

MINUTES

AUDIT AND RISK COMMITTEE, AR-133

Date: Wednesday 12 February 2025

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

Location: CA306 Catalyst, Leek Road

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

Members		
Jonathan Chapman	External Member	A
Mohit Dhingra (Chair)	External Member	P
Baljinder Kuller	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
Helen Vye	KPMG (internal audit)	IA
Andrew Bush	KPMG (internal audit)	A
Adam Footitt	BDO (external audit)	IA
Sam Lifford	BDO (external audit)	A
Clare Mayer	Head of Risk and Resilience	IA
Ian Waterhouse (item 2066 – part)	Executive Director Digital & Technical Services	IA
Raheel Nawaz (item 2066 – part)	Pro Vice Chancellor Education & Research	IA
Clare Saunders (item 2066 – part)	Executive Director of Curriculum and Academic Affairs	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	
2060	Apologies for absence were received from Jonathan Chapman.
2061	There were no new declarations of interest.
2062	<p>Minutes of the last meeting of the Committee were received:</p> <ul style="list-style-type: none"> 30 October 2024 [AR-132] AR/133/01 18 November 2024 [AR-132a] AR/133/02 <p>Minor edits to both minutes were discussed and agreed at the Committee and they have subsequently been signed by the Chair and confirmed. Specifically, this related to actions that had not been confirmed under matters arising of the agenda for this meeting, which are now updated within these minutes.</p>
2063	<p>Matters arising:</p> <ul style="list-style-type: none"> Minute 1991 – Public Interest Disclosure Policy – Following the completion of a recent Public Interest Disclosure, it had been agreed to revisit the policy. A revised policy had been shared with the Audit and Risk Committee prior to this meeting for comments and appears elsewhere on the agenda. Minute 2011 – APP Audit – will be deferred to the summer meeting instead of the Spring meeting of the Committee due to this requiring embedding with the OfS before testing the governance and evaluating the interventions. Minute 2031- Terms of Reference – these had been approved by the Board of Governors on 26 November 2024.


	<ul style="list-style-type: none"> • Minute 2035 – Annual Report of the Audit and Risk Committee – this had been approved by the Board of Governors on 26 November 2024. • Minute 2036 – Financial Statements for Year End 31 July 2024 – these were approved and submitted to the OfS on 2 January 2025. • Minute 2010 – Internal Audit Plan – It had been agreed with the Chair of the Committee that the internal audit report on student recruitment and conversion would be sent to the Audit and Risk Committee once this was completed, and then formally received at the Summer Audit and Risk Committee meeting. Baljinder Kuller inquired about the delay in receiving the audit and any remedial action to prevent slippage in subsequent years. Ian Blachford responded that this was due to change of ownership of this activity resulting from changed executive portfolios and a staff exit, which has now been addressed. <p>In addition to the matters arising items on the agenda, the following were also recorded:</p> <ul style="list-style-type: none"> • Minute 2057 – Audit Completion Report – At the meeting on 18th November 2024, clarification had been sought on the procedural next steps for dealing with specific cases of fraud for potential enrolments and continuing students. It was agreed that wording reflecting the further bolstering of the university's procedures would be discussed under the agenda item of Review of Fraud Prevention Policies, at this meeting. • Minute 2057 – Audit Completion Report – It had been highlighted in the Audit and Risk Committee of 30th October 2024, that some of the 'box and whisker' charts appeared to be visually incorrect. This had been addressed by the External Auditors in the following draft of the Audit Completion Report. • 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 had yet to be circulated and would be done so before the next meeting. • Minute 2032 - Digital Resilience – Report on the impact of CrowdStrike - The Committee was informed at the 30th October 2024 meeting, that a cyber simulation exercise will be conducted in November 2024 to prepare staff and systems for potential threats. It was agreed that the Committee be notified of the outcomes by Raheel Nawaz. This would appear on the next Audit and Risk agenda. • Minute 2033 – Internal Audit Reports – It had been raised in the context of the fire safety internal audit, that the internal auditors needed to ensure that they also considered the other sites of the University and avoid a narrowly focussed Stoke on Trent centric approach. This was agreed and would be reflected in the scope and field testing of the internal audits for the remainder of this academic year, and considered actively as part of the development of the new internal audit plan, to be discussed elsewhere on the agenda
2064	The *Overview of annual business for 2024-25* AR/133/03 was noted for information.
2065	The terms of reference AR/133/04 was noted for information.
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
2066	<p>The Internal audit reports 2024-2025 were introduced by KPMG and considered for approval by the Committee:</p> <p>a. Key Financial systems – income and debt management AR/133/05 (<i>significant assurance with minor improvement opportunities</i>)</p> <ul style="list-style-type: none"> • The report was introduced by KPMG. Mohit Dhingra complemented the report on the use of benchmark data and for the identification of duplicate controls. • Mohit Dhingra asked about the checks being made on SLC and non SLC related income. KPMG explained that whilst there were differences between these types of payments, these processes had been checked for robustness. This position was also confirmed by Sally McGill. • Discussion ensued on the process for monitoring and management of debt. Sally McGill stated that the University's Credit Control policy outlines the procedure for following up outstanding debts. Students cannot progress to the next year of study with outstanding debt unless they have a payment plan in place. If they default on the payment plan, they cannot continue their studies. The audit confirmed that all students who should be on the payment plan were, and there were no control deficiencies. • Mohit Dhingra asked about the write-off figures. Sally McGill confirmed that these were as expected due to the number of international students and that no concerns had been raised by the audit and this information was shared with the Sustainability and Resources Committee. • The Committee agreed that it was not always necessary to include appendices with the papers at the Committee meetings, except when lower rated audits were awarded or if certain issues need bringing to the Committee's attention. This tailored approach was agreed. <p>b. Higher Education Statistics Agency Student Return Data Quality AR/133/06 (<i>significant assurance with minor improvement opportunities</i>)</p> <ul style="list-style-type: none"> • Mohit Dhingra inquired about the process for addressing issues identified in the audit.

