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| **CONFIRMED MINUTES OF THE MEETING HELD ON 14 NOVEMBER 2022** | | |
| PRESENT: | | |
| Joanna Allen (ARC Chair) | Matt Lilley (ARC) | |
| Sameer Kothari (ARC) |  | |
| **IN ATTENDANCE:** | | **AGENDA ITEM** |
| Michaela Boryslawskyj, University Secretary | | All |
| Louise Bostock, KPMG | | All except 1 and 4 |
| Andrew Bush, KPMG | | All except 1 and 4 |
| Richard Calvert, DVC Strategy and Operations (DVCSO) | | All except 1 and 3 |
| Benjamin Connor, PwC | | All except 1 and 4 |
| Katy Doherty, Grant Thornton | | All except 1 and 4 |
| Linda Mason, Director of Strategy, Planning and Insight | | Items 8 to 10 |
| Tom Russell, Head of Strategic Insight and Data | | Items 8 to 10 |
| Katie Stead, Head of Planning, Risk and Insurance | | All except 1 to 4 |
| Simon Taylor, Interim Chief Finance Officer (CFO) | | All except 1 and 3 |
| Angela Temple, Governance Senior Adviser (Committee Secretary) | | All |
| Deborah Watson, Grant Thornton | | All except 1 and 4 |
| **APOLOGIES:** Ian Hall | |  |

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| Minute Ref | Item of Business | Paper Ref |
| ARC/2022-11-14/1 | PRIVATE MEETING OF COMMITTEE MEMBERS |  |
| 1.1 | **External Co-opted Member:** The Committee noted that Vickie Brown had resigned as external co-opted member of the Committee on 4 November 2022 with immediate effect due to work commitments. The Committee thanked Vickie for her contribution to the work of the Committee since 1 August 2019. | |
| 1.2 | A member asked whether there was an obligation on members of the Board including external co-options to give a notice period and suggested that it would be appropriate to introduce a code of conduct which specified that the usual expectation was for members to give notice (perhaps 3 month), although it was recognised that given the voluntary nature of membership of the Board and its Committees the University would not be able to formally enforce a notice period. The University Secretary agreed to refer this to the Governance and Nomination Committee for consideration. | |
| 1.3 | **External Audit:** It was noted thatGrant Thornton had indicated that they wished to discuss fees for 2022/23 which would be discussed with management in the first instance before a proposal was made to the Committee (in line with its terms of reference: “To advise the Board of Governors on the …. the audit fee…”. | |
| 1.4 | **Chief Finance Officer:** It was important that both the external and internal auditors met the new Chief Finance Officer as part of the new role-holder’s induction. | |
| 1.5 | A number of matters were discussed which were then addressed in the private meeting with management or the private meeting with the auditors and/or the main meeting. | |
| ARC/2022-11-14/2 | DECLARATIONS OF INTEREST |  |
| 2.1 | There were no declarations of interest. | |
| ARC/2022-11-14/3 | PRIVATE MEETING OF COMMITTEE MEMBERS AND AUDITORS |  |
| 3.1 | Grant Thornton provided an update on their work, which was almost complete. It was noted that there had been additional auditing requirements, in particular on pensions. There were further changes to external audit requirements which would apply for the audit of financial statements for the year ended 31 July 2023 onwards. Grant Thornton would engage with the Finance Directorate in relation to these requirements. The Chair suggested that it would be helpful for Grant Thornton to ensure that the new Chief Finance Officer was involved in the de-brief as well as the planning for the next audit. | |
| 3.2 | A number of matters related to the external audit were discussed which were then addressed in joint meeting of Audit and Risk Committee and Finance and Employment Committee. | |
| 3.3 | The engagement partner, Grant Thornton, confirmed that there were no matters of significant disagreement between management and the auditors and that the relationship with management was constructive and open. | |
| 3.4 | The Committee discussed the findings of the staff appraisal internal audit, which were discussed further with management present (minute ARC/2022-11-14/13 refers). | |
| 3.5 | PwC confirmed that there had been good engagement with the University Secretary and GLSR as part of their onboarding as internal audit service provider. | |
