



## MEETING OF THE AUDIT COMMITTEE

MONDAY 6 JULY 2020

Zoom meeting 14.00 – 16:30

### MINUTES

**Members Present:** Dr Madhu Bhabuta, Professor Mary Bishop, Ms Julie Goldstein, Dr Moira Hamlin, Mr Andy Poolman (Chair), Mr Andy Willis.

**In attendance:** Mr Mick Axtel (Chief Financial Services Officer), Mrs Helen Cole (Senior Governance Officer), Robert Kerse (Chief Operating Officer), Professor Guy Orpen (Deputy Vice-Chancellor (New Campus Development) at 15:00 for item 8 (Strategic Risk Focus: Temple Quarter Enterprise Campus), Mrs Lucinda Parr (Registrar and University Secretary), Mr Jason Smerdon (Group Finance Director) and Professor Judith Squires (Deputy Vice-Chancellor and Provost)

Internal Auditors: Mr David Broughton  
External Auditors: Mr Colin Bates (PwC Audit Partner)

**Apologies:** None

### WELCOME

The Chair welcomed members and attendees. NOTED that David Broughton was the Head of Internal Audit.

### 1 MINUTES OF THE PREVIOUS MEETING

- 1.1 The minutes of the meeting on 29 April 2020 were APPROVED as a true and accurate record of the meeting.
- 1.2 The Chair highlighted to members the addition of 7.6 to the minutes after the meeting had occurred.
- 1.3 The Committee discussed the limitations of including “*Items for feedback in advance*” on the agenda noting that although this approach helped to reduce the length of meetings it also meant that discussion in meetings and therefore flexibility of understanding could not occur. NOTED that this issue would be discussed further under item 12: Audit & Risk Committee Annual Effectiveness survey: analysis of results.

### 2 MATTERS ARISING & ACTIONS

- 2.1 AGREED the closure of those actions listed as “Proposed Close” on the Audit and Risk Committee Action Register.
- 2.2 With regard to the 16.4 and 16.7, the Officers advised that the University was currently amending the Whistleblowing Policy in response to further changes requested by the Unions. Additionally, the Secretary’s Office was considering the query relating to impunity in relation to media coverage.
- 2.3 AGREED that the Committee should receive the Whistleblowing Policy at its next meeting on 21 October 2020.

**Action: Secretary**

### **3 CHAIR'S BUSINESS**

3.1 RECEIVED AND NOTED: **Presentation: DELIVERING VFM TO STUDENTS & TAXPAYER DURING COVID-19 PANDEMIC (on file)**

3.2 NOTED that at its meeting on 21 October, the Committee would receive the University's Value for Money Statement (part of Audit Committee Annual Report).

3.3 . **[REDACTED: likely to prejudice commercial interests].**

3.4 The Committee noted that the presentation mainly focused on support for taught students and queried the support provided where the taught element was less. Officers advised that where a 1:1 student: staff relationship was in place then direct feedback had continued. For lab-based studies, the University had negotiated with funding Councils to extend projects during lockdown and was now beginning to re-open labs.

### **4 DECLARATIONS OF INTEREST**

4.1 No new interests were declared.

### **5 COO UPDATE REPORT**

5.1 RECEIVED AND NOTED: paper ref: AUD/19-20/040

5.2 NOTED and DISCUSSED the financial outlook and the planning approach beyond 2020/21.

5.3 **[REDACTED: likely to prejudice commercial interests.]**

5.4 **[REDACTED: likely to prejudice commercial interests].**

5.5 The Committee noted the implementation of the Group Governance Framework and the increased role of the Audit and Risk Committee in the area. AGREED that when possible members should visit the Langford and NCC sites and attend meetings of subsidiary organisations in order to improve the members' understanding and knowledge.

**Action: Secretary**

5.6 **[REDACTED: likely to prejudice commercial interests].**

5.7 **[REDACTED: likely to prejudice commercial interests].**

5.8 The Committee NOTED the progress made in addressing cyber security and business continuity risks on the Key Risk Register.

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

5.10 The Committee requested that in future the Information Technology section of the COO Report include an indication/ summary of the University's performance in dealing with major incidents.

