STAFFORDSHIRE UNIVERSITY
BOARD OF GOVERNORS

MINUTES

AUDIT AND RISK COMMITTEE, AR-121	
Date:	Tuesday 08 June 2021
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	Boardroom, University House/Microsoft Teams online meeting

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		
Jonathan Chapman	Co-opted Committee Member	P
Tony Evans (Deputy Chair)	External Member	P
Kevin Gould (Chair)	External Member	P
Joanne Hannaford	External Member	A
Baljinder Kuller	External Member	P
In attendance		
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Mark Dawson	KPMG (external audit) *until item 1799*	IA
Alex Hire	RSM (internal audit) *until item 1799*	IA
Clare Mayer	Business Risk Manager *until item 1799*	IA
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Lauren Rooke	Assistant Clerk to the Board of Governors (minutes)	IA

P = Present (via Teams); A = Apologies; Ab = Absent; L = Late; IA = In Attendance (via Teams)

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

1 MEETING MANAGEMENT	
1788	**Apologies for absence** were received from Joanne Hannaford.
1789	There were no new **Declarations of interest.**
1790	**The Minutes of the last meeting of the Committee**, 09 March 2021 AR/121/01, were confirmed as a true and accurate record.
1791	**Matters arising:** • **Minute 1776 (i) – Estates Compliance: fire safety internal audit report** – it was noted that this report had been referred to Sustainability and Resources Committee as agreed. • **Minute 1777 – High-level risk registers** – it was noted that these had been approved by the Board of Governors at its meeting on 21 April 2021, and that following the Committee's request at the March meeting, an item on cybersecurity appeared later on this agenda.

	• **Annual audit of subcontracting provision** – it was noted that the Chair had approved a proposal to appoint KPMG for this work, via Chairs' Action, and that the resulting report was expected at the appropriate time.
1792	The ***Overview of annual committee business 2020-21*** AR/121/02 was received for information.
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
1793	The Committee received for approval the following **internal audit reports 2020-21:** a) **Maturity of Business Intelligence Across the University** AR/121/03, introduced by Alex Hire of RSM, who noted that the audit had mainly focused on staff members using the Power BI dashboard monitoring system. Members and attendees commented as follows: • Jonathan Chapman asked how the dashboards/Power BI were being used within the University. Ian Blachford noted that dashboard development had been the next stage in the journey following extensive work on data quality. A dashboard on e.g. retention might be looked at by the School management team, course leaders or Associate Deans, for example, and would use live data. It was acknowledged that staff using these dashboards needed to be able to use the filters correctly, so that they could make most effective use of the data. • Tony Evans agreed with the need to simplify the output both from the dashboards and also from the internal audit reports, and asked about progress on maturity of data across the institution. Ian Blachford noted that the Vice Chancellor's communications to staff over the past twelve months, including through formats such as VC Connects, had placed considerable focus on the University's metrics and improvement was being made, albeit on a variable basis. b) **Catalyst Project: Capital and Project Management** AR/121/04, introduced by Alex Hire, who noted that only one (low risk) action was included. There were no comments from members or attendees. c) **Academic Workload Planning Implementation** AR/121/05, introduced by Alex Hire, who noted the position on the progress of this area. Members and attendees commented as follows: • Given the motivation and context for the report, Jonathan Chapman asked about the nature of staff targets. Ian Blachford clarified that a framework was in place for this and that a system enabling a holistic view of workloads across a particular department, and from School to School, was now in place. Discussions were underway, as this was the end of the current workload planning cycle, and the University would be looking at the utilisation data when planning for the next cycle. Jonathan Chapman commended the transparency of this approach. • Tony Evans asked about the view from the unions and Ian Blachford noted that they were keen to work with the University on this, as a shared goal was clear. d) **Audit Follow-up** AR/121/06, introduced by Alex Hire, who clarified the position with this report. Members and attendees commented as follows: • Kevin Gould asked about the extent of testing done to validate these, and this was clarified by Alex Hire. • Jonathan Chapman asked for clarification on follow-up actions and Alex Hire confirmed that RSM had been looking at actions that had been closed by management. e) **Progress report** AR/121/07, noting the current overall position with the internal audit plan 2020-21. *(Documents AR/121/03 to AR/121/06 were rated low- or medium-risk and were therefore available on SharePoint rather than included in the papers. Exec summaries of these were given in the Progress Report, AR/121/07)* The Committee approved the above four **2020-21 internal audit reports**.
1794	The Committee received for discussion the **UKVI Mock HEAT Inspection of Student Compliance** AR/121/08, introduced by the Chief Operating Officer. The following main points were noted: • As part of assurance protocols, the University had asked Uniac to perform a mock audit of UKVI student compliance (attached). The report confirmed that minimum compliance requirements were being met, but concerns had been raised regarding the system for monitoring of student attendance. This finding was based on our use of an interim system and policies developed at pace to resolve the previous school by school approach - a permanent solution was being developed and would be implemented in the Autumn across the University and all of its students, providing a much stronger level of assurance. The audit validated the University's concerns within this area of compliance and supported its approach to develop more comprehensive monitoring systems.

