



MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 10 JUNE 2024
1400, Room 4.04, Beacon House

MINUTES

Members: Ololade Adesanya (Chair), Mary Bishop, Julie Goldstein, Michaela Munro, Stephen Robertson, Dame Professor Melanie Welham.

In attendance:

Shirlene Adam (Group Finance Director), Ashley Barlow (RSM) – for item 6, Jane Bridgwater (General Counsel) – for item 5, Helen Cole (Senior Governance Officer and minute taker), Paula Coonerty (Exec. Dir. for Education and Student Success) – for item 13, (Michael Flay (Head of Governance), Rob Logan (Dir. Procurement Services) – for item 14, Kerry O'Shea (Dir. of the Office of the CIO) – for item 5, Lucinda Parr (COO, Registrar and University Secretary), Hannah Quinn (Chief of Staff) – for item 5, Henry Stuart (Information Governance and DPO) – for item 5, Judith Squires (Deputy Vice-Chancellor and Provost), Peter Vermeulen (Chief Financial Officer), Evelyn Welch (Vice-Chancellor).

Internal Auditors: David Broughton (RSM Audit Partner) via Teams, Tom Loader (Internal Audit Manager) and Matthew Rolls (Internal Auditor).

External Auditor: Colin Bates (PwC Audit Partner) and Chandana Shivaram (PwC Manager)

Apologies: There were none.

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

1.1 The minutes of the meeting on 4 March 2024 were approved as an accurate record.

2 MATTERS ARISING & ACTIONS

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

2.2 **AGREED** that the following actions be closed as per the register 6.4,16.3,7.4.1,6.3.4, 8.3.3 and 9.4.1.

Action: Secretary

2.3 With reference to 5.2 on the register: Student representation on the Committee: the Head of Governance and the Executive advised that work and engagement in this area was ongoing with lines of enquiry being pursued. The Committee noted that a student member could recuse themselves from a discussion if a conflict of interest arose in the same way that any other member would do.

3 DECLARATIONS OF INTEREST

3.1 There were none declared.

4 FORWARD PLAN

4.1 RECEIVED and **NOTED** (*on file*).

4.2 **NOTED** that once the review/ of the Committee's Terms of Reference was completed, (see item 4.4 below) then the forward plan for committee would be updated accordingly to align reporting to the new committee cadence and members' input would be invited into its future development.

CHAIR'S BUSINESS

- 4.3 **NOTED** that the agenda for this meeting had the Internal Audit items first, the intention being to afford adequate coverage of the committees business.

- 4.4 RECEIVED and **RECOMMENDED for approval by the Board of Trustees**: the Audit and Risk Committee revised terms of reference (*on file*).

5 INTERNAL AUDIT MATTERS: PROGRESS UPDATE

- 5.1 RECEIVED and **CONSIDERED**: paper ref: **AUD/23-24/035** (*on file*)

- 5.2 **NOTED** that although the IA Report regarding Disability Support was referred to in the agenda, it had not been included in the paper pack. **AGREED** that the Report should be included under this item at the September ARC meeting. In the meantime, the Report should be circulated to the Committee via email.

Action: Secretary

- 5.3 In response to a question, the Executive summarised how outstanding and remedial actions were managed and followed up by the Internal Audit team. **NOTED** that realistic timelines were important in particular when risk exposure was low.

Internal Audit: GDPR report

- 5.4 The Information Governance Manager/Data Protection Officer and the Director of the Office of the CIO attended for this item, to provide the committee with an opportunity to scrutinise the 'partial' assurance rating of the internal auditors.

- 5.5 In response to a question, the attendees listed above provided details of the responses to two outstanding actions referred to in the report:

1. a new records management function had been created within the Information Governance Team - the new post holder would be responsible for managing and reviewing the records retention schedule.
2. more broadly data governance was now a priority workstream within the project with adequate funding in place.

- 5.6 The Executive agreed to provide the Audit and Risk Committee meeting in September 2024 with a summary of the GDPR project timelines, milestones, and updates on the auditors' observations, including progress on agreed-upon management actions.

Action: Chief Operating Officer

- 5.7 The Committee noted that 77% of staff had completed GDPR training and queried why this wasn't higher when training in this area was mandatory. The Executive responded by clarifying that the training is mandatory, with actual completion rates being higher. However, the method of recording and issue with the data quality mean we are able, at this time, to state definitively the accurate % of completion. The Committee suggested three months for staff to complete the training and noted that more precise data would help individuals managing teams ensure completion.

- 5.8 In response to a request from the Committee, it was **AGREED** that another Internal Audit on GDPR should be scheduled for two years' time.

Internal Audit: Anti Bribery Report

- 5.9 The General Counsel and Deputy University Secretary attended for this item, to provide the committee with an opportunity to scrutinise the 'minimal' assurance rating of the internal auditors.

