

AUDIT AND RISK COMMITTEE

Minutes of Meeting held on Friday 17 November 2017

Present: Prof C Kinsella (Chair)
 Mr C Kenny
 Dr J Morrissy
 Mr R Plews
 Ms P Thompson
 Mr J Warner
 Mr M Conway (Secretary)

In Attendance: Mr R Calvert, Chief Operating Officer
 Ms K Doherty, Grant Thornton
 Mr L Etherington, Acting Chief Information Officer (for item 11.1(ii))
 Ms D Harry, Chief Finance and Planning Officer
 Prof J Leach, Pro Vice-Chancellor for Academic Staffing and Equalities (for item 12)
 Mr N MacDonald, Chair FEC (observing)
 Ms L Mason, T (for items 13.1 and 16)
 Mr M Redfern, Grant Thornton
 Ms S Suchoparek, KPMG
 Mr S Taylor, Director of Financial Services
 Ms A Temple (Minute Secretary)
 Ms D Watson, Grant Thornton
 Mr M Williams, KPMG (for item 11.1(ii) onwards)

Apologies for Absence: None

Paper ref	Minute ref	
	A/17/58	Declaration of Interests
	58.1	There were no declarations of interest.
A/3/17/M	A/17/59	Minutes of the meeting held on 21 September 2017
	59.1	The minutes were <u>approved</u> .
A/4/17/8	A/17/60	Matters Arising/Audit and Risk Committee Action Tracker, version 9 November 2017
	60.1	None.
	A/17/61	Additional Work Carried Out by External Auditors
	61.1	The Committee received the report on additional work carried out by the external auditors and noted the additional work that had been approved since the last meeting.
	A/17/62	Internal Audit: Reports
	62.1	The Committee received the 2015/16 report on Student Support Services and the 2016/17 reports on Service Improvement Project Review, Academic Advisers and the amended Follow-up of Internal Audit Recommendations.

A/4/17/11.1(i)
and (iii)

62.2 **Student Support Services and Academic Advisers**

The Committee received the reports and noted that all recommendations had been accepted. It was suggested that implementation of the reports was reviewed as a follow-up audit once the deadline for the completion of recommendations had passed. In the private meeting, the Committee noted that the reviews had been commissioned at the request of management in order to inform further development of these areas. This was felt to be a positive way to ensure best value from the internal audit service.

62.3 The following comments were made:

1. it was noted that the areas addressed by the reviews were central to the Shaping Futures agenda and it was important that there was a coherent approach;
2. it was felt that there was a need to ensure that the role of academic advisers was clearly articulated and consistently applied across the University. It was suggested that this may be an area of the University which could be subject to a 'deep dive' discussion with the Pro Vice-Chancellor for Student Experience. It was agreed that the University Secretary would consider whether such a discussion should take place at either Audit and Risk Committee or Academic Assurance Committee;
3. The pro-activeness of management in getting early internal audit input into these evolving areas was commended by the Committee.

A/4/17/11.1(ii)

62.4 **Service Improvement Project Review**

Mr M Williams, KPMG and Mr L Etherington, CIO joined the meeting. It was noted that the review's objective was to assess the setup and progress to date of the Service Improvement Project to provide independent review and challenge over the approach taken, progress achieved and key decisions made. It was noted that as a result of a recommendation made in the audit DST were progressing the procurement of an IT Service Management tool.

A/4/17/11.1(ii)

62.5 **Follow-up of Internal Audit Recommendations**

The Committee noted the follow-up report which had been updated to:

1. include a new section showing follow-up from 2016/17 absence management review. This concluded that the two high priority recommendations made in the report had been implemented, which was a positive achievement;
2. update the status of some actions to re-categorise them from not yet implemented/partially implemented to superseded.

A/4/17/11.2

A/17/63 **2016/17 Internal Audit Annual Report**

64.1 The Committee received KPMG's annual report 2016/17 which had been updated following the September 2017 meeting (A/3/17/10.4 refers). It included the further comments requested in the executive summary and details of the reports submitted to the November 2017 meeting in the list of planned audit coverage (page 9).

