MINUTES

AUDIT AND RISK COMMITTEE, AR-123

Date:	Tuesday 25 January 2022
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	Microsoft Teams online meeting

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.*

Members		
Jonathan Chapman	External Member	P (T)
Mohit Dhingra	Co-opted Committee Member	P (T)
Kevin Gould (Chair)	External Member	P (T)
Baljinder Kuller	External Member	P (T)
In attendance		
James Aston	BDO (external audit)	IA (T)
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA (T)
Louise Bostock	KPMG (internal audit)	IA (T)
Andrew Bush	KPMG (internal audit)	IA (T)
Clare Mayer	Business Risk Manager	IA (T)
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA (T)
Lauren Rooke	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	
1836	There were no **Apologies for absence**. Louise Bostock and Andrew Bush, and James Aston, were welcomed to their first meeting of the Committee as internal and external audit representatives, respectively.
1837	There were no **new Declarations of interest.**
1838	The **Minutes of the last meeting of the Committee**, 26 October 2021 AR/123/01, were confirmed as a true and accurate record subject to an amendment to minute 1821 (HLRRs) to add comments from members and attendees.
1839	**Matters arising:** • **Minute 1818 - Draft Financial Statements and Annual Review 2020-21** – i) it was noted that these had been approved by Sustainability and Resources Committee and then at the 23 November 2021 Board of Governors meeting, along with the Letter of Representation.

	• **Minute 1820 and 1821** – **University-level risk registers** and **Review of risk appetites** – it was noted that these had been approved at Board of Governors on 23 November 2021 and that the former appeared elsewhere on the agenda for Committee discussion, including the three new risk registers. • **KMPG onboarding** - it was noted that external Committee members had taken part in an onboarding session (via Teams) with KPMG during December.
1840	The ***Overview of annual Committee business 2021-22*** AR/123/02 was received for information.

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

1841	The Committee received for approval an update on the **Internal Audit Plan 2021-2022** AR/123/03, presented by the Chief Operating Officer, who introduced the paper, noting the context and inviting KPMG to comment as appropriate. Members and attendees commented as follows: • Jonathan Chapman proposed that a potential audit on student experience following the pandemic be considered. Ian Blachford highlighted that student satisfaction survey, particularly the NSS had focused on students' experience of learning and teaching during the pandemic but that this did not preclude a potential audit in this area. Clearly defining the scope would be key, to ensure that the audit added value to the University. It was proposed that the scope of this audit be agreed by email, as only two Committee meetings remained for this cycle. • For the risk management audit, Jonathan Chapman underlined the importance of the focus being on the operational impact and embedding of the framework, not the architecture. • With regard to the audit on Data Quality and Statutory Reporting – Apprenticeships, James Audit highlighted BDO's confidence in KPMG's skills and experience in this (when external audit often found it difficult to rely on internal audit findings for this area). • Kevin Gould asked that the "Value for Money – Catalyst Project Review" should be referred to by its full title to avoid a misleading impression of focus on overall VfM. • Kevin Gould queried the KPIs within the charter, noting that some of them were not easily measured and some service standards were very generous. Jonathan Chapman echoed this (whilst commending the overall plan). KPMG confirmed these could be refined further. • Kevin Gould noted that the primary reporting line within the charter was to the Vice Chancellor and queried whether this should be amended to the Audit and Risk Committee. • Mohit Dhingra also commended the plan and asked about its development. Andrew Bush clarified that reviews on the Access and Participation Plan, Partnerships, and Business Planning had all been rescheduled since the original reiteration, to more appropriate timings. Andrew further noted that the Value for Money – Catalyst Project Review had been a management request. • Mohit Dhingra asked about key priorities within the rest of the plan, past the 2021-22 year. Andrew Bush highlighted UKVI, which carried inherently significant risk, although noted that he was not aware of the University's current approach and position on this. Portfolio also carried an inherently significant risk, but this had been discussed and moved to 2022-23 with appropriate justification. (Ian Blachford clarified that UKVI was a relatively small risk for the University due to low numbers, and that both a mock-HEAT audit on students and a review of the staff position on this had recently taken place, and been brought to the June 2021 and October 2021 meetings respectively.) The Committee approved the **internal audit plan 2021-22** subject to the proposed amends and agreed that this be referred to Board of Governors for information.
1842	The Committee received for discussion an update on the **Risk Management Framework** AR/123/04, introduced by the Chief Operating Officer, who noted the following main points: • The operational-level risk registers had been through the quarterly cycle and had been approved with amendments by the relevant Executive lead. The University-level risk registers (high-level – HLRRs) had been reviewed by SLT, and UEB, with the agreement of three additional High-Level Risks (as noted at the October 2021 Audit and Risk Committee meeting) – these were included elsewhere on the agenda. • The implementation of the Risk Control Self-Assessment (RCSA) process for the University had had a positive impact so far. A number of areas remained unassessed at this stage, in line with the project plan. These would be completed as part of the schedule later in the year. • The self-assessment process required the school/service management teams to review the listed controls on their school/service risk registers and to challenge these. These discussion outcomes were reflected in a rating for each control against specified criteria, which were then challenged by the Business Risk Manager before final ratings were determined, providing further support and structure to the local level discussions and an element of consistency across different areas. • The exercise continued to show the need for SMTs to devote reasonable time to deliberate on the effectiveness of the controls, and that there was still considerable work to be done. The report graphic also made clear the spread of the control environment.