- 5.10 **NOTED** that going forward the Finance Services division would have responsibility for the Anti Bribery Policy with the Secretary's Office providing legal assurance - the CFO would be the Executive lead. The Committee were supportive of the view that

the Anti Bribery Policy should be-redrafted and made easier to understand, aligned to HE sector best practice and reflective of / proportionate to the risks in this area. **AGREED** that a revised Policy would be submitted to the September ARC meeting.

Action: Chief Financial Officer/Group Finance Dir.

Internal Audit: NSS Executive Summary

- 5.11 The Executive Director for Education and Students attended for this item, to provide the committee with an opportunity to scrutinise and acknowledge the 'substantial' assurance rating of the internal auditors.
- 5.12 In response to a question, the Executive provided a summary of initiatives and strategies for improving results in this area. With reference to the University Structures 2030 Programme, a strategic business change programme would be completed at the end of 2024, which would address as part of its Academic Structures element the inconsistency and lack of leadership – this would be done by better defining leadership roles, including standardised roles and responsibilities thereby improving the capacity and skills of relevant staff. The Professional Services Transformation Programme and Structure of Academic Year elements would also provide improvements.
- 5.13 In response to a question, the Internal Auditor noted that actions for this Executive Summary were not yet listed because conversations were still ongoing. **AGREED** that a version with actions included should be presented to the September meeting. Furthermore, it was agreed that, in future, only audit reports with agreed management actions would be presented to the committee.

Action: Internal Auditor and Secretary

6 ISAMBARD AI ASSURANCE

- 6.1 RECEIVED and **APPROVED** paper ref: **AUD/23-24/036** (*on file*).
- 6.2 The Partner, Business Transformation at RSM joined the Committee for this item and provided a briefing on the wisdom led review they have undertaken on the Isambard AI project, which included flagging areas of concern in respect of Governance and Culture.
- 6.3 In response to a question, the Executive noted that the assurance report that had been provided to the Committee in October 2023 to support the decision making process on whether or not to proceed with Isambard-AI facility, had been specifically focused on the legal and contract elements of the project. By contrast this latest report sought to examine the implementation and management of the project as it entered the delivery phase. It was noted that the authors of the paper presented to this meeting had not seen the Report presented to ARC in October 2023.
- 6.4 The Executive provided a verbal update on progress since the publication of the Report noting that the project had a very fast cadence when compared to other University projects. In response to a question, the Executive noted that the project remained challenging but that pressure that the project was bringing to bear on the organisation remained at a similar level to that anticipated when approval was agreed. It was noted that additional staff to work solely on Isambard-AI had now been recruited and this would eventually reduce pressure on existing staff.
- 6.5 In response to a question, the Executive provided details of Senior Officer oversight and Governance arrangements at present and going forward, noting that the Isambard-AI facility would become part of the Faculty of Science and Engineering with a School equivalent identity created, with the Faculty Pro Vice-Chancellor (Professor Ian Bond) as the Executive lead.

- 6.6 **DISCUSSED** how the issues raised in the report would be addressed and what type of reporting to track responses should be provided to the Committee at future meetings. **NOTED** that the CFO had verbally responded to the short term issues raised by in the report. **AGREED** that the CFO would present a short summary of longer term responses to the September 2024 meeting of the Committee.

Action: Chief Financial Officer

7. INTERNAL AUDIT STRATEGY AND PLAN 2024/25

- 7.1 RECEIVED: paper ref: **AUD/23-24/037** (*on file*).

- 7.2 **NOTED** that the Draft strategy had been discussed at Operations Board and University Executive Board in May 2024.

- 7.3 **APPROVED** the proposed programme of work for 2024/25 listed under at Appendix 1 of the paper noting that it sought to provide assurance across the following key aspects of the landscape, specifically:

- providing assurance over a range of core business as usual activity;
- areas that have not previously been subject to independent assurance;
- represent key strategic risks to the University;
- identified by management as areas of possible concern;
- include multi-year considerations of key programmes;
- providing a broad coverage of the University's activities whilst recognising the need to build a picture of assurance over a number of years.

8. KPMG Research England: Review of 20-21 PG Research Student data informing 2022 quality related RDP supervision

- 8.1 RECEIVED and **NOTED** paper ref: **AUD/23-24/038** (*on file*)

9. KEY UNIVERSITY RISKS (KURR) INCLUDING: RISK APPETITE STATEMENT

- 9.1 RECEIVED and **CONSIDERED**: paper ref: **AUD/23-24/039a, AUD/23-24/039b** (*on file*).

- 9.2 The Executive provided a verbal update on recent student protests and the University's ongoing response.

