



## MEETING OF THE AUDIT AND RISK COMMITTEE

**MONDAY 03 MARCH 2025**

1400, Room 4.04, Beacon House

### MINUTES

**Members:** Mary Bishop, Michaela Munro, Professor Dame Melanie Welham (Acting Chair, and Independent Trustee), Lucie Lambert (Independent Trustee)

**In attendance:** Shirlene Adam (Group Finance Director), Andy Carr (Deputy Chair of the Board, independent trustee), Michael Flay (Interim Deputy University Secretary and Head of Governance), Lucinda Parr (Chief Operating Officer, Registrar & University Secretary), Lucy Penrose (Deputy Head of Governance & ARC Secretary), Judith Squires (DVC and Provost), Peter Vermeulen (Chief Finance Officer), Evelyn Welch (Vice Chancellor & President).

**Visitors:** Keith Woolley (Chief Digital Information Officer) – for agenda items 5 & 7; Victoria Jones Parry (Executive Director of Strategic Planning & Transformation) – for agenda item 7; David Webb (RSM) – for agenda item 5; Will Spinks (Halpin Trust) – observing for the entire meeting.

**Internal Auditors:** David Broughton (RSM), Tom Loader (Internal Audit Manager, RSM).

**External Auditor:** Colin Bates (PwC) (*online*).

**Apologies:** Ololade Adesanya (Chair), Stephen Robertson (Deputy Chair).

#### 1. MINUTES OF THE PREVIOUS MEETING (*on file*).

- 1.1 The minutes of the meeting on 4 November 2024 were **APPROVED** as a true and accurate record.

#### 2. MATTERS ARISING & ACTIONS

- 2.1 RECEIVED and **NOTED**: the action register (*on file*).

#### 3. DECLARATIONS OF INTEREST

- 3.1 No new declarations of interest were raised.

#### 4. CHAIR'S BUSINESS

- 4.1 **NOTED**: that today's meeting was being chaired by Melanie Welham in the absence of the Chair, Ololade Adesanya and the Deputy Chair, Stephen Robertson whose apologies had been noted. The meeting remained quorate.
- 4.2 The Committee welcomed Will Spinks, a consultant from the Halpin Trust, who was observing today's meeting as part of the external Board effectiveness review.
- 4.3 **NOTED**: that the Chair of the Committee was scheduled to meet with the lead partner for Deloitte who was leading on the Modern Network Programme.

*Keith Woolley joined the meeting*

#### 5. INTERNAL AUDIT PROGRESS REPORT

- 5.1. RECEIVED: and **DISCUSSED**: the Internal Audit progress report, including their assessment of RSM's compliance with the new Internal Audit Code - paper ref: **AUD/24-25/025** (*on file*).

- 5.2 The following was **NOTED**:
- 5.2.1 The progress report summarised progress made against the 2024/25 Internal Audit plan and included a summary of the five reports finalised since the previous meeting.
- 5.2.2 These reports were: Counter Fraud, Endowment Funds, Intellectual Property, Cyber Security, and IT Disaster Recovery- Follow up, and Phase 1 of Modern Networks Retrospective Review. Keith Woolley had joined the meeting for this item to talk to the Cyber Security and IT Disaster Recovery follow up audits and also Phase 1 of the Modern Network Retrospective Review.
- 5.2.3 Details of the status of all internal audit actions (open and closed) were highlighted within the report.

REDACTED: Section 43: Commercial interests

- 5.2.4 Internal Audit had also undertaken a self-assessment against the new Global Internal Audit Standards, the outcome of which was positive, and which provided the Committee with a satisfactory level of assurance. The Internal Audit team were now focussing on those areas for improvement, which was mainly about codifying what was already being done to make activities more explicit. The Committee thanked the Internal Audit team for undertaking such a helpful assessment.

Counter Fraud (*Reasonable Assurance*)

- 5.3 **NOTED**: that this audit was focused primarily on financial fraud, and did not include instances of academic fraud. The audit reviewed the adequacy and effectiveness of the overarching counter fraud controls as well as performing testing on fraud controls embedded within core operations.
- 5.4 **NOTED**: Previous internal audits had been undertaken on a 2018/19 Counter Fraud Anti-Bribery and Corruption audit and a 2019/20 COVID-19 Fraud risk audit. As part of this audit, the Internal Auditor also followed up on the progress to date of the actions agreed from these previous works.

- 5.5 REDACTED: Section 43: Commercial interests

- 5.6 REDACTED: Section 43: Commercial interests

- 5.6 The Committee was satisfied that the operational controls tested as part of this audit were generally found to be working effectively and helping to reduce the risk of fraud, noting that there had been some recommendations for improvement in certain areas, and that the Executive had confirmed that activity was underway to address these.

Endowment Funds (*Reasonable Assurance*)

- 5.7 **NOTED**: that the purpose of this audit was to evaluate the control mechanisms in place for managing endowment funds across the University, investigating how principles guiding the use of endowment funds aligned to internal decision-making and divisional and faculty objectives. The audit also investigated the controls in place around ensuring that terms and conditions of endowment funds were followed when grant funding was drawn down.