**Action: COO**

5.11 The Committee queried whether the University was satisfied with the associated risk attached to the Zoom platform noting that the Covid-19 pandemic has increased its use. Officers advised that Zoom was not used when discussing more secure issues.

### **6 KEY UNIVERISTY RISKS**

6.1 RECEIVED AND NOTED: paper ref: AUD/19-20/041

- 6.2 NOTED the University's risk profile as articulated through its Key University Risk Register and heat map.
- 6.3 NOTED the changes to the risk profile since the April 2020 meeting of ARC.
- 6.4 CONSIDERED which, if any, of the risks included on the Key University Risk Register it would like to review in more depth.
- 6.5 NOTED the refreshed Risk Management Policy and Procedures (Appendices 3 and 4), the former having been submitted to the Board of Trustees for approval at its meeting on 26 June 2020, with the most substantive change being the inclusion of the Risk Appetite statements.
- 6.6 NOTED that this paper reflected the situation at the time of writing, and that the risk environment was changing very rapidly.
- 6.7 Officers summarised the risks associated with Brexit and the mitigating actions that the University was taking. It was noted that there was no indication that the Government would extend the transition period deadline beyond 31 December 2020. AGREED that the Committee should receive a Strategic Risk Focus: Brexit at its next meeting.

**Action: Secretary**

6.8 **[REDACTED: likely to prejudice commercial interests].**

6.9 The Committee noted the mitigating actions that the University was taking but emphasised that it was necessary that other members of the Board of Trustees were well informed to ensure that the Board felt that the actions being taken to mitigate these elevated risks were appropriate. Officers commented that the explanation of the Covid-19 risk mitigations to the Board of Trustees had been more informative and effective than in other Risk descriptions and agreed that briefing in these areas could be improved.

## **7 STRATEGIC RISK FOCUS: UNIVERSITY RESPONSE TO COVID-19**

- 7.1 RECEIVED AND NOTED: paper ref: AUD/19-20/042
- 7.2 NOTED the high level of risk within which the University is currently operating.
- 7.3 NOTED the developments to the actual COVID-19 Risk Register and the way in which it is being used.
- 7.4 NOTED that the paper reflected the situation at the time of writing, and that the risk environment was changing rapidly at the moment.
- 7.5 CONFIRMED and PROVIDED ASSURANCED to the Board of Trustees that the University's arrangements for the management of the risks posed by the COVID-19 pandemic were adequate and effective.

## **8 STRATEGIC RISK FOCUS: TEMPLE QUARTER ENTERPRISE CAMPUS**

- 8.1 RECEIVED AND NOTED: paper ref: AUD/19-20/043
- 8.2 NOTED the Programme Risk Update
- 8.3 **[REDACTED: likely to prejudice commercial interests].**

## **9 STRATEGIC RISK FOCUS: NCC RISK REGISTER**

- 9.1 RECEIVED and APPROVED: paper ref: AUD/19-20/044
- 9.2 DISCUSSED the risk management approach at NCC and the actions taken relating to the key risks highlighted.
- 9.3 APPROVED the Chair of Audit and Risk Committee to sign the HVMC audit letter, subject to conditions set out.

9.4 **[REDACTED: likely to prejudice commercial interests].**

## **10 INTERNAL AUDIT PROGRESS REPORT**

- 10.1 RECEIVED AND ENDORSED: paper ref: AUD/19-20/045
- 10.2 **[REDACTED: likely to prejudice commercial interests].**
- 10.3 **[REDACTED: likely to prejudice commercial interests].**

**Action: Secretary**

## **11 FRAUD RISK ASSESSMENT**

- 11.1 RECEIVED AND NOTED: paper ref: AUD/19-20/046
- 11.2 NOTED the approach to Fraud Risk Assessment.

## **12 AUDIT RISK COMMITTEE ANNUAL EFFECTIVENESS SURVEY: ANALYSIS OF RESULTS**

- 12.1 RECEIVED AND DISCUSSES: paper ref: AUD/19-20/047
- 12.2 The Committee noted the outcome of the annual effectiveness survey. The Committee agreed that to ensure that there was enough time for adequate discussion the meetings would need to return to three hours in 2020/21. It was agreed that Officers could limit attendance to those papers relevant to their area of expertise. Members expressed concern regarding the volume of papers and volume of matters to consider within a limited period. The Committee agreed that more regular instruction and education of the members was required. The Committee were supportive of the suggestion that specific subject areas could be delegated to specific individual members to develop expertise. Officers responded that consideration would be given these areas and the structure of meeting agendas and yearly planning.