64.2 The report would be further updated to:

1. reflect the pro-activeness of management to work with, and engage with KPMG, in particular, noting the advisory reviews requested by

- management to ensure early input of internal audit into evolving areas;
- confirm that the two high priority recommendations in the recommendations in the 2016/17 absence management report had been implemented.

64.3 KPMG concluded that, with the exceptions below where reviews have been given an assurance rating of partial assurance with improvements required, significant assurance can be given on the overall adequacy and effectiveness of the organisation's framework of risk management, control and governance:

- Absence Management;
- Marketing; and
- The Service Improvement Project.

64.4 KPMG considered that the University had adequate and effective arrangements in place to promote economy, efficiency and effectiveness. During 2016-17 they did not make 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.

64.5 Overall KPMG's work has concluded that the University had solid controls over its transactions and sound risk management controls in place. However, the controls in place were not sector leading in all areas and the University had opportunities for improvement.

A/4/17/11.3 A/17/65 **Report on Implementation of Internal Audit Recommendations**

65.1 The Committee received a report on progress to implement outstanding medium and/or high priority recommendations in 2016/17 reports and two pre 2016/17 reports (2014/15 Grant and Contract management and 2015/16 cyber response planning). Progress against outstanding medium and/or high priority recommendations in the other 2015/16 reports and the 2016/17 Absence Management review was tracked in KPMG's 2016/17 follow-up review (A/4/17/11.1(iv)).

65.2 The Committee were content with the revised status descriptions as set out in section 7 as it was felt that these were a more positive that the previous descriptors.

65.3 It was noted that the outstanding recommendation in the 2016/17 cash collection review had been implemented.

64.4 The Committee agreed revised completion dates for two recommendations which would not meet the completion date. The Committee noted that the requests for extended completion dates were supported by reasonable rationales:

- 2016/17 Risk Management (rec 2):** the action to ensure that SMART principles were used as a basis for all mitigating actions identified on the Corporate Risk Register would be complete by 5 December 2017 (original implementation date: November 2017). The related risk training would steer staff to provide SMART objectives, where practical. The revised expected completion date was February 2018.
- 2016/17 Cyber Response Planning (rec 3):** the action to consider whether it was appropriate to allow personally owned devices to connect to their networks and access important information assets would be completed by end of November 2017 (completion date in 2016/17 follow-

up report: end of September 2017). A revised Bring Your Own Devices (BYOD) policy for staff was with the Chief Information Officer for review. Following the review, the policy would be submitted to the Chief Operating Officer for approval. Publication would follow. The revised completion date was November 2017.

- 65.5 The Committee agreed to sign-off the recommendation in the 2015/16 cyber response planning audit concerning the development of an information asset register as superseded. This was on the basis that it was part of an established programme of work (i.e. to implement the General Data Protection Regulation (GDPR)) which would be audited by KPMG in 2017/18. It was also noted that the Committee received standing reports on implementation of GDPR (minute A/17/67 refers).

A/17/66 Report on Equality and Diversity

- 66.1 Prof J Leach, Pro Vice-Chancellor for Academic Staffing and Equalities presented an update on work on equality and diversity. The following points were noted:

1. the Board approved the equality priorities in July 2017 and a formal internal launch was planned for December 2017 and an external launch in early 2018;
2. two further posts were being recruited in the Equality and Diversity team;
3. a detailed implementation plan was being developed for all the objectives;
4. the University was submitting an institution wide Athena Swann application in November. This covered gender equality in all subjects and both academic and professional services staff;
5. the Allies programme had been launched and received positive feedback. Training was planned and the Students' Union were involved;
6. the University would be applying for the Race Equality Charter Mark although it was recognised that this was an area which required further progress. A formal application would help focus the institution on the necessary developments to improve race equality;
7. Prof Leach acknowledged that the programme of work was challenging but believed that the University could deliver and would be able to manage the challenges around resource.

