

MINUTES

AUDIT AND RISK COMMITTEE, AR-128

Date:	Wednesday 7 June 2023
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	CA105/06, Catalyst, Leek Road

Notes:

1. Items marked with an asterisk (starred items) are for information only or regarded as noncontentious. Starred items will not be discussed and will be assumed to have been noted or approved unless a request to unstar a named item is received from a Board member in advance, or at the commencement, of the meeting.
2. Items classified as Confidential will be placed on the Register of Confidential Minutes (reviewed annually). These items, and their subsequent minutes, will be redacted before publication of the agenda and minutes on the University's public website.

1500 - 1530 Pre-meet for external Committee Members with auditors (without the presence of university staff)

Members		
Jonathan Chapman (Chair)	External Member	P
Mohit Dhingra	Co-opted Committee Member	P (T)
Baljinder Kuller (Deputy Chair)	External Member	P
Victoria Sylvester	External Member	Ab
In attendance		
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Louise Bostock	KPMG (internal audit)	IA
Andrew Bush	KPMG (internal audit)	IA
Adam Footitt	BDO (external audit)	IA
Sam Lifford	BDO (external audit)	IA
Clare Mayer	Business Risk Manager	IA
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Annabel Kiernan (item 1939)	Pro Vice Chancellor – Academic	IA(part)
Russell Roberts (item 1948)	Registrar	IA(part)

P = Present; A = Apologies; Ab = Absent; L = Late; IA = In Attendance

1 MEETING MANAGEMENT	
1934	No apologies for absence were received.
1935	There were no new declarations of interest
1936	Minutes of the last meeting of the Committee , 9 March 2023 AR/128/01 were received as a true and accurate record.
1937	Matters arising: Minute 1899 – Membership of the Committee 2022-23 – to note that since the last meeting of the Audit and Risk Committee, the Nominations and Governance Committee met on 9 th May 2023 and determined that the composition of the committee would remain at four independent members of the Board for the forthcoming academic year.
1938	*Overview of annual business for 2022-23* AR/128/02 was noted.

2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)

1939 The **internal audit reports 2022-23 (APPROVAL)** were introduced by KPMG auditor, Louise Bostock for approval. Annabel Kiernan, Pro Vice Chancellor – Academic was present for this item on the agenda.

a) Academic Portfolio Planning, Recruitment and Marketing (*Significant assurance with minor improvement opportunities*) AR/128/04

Members and attendees commented as follows:

- The Audit and Risk Committee reflected that this piece of internal audit work had been a significant part of the internal audit plan for the current year, and the rating of significant assurance with minor improvements was very much welcomed.
- The Committee noted that there were a number of strengths within the current system and noted that the planned developments for further improvements were aligned to the findings of the internal auditors.
- Mohit Dhingra commended the outcomes of the report which highlighted only minor areas for improvement, noting that a number of actions had longer lead in times for delivery. Annabel Kiernan, Pro Vice Chancellor – Academic explained that the delivery dates were aligned to the portfolio planning cycle and therefore whilst these were paced into the future, they were appropriately aligned to the deployment of the academic planning cycle.

b) Risk Management (*Significant assurance with minor improvement opportunities*) AR/128/04

Members and attendees commented as follows:

- The Audit and Risk Committee welcomed the significant assurance rating, with minor improvements for the area of risk management, noting the maturing approach to risk management within the University and the embedding of this within both management practices and the culture.
- The Committee reflected on the actions arising from the audit and questioned the business continuity of the current approach, specifically with the role of the Business Risk Manager. It was explained that whilst there were no plans to extend the number of business risk specific roles, business risk needed to be further embedded across UEB, SLT and School and Service Management Teams. Professional development activities would support this.

c) Audit Follow Up AR/128/05

- The Audit and Risk Committee considered the findings on the audit follow up report and noted that the Internal Auditor had flagged that the actions relating to the advisory Value for Money audit (Catalyst) had not been deployed on a future project, because as yet, no future project was underway. This was noted by the Committee.

d) Internal Audit Progress AR/128/06

No comments were made by members and attendees.

All internal audit reports were approved by the Committee.

1940 **Internal Audit Planning Report 2023-2024 (APPROVAL)** AR/128/07 was introduced by Chief Operating Officer Ian Blachford.