	<ul style="list-style-type: none"> Ian Blachford stated that a data cleansing exercise had been conducted prior to submission, however improvements measures include, i) ensuring data is cleansed continuously rather than just before submission, and ii) enhancing staff competency through training staff to ensure the quality and accuracy of data entry. When asked about the process for monitoring improvements, Ian Blachford noted that performance scorecards are being introduced as part of the TOM model, of which data quality would be one such area to be reported <p>c. Academic Assurance AR/133/07 (<i>significant assurance with minor improvement opportunities</i>)</p> <p><i>Clare Saunders, Executive Director of Curriculum and Academic Affairs attended for this item along with Raheel Nawaz, Pro Vice Chancellor Education & Research.</i></p> <ul style="list-style-type: none"> Baljinder Kuller noted that the audit had highlighted challenges with academic staff filtering data and understanding benchmark definitions in the new Power BI dashboard which would therefore affect the quality of plans. He asked if sufficient support was available for training staff in a post TOM world. Raheel Nawaz stated that the University is looking at ways to simplify the presentation of information, and this was a focus of both report writing, dashboard presentation and through the provision of training to staff. Ian Blachford commented that business intelligence and management reporting had not been reduced in headcount as part of TOM. Clare Saunders commented that the University is considering implementing a synchronous self-serve service provision and complementing this with face to face troubleshooting. This would be systematically embedded so users can complete refresher training and be provided with support for any unanswered queries. Raheel Nawaz confirmed that this is an ongoing process and that course monitoring is a regular agenda item at Committee meetings and it is prioritised. Mohit Dhingra inquired if the correct information flows to the right people and if high level concerns can be escalated. Raheel Nawaz confirmed this, stating that both academic board and UEB have visibility of the data, allowing for quick interventions if needed. Mohit Dhingra inquired about the accuracy of dashboards included in the audit. Helen Vye responded that this was not part of the remit, but no concerns had been raised on the accuracy of the data being used. <p>d. IT Resilience and Cyber Security AR/133/08 (<i>significant assurance with minor improvement opportunities</i>) <i>Ian Waterhouse Executive Director Digital & Technical Services attended for this item with Raheel Nawaz, Pro Vice Chancellor Education & Research</i></p> <div style="background-color: black; height: 150px; width: 100%;"></div> <p>There were no further comments and the audit reviews were approved.</p>
2067	<p>The TRAC Submission AR/133/09 was introduced for discussion by Chief Financial Officer & Deputy Chief Executive, Sally McGill.</p> <ul style="list-style-type: none"> TRAC Governance aims to ensure institutions have a TRAC process that is overseen and governed in a way that promotes material accuracy and the importance and usefulness of the results. Governance aims to provide confidence and assurance to internal and external stakeholders and funders, through the production of robust and reasonable information. A paper was presented to the Audit and Risk Committee to provide assurance that the University's TRAC governance process was compliant with the latest requirements, that the TRAC return for 2023-24 was being prepared in line with the latest guidance, and that the previous internal audit action points had been completed and closed. At that time, the final student numbers and audited financial results for 2023/24 were outstanding. Once these were finalised, the return was approved by the TRAC Steering Group and was submitted before the deadline of 31 January 2025.

