MINUTES

AUDIT AND RISK COMMITTEE, AR-120

Date:	Tuesday 09 March 2021
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) 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 (highlighted here in blue), will be redacted before publication of the agenda and minutes on the University's public website.*

Members		
Jonathan Chapman	Co-opted Committee Member	A
Tony Evans (Deputy Chair)	External Member	Ab
Kevin Gould (Chair)	External Member	P
Joanne Hannaford	External Member	Ab
Baljinder Kuller	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) *until item 1780*	IA
Clare Mayer	Business Risk Manager *until item 1780*	IA
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Lisa Randall	RSM (internal audit) *until item 1780*	IA
Lauren Rooke	Assistant Clerk to the Board of Governors (minutes)	IA

P = Present (via Teams); A = Apologies; Ab = Absent; L = Late; IA = In Attendance (via Teams)

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

1 MEETING MANAGEMENT	
1771	**No apologies for absence** were received. Tony Evans and Joanne Hannaford were absent.
1772	There were no new **Declarations of interest.**
1773	The **Minutes of the last meeting of the Committee**, 26 January 2021 AR/120/01 were confirmed as a true and accurate record.
1774	**Matters arising:** • **Minute 1757 – TRAC return submission 2019-20** – it was noted that this had been submitted on 28 January 2021 (and referred to Sustainability and Resources Committee as agreed).
1775	The ***Overview of annual Committee business 2020-21*** AR/120/02 was received for information.

2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)	
1776	The Committee received for approval the following **internal audit reports 2020-21:** i) **Estates compliance: fire safety** *(substantial assurance)* AR/120/03, introduced by Lisa Randall, who highlighted that the internal audit had been delivered remotely and was rated as substantial assurance although there were some action arising of a minor nature which were now being addressed. ii) **Data Quality: Transparent Approach to Costing (TRAC) Implementation** *(substantial assurance)* AR/120/04, introduced by Lisa Randall, who highlighted that the report was rated as substantial assurance. iii) **Access and Participation Plan progress** *(substantial assurance)* AR/120/05, introduced by Lisa Randall, who highlighted that the University's progress in this area compared favourably to other HEIs in the sector. iv) **Progress report** AR/120/06 *(Documents AR/120/03 to AR/120/05 were rated low-risk and were therefore available on SharePoint rather than included in the papers. Exec summaries of these were given in the Progress Report, AR/120/06).* Members and attendees commented as follows: • Lisa Randall, introducing the reports, noted that the 2020-21 audit plan was currently slightly ahead of schedule. • Kevin Gould asked about cladding on the University estate. Ian Blachford noted that the two buildings that did have cladding had been tested following the Grenfell fire.
1777	The Committee received for approval the **University-level risk registers** AR/120/07, presented by the Chief Operating Officer. The following main points were noted: • The University-level risk registers had been considered by the Senior Leadership Team at its meeting on 23 February 2021. • The residual risk of both the Regulators (HLRR2) and Government Policy (HLRR1) risk registers had been increased just prior to Christmas (approved by the Committee in Jan 2021) and given recent events, this still felt appropriate. • The Pandemic risk register (HLRR14) had also been updated in terms of its high-level controls for the Audit and Risk Committee in January 2021. • The risk registers had been updated generally to reflect UEB ownership of these and with the exit of the PVC - Place and Engagement and the new role of PVC - Education. • It was planned to retire the Brexit risk register at the next review point, as these matters were now 'business as usual'. • In addition, a new University-level risk register had been created for UKVI compliance, reflecting the sharper focus on this area, particularly in the light of the emerging concerns regarding student attendance monitoring, which were now subject of a specialist audit (the findings of which would be shared with the Audit and Risk Committee). • Audit and Risk Committee was asked to consider and comment on these risk registers, prior to approval at the forthcoming Board of Governors meeting in April 2021. Members and attendees commented as follows: • ███████████████████████████████ • It was proposed that the Pro Vice Chancellor – Digital be asked to attend the next meeting, in order to update the Committee on HLR11 (Cybercrime).

