|  |
| --- |
| **CONFIRMED MINUTES OF THE MEETING HELD ON 5 OCTOBER 2023** |
| PRESENT: |
| Joanna Allen (Chair) | Sameer Kothari (to item 7ii inclusive) |
| Ian Hall | Matt Lilley |
| Mohammed Hannan | Theresa Spencer |
| IN ATTENDANCE: | AGENDA ITEM |
| Richard Calvert, Deputy Vice-Chancellor, Strategy and Operations (DVCSO) | All except 1 |
| Ben Connor, PwC | All except 1 |
| Sally Jackson, Chief People Officer and Pro Vice-Chancellor (Diversity and Inclusion) | 7 |
| Ryan Keyworth, Chief Finance Officer (CFO) | All except 1 |
| Nicola Rawlins, Group Director, Recruitment, Comms and Marketing | 9i |
| Tom Russell, Head of Strategic Insight and Data | 13 |
| Abi Smethurst, Grant Thornton | All except 1 |
| David Shepherd, Deputy Vice-Chancellor, Academic (DVCA) | 7 |
| Katie Stead, Head of Planning, Risk & Compliance | All except 1 |
| Angela Temple, Governance Senior Adviser (Committee Secretary) | All |
| Ruth Thei, Head of Governance and Sector Regulation | All |
| Libby Wilson, Group Director, Infrastructure and Change | 7 |

|  |  |  |
| --- | --- | --- |
| Minute Ref | Item of Business | Paper Ref  |
| ARC\_2023\_10\_05\_1 | PRIVATE MEETING OF COMMITTEE MEMBERS |  |
| 1.1 | All matters raised in the private discussion were covered elsewhere in the meeting, with the exception of the following:1. during the pre-meeting with PwC the Chair had noted that number of internal audit reports originally scheduled for the meeting have not been provided [reports on cyber (already deferred from June 2023), data futures (phase 2), and campus plan and extended campus]. The Chair had indicated that it was important to ensure that deferral of internal audit reports was kept to a minimum to ensure balance of business throughout the year. This message was re-iterated during discussion on the Committee’s effectiveness (ARC\_2023\_10\_05\_16.1iv refers);
2. a member noted that the strategic governance framework internal audit report indicated that business was driving strategy execution in a more detailed robust way and that this crossed over into action plans to mitigate risk. It was suggested that it was important to ensure early reporting of the risk management internal audit and it was noted that the internal audit was being undertaken early in the 2023/24 programme of work with the report due to be considered at the March 2024 meeting.
 |
| ARC\_2023\_10\_05\_2 | DECLARATIONS OF INTEREST |  |
| 2.1 | There were no declarations of interest. |
| ARC\_2023\_10\_05\_3 | CHAIR’S BUSINESS |  |
| 3.1 | The Chair welcomed Mohammed Hannan to his first meeting of the Committee. It was noted that Mohammed had joined the Committee as an external co-opted member at 7 February 2023. It was noted that the two new external co-opted members, Theresa Spencer and Mohammed, had been allocated buddies on the Committee (Matt Lilley and Ian Hall respectively). |
| 3.2 | In addition to the internal audit reports that had been deferred (ARC\_2023\_10\_05\_1.1i refers), the Committee noted that the Waivers of Financial Regulations bi-annual report had been deferred pending further work by the Finance Directorate to review reporting on this area to the Committee. |
| ARC\_2023\_10\_05\_4 | MINUTES OF THE PREVIOUS MEETING | ARC\_2023\_10\_05\_P4 |
| 4.1 | The Committee **approved** the minutes (including the confidential minutes) of the meeting held on 22 June 2023 as an accurate record. |
| ARC\_2023\_10\_05\_5 | MATTERS ARISING | ARC\_2023\_10\_05\_P5 |
| 5.1 | There were no matters arising. |
| ARC\_2023\_10\_05\_6 | APPOINTMENT OF DEPUTY CHAIR |  |
| 6.1 | It was **agreed** that Ian Hall and Matt Lilley would jointly undertake the role of Deputy Chair until 31 July 2024.  |
| ARC\_2023\_10\_05\_7 | CORPORATE RISK UPDATE | ARC\_2023\_10\_05\_P7iCONFIDENTIAL |
| 7.1 | The Committee considered the report. |
