



MEETING OF THE AUDIT AND RISK COMMITTEE

FRIDAY 19 JULY 2019

Board Room, Beacon House, Queen's Road BS8 1QU 14.00 – 17:00

MINUTES

Members Present: Professor Mary Bishop, Ms Julie Goldstein, Dr Moira Hamlin, Dr John Manley, Mr Andy Poolman (Chair), Mr Andy Willis

In attendance: Mrs Helen Cole (Senior Governance Officer and Clerk to the meeting), Robert Kerse (Chief Operating Officer), Ms Nicola Key (Head of Programme Delivery Temple Quarter) at 15:10 for item 9 (Strategic Risk Focus: Temple Quarter Enterprise Campus), Mrs Lucinda Parr (Registrar and University Secretary) and Mr Jason Smerdon (Group Finance Director)

Internal Auditors: Mr David Broughton and Mr Andrew Manning (RSM)
External Auditors: Mr Ian Davies (PWC)

Apologies:

Members: No apologies received

In Attendance: Mr Mick Axtell (Deputy Chief Financial Officer), Professor Hugh Brady (Vice-Chancellor), Professor Judith Squires (Deputy Vice-Chancellor and Provost)

1 WELCOME

- 1.1 The Chair welcomed members and noted apologies.
- 1.2 The Chair drew attention to the new agenda format which reflected the Audit Committee responsibilities and content of the Annual Report to the Board and Office for Students.
 - Financial Issues
 - Risk Management
 - Controls
 - Governance

2 DECLARATIONS OF INTEREST

- 2.1 No new interests were declared.
- 2.2 Members were reminded that they had an obligation to disclose any pecuniary, family or other personal interest that they had in any matter under discussion at any meeting of the Audit Committee as soon as practicable.

3 MINUTES OF THE PREVIOUS MEETING

- 3.1 The minutes of the meeting on 29 April 2019 were APPROVED as a true and accurate record of the meeting.
- 3.2 AGREED that it that going forward, the minutes of the Audit and Risk Committee minutes would need to more adequately record the challenges made by the members and the responses received from the Senior Executive staff members / officers in attendance. AGREED that this was particularly important because the Terms of Reference of Audit and Risk Committee now required the Committee to more "actively" recommend that the Board approves the University's annual accounts.

Additionally, the Terms of Reference also required the of Audit and Risk Committee to demonstrate that the it had received assurance in the other relevant areas and then in turn assure the Board of Trustees.

4 MATTERS ARISING & ACTIONS

- 4.1 The following actions were agreed as closed:
- Whistleblowing Policy: Review and Annual Report (on the meeting agenda)
 - Terms of Reference Review

Non-Disclosure Agreements

- 4.2 NOTED that on Non-Disclosure Agreements (NDAs) were discussed at Remuneration Committee on 13 June 2019. **[REDACTED: likely to prejudice commercial interests]**
- 4.3 **[REDACTED: likely to prejudice commercial interests].**
Action: Secretary to Audit and Risk Committee
- 4.4 NOTED that the Registrar was considering where non-exec oversight should lie and would update the Committee in due course.
Action: Registrar and University Secretary
- 4.3 NOTED that a Strategic Risk Focus on Mental Health and Wellbeing Strategy Implementation had been added to the agenda for Audit and Risk Committee on 14 October 2019.

5 COO Update Report

- 5.1 RECEIVED AND ENDORSED: paper ref: AUD/18-19/050
- 5.2 The Chief Operating Officer introduced the report and the following challenges and responses were included in the subsequent discussion.
- 5.3 **[REDACTED: likely to prejudice commercial interests]**
- 5.4 **[REDACTED: likely to prejudice commercial interests].**
- 5.5 **[REDACTED: likely to prejudice commercial interests]**
- 5.6 **[REDACTED: likely to prejudice commercial interests].**
- 5.7 **[REDACTED: likely to prejudice commercial interests]**
- 5.8 The Officers summarised the work done by the Finance and Major Projects Committee to examine and scrutinise the University's plans in the event of loss of funding. **[REDACTED: likely to prejudice commercial interests]**
- 5.9 **[REDACTED: likely to prejudice commercial interests]**
- 5.10 Officers provided a verbal update to the Committee on the possibility of strike action at the University over the next few months.
- 5.11 Officers provided a verbal update on the Fry Building. **[REDACTED: likely to prejudice commercial interests]**

6 Financial Performance Pack - May 2019

- 6.1 RECEIVED AND NOTED: paper ref: AUD/18-19/051

- 6.2 The Group Finance Director introduced the report and explained changes in the position since the last meeting on 29 April 2019.
- 6.3 NOTED the financial performance for the first ten months of financial year 2018/19 (to 31 May 2019) and CONSIDERED that management were taking appropriate levels of action to address areas of underperformance.