	The Committee approved the **University-level risk registers**.
1778	The Committee received for discussion the **Health, Safety and Wellbeing annual report 2019-20** AR/120/08, presented by the Chief Operating Officer. The following main points were noted: • The report summarised the main developments within the field of health, safety and wellbeing for the last academic year, 2019-20. In addition, it signposted the headline areas of development for the current academic year 2020-21. • As for 2018-19, the 2019-20 report format was based upon the Health and Safety Executive model and mirrored the University's Health, Safety and Wellbeing Strategy 2018-21. It demonstrated the continued progress made in process and culture 'foundation building' and the wide-ranging work being done to ensure that the University remained a safe, well-motivated and thriving community throughout the current pandemic and beyond, including an overview of future priorities. • The implementation of the Alcumus software package was now on course to be implemented by March 2021, as this had further been delayed with the pandemic response. Members and attendees commented as follows: • Kevin Gould asked about actions taken to ensure the health and safety of staff working at home during the pandemic. Ian Blachford confirmed that a bespoke home-working training session had been rolled out to all staff when the first lockdown was put in place. Arrangements had been made for staff to collect items of equipment from campus in a Covid-secure way when needed. For the second/Autumn lockdown, arrangements had been made for staff to work on campus in a Covid-secure environment if they couldn't work at home. The Committee approved the Health, Safety and Wellbeing annual report 2019-20.
1779	The Committee received for approval a proposal regarding **Oracle Fusion Authentication** AR/120/09, presented by the Chief Financial Officer. • The University's finance system, Oracle Fusion, used a standalone username and password for authentication. This led to certain limitations and ultimately, a less secure approach to authentication on what was a key University system. • The cloud-based authentication system (AzureAD) that the University used for Office365 authentication included sophisticated technology that met all the government best practice recommendations. • The University strategy was to utilise AzureAD as a Single Sign-On (SSO) solution where possible to meet the government's recommendations for all University cloud systems, and to enable ongoing investment and improvements in protection on one highly secure authentication solution. • The proposed change would take advantage of this functionality within Fusion, aligning Fusion with the University's security and authentication roadmaps, providing better security, and simplifying the experience for users. (These benefits were expanded in the proposal.) • It was recommended that the University adopt the SSO Experience provided by AzureAD for Oracle Fusion in line with the Government best practice guidelines for authentication, adopting the current Multi-Factor authentication rules in place for all University users accessing Microsoft 365. • Once stage 1 had been implemented, it was recommended that the University adopt the enhanced security provided by AzureAD for Oracle Fusion for Finance users accessing Oracle Fusion. Members and attendees commented as follows: • Sally McGill noted that this had been brought to the Committee as it represented a high-level change in control/security arrangements. The Committee approved the proposal around **Oracle Fusion Authentication**.
3 FOR INFORMATION	
1780	The Committee received for information the ***Outstanding actions against earlier internal audit reports* tracker** AR/120/10.
4 ADDITIONAL MATTERS	
1781	**How have we made a positive impact on our students today?** It was agreed that confirmation that the APP agreement was operating as it should; assurance around the safety and compliance of the estate (and workforce); and focus on continued financial sustainability via the HLRs were all key elements contributing to positive student impact.

1782	The Committee received for approval the proposal on **External audit re-tender** AR/120/11, presented by the Chief Financial Officer, who noted the following main points:
	
	• The current External Audit contract with KPMG expired on completion of the external audit of the financial statements for the year ended 31 July 2021 (expected to take place on or before 31 December 2021).
	• The contract would cover the Financial Statements, comprising the consolidated results for the University and its wholly owned subsidiary undertakings, Staffordshire University Services Limited and Staffordshire University Unitemps Limited. (The taxable profits of Staffordshire University Services Limited and Staffordshire University Unitemps Limited were gifted back to the University under a covenant arrangement.)
	• The turnover of the group in 2019/20 was £122.8m, and the individual elements were:
	    ○ Staffordshire University £122.6m
	    ○ Staffordshire University Services Limited £15.6m
	    ○ Staffordshire University Unitemps Limited £2m
	• It was the intention to issue a mini competition through a Central Government Framework (suppliers to be invited listed in Appendix B). The contract would be offered for an initial period of 3 years with an option to extend for a further period of two years based on successful performance.
	• It was the intention that the Internal Audit service contract was awarded prior to the issue of the External Audit opportunity - with this in mind we would anticipate documents being issued around the 29 March 2021 and the mini competition taking in the region of 6 weeks with an award being made around 11 May.
	• A copy of the Draft ITT document was attached as Appendix A for review.
	
