

MEETING OF THE AUDIT AND RISK COMMITTEE

THURSDAY 21 OCTOBER 2021

4.04, Beacon House 14:00-17:00

MINUTES

Members Present: Dr Madhu Bhabuta, Professor Mary Bishop, Ms Julie Goldstein, Mr Andy Poolman (Chair) and Mr Stephen Robertson

In attendance: Hugh Brady (Vice-Chancellor), Helen Cole (Senior Governance Officer), James Hackney (Head of Financial Reporting) for agenda item 13 (Annual Report and Financial Statements 2020/21 including Value for Money Report), Robert Kerse (Chief Operating Officer), Lucinda Parr (Registrar and University Secretary) and Jason Smerdon (Group Finance Director)

Internal Auditors: Jilly Huggins, David Broughton

External Auditors: Colin Bates (PwC Audit Partner), Ian Davies (PwC Audit Senior Manager)

Apologies: Mr Andy Willis

WELCOME AND APOLOGIES

The Chair welcomed members and attendees.

1 MINUTES OF THE PREVIOUS MEETING

- 1.1 The minutes of the meeting on 28 June 2021 were APPROVED as a true and accurate record of the meeting. However, the Committee agreed that the Action Register be amended to reinstate some actions that were marked as Proposed Closed in the papers, further details below.

2 MATTERS ARISING & ACTIONS

- 2.1 With reference to 5.5, AGREED that this item should remain on the Action Register until visits to the Langford and NCC sites had taken place.
Action: Secretary
- 2.2 With reference to 18.6, AGREED that this item should remain on the Action Register until the Committee had received an update. This topic is considered further under item 7 below.
Action: Secretary
- 2.3 With reference to 9.3, [REDACTED likely to prejudice commercial interests].
Action: Secretary
- 2.4 With reference to 19.3, [REDACTED likely to prejudice commercial interests].
Action: Secretary

3 CHAIR'S BUSINESS

- 3.1 NOTED that at its meeting on 29 September the Nominations Committee had AGREED to RECOMMEND to the Board of Trustees the re-appointment of Julie Goldstein for a final term from 1 January 2022 to 31 December 2024 as an additional

member on Audit and Risk Committee. The Board will be asked to approve at its meeting on 19 November 2021.

- 3.2 NOTED that at its meeting on 29 September the Nominations Committee had AGREED to RECOMMEND to the Board of Trustees the appointment of Stephen Robertson as the Deputy Chair of Audit and Risk Committee for an initial term from 20 November 2021 to 31 December 2023. The Board will be asked to approve at its meeting on 19 November 2021.

4 DECLARATIONS OF INTEREST

- 4.1 No new interests were declared.

5 AUDIT & RISK COMMITTEE TERMS OF REFERENCE 2021/22

- 5.1 RECEIVED AND NOTED: paper ref: AUD/21-22/001
- 5.2 APPROVED the Audit & Risk Committee Terms of Reference 2021/20, subject to the amendment below.
- 5.3 AGREED that section 3.3 should be amended to specify that the Chair of Audit and Risk Committee was required to be a CCAB qualified accountant. This will help to ensure that they have experience in finance, accounting, auditing, pension fund management. They should have previously served on an audit committee. AGREED to delegate the precise wording to the Chair of Audit and Risk Committee.

Action: Secretary and Chair of Audit and Risk Committee

- 5.4 NOTED that regarding quoracy, this was covered under Ordinance 4, point 2.4.1: *“Unless otherwise provided in a Board Committee's Terms of Reference, the quorum shall be three members including two Independent Trustees”.*

6 KEY UNIVERSITY RISKS

- 6.1 RECEIVED AND NOTED: paper ref: AUD/21-22/002
- 6.2 APPROVED the articulation of the University's risk profile as an accurate representation of the current exposure to, management of, and appetite for risk ahead.
- 6.3 APPROVED **[REDACTED likely to prejudice commercial interests]**.
- 6.4 APPROVED the risk scores as appropriate and correctly reflect the level of risk the University is exposed to.
- 6.5 AGREED that for future meetings the Secretary should provide the full Risk Register to the members via separate pdf instead of a web link to the document.
Action: Secretary
- 6.6 NOTED that since March 2020, the unprecedented circumstances created by the pandemic had meant that **[REDACTED likely to prejudice commercial interests]**.
- 6.7 NOTED that **[REDACTED likely to prejudice commercial interests]**.
- **[REDACTED likely to prejudice commercial interests]**.
- 6.8 NOTED that **[REDACTED likely to prejudice commercial interests]**.
- 6.9 AGREED that the CIO should attend the next meeting on 17 January to give an update to the Committee on **[REDACTED likely to prejudice commercial interests]**.

