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| **CONFIRMED MINUTES OF THE MEETING HELD ON 22 JUNE 2023** | | |
| PRESENT: | | |
| Joanna Allen (ARC Chair) | Sameer Kothari | |
| Ian Hall | Matt Lilley | |
|  | Theresa Spencer | |
| **IN ATTENDANCE:** | | **AGENDA ITEM** |
| Michaela Boryslawskyj, University Secretary | | All |
| Hannah Boyce, Governance Adviser (observer) | | All |
| Simon Briggs, Director of Digital Technology Services | | Item 6ii |
| Benjamin Connor, PwC | | Item 2 to item 15 except 12 |
| Kate Ellis, PwC | | Item 2 to item 15 except 12 |
| Sally Jackson, Chief People Officer and PVC (Diversity and Inclusion) | | Item 8 |
| Ryan Keyworth, Chief Finance Officer (CFO) | | All except 1 |
| Abi Smethurst, Grant Thornton | | Item 2 to item 15 except 12 |
| Katie Stead, Head of Planning, Risk and Compliance | | All except 1 |
| Angela Temple, Governance Senior Adviser (Committee Secretary) | | All |
| Deborah Watson, Grant Thornton | | Item 2 to 7 and item 10 |
| Libby Wilson, Director of Transformation | | Item 6i[[1]](#footnote-2) and 6ii |
| **APOLOGIES:** Mohammed Hannan | |  |

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| Minute Ref | Item of Business | Paper Ref |
| ARC/2023-06-22/1 | PRIVATE MEETING OF COMMITTEE MEMBERS |  |
| 1.1 | In response to questions/comments the following was noted:   1. *What impact was the strike action, including the assessment and marking boycott, having on students?* The University Secretary reported that by the time the joint meeting of Academic Board and Academic Assurance Committee was held on Wednesday 14 June 2023, a full set of marks was in place for the majority of students due to receive their results. At its meeting, Academic Board approved the use of Exceptional Assessment Regulation 13, which in exceptional circumstances allowed students to be given their awards, or allowed to progress, in the absence of a full set of marks. This was followed on Thursday 15 June 2023 by an Exceptional Assessment and Awards Board (AAB), which considered all students whose profiles were affected to ensure that the application of Regulation 13 was appropriate. The Committee was assured that treatment of these students ensured that there any detriment to students was minimised and that appropriate quality assurance procedures had been applied. The University would communicate its approach to the Office for Students (OfS). 2. The Governance and Nominations Committee (GNC) held on 15 June 2023 had discussed a revised timeline to expedite the recruitment process for a new Chair of the Board of Governors. Recommendations in relation to the process would be presented to the Board of Governors. The Audit and Risk Committee was assured by the University Secretary that arrangements would ensure appropriate governance arrangements were in place during the transition to a new Chair of the Board. | |
| ARC/2023-06-22/2 | **DECLARATIONS OF INTEREST** | |
| 2.1 | Ian Hall declared a potential conflict of interests in relation to the internal audit report on EDI (ARC/2023-06-22/P8iii) as his employer, Advance HE, undertook work on EDI. The University Secretary confirmed that she did not consider this to be a conflict. | |
| ARC/2023-06-22/3 | **CHAIR’S BUSINESS** | |
| 3.1 | The Chair noted the apologies of, Mohammed Hannan, who had a commitment arranged prior to appointment to the Committee.  The Chair welcomed Abi Smethurst, Grant Thornton, who was taking over responsibility for the management of the University’s external audit, working with Deborah Watson (Engagement Partner). | |
| ARC/2023-06-22/4 | MINUTES OF THE PREVIOUS MEETINGS | ARC/2023-06-22/P4 |
| 4.1 | The Committee **approved** the minutes (including the confidential minutes) of the meetings held on 9 March 2023 as an accurate record. | |
| ARC/2023-06-22/5 | MATTERS ARISING | ARC/2023-06-22/P5 |
| 5.1 | The were no matters arising. | |
| ARC/2023-06-22/6 | RISK MANAGEMENTCORPORATE RISK UPDATE | ARC/2023-06-22/P6i CONFIDENTIAL |
| 6.1 | The Committee **received** the report and noted that the corporate risk register and heatmap had been reviewed and updated (Appendix 1). | |
| 6.2 | Minutes confidential to the Committee were recorded (ARC/2023-06-22/6.2.1 to 6.2.5).  The following was highlighted:   1. two FTE staff members had been recruited to support business continuity and risk management within the University. | |
| 6.3 | Minutes confidential to the Committee were recorded (ARC/2023-06-22/6.3.1 to 6.3.7). | |