| ARC/2022-11-14/4 | PRIVATE MEETING OF COMMITTEE MEMBERS AND MANAGEMENT |  |
| 4.1 | Management confirmed that the external audit process had been satisfactory, however, there was a need to improve information flow which would be discussed in the de-brief. It was noted that the Grant Thornton Assistant Manager was moving to a new area, but that the engagement partner (Debbie Watson) and Senior Manager (Katy O’Doherty) would continue to work on the University’s audit, providing continuity. | |
| 4.2 | In relation to the revenue recognition risk around research contracts (minute ARC/J/2022-11-14/4.2.2 refers), the Interim Chief Finance Officer (CFO) noted that there was significant work compared to the income from research. He would discuss this with Grant Thornton in order to seek any areas of good practice around research contract management and revenue recognition. A member observed that this was particularly important as the University sought to increase research income. | |
| 4.3 | The Interim CFO confirmed that there was a strong, established relationship between Grant Thornton and the University which worked well. | |
| 4.4 | The DVCSO confirmed that PwC had been professional in their engagement with the University. In relation to the working model which involved subject matter specialists as part of the full cycle of each audit it was confirmed that the scoping discussion on quarter 1 cyber review had involved two specialists. Terms of reference were awaited. | |
| 4.5 | A number of matters were discussed which were then addressed in full meeting. | |
| ARC/2022-11-14/5 | CHAIR’S BUSINESS |  |
| 5.1 | The Committee noted Vickie Brown’s resignation (minute ARC/2022-11-14/1 above refers). The University Secretary noted that the vacancy that had arisen due to John Warner’s retirement was being progressed as a development opportunity for a Governance Apprentice, but that now there was also a need to recruit an individual with ‘recent and relevant experience in accounting or auditing’ to replace Vickie, in order to ensure appropriate mix of skills and expertise amongst membership and to support continued compliance with the CUC HE Audit Committees Code of practice. | |
| ARC/2022-11-14/6 | MINUTES OF THE PREVIOUS MEETING | ARC/2022-11-14/P6 |
| 6.1 | The minutes were **approved**. | |
| ARC/2022-11-14/7 | MATTERS ARISING | ARC/2022-11-14/P7 |
| 7.1 | **ARC/2022-09-29/6.2: TPS:** A minute confidential to the Committee was recorded.  The DVCSO commended the Head of Pensions Development and Payroll and the team for their work in relation to the TPS, and it was noted that a further update would be provided at the March 2023 meeting. | |
| 7.2 | **LGPS Pensions matters**: A minute confidential to the Committee was recorded. | |
| 7.3 | **ARC/2022-09-29/6.1: Corporate risk update: risk deep dives:**   1. the DVCSO had considered members suggestions for risk deep dives for March and June 2023 ARC meetings and proposed international student recruitment as an appropriate area given that income from this activity was susceptible to short-term risk; 2. however, given the rapidly changing external risk environment the DVCSO suggested confirming the subject of the deep dive around four weeks before each Committee meeting. It was noted that other suggested areas had included student experience, student performance and teaching quality; 3. in response to a question, it was noted that the University had a task and finish group which was managing the Brent Cross campus initiative including the associated risks; 4. it was noted that the private meeting of Committee members had discussed whether it would be helpful to have a deep dive discussion on the campus plan and had noted that an internal audit of the campus plan and extended campus was planned for quarter 4. However, given the tangible risks associated with the progression of the campus plan development members felt that it may be appropriate to consider the approach to risk earlier in the year. The Committee had noted that FEC received reports on the Campus Plan/estates developments including risks, and updates on the operation of the Alliance, and it was agreed to share the most recent FEC estates development report with ARC members; 5. the Chair asked how ARC ensured scrutiny of risks in delivery of the campus programme was appropriate and how it assured itself of this given the remit of FEC. The DVCSO suggested that this might be an appropriate area for a deep dive to consider matters within both committees’ remits. It would enable ARC to understand FEC role and identify whether it was an area where further ARC scrutiny was needed. | |