	Members and attendees commented as follows:
	
	• Members discussed the composition of the presentation panel, which should include the Chair of Sustainability and Resources Committee, as well as the Assistant Director of Finance.
	• Kevin Gould asked about potential conflict for the suppliers within the chosen framework. Sally McGill noted that PwC were currently providing overseas tax advice for the University and there was an ad hoc arrangement in place with Deloitte. RSM would technically still be carrying out internal audit work when the external audit service contract started, although this was unlikely to amount to real or perceived conflict.
	
	The Committee approved the proposal (draft process and timeline) for the **External audit re-tender** and agreed to refer this to the Board of Governors for formal approval.

1783	There were no **additional matters.**
1784	**Items to be referred to Sustainability and Resources Committee:** For information: a) **Minute 1776 (i)** - Estates compliance: fire safety

1785	**Items to be referred to Board of Governors:**
	
	For approval:
	
	    a) **Minute 1777** – University-level risk registers
	    b) **Minute 1782** – External audit tender

1786	**Next meeting:** Tues 08 June 2021 (Boardroom, University House)
1787	**ADDENDUM (POST-MEETING)** *Subsequent to the meeting, several queries were received via email from Jonathan Chapman, who had been unable to attend:* **2.1 (i) - Estates compliance: fire safety IA report (minute 1776.i)** • Had the University seen any recent fire incidents and what lessons have been learned? How do internal auditors look at outcomes, alongside policy documents? Ian Blachford clarified that there had been no recent fire incidents but that the most recent, in Beacon building in 2016, had informed our work on critical incident procedures. **2.1 (ii) - Data quality: TRAC implementation IA report (minute 1776.ii)** • With the report mentioning reliance on spreadsheets as a data source, how do we manage the risks associated with these? Ian Blachford noted that most University business now uses centralised IT systems and risks around this were picked up in work on overall IT resilience. (Completing and returning spreadsheets was part of most statutory compliance processes.) **2.1 (iii) - Access and Participation Plan (APP) Progress IA report (Minute 1776.iii)**

- How are we assured of the success and impact of the APP, and our actions on mitigating the risks arising from it? Ian Blachford clarified that Strategy and Performance Committee received regular updates on the APP (which could be shared if required). The data required to support monitoring of progress had not been available at the time of the internal audit report (some of it was not within our control and was supplied externally), but an update report would be presented to Strategy & Performance Committee once it was available, as this came under their remit.

2.2 - University-level risk registers (minute 1777)
- Clarification was sought on why some residual risks remained as red/major risk even once controls were applied. Ian Blachford noted that whilst the University's risk appetites showed the levels of risk it was able and willing to be open to, the risk registers reflected the levels of risk it was exposed to (i.e. largely factors outside of its control, that cannot be mitigated any further).
- It would be important to discuss IT-related risks in the context of the 2021-22 internal audit plan, and which areas to prioritise. Ian Blachford agreed, noting that that this would be covered fully in discussions.

2.3 – Health, Safety and Wellbeing annual report 2019-20 (minute 1778)
- The annual report was commended, although it was noted that in future it would be helpful to have a more thorough executive summary.

2.4 – Oracle Fusion Authentication (minute 1779)
- Support given for the proposal.

3.1 – Outstanding audit actions tracker (minute 1780)
- Clarification was sought on how the University was addressing closing down actions around international student recruitment. Ian Blachford noted that this had been discussed in terms of future strategy direction at the last meeting of Strategy and Performance Committee, which was keen for progress to be made on this. This was now happening, following the appointment of the Executive Director of Marketing, Recruitment and Communications and there would be an update at the next Audit and Risk Committee. (The events of the last year had represented a lower level of financial and reputational exposure in this regard than for many other HEIs.)

4.2 – External audit tender (minute 1781)
- Support given for the proposal.