MINUTES

AUDIT AND RISK COMMITTEE, AR-131

Date:	Wednesday 5 June 2024
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	CA105/06, Catalyst, 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 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.

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

Members		
Jonathan Chapman (Chair)	External Member	P
Mohit Dhingra (Deputy Chair)	External Member	P(T)
Baljinder Kuller	External Member	P
Eleanor Morrissey	External Member	P
In attendance		
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Louise Bostock	KPMG (internal audit)	IA
Andrew Bush	KPMG (internal audit)	IA
Adam Footitt	BDO (external audit)	IA
Sam Lifford	BDO (external audit)	IA
Clare Mayer	Head of Risk and Resilience	IA
Kevin Hetherington (item 2010 - part)	Deputy Vice Chancellor	IA
Annabel Kiernan (item 2010 – part)	Pro Vice Chancellor – Academic	IA
Raheel Nawaz (item 2014 - part)	Pro Vice Chancellor - Digital Transformation	IA
Ian Waterhouse (item 2014 – part)	Executive Director Digital & Technical Services	IA
Sue Boyce	Assistant Clerk to the Board of Governors (minutes)	IA

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

1 MEETING MANAGEMENT	
2004	No **apologies for absence** were received.
2005	There were no new **declarations of interest**
2006	The **minutes of the last meeting of the Committee**, 13 March 2024 AR/131/02 were received as a true and accurate record.

2007	**Matters arising:**
	• **Minute 191 – Fraud Prevention Policies** – these had been approved and had now been placed on the University website. No further updates had been received regarding possible changes in legislation. • **Minute 192 – Public Interest Disclosure Policy** – this had been approved by the Board and now been placed on the university website. • **Minute 196 – Internal Audit extension** – this had been approved by the Board and KPMG had now been written to regarding the contract extension.
2008	The *Overview of annual business for 2023-24* AR/131/02 was noted for information.
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
2009	The **Terms of Reference** AR/131/03 were noted for information.
2010	**The Internal audit reports 2022-23 were considered for approval by the Committee:** The **Private provider Academic Partnerships report** AR/131/04 (rated green/amber – '*significant assurance with minor improvement opportunities*') was introduced by Louise Bostock and Pro Vice Chancellor Academic Annabel Kiernan who was welcomed to the meeting and provided background on the partnership reviewed. Lousie Bostock noted that the findings of the report were in line with management's forecast. Members and attendees commented as follows: • Jonathan Chapman asked about the general management of partnerships. Louise Bostock responded that the sampling of students and the controls and process considered were robust and that the same principles apply to all other partnerships for UK students. • Sally McGill commented that both the private partnerships had now been audited (as the CECOS and Wilkes audits were now complete) which is reassuring as they achieved green/amber status. • Mohit Dhingra asked if there were any concerns around attendance monitoring. Annabel Kiernan responded that attendance monitoring is covered separately in an annual review of partnerships and there are no concerns. A dedicated member of staff is placed in academic schools to escalate issues should they arise. • Sally McGill highlighted that the internal audit into the Wilkes Academy had been undertaken previously due to concerns at that time regarding their financial circumstances. This had subsequently been addressed in the findings. a. **Research Ambitions** AR/131/05 (rated green/amber – '*significant assurance with minor improvement opportunities*') was introduced for approval by Louise Bostock. School and Research and Innovation Centres have research objectives and plans that are aligned to the University strategy and targets. Members and attendees commented as follows: • Jonathan Chapman asked how reduced staffing numbers had impacted research targets. Kevin Hetherington responded that the 3.1 KPI target pipeline was healthy in the short term but proposed revisions to KPIs would be available for discussion at the next strategic event. Similarly, grant funding figures are currently positive, but these will be discussed at the next strategic event. b. The **Payroll** audit AR/131/06 (rated green/amber – '*significant assurance with minor improvement opportunities*') was introduced by Louise Bostock. Members and attendees commented as follows: • Ian Blachford commented that the good timing of the audit as a new payroll manager was in place and was undertaking a review of the University's processes. • Eleanor Morrissey asked whether the payroll function is outsourced and whether compliance with relevant regulations and monitoring of processes was completed in the audit. Ian Blachford confirmed that payroll is completed in-house and that the audit had monitored compliance with procedures. Ian Blachford outlined that the audit had identified that processes where more stringent documentation was required. Plans were now in place to create an overarching policy that sets out specific roles and responsibilities. • Andrew Bush confirmed that the focus of the audit was not on compliance with regulations, however this manner of compliance was undertaken by the external auditors on an annual basis. It was agreed that a future audit would focus on compliance with HMRC regulations. • Mohit Dhingra asked about duplicate employee records. Ian Blachford responded that where duplicate accounts or National Insurance numbers were found these were for legitimate reasons. No ghost employees had been identified.

