

MINUTES

AUDIT AND RISK COMMITTEE, AR-134

Date: Wednesday 14 May 2025

Time: 1500 for external Committee Members and Auditors; 1530 for all other attendees

Location: CA306, Catalyst, Leek Road

| Members | | |
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| Jonathan Chapman (Chair) | External Member | P |
| Mohit Dhingra | External Member | P |
| Baljinder Kuller | External Member | A |
| In attendance | | |
| Ian Blachford | Chief Operating Officer and Clerk to the Board of Governors | IA |
| Sally McGill | Chief Financial Officer & Deputy Chief Executive | IA |
| Helen Vye | KPMG (internal audit) | IA |
| Andrew Bush | KPMG (internal audit) | IA |
| Adam Footitt | BDO (external audit) | IA |
| Anthony McMellon | BDO (external audit) | IA |
| Clare Mayer | Head of Risk and Resilience | IA |
| Sue Boyce | Assistant Clerk to the Board of Governors (minutes) | IA(T) |

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

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

| 1 MEETING MANAGEMENT | |
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| 2084 | Apologies for absence were received from Baljinder Kuller. |
| 2085 | There were no new declarations of interest received. |
| 2086 | The Minutes of the last meeting of the Committee , 12 February 2025 [AR133] AR-134-01 were confirmed as a true and accurate record. |
| 2087 | <p>Constitution: MEMBERSHIP</p> <p>External Members Jonathan Chapman (Chair) Mohit Dhingra (Deputy Chair) Baljinder Kuller</p> <p>In attendance: Ian Blachford, Chief Operating Officer & Clerk to the Board Sally McGill, Chief Financial Officer and Deputy Chief Executive Clare Mayer, Head of Resilience and Risk Internal Audit representatives External Audit representatives</p> |
| 2088 | <p>Matters arising:</p> <ul style="list-style-type: none"> Minute 2057 – Audit Completion Report - Sally McGill had agreed to provide a concise document detailing the accounting transactions of the Student Village Project, in order to aid governors understanding. This was currently being finalised and will be sent out under separate cover after the meeting. |