| ARC/2023-06-22/7 | RISK MANAGEMENTii. RISK DEEP DIVE: CYBER SECURITY | ARC/2023-06-22/P6ii CONFIDENTIAL |
| 7.1 | The Director of Digital Technology Services (DTS) presented an overview of the University’s approach to managing the cyber vulnerability risk. A minute confidential to the Committee was recorded. | |
| 7.2 | A minute confidential to the Committee was recorded. | |
| 7.3 | A minute confidential to the Committee was recorded. | |
| ARC/2023-06-22/8 | **UPDATE FROM AUDITORS ON AUDIT MATTERS AND SECTOR ISSUES** |  |
| 8.1 | It was noted that PwC’s ‘Managing risk in higher education’, the firm’s annual benchmarking exercise, had been provided to the Committee via the Diligent Resource Centre. | |
| 8.2 | Ben Connor, PwC, noted that a number of other HEI audit committees were considering partnerships, in particular, in relation to UK partnerships as this was an area in which the Office for Students was taking an interest and it was thought that there may be increased investigations and/or regulation as a result. | |
| ARC/2023-06-22/9 | **EXTERNAL AUDIT: THE AUDIT PLAN FOR SHEFFIELD HALLAM UNIVERSITY, YEAR ENDED 31 JULY 2023** | ARC/2023-06-22/P10 |
| 9.1 | The Committee **received** a report from the external auditors, Grant Thornton, on their plan for the audit of Sheffield Hallam University and its subsidiaries for year ended 31 July 2023. Grant Thornton confirmed their independence in the plan and would reconfirm their independence and objectivity as part of their final audit report to the Committee. Details of fees for audit (TBC at time of report preparation: minute ARC/2023-06-22/9.2v refers) and non-audit work were included in the document and would be disclosed in their audit findings report. | |
| 9.2 | Grant Thornton, highlighted the following:   1. there were two amended standards that would impact on the audit work:    1. ISA (UK) 315 (revised July 2020) where Grant Thornton were required to obtain an understanding of the IT environment related to all key business processes, identify all risk from the use of IT related to those business process controls judged relevant to the audit and assess the relevant IT general controls in place to mitigate them;    2. ISA (UK) 240 (revised May 2021) which related to the auditor’s responsibilities in relation to fraud and that revenue may be misstated due to improper recognition;   Minutes confidential to the Committee were recorded (ARC/2023-06-22/9.2ii to 9.2v).   1. Grant Thornton would continue to update their assessment of risks during the audit process. | |
| 9.3 | Grant Thornton sought assurance from the Committee in relation to whether the Committee was aware of any fraud or non-compliance with regulations. The University Secretary noted that the University had a process in place to seek appropriate assurances on fraud and regulatory compliance from executive colleagues. | |
| 9.4 | The Committee **approved** the audit plan, including the fee as reported under minute ARC/2023-06-22/9.2v. | |
| ARC/2023-06-22/10 | **INTERNAL AUDIT PROGRESS REPORT 2022/23** | ARC/2023-06-22/P8 |
| 10.1 | The Committee **received** a report on progress with the 2022/23 internal audit programme, which included an update on progress to implement internal audit actions (taken from PwC’s Traction system). | |
| 10.2 | The Committee **received** the following internal audit reports, noting the overall ratings of the reports:   |  |  | | --- | --- | | **Report** | **Rating** | | Core financial controls: purchase to pay | Medium | | Data futures readiness phase 1 – governance and return procedure | No rating | | People and Staffing – EDI | Medium | | Environmental and social responsibility. | Medium | | |
| 10.3 | It was noted that there had been some concerns about timeliness of reporting raised by management, with some reports due for submission to the June 2023 meeting being delayed as there had not been sufficient time from issue of the report for managers to submit comments and to complete management action plans. | |
| 10.4 | The Chair commended that the reports received as being easy to read and succinct. The Chief Finance Officer noted that it was important that the internal audit reports gave broader perspectives from the sector and wider industry. | |
| 10.5 | A member commented that Appendix B of the report was helpful. They asked for the date that the reports listed in the Appendix were originally issued to be included in future reports. | |