| ARC/2022-11-14/8 | CORPORATE RISK UPDATE | ARC/2022-11-14/P8 CONFIDENTIAL |
| 8.1 | The Committee considered the report and noted that the corporate risk register and heatmap had been reviewed and updated (Appendix 1). | |
| 8.2 | A minute confidential to the Committee was recorded. | |
| 8.3 | In response to questions/comments (including those submitted prior to the meeting by the absent member) the following was noted:   1. the OfS were extending their regulatory work in tackling fraud and assurance in relation to current controls would be provided to the Committee at its March 2023 meeting. It was noted that this area was not specifically addressed in the internal audit work in 2022/23; 2. the heatmap which summarised the status and trends for each corporate risk was helpful.   Minutes confidential to the Committee were recorded (ARC/2022-11-14/8.2.1 to 8.3.5). | |
| ARC/2022-11-14/9 | DATA ASSURANCE AND MANAGEMENT:i HESES DATA QUALITY INTERNAL AUDIT 2021/22 **ii** **Student Loan Company data management 2021/22** | ARC/2022-11-14/P9i and P9ii |
| 9.1 | The Committee received the internal audit reports on HESES data quality and Student Loan Company data management which had both been graded as significant assurance with minor improvement opportunities. | |
| ARC/2022-11-14/10 | **DATA ASSURANCE AND MANAGEMENT: ASSURANCE OF DATA RETURNS** | ARC/2022-11-14/P9iii |
| 10.1 | The Committee received a report on the data returns submitted by the University to the Higher Education Statistics Agency (HESA), the Student Loans Company, the Office for Students, Research England, and other funding bodies. It noted that arrangements for data management were robust and well established. | |
| 10.2 | The purpose of the report was to support the Committee to provide an opinion on the adequacy and effectiveness of the University's arrangements for the management and quality assurance of data as part of its annual opinions report (ARC/2022-11-14/P16). | |
| ARC/2022-11-14/11 | ANNUAL VALUE FOR MONEY REPORT 2021/22 | ARC/2022-11-14/P10 |
| 11.1 | The Committee received the annual value for money report 2021/22 which provided assurance to the Committee that the University met the requirements of the OfS Value for Money guidance. The report also informed the Committee's duty to satisfy itself that arrangements were in place to promote economy, efficiency and effectiveness, including its annual opinions report (report ARC/2022-11-14/P16). The following was highlighted:   1. the report also provided examples of value for money within the University which were wider than the OfS’s definition of VfM as set out in the OfS strategy; 2. performance on key OfS output measures (Continuation, Completion and Progression) was above sector benchmarks, although work was ongoing to increase student satisfaction. | |
| 11.2 | During discussion a member commended the reports recognition of, and focus on, wider VfM considerations. | |
| ARC/2022-11-14/12 | **INTERNAL AUDIT PROGRESS REPORT 2021/22 (KPMG): IT ASSET AND INVENTORY MANAGEMENT** | ARC/2022-11-14/P11i |
| 12.1 | The Committee received the report which had been graded as partial assurance with improvement required. | |
| 12.2 | In response to questions the following was noted:   1. the area had not been audited in the recent past. It had been requested by management as an area for audit driven by the significant increase in IT equipment to facilitate remote working which had been rapidly rolled-out during the covid pandemic; 2. the DVCSO suggested that it would be useful to review progress in c.18 months; 3. a member commented that the London campus development may add risk in this area; 4. measures in place included multi-factor authentication and guidance concerning data protection matters related to laptops (including a facility to remotely wipe devices). It was not felt that University owned devices were a high DP risk; 5. use of mobile phones and tablets was being reviewed and work to comply with Cyber Essentials would lead to restrictions on access to University systems via personal devices. | |