	• The results to date showed a solid profile of substantial assurance and adequate assurance, from the current self-assessment approach. A further assessment and report would be provided at the next Audit and Risk Committee. Members and attendees commented as follows: • The Committee commended the paper, which was useful and concise. • Clare Mayer highlighted that where there had been significant changes in personnel, she had reviewed the controls in place to gain assurance. • Kevin Gould asked for clarification and Clare Mayer confirmed that the recent assessments had been made by control owners, i.e., within relevant SMTs. • Kevin Gould noted that a significant number of controls were still to be assessed and Clare Mayer confirmed that there had been significant progress on this since the writing of the report, further noting that the recent restructure and the merging of Schools had provided useful extra challenge in some areas. • Jonathan Chapman asked about organisation-wide controls and Clare Mayer confirmed that these were mainly around reputational risk, e.g., communications, HR processes. Jonathan further asked about desk-based vs proactive testing and Clare noted that the circumstances of the past two years had broadly led to a higher reliance on desk-based testing than usual. • Ian Blachford highlighted that a high number of current vacancies in senior teams meant that the risk registers were now being signed off by different staff, again, resulting in more challenge. • Mohit Dhingra noted his concern that the numbers were relatively high and queried whether RAG ratings were required. Clare Mayer noted that some Schools and Services had proposed linking their registers to action plans that were currently in place (and working to mitigate risk).
1843	The Committee received for approval **Three New University-Level Risk Registers (16, 17 and 18)** AR/123/05, introduced by the Chief Operating Officer, who noted the following main points: • As the Committee was aware, the High-Level Risk Registers (HLRRs) had last been considered at the October 2021 meeting of the Committee (and prior to that, at the March 2021 meeting). • At the October 2021 meeting it had been noted that three new HLRRs were under development, reflecting the themes of sustainability (16), employability (17) and partnerships (18) (particularly with the blurring of portfolios between Higher Education and Further Education). The other HLRRs had also been approved by the Committee and consequently progressed to the Board of Governors November 2021 meeting. • The above three new HLRRs were now presented for Audit and Risk Committee consideration and approval (having already been considered at UEB on 10 January 2022), and at the suggestion of the Chair of the Committee, the full suite of HLRRs would be reviewed again at the March 2022 meeting. Members and attendees commented as follows: • Discussion focused around whether the controls listed within registers 16 and 17 (Sustainability and Employability) were adequate to bring down the level of risk to an appropriate level. • Kevin Gould noted that the Sustainability HLRR referenced only climate rather than social or other environmental sustainability issues. • Mohit Dhingra proposed that at the appropriate time, these registers be overlaid with the current risk appetites. • It was noted that for risk reference 670 (HLRR17 Employability), the residual had relatively few actions listed given its level, although Kevin Gould noted that many relevant factors were not in the University's control. • The Committee commended HLRR18 on FE/HE partnerships as comprehensive, with Kevin Gould noting his surprise that the rating remained at 9. Sally McGill highlighted that the current consultation would push some perceived "low-value" courses into an FE environment, as HEIs would not be able to access funding for them. • Sally McGill thanked the Committee for feedback and confirmed that these points would be taken into consideration. The Committee approved the **risk registers** on the basis of the amendments discussed – these would be brought back to the Committee in March (as part of the full suite of HLRRs) and would then proceed to Board of Governors for formal approval.
1844	The Committee received for approval the paper on **Title IV – Federal Student Aid Program KPMG US Federal Loans Compliance Audit Report** AR/123/06, introduced by the Chief Financial Officer & Deputy Chief Executive. The following main points were noted: • As part of the University's participation in the Title IV Federal Student Aid program, allowing US students to enrol at our University and access student loans from the US Department of Education (US DofE), our external auditors (KPMG) had completed a Compliance Audit alongside the Financial Statements audit. • This aimed to ensure the University was administering the program effectively in terms of drawdown and disbursement of loans to students, and of its administration processes. The completed audit report was attached as