7 Value for Money (VfM) Strategy 2017-2023

- 7.1 RECEIVED AND ENDORSED: paper ref: AUD/18-19/052
- 7.2 The Group Finance Director introduced the report and the following challenges and responses were included in the subsequent discussion.
- 7.3 NOTED that the University was using the National Audit Office's definition of value for money ('VfM') and is considering it from both a student and taxpayer perspective. NOTED that VfM would be included in the University's end of year report and would also include a breakdown of costs entitled "where does your tuition fee go"
- 7.4 **[REDACTED: likely to prejudice commercial interests]**
- 7.5 **[REDACTED: likely to prejudice commercial interests]**
- 7.6 **[REDACTED: likely to prejudice commercial interests].**
- 7.7 **[REDACTED: likely to prejudice commercial interests]**
- 7.8 ENDORSED for APPROVAL by the Board of Trustees, the University Value for Money Strategy, as updated in response to the requirements of the OfS Regulatory code.

8 Key University Risks

- 8.1 RECEIVED AND NOTED: paper ref: AUD/18-19/053
- 8.2 The Registrar and University Secretary introduced the report and the following challenges and responses were included in the subsequent discussion.
- 8.3 **[REDACTED: likely to prejudice commercial interests].**
- 8.4 NOTED the University's risk profile as articulated through its Key University Risk Register and heat map (Appendix 1).
- 8.5 AGREED that the Key University Risks documentation should be reviewed by the Registrar and University Secretary prior to its submission to Audit & Risk Committee on 14 October and then to the Board of Trustees on 22 November 2019.
[REDACTED: likely to prejudice commercial interests]
Action: Registrar and University Secretary
- 8.6 [Subsequent to the meeting the Registrar further discussed the issues raised with the Director of Strategy, Planning and Change and the Planning and Business Intelligence Team and a further response from the University is provided below:
- The University's new Risk Management Framework is still in the early phases of implementation and as the policy and procedures are put into practice, as expected, the need for further refinement has become clear. A Risk Management Framework Development Plan has been put in place to plan and prioritise these developments.
 - **[REDACTED: likely to prejudice commercial interests]** All risks will be re-scored using the new version of the Impact Scoring Matrix ahead of the report

to the October meeting of Audit & Risk Committee and the November meeting of the Board of Trustees.

- Another aspect of the continuous development of the Risk Management Framework is to establish robust governance and oversight of the Key University Risk Register and the University's overall risk profile. The recently established University Executive Board (UEB) will have a clear responsibility for the University risk profile and will review the Key University Risk Register ahead of each report to Audit & Risk Committee and the Board of Trustees.
- Finally, the Planning and Business Intelligence Team will continue to work with Risk Owners and Risk Managers as they become more familiar with their roles and responsibilities in terms of the definition, evaluation and management of the University's risks]

9 Strategic Risk Focus: Temple Quarter Enterprise Campus

9.1 RECEIVED AND NOTED: paper ref: AUD/18-19/054

9.2 The Chief Operating Officer introduced the report and the Head of Programme Delivery for Temple Quarter joined the Committee for this item. The following challenges and responses were included in the subsequent discussion.

9.3 [REDACTED: likely to prejudice commercial interests]

9.4 [REDACTED: likely to prejudice commercial interests].

9.5 The Committee was assured that management was taking appropriate action with regard to Temple Quarter Enterprise Campus.

10 Internal Audit Progress Report

10.1 RECEIVED AND ENDORSED: paper ref: AUD/18-19/055

10.2 The Internal Auditor introduced the report and the following challenges and responses were included in the subsequent discussion.

10.3 The Committee queried the reference to internal audit in its Terms of Reference noting that the precise working from the CUC guidance on the matter should perhaps be used instead. AGREED that this suggestion should be examined and the wording in the Terms of Reference checked and updated.

Action: Secretary to Audit and Risk Ctte

10.4 [REDACTED: likely to prejudice commercial interests]

10.5 [REDACTED: likely to prejudice commercial interests]

10.6 The Committee queried how the University would engage with the recently launched ISO/IEC 27002 which provides a high-level guide to cybersecurity. The officers and the internal auditors responded that this would be taken forward by the Chief Information Officer.

Action: Chief Operating Officer

11 Risk Assurance Draft Internal Audit Strategy 2019-2022

11.1 RECEIVED AND NOTED: paper ref: AUD/18-19/056

11.2 The Internal Auditor introduced the report and the following challenges and responses were included in the subsequent discussion.

11.3 The Committee discussed what the appropriate level of assurance activity is each year, noting that the number of days was had been higher in the last two years than it had been in the previous ten. NOTED that the internal audit team was building up its

skills and experience and that this would lead to improved efficiencies in the processes. The Committee praised the improved standard and presentation of the report.

11.4 The Committee queried why the item entitled Use of hazardous Chemicals had been deferred beyond 2019/20. Officers responded that this area had been examined recently and that the University was still working on areas of improvement.

11.5 AGREED that the item entitled Change management should be added to the schedule for 2019/20 and not deferred to a later year.