	<ul style="list-style-type: none"> The TRAC return showed an overall recovery of full economic costs of 92%, consistent with last year's results (94%). The recovery for Publicly Funded Teaching (mostly Home students on undergraduate and postgraduate taught courses) is slightly lower than last year at 91% (22-23 – 94%). Recovery of full economic costs for research remains at 40% in 22-24, the same as 22/23. Non-Publicly funded Teaching (most international student tuition fees) has increased from 123% in 22/23 to 126% in 22/23. Recovery on Other Activities has increased (92% in 22/23, 106% in 23/24) due to a write-off of Student Village related costs in 2022-23 not being repeated. These movements are the combination of many different movements to the numerator (the cost base) and the denominator (mostly student numbers). <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Sally McGill noted that while the University conducts a significant amount of valuable research, it often does not secure large grants. This trend has been consistent over the past few years and contributes to the low recovery of economic costs. <p>The Committee approved the TRAC Submission for onward referral to the Sustainability and Resources Committee.</p>
2068	<p>The Internal Audit Planning Document 2025-2026 AR/133/10 was introduced for discussion KPMG. Members were asked to consider the identified topics presented, noting that this would need to be agile throughout the year.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Discussion ensued on whether the TOM implementation audits could be combined with other audits such as business continuity or risk management, so that the TOM could also be noticed a thematic basis. Ian Blachford noted that an internal audit on TOM alone would be helpful because of scale of change, however there was also merit in this forming a thematic strand of other audits. The Committee highlighted a number of thematic areas that they would like KPMG to consider in the scoping of the internal audit topics, and the fieldwork. These included location, culture, risk management, TOM, and student experience. Student village – was welcomed in the internal audit report, noting that this needed to focus on those activities of which the university held responsibility. It was discussed that whilst the committee at the next meeting would approve the final version of the internal Audit Plan, for onward approval by the Board of Governors, they wished to highlight that this may be subject to change in year, again, dependent upon emerging issues. This approach was agreed, and the forward plan would be kept under review at each Audit and Risk Committee meeting. <p>There were no further comments and it was noted that this would be further worked up for approval at the next Audit and Risk Committee.</p>
2069	<p>The Review of Fraud Prevention Policies AR/133/11 was introduced for approval by Chief Operating Officer, Ian Blachford.</p> <ul style="list-style-type: none"> In accordance with the Audit and Risk Committee Terms of Reference, the Counter-Fraud Policy and Anti-Bribery and Corruption Policy (within the Fraud Prevention Handbook) are presented for annual review. These have been reviewed by the Head of Risk and Resilience and no significant amendments are recommended. The Committee should note, that upon approval of the revised Public Interest Disclosure Policy, elsewhere on the agenda, this will then replace the current approved version in this document. Please note following approval and prior to circulation, the document will be rebranded/name change future proofed. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Clare Mayer briefed the Committee that since the papers had been sent out, there had been an update to the policy as follows: Point 9: With immediate effect, <i>where there is an attempt to defraud the University, which mostly involves the use of stolen credit cards. The following situations are characterised by numerous failed attempts with multiple cards before one 'works', or where the University is notified by a third-party processor of payments that there has been an attempted fraud.</i> <p><i>In the case of an applicant who has not yet completed enrolment, Finance would contact the registry to withdraw the offer made to the applicant. In the case of an enrolled student, Finance would speak to the student directly in order to establish the facts of the case, and if Finance believe there is either a cause of welfare concern (the student has been misled by a third party into committing fraud) or an active attempt at fraud by the student, then these would be referred to student services/registry to be dealt with either as a welfare concern (with a follow up meeting with the student) or as a disciplinary matter through the normal regulatory route.</i></p> <ul style="list-style-type: none"> Baljinder Kuller acknowledged that the policy, with this addition, now addressed the concerns raised during the previous Committee meeting and supported the decision to refer students advancing from year 2 to year 3 via the student welfare route. <p>There were no further comments, and the policy was approved for onward referral to the Board of Governors.</p>