- 5.8 REDACTED: Section 43: Commercial interests

- 5.9 Overall, the Committee felt assured of the outcome of the audit which had concluded that spend on endowments was broadly in line with the agreed terms and conditions of the funds, where these instructions were known and clear, and that the operational

controls for drawing down spend were operating effectively and in line with overall University controls.

- 5.10 The Committee **NOTED** that there was scope to improve the wider control framework around endowments to ensure that opportunities for their use were maximised and to bring greater consistency in practice.

REDACTED: Section 43: Commercial interests

- 5.11 The Executive provided the Committee with assurances that activities were underway to address the recommendations and actions arising from the audit.

Intellectual Property (Reasonable Assurance)

- 5.12 **NOTED:** that this audit had focused on the controls in place to ensure that the University was maximising commercial opportunities in support of the University's Strategy.

- 5.13 REDACTED: Section 43: Commercial interests

Internal Audit confirmed that this audit had been borderline reasonable to substantial.

- 5.14 REDACTED: Section 43: Commercial interests

- 5.15 There was a discussion about the new Faculty structures, and how consideration of Intellectual Property would be captured as part of any new research strategies that were being developed. This also represented a wider cultural piece which was being led by the Executive in relation to encouraging staff to be more aware of where they submitted their research grant applications and to also focus on industry partnerships.

- 5.16 Overall, the Committee felt assured of the outcome of the audit and of the assurances being given to them by the Executive in relation to improvement activities.

Cyber Security and IT Disaster Recovery- Follow up (Advisory)

- 5.17 **NOTED:** that this was not a full re-audit, but a progress update in addressing management actions from the previous report (previous internal audits of IT DR and Cyber Security were both carried out in 2021/22), in addition to some broader comments in terms of where the University sat currently in this space. It was noted that a more detailed audit may take place in the future.

- 5.18 REDACTED: Section 43: Commercial interests

- 5.19 REDACTED: Section 43: Commercial interests

- 5.20 Overall the Committee was very assured of the outcome of this audit, and the Executive also confirmed that actions were underway to address any additional work required as a result.

David Webb, RSM, joined the meeting

Phase 1 of our Modern Networks Retrospective Review (Advisory)

5.21 **NOTED:** the programme review was divided into two phases. Phase 1, covered in this report, examined the programme setup through to the award of contract. Phase 2, which was still underway, focused on developments following the project's initiation.

5.22 **NOTED:** for Phase 1, the review assessed several key areas, including the strategic vision, programme setup, governance, procurement process, contract award, and communication and engagement across the University.

REDACTED: Section 43: Commercial interests

5.23 **NOTED:** that overall, at the point of contract award, Internal Audit had identified some areas for learning but had no major concerns regarding the programme.

5.24 The Executive acknowledged the challenges with Modern Network, noting that these issues had arisen after the contract signing point following the period that the phase 1 audit covered. This was the reason a second-phase review had been requested.

5.25 The Executive confirmed that a briefing would be provided to the Board in March and that a clear plan was in place to bring the project back to a "green" status. The key challenges had now been identified, along with the necessary actions to address them. Additionally, the Executive outlined how these challenges would be translated into controls to provide assurance to the Board.

5.26 In response to a question regarding the obstacles and challenges in moving Modern Network from amber to green, the Executive acknowledged that a key issue had been the setting of unrealistic timelines. The challenge was broken down into three components: understanding the environment in which the network was being delivered, identifying the technology within that environment, and assessing the technical services running on it. While the challenges related to hardware had been anticipated, the complexities of the services had not been fully understood. To address this, the delivery mechanism had been restructured to enable more coordinated and collaborative working, with the aim of accelerating progress.

5.27 It was noted that there were lessons to be learned more broadly from this Phase and for the second phase in respect of future large-scale programmes and that the Executive would be taking a look at these at the appropriate time.

*David Webb, RSM, left the meeting*

Conclusion

5.28 **AGREED:** that given the volume of internal audit reports (twelve were scheduled) for the June ARC meeting, the Secretary would consider time allocation for June's meeting agenda. It was noted that some audits may be pushed back into the Autumn.

5.29 In response to whether an external quality assessment (EQA) was required for the Internal Audit function and what the industry practice dictates, it was noted that this would be discussed further with the Chair outside of today's meeting. Best practice recommended conducting an external quality assessment every five years, and with the new standards now in place, this approach was considered sensible. Various options were available for conducting an EQA, differing in scope and cost. The extent of the assessment would depend on the appetite of ARC, and the available options would be reviewed and discussed with the Chair.

**ACTION: Chair/RSM**

## 6. INTERNAL AUDIT RESOURCING

6.1. RECEIVED and **DISCUSSED**: the resourcing of the Internal Audit Plan 24/25 paper ref: **AUD/24-25/026** (on file).

6.2 The Committee **AGREED** that the preferred option was Option 1: Audit Plan fully delivered using additional resource from RSM Ltd [REDACTED]  
[REDACTED: Section 43: Commercial interests]

6.3 It was **AGREED** that the Internal Audit team would further consider the recruitment timeline for the internal audit apprentice vacancy sooner rather than later [REDACTED]  
[REDACTED: Section 43: Commercial interests]

*Vikki Jones-Parry joined the meeting*

## 7. KEY UNIVERSITY RISKS REGISTER

7.1. RECEIVED and **DISCUSSED**: the changes that had occurred to the Key University Risk Register and, therefore, the University's risk profile since the previous ARC update in November 2024 - paper ref: **AUD/24-25/027** (on file).

