



## MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 28 JUNE 2021

Zoom meeting 14.00 – 17:00

### MINUTES

**Members Present:** Professor Mary Bishop, Ms Julie Goldstein, Mr Andy Poolman (Chair), Mr Stephen Robertson, Mr Andy Willis

**In attendance:** Mick Axtell (Chief Financial Services Officer), Helen Cole (Senior Governance Officer), Robert Kerse (Chief Operating Officer), Lucinda Parr (Registrar and University Secretary), Judith Squires (Deputy Vice-Chancellor and Provost) until 1440, Jason Smerdon (Group Finance Director), Matt Wilson (RSM Associate Director) at 1405 for item 18 (Whistleblowing Report), Keith Woolley (CIO) at 1525 for item 9 (IT Update: Disaster Recovery).

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

**Apologies:** Dr Madhu Bhabuta

#### WELCOME AND APOLOGIES

The Chair welcomed members and attendees.

#### 1 MINUTES OF THE PREVIOUS MEETING

- 1.1 With reference to 10.2 (Report of Whistleblowing Officer), it was AGREED that the Whistleblowing Policy and associated flow chart be added a forthcoming meeting of the Committee. Additionally, that an action be added to minute 10.2.

**Action: Secretary**

- 1.2 With the amendment described above, the minutes of the meeting on 12 April 2021 were APPROVED as a true and accurate record of the meeting.

#### 2 MATTERS ARISING & ACTIONS

- 2.1 With reference to 8.3 (Internal Audit Progress Report) it was NOTED that a revised process for increased visibility of the timelines for high priority actions would be discussed further under item 10 on the agenda.

#### 3 CHAIR'S BUSINESS

- 3.1 AGREED that going forwards the "member only pre meeting" held ahead of each Committee meeting should be scheduled to take place later to allow the members more time to digest the papers prior to their discussions.

**Action: Secretary**

#### 4 DECLARATIONS OF INTEREST

- 4.1 No new interests were declared.

#### 18 WHISTLEBLOWING REPORT

- 18.1 RECEIVED AND NOTED: paper ref: AUD/20-21/046

- 18.2 [REDACTED: Personal information]

18.3 [REDACTED: related to an active review]

18.4 [REDACTED: likely to prejudice commercial interests]

18.5 [REDACTED: related to an active review]

18.6 NOTED that the tasks within the Action Plan in the paper had already been initiated. AGREED that a progress update on the Action Plan be added to the 21 October 2021 agenda.

**Action: Secretary**

## **5 FINANCIAL PERFORMANCE SUMMARY**

5.1 RECEIVED AND NOTED: paper ref: AUD/20-21/033

5.2 In response to a question, the Committee noted that in terms of debt collection, the University would use its typical protocols initially and then move to external collection agencies, as usual, once internal processes had been exhausted. It was noted that this year in response to the Covid-19 pandemic, the University would delay passing of debt collection to external agencies until after the examination period and that this had been reported to the Board of Trustees in March 2021.

## **6 REVENUE AND CASH SHORTFALL MITIGATION PLANS**

6.1 RECEIVED AND NOTED: paper ref: AUD/20-21/034

6.2 DISCUSSED the paper, noting the potential financial impact of key risk scenarios and available mitigations as set out. NOTED that the paper was received by the University's Finance and Infrastructure Committee on 10 June 2021.

6.3 [REDACTED: likely to prejudice commercial interests]

## **7 KEY UNIVERSITY RISKS**

7.1 RECEIVED AND NOTED: paper ref: AUD/20-21/035

7.2 CONSIDERED the University's risk profile as articulated through its Key University Risk Register and heat map (**Appendix 2**).

7.3 NOTED the changes made to the risk profile since the April 2021 meeting of ARC.

7.4 NOTED that this paper reflects the situation at the time of writing, and that the risk environment is changing very rapidly.

7.5 [REDACTED: likely to prejudice commercial interests]

7.6 NOTED that was still the case that the current high level of risk was, in almost every instance, a direct result of the Covid-19 pandemic, and therefore the risk profile was reflecting an extraordinary set of circumstances. The Chair advised the Committee that at each meeting of the Board of Trustees, the Board were asked to confirm that they were content with the University's residual risk score and the actions being undertaken to affect change.