Action: Chief Operating Officer and Internal Auditor

11.6 APPROVED, subject to the changes detailed above, the Risk Assurance Internal Audit Strategy 2019-2022

12. Assessment of the Performance of the Internal Auditor (1 year on)

RECEIVED AND NOTED: paper ref: AUD/18-19/057

12.1 The Group Finance Director introduced the report.

12.2 CONSIDERED the performance of the new co-sourced Internal Audit Service following its first year of operation, and

12.3 RECOMMENDED TO THE BOARD the appointment of RSM for a second year. The Chair expressed his thanks on behalf of the Committee to the Internal Auditors.

12.4 NOTED that approval from the Board of Trustees would be sought via Chair's Action, following the Audit Committee meeting. The next Board meeting was on 20 September 2019 and reappointment needed to be confirmed by 1 August 2019.

Action: Secretary to Audit and Risk Cttee

13. Appointment of External Auditor 19/20 (including an assessment of the performance of the External Auditor)

13.1 RECEIVED AND NOTED: paper ref: AUD/18-19/058

13.2 The Group Finance Director introduced the report.

13.3 RECOMMENDED the appointment of PricewaterhouseCoopers LLP ("PwC") as the external auditors for the year ending 31 July 2020 to the Board of Trustees.

Action: Secretary to Audit and Risk Cttee

13.4 AGREED that the members should join the Chair of Audit and Risk Committee in meeting with the external auditor before the next meeting in order to discuss the Annual Financial Statements, given the new responsibilities of the Audit and Risk Committee. The Secretary to arrange this meeting.

Action: Secretary to Audit and Risk Cttee

14. Annual Fraud Report 2018/19

14.1 RECEIVED AND APPROVED: paper ref: AUD/18-19/059

14.2 The Group Finance Director introduced the report.

14.3 NOTED the actions taken to contain the risk of fraud.

15. OfS Audit of 2016-17 Student Fee Payments – Updated Action Plan

15.1 RECEIVED AND NOTED: paper ref: AUD/18-19/060

15.2 The Registrar and University Secretary introduced the report.

15.3 NOTED the OfS Audit of 2016-17 Student Fee Payments – Updated Action Plan

16. Revised Whistleblowing Policy

16.1 RECEIVED AND NOTED: paper ref: AUD/18-19/061

16.2 The Registrar and University Secretary introduced the report and the following challenges and responses were included in the subsequent discussion.

16.3 The Committee considered that the revised policy was a considerable improvement on the previous version but noted that the Policy only covered statutory disclosures. The Committee queried how the University received feedback on issues that were harming the organization but weren't covered by the policy, for example if staff were aware of a bullying culture. Officers responded that the University did have other policies and reporting tools to ensure safeguarding in the wider context.

16.4 The Committee queried whether the Policy covered a recent EU directive regarding impunity in relation to media coverage. Officers responded that they would investigate and report back via email in due course.

Action: Registrar and University Secretary

16.5 AGREED that the Policy should be amended to ensure that Audit and Risk Committee were informed of all disclosures reported via the Policy regardless of the degree to which a case advanced.

Action: Registrar and University Secretary

16.6 CONSIDERED AND APPROVED the appointment of Lucinda Parr (Registrar and University Secretary) as Whistleblowing Officer under the current Whistleblowing Policy with immediate effect.

16.7 AGREED that an additional contact was required under section 4.2 of the Policy. This individual should be less senior than the other contacts and therefore more approachable.

Action: Registrar and University Secretary

16.8 APPROVED, subject to the changes detailed above, for the purposes of consultation with the Trade Unions the working draft of the Whistleblowing Policy.

17. Research Mis Conduct Case – update on a case that Audit Ctte has previously considered

17.1 RECEIVED AND NOTED: paper ref: AUD/18-19/062

17.2 The Registrar and University Secretary introduced the report.

17.3 NOTED the update in respect of a confidential research misconduct investigation that was originally reported to Audit Committee on 10 September 2018

17.4 **[REDACTED: Personal information]**

18. OfS: Reportable Events

18.1 RECEIVED AND NOTED: paper ref: AUD/18-19/063

18.2 The Chief Operating Officer introduced the report.

18.3 NOTED that the three following reportable events have been submitted to the Office for Students:

- Change in Chair of Governing Body
- Change of Headquarters Address

- [REDACTED: Personal information]

19. Any Other Business and Forward Plan

- 19.1 AGREED that the Annual Fraud Risk Report 2018/19 had been included as item 14 in the agenda so could be removed from the forward plan.

Action: Secretary to Audit and Risk Ctte

20 Equality, Diversity and Inclusion

- 20.1 The Committee reflected that it had considered implications linked to equality, diversity and inclusion when conducting its business, making decisions and agreeing actions, in particular in the discussion of the item relating to the Whistleblowing Policy.

21. Date of Next Meeting

- 21.1 The date of the next meeting was confirmed as Monday 14 October 2019, 14:00 – 17:00 in Board Room, Beacon House, Queen's Road, BS8 1QU

- 21.2 NOTED that as per the Committee's Terms of Reference, a meeting between the Committee and the Internal Auditor and the External Auditor without University officers present would form part of the next meeting.

Action: Secretary to Audit and Risk Ctte