| 7.2 | The following was highlighted:a review of the corporate risk register had been undertaken to identify the University’s year end position. It was provided alongside an updated risk heatmap and action log and trajectory;1. a minute confidential to the Committee was recorded;
2. a minute confidential to the Committee was recorded;
3. the Assurance Map had been reviewed to realign with the Corporate Risk Register and a summary version was presented. The map presented proposed confidence ratings of embedded controls in the risk register based on formal reporting and/or independent control verification such as internal or external audit or accreditation. A comprehensive review of embedded controls and their verification was scheduled to take place during 2023/24;
 |
| 7.3 | The following was highlighted:1. a risk trajectory report had been developed following a discussion at the last ARC meeting (minute ARC/2023-06-22/6.3.5 refers). The report sought to visualise the ever-changing risk landscape and illustrate predicted vs actual risk trend. A minute confidential to the Committee was recorded;
 |
|  | 1. the University’s strategic plan for 2023/24 was in the final stages of consultation prior to UEB approval. Work was ongoing to ensure that the strategic priorities and the risk review processes linked (ARC\_2023\_10\_05\_1.1ii refers). In addition, the risk appetite statement was being reviewed and updated alongside the plan, to reflect the University’s current operating context and financial constraints.
 |
| 7.4 | In response to questions/comments the following was noted:1. members welcomed the risk trajectory report as a useful tool providing a roadmap showing the risk profile and the impact of risk mitigations;

Minutes (ARC\_2023\_10\_05\_7.4 ii to 7.4viii) confidential to the Committee were recorded. |
| ARC\_2023\_10\_05\_8 | RISK DEEP DIVE: PEOPLE AND STAFFING |  |
| 8.1 | The Chief People Officer and Pro Vice-Chancellor (Diversity and Inclusion) and the DVCA outlined the key people and staffing challenges facing the University. |
| 8.2 to 8.5 | Minutes confidential to the Committee were recorded. |
| 8.6 | Members commented that the deep dive discussions with risk owners provided valuable insight for the Committee into the risk management process at the University and thanked the Chief People Officer and the DVCA for their contribution to the meeting. |
| ARC\_2023\_10\_05\_9 | UPDATE BY AUDITORS ON AUDIT MATTERS AND SECTOR ISSUES |  |
| 9.1 | No matters were highlighted in addition to comments made during other items. |
| ARC\_2023\_10\_05\_10 | INTERNAL AUDIT PROGRESS REPORT 2021/22 (KPMG)**i. STUDENT RECRUITMENT: ADMISSIONS PROCESS** | ARC\_2023\_10\_05\_P7i  |
| 10.1 | The Committee received the internal audit report on student recruitment- admissions process which had all been graded as high risk. A minute confidential to the Committee was recorded (ARC\_2023\_10\_05/10.1i to 10.1iii). |
| 10.2 | A minute confidential to the Committee was recorded. |
| ARC\_2023\_10\_05\_11 | INTERNAL AUDIT PROGRESS REPORT 2021/22 (KPMG)**ii. STRATEGIC GOVERNANCE FRAMEWORK** | ARC\_2023\_10\_05\_P7ii |
| 11.1 | The Committee received the internal audit report on strategic governance framework which had been rated as low risk. |
| ARC\_2023\_10\_05\_12 | DRAFT INTERNAL AUDIT REPORT 2022/23 | ARC\_2023\_10\_05\_P10 |
| 12.1 | The Committee received PwC’s draft internal audit report 2022/23. It was noted that PwC’s internal audit reports gave one of 4 opinions – substantial assurance, reasonable/moderate assurance, limited assurance, or no assurance. The vast majority of PwC’s clients fell within the reasonable/moderate and limited assurance categories. The proposed level of assurance within the report for Sheffield Hallam was reasonable/moderate which indicted that in general controls were operating. |