A/4/17/13.1 A/17/67 Report on Progress to Implement the General Data Protection Regulation

- 67.1 The University Secretary provided an update on work to implement the General Data Protection Regulation. A Head of information Governance had been appointed who would act as the institutions Data Protection Officer (DPO) as required under the GDPR. A Senior Information Risk Officer (SIRO) would be identified from the ULT and would work with the DPO. Discovery meetings were continuing, work was on-going to document consent and work was taking place with the Students' Union on data sharing. Other work included development of privacy by design and DP impact assessments for new processes and training and awareness raising (including the development of an e learning programme). A KPMG audit was planned in the 2017/18 programme.

A/4/17/13.1 A/17/68 Report on Risk Management

- 68.1 Ms L Mason, Director of Strategic Planning joined the meeting for the item and A/4/17/16. The Committee received a report on risk management and it

was noted that:

1. the financial risk (CR6) had been updated to better reflect the source of the University's financial uncertainty. The previous risk was concentrated on the University's internal ability to prepare financial plans and forecasts. The updated risk was concerned with the changes to the higher education funding environment, building models to reflect potential changes, and developing a wider array of funding projects;
2. a deep dive discussion on teaching quality corporate risk was scheduled for the March 2018 meeting.

A/4/17/16 A/17/69 **Assurance of Data Returns**

- 69.1 The Committee received a report on the data returns submitted by the University to the SLC, HEFCE and the Higher Education Statistics Agency (HESA).
- 69.2 The purpose of the report was to enable the Committee to meet the mandatory requirement in the Audit Code of Practice to provide an opinion on the adequacy and effectiveness of the University's arrangements for the management and quality assurance of data submitted to HESA, the SLC, HEFCE and other funding bodies.
- 69.4 The Committee noted the following:
1. data exchange with the SLC was on-going throughout the year and the process was running smoothly;
 2. during 2016/17 the Key Information Set record was renamed as the Unistats record and the data requirements were amended to reduce the amount of data institutions had to submit. Much of the information that students see on Unistats was drawn from existing data from the National Student Survey (NSS) and the Destinations of Leavers from Higher Education (DLHE) survey. The University had met the submission deadline for this data;
 3. the process to compile the DLHE had run as planned with all students who graduated from the University between July 2015 and June 2016 being included in the DLHE 2015/16 survey. HESA had confirmed they were satisfied with the University's data submission. A new centrally compiled Graduate Outcomes survey would replace DLHE. The data would be linked more easily to both study data from the HESA Student record and salary data from the Longitudinal Education Outcomes (LEO) dataset;
 4. during 2016/17 the University has begun to return data to the Skills Funding Agency (SFA) in order to draw down funding for Higher and Degree Apprenticeship students. Due to relatively small numbers of students these processes had been largely manual to date using systems supplied by the SFA. However, as take up of these courses increased the University was conscious of the need to ensure robust processes were in place for ensuring data accuracy and quality as well as appropriate 'sense-checking' of the data returns against anticipated funding;
 5. during the year the University had not be the subject of any HEFCE data audits or any other data assurance processes.
- 69.5 Given the assurance provided in the report, the Committee agreed the following opinion on data management and quality assurance (as set out in

A/4/17/18: the Committee's annual report):

The Committee is able to confirm for the year 2016/17 that arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, HEFCE and other funding bodies were adequate and effective.

A/4/17/14 A/16/70 **Transparent Approach to Costing (TRAC) report**

- 70.1 In line with the requirements of the TRAC validation process the Audit and Risk Committee annually confirmed compliance with the existing TRAC validation process.
- 70.2 Based on the assurances in the report, the Committee confirmed compliance with the existing TRAC validation process. The Vice-Chancellor would sign the return for submission to HEFCE by 31 January 2018.
- 70.3 It was agreed that the TRAC Oversight Group should review the self-assessment against the TRAC requirements and confirm compliance with the statement of requirements to the Chair ahead of submission. A detailed report on this would be presented to the Audit and Risk Committee at the March 2018 meeting.

