

MINUTES

AUDIT AND RISK COMMITTEE, AR-125

Date:	Tuesday 7 June 2022
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	CA306, Catalyst building, 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, 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	External Member	P
Mohit Dhingra	Co-opted Committee Member	P (T)
Kevin Gould (Chair)	External Member	P
Baljinder Kuller	External Member	P
Victoria Sylvester	External Member	A
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)	A
Adam Footitt	BDO (external audit)	IA
Sam Lifford	BDO (external audit)	IA
Clare Mayer	Business Risk Manager	IA (T)
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Lauren Rooke	Assistant Clerk to the Board of Governors (minutes)	IA

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

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

1 MEETING MANAGEMENT	
1872	Apologies for absence were received from Andrew Bush and Vikki Sylvester.
1873	There were no new Declarations of interest .
1874	The Minutes of the last meeting of the Committee , 15 March 2022 AR/125/01 were signed as a true and accurate record.
1875	Matters arising: <ul style="list-style-type: none"> • Minute 1841 – Internal audit plan 2021-22 – it was noted that the finalised scope for the Student Experience internal audit had been circulated by email following the scoping meeting. • Minute 1870 - TRAC return 2020/21 – it was noted that this had been referred to Sustainability and Resources Committee (14 June meeting) for information.

	<ul style="list-style-type: none"> • ESFA audit of sub-contracting provision – it was noted that the Chair of the Committee had agreed to the proposal to appoint BDO for this work, and that the resulting report would be presented to the Committee at the appropriate time. • Membership – it was noted that Victoria (Vikki) Sylvester had joined the Committee for the remainder of the year.
1876	The *Overview of annual Committee business 2021-22* AR/125/02 was received for information.
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
1877	<p>The Committee received for approval the following internal audit reports 2021-22, introduced by Louise Bostock, who briefly outlined the main findings of each:</p> <p>i) VfM Catalyst Project Review AR/125/03 (<i>advisory review – no rating</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Sally McGill noted that the review had provided a useful lens to assist the Catalyst Project Board and Executive in reflecting on the lessons learnt from the Catalyst project (alongside the MACE and “lived-experience” reports being prepared). It was noted that this learning would be carried forward for the proposed Digital Flagship building. <p>ii) Governance and Decision-making AR/125/04 (<i>significant assurance with minor improvement opportunities</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould asked about the KPIs and the lagging nature of reporting. Ian Blachford noted that work was nearing completion on lead indicators which would be presented at the July Strategic Event for Governors. <p>iii) Risk Management AR/125/05 (<i>significant assurance with minor improvement opportunities</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Louise Bostock highlighted that the clean nature of the report was reflected in there being just two medium findings. • Ian Blachford noted that the University-wide risk infrastructure was being reviewed in the light of the new Strategic Plan, including a planned review of the risk registers. Brief discussion focused around linking the risk appetite to the risks in the Risk Management System and the importance of training for risk owners that captured all relevant staff. • Jonathan Chapman underlined the importance of encouraging a culture that did not try to avoid red and amber ratings by “greenwashing”, noting that red and amber ratings were effectively key opportunities for improvement and control testing. This sentiment was echoed by Mohit Dhingra. <p>iv) Data Quality and Stat Reporting – Apprenticeships AR/125/06 (<i>significant assurance with minor improvement opportunities</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Louise Bostock highlighted that this rating represented a good result for the University, with many peers and comparator institutions unable to achieve significant assurance in this area. • Jonathan Chapman asked about the inducement risk (employer contracts). Louise Bostock clarified that this was essentially a question of interpretation but advised that the relevant wording should be made clearer, and Sally McGill confirmed that this was underway in terms of revisiting the wording of the contract to make this more clear. <p>v) Cybersecurity AR/125/07 (<i>significant assurance with minor improvement opportunities</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • It was highlighted that the timing of this review would enable the incoming Pro Vice Chancellor – Digital Transformation, Professor Raheel Nawaz, to quickly focus on key priorities on his arrival in July. • Jonathan Chapman asked about penetration testing. It was confirmed that this was undertaken within the University in addition to additional safeguards afforded by the JISC network infrastructure. <p>vi) Student Experience AR/125/08 (<i>significant assurance with minor improvement opportunities</i>)</p> <p>Members and attendees commented as follows:</p>