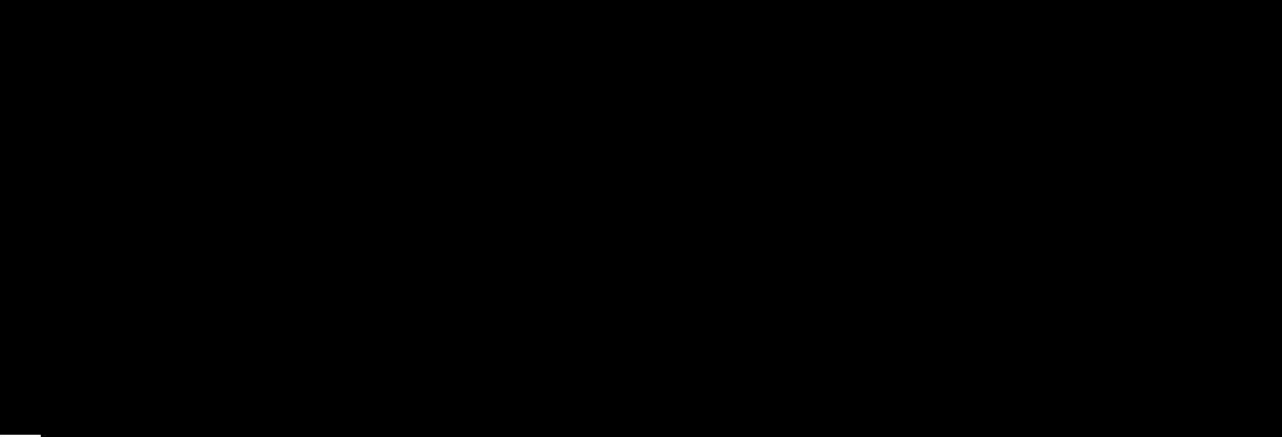
- The Internal Audit Plan draft was previously presented to the Audit and Risk Committee for initial consideration at the last meeting, however, three areas were highlighted by the Committee for further consideration. These were subsequently investigated, and a summary of conclusions on these three areas was provided in the covering sheet. From these three areas, it was proposed that the ESFA Compliance due to regulatory changes should be included in the internal audit plan for 2023-2024.
- The Internal Auditors presented the draft Internal Audit Plan for consideration, totally 112 days for the 2023-2024 academic year.

Members and attendees commented as follows:

- The Audit and Risk Committee discussed the ten internal audit topics for the forthcoming academic year, noting their importance to the delivery of the Strategic Plan and KPIs of the University.
- Mohit Dhingra reflected that whilst these areas were deemed appropriate now for the forthcoming year, it would be important that the Audit and Risk Committee, and the internal auditors, reflect at each future meeting whether the remaining areas of the plan were still priorities and if these should be replaced with any emerging concerns or issues. This was agreed. It was also agreed that within the internal audits undertaken, London should be featured.
- Jonathan Chapman reflected on the two areas of interest to the committee which had not been included on the internal audit plan for the forthcoming academic year. Ian Blachford explained that the Sustainability and Resources