## **8 STRATEGIC RISK FOCUS: TEMPLE QUARTER ENTERPRISE CAMPUS (TQEC)**

8.1 RECEIVED AND NOTED: paper ref: AUD/20-21/036

8.2 CONSIDERED the programme risk update.

### 8.3 [REDACTED: likely to prejudice commercial interests]

## 9 IT DISASTER RECOVERY

9.1 RECEIVED and NOTED: paper ref: AUD/20-21/037

9.2 The CIO joined the Committee for this paper.

9.3 In response to a question, AGREED that communications to the wider University on disaster recovery and cyber security would be included within future update to the Committee from the CIO.

**Action: Secretary**

9.4 NOTED that when incidents occurred, the University's IT services now sought to share improvements in responses with the wider staff community. Additionally, cyber champions and a cyber working party had been established in conjunction with continued training for staff.

## 10 INTERNAL AUDIT PROGRESS REPORT

10.1 RECEIVED AND NOTED: paper ref: AUD/20-21/038

10.2 NOTED the recommendations detailed in the paper including the summary of progress made against the 2020/21 Internal Audit plan and a summary of the final reports issued to date.

10.3 NOTED the following points:

- Finalisation of four internal audit reports and since April 2021 Committee meeting and agreed the action plan for the Animal Services Unit audit that was presented at the April meeting.
- Details of the status of all internal audit actions (open and closed) is highlighted within the report.
- The remaining audits on the plan are fully scoped and delivery has started.
- The contingency budget is now fully allocated across the audits of starters, movers and leavers; TSS and casual workers; non-financial research assurance; and additional advisory work undertaken during the year.

10.4 NOTED that the report now included details of outstanding high priority actions as per the action on this subject from the last meeting. AGREED that going forward, the Chair of the Audit and Risk Committee would be asked to agree extensions to deadlines for high priority actions with the Committee then being informed at each meeting. This would allow the action owners within the University management structure to respond in a timely fashion both in terms of reasons for extensions and limiting the extent of the extensions.

10.5 NOTED that many of the issues and areas for improvement identified in the audits entitled *Framework for Compliance with Legal and Regulatory Obligations Policy* and *Policy Governance Executive Summary* had crossovers and parallels in the audit entitled *Academic Conflicts of Interest* and [REDACTED: related to an active review]

## 11 INTERNAL AUDIT STRATEGY AND PLAN 2021/22

11.1 RECEIVED AND NOTED: paper ref: AUD/20-21/039

11.2 NOTED that extensive consultation was undertaken with members of the University Executive Board (UEB) and other senior leaders, and that the strategy was discussed at UEB on 14 June 2021.

11.3 APPROVED the recommendations detailed below.

- The three-year internal audit strategy for the University has been developed following consultation across the management team and with senior leaders. The Audit & Risk Committee are requested to review the coverage within the coming year and approve the internal audit plan contained within the strategy.
- The internal audit strategy seeks to build on the work undertaken during the first three years of the Risk Assurance function being in operation.
- For 2021/22, the proposed programme of work seeks to provide assurance across the four pillars of the landscape, specifically:
  - assurance over a range of core business as usual activity.
  - areas that have not previously been subject to independent assurance or are areas of transformation / change.
  - represent key strategic risks to the University.
  - identified by management as areas of possible concern.
- The agreed budget for the year allows for some specialist input from the University's co-source partner RSM, this input is highlighted within the annual Internal Audit plan.

11.4 AGREED that on the recommendation of UEB (at its meeting on 21 June) the audit entitled Student Mental Health and Wellbeing be delayed to 2022/23. This would allow initiatives relating to student mental health introduced after the last internal audit in 2020 time to produce measurable results so data would be available for analysis. Additionally, a delay to 2022/23 would allow more days to be allocated to this audit.