2070	<p>The Review of Public Interest Disclosure Policy AR/133/12 was introduced for approval by Chief Operating Officer, Ian Blachford.</p> <ul style="list-style-type: none"> The revised and refreshed Public Interest Disclosure Policy and Procedure had been sent out previously to members of the Audit and Risk Committee, to receive feedback, to allow active consideration of comments prior to the Audit and risk Committee. Feedback had been received from both Jonathan Chapman and Mohit Dhingra. This procedure is now presented for formal approval. Ian Blachford noted that Mills and Reeve had revised and updated the policy in line with employment legislation and feedback from recent usage of the current policy. The amendments had been summarised in the briefing sheet. He added that the new policy would replace the current one on the University's website, and replace the version in the Fraud Prevention Policies, and would be communicated to staff. <p>There were no further comments, and the policy was approved for onward referral to the Board of Governors.</p>
2071	<p>The Update on High Level Risk Registers and Risk Appetites AR/133/13 was introduced for discussion by Chief Operating Officer, Ian Blachford.</p> <ul style="list-style-type: none"> The Audit and Risk Committee considers the university's high level risk registers, twice per annum, as part of the normal cycle of committee business. The risk registers are included as a separate link to the main papers of the Audit and Risk Committee. The university level risk registers have been updated during January 2025, to ensure that all of the controls that were documented, are now assigned to the appropriate roles, following the commencement of the implementation of the target operating model. In a few cases, a post title is named, but the role is yet to be appointed. In these situations, the line manager of that role is clear that they are responsible for that control or action in the interim period. Post target operating model implementation, the now assigned leads will be working with the Head of Risk and Resilience to ensure that the controls stated, are functioning appropriately and in line with our risk appetites. The actions will also be revisited. The Committee is asked to note this update. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Mohit Dhingra emphasised the importance of focusing on the testing of the controls in order of magnitude of underlying risk. This was agreed. Ian Blachford highlighted that the significant area of the risk registers where we were beyond risk, and now confronting issues, was that of undergraduate and postgraduate recruitment. This would be the focus of a number of papers proceeding to the Strategy and Performance Committee. The High-Level Risk Registers would return to the Audit and Risk Committee in Autumn 2025. <p>There were no further comments and the report was approved for onward referral to the Board of Governors.</p>
2072	<p>The Risk Management Framework Update AR/133/14 was introduced for discussion by the Head of Risk and Resilience, Clare Mayer.</p> <ul style="list-style-type: none"> This report provides an update for the committee on the Operational Level Risk Registers and the implementation of the Risk Control Self Assurance Process (RCSA). A review of the School Health, Education, Policing and Sciences and the Digital, Technology, Information and Business risk registers has taken place and has reduced the risk registers to an average 10 risks which underpin the High-Level Risk Registers. The main outcome of the review was the consistency and refinement of the control measures across the schools and the increase in further actions addressing the critical risk of recruitment. The overall review of all school and services risk registers has been built into the TOM 100 days plan <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Discussion ensued on the approach to updating the risk registers within the 100-day plan. Clare Mayer advised that this involves engaging key individuals such as Heads of Departments and Executive Deans, to take accountability. The process aims to embed the plan throughout the organisation and is expected to highlight significant issues first. Mohit Dhingra requested that any areas of concern be escalated, and Clare Mayer agreed. <p>There were no further comments and the report was noted.</p>
2073	<p>The External Audit Contract – Extension AR/133/15 was introduced for discussion by Chief Operating Officer, Ian Blachford.</p> <ul style="list-style-type: none"> The BDO External Audit Contract was for three audits and an option to extend for a further two audits, if we wished. We have with this recent audit, completed the third, and therefore we are proposing to request the permitted extension of two further audits to cover the 2024-2025 audit and the 2025-2026 external audit. <p>[REDACTED]</p>

