



MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 4 MARCH 2024

1400, Room 4.04, Beacon House

MINUTES

Members: Ololade Adesanya (Chair), Mary Bishop, Julie Goldstein, Stephen Robertson

In attendance:

Shirlene Adam (Group Finance Director), Michael Flay (Head of Governance), Lucinda Parr (Chief Operating Officer, Registrar and University Secretary), Lucy Penrose (Deputy Head of Governance), Judith Squires (Deputy Vice-Chancellor and Provost), Peter Vermeulen (Chief Financial Officer), Evelyn Welch (Vice-Chancellor).

Internal Auditors: David Broughton, Tom Loader

External Auditor: Colin Bates (PwC Audit Partner)

Apologies: Melanie Welham (independent trustee)

1. MINUTES OF THE PREVIOUS MEETING (*on file*).

1.1 The minutes of the meeting on 15th January 2024 were **APPROVED** as a true and accurate record of the meeting.

2. MATTERS ARISING & ACTIONS

2.1 RECEIVED and **NOTED**: the ARC action register (*on file*).

2.2 The following was **DISCUSSED**:

2.2.1 The representation of students on ARC and how student members would not only improve the connectivity of ARC with the student voice (providing an important different perspective on key issues), but it would also give students helpful exposure to audit and risk matters for future career development. It was **AGREED** that this would be pursued further with a view to recruiting a student to become a member of ARC from the start of the 2024/25 academic year.

ACTION: Head of Governance

2.3 Internal audit reporting and the importance of providing ARC with assurances around culture at the university. It was suggested that culture be weaved into the reporting as well as the provision of a secondary rating around culture to assist with the aggregation of data at year-end. This would help the committee to come to an opinion on risk culture across the entire University. Members emphasised that they were comfortable with the tone that was set from the top, but were keen to better understand how that cascaded all the way down through the university structures.

ACTION: Internal Auditor

2.4 The Risk appetite workshop scheduled for the Board away day on 21st March and how the draft version of the risk appetite statement, would be used to facilitate discussion at the ARC Away Day on 26th April. It was noted that the final version of the Risk Appetite Statement would be shaped by ARC at its meeting in June, with final approval being sought from the Board of Trustees at its meeting in July.

2.5 It was noted that the University would be in a position to provide more substantive subsidiary governance assurance by the first ARC meeting of the 2024/25 academic year.

3. FORWARD PLAN

3.1 RECEIVED and **NOTED** (on file).

4 DECLARATIONS OF INTEREST

4.1 There were none.

4.2 It was **AGREED** that this item would be the first item of business on future ARC agendas going forward.

5 CHAIR’S BUSINESS

5.1 The following was **NOTED**:

5.1.1 The Anti-Corruption and Bribery Policy review had been delayed until the June meeting due to further finessing that was required. The University was keen to ensure that the policy which ARC scrutinised was all encompassing and entirely appropriate, aligned to operational processes. It was also noted that an internal audit review around Anti-Corruption and Bribery was scheduled imminently in order to assess whether the controls in place were effective and well designed.

5.1.2 Details had been circulated to ARC members in relation to accessing the University’s Fraud awareness e-training and members were encouraged to complete the training in advance of the next meeting. Some members provided feedback that whilst the e-training was very useful, it was not specific to the HE sector, and therefore an improvement could probably be made in the next iteration of the training. This would be fed back to the Staff Development team.

6 Summary of Financial Performance & Major Projects (December 2023 – Period 5)

6.1 RECEIVED and **DISCUSSED**: paper ref: **AUD/23-24/028** (on file).

6.2 The Group Finance Director introduced the paper, a version of which had also been discussed at the Finance & Infrastructure meeting on 22nd February 2024. The paper highlighted the University’s financial performance for the first five months of the financial year 2023/24 (to 30 December 2023) and the year-end forecast.