Action: Secretary

6.10 The Committee received a verbal update on TQEC from the COO.

7 WHISTLEBLOWING REPORT (progress update on the action plan presented to June 2021 mtg – action from 28 June)

Verbal progress update on the action plan

7.1 NOTED that paper ref: AUD/21-22/003 had not been circulated, instead the Registrar provided a verbal progress update on the action plan presented to Committee on 28 June 2021.

7.2 REDACTED Personal information

7.3 In response to a question, [REDACTED likely to prejudice commercial interests].

7.4 The Committee discussed [REDACTED likely to prejudice commercial interests].

7.5 AGREED that a progress update on the action plan presented to June 2021 meeting would be presented to the Committee over the next few days [REDACTED Personal information].

Action: Registrar

Whistleblowing Policy

7.6 AGREED that the Whistleblowing Policy had been improved over the last 2 years but sought assurance that it was working better in practice and was timely, transparent, and accessible. [REDACTED Personal information]

7.7 In response to questions, Officers advised that expanding the number of contacts listed in the Policy beyond the Registrar and the addition of an anonymous external telephone line to the Policy were being taken forward.

8 INTERNAL AUDIT PROGRESS REPORT

8.1 RECEIVED AND NOTED: paper ref: AUD/21-22/004

8.2 NOTED the progress report summarises progress made against the 2020/21 Internal Audit plan and included a summary of the final reports issued to date. In particularly following points were noted:

- Six internal audit reports have been finalised since the June 2021 Audit and Risk Committee meeting.
- Details of the status of all internal audit actions (open and closed) is highlighted within the report.
- The 2020/21 internal audit plan was complete, and all remaining reports were included within the report.
- Planning is in-train for the audits on the 2021/22 internal audit plan, scopes were being agreed with audit sponsors and fieldwork was underway on a number of audits.

8.3 AGREED that improvements should be made to the Report going forwards to more clearly demonstrate that extensions to high priority actions had been sought and agreed to as per an action agreed at the June 2021 meeting.

Action: Internal Auditor

8.4 In response to a question regarding the report entitled Student Comms & Digital Presence, Officers noted [REDACTED likely to prejudice commercial interests].

8.5 The Committee queried whether [REDACTED likely to prejudice commercial interests].

- 8.6 In response to a question **[REDACTED likely to prejudice commercial interests]**.
- 8.7 In response to a question **[REDACTED likely to prejudice commercial interests]**.
- 8.8 Regarding the Report entitled **[REDACTED likely to prejudice commercial interests]**.

9 INTERNAL AUDIT ANNUAL REPORT 2020/21

- 9.1 RECEIVED AND NOTED: paper ref: AUD/21-22/005
- 9.2 APPROVED the recommendations detailed in the report noting that the Risk Assurance Annual Report summarises all of the internal audit work completed as part of the 2020/21 Internal Audit plan and included the Head of Internal Audit's opinion on risk, control and governance. In particular the following was noted:
- The annual internal audit opinion is Reasonable for risk, control and governance and Reasonable for economy, efficiency and effectiveness
 - Management have agreed actions to address all findings raised by the University Risk Assurance team during 2020/21. The 4Action system for tracking the completion of internal audit actions has now been embedded and management are engaging with the system.
 - Risk assurance have highlighted a number of interlinked organisational challenges at the University, and these are detailed in the report.
 - All work from the 2020/21 (subject to agreed changes) was completed and reported within the year.
- 9.3 The Committee commended the work of the internal auditors and the management regarding the progress and monitoring of actions noting that the finalising of historical actions was ongoing.
- 9.4 In response to a question, the Committee noted that the Internal Auditor (David Broughton) had dotted line of reporting to the senior executive but primarily reported to the Chair of Audit and Risk Committee. It was noted that the number of University of Bristol staff assigned to Internal Audit would be increased from two to three.

10 ANNUAL FRAUD REPORT 2020/21

- 10.1 RECEIVED AND NOTED: paper ref: AUD/21-22/006
- 10.2 NOTED the Annual Fraud Report and actions taken to contain the risk of fraud.
- 10.3 Officers provided assurances on actions **[REDACTED likely to prejudice commercial interests]**.
- 10.4 Officers advised that the University regularly ran exercises to match payroll data with purchase ledger supplier payments **[REDACTED likely to prejudice commercial interests]**.

11 AUDIT & RISK COMMITTEE ANNUAL REPORT 2020/21

- 11.1 RECEIVED AND NOTED: paper ref: AUD/21-22/007
- 11.2 AGREED that the wording of the overall conclusion should be amended so that it is aligned with the section 2.1.4 from the Audit and Risk Committee Terms of Reference as detailed below:
- 2.1.4 Financial Statements*
- (a) *Recommending the financial statements to the Board for approval including the corporate governance statement and statement of Board responsibilities.*
- (b) *Recommending the letter of representation to Board for approval.*

- (c) *Assuring the Board that the financial statements are in accordance with any accounts direction from the OfS and that the accounting policies and judgments are appropriate.*

Action: Secretary

- 11.3 AGREED that paragraph 2.5 should be amended with the additions as per the underlined below:

2.5 In January 2021, the Committee concluded that the majority of the known risks associated with the Cyber Security & IT Disaster Recovery had been mitigated. It was noted that risks would remain and would require ongoing management for the next 18 months as they were part of the implementation of the University's Digital Strategy that would conclude over this timeframe.