| ARC/2022-11-14/13 | **INTERNAL AUDIT PROGRESS REPORT 2021/22 (KPMG): STAFF APPRAISALS** | ARC/2022-11-14/P11ii |
| 13.1 | The Committee received the report which had been graded as partial assurance with improvement required. It was noted that that the findings of the audit had been anticipated given the agreement to undertake lighter touch PDRs in 2021 in response to the Covid pandemic. | |
| 13.2 | The Committee noted that in line with the agreed process for consideration of internal audit reports graded as partial assurance with improvement required, the final report had been referred to UEB for consideration. Members of UEB had questioned the value of the medium priority recommendation that completed PDRs should be readily available for inspection and available to HROD though a central repository, particularly when balanced against the need to redact sensitive personal data, the purchase of a Learning Management System and the required HROD/management resource to extract the data from CORE initially. UEB agreed that prioritising investment in leadership and thereby strengthening performance management would be of more benefit to the University. This had been fed back to KPMG. Andy Bush, KPMG, noted that effective management of the appraisal process and ensuring a good quality discussion was important for staff morale, workforce retention and talent management. He had noted UEB comments and was content for HROD to access staff appraisal records to review quality on a sample basis rather than establishing the proposed central repository and had agreed that the management action could be amended so that sample testing of PDRs was put in place. | |
| ARC/2022-11-14/14 | KPMG ANNUAL REPORT TO THE VICE CHANCELLOR AND THE BOARD OF GOVERNORS 2021/22 | ARC/2022-11-14/P12 |
| 14.1 | The Committee received KPMG's annual report 2021/22 and noted that KMG had delivered 16 reviews (including follow-up) totalling 227 days. As requested, (minute A/5/21/19.3 refers) KPMG had provided details of key themes arising from their internal audit work during 2021/22. | |
| 14.2 | KPMG presented their opinions on the required matters:   * in relation to risk management, control, governancethey concluded that, for the period 1 August 2021 to 31 July 2022, significant assurance with minor improvement opportunities could be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control; * in relation to value for money they concluded that, for the period 1 August 2021 to 31 July 2022 the University had adequate and effective arrangements to achieve economy, efficiency and effectiveness. During the course of their work, KPMG identified areas where they believed that the University could improve value for money and reported these to management. KPMG conducted an advisory review of the University’s Value for Money Framework which raised three medium priority and one low priority finding. During 2021/22 KPMG had not made any other findings in the course of their work that would lead them to question the arrangements in place at the University to secure value for money in the use of resources; and * in relation to data quality KPMG’s overall conclusion was ‘significant assurance with minor improvement opportunities’. | |
| ARC/2022-11-14/15 | INTERNAL AUDIT PLAN 2022/23 (PwC) | ARC/2022-11-14/P13 |
| 15.1 | The Committee received the revised internal audit plan 2022/23 and noted that PwC had reviewed the plan, as agreed at the September 2022 meeting, to ensure that it reflected the up-to-date corporate risk register. This had led to changes to the proposed timing of audits in 2023/24 and 2024/25 by bringing academic taught portfolio forward and moving civic partnerships later. The proposed scope of the Q3 review, which related to the people and staffing corporate risk had also been updated to refer to broader work around ensuring that the University had the right skills in the right areas to ensure academic programmes were delivered effectively. Further work would be undertaken with the PVC Equality, Diversity and Inclusion and Chief People Officer to develop the scope for the audit in due course. | |