	• KPMG confirmed their satisfaction with the three payrolls run by the University including payroll processes for temporary employees and home based employees. • Jonathan Chapman suggested that the use of automated algorithms as used by KPMG in the audit would be helpful for monitoring the effectiveness of the payroll. c. The **Audit Follow Up** AR/131/07 report was introduced for approval by the Committee. The review has assessed high profile management actions that were outstanding at the beginning of 2023/24, which relate to the 2020/21, 2021/22, and 2022/23 academic years. This was noted by the Committee. Members and attendees commented as follows: • Louise Bostock, KPMG auditor, stated that no issues had been identified. • Ian Blachford commended Clare Mayer, Head of Risk and Resilience, for closing out identified actions. d. **Draft Annual Report (KPMG) 2023 – 2024** AR/131/08 Andrew Bush from KPMG introduced the report which summarises annual actions. Members and attendees commented as follows: • Jonathan Chapman asked if there were any systemic issues identified and Andrew Bush confirmed that the one high priority finding to ensure remedial work raised as part of the Estates Statutory Compliance Water Safety is an anomaly. • KPMG will prepare the full report for the next meeting which will identify next steps. All internal audit reports were approved by the Committee.
2011	The **Internal Audit Plan for 2024-2025 and Audit Charter** AR/131/09 was introduced jointly by KPMG and the Chief Operating Officer and a revised plan was presented for consideration. It is recognised that the internal audit plan will remain fluid during the next academic year, as it has this year. Members and attendees commented as follows: • Baljinder Kuller enquired about the timing of the Student Recruitment and Conversion audit given student recruitment takes place in August/September. Ian Blachford responded that the University had considered when the audit would have the most value and that although peak recruitment activity takes place in August and September, any lessons learnt could be quickly implemented in the new cycle to reap maximum results. The audit findings would also inform discussions at the strategic event in Autumn. Jonathan Chapman asked that the Committee be informed of any important findings from that work. Where changes could be made to influence the current recruitment cycle and to ensure the University remains as agile as possible, they should be implemented where immediate value can be gained. • Mohit Dhingra asked if the audit included the London campus. Ian Blachford responded that a deep dive review of options for London would be considered at the Sustainability and Resources Committee on 12 June, for onward referral to the Board on 26 June. It was noted that satellite campuses should be included in the themed audit reports. • Jonathan Chapman raised the question as to what audit work should be performed over the new student village work given its significance to the universities future success. The committee agreed that ongoing 'change assurance' should be considered as part of the project set up once the proposal was finalised and asked that Sally McGill and Andrew Bush meet at this point to discuss how this could be delivered to maximise the value to the project and the assurance of the trajectory of the work to the Board. • It was noted that the audit plan would remain flexible over the academic year. There were no further comments and KPMG agreed to formalise the plan for onward referral to the Board.
2012	**The Risk Management – Control Assurance Update** AR/131/10 was introduced for discussion by Clare Mayer, Head of Risk and Resilience. • This report provides an update for the Committee on the implementation of the Risk Control Self Assurance Process (RCSA) and Risk Appetites. It should be noted that the University has undergone significant restructuring activity in this academic year with the transition to two academic schools, and work is now underway with the Target Operating Model. • The second line review has taken place for Corporate Services, and Education with Finance and Estates being undertaken in April – May also the plan for the rest of the University is as follows:

	May - June - Student Services, International June – July RIIS, PBI and HROD, Admissions July – August Digital Services, Employer Partnerships, Business Enterprise Members and attendees commented as follows: • Discussion ensued on the accountability and participation of the schools in the audit. Clare Mayer responded that the schools' engagement had been good, which had been encouraging. • Clare Mayer advised the Committee that the Risk System upgrade took place on the 15th May to a new version which has delayed the assurance work but this is planned to be brought back in line with plan by the end of August. An overview of the new version and its capabilities has taken place. This upgrade will be incorporated into any future training and all system guides. There were no further comments and the report was noted.
2013	**Review of performance of Internal Auditors by Audit & Risk Committee – Verbal** (which were considered by the Audit and Risk Committee at the end of the meeting) • Mohit Dhingra praised the robust standard of reports presented to the Committee. • All agreed that issues with the timeliness of KPMG's reports should be addressed in view of the impact this has on governance deadlines. • Discussion ensued on the need for KPMG to improve their narrative when presenting reports at Committee meetings. A sharper pitch would assist in clearly identifying levels or risk, assurance and the actions required, especially for new members. • Jonathan Chapman agreed to feed the comments back to KPMG (completed 6 June), who are engaged for a further two years.
2014	The **Presentation – Cyber Security of University Provision** AR/131/11 was introduced by Ian Waterhouse, Executive Director Digital and Technical Services and Raheel Nawaz, Pro Vice Chancellor, Digital who outlined the University's Roadmap. Members and attendees commented as follows: There were no further comments and the report was noted.
3 FOR INFORMATION	
2015	The *Outstanding Actions from Internal Audit Reports* AR/131/12 was introduced for information by Clare Mayer, Head of Risk and Resilience. • The report outlines the progress in the completion of the outstanding actions arising from previously considered internal audit reports and aims to provide assurance and transparency to the Audit and Risk Committee that issues identified are completed. • **From the 2021 - 2022 Academic Year,** all Audit actions are complete. In this year we also had an advisory audit report on the Value for Money Project Review with 1 high and 1 medium action, which can only be actioned once a

