MINUTES

AUDIT AND RISK COMMITTEE

Date:	Tuesday 12 March 2019
Time:	1500 for external Committee Members and external Auditors; 1530 for all other attendees
Location:	Boardroom, University House, Leek Road Campus

Notes:

1. *Items marked with an asterisk (starred items) were 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, and their subsequent minutes (highlighted here in blue), will be redacted before publication of the agenda and minutes on the University's public website.*

Members		
Kevin Gould	External Member	P
Cathryn Hickey (Deputy Chair)	External Member	P
Sara Williams (Chair)	External Member	P
In attendance		
Professor Liz Barnes	Vice Chancellor	A
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Emma Davies	Head of Research Environment and Development (item 1615 re *REF 2021 Preparedness only*)	IA
Professor Ieuan Ellis	Pro Vice Chancellor – Partnerships & Region (item 1615 re *Catalyst Funding; Apprenticeships only*)	IA
Alex Hire	RSM (internal audit)	IA
Clare Mayer	Business Risk Manager	IA
Lisa Randall	RSM (internal audit)	A
Sue Reece	Pro Vice Chancellor – Student Experience (item 1615 re *BAME Student Experience only*)	IA
Lauren Rooke	Assistant Clerk to the Board of Governors (minutes)	IA
Simon Stanyer	KPMG (external audit)	IA
Pascale Vermassen	Acting Director of Finance	A

1500 - 1530 Pre-meet for External Committee Members with external auditors (without the presence of University staff)
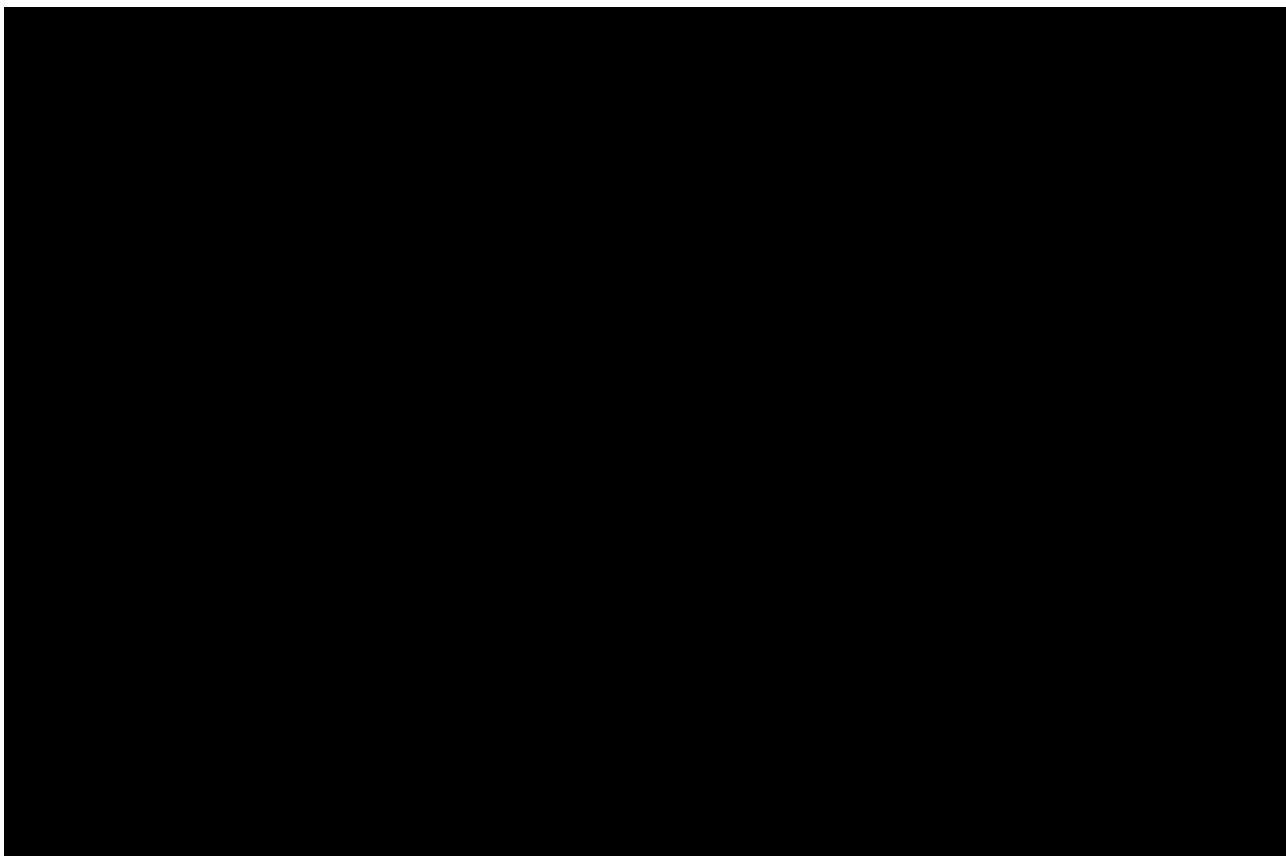
1 MEETING MANAGEMENT

