



MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 12 APRIL 2021

Zoom meeting 14.00 – 17:00

MINUTES

Members Present: Dr Madhu Bhabuta, Ms Julie Goldstein, Mr Andy Poolman (Chair), Mr Andy Willis, Mr Stephen Robertson

In attendance: Mrs Helen Cole (Senior Governance Officer), Robert Kerse (Chief Operating Officer), Mrs Lucinda Parr (Registrar and University Secretary), Mr Jason Smerdon (Group Finance Director)

Internal Auditors: Mr David Broughton, Ms Jilly Huggins
External Auditors: Mr Colin Bates (PwC Audit Partner), Ian Davies (PwC Senior Manager)

Apologies: Professor Mary Bishop, Professor Judith Squires (Deputy Vice-Chancellor and Provost)

WELCOME AND APOLOGIES

The Chair welcomed the members and attendees and welcomed Stephen Robertson to his first meeting of the Audit and Risk Committee. Stephen joined the Board of Trustees on 1 January 2021 and the Audit and Risk Committee from 25 January 2021.

1 MINUTES OF THE PREVIOUS MEETING

- 1.1 The minutes of the meeting on 18 January 2021 were APPROVED as a true and accurate record of the meeting.

2 MATTERS ARISING & ACTIONS

- 2.1 With reference to 2.3 (Non-Disclosure Agreements), the Chair advised the Committee that Remuneration Committee had been advised that there were no new agreements so far in 2020/21 to disclose, so at this stage an annual report to Audit and Risk Committee in October 2021 would not be required. The Secretary to Audit and Risk Committee would continue to liaise with the Chief People Officer over the remainder of the academic year and should the situation change, a report would be provided.

Action: Secretary

3 CHAIR'S BUSINESS

- 3.1 The Chair noted that the paper pack for the meeting was relatively short and at 79 pages was within the target set after October 2020 of less than 100 pages. AGREED that this length should be retained as a target for future meetings with the exception of each October meeting because this agenda always included the University's Annual Report and Financial Statements.
- 3.2 NOTED that after the Committee's pre meeting on 8 April, the Register and University Secretary and the Chair had agreed that the following paper should be circulated to the Committee: Implementation monitoring of any outstanding recommendations from the previous KPMG governance effectiveness review - paper ref: AUD/20-21/025. [Subsequent to the meeting on 12 April, the report was circulated to the Committee by the Secretary.]

4 DECLARATIONS OF INTEREST

- 4.1 No new interests were declared.

5 FINANCIAL PERFORMANCE SUMMARY

- 5.1 RECEIVED AND NOTED: paper ref: AUD/20-21/025
- 5.2 The Committee noted that significantly more accrued Annual Leave was being accounted for and queried how much leave staff were permitted to carry over from one year to the next. Officers responded that the number of days that could be carried over had been increased from five to ten in response to the pandemic, but that staff were being encouraged to take their annual leave in a timely fashion and that the carry over allowance would not be increased further.
- 5.3 The Committee queried the level of debt write off anticipated for the current financial year versus previous years. Officers responded that the University's level of write off was typically comparatively low and that the pandemic was not expected to change this position materially given the debt collection mechanisms in place.
- 5.4 The Committee queried the degree to which the University had used the Government furlough scheme and whether the University's now stronger position meant that consideration should be given as to whether the use of furlough had been appropriate. Officers responded that furlough had been used to a value **[REDACTED: likely to prejudice commercial interests]** to date to cover wages of staff that would have otherwise had to be dismissed. Officers noted that they were comfortable that the scheme had been used by the University appropriately and that the wider staff body were very supportive of the University using the furlough scheme to protect employees, particularly at the start of the pandemic. AGREED that the COO Report to the Board of Trustees in July 2021 would provide further detail in this area.
- 5.5 **[REDACTED: likely to prejudice commercial interests]**
- 5.6 In response to a question on IT investment, Offices responded that the project was on track in relation to key milestones but that the full spend had not yet been required.
- 5.7 In response to a question, the Committee noted that the current year's budget was set within a five-year financial strategy, which includes financial projections (in the form of the Long-Term Financial Plan). The budget for each financial year is based on forecasts from the most recent projections contained within the Board approved Long Term Financial Plan. The 2021/22 draft budget had been approved by University Executive Board and will be presented to the next meeting Finance and Infrastructure Committee prior to being presented to the Board of Trustees in May for approval.

6 KEY UNIVERSITY RISKS

- 6.1 RECEIVED AND NOTED: paper ref: AUD/20-21/026
- 6.2 CONSIDERED the University's risk profile as articulated through its Key University Risk Register and heat map (Appendix 2).
- 6.3 NOTED the changes made to the risk profile since the January 2021 meeting of ARC.
- 6.4 The Committee discussed how the University could prepare for increased and more complex mental health requirements that were expected as a result of the pandemic. Officers advised that enhanced interventions and improved triage to provide support before cases became actual mental health referrals was part of a range of initiatives

and that additional resources were being directed to help the University to provide support.

6.5 **[REDACTED: likely to prejudice commercial interests]**

Action: Registrar

6.6 In response to a question, Officers advised that the University already had the Cyber Essentials accreditation and was working towards Cyber Essentials Plus.

