

MINUTES

AUDIT AND RISK COMMITTEE

Date:	Tuesday 29 October 2019
Time:	1500 for external Committee Members and <u>external</u> Auditors; 1530 for all other attendees
Location:	Boardroom, University House, Leek Road Campus

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, will be redacted before publication of the agenda and minutes on the University's public website.


Members		
Kevin Gould (Chair)	External Member	P
Cathryn Hickey	External Member	A
Sara Williams (Deputy Chair)	External Member	P
In attendance		
Professor Liz Barnes	Vice Chancellor	A
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Mark Dawson	KPMG (external audit)	IA
Clare Mayer	Business Risk Manager	IA
Sally McGill	Chief Financial Officer	IA
Lisa Randall	RSM (internal audit)	IA
Lauren Rooke	Assistant Clerk to the Board of Governors (minutes)	IA

P = Present; T = via telephone; A = Apologies; IA = In Attendance

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

1 MEETING MANAGEMENT	
1641	<p>Apologies for absence were received from Cathryn Hickey and Liz Barnes.</p> <p>(With regard to the current vacancy, it was noted that the committee wished to see this filled at the earliest opportunity.)</p>
1642	There were no new Declarations of Interest .
1643	The Minutes of the last meeting of the Committee , 4 June 2019 AR/114/01, were signed as a true and accurate record.
1644	<p>Matters arising:</p> <ul style="list-style-type: none"> • Minute 1628 (arising from minute 1615 [iv] - Apprenticeships) – it was noted that a report on this area had been presented to the Board of Governors at its 25 September 2019 meeting, and that this was now a standing item for Strategy and Performance Committee (which had last received an update report at its meeting on 22 October 2019). <p>Members commented as follows:</p>

	<ul style="list-style-type: none"> • 
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
1645	The committee received and noted the Overview of Annual Business AR/114/02 for the year.
1646	<p>The Committee received the Terms of Reference of the Committee 2019-20 AR/114/03.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould asked about the role of the committee in relation to the University's subsidiaries, and this was clarified. It was agreed that a statement should be included within the Terms to the effect that no changes had been made to the committee's responsibilities around subsidiaries (and that for the avoidance of doubt, each sub-committee's role included subsidiaries).
1647	<p>The committee discussed the following Internal Audit Reports 2018-19:</p> <p>i) Data Quality: HESA/HESES Return AR/114/04 (previously circulated by email), introduced by Lisa Randall of RSM, who highlighted that the report had been prepared in a specific guidance context, and that some of this guidance had since been updated.</p> <p>Members commented as follows:</p> <p>NONE</p> <p>ii) Student Journey: Residences AR/114/05, (previously circulated by email), introduced by Lisa Randall, who noted that there had been a significant amount of change within the University's Estates and Student Services departments over the past year.</p> <p>Members commented as follows:</p> <p>NONE</p> <p>The committee discussed the following Internal Audit Reports 2019-20:</p> <p>iii) Employability AR/114/06, introduced by Lisa Randall, who highlighted that the management actions set out in the report dovetailed with the University's planned direction in this area.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould enquired about the comment within the report around employability strategy. Lisa Randall clarified that although there were many areas of good practice in terms of separate initiatives, it was felt that these needed bringing together under an overarching strategy. • Sara Williams asked for clarification on the application of KPIs across the University, and this was given by Ian Blachford, who highlighted that given the nature of the KPIs, the routes to their achievement sometimes differed across schools and subject areas. • Sara Williams asked about the definition of employability used and how the University could ensure it remained agile on this. Ian Blachford noted that in previous years, employability data had been presented to Education Committee, and now went to Strategy and Performance Committee. The Board of Governors received and approved an Annual Academic Quality and Standard Report which also covered this metric. <p>iv) Governance Effectiveness Review Against CUC Code AR/114/07, introduced by Lisa Randall.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> • Ian Blachford highlighted that this report would be referred to Nominations and Governance Committee. <p>v) Internal Audit Progress Report AR/114/08, introduced by Lisa Randall, who noted that since the preparation of the papers, the Student Mental Health report had been finalised and that scoping and fieldwork was taking place on several other planned audits.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> • Kevin Gould noted that the committee were now ready to receive summary IA reports within the progress report, with full IA reports available separately on SharePoint, and Lisa Randall clarified that this would be done.