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| | <div style="background-color: black; width: 100%; height: 20px; margin-bottom: 10px;"></div> <ul style="list-style-type: none"> • Minute 2069 – The Fraud Prevention Policy - These had been approved by the Board of Governors, had been rebranded and now appeared on the University website. This had also been communicated to staff. • Minute 2070 – Public Interest Disclosure Policy – This had been approved by the Board of Governors and was now available on the University website. • Minute 2073 – External Audit Contract – BDO had been formally written to on 25th March 2025 to confirm the engagement for external audit services for 2024-2025 and 2025-2026 financial years. This had been signed by BDO on 31st March 2025. AR/134/02 <p>Post meeting note:</p> <ul style="list-style-type: none"> • Minute 2057 – Audit Completion Report <i>This was emailed to members and attendees on 21 March 2025 and for onward referral to the Board.</i> |
| 2089 | <p>The Overview of annual business for 2024-25 AR/134/03 was noted for information.</p> |
| <p>2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)</p> | |
| 2090 | <p>The Internal audit reports 2024-2025 were considered for approval by the Committee:</p> <p>a) The Target Operating Model AR/134/04 – (rated: ‘<i>significant assurance with minor improvement opportunities</i>’) was introduced by Helen Vye from KPMG. KPMG used its Soft Controls Framework and held four focus groups attended by 30 staff, with the aim to identify cultural barriers and enablers, as well as best practice and lessons learnt. The findings of the audit were in line with management’s forecast assurance rating.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Ian Blachford commended the report, which highlighted the scale of work completed within a short timeframe. He agreed that responses were fair and he agreed with feedback that clarity was effectively achieved in the communications around the implementation of TOM. He acknowledged that while transparency was raised as concerns, it wasn’t appropriate for all individuals to be directly involved in the decision-making discussions. The report confirmed that the consultation process was a genuine process. He explained that whilst senior managers were briefed, it was inevitable that some line managers were informed at the same time as staff when the model went live, due to the challenges of cascading briefings throughout the organisation. Overall, he found the audit valuable and well-timed to inform later stages of the transition. • Members commended the report and acknowledged the relentless pace of change. It was noted that some of the feedback was expected given the context. • Mohit Dhingra observed that, while there was overall consistency across the groups consulted, perceptions varied. Ian Blachford noted that one focus group was based in London, where the impact of the Target Operating Model (TOM) differed due to it being a satellite location. Helen Vye confirmed that the most significant contrast related to perceptions of transparency, particularly among the London cohort, who were somewhat removed from the detail. • Discussion ensued on Ian Blachford’s attendance at the London campus, and he confirmed that he visits every two months to maintain visibility. It was agreed that, as the Board had not met there for three years, a future Board meeting in London could be arranged, and Executive agreed to consider. • Mohit Dhingra requested that graphs from the focus groups be consolidated into a single visual. He confirmed this request had already been communicated. • Jonathan Chapman suggested that future audits consistently include a question on whether the TOM has impacted the lived experience, especially in light of ongoing resource constraints. This would help monitor the cumulative effects of the organisational changes. • The Internal Audit TOM report was approved and cross referred to the Sustainability & Resources Committee for information. <p>b) The Risk Management AR/134/05 – (rating: ‘<i>significant assurance with minor improvement opportunities</i>’) was introduced for approval by Helen Vye from KPMG. The audit assessed the design and operating effectiveness of processes and controls for the management and oversight of Schools level risks. It also reviewed the governance structures in place for providing oversight to the risk management process in the Schools. The auditors also assessed the cultural barriers and facilitators to effective risk management through structured interviews with a sample of risk/control/action owners utilising KPMG’s Soft Controls methodology. The overall rating was found to be in line with Management’s expectation.</p> <p>Members and attendees commented as follow:</p> <ul style="list-style-type: none"> • Mohit Dhingra commended the positive outcomes highlighted in the report and discussion ensued on the validity of the RAG (Red-Amber-Green) ratings. Mohit Dhingra enquired if the controls had been the subject of the audit, to which the response was that the knowledge of the controls had been tested but not the controls themselves. This was covered elsewhere on the agenda in the control assurance update. • Discussion ensued on the need to consolidate and streamline where multiple controls exist to eliminate duplication. Clare Mayer noted that she is now systematically reviewing the Risk Registers, mapping controls to new functional areas, and evaluating whether existing controls remain relevant or if improved alternatives exist as part of the TOM transition. |

- Mohit Dhingra commented that the report provided helpful insight into the feedback process and asked about the nature of responses received as feedback to the report. Andrew Bush noted that feedback is actively promoted and can be submitted via a dedicated QR code. A full report on feedback is expected to be available for the next meeting.
- Jonathan Chapman expressed interest in the benchmarking process for the university's risk management infrastructure, and asked whether there was an understanding of the organisation's relative position in this area. KPMG stated that having a structured second line of assurance is a significant strength and commended Clare Mayer's work for its tangible impact, in this specific role. It was noted that this role also provided the opportunity for role modelling across the University, developing the risk management culture.
- Jonathan Chapman raised the issue of succession risk, noting that it had already been identified by the Remuneration Committee. He acknowledged that this risk becomes more pronounced as the organisation operates with a leaner structure.

- c) The **Access and Participation Plan** AR/134/06 – (rated: '*significant assurance with minor improvement opportunities*') was introduced for approval by Helen Vye. The audit reviewed the governance structures in place for providing oversight for the delivery of the APP as well as the processes and controls in place to identify and map data requirements to support the evaluation of planned intervention activities, and if APP data and expenditure is accurately and completely recorded and reported within the OfS return. The overall rating was found to be in line with Management's expectation.

Members and attendees commented as follows:

- Members commended the good outcomes reported in the plan and suggested a review take place to ensure data accuracy was within scope which would assist in ensuring that the plan is built on the right foundations. It was suggested for the next audit, a gap analysis test should be performed to consider if any of the metrics that the plan was based on need updating. Ian Blachford explained that the data sets used by the APP are formulated from the statutory returns and thus are already subject to audit.
- Jonathan Chapman asked whether the Board had visibility of the APP variation request. Ian Blachford responded that updates are referred through to Strategy & Performance Committee and are referred to the Board accordingly.
- Discussion ensued on the number of indicators highlighted in the APP. Helen Vye explained that the University had been one of the first set of providers to prepare the APP, as part of the pilot and subsequent tranches had benefited from greater simplicity. It was agreed to see if this could be simplified going forwards.