| 15.2 | It was noted that an audit of the campus plan was scheduled for Q4. As noted under ARC/2022-11-14/7.3.4 it had been agreed to share the most recent FEC report on estates developments with ARC members. | |
| 15.3 | The Committee **approved** PwC’s plan 2022/23 noting that it would be reviewed as necessary during the year, taking into account any changes to risks, with any amendments to the plan being referred to ARC for approval. | |
| ARC/2022-11-14/16 | MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT (FOR THE FINANCIAL YEAR ENDED 31 JULY 2022) | ARC/2022-11-14/P14 |
| 16.1 | The Committee received the revised Modern Slavery and Human Trafficking Statement and noted that the statement had been revised following consultation with key stakeholders. The statement must be produced for each financial year, approved and signed by the Board of Governors and published no later than 31 December 2022 via a prominent link on the University’s website homepage. | |
| 16.2 | In response to comments the following amendments would be made:   1. in relation to the statement that “…we assess our actions as part of an annual internal audit cycle to ensure continued compliance with the Modern Slavery Act.” reference to ‘internal audit cycle’ should be amended to refer to ‘internal review cycle’ (this was in line with the change that had been actioned following the 2021 review of the statement, Minute A/5/21/15.3iii); 2. the partial sentence ‘In relation to Modern Slavery actions’ (under the measuring effectiveness and planning section) to be deleted or completed as appropriate; 3. to correct one typo under ‘The key themes of this statement’. | |
| 16.3 | The Committee **recommended** the draft statement for approval by the Board subject to the amendments set out in minute ARC/2022-11-14/16.2 above. | |
| ARC/2022-11-14/17 | TRAC (PROCESS, GUIDANCE AND COMPLIANCE ASSURANCE) | ARC/2022-11-14/P15 |
| 17.1 | The Committee received a report on the process used to compile the Transparent Approach to Costing (TRAC) return 2021/212. Based on the assurances in the report, the Committee **confirmed compliance** with the existing TRAC validation processes. | |
| ARC/2022-11-14/18 | DRAFT AUDIT AND RISK COMMITTEE ANNUAL OPINIONS REPORT TO THE BOARD OF GOVERNORS AND ACCOUNTABLE OFFICER 2021/22 | ARC/2022-11-14/P16 |
| 18.1 | The Audit and Risk Committee received the draft annual opinions report to the Board of Governors and accountable officer 2021/22. The Committee **agreed** the opinions as set out in 3.6 to 3.8 i.e. that based on information presented to it, including the internal auditors’ opinions, the Audit and Risk Committee concluded that it is satisfied that during 2021/22 and to date:   * the University had systems of risk management, control and governance in place that are adequate and effective; * the arrangements in place for promoting economy, efficiency and effectiveness within the University are adequate and effective; and * the 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 (OfS), Research England and other funding bodies are adequate and effective**.**   The Committee noted that the report would be updated to take account of business in the meeting and submitted to the Board of Governors on 29 November 2022. | |
| ARC/2022-11-14/19 | REPORT ON ANTI-MONEY LAUNDERING POLICY REVIEW AND UPDATE ON ANTI-MONEY LAUNDERING COMPLIANCE | ARC/2022-11-14/P17 |
| 19.1 | The Committee noted the report and noted that the University did not accept cash payments for tuition fees but did accept cash in campus outlets. | |
| ARC/2022-11-14/20 | ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS | ARC/2022-11-14/P18 |
| 20.1 | The Committee noted the report. | |
| ARC/2022-11-14/21 | AUDIT AND RISK COMMITTEE: ANNUAL BUSINESS CYCLE 2020/21 | ARC/2022-11-14/P19 |
| 21.1 | The Committee noted the report | |
| ARC/2022-11-14/23 | **CLOSING COMMENTS** |  |
| 22.1 | The Committee thanked KPMG for their work as internal auditors especially Andy Bush and Louise Bostock. | |
| ARC/2022-11-14/23 | **DATE OF NEXT MEETINGS** |  |
| 23.1 | Joint meeting with FEC: Monday 14 November 2022, 1330 to 1430  ARC: Thursday 9 March 2022, 1600 to 1830 | |