22/22
22.1	The Committee <u>noted</u> the report.	
Agenda item 20	ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS	Minute Ref A/2/22/23
23.1	The Committee <u>noted</u> the report.	

Agenda item 21

**AUDIT AND RISK COMMITTEE: ANNUAL
BUSINESS CYCLE 2021/22**

Minute Ref A/2/22/24

- 24.1 The report had been omitted from the meeting book in error and would be added following the meeting.

Agenda item 23

DATE OF NEXT MEETING

Minute Ref A/2/22/25

- 25.1 Thursday 12 May 2022, 1600 to 1830