6.3 The following was **DISCUSSED**:

6.3.1 REDACTED: Section 43: Commercial Interests

6.3.2 REDACTED: Section 43: Commercial Interests

6.3.3 REDACTED: Section 43: Commercial Interests

ARC was assured that the University had adequate controls in place around student payments.

6.3.4 In relation to Commercial debt, ARC highlighted the importance of ensuring that debtor dates and creditor dates were as aligned as possible. The External Auditor assured ARC that they had no concerns in relation to controls around accounts payable, and

Internal Audit also confirmed that there were good controls in place which were well managed by the Executive. It was **AGREED** that going forward, deep dives on debt would provide ARC with the top 5 debtors and debtor days outstanding and highlight to ARC where there might be issues or concerns materialising.

ACTION: Group Finance Director

6.3.5 REDACTED: Section 43: Commercial Interests

6.3.6 REDACTED: Section 43: Commercial Interests

6.3.7 REDACTED: Section 43: Commercial Interests

6.4 The Committee thanked the Chief Financial Officer and the Group Finance Director for their comprehensive report.

7 KEY UNIVERSITY RISKS

7.1 RECEIVED and **DISCUSSED**: paper ref: **AUD/23-24/029** (on file).

7.2 The Chief Operating Officer, Registrar & University Secretary introduced the report which highlighted the changes that had occurred to the Key University Risk Register and any associated changes to the University's risk profile since the previous update in January 2024.

7.3 REDACTED: Section 43: Commercial Interests

7.4 The Committee scrutinised the KURR and the major changes to Key University Risks and the following was **DISCUSSED**:

7.4.1 REDACTED: Section 43: Commercial Interests

ACTION: Chief Financial Officer

- 7.4.2 From the June meeting onwards it was **AGREED** that the committee would review the target numbers for each of the Key Risks as well as the risk scoring matrix in light of the new Risk Appetite Statement.
- 7.4.3 The committee requested that for future iterations of the KURR to include deadlines against the key mitigation measures, as well as the name of the action owner for each.

ACTION: COO, Registrar & Uni Sec

8. UPDATE ON ISAMBARD AI 2 PROPOSAL TO UKRI

- 8.1 RECEIVED and DISCUSSED: paper ref **AUD/23-24/033** (*on file*).
- 8.2 The Chief Financial Officer (CFO) introduced the report which provided an update on the Isambard AI 2 proposal to UKRI.
- 8.3 The committee scrutinised the risks associated with the proposal and corresponding mitigations and the following was **DISCUSSED**:

- 8.3.1 REDACTED: Section 43: Commercial Interests
- 8.3.2 REDACTED: Section 43: Commercial Interests
- 8.3.3 REDACTED: Section 43: Commercial Interests

ACTION: Chief Financial Officer

- 8.3.4 REDACTED: Section 43: Commercial Interests

- 8.4 The committee also discussed progress around the 3rd party external programme assurance for Isambard AI and it was **AGREED** that the Internal Auditor would provide a short advisory note for ARC’s next session, to help inform next steps and direction of the programme, with a view to developing a longer-term assurance model and what that model would look like over the course of the entire programme. The longer term model would be discussed at ARC in June. It was also **AGREED** that any key emerging risks should be reported to ARC using the KURR agenda item.

ACTION: Internal Audit/Chief Financial Officer

- 8.5 The committee also supported the suggestion from the External Auditor that a member of the Internal Audit team should attend the Isambard AI Steering Committee meetings for awareness of key milestones and to act as an informal critical friend if helpful. This was welcomed on the condition that the committee was provided with periodic updates.
- 8.6 The committee thanked the Chief Financial Officer for the helpful update and offered their support and challenge on any key risks and controls in the future should the Executive require it.

9 INTERNAL AUDIT PROGRESS REPORT SINCE LAST MEETING

- 9.1 RECEIVED and **DISCUSSED**: paper ref: **AUD/23-24/030** (*on file*).