	new major estates project is underway. This will be embedded within the Student Village Project, which is the next project underway. The Business Intelligence Strategy is being presented to the Summer Sustainability and Resources Committee as previously corrected at the last Audit and Risk Committee. • From the **2022 - 2023 Academic Year**, the following audits remain with actions to complete: Environmental, Social, Governance (Sustainability) diagnostic (Advisory Review) – 2 sub actions overdue Academic Portfolio Recruitment and Marketing - 1 on target and 2 completed. Risk Management - 3 actions – 1 completed, 2 on target and 1 sub action overdue. • **From the 2023 – 2024 Academic Year, six audits have taken place:** Strategic Review Process – 2 action overdue 1 action completed. CECOS Partner Review (Advisory Review) – 1 action completed and 5 underway Digital Transformation Strategy – 1 actions on target, 5 actions completed. Space Utilisation – 13 sub actions on target, 4 actions completed and 1 action overdue Project Flash – Fraud – 2 actions completed 10 actions underway TRAC Process Review – 5 actions on track There were no comments and the report was noted.
2016	The ***Annual Procurement Value Survey 2022 – 2023*** AR/131/13 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill. • This paper summarises the outcome and benchmarks the University's performance from the Procurement Value survey completed in January 2024 for the financial period 2022/23. Following receipt of the Procurement Value Survey (PVS), completed and returned by Staffordshire University in January 2024, The Higher Education Procurement Association (HEPA) collated the returns and issued a summarised report with the results for the financial year 2022/23. • The aim of the PVS is to gather institutional and sector-wide efficiency data in line with the HE Sector Benefits Methodology. • Staffordshire falls into the range of £100m - £200m with a total of 17 universities being in this group. The benchmark covers standard performance indicators: Procurement Performance Indicators PPI 1 - Total cost of procurement function as percentage of impactable spend % PPI 2 - Percentage of impactable spend channelled through collaborative procurement % PPI 3 - Percentage of impactable spend with SMEs % PPI 4 - Percentage of impactable spend actively influenced by procurement function % PPI 5 - Annual Procurement savings as a percentage of impactable spend % • The % figures for this period show that Staffordshire Procurement are generally performing above average compared to other universities of a similar turnover on a lower-than-average resource. The University has also seen increases in key areas such as collaboration and SME spend. There were no comments and the report was noted.
2017	The ***BUFDG Audit Survey 2022-2023*** AR/131/14 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill. • Each year the British Universities Finance Directors Group (BUFDG) carries out a survey of HE Institutions regarding the costs, service and quality of their external and internal audit provision. The survey has a response rate of over 55% of member HE institutions. The full survey can be found in Appendix A. • The average external audit fee was £556 per £m (2021/22 - £387) of gross expenditure for all institutions. Staffordshire University fell into the £100m-£200m expenditure category with gross expenditure of £152.2m in 2022/23. The University's external audit fee (£) per £m of gross expenditure for 2022/23 was £897 (2021/22 - £736m) compared to average external audit fee (£) per £m of gross expenditure of £791 (2021/22 - £661m) for institutions in our expenditure band. • Tendering for External Audit: The University completed a tender, in 2021, for our external audit provision following KPMG, our current external auditors, being appointed internal auditors from 1st January 2022. BDO were appointed following the tender and became our external auditors on the 1st January 2022. The survey collected data from HE Institutions on how often they tender their external audit provision and whether they changed auditors at the last tender. It was found that over 80% of institutions reviewed their audit contracts every 3 -5 years and that 56% of institutions changed auditors when they last went to tender. • The mean internal audit fee (£) per £m expenditure, for institutions in our expenditure band, was £659 per £m of gross expenditure, an increase of £11 from 2021/22. Staffordshire University internal audit fee (£) per £m of gross expenditure for 2022/23 was £670 compared to mean internal audit fee (£) per £m of gross expenditure of £648 for institutions in our expenditure band. The mean number of internal audit days in 2022/23, for institutions in our expenditure band, was 135 compared to the University days of 118.The mean cost per day, for institutions in our expenditure band, for 2022/23 was £747 (2021/22 - £693) compared to £864 (2021/22 - £817) for the University. There were no comments and the report was noted.