**Action: Registrar and Secretary to Audit and Risk Committee**

- 12.3 AGREED that a Zoom call should be arranged for the lay members of the Committee prior to each Committee meeting in 2020/21. This would be a substitute for the regular Lay Member meetings that could not currently take place due to the Covid-19 pandemic.

**Action: Secretary**

## **13 INTERNAL AUDIT STRATEGY AND PLAN 2020/21**

- 13.1 RECEIVED AND NOTED: paper ref: AUD/19-20/048.
- 13.2 APPROVED the Internal Audit Strategy and Plan 2020/21 noting that the three-year internal audit strategy for the University had been developed following consultation across the management team and with senior leaders and that:
- The internal audit strategy seeks to build on the work undertaken during the first two years of the Risk Assurance function being in operation.
  - For 2020/21, 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, particularly as a result of the Covid-19 crisis; and/or
- identified by management as areas of possible concern.
- Extensive consultation was undertaken with members of the University Executive Board (UEB) and other senior leaders and a draft strategy was discussed at the June UEB meetings.
- The agreed budget for the year allows for some specialist input from the Universities co-source partner RSM, this input was highlighted within the plan.

13.3 In discussion the External Auditor commented that the Internal Audit Strategy was useful to PwC as it further demonstrated the University's responses to the Covid-19 pandemic.

13.4 The Committee discussed ways in which the Committee could obtain an overview of change management and effective decision making across the organisation noting that currently time constraints prevented the Committee examining this and similar areas in detail.

#### **14 APPOINTMENT OF THE INTERNAL AND EXTERNAL AUDITORS 2020/21 (INCLUDING ASSESSMENT OF THEIR PERFORMANCE)**

14.1 RECEIVED AND NOTED: paper ref: AUD/19-20/049

14.2 REVIEWED the performance of the internal and external auditors.

14.3 AGREED TO RECOMMEND to the Board of Trustees the re-appointment of RSM and PricewaterhouseCoopers LLP (PwC) as the internal and external auditors respectively for the year ending 31 July 2021.

14.4 The Committee noted that PwC had been reappointed in 2018/19 after an open tender process and that the PwC Partner had changed from 1 July 2020.

14.5 AGREED that links between the members of the Committee should be improved including training events and meetings with the PwC partner ahead of Committee meetings.

**Action: Secretary**

#### **15 FINANCIAL PERFORMANCE PACK**

15.1 RECEIVED AND NOTED: paper ref: AUD/19-20/050

15.2 NOTED the financial performance for the first ten months of financial year 2019/2020 (to 31st May).

#### **16 OFS REGULATORY ADVICE9: ACCOUNTS DIRECTION**

16.1 RECEIVED AND NOTED: paper ref: AUD/19-20/051

16.2 NOTED the updates in the OfS Accounts Direction.

#### **17 UPDATE ON WIDENING PARTICIPATION**

17.1 RECEIVED AND NOTED: paper ref: AUD/19-20/052

17.2 NOTED the University's progress on the Office for Students set targets on access, student success and progression.

17.3 **[REDACTED: likely to prejudice commercial interests].**

17.4 **[REDACTED: likely to prejudice commercial interests].**

**18 INSURANCE MANAGER'S REPORT: 1 AUGUST 2019 TO 31 JULY 2020**

18.1 RECEIVED AND NOTED: paper ref: AUD/19-20/053

18.2 In discussion Officers clarified the following: **[REDACTED: likely to prejudice commercial interests].**

**19 ANY OTHER BUSINESS INCLUDING FORWARD PLAN**

19.1 RECEIVED AND NOTED: paper ref: AUD/19-20/054

19.2 NOTED the Forward Plan.

**20 DATE OF NEXT MEETING**

20.1 The date of the next meeting was confirmed as Wednesday 21 October 2020.