



## MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 21 MARCH 2022

In person, NCC (Feynman Way, Bristol & Bath Science Park, Bristol, BS16 7FS)

### MINUTES

**Members present:** Madhu Bhabuta, Julie Goldstein, Andy Poolman (Chair), Stephen Robertson

**In attendance:** Jane Bridgewater (Director of Legal Services and Deputy Secretary) for item 10 (Report of Whistleblowing Officer), Helen Cole (Senior Governance Officer), Robert Kerse (Chief Operating Officer), Lucinda Parr (Registrar and University Secretary), Jason Smerdon (Group Finance Director), Tim Rose (CFO NCC) for item 7 (NCC Paper), Judith Squires (Deputy Vice-Chancellor and Provost) and Philip Taylor (PVC Research) & Jon Hunt (Director of Research & Enterprise) for item 9 (Strategic Risk Focus: Research Income (2B))

At the invitation of the Chair, the following members of the Board of Trustees, joined the meeting as observers until item 10 (Report of Whistleblowing Officer): Kirsty Bright, Andy Carr and Jessica Cecil.

Internal Auditors: Jilly Huggins, David Broughton (RSM Audit Partner)

External Auditors: Colin Bates (PwC Audit Partner)

**Apologies:** Mary Bishop

### WELCOME AND APOLOGIES

The Chair welcomed members and attendees.

### 1 MINUTES OF THE PREVIOUS MEETING

- 1.1 The minutes of the meeting on 17 January 2021 were APPROVED as a true and accurate record of the meeting.

### 2 MATTERS ARISING & ACTIONS

- Cyber Security/ Data Loss (5C) and IT Disaster Recovery (5D)
- 2.1 NOTED that the risks associated with these two areas remained of concern to the Committee, in particular the **[REDACTED likely to prejudice commercial interests]**. NOTED that at the Board of Trustees meeting on 1 April, a Strategic Risk Focus paper entitled Cyber Security/ Data Loss (5C) would be presented. AGREED that after the Board meeting, the Chair of the Audit and Risk Committee and the COO would consider ways in which the Committee could receive further assurance in this area. Receiving the **[REDACTED likely to prejudice commercial interests]** would assist the Committee in monitoring the mitigation actions relating to this risk. If required, the Secretary to arrange additional meetings between senior staff in IT Services and the Committee members in advance of 27 June 2022.

**Action: Chair of the Audit and Risk Committee, COO and Secretary**

### 3 CHAIR'S BUSINESS

- 3.1 On behalf of the Committee and the Officers, the Chair of the Committee thanked the Secretary and also the Governance Team for their work and behind the scenes support to the Board and its Committees.
- 3.2 The Chair noted that the Committee were supportive of efforts over the last year to reduce the size of the paper pack but commented that going forward certain papers in the pack would benefit from greater length and depth.

#### **4 DECLARATIONS OF INTEREST**

- 4.1 Via email to the Secretary, Madhu Bahabuta declared that she had taken on a consultant role as a Fractional CIO with Freeman Clarke. Subsequent to the meeting, the Secretary added this to the Board of Trustees' Register of Interest.

#### **5 FINANCIAL PERFORMANCE SUMMARY**

- 5.1 RECEIVED AND NOTED: paper ref: AUD/21-22/021
- 5.2 In response to a query on the OfS requirement to be notified if the cash balance falls below 30 days' expenditure, Officers clarified that the 86.1 days referred to in the paper was calculated based on the current OfS definition for monitoring purposes and therefore excluded the current asset investments. **[REDACTED likely to prejudice commercial interests]** NOTED that the definitions would be highlighted on the relevant slides in future Finance Performance Packs.
- 5.3 The Committee queried how the University was responding to increasing levels of inflation. Officers responded that with regard to reducing energy consumption, consideration was being given to moving to **[REDACTED likely to prejudice commercial interests]**; and encouraging behaviour change. NOTED that previously energy costs had been held as part of fixed price agreements with suppliers but that was no longer the case so a reduction in consumption was required and that this presented significant challenge.
- 5.4 It was noted that as the University reviews and updates its year-end forecast each month, all expected material variability in costs across both Faculties and Professional Services are considered and included in the forecast as appropriate. For example, the Period 7 forecast was updated for an additional £0.9m of utilities costs due to rising energy prices.
- 5.5 **[REDACTED likely to prejudice commercial interests]**

#### **6 INTERNAL AUDIT PROGRESS REPORT**

- 6.1 RECEIVED AND NOTED: paper ref: AUD/21-22/022
- 6.2 NOTED that versions of the Reports on Cyber Security and Disaster Recovery would be presented to the next meeting on 27 June, regardless of whether they had been finalised. NOTED that this related to item 2.1 above.
- 6.3 **[REDACTED likely to prejudice commercial interests]**
- Report: EDI Governance & Oversight Executive Summary
- 6.4 Jessica Cecil (Chair of Equality and Diversity and Inclusion Oversight Committee) and Officers commented that a focus on this area was timely, with the University Strategy implementation forthcoming and that Professor Jane Norman (Dean of Health Sciences) would Chair the Executive level EDI Committee.
- 6.5 Officers advised that consideration would be given to establishing equivalent Executive level committees to the other two Strategy Cross-Cutting Themes: 1) Developing Internationalisation and Global Engagement 2) Embedding Sustainability.