2018	The **Apprenticeship ESFA subcontracting standard controls 2022/23** AR/131/15 was introduced by Chief Operating Officer, Ian Blachford.
	• The Police forces deliver elements of degree apprenticeship in accordance with College of Policing requirements. There are currently 4 subcontracts:
	• Staffordshire Police
	• West Mercia Police
	• West Midlands Police
	• Warwickshire Police
	• The Education and Skills Funding Agency (ESFA) funding rules for subcontracting states; The provider must supply a report signed by an external auditor that provides assurance on the arrangements to manage and control their subcontractors. They must send a copy of the external auditor's final report including the action plan of agreed recommendations and assurance declaration via ESFA document exchange by 31 July. The department will review this as part of our overall assurance arrangements.
	• The University engaged KPMG LLP to audit and supply an auditor's report with recommendations and findings. The audit work was completed with no recommendations or observations July 2023. KPMG audit report and assurance declaration was submitted to the ESFA July 2023. March 2024 the ESFA responded advising we had met the standard with a Category A rating and do not need to complete it again until 2026.
	• Although the University doesn't need to provide the ESFA with assurances of their subcontracting compliance until 2026 it would be prudent to continue audit activity to ensure funding rules are adhered too. As identified in the University Risk Register risk reference HLR05 5 control 5 and 6.
	There were no comments and the report was noted.
2019	The ***UKVI Student Mock Inspection Report*** AR/131/16 was introduced by Chief Operating Officer, Ian Blachford.
	• The Audit and Risk Committee must satisfy itself that the University has appropriate arrangements in place for the management of the UKVI Regulations and to monitor this on an annual basis. Any breaches of the UKVI Regulations should be reported to the Audit and Risk Committee, together with any outcomes of inspections undertaken by the UKVI.
	• There are two aspects to the UKVI Regulations: those relating to staffing and those relating to student recruitment.
	• The University has engaged VWV Solicitors, one of the leading legal firms within Higher Education to undertake the Mock UKVI Audit for staff and student recruitment.
	• At the time of writing this report, the UKVI Mock Audit on Student Recruitment has been completed, with the final report, assessment and action plan being finalised. The UKVI Mock Audit of Staff Recruitment is underway.
	• A full report on each of the Mock Audits, the outcomes, recommendations, and any associated action plan will be provided at the next meeting of the Audit and Risk Committee.
	There were no comments and the report was noted.
2020	The ***External Audit Planning Report 2022-2023*** AR/131/17 was introduced by Sam Lifford and Adam Footitt from BDO.
	• At the commencement of preparations for the annual Financial Statements process, the external auditors BDO LLP present their Audit Planning Report. The report summarises the planned audit strategy for the year ending 31 July 2024, comprising materiality; key audit risks and the planned approach to these; together with audit timetable. The risk assessment is still in the process of being finalised.
	Members and attendees commented as follows:
	• Mohit Dhingra enquired about the roll out of Project Flash and Sally McGill agreed to update governors separately about this. Clare May confirmed that the website had been amended following the internal audit findings with regard to the payment mechanism.
	• Mohit Dhingra asked whether BDO take into account student number projections to assess the credibility of the figures for stress testing purposes. Sam Lifford confirmed that student numbers are being considered in the report and she added that the projections for student numbers during previous years are also considered.
	• Discussion ensued on the viability of the University's provision. Sally McGill confirmed that the cash flow profile for the Student Village is expected to be much improved, although the real position will be known in September 2024.
	• Mohit Dhingra asked about the pension projections. Sam Lifford responded that the pension figures are expected to remain positive. She added that BDO are engaging early with pension actuaries to ensure that they have key information as required. This would be on the same basis as the previous year.
	• The Committee asked the external auditors what fraud risk analysis was planned. BDO confirmed that there would be:
	o Management override
	o Revenue recognition through potential for manipulation via processing of journals
	o Revenue recognition – deferred tuition fee income

	The report was noted.
4 ADDITIONAL MATTERS	
2021	
2022	**Items to be referred to Sustainability and Resources Committee** **APPROVAL** a) Minute 2010 c) - **Payroll Audit** AR/131/06 **INFORMATION** None
2023	**Items to be referred to Board of Governors** **APPROVAL** a) Minute 2011 - **Internal Audit Plan for 2024-2025 and Audit Charter** AR/131/09 **INFORMATION** None
2024	**Next meeting:** Weds 30 October 2024