- 9.2 The Head of Internal Audit introduced the progress report and associated action plan summarising the progress made against the 2023/24 Internal Audit Plan.
- 9.3 The following was **NOTED**:
- 9.3.1 A further five internal audit reports had been finalised since January's Audit & Risk Committee meeting - Fire Safety (reasonable assurance), Access Participation Plan (reasonable assurance), TRAC (substantial assurance), Change Management (reasonable assurance), and Framework for Compliance with Scientific Regulations (partial assurance).
- 9.3.2 Progress was underway for the remaining audits on the 2023/24 plan, with fieldwork in progress for a further six.
- 9.3.3 There were a total of 162 outstanding internal audit actions as at 15 February 2024, 51 of which were overdue.
- 9.3.4 The Head of Internal Audit were starting to develop the Internal Audit Programme for 2024/25 starting off with attending an Operations Board meeting this morning as part of a wider consultation piece.
- 9.3.5 As part of their discussions with the members of Operations Board, the Internal Audit team had agreed to schedule regular bi-monthly meetings with Operations Board members to review outstanding internal audit actions as a means of clearing the backlog of outstanding actions.
- 9.4 The Committee considered the recommendations as detailed in the reports and the following was **DISCUSSED**:
- 9.4.1 Ensuring that the next steps on the maturity scale in terms of engagement with the process was to ensure that Operations Board reviewed the overall risk profile at regular intervals.
- 9.4.2 Ensuring that when Internal Audit set management responses, both parties were realistic about the timeframe for delivery going forward.
- 9.4.3 For the June meeting of ARC, it would be helpful for Internal Audit to present to the committee on how it was validating closed audit actions for assurance purposes to ensure that closed actions were being appropriately addressed/resolved. In addition, it would also be helpful to receive assurances that there was consistency in the audit report ratings/conclusions so that the committee could have a basis for comparing audit results/outcomes.

ACTION: Internal Audit

- 9.4.4 It was agreed that for the October ARC meeting, as part of the presentation of the Internal Audit Annual Report, the committee would receive more detailed follow-up information on the progress that had been made with regards to the recommendations arising from high risk assurance assessments over the past year, both active/current and closed.

ACTION: Internal Audit

- 9.5 ARC thanked the Internal Auditors for the progress that had been made to date.

10 Report of Whistleblowing Officer including Report on disclosures under policy from 1 March 2023 to 14 February 2024

- 10.1 RECEIVED and **NOTED**: paper ref: **AUD/23-24/031** (*on file*).

11 ANTI-MONEY LAUNDERING POLICY

- 11.1 RECEIVED and **APPROVED**: paper ref: **AUD/23-24/032** (*on file*).

- 11.2 The Chair of the Committee requested that the word 'Chairman' referenced in the policy was amended.

ACTION: Chief Financial Officer

11.3 Subject to the above amendment, the Audit & Risk Committee **APPROVED** the revisions to the Anti-Money Laundering Policy. The updated Policy would be implemented immediate with effect from today and it was noted that a review of the policy was scheduled to come back to this committee in two and a half years' time.

12 OFS POTENTIALLY NOTIFIABLE INCIDENTS SINCE LAST MEETING

12.1 It was **NOTED** that there had been no potentially notifiable incidents since the previous ARC meeting.

13 ANY OTHER BUSINESS

13.1 The Vice-Chancellor & President provided a verbal update on the outcome of the Court proceedings including next steps in respect of David Miller and Natasha Abraham, respectively.

14 MEETING OF THE COMMITTEE AND THE AUDITORS WITHOUT THE UNIVERSITY OFFICERS PRESENT (LAST OCCURRED IN MARCH 2023)

14.1 The Executive Officers left the meeting.

14.2 **NOTED** that the Terms of Reference of Audit and Risk Committee required that: "Once a year, the Committee should meet the Internal Auditor and the External Auditor without University officers present." The Chair reported that no issues were raised and that the members and auditors agreed that they received good levels of interaction with engagement from and access to the University Officers.

15 MEETING CLOSE AND DATE OF NEXT MEETING

15.1 The date of the next meeting was confirmed as Monday 10 June 2024, 1400.