	• Following the audit, the existing UKVI action plan and timeline had been reviewed and it was confirmed that this assured compliance would be met. The resulting actions would now be monitored by the UKVI Project Board through to completion ensuring compliance across schools. Members and attendees commented as follows: • Kevin Gould asked how the Committee would be kept up-to-date on progress. Ian Blachford noted that the accompanying "deep-dive" report was being prepared and would be analysed as necessary. Ian further proposed that an annual report on the action plans be presented to the Committee, with a report being included in the internal audit plan for 2022-23.
1795	The Committee received for discussion the **Risk Management Framework update** AR/121/10 (including an interim review of the Risk Management Framework Policy), introduced by the Chief Operating Officer, who noted the following principal points: • The report provided an update on the recent interim review of the University Risk Management Policy, Risk Framework and the implementation of the Risk Control Self Assurance Process (RCSA). • An interim review (owing to changes in the composition of Executive) of the Risk Management Framework Policy (Appendix A) and Risk Framework had taken place, with minor amendments to the Framework to reflect the structural and responsibility changes at Executive level. • RCSA was the process that would provide in-depth review of controls and an understanding of the strength of the first line level of risk assurance. The attached paper (Appendix B) provided an overview of the approach. • Audit and Risk Committee was asked to note the update, and to approve the Risk Management Framework Policy and the Risk Framework itself. Members and attendees commented as follows: • Jonathan Chapman asked about the timing of a potential internal audit into this area. Ian Blachford noted that KPMG were likely to want to look at the risk control environment and its effectiveness as part of their onboarding. The Committee approved the reviewed **Risk Management Framework and the accompanying policy**, agreeing to refer the revised diagram within the latter to Board of Governors for information.
1796	The Committee received a presentation on **Cybersecurity** from the Pro Vice Chancellor – Digital, which noted that many sectors, including HE, had experienced a heightened threat from cyber-attacks over the past 12 months, and that Staffordshire aligned its risks, controls and assessments with the National Cyber Security Centre. Members and attendees commented as follows: • Jonathan Chapman commended the presentation and asked about budget. Andrew Proctor noted that every business case for cybersecurity enhancements had been approved, with the University always being conscious of the need to balance requirements. Potential collaboration with an outside partner/provider where needed would be explored. • Tony Evans commended the strategy.
3 FOR INFORMATION	
1797	The Committee received for information the ***Outstanding actions against earlier internal audit reports*** tracker AR/121/11.
1798	The Committee received for information the ***BUFDG Audit survey 2019-20*** AR/12/12, introduced by the Chief Financial Officer & Deputy Chief Executive. It was noted that: • Each year the British Universities Finance Directors Group (BUFDG) carried out a survey of HE Institutions regarding the costs, service and quality of their external and internal audit provision (Appendix A). • A secondary BUFDG/Council of Higher Education Internal Auditors (CHEIA) survey was also produced further explored HE institutions' internal audit provision (Appendix B). The paper outlined the key points from both surveys.
1799	The Committee received the **KPMG 2020-21 audit planning memorandum** AR/121/13 *(unstarred at the Committee's request)*, introduced by Mark Dawson of KPMG, who noted the following: • The memorandum set out the proposed audit plan and fee schedule for the 2020/21 external audit and identified key risks for focus, as well as the specific areas of the audit likely to be affected by the ongoing impact of Covid-19, the audit cycle and timetable. Members and attendees commented as follows: • Jonathan Chapman asked for clarification about the University's going-concern status and continuing financial resilience, and this was provided by Mark Dawson. Sally McGill confirmed that the reporting forecast schedule had