1610	**Apologies for absence** were received from Pascale Vermassen and Lisa Randall.
1611	**Declarations of Interest:** Sara Williams noted that the Staffordshire Chamber of Commerce would have involvement with the Catalyst Funding Implementation.
1612	The **Minutes of the last meeting of the Committee**, 15 January 2019 AR/112/01, were signed as a true and accurate record (with one minor amend to the document to add minute 1603 as a referral to Sustainability and Resources Committee).

1613	**Matters arising:**
	• **Minute 1597 – TRAC and TRAC(T) Return 2017/18** – it was noted that following the submission of the TRAC return at the January meeting of the Committee, the TRAC(T) return had been approved by the Committee following circulation by email on 05 February 2019 and submitted on 13 February 2019.

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

1614	The committee received the **Overview of Annual Business** AR/112/02 for the year.

1615	The committee discussed the following **Internal Audit Reports 2018-19:**

i) **BAME Student Experience** AR/112/03a, introduced by Alex Hire, who highlighted that a lot of activity was being undertaken to improve and assess not only access rates but attainment, and that some excellent examples of good practice had come out of the review.

Members commented as follows:

- Kevin Gould asked about the University's understanding of the drivers behind the attainment gap and whether this differed significantly between schools. Sue Reece noted that the gap had been particularly high in 2016. At this time, the BAME Attainment Group was overly focused on improving career advice to BAME students (given the lack of "good jobs" attainment within that group) but this had not been an effective approach and had not taken account of the fact that many BAME students also had multiple indices of deprivation. The Student Journey group had been established to look at this in detail, taking a much more holistic approach that aimed at putting in tailored interventions that recognised these complex issues, across all schools. Good practice was now being shared around this area throughout the institution and real improvement was now taking place.
- Kevin Gould asked about unconscious bias training for staff. Sue Reece clarified that Executive had been working with Gill Grainger, Head of Equality, Diversity and Inclusion, to address this.
- Sue Reece highlighted to the committee that the first two items on the action plan had already been implemented, and that the attainment information reported to Governors would provide assurance that the University continued to move in the right direction.
- Sara Williams asked for clarification on the position with the Race Equality Charter Mark and Ian Blachford confirmed that Bronze had been awarded several years ago, and that the University was currently in the process of resubmitting for the accreditation.
- Sara Williams asked whether the BAME Student Experience internal audit report could be shared with Cordella Bart-Stewart and Ian Blachford confirmed that he would do this.

ii) **Students' Union: Governance** – Alex Hire gave a verbal update on the status of this report, clarifying that the implementation dates were currently being finalised and that the report would be circulated to the committee as soon as available.

Members commented as follows:

- Ian Blachford noted that the Students' Union (SU) had found the process instructive, and that the implementation of the actions would hopefully lead to an even more effective working relationship between the University and the SU.
- Kevin Gould noted that he had understood that the review would be an advisory review rather than a full internal audit. Ian Blachford clarified that this had been the initial intention, but that following the scoping meeting it had become clear that all were comfortable with this approach.
- Kevin Gould asked about University representation on the SU Board of Trustees. Ian Blachford confirmed that following the appointment of a new CFO, the SU would need to make a decision on this.

iii) **REF 2021 Preparedness** AR/112/03c, introduced by Alex Hire, who highlighted that one of the key elements now was the aligning of a detailed implementation plan against the required timeline, and ensuring that actionable KPIs were included. Emma Davies, Head of Research Environment and Development, agreed with this, summarising the context of the report and noting that much progress had already been made, particularly in terms of project planning and embedding the attainment of research KPIs across the institution.

Members commented as follows:

- Emma Davies highlighted that the timing of the report had been positive, following the recent arrival of Dr Tim Horne as director of the service, and recently-released REF guidelines. The audit had helped clarify responsibilities and map out actions, and had also highlighted that to deliver a quality REF2021 submission, RIIS needed the help of many other stakeholders across the University. Several actions had already been implemented and were now business as usual, such as research KPI-reporting within the school health checks. A project management approach was now in place, including meetings to discuss logistics and segregation of roles and responsibilities. A first draft of the Code of Practice required by Research England was being finalised and would go out to consultation shortly. Equality Impact Assessments would be undertaken to ensure no particular