1648	<p>The committee received and discussed the RSM Internal Audit Annual Report 2018-19 AR/114/09, introduced by Lisa Randall of RSM, who noted her belief that the annual report was reflective of the careful planning and appropriate nature of the internal audit work carried out through 2018-19.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> Kevin Gould commended the report and the work done during the year by both the Executive and the auditors and asked for clarification around the comments on speed of management responses. Lisa Randall clarified that response times and speed of communications between RSM and the University continued to improve; Ian Blachford confirmed that Executive had agreed, following candid discussions, that a continued focus on ownership of IA report was essential. <p>The Internal Audit Annual Report 2018-19 was approved for onward approval by the Board of Governors.</p>
1649	<p>The committee received the Annual Report of the Audit and Risk Committee 2018/19 AR/114/10, introduced by the Clerk to the Board of Governors & Chief Operating Officer, who noted that both the outgoing and incoming Chairs of the committee had seen the draft prior to the meeting and that their comments had been incorporated.</p> <p>The Chief Operating Officer updated the committee on the position for the 2018-19 year with regard to UKVI, noting that there were two aspects to the UKVI Regulations: staffing and student recruitment. There had been no known breaches of the UKVI regulations and there had been no inspections by the UKVI during the time period of the 2018-19 Audit and Risk Committee Report.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> Discussion focused around UKVI assurance and it was agreed that an annual summary report on this be added to the committee's annual schedule of business, with the Assistant Director of HR & OD, and the Director of Student Recruitment, being invited to attend to present this. <p>The Annual Report of the Audit and Risk Committee 2018-19 was approved for onward approval by the Board of Governors.</p>
1650	<p>The committee received the Financial Statements for y/e 31 July 2019, introduced by the Chief Financial Officer, comprising the following:</p> <p>i. Draft 2018/19 Annual Review and Financial Statements, including Letter of Representation AR/114/11 plus Appx A & B. The following main points were noted:</p> <ul style="list-style-type: none"> The cover sheet to the report included information on pension adjustments and exceptional items; movements between budgets, forecast and operating activities; bank covenant calculations; and a draft balance sheet and draft cashflow statement. <p>Members commented as follows:</p> <ul style="list-style-type: none"> Kevin Gould asked for clarification around pensions valuations (triennial vs FRS102 valuations) and this was provided by Sally McGill. Kevin Gould asked for clarification on staff costs and salaries (pg. 11) and this was provided by Sally McGill, who noted that the consolidated salary position separated out various elements, and that this treatment was consistent with other staff cost accounting policies. (Mark Dawson noted that this was not an unusual position within the sector.) <p>ii. Draft KPMG audit highlights memorandum and management letter AR/114/12 and Appx A (introduced by Mark Dawson of KMPG), who noted that there had been no changes to accounting policy and no new disclosure requirements during the year.</p> <p>Members commented as follows:</p> <p></p> <p><i>It was also noted that the Financial Statements were to be shared with Sustainability and Resources Committee on 05 Nov 2019 and presented for formal approval at Board of Governors on 20 Nov 2019.</i></p> <p>The committee approved these items and agreed that these would progress to the Board of Governors for approval.</p>
1651	<p>The committee received and discussed the Risk Management Framework Update AR/114/13, introduced by the Business Risk Manager, who noted that the report set out the position to date and included sections on the approach to risk management, key milestones delivered and next steps.</p>

	<p>Members commented as follows:</p> <ul style="list-style-type: none"> Kevin Gould highlighted the significant progress made on Risk Management within the University and enquired about assurance around the efficacy of risk controls. Clare Mayer confirmed that this would form part of the University's next steps on this.
1652	<p>The committee received and discussed a paper on the twelve University-Level Risk Registers AR/114/14, introduced by the Chief Operating Officer, who highlighted that the NSS had been added as an additional University-level risk during summer 2019.</p> <p>Members commented as follows:</p> <ul style="list-style-type: none"> The committee commended the work done on these high-level risk registers. Kevin Gould asked how the committee could be assured that control owners and action owners were equally incentivised and working to achieve the same aims. Ian Blachford clarified that all risk register controls were owned by an SLT member, and that each specific risk register was in turn owned by a member of Executive. Responsibility for these had been well-embedded across the institution. <p>The committee approved the University-Level Risk Registers for onward approval by the Board of Governors.</p>
1653	The committee received and approved the *Annual Review of Public Interest Disclosure Policy* AR/114/15.
1654	The committee received and approved the *Annual Review of Risk Management Framework Policy* AR/114/16.
3 FOR INFORMATION	
1655	The committee noted the *Outstanding Actions against earlier Internal Audit Reports* AR/114/17 tracker, introduced by the Business Risk Manager.
1656	The committee noted the *Students' Union Accounts 2018-19 (draft)* AR/114/18
1657	The committee noted the *Public Interest Disclosure Annual Report 2018-19* AR/114/19
1658	The committee noted the *Gifts and Hospitality Annual Report 2018-19* AR/114/20
4 ADDITIONAL MATTERS	
1659	<p>Have we made a positive impact on our students today?</p> <p>It was agreed that a continued focus on employability, student residences and use of public funds would all benefit the student population, as well as the migration of University systems to more secure cloud-based platforms.</p>
1660	<p>The committee considered the Performance of Internal Auditors, with discussion focusing around communications between RSM and audit leads; the conclusions of audit reports; the accuracy and breadth of their scopes; and the current HE landscape (and the auditors' knowledge and expertise of this).</p> <p>It was agreed that the committee would revisit this item prior to the setting of the internal audit plan for the next year.</p>
1661	There were no additional matters .
1662	<p>Items to be referred to Sustainability and Resources Committee:</p> <p>For approval</p> <p>a) Minute 1650 – i. Draft 2018/19 Annual Review & Financial Statements; ii. Draft KPMG audit management letter</p> <p>For noting</p> <p>b) Minute 1656 – Students' Union Accounts (draft) 2018-19</p>
1663	<p>Items to be referred to Board of Governors:</p> <p>For approval</p> <p>a) Minute 1646 – Committee Terms of Reference 2018-19</p> <p>b) Minute 1648 – RSM Internal Audit Annual Report 2018-19</p> <p>c) Minute 1649 – Annual Report of the Audit and Risk Committee 2018-19</p> <p>d) Minute 1650 (i and ii) - Financial Statements for y/e 31 July 2019 (Draft Annual Review and Financial Statements 2018/19; KPMG audit highlights memorandum and management letter)</p> <p>e) Minute 1652 – University-Level Risk Registers</p>

	For noting f) Minute 1651 – Risk Management Framework Update
1664	Next meeting: Tuesday 28 January 2020 (Boardroom, University House)