	Appendix A, with an ensuing action plan at Appendix B. Both reports required submitting to the US DofE's system by 31 January 2022.
	• Mohit Dhingra asked about a timescale for these actions, and Sally McGill confirmed that they were already incorporated into business as usual but would be added to the audit action tracker.
	The Committee approved the action plan at Appendix B of the **Federal Student Aid Program KPMG US Federal Loans Compliance Audit Report**.
1845	The Committee received for approval the **Annual review of Counter-Fraud Policy and Anti-Bribery and Corruption Policy (incl Gifts and Hospitality Policy)** AR/123/06, introduced by the Business Risk Manager, who noted that the only amends since the last review were minor changes to wording around risk owners. Members and attendees commented as follows: • Jonathan Chapman asked about incidences of fraud within the University. Clare Mayer confirmed that there had been no losses, although there had been issues with cards and casual phishing attempts, dealt with swiftly by Finance. • Mohit Dhingra asked about whistleblowing, and it was confirmed that this policy had been separately reviewed at the last meeting. It was highlighted that if any disclosures were made under this, the Chair of the Committee would be notified (and a report would be brought to the next Committee meeting). • Jonathan Chapman asked for clarification about communication to staff and staff training with regard to these policies, and this was given by Clare Mayer. • Andrew Bush highlighted that the Committee Chair's contact details were not given within the Counter-Fraud Policy and it was agreed that this would be amended. • *Clerk's note: a) contact details for the new Vice Chancellor had been updated in the Public Interest Disclosure (PID)/Whistleblowing Policy but a clerical error meant that the updated version had not been circulated to the Committee; and b) following a query at the meeting, it is confirmed that the PID/Whistleblowing Policy forms part of the Fraud Prevention Policies.* The **Counter-Fraud Policy and Anti-Bribery and Corruption Policy (incl Gifts and Hospitality Policy)** was approved.

3 FOR INFORMATION

1846	The *Outstanding actions against earlier internal audit reports* AR/123/07 was received for information. The Chief Operating Officer highlighted that where actions were rated red, this was due to either a staff vacancy or timings within the business planning cycle.
1847	The Committee noted the **RSM disengagement letter** AR/123/08, which confirmed the end of RSM's work as internal auditors for the University.
1848	The Committee received for noting the **Annual procurement report** AR/123/09, introduced by the Chief Financial Officer & Deputy Chief Executive, which provided an update on the activity and outcomes for the academic period 2020-2021 following the development and introduction of the Procurement Strategy in July 2018. Members and attendees commented as follows: • Kevin Gould asked about Single Tender Waivers (STWs) and Sally McGill clarified that although we did not have access to comparator info, she approved all STWs and these did not appear unduly high.
1849	The Committee received for information the **Annual non-audit advisory services report** AR/123/10, introduced by the Chief Financial Officer & Deputy Chief Executive, which provided an update on the use of accountancy (non-audit) services provided by both internal and external auditors.
1850	The Committee received for information the *Gifts and Hospitality Register Annual Report* AR/123/11, noting that no reports of gifts or hospitality under the relevant section of the Anti-Bribery and Corruption Policy had been made during the period 1 August 2020 to 31 July 2021. • Jonathan Chapman asked about the threshold for declarations and it was clarified that small promotional items did not require a declaration or approval, and that other items up to a value of £25 required discussion with the relevant line manager. Over £25, a declaration was required.

4 ADDITIONAL MATTERS

1851	**How have we made a positive impact today?**

	It was agreed that work on the internal audit plan would have a wide impact across the University on key strategic areas. It was also noted that the continued focus on outstanding audit actions ensured that these were closed appropriately and because business as usual where necessary.
1852	**Additional matters:** a) Jonathan Chapman asked for a brief financial update and Sally McGill gave an overview, noting that the recruitment position remained unavoidably uncertain and that the emphasis was now on conversion. b) Ian Blachford gave a brief update on the current position on potential reputational risk from a current issue concerning posts from an academic staff member of social media. ███████████████████████████████ ███ further update would be provided as appropriate.
1853	**Items to be referred to Sustainability and Resources Committee:** NONE
1854	**Items to be referred to Board of Governors:** **For information** a) **Minute 1841** - Internal audit plan 2021-22 b) **Minute 1843** - University-level risk registers
1855	**Next meeting:** Tues 15 March 2022 (CA105/6, Catalyst building, Leek Road)