	<p>Committee had oversight of cyber security and would refer papers through to the Audit and Risk Committee if concerns were emerging within this area from a risk perspective. With regard to the student experience, Ian Blachford explained that this was the remit of the Strategy and Performance Committee. Again, should concerns begin to emerge, this Committee could also cross refer to the Audit and Risk Committee.</p> <ul style="list-style-type: none"> • Mohit Dhingra asked for clarification on slide 78 regarding student recruitment. Louise Bostock agreed to revisit the material and clarify this following the meeting. • Mohit Dhingra reflected on the Internal Audit Charter. This was approved by the Committee and would need to be reviewed annually. Ian Blachford agreed to build this into the schedule of business for the committee. <p>The Internal Audit Plan for 2023-2024 was approved and would progress onwards to the Board of Governors for approval.</p>
1941	<p>The University Level Risk Registers (APPROVAL) AR/128/08 was introduced by Chief Operating Officer Ian Blachford.</p> <ul style="list-style-type: none"> • As a consequence of the newly approved Strategic Plan in April 2022, it has been both necessary and appropriate to reconstruct the University Level risk registers, to reflect the University's new strategic direction and appropriately encapsulate the risks we need to manage, wherever possible. The new suite of risk registers has previously been approved by the Audit and Risk Committee and the Board of Governors. • Since the last meeting of the Audit and Risk Committee, a new university level risk register has been developed - High Level Risk 13 - University fails to address non-financial risks including climate change, environmental, societal and governance risks. This reflects the work undertaken by the Chief Financial Officer and Deputy Chief Executive on the Environmental, Societal and Governance Framework (ESG), which will be shared at the forthcoming Board of Governors meeting. • The alignment of residual risk with risk appetite was the focus of discussion. It was noted that the continuing work on the student aspects of the UKVI compliance (addressed elsewhere in the agenda) would bring this area into closer alignment. Further updates would be provided at the committee. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra reflected on the residual risk level and the alignment to risk appetite. It was noted that HLRR 8 and 9 were largely outside of the university's control and therefore the misalignment was explainable and would need to be tolerated. However, HLRR7 related to cybersecurity and there were potentially more steps the university could take to bring closer alignment. Ian Blachford responded that there were a number of actions on the HLRR and once these were embedded, they would move to controls which may provide greater alignment. It was noted also that the area of cyber security and vulnerabilities was evolving all the time, and therefore the risk register needed to reflect this also. It was agreed that should Sustainability and Resources have concerns regarding cyber security, that these be referred to Audit and Risk Committee for further consideration. In the meantime, progress would continue with implementing the actions identified. <p>The University Level Risk Registers were approved and would progress for onward approval to the Board of Governors.</p>
1942	<p>The Risk Management – Control Assurance Update (DISCUSSION) AR/128/09 was introduced by Business Risk Manager, Clare Mayer.</p> <ul style="list-style-type: none"> • The review of all operational risk registers has taken place and risk appetites applied to operational risk registers. Currently of the operational risk registers 85 of the 950 controls are outside of appetite, and are under review to ensure either further actions are in place to bring the appetite in line with the residual risk or where the appetite is higher than the residual risk identify these and ensure this is considered as part of the School/Service Business Plan • The results of the Risk Control Self-Assessment still show a solid profile of mostly adequate assurance which is positive. There has been an increase of 3% in substantial assurance with only 2% not currently reviewed which have been progressed with the schools and services. • Risk Management Training for Risk Owners, Control/Action Owners has taken place and a dashboard implemented. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra asked about zero controls have been identified in the red column. Clare Mayer clarified that this rating arose through self-assessment. The self-assessment findings on controls would be reviewed by the Business Risk Manager on a prioritised basis. every control has been self-tested and a process will take place to decide here the focus should be. She explained that the controls in green may require double checking as they may uncover areas for concern. The aim is to second line test all 950 controls over next 12 months and the Committee asked her to escalate any matters arising over the next twelve months. <p>The report was noted.</p>

1943	<p>Review of performance of Internal Auditors by Audit & Risk Committee (which will be considered by the Audit and Risk Committee at the end of the meeting)</p> <ul style="list-style-type: none"> This agenda item was not conducted at the meeting and would be transferred to the next meeting of the Audit and Risk Committee.
1944	<p>The Annual Report and Financial Statements 2022 – 2023 (DISCUSSION) AR/128/10 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill.</p> <ul style="list-style-type: none"> It was planned that the Annual Review be separated from the Financial Statements for the current academic year and future years, in response to a number of issues that arose with the external audit process during the Summer of 2022. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Mohit Dhingra emphasised that it was important that the annual review also be fact checked to ensure that the claims made within this document could be substantiated, even though it was not part of the external audit process. This was agreed and Sally McGill confirmed that going forwards, the annual review would be referenced so that if evidence is required for the claims, this could be easily identifiable. <p>There were no further comments and the approach was approved.</p>
3 FOR INFORMATION	
1945	<p>*Outstanding Actions from Internal Audit Reports* (INFORMATION) AR/128/11 was introduced by Business Risk Manager, Clare Mayer.</p> <ul style="list-style-type: none"> The report outlines the progress in the completion of the outstanding actions arising from previously considered internal audit reports and aims to provide assurance and transparency to the Audit and Risk Committee that issues identified are completed. From the 2020 – 2021 academic year, one audit report remains with one overdue action in total (Maturity of Business Intelligence). From the 2021-2022 academic year, two audit reports remain with two overdue actions in total (Estates Statutory Compliance: Gas and Water Hygiene (Legionella) Safety and Universities UK/Guild HE Code of Practice for the Management of Student Housing). In this year we also had an advisory audit report on the Value for Money Project Review with 1 high and 1 medium action, which can only be actioned once a new major estates project is underway. From the 2022-2023 academic year, seven audits have taken place as follows: <ul style="list-style-type: none"> Environmental, Social, Governance (Sustainability) diagnostic (Advisory Review) – 6 actions all within time (with one extension identified proactively) remaining Estates Statutory Compliance – Fixed wiring – 1 action now overdue with a revised implementation date Resourcing the Digital Priorities of the University – 2 actions within timescale remaining Key Financial Controls: Budgetary control and financial forecasting – 3 actions within timescale remaining SITS Transformation Process – 3 actions now completed within timescale. Student Loans Company Data Management – 3 actions within timescale remaining UUK Accommodation Code of Practice - 3 actions within timescale remaining From the External Audit activity undertaken by BDO the following actions were identified: <ul style="list-style-type: none"> Subcontracting Controls – all actions have been completed and the annual audit of subcontracting provision is underway for this academic year Financial Statements - 3 actions within timescale remaining US Federal Student Aid Program Compliance Audit - all actions have been completed. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Concern was expressed that there remained one overdue action on business maturity from the 2021-2022 academic year. Ian Blachford explained that the Director for this area was currently on long term sickness but it was hoped they would be returning soon. This would be a major priority for the postholder on their return, whilst an interim who was currently in place, would continue to deliver business as usual. <p>There were no further comments and the report was noted.</p>
1946	<p>The Annual Procurement Value Survey 2021 – 2022 (INFORMATION) AR/128/12 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill.</p> <ul style="list-style-type: none"> The paper summarises the outcome and benchmarks the University's performance from the Procurement Value survey completed in January 2023 for the financial period 2021/22.