|  |  |
| 12.2 | There were some areas of weakness and non-compliance in the framework of governance, risk management, and control or value for money arrangements which potentially put the achievement of objectives at risk. Improvements were required in those areas to enhance the adequacy and effectiveness of governance, risk management and control, or value for money arrangements. The report provided a summary of findings. |
| 12.3 | The report provided a mapping of the internal audit work during 2022/23 against the key areas of ARC opinion (with the exception of sustainability). The ARC’s opinion on the required matters would be reported in the Committee’s annual opinion report which would be agreed at the 16 November 2023 meeting for report to the Board of Governors on 28 November 2023.  |
| 12.4 | PwC’s final report would include details of the three outstanding 2023/24 internal audit reports. The level of assurance within the report was not expected to change. |
| ARC\_2023\_10\_05\_13 | INTERNAL AUDIT PLAN 2023/24 DRAFT | ARC\_2023\_10\_05\_P11 |
| 13.1 | The Committee received PwC’s revised 2023/24 internal audit plan and noted the following changes had been made since the draft plan had been considered at the last meeting (minute ARC/2023-06-22/15 refers):* combining the HE policy and financial environment with the key financial controls review. The scope of the reviews would not be reduced but this would save audit days on development of terms of reference, reporting etc;
* deferring the research and innovation review to 2024/25;
* adding a review of UKVI (student) – this review would have a lead sponsor of Chris Wigginton. This had been added in response to the expectation that the University’s compliance with its sponsor licence would be audited by UKVI within the next 2 years.

The Committee **approved** the plan. |
| ARC\_2023\_10\_05\_14 | UPDATE ON EXTERNAL AUDIT |  |
| 14.1 | Grant Thornton reported that the external audit was progressing well. Work on going concern was outstanding and a plan to complete was in place. UEB had discussed medium term financial scenarios which would inform the 5-year financial forecast for submission to the Office for Students and the medium term financial strategy. These would be discussed at the Board of Governors strategy event and would inform the going concern assessment. |
| 14.2 | In relation to covenant compliance it was noted that the CFO did not have any concerns about breaching requirements. Prudent assumptions of the interest rate would be included in future budgets. |
| ARC\_2023\_10\_05\_15 | ANNUAL VALUE FOR MONEY REPORT 2022/23 | ARC\_2023\_10\_05\_P13 |
| 15.1 | The Committee received the annual value for money report 2022/23 which provided assurance to the Committee that University continued to offer VfM to students and taxpayers in line with the OfS Value for Money strategy (which ran from 2019 to 2021 and had not been updated by the OfS). The report also informed the Committee’s duty to satisfy itself that arrangements were in place to promote economy, efficiency, and effectiveness, which would be reported in its annual opinions report (report ARC/2022-11-14/P16). The following was highlighted: |

|  |  |  |
| --- | --- | --- |
| ARC\_2023\_10\_05\_15 | ANNUAL VALUE FOR MONEY REPORT 2022/23 | ARC\_2023\_10\_05\_P13 |
|  | in relation to student outcomes the continuation rates (percentage of students returning in their second year) of full-time First Degree students dropped in the most recent year matching a pattern seen across the sector and completion rates(the proportion of students from a cohort who completed their degree)hadfallen slightly over the previous three years, again matching a pattern seen across the sector;* undergraduate satisfaction scores, as measured through the National Student Survey (NSS), had not returned to the high levels seen pre-pandemic, particularly in the areas related to organisation and management (including communication between students and staff). An action plan was in place to address student experience and satisfaction;