	groups were disadvantaged.
	• Cathryn Hickey asked about progress on research KPIs. Emma Davies clarified that the new metric regarding research outputs (i.e. 50% of SU outputs being in the top 25% as measured by SNIP, by 2021) was very close to being exceeded. The metric regarding internationally co-authored research outputs was currently at around 40% (with a target of 45%) - encouraging researchers to undertake funding collaborations would aid in this regard. Early indicators on external assessment of research outputs (40% of REF-submitted staff delivering world-leading or internationally-recognised research) were also positive. The income target metric presented a bigger challenge, with approximately one-third of the amount required achieved so far.
	• Sara Williams asked about "impact" as defined within the REF guidelines. Emma clarified that this made up 25% of the overall REF score and was assessed via case studies that provided evidence of the University's research delivering social and/or economic impact. It was acknowledged that providing clear evidence of research impact remained a challenge, given the previous relative lack of investment in this area.
	iv) Catalyst Funding: Apprenticeships AR/112/03d, introduced by Alex Hire, who noted that a number of the actions within the report related to governance around the Catalyst project.
	v) RSM Internal Audit Progress Report AR-112-03e, introduced by Alex Hire.
	Members commented as follows:
	• Kevin Gould commended the quality of the audit work being done by RSM.
	• Sara Williams provided feedback on the format of the reports, asking for clarification on the rationale behind the ratings, which was given by Alex Hire. It was agreed that for future low-risk reports, whilst full versions would be made available on the Board of Governors' SharePoint site, an expanded progress report would be included within the committee papers, rather than the full audit reports.
1616	The committee discussed the **Annual Review of Risk Appetites (DISCUSSION)** AR/112/04, introduced by the Chief Operating Officer, noting the following main points:
	• On an annual basis the Senior Leadership team reviewed the risk appetites of the University. These had been considered at the SLT meeting on 07 Feb 2019 and one risk appetite was considered appropriate to amend:
	o UK partnership appetite was proposed to be increased from moderate to moderate-open. This was in recognition that the University was now exploring potential new UK partners who strategically would add to our recruitment profile, for example City and Islington College and Walsall College.
	• The risk appetites were now presented to Audit and Risk Committee for consideration and approval, before onward

	approval by the Board of Governors. There were no comments from Members. It was agreed that the proposed revised Risk Appetites would progress to the Board for approval.

1617	The committee discussed the **Risk Management Framework Update (DISCUSSION)** AR/112/05, introduced by the Business Risk Manager, noting the following main points:
	
	• Following the SLT meeting on 15 January 2019, the following new University-level risks were proposed:
	   o Changes in Government Policy, that impacts upon the University, is not responded to effectively.
	   o The evolving demands of the Office for Students, and other regulators, are not responded to effectively.
	   o Financial sustainability, through income growth and cost reduction, creating annual surpluses to invest our future, becomes unachievable and the Strategic Financial Plan is not delivered.
	   o Measures to enhance the University's reputation, and those to protect the reputation in challenging times, are ineffective.
	   o The opportunity to improve the attraction of students is lost and/or our performance decreases, threatening the achievement of our KPIs.
	   o The opportunity to improve the retention of students is lost and/or our performance decreases threatening the achievement of our KPIs.
	   o Research intensity improvements are not realised, and our research performance as measured by our KPIs and REF performance are not achieved.
	   o Changes as a result of Brexit implementation, are not responded to effectively.
	   o The estate and infrastructure of the University is not compliant with legislation and appropriate for the staff and student experience.
	• Approval was sought for these revised University-level risks, each of which would be supported by a specific risk register to be presented at the next committee meeting.
	
	Members commented as follows:
	
	• Clare Mayer highlighted that she was now carrying out "deep-dives" into specific school and service risk registers, which were proving to be very useful.
	• Kevin Gould proposed that some of the terminology be amended to reflect the forward-looking nature of SLT, i.e. referring to pre-empting of risks rather than simply responding to them, and this was agreed.
	
	The committee approved the new University-level risks, incorporating the amendments proposed above, for onward approval by the Board.

3 FOR INFORMATION	
1618	The committee noted the *Annual Health, Safety and Wellbeing Report 2017-18* AR/112/06, introduced by the Chief Operating Officer, who underlined that much of the report focused on foundation-building rather than on impact, but that this would be improved in future reports.
1619	The committee noted the *Outstanding Actions against earlier Internal Audit Reports* AR/112/07 tracker, introduced by the Business Risk Manager, who noted that the format of the tracker had been revised now that RSM were in place as internal auditors.
1620	The committee noted the **Public Interest Disclosure Update** AR/112/08.
4 ADDITIONAL MATTERS	
1621	There were no **additional matters**.
1622	**Items to be referred to Sustainability and Resources Committee:** For noting a) **Minute 1620** – Public Interest Disclosure Update

1623	**Items to be referred to Board of Governors:**
	
	For approval
	
	   a) **Minute 1616** - Annual Review of Risk Appetites
	   b) **Minute 1617** – Risk Management Framework Update (proposed new University-level Risks)

1624	**Next meeting:** Tuesday 04 June 2019 (Boardroom, University House)