	<ul style="list-style-type: none"> • Louise Bostock highlighted the continuous monitoring action plan as an example of good practice. • Jonathan Chapman commended the report, noting that the continuing monitoring action plan functioned as an essential element of quality control. Ian Blachford highlighted that much of the report covered the change of approach that the Pro Vice Chancellor - Education had instigated since her arrival, noting that Strategy & Performance Committee retained the remit on this and received regular assurance on the University's quality monitoring. • Members discussed the data highlighted in the report around student wellbeing, with Louise Chapman highlighting that compared to many public sector organisations such as the NHS, opportunities for help and support were considerably more accessible within the University. <p>vii) Audit Follow-up AR/125/09</p> <p>Members and attendees commented as follows:</p> <p>NONE</p> <p>viii) Progress report AR/125/10</p> <p>Members and attendees commented as follows:</p> <p>NONE</p> <p>The Committee approved the 2021-22 internal audit reports (agreeing to refer these on as appropriate - see below).</p>
1878	<p>The Committee received for discussion the Risk Management Framework Update AR/125/11, introduced by the Business Risk Manager, who highlighted the following main points:</p> <ul style="list-style-type: none"> • The report provided an update for the Committee on the recent review of the University High-Level and Operational-Level Risk Registers and the implementation of the Risk Control Self Assurance Process (RCSA). • Since the previous report, controls requiring review had reduced to 7% from 33% with challenge from the Business Risk Manager, the controls had reduced by 65 mostly within the schools. The reduction in the Schools' controls had changed the control environment to be more towards the service area but was still a close 50/50 split. • The results of the Risk Control Self-Assessment still showed a solid profile of mostly adequate assurance but would be challenged alongside further risk training. • With the Five-Year strategy and Business Planning having been recently approved, this provided more understanding of our current risk profile. Strategic risk appetite and overarching risk appetites would be reviewed in line with the strategy and supporting business plans. The Risk Framework would be amended in line with these changes to ensure new or modified risks were captured in our operational risk registers, and that operational level risk appetites were included. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould asked whether risk appetite categories were expected to change under the new Strategic Plan. Ian Blachford confirmed that the Executive team had spent time discussing the current categories and had already made changes to themes and would have the wider conversation with SLT to ensure these were correct, prior to re-assessing the appetite level in the light of the new strategic plan. • Jonathan Chapman commended the work done so far and underlined the importance of effective testing as part of future internal audit work. Clare Mayer confirmed that significant testing would be done around Amber-rated controls to ensure that sufficient progress was being made. • Jonathan Chapman asked KPMG whether the risk controls and ratings were considered as part of the internal audit planning and Louise Bostock confirmed that this was usually the case.
1879	<p>A paper on the Internal Audit Plan 2022-23 AR/125/12 was received by the Committee for approval. The Chief Operating Officer highlighted that the plan set out a draft schedule for the proposed areas, which had been developed after detailed consideration and discussion, and that as in previous years, provision had been retained for an audit into an area of the Committee's choosing.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould queried the scope of the proposed Environmental, Sustainability & Governance (ESG) audit. Ian Blachford clarified that this was very much an outline plan and that detailed scoping work would be done for each specific audit.

	<ul style="list-style-type: none"> Kevin Gould proposed adding the assurance framework to the scope of the Risk Management audit and Ian Blachford confirmed that this had been scheduled for March/April 2023 with this in mind. Members discussed the proposed Academic Portfolio audit and it was agreed that it was important to ensure value was generated for the Pro Vice Chancellor – Education and her team. Ian Blachford confirmed that this reflected conversations that had already taken place within the Executive team. It was acknowledged that although a large brief, this was a crucial priority for the University at this time. Kevin Gould asked about an additional specific audit into Staffordshire University: London. Ian Blachford outlined a proposed rationale for including this within the Academic Portfolio audit, highlighting that this reflected our aim to integrate the London campus into institution-wide academic & strategic planning. Ian Blachford further proposed that the Audit & Risk Committee choice days could be used to expand the scope of the key Academic Portfolio audit and suggested that he and Louise Bostock discuss this and revert to the Committee. Mohit Dhingra asked for more information on the scope of the proposed International audit. Ian Blachford highlighted that prior to Mohit's tenure, significant work had been done on partnership rationalisation, particularly within international (with separate work done on the taxation issues). It was felt that the following audit year (2023-24) would be an appropriate time to take stock on international recruitment following this work. <p>The Committee approved the internal audit plan 2022-23 in principle, subject to work to finalise the use of the Audit and Risk Committee choice days, and agreed to refer this to the Board of Governors for formal approval.</p>
3 FOR INFORMATION	
1880	The Committee received for information the *Outstanding actions against earlier internal audit reports tracker* AR/125/13.
1881	<p>The *BUFDG audit survey 2020-21* AR/125/14 was received for information, with the Committee noting that the full survey, which covered over 64% of member HEIs, could be found at Appendix A.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Jonathan Chapman noted that the data missing from this report was around the control environment itself, and that when the auditors presented the annual opinion, the Committee would find it useful to be provided with benchmarking information.
1882	<p>The Committee received for information the *BDO 2021-22 audit planning memorandum* AR/125/15, introduced by Sam Lifford and Adam Footitt, which set out the planned audit strategy for the year ending 31 July 2022, comprising materiality, key audit risks and the planned approach to these, together with the timetable and audit team.</p> <p>Members commented as follows:</p> <p>NONE</p>
4 ADDITIONAL MATTERS	
1883	<p>How have we made a positive impact today?</p> <p>It was agreed that several audits, including those into the Student Experience and Vfm (Catalyst Project Review) provided key assurance for Governors.</p>
1884	<p>Additional matters:</p> <ol style="list-style-type: none"> The Committee thanked Kevin Gould for his dedicated work on the Committee, both as a member and latterly as Chair, since he joined the Board of Governors in 2017.
1885	<p>Items to be referred to Sustainability and Resources Committee:</p> <ol style="list-style-type: none"> Minute 1877 (i) - Vfm Catalyst review Minute 1877 (iv) - Data Quality and Stat Reporting – Apprenticeships
1886	<p>Items to be referred to Board of Governors:</p> <ol style="list-style-type: none"> Minute 1879 – internal audit plan 2022-23
1887	Next meeting: Weds 26 October 2022 (CA105/6, Catalyst building, Leek Road)