A/4/17/15.1 A/17/71 **Annual Efficiency Return**

- 71.1 The Director of Financial Services provided an update on HEFCE's requirements on value for money reporting:
1. in order to report to Government on the efficiency of the HEFCE-funded higher education sector, data was being collected from institutions through an annual efficiency return - this replaced the requirement to submit an annual Value for Money (VfM) report to HEFCE. Institutions were are still advised to report on VfM annually to their respective committees (A/4/1715.2 refers);
 2. the annual efficiency return required reporting on new efficiencies delivered in the 2016-17 academic year. Reportable efficiencies were those that released cash or resources, or resulted in productivity gains or capital receipts;
 3. Faculty and Directorate Heads of Finance would coordinate the returns to central finance from their respective areas and the Continuous Improvement and Procurement teams within the Finance and Planning Directorate, would also be included in the process;
 4. the annual efficiency return must be approved by the Accountable Officer and presented to the institution's governing body. The completed template would be approved by the Board of Governors, by Chair's action, once signed by the Accountable Officer in January 2018 and would be presented to the Audit and Risk Committee for information at its meeting on 15 March 2018. The return would be submitted to HEFCE by their deadline of 31 January 2018.

A/4/17/15.2 A/17/72 **Annual Report on Value for Money (VFM)**
Confidential

- 72.1 The Committee received the annual report on value for money (VfM) which discussed VfM themes which emerged from, and bound together, the strategies and priorities across the University, whilst reviewing progress made against planned initiatives. The theme headings remained aligned to

the University Strategy. The economy and efficiency elements of VfM would be addressed in the HEFCE Efficiency Return (A/4/17/15.1 refers) and the HEPA Efficiency Measurement Model submission, also due January 2018.

72.2 Suggestions for deep dives discussion into particular VfM areas as suggested at the November 2016 meeting (A/16/74.3 refers) would be made by members to the Chair.

72.3 The Annual Value for Money report provided evidence to the Committee to enable it to comment on the achievement of economy, efficiency and effectiveness as part of its annual report.

A/4/17/17 A/17/73 **Modern Slavery and Human Trafficking Statement**

73.1 The Committee noted the progress made during the year to comply with the requirements of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015. The report included draft Slavery and Human Trafficking Statement and the Committee was asked to recommend the statement for approval by the Board of Governors, in order to meet the University's obligations arising under the Modern Slavery Act 2015 and the revised guidance from the Home Office, published earlier in 2017.

73.2 The University was committed to the use of the NETPositives tool and the ETI Base Code within its supply base and required all tendering parties above EU threshold to maintain a NETPositive record as part of the tender submission/contracted supplier status. The Finance and planning directorate were working with the Global Engagement Directorate on areas such as working with the University's Overseas Representative Offices to identify any ETI Base Code risks and agreeing a plan of action to remedy any direct risks identified.

73.3 In response to a question about the approach being adopted by other HEIs the Director of Financial Services confirmed that the University's approach was in line with the sector.

73.4 A member commented that this was the only time he had seen the Statement considered by an audit committee and this approach was commended.

73.5 It was suggested that the report implied that concerns about trafficking would be reported and felt that this should be made more explicit. It was suggested that Governance Services should consider this and advise Finance on this matter.

73.6 It was suggested that the approach should be considered together with Bribery requirements as it may be possible to streamline some controls.

73.7 Julie Morrissy offered to assist the procurement team in governance arrangements for these partnerships and contracts.

73.8 The Committee recommended the draft statement for approval by the Board.

A/4/17/16 A/16/74 **Draft Audit Committee Annual Report to Board of Governors and Designated Officer 2016/17**

74.1 The Audit and Risk Committee received the draft annual report to the Board

of Governors and accountable officer which it was required to produce by HEFCE. The Committee considered the report including the statements of opinion (set out in sections 9.1, 9.2 and 10). The Committee agreed a series of minor amendments and that the amended report should be approved by the Chair and a copy sent to members as a courtesy.

A/17/75 Date of next meeting

- 75.1 The next meeting would be held on Thursday 15 March 2018 from 4pm to 6.30pm