the wider impact of the University had been recognised in the Times Higher Education Impact world rankings. These rankings, by looking at research outputs, policies and procedures in place, and key selected metrics, sought to rank Universities around the world on the impact that they had on each of the UN’s Sustainable Development Goals. The University ranked in the top 100 (out of 900-1200 institutions) in four of the tables, including a ranking of ninth for its impact on reducing inequalities. The University was placed in the top 200 of four other tables. |
| ARC\_2023\_10\_05\_16 | ANNUAL EFFECTIVENESS REVIEW AND COMMITTEE TERMS OF REFERENCE | ARC\_2023\_10\_05\_P14 |
| 16.1 | The Committee noted the report and that the annual Board level survey had been conducted which had reported to the Governance and Nominations Committee on Board level themes. This would form the basis of the Board strategy event discussion on how the Board worked. In relation to ARC the following was noted:1. appendix 2 set out an operational review including review of compliance against the terms of reference (TOR) which confirmed that ARC has met its TORs;
2. minor amendments had been proposed to the Committee’s terms of reference. A recommendation on revised TORs would be submitted to the Board on 13 October 2023 via the University Secretary’s report, subject to ARC approval;
3. appendix 3 confirmed compliance with CUC audit code of practice. As set out in paragraph 2.6 of the cover paper there was a need for one addition to the ARC opinion report (to 16 November 2023 meeting) to comment on sustainability.
4. a key on-going challenge for the Committee was managing business and it was important that papers were received in good time, avoiding use of ‘to follow’ papers, and ensuring business was not deferred in order to manage business across the year (ARC\_2023\_10\_05\_1.1i refers). The amount of ‘to follow’ papers had been reduced in 2022/23 compared to previous years.
 |

|  |  |
| --- | --- |
| 16.2 | The Committee agreed to **recommend** the revised terms of reference to the Board of Governors. |
| ARC\_2023\_10\_05\_17 | ANNUAL REPORT ON PUBLIC INTEREST DISCLOSURES 2021/22 | ARC\_2023\_10\_05\_P15CONFIDENTIAL |
| 17.1 | The Committee noted the report. |
| ARC\_2023\_10\_05\_18 | ANNUAL REPORT ON INFORMATION GOVERANCE COMPLIANCE | ARC\_2023\_10\_05\_P16CONFIDENTIAL |
| 18.1 | The Committee noted the report. |
| ARC\_2023\_10\_05\_19 | ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS | ARC\_2023\_10\_05\_P17 CONFIDENTIAL |
| 19.1 | The Committee noted the report. |
| ARC\_2023\_10\_05\_20 | REPORTABLE EVENT NOTIFICATION TO THE OFFICE FOR STUDENTS’ | ARC\_2023\_10\_05\_P18CONFIDENTIAL |
| 20.1 | The Committee noted the report. The OfS had confirmed receipt of these notifications and that no further action was required. |
| ARC\_2023\_10\_05\_21 | DEADLINES AND REQUIREMENTS FOR 2022/23 DATA RETURNS AND ANNUAL FINANCIAL RETURN 2022 | ARC\_2023\_10\_05\_P19 |
| 21.1 | The Committee noted the report and that the information in the report would be reported to the Board via the University Secretary’s Report. |
| ARC\_2023\_10\_05\_22 | AUDIT AND RISK COMMITTEE: ANNUAL BUSINESS CYCLE 2022/23 | ARC\_2023\_10\_05\_P20 |
| 22.1 | The Committee noted the report. |
| ARC\_2023\_10\_05\_23 | ANY URGENT BUSINESS |  |
| 23.1 | None. |
| ARC\_2023\_10\_05\_24 | DATE OF THE NEXT MEETING  |  |
| 24.1 | ARC: Thursday 16 November 2023, 1100 to 1300Joint meeting with FEC: Thursday 16 November 2023, 1330 to 1430Both the above meetings would take place on campus. |