- d) The **Student Recruitment and Conversion** AR/134/07 – (rated: '*partial assurance with improvements required*') was introduced for approval by Helen Vye.

The audit reviewed the UK student recruitment journey from application to enrolment, and tested the operating effectiveness of this process. The overall rating was in line with management forecast. Since this audit was completed, the University has made changes to the Executive leadership of student recruitment and admissions and process changes have taken place due to the Target Operating Model. Additionally, the University has since developed the 'Enhancing the UG/PG customer Journey Phase B- Admissions' business case, which aims to reshape the Admissions service, and the approved business case references known issues which were also picked up during the internal audit in October.

Members and attendees commented as follows:

- Ian Blachford informed the Committee that, following Professor Annabel Kiernan's departure, he had assumed responsibility for student admissions, recruitment and conversion, as well as marketing, branding and voice. He had introduced a Marketing, Student Recruitment and Admissions Recovery plan, to review and rebuild these key focus areas at pace. The plan covered each of the four main income streams and identified work packages that would need to be completed at pace, to impact on the next cycle.
- To support recruitment outcomes for 2025 entry, Ian Blachford also outlined a series of new tactical initiatives being implemented to improve student recruitment. He stressed that relying on previous approaches was not a viable option in this turbulent market; instead, the University is adopting a data-driven approach to inform and refine its recruitment strategy.
- The Committee welcomed these new initiatives and expressed support for the action-oriented strategy and stressed that the recovery plan needs to be implemented as soon as possible.
- Mohit Dhingra inquired if the areas raised in the internal audit report align with the actions highlighted in the audit. It was confirmed that this was the case.
- The plan would be referred to Strategy and Performance Committee then cross referred to the Board.

- e) **The Follow up** AR/134/08 report details the results of our follow-up review of internal audit management actions at the University.

- Members noted that the University had progressed significantly with closing out actions since the previous year.

- f) **Progress Report** AR/134/08

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| | <ul style="list-style-type: none"> The report documents the five reviews delivered by the auditors as agreed by the Committee. KPMG commented that the performance was strong based on sector averages. <p>All internal audit reports were approved for onward referral to the subsequent Committees as appropriate.</p> |
| 2091 | <p>The ESFA Audit of Student Records AR/134/09 report was introduced for discussion by Sally McGill, Chief Financial Officer and Deputy Chief Executive. In March 2025 the University was the subject of an audit by the Education and Skills Funding Agency (ESFA) in relation to the monthly claims which the University makes for apprenticeship funding. This was the first audit since the University introduced degree apprenticeships to its educational portfolio in 2017. At the close out meeting, the ESFA auditor confirmed that the total error for the University was £18,382 (which has now been repaid) out of a total (annual) funding amount of £17.1m. This is an exceptionally good result by ESFA normal standards.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Sally McGill commented that the audit results were very positive, especially since this was the first time such an audit had been conducted on the University. Members asked that the team be commended for achieving such an excellent outcome. <p>There were no further comments and the report was noted.</p> |
| 2092 | <p>The Internal Audit Plan for 2025-2026 and Audit Charter AR/134/10 was introduced for approval by KPMG. The report sets out the proposed schedule for delivering the 2025/26 plan. This schedule has been aligned with the planned dates of the Audit and Risk Committee to ensure an even flow of reporting throughout the year.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Members reviewed the proposed audit outlined in the Summary of the internal Audit Plan 2025/06 and agreed with the proposed schedule and timelines. It was agreed that the Remuneration Committee's Terms of Reference should be included in the audit. Following the audit, the Terms of Reference wording would be reviewed. Discussion ensued on the whether an estates planned maintenance audit should be included. Ian Blachford advised that the Building Conditions Survey, which is considered by Sustainability and Resources Committee will have visibility of the pipeline of works for the estate and inform the prioritisation of estate-related work packages. These would then be cross referred to the Board, hence appropriate oversight of estates planning would continue to remain a focus of the University. KPMG were asked to verify the accuracy of the report in relation to audits concerning the quality of learning and the student experience and ensure the audit document was correct. This would be undertaken before onward referral to the Board. On this point, Ian Blachford noted that the assurance process for the student experience had now been strengthened. Feedback is now collected at the end of semester 1, module 2, enabling timely interventions. Under Raheel Nawaz's leadership the process has been streamlined, with a simpler method for gathering feedback which is then reported through to Strategy and Performance Committee. Jonathan Chapman requested that Strategy and Performance Committee be informed that in the absence of a specific audit on student experience in this cycle, the Committee would need to maintain close oversight. It was agreed that a student experience perspective should be embedded in all future internal audits and this was agreed as a primary performance measure. Mohit Dhingra inquired whether the London campus had been included in the audit plan. KPMG responded that although it was not specifically included, some internal audit reports had incorporated a London-related angle. Ian Blachford added that when a comprehensive overview of London operations had been presented to the Board in 2022, it was agreed that student numbers for London would be reviewed annually each autumn. It was also agreed not to invest further until the campus was financially viable and spending limits cost control measures had been implemented. He added that London was included in the Marketing, Student Recruitment and Admissions Recovery plan. <p>There were no further comments and the report was noted.</p> |
| 2093 | <p>The Risk Management – Control Assurance Update AR/134/11 was introduced for discussion by Clare Mayer, Head of Risk and Resilience. The report provides an update on the Operational Level Risk Registers and the implementation of the Risk Control Self Assurance Process (RCSA).</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Jonathan Chapman commended the progress made by Clare Mayer, Head of Risk and Resilience and reiterated that the focus should continue to be on quality over quantity. <p>There were no further comments and the report was noted.</p> |