Action: Secretary

- 11.4 CONSIDERED and DISCUSSED the Annual Report of the Audit and Risk Committee for 2020/21 and DELEGATED AUTHORITY to the Audit & Risk Committee Chair to agree the final version to be presented to the Board of Trustees and the Accountable Officer.

Action: Secretary and Chair of Audit and Risk Committee

- 11.5 NOTED that the Board of Trustees and the Accountable Officer (the Vice-Chancellor) would be asked to: CONSIDER the Annual Report of the Audit and Risk Committee for 2020/21 and take special note of any matters highlighted that may impact on the Board's approval of the financial statements for the year ended 31 July 2021.

12 EXTERNAL AUDIT FINDINGS

- 12.1 RECEIVED AND APPROVED: paper ref: AUD/21-22/008
- 12.2 DISCUSSED and CONSIDERED the issues raised in the management letter (Appendix 2) before approving the financial statements (as per agenda item 13 below).
- 12.3 DISCUSSED and CONSIDERED the management representation letter (Appendix 2) and CONFIRMED that it was comfortable with the representations proposed, including those in respect of any uncorrected misstatements (there were none).
- 12.4 NOTED that the University was required to submit this report to the Office for Students in accordance with the terms of conditions of funding.
- 12.5 NOTED that changes relating to Internal Control and Accounting Procedures that in due course would apply to large companies might subsequently be applied organisations like the University. If this was the case, then evidencing the landscape would become of greater importance and would include stipulations that directors are able demonstrate their knowledge of internal controls. It was noted that these changes would likely require widescale documentation of controls, including within IT systems.
- 12.6 NOTED that there was currently a lack of clarity on the public reporting requirement related to US Loans. NOTED that PwC were in contact with their equivalents at other HE institutions and would liaise to ensure consistency across the sector. NOTED that as the number of students from the US increased the requirements in this area would also increase.

13 ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/21 INCLUDING VALUE FOR MONEY REPORT

- 13.1 RECEIVED AND NOTED: paper ref: AUD/21-22/009

- 13.2 The Chair asked the Officers including the Vice-Chancellor, whether there were any reasons why the accounts couldn't be endorsed. The Officers including the Vice-Chancellor confirmed that they were not aware of any such reasons.
- 13.3 The Chair asked the members whether there were any reasons why the accounts couldn't be endorsed. The members confirmed that they were not aware of any such reasons.
- 13.4 The Chair asked the External Auditor (Colin Bates) if he was content that the Annual Report and Financial Statements 2020/21 as presented was consistent with the results of the external audit. The External Auditor confirmed that this was the case.
- 13.5 CONSIDERED the adequacy and appropriateness of the Value for Money Report (see pages 17 – 26 in the Annual Report and Financial Statements).
- 13.6 NOTED that the Report sought to demonstrate that the University had maintained value for money in spite of the pandemic and that students had had a different experience, but that this was the same across the sector.
- 13.7 The Committee sought assurance that **[REDACTED likely to prejudice commercial interests]**.
- 13.8 ENDORSED for approval by the Board of Trustees, the Value for Money Statement for publication in the University Annual Report.
- 13.9 NOTED that the narrative in the Strategic Report was consistent with the University's financial position and strategy.
- 13.10 AGREED to RECOMMEND to the Board that the Annual Report and Financial Statements is an appropriate and reasonable representation of the financial position of the University for the year ended 31 July 2021.

14 ANY OTHER BUSINESS INCLUDING FORWARD PLAN

- 14.1 RECEIVED AND NOTED: paper ref: AUD/21-22/010
- 14.2 NOTED the forward plan.
- 14.3 On behalf of the Officers and the University, the Vice-Chancellor thanked the members of the Committee for their support and contributions to the University during the ongoing pandemic.
- 14.4 NOTED that a meeting of the Auditors, the Independent and Additional members without the University Officers would take place ahead of the January 2022 meeting. NOTED that this type of meeting took place each year, the last meeting was held on 18 January 2021. NOTED that this was included in the forward plan.
- 14.5 NOTED that the University was considering Committee effectiveness via an external provider for this academic year. AGREED that the Committee should consider its effectiveness in 2022 once a successor for the current Chair had joined the Committee.
- 14.6 In response to a question, Officers advised that the University's gift register was published online.

DATE OF NEXT MEETING

- 15.1 The date of the next meeting was confirmed as Monday 17 January 2022.