Advanced Computing Research Centre (ACRC) Executive Summary  
**[REDACTED Personal information]**

Discretionary Accounts Executive Summary

- 6.6 In response to a question, Officers advised that the provenance of donations was checked using the University's declaration of gifts policy. The policy and the framework for decision making was structured so that an increased level of donation required an increased level of approval, with the highest level including external legal advice. Reputational impact was considered, however as a charity, the University was required to accept donations unless they were in direct conflict with its goals and purpose.
- 6.7 The Committee queried whether the University was following sector level best practice in this area. Officers responded that although the system seemed unconventional it was very typical in the university sector and reflected the decentralised structure and incentivised academic staff to remain at the University. The internal auditor advised that the level of risk for each transaction was low and that there was no evidence of misuse, so *Reasonable Assurance* had been given.

**7 NATIONAL COMPOSITES CENTRE (NCC): RISK FOCUES & HVMC LETTER OF ASSURANCE**

- 7.1 NOTED: paper ref: AUD/21-22/023
- 7.2 APPROVED the Chair to sign the annual HVMC audit letter, subject to conditions set out (see 12.6 in the paper).
- 7.3 The Committee discussed the reasons for increased staff vacancies at the NCC both in technical and non-technical staff noting that salaries were a factor but that post pandemic some level of staff turnover was to be expected and was also being experienced in other sectors.
- 7.4 The Committee requested that details of the NCC cyber security strategy and roadmap be shared as part of the wider University level cyber security plans. It was noted that the NCC IT Team continued to work with the University CIO and the improved team at NCC that now had increased strength and depth meaning that risks were reduced and better managed.
- 7.5 The Committee queried why the NCC sought to expand to new markets rather than focus on expanding its; share of existing ones. Officers responded that new or adjacent markets might have larger margins that could be exploited, whereas existing ones tended to have smaller margins.

**8 KEY UNIVERSITY RISKS**

- 8.1 RECEIVED AND NOTED: paper ref: AUD/21-22/024
- 8.2 APPROVED the risk scores as appropriate and correctly reflect the level of risk the University is exposed to.
- 8.3 The Committee noted that TQEC (5B) was no longer in the "red zone" and discussed ways in which this area could continue to be monitored going forwards. It was noted that the role of the Audit and Risk Committee was to ensure the adequacy and effectiveness of risk management and risk appetite but without being too formulaic in the approach taken.
- 8.4 **[REDACTED likely to prejudice commercial interests]**

**9 STRATEGIC RISK FOCUS: RESEARCH INCOME (2B)**

- 9.1 RECEIVED AND NOTED: paper ref: AUD/21-22/025

- 9.2 NOTED the Strategic Risk Focus report on the Key University Risk 2B Research Income.
- 9.3 Subsequent to the meeting on 22 March, a revised version of paper Strategic Risk Focus: Research Income (2B): paper ref: AUD/21-22/025 was circulated. Additionally, a paper entitled: Research & Innovation Pipeline Report (UEB/21-22/116) that was received by UEB on 7 March 2022 to provide the Committee with more detail in this subject.
- 9.4 NOTED that the Research Income (2B) covered several elements and the risk had been red for different reasons/ issues that had changed over time but that the current issue of concern was the anticipated shortfall in the number of research awards in response to a reduction in the level of applications in certain areas and that not all Faculties and Schools were affected in the same way. During the discussion, Officers provided further context on the extent of the problem, noting that the aim was to take action that would prevent material impact in 5-6 years' time.
- 9.5 The Committee queried how the University would invest in academics staff to affect change in this area. Officers responded that support from RED would be increased and prioritised and the forthcoming IPP would ensure budget and resource was allocated in the right areas. Work on streamlining contracts and reducing bureaucracy for academic staff had also already been started. Officers expected to see traction over the next few weeks. AGREED that the Secretary to add an update to the agenda for the next meeting of the Committee on 27 June 2022.
- Action: Secretary**
- 9.6 In response to a question about the balance between teaching and research for academic staff, Officers advised that the project to change the Structure of the Academic Year (SAY) would be important to create blocks of time that academic staff needed to focus on research in the longer term.

## **10 REPORT OF WHISTLEBLOWING OFFICER**

- 10.1 RECEIVED AND NOTED: paper ref: AUD/21-22/026
- 10.2 NOTED the report and APPROVED the draft Whistleblowing Policy for the purposes of further consultation with our recognised Trade Unions.
- 10.3 NOTED that previously the Committee had been concerned about accessibility of the policy (for example whether if senior staff are seen as too intimidating), whether it was too legalistic and how to ensure that Whistleblowers are kept informed and reassured once they engage with the Policy. Officers noted that policy now sought to address these areas and that staff dealing with Whistleblowers always respond in a timely manner and engage with them to stay in touch, so they are not isolated.
- 10.4 AGREED that the implementation of the planned new communications plan referred to the paper would be important to increase awareness of the policy and provide an "advert" for people to engage with the policy going forward.
- 10.5 AGREED that after the meeting the Secretary would pass their notes on the comments from Madhu Bhabuta on the paper during the meeting to the Director of Legal Services and Deputy Secretary.

**Action: Secretary**

## **11 ANY OTHER BUSINESS INCLUDING FORWARD PLAN**

- 11.1 RECEIVED AND NOTED: paper ref: AUD/21-22/027

11.2 NOTED the forward plan and that items relating to the discussion under item 2 Matters Arising & Actions.

**12 MEETING OF THE COMMITTEE AND THE AUDITORS WITHOUT THE UNIVERSITY OFFICERS PRESENT (LAST OCCURRED IN JANUARY 2021).**

12.1 The Officers left the meeting.

12.2 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.

**13 DATE OF NEXT MEETING**

The date of the next meeting was confirmed as Monday 27 June 2022, 1400.