| ARC/2023-06-22/11 | **INTERNAL AUDIT PROGRESS REPORT 2022/23** i. CORE FINANCIAL CONTROLS: PURCHASE TO PAY | ARC/2023-06-22/P8i |
| 11.1 | The Committee **received** the report of purchase to pay and **noted** that although the overall rating of report was medium risk there was one high risk finding which related to opportunities to automate the purchase to pay process (P2P). | |
| 11.2 | The Chief Finance Officer agreed that there was a need to modernise P2P processes at the University. A member commended his openness concerning the need to improve the approach and asked whether this was a concern for other University systems and processes. The CFO confirmed that other areas also faced similar challenges and DTS were reviewing the fundamental foundation systems investment backlog. Ben Connor, PwC, observed that other HEIs were at various stages of development including those with full Enterprise Resource Planning systems and those with a dispersed IT environment with automation of individual systems (where linking systems was a challenge). | |
| 11.3 | A member commented that a key challenge around successful automation was engaging staff. | |
| 11.4 | The Chief People Officer noted that there were challenges in relation to CORE (the HE management system) as not all functionality was used, for example, a recent internal audit recommendation (by KPMG) would be facilitated though the use of a Learning Management System which would record development undertaken by staff. The work being undertaken by DTS (minute ARC/2023-06-22/11.2) was key to ensuring appropriate prioritisation of systems development and investment. | |
| ARC/2023-06-22/12 | **INTERNAL AUDIT PROGRESS REPORT 2022/23** ii. Data Futures Readiness Phase 1 - Governance and Return ProcedurE | ARC/2023-06-22/P8ii |
| 12.1 | The Committee **received** the internal audit report on data futures readiness phase 1 – governance and return procedure; noting that this had been completed prior to the first of two interim submissions in May 2023 and did not have a risk rating (as this would be determined on completion of phase 2). | |
| ARC/2023-06-22/13 | **INTERNAL AUDIT PROGRESS REPORT 2022/23** iv. PEOPLE AND STAFFING - EDI | ARC/2023-06-22/P8iii |
| 13.1 | The Committee **received** the internal audit report on EDI; noting management acknowledgement that EDI data was not used consistently to inform action planning, ongoing monitoring, or evaluation of activities within the EDI delivery plan. However, the University was aware of this gap and a new HROD data analyst had been recruited to incorporate an enhanced data-driven approach into future action plans. | |
| 13.2 | The Committee confirmed that a risk deep dive of the People and Staffing risk (minute ARC/2023-03-09/1.2) at the 5 October 2023 meeting was appropriate. | |
| ARC/2023-06-22/14 | **INTERNAL AUDIT PROGRESS REPORT 2022/23** vi ENVIRONMENTRAL AND SOCIAL RESPONSIBILITY | ARC/2023-06-22/P8iv |
| 14.1 | The Committee **received** the internal audit report on environmental and social responsibility. | |
| ARC/2023-06-22/15 | **INTERNAL AUDIT PLAN 2023/24: INITIAL DISCUSSION** | ARC/2023-06-22/P9 |
| 15.1 | The Committee received PwC’s proposed 2023/24 internal audit plan. The plan had been discussed with University Executive Board (UEB). The plan also highlighted areas that had been considered for inclusion but not prioritised for 2023/24. PwC had reviewed the plan against the University’s corporate risk profile (as at May 2023). The Committee would receive the final proposed plan for approval at its 5 October 2023 meeting. It was noted that the plan 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 | |
| 15.2 | The Committee **approved** the Q1 reviews (risk management and international student recruitment). | |
| ARC/2023-06-22/16 | ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS | ARC/2023-06-22/P11 |
| 16.1 | The Committee noted the report. | |
| ARC/2023-06-22/17 | BUFDG AUDIT SURVEY 2023 | ARC/2023-06-22/P12 |
| 17.1 | The Committee noted the report (which had not been shared with the external and internal auditors). | |
| ARC/2023-06-22/18 | AUDIT AND RISK COMMITTEE: ANNUAL BUSINESS CYCLE 2022/23 | ARC/2023-06-22/P13 |
| 18.1 | The Committee noted the report. | |
| ARC/2023-06-22/21 | DATE OF NEXT MEETING |  |
| 19.1 | Thursday 5 October 2023, 1600 to 1830 | |

1. From minute ARC/2023-06-22/6.3.4 onwards [↑](#footnote-ref-2)