	The Committee agreed with the recommendation, emphasising the need for continuity stability with the external audit activity. BDO were approved for the external audits for 2024-2025 and 2025-2026. This would be confirmed to BDO following the meeting.
2074	<p>The US Federal Loans Compliance Audit AR/133/16 was introduced for discussion by Chief Financial Officer & Deputy Chief Executive Sally McGill.</p> <p>As part of the University's participation in the Title IV Federal Student Aid program, which allows US students to enrol at our university and access student loans from the US Department of Education (US DoE), our external auditors (BDO) have to complete a Compliance Audit alongside the audit of our Financial Statements. This audit seeks to ensure that the University are administering the program effectively in terms of draw down and disbursement of loans to students and our administration processes. BDO have recently completed this audit. The compliance audit report highlighted one finding regarding the Enrolment Reporting Roster.</p> <p>There were no comments and the audit was approved.</p>
2075	<p>Review of the Performance of the External Auditors – verbal (<i>which were considered by the Audit and Risk Committee at the end of the meeting without the presence of the internal and external auditors</i>)</p> <p>A discussion took place regarding the evaluation of the performance of the External Auditors, as per the terms of reference of the committee. It was noted that:</p>  <p>There were no further comments, and the Chair of the Committee would confirm the feedback with the External Auditors.</p>
3 FOR INFORMATION	
2076	<p>The *Outstanding Actions Against Earlier Internal Audit Reports* AR/133/17 was introduced for information by Chief Operating Officer, Ian Blachford.</p> <ul style="list-style-type: none"> • This 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 Committee that issues identified are being progressed. Ian Blachford confirmed that work to close out the tasks is ongoing and the reasons for some tasks being delivered beyond the timeline are well documented in the report. • The auditors agreed to provide a follow-up report at the next meeting of the Committee to confirm the status of management actions. These actions are all KPMG-related actions, and not those of the predecessor. • Mohit Dhirga requested that the auditors provide a pragmatic overview of any outstanding issues at the next meeting, along with a review of associated risks. The auditors agreed to this request, as part of the outstanding actions audit, as mapped in the internal audit plan for the current academic year. <p>There were no further comments and the report was noted.</p>
2077	<p>The *Updated External Audit Completion Report* AR/133/18 was introduced for information by Chief Financial Officer and Deputy Chief Executive, Sally McGill.</p> <ul style="list-style-type: none"> • As part of the year-end financial statements audit, the University's external auditor, BDO LLP provide an Audit Completion Report. The report has been updated following Audit and Risk Management Committee on 30 October 2024 to reflect discussions with university staff and subsequent completion of the audit work. The report summarises both the results of completing the planned audit approach for year ended 31 July 2024 and highlights results of the audit work on key risk areas. <p>There were no comments and the report was noted.</p>
2078	The *Annual Procurement Report* AR/133/19 was introduced for information by the Chief Financial Officer and Deputy Chief Executive, Sally McGill.

	<ul style="list-style-type: none"> The paper provides an update on the activity and outcomes for the financial year 2023/24. Reported within this paper is one of the University's Strategic Priorities : the % of impactable spend within the Staffordshire postcode area, targeted at increasing the % spend from 11% (2020/21) to 20% in 2026/27. The result for 2023/24 was 30%, already exceeding the target for 2026/27 and a small improvement over last year's performance. <p>There were no comments and the report was noted.</p>
4 ADDITIONAL MATTERS	
2079	There were no additional matters
2080	<p>Update on Public Interest Disclosure Received in November 2024 AR/133/20, was provided via a written report from the Chair of the Audit and Risk Committee.</p>  <p>There were no further comments and the report was noted.</p>
2081	<p>Items to be Referred to Sustainability and Resources Committee</p> <p>INFORMATION</p> <ul style="list-style-type: none"> Minute 2066 - Key Financial systems – income and debt management AR/133/05 Minute 2066 - IT Resilience and Cyber Security AR/133/08 Minute 2067 - TRAC Submission AR/133/9 Minute 2077 – Updated External Audit Completion Report AR/133/15 Minute 2078 – Annual Procurement Report AR/133/19 <p>APPROVAL</p> <ul style="list-style-type: none"> None
2082	<p>Items to be Referred to Board of Governors</p> <p>INFORMATION</p> <p>a. None</p> <p>APPROVAL</p> <p>a. Minute 2069 - Fraud Prevention Policies AR/130/11</p> <p>b. Minute 2070 - Public Interest Disclosure Policy AR/133/12</p> <p>c. Minute 2071 - High Level Risk Registers AR/133/13</p>
2083	Next meeting: Wednesday 14 May 2025, CA306 Catalyst, Leek Road