- 9.3 **NOTED** the introduction of 2H Trusted research risk to the KURR as approved by UEB in May 2024, recognising that the impact of Trusted Research Agenda extends beyond research-to-research adjacent activities and Global Engagement, creating scope for higher risk in areas requiring pan-Divisional oversight, not yet established. Any poor practice around compliance with Export Control Regulations, and the National Security & Investment Act could result in illegal activity and include fines, reputational damage and prison sentences.

- 9.4 **NOTED** the reduction of the residual risk score to 7F Inflation risk since the previous update, due to the University being able to mitigate against the threat of higher inflation and the stabilising of the UK economy in recent months,

- 9.5 The Committee discussed ways that the documentation for the Risk Register could be improved. In particular, the current presentation of the information was difficult to read and the list of mitigations were lacking specificity and were not action based. Another improvement would be to show how long a risk had been at a particular status and a clear narrative on changes since the last iteration. **NOTED** that the Executive Director of Strategic Planning & Transformation whose team were responsible for managing the Risk Register would attend the next meeting of the Committee to discuss improvements. **AGREED** that the Head of Governance would engage with Committee members on this subject ahead of that meeting.

Action: Head of Governance

- 9.6 It was **AGREED** that the discussion of the Risk Appetite Statement (RAS) should be deferred to a future point in time, between now and the next meeting of the Board of Trustees. The committee has invested significant time in shaping the statement with RSM, and in the last week, the Risk Appetite Statement has been shared with University colleagues in the Operations Board and Executive Board meetings. There has been several items of feedback, which are still being worked through and the committee is not in a position today to recommend the RAS to Board of Trustees for approval. **AGREED** that the Head of Governance will circulate a final version, once all feedback and issues had been reconciled, for the committee to determine its position.

Action: Head of Governance

10. FINANCIAL ACCOUNTING UPDATE INCLUDING SUMMARY OF FINANCIAL PERFORMANCE AND MAJOR PROJECTS

- 10.1 RECEIVED and **NOTED**: paper ref: **AUD/23-24/040** (*on file*).
- 10.2 **NOTED** the updates and activity in accounting standards and regulatory frameworks since ARC last met on 4 March 2024.

11. FINANCIAL SENSITIVITY ANALYSIS

- 11.1 RECEIVED and **NOTED**: paper ref: **AUD/23-24/041** (*on file*).

12. EXTERNAL AUDIT PLAN (YEAR ENDING 31 JULY 2024)

- 12.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/042** (*on file*).
- 12.2 **CONSIDERED** the proposed scope and confirmed that it was comfortable with the audit risks and the matters raised relating to fraud, **APPROVED** the proposed audit fee.

13. UOB SAFEGUARDING ANNUAL REPORT

13. UPDATED UOB SAFEGUARDING POLICY

- 13.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/043a** and **AUD/23-24/043b** (*on file*).
- 13.2 The Executive Director for Education and Student Success attended for this item.
- 13.3 **NOTED** the safeguarding annual report which had been prepared in order to provide assurances to Audit and Risk Committee members with regard to the University's responsibilities for safeguarding.
- 13.4 **AGREED to RECOMMEND to the Board of Trustees**: the amended Safeguarding Policy for approval.

14. NATIONAL PROCUREMENT REGULATIONS

- 14.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/044** (*on file*)
- 14.2 The Director of Procurement attended for this item.
- 14.3 **AGREED to RECOMMEND to the Board of Trustees** that the University determine that it does not need to comply with the Procurement Act 2023 from 28 October 2024 on the basis that **the University should take a position that it is not a contracting authority as defined in the Act and therefore is not required to comply (on a blanket basis) with the Act from 28 October 2024.**

15. REPORT OF THE WHISTLEBLOWING OFFICER

- 15.1 The Committee received a verbal update.

16. OFS REGULATORY UPDATE

16.1 **NOTED** that there were no potentially notifiable incidents (PNIs) since the last meeting.

17. ANY OTHER BUSINESS

17.1 The CFO advised the Committee that Shirlene Adam was now Group Finance Director. Shirlene had been in post on an interim basis since Summer 2023. The Committee offered their congratulations.

18. Research England Review of 2021-21 data that informs the 22-23 HEIF

18.1 RECEIVED and **NOTED**: paper ref: **AUD/23-24/045**.

The internal and external auditors left the room

19. RE-APPOINTMENT OF INTERNAL AUDITORS

19.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/046**.

19.2 **AGREED to RECOMMEND to the Board of Trustees** the re-appointment of RSM Ltd to deliver co-sourced internal audit services for a period of 2 years to 31st July 2026.

20. APPOINTMENT OF EXTERNAL AUDITORS 2024-25

20.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/0**

20.2 **AGREED to RECOMMEND to the Board of Trustees** the formal re-appointment of PricewaterhouseCoopers LLP (PwC) for the year ending 31 July 2025.

21 MEETING CLOSE AND DATE OF NEXT MEETING

21.1 The date of the next meeting was confirmed as Monday 23 September 2024, 1400.