	<ul style="list-style-type: none"> • Following receipt of the Procurement Value Survey (PVS), completed and returned by Staffordshire University in January 2023, The Higher Education Procurement Association (HEPA) collated the returns and issued a summarised report with the results for the financial year 2021 / 2022. The aim of the PVS is to gather institutional and sector-wide efficiency data in line with the HE Sector Benefits Methodology. • The invitation to complete the 2021 / 2022 PVS was open to all English and Welsh institutions. A total of 81 responses were received. The time frame for response was extended until February 2023 as a number of institutions reported that they were initially unable to complete the 2021/22. • The benchmark covers standard performance indicators: PPI 1 - Total cost of procurement function as percentage of impactable spend %, PPI 2 - Percentage of impactable spend channelled through collaborative procurement %, PPI 3 - Percentage of impactable spend with SMEs %, PPI 4 - Percentage of impactable spend actively influenced by procurement function % and PPI 5 - Annual Procurement savings as a percentage of impactable spend %. Staffordshire University's performance against these was considered. <p>The report was noted.</p>
1947	<p>The BUFDG Audit Survey 2021-2022 (INFORMATION) AR/128/13 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill.</p> <ul style="list-style-type: none"> • Each year the British Universities Finance Directors Group (BUFDG) carries out a survey of HE Institutions regarding the costs, service and quality of their external and internal audit provision. The survey has a response rate of over 65% of member HE institutions. The full survey can be found in Appendix A.  <p>The report was noted.</p>
1948	<p>The UKVI Student Mock Inspection Report (INFORMATION) AR/128/14 was introduced by Registrar, Russell Roberts who attended this agenda item.</p> 