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| 2094 | <p>Review of Performance of Internal Auditors by Audit & Risk Committee – Verbal (which will be considered by the Audit and Risk Committee at the end of the meeting)</p> <p><i>Auditors left the room</i></p> <ul style="list-style-type: none"> Members shared positive feedback on KPMG’s performance, highlighting Helen Vye’s high-quality work and her ability to provide a balanced perspective on key issues. Sally McGill noted that the team had demonstrated greater proactivity and improved organisation in progressing audit matters compared to previous years. Clare Mayer concurred and commended the auditor’s diligence in following up on outstanding items. Jonathan Chapman agreed to provide formal feedback to KPMG. He said that he particularly appreciated the benchmarking aspect of their work, finding them insightful and was keen to explore expanding this in future audits. |
| 2095 | <p>The External Audit Planning Report 2024-2025 AR/134/12 was introduced for information by Adam Footitt from BDO in relation to the University and Group financial statements.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Discussion ensued on the accounting treatment of the Student Village which had now been downgraded to a moderate risk. No significant changes were anticipated. It was noted that there were no reported incidents of fraud. Jonathan Chapman reminded members of the importance of promptly escalating any such matters should they arise. It was noted that these set of financial statements would also have to determine the treatment of the exit from the LGPS. It was noted that the key action points from the previous management letter would be embedded within this external audit work. <p>There were no further comments and the report was noted.</p> |
| 3 FOR INFORMATION | |
| 2096 | <p>The Outstanding Actions from Internal Audit Reports AR/134/13 was introduced for information by Clare Mayer, Head of Risk and Resilience.</p> <p>a) Ian Blachford confirmed that the outstanding actions have either been closed out since last time or are all underway.</p> <p>There were no comments and the report was noted.</p> |
| 4 ADDITIONAL MATTERS | |
| 2097 | <p>Any additional matters None</p> |
| 2098 | <p>Items to be referred to Strategy and Performance Committee</p> <p>APPROVAL b) None</p> <p>INFORMATION a) Minute 2090 - Access and Participation Plan AR/134/06</p> |
| 2099 | <p>Items to be referred to Sustainability and Resources Committee</p> <p>APPROVAL a) None</p> <p>INFORMATION b) Minute 2090 - Target Operating Model AR/134/04 c) Minute 2095 – External Audit Planning Report AR/134/12</p> |
| 2100 | <p>Items to be referred to Board of Governors</p> <p>APPROVAL</p> |

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| | <p>a) Minute 2092 – Internal Audit Plan for 2025-2026 and Audit Charter AR/134/10</p> <p>INFORMATION</p> <p>b) None</p> |
| 2101 | Next meeting: Weds 29 October 2025, CA306 Catalyst, Leek Road |