7.2 [REDACTED]  
[REDACTED: Section 43: Commercial interests]

7.3 [REDACTED]  
[REDACTED: Section 43: Commercial interests]

7.4 The Vice-Chancellor provided a global HE environment update highlighting some specific areas of risk in relation to the USA. The following was **DISCUSSED**:

7.4.1 [REDACTED: Section 43: Commercial interests]

7.4.2 [REDACTED: Section 43: Commercial interests]

7.4.3 [REDACTED: Section 43: Commercial interests]

7.4.4 [REDACTED: Section 43: Commercial interests]

7.4.5 [REDACTED: Section 43: Commercial interests]

7.4.6 [REDACTED: Section 43: Commercial interests]

7.5 Additionally, the following was **DISCUSSED**:

7.5.1 [REDACTED: Section 43: Commercial interests]

7.5.2 [REDACTED: Section 43: Commercial interests]

7.5.3 [REDACTED: Section 43: Commercial interests]

7.5.4 REDACTED: Section 43: Commercial interests

7.5.5 The External Auditor highlighted to the Committee that the corporate sector was currently assessing critical controls and actions to address risks within the Key Uncertainties and Risk Register (KURR), though determining what is truly critical remained challenging, with an estimated 30-50 key controls in some corporate organisations. It was suggested that the University attempt to learn from listed companies' approaches. The Executive highlighted an ongoing review to simplify and refine the KURR framework, ensuring clear articulation of essential controls and their direct link to risk mitigation and reduction and thanked the External Auditor for providing a valuable quantitative perspective to support this effort.

*Keith Woolley & Vikki Jones-Parry left the meeting*

## 8. SUMMARY OF FINANCIAL PERFORMANCE

8.1. RECEIVED and **NOTED**: the financial performance for the first five months of financial year 2024/25 (to 31 December 2024) which had been previously considered By Finance and Investment Committee on 14<sup>th</sup> February 2025 - paper ref: **AUD/24-25/028** (on file).

8.2 REDACTED: Section 43: Commercial interests

8.3 REDACTED: Section 43: Commercial interests

8.4 REDACTED: Section 43: Commercial interests

8.5 REDACTED: Section 43: Commercial interests

## 9. TRAC RETURN COMPLIANCE

9.1. RECEIVED and **NOTED**: the University of Bristol TRAC facilities costing compliance and action plan - paper ref: **AUD/24-25/029** (on file).

9.2 **NOTED**: this year's return was compliant with the guidance, and a working group had been set up to review next year's return.

## 10. MANDATORY STAFF TRAINING UPDATE

10.1 RECEIVED and **NOTED**: paper ref: **AUD/24-25/030** (on file).

10.2 **NOTED:** the Mandatory Training completions report, which showed how many main staff have completed their 6 Mandatory Training modules (between 5 August 2024 and 31 January 2025). This was a six-monthly view, and colleagues had up to July 2025 to complete the training. **REDACTED: Section 43: Commercial interests**

10.3 **REDACTED: Section 43: Commercial interests**

**REDACTED:** key topic of discussion at the Operations Board as part of internal audit monitoring.

10.4 **REDACTED: Section 43: Commercial interests**

10.5 In addition, Develop, the staff training platform, had recently introduced automated email notifications to improve compliance rates.

10.6 The Executive expressed confidence in the line management disciplinary approach, noting that it had been effective in addressing repeat non-compliance.

10.7 It was **AGREED** to explore whether academic staff training completion rates could be disaggregated at the School level and shared with the Provost.

## 11. REPORT OF WHISTLEBLOWING OFFICER

11.1. The Committee received a verbal update from the University's Whistleblowing Officer (the Chief Operating Officer, Registrar & University Secretary).

**REDACTED: Section 43: Commercial interests**

## 12. OFS REPORTABLE/ NOTIFIABLE EVENTS

12.1. The Committee received a verbal update from the Chief Operating Officer, Registrar & University Secretary. **REDACTED: Section 43: Commercial interests**

## 13. REVIEW OF ARC COMPLIANCE WITH HE CUC AUDIT CODE

13.1. RECEIVED and **APPROVED:** paper ref: AUD/24-25/031 (on file).

## 14. ANY OTHER BUSINESS TO INCLUDE ARC AWAY DAY DISCUSSION

14.1 **AGREED:** some options for discussion at the ARC away day on 25th April.

## 15. MEETING OF THE COMMITTEE AND THE AUDITORS WITHOUT THE UNIVERSITY OFFICERS PRESENT

15.1 The Executive left the meeting. The Deputy University Secretary remained in the room to assist from a governance perspective, if required.

## 16. MEETING CLOSE AND DATE OF NEXT MEETING

16.1 The date of the next meeting was confirmed as Monday 09 June 2025, 1400.