11.5 In response to a question, the Committee noted the strong support in the implementation of actions that the internal audit team received from both Senior Officers and the wider staff body within the University.

11.6 In response to a question, the Committee discussed ways in which the performance of the internal audit team could be assessed noting that relevant staff now received a survey which in due course would be developed into a client satisfaction score to be shared with the Committee.

11.7 In response to a question, it was noted that 3<sup>rd</sup> party relationship would be included in the scope of the General Data Protection Regulation (GDPR) audit.

## **12 APPOINTMENT OF THE INTERNAL AUDITORS 2021.22 (INCLUDING ASSESSMENT OF THEIR PERFORMANCE)**

12.1 RECEIVED AND NOTED: paper ref: AUD/20-21/040

12.2 REVIEWED the performance of the internal auditors in particular noting the benefits of the hybrid/ co sourced model.

12.3 In response to a question, the Group Finance Director confirmed the cost of the internal audit function. AGREED that the costs should be included in the future versions of the paper.

**Action: Group Finance Director**

12.4 RECOMMENDED to the Board of Trustees the re-appointment of RSM as the internal auditors for the year ending 31 July 2022.

## **13 APPOINTMENT OF THE EXTERNAL AUDITORS 2021-22 (INCLUDING ASSESSMENT OF THEIR PERFORMANCE)**

13.1 RECEIVED AND NOTED: paper ref: AUD/20-21/041

- 13.2 REVIEWED the performance of the external auditors.
- 13.3 In response to a question, the Group Finance Director confirmed the cost of the external audit function. AGREED that the costs should be included in the future versions of the paper.
- Action: Group Finance Director**
- 13.4 RECOMMENDED to the Board of Trustees to extend the contract of PricewaterhouseCoopers LLP (PwC) as the external auditors for a further two years and formally re-appoint for the year ending 31 July 2022.
- 14 NATIONAL COMPOSITES CENTRE (NCC): RISK FOCUS & HVMC LETTER OF ASSURANCE**
- 14.1 RECEIVED AND NOTED: paper ref: AUD/20-21/042
- 14.2 NOTED the update on the NCC's risk management framework and overview of the three key risks.
- 14.3 APPROVED the Chair to sign the annual HVMC audit letter, subject to conditions set out in the paper.
- 15 UPDATE ON OFS ACCOUNTS DIRECTION AND FINANCIAL REPORTING DEVELOPMENT**
- 15.1 RECEIVED AND NOTED: paper ref: AUD/20-21/043
- 15.2 NOTED these updates in the OfS Accounts Direction and current and planned developments in financial reporting.
- 16 OFS COMPLIANCE ASSURANCE**
- 16.1 RECEIVED AND NOTED: paper ref: AUD/20-21/044
- 16.2 NOTED that the University was compliant with all its conditions of registration at this point in time.
- 16.3 **[REDACTED: likely to prejudice commercial interests]**
- 17 OFC REPORTABLE EVENTS**
- 17.1 RECEIVED AND NOTED: paper ref: AUD/20-21/045
- 17.2 **[REDACTED: likely to prejudice commercial interests]**
- 17.3 **[REDACTED: Personal information]**
- 19 ANY OTHER BUSINESS INCLUDING FORWARD PLAN**
- 19.1 RECEIVED AND NOTED: paper ref: AUD/20-21/047
- 19.2 CONSIDERED the attached forward plan and in particular suggested potential areas for Strategic Risk Focus.
- 19.3 AGREED that the aim should be a Strategic Risk Focus into risks in red zone in the Risk Register Heat Map (grouped by theme) over the next year. Secretary to schedule as per the below. AGREED the areas in order as listed below:  
**[REDACTED: likely to prejudice commercial interests]**
- Action: Secretary**
- 19.4 **[REDACTED: likely to prejudice commercial interests]**
- 19.5 **[REDACTED: likely to prejudice commercial interests]**

**20 DATE OF NEXT MEETING**

20.1 The date of the next meeting was confirmed as Thursday 21 October 2021.

20.2 NOTED that the Chair of the Board and the Vice-Chancellor would be in attendance at the next meeting.