6.7 NOTED that this paper reflected the situation at the time of writing, and that the risk environment was changing very rapidly.

6.8 NOTED that the Key University Risks continued to be a standing item on the agenda of each Board of Trustees meeting. The Chair advised the Committee that at each meeting of the Board of Trustees, the Board was explicitly asked to confirm that it was content with the number of items in the “red zone”. This demonstrates that the Board of Trustees has awareness and ownership of the risk register.

6.9 **[REDACTED: likely to prejudice commercial interests]**

6.10 The Committee discussed ways in which the Risk Management Framework could be better embedded in the organisation. Officers agreed that this was the next stage, additionally there were improvements that could be made to better demonstrate how a particular action or activity would result in a change to a risk score.

7 STRATEGIC RISK FOCUS: TEMPLE QUARTER ENTERPRISE CAMPUS

7.1 RECEIVED AND NOTED: paper ref: AUD/20-21/027

7.2 CONSIDERED the Programme Risk Update

7.3 **[REDACTED: likely to prejudice commercial interests]**

7.4 **[REDACTED: likely to prejudice commercial interests]**

7.5 The Committee noted that in January 2021 an action had been passed from Audit and Risk Committee to Remuneration Committee in relation to discussed issues relating to succession planning. The Chair advised that on 7 April, Remuneration Committee had raised the issue of the wide range of responsibilities held by the COO and the Chief Property Officer. The Vice-Chancellor had responded that the quality of staff and the structural organisation reporting to these two key individuals had been improved greatly in the last few years. NOTED that Remuneration Committee had requested further information on succession planning for its next meeting. The Secretary to schedule an update from Remuneration Committee to Audit and Risk Committee once Remuneration Committee had discussed again.

Action: Secretary

8 INTERNAL AUDIT PROGRESS REPORT

8.1 RECEIVED AND NOTED: paper ref: AUD/20-21/028

8.2 NOTED the following points:

- The finalisation of four internal audit reports since the January 2021 Committee meeting.
- Details of the status of all internal audit actions (open and closed) were highlighted within the report.
- That the remaining audits on the plan have now been discussed and scoped with sponsors.

- The contingency budget was now fully allocated across the audits of starters, movers and leavers; TSS and casual workers; non-financial research assurance; and Academic conflicts of interest.

8.3 The Committee noted that Internal Audit Progress Report now included details of any actions relating to high priority recommendations that had slipped beyond their initial deadline. AGREED that ahead of the next meeting, the Chair and the Head of Internal Audit would agree a process to determine how the Committee would be asked to permit an extension to any high priority recommendation.

Action: Chair of Audit and Risk Committee and Head of Internal Audit

8.4 In response to questions about the number of Office 365 licences assigned across the institution in particular to honorary staff, Officers advised that existing projects included strategies and processes to deliver improvements in this area. AGREED that the relevant action plans would be provided at a future meeting.

Action: COO

8.5 [REDACTED: likely to prejudice commercial interests]

9 EXTERNAL AUDIT PLAN (YEAR ENDING 31 JULY 2021)

9.1 RECEIVED and NOTED: paper ref: AUD/20-21/029

9.2 CONSIDERED the proposed scope and CONFIRMED that it was content with the audit risks and proposed approach highlighted on pages 4 – 6 of the report.

9.3 APPROVED the proposed audit fee highlighted on page 6.

9.4 In relation to the Higher Education Code of Governance (the 'CUC Code') published September 2020, the Committee discussed the extent to which the University's Board of Trustees was currently complying with the Statement of Primary Responsibilities listed in Appendix 2 in particular: *to ensure that proper books of account are kept. 12. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property and estate.*

9.5 NOTED that Madhu Bhabuta had raised the wording with the CUC in particular whether the statement above should read *assure* not *ensure*. AGREED that this question should be kept under review for the Committee to consider further if necessary. Additionally, the Governance Team should consider how to improve the Trustees' understanding of the Trustees' Roles and Responsibilities.

Action: Secretary

10 REPORT OF WHISTLEBLOWING OFFICER

10.1 RECEIVED AND NOTED: paper ref: AUD/20-21/030

10.2 In response to a question, Officers explained that the Whistleblowing Policy had been made less legalistic and would also include a flow chart to help the understanding of prospective users. Officers agreed that there was further work to do to brief managers on the location of the policy on the University's website and also surveying the wider staff body to establish the degree of staff awareness. AGREED that the Whistleblowing Policy and associated flow chart be added a forthcoming meeting of the Committee.

Action: Registrar

11 SLSP CLOSURE REPORT

11.1 RECEIVED AND NOTED: paper ref: AUD/20-21/031

11.2 Stephen Robertson requested that he receive the full closure report. [Subsequent to the meeting on 13 April, the report was sent to Stephen Robertson by the Secretary.]

12 ANY OTHER BUSINESS INCLUDING FORWARD PLAN

12.1 RECEIVED AND NOTED: paper ref: AUD/20-21/032

12.2 NOTED the forward plan.

13 COMMUNICATION

14 MEETING CLOSED & DATE OF NEXT MEETING

14.1 The date of the next meeting was confirmed as Monday 28 June 2021.