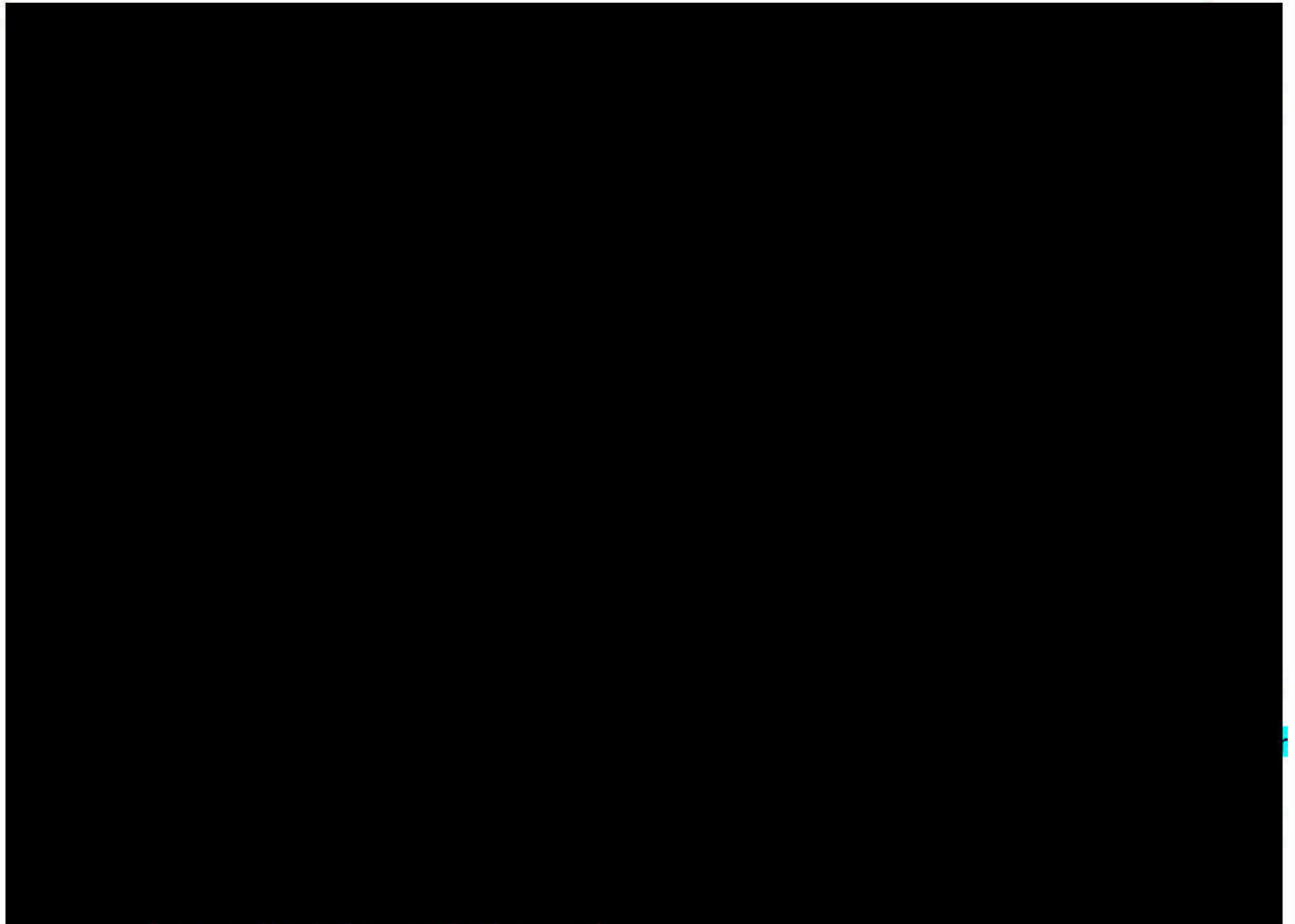
[REDACTED]

Members and attendees commented as follows:

- With regard to the level of resources to deliver the plan, Russell Roberts explained that a vacancy is currently being advertised to undertake the activities highlighted in the report such as monitoring and recruitment of students.
- Jonathan Chapman asked about the monitoring process and Russell Roberts explained that actions are reported through a compliance working group and ultimately through the Senior Leadership Team to demonstrate timelines have been met in line with expectations and associated risk controls are built in.

The Committee commended the report and the activities of the wider team.

1949 The **External Audit Planning Report 2022-2023 (FOR APPROVAL)** AR/128/15 was introduced by Sam Lifford and Adam Footitt from BDO.



Members and attendees commented as follows:

- Discussion ensued regarding the pension provision for the university and how this would be reported. Mohit Dhingra requested more information be included on the underlying assumptions and any relevant benchmarking information to assist understanding of the university's position.
- The auditors confirmed that early conversations with the pension fund provider suggest that the data will be available earlier this year and Mohit Dhingra requested that this be closely monitored and escalated to the Committee if the timings do not align to avoid a repeat situation of delayed approval of the financial statements.
- Jonathan Chapman queried a reference on page 306 of the pack information in terms of the role of the Audit and Risk Committee. It was confirmed that the committee would receive information on the University and its subsidiaries.

The report was approved.

4 ADDITIONAL MATTERS

1950 **Any additional matters:**

	<p>An Incident of Fraud AR/128/16 paper was introduced by Chief Operating Officer, Ian Blachford relating to a case of fraud that has been investigated by HROD pertaining to a member of staff who has since left the organisation.</p> <p>The report was noted</p>
1951	<p>Items to be referred to Sustainability and Resources Committee</p> <p>None</p>
1952	<p>Items to be referred to Board of Governors</p> <p>INFORMATION None</p> <p>APPROVAL</p> <ul style="list-style-type: none"> • Minute 1940 – Internal Audit Plan • Minute 1941 - University Level Risk Registers
1953	<p>Next meeting: Weds 25 October 2023, CA105/6 Catalyst, Leek Road</p>