	been changed and that an update on this would come to Board of Governors in September, giving a much more up-to-date view (as it would include Autumn recruitment). Jonathan Chapman underlined the important of stress-testing, given the considerable variables in play. • Mark Breese gave further clarification on the measures used to stress-test around financial reporting and Mark Dawson talked the Committee through the proposed plan. • Tony Evans noted that it might be appropriate to highlight the University's financial resilience at this point, following a challenging year, and Ian Blachford confirmed that this message would be reinforced at the next VC Connects event, and throughout the start of the next academic year.
4 ADDITIONAL MATTERS	
1800	The Chief Financial Officer gave a verbal update on the position with the **external audit tender**, noting the following main points: • [redacted] [redacted] [redacted] [redacted] [redacted] The Committee approved the proposal for the **external audit tender**, for onward approval by the Board of Governors.

1801	The Committee received for discussion the draft **Internal audit plan** AR/121/09, introduced by the Chief Operating Officer. The following main points were noted:
	• As the Committee was aware, the 2021-2022 internal audit plan would be a combination of internal audit services provided by RSM and KPMG. The paper outlined a proposal regarding the new internal audit programme 2021-2022 for comment and explained the transition arrangements that would be put in place. (At this point in the cycle we would usually be finalising the plan for the next year but as KPMG would not be appointed until January 2022, the audit year was essentially being split.)
	• The paper also outlined the proposed areas for the internal audit plan for 2021-2022, together with the named party to deliver. These had been apportioned on the following principles:
	  ○ Operational audit requirements to be completed by RSM in order to ensure delivery of core aspects of our internal audit plan
	  ○ Assignments that were more strategic in nature or would naturally cross the areas of onboarding (the control framework) for the new internal auditors were apportioned to KPMG.
	  ○ The overall internal audit plan was informed by organisational requirements and took account of the previous year's internal audit activity, as well as the current risk profile of the University.
	  ○ Any specific areas identified by the Audit and Risk Committee – it was proposed to have one this internal audit plan, given the need to cover a number of foundation areas for the new internal auditors.
	• It was also recognised that the draft plan may be subject to change once the new Vice Chancellor was in post.
	• The draft plan had been shared with RSM and KPMG for initial feedback.
	
	Members and attendees commented as follows:
	• Kevin Gould asked about the transition between RSM and KPMG, and arrangements for enabling the latter to issue a full audit opinion at the end of 2021-22. Ian Blachford confirmed that there were specific guidelines in place to enable this.
	• Jonathan Chapman noted his concern that the January 2022 meeting would be too late for sign-off for the KPMG internal audit. Ian Blachford agreed with this, confirming that the University would do everything possible to bring this date forward and mitigate any impact.

1802	**How have we made a positive impact on our students today?** It was agreed that a focus on cybersecurity, compliance with UKVI regulations, and workload planning to avoid a deleterious effect on staff were all key areas leading to continued improvement in the student experience.
1803	There were no **additional matters.**

1804	**Items to be referred to Sustainability and Resources Committee:** **NONE**
1805	Items to be referred to **Board of Governors:** **For information** a) Minute 1795 - RMF updated diagram **For approval** b) Minute 1800 - External audit appointment c) Minute 1801 - Draft IA plan 2021-22
1806	**Next meeting:** Tuesday 26 October 2021 (Boardroom, University House)