

MEETING OF THE AUDIT AND RISK COMMITTEE

MONDAY 27 JUNE 2022

In person, 4.04 Beacon House

[DRAFT] MINUTES

Members present: Ololade Adesanya, Madhu Bhabuta, Mary Bishop, Julie Goldstein, Andy Poolman (Chair), Stephen Robertson

In attendance: Mick Axtell (Chief Financial Services Officer), (Jane Bridgewater (Director of Legal Services and Deputy Secretary) for item 17 (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), Phil Taylor (PVC Research and Enterprise), Aubrey Slade (Director of Finance: Infrastructure, Planning & Strategy) for item 6 (Revenue & Cash Shortfall), Tansy Jessop (Pro Vice-Chancellor Education) and Paula Coonerty (Executive Director for Education and Student Experience and Academic Registrar) for item 8 (Strategic Risk Focus: Education Quality), John Beaver (NCC Head of IT), Keith Woolley (CIO) and Carol Murray (from Deloitte) item 9 (Strategic Risk Focus: Cyber Security (to include NCC)).

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

External Auditors: Colin Bates (PwC Audit Partner)

Apologies: Judith Squires (Deputy Vice-Chancellor and Provost)

WELCOME AND APOLOGIES

- 1.1 The Chair welcomed members and attendees including Ololade Adesanya to her first meeting of Audit and Risk Committee.
- 1.2 NOTED that Ololade Adesanya had been appointed as an Independent Member of the Board of Trustees and Independent Member of the Audit and Risk Committee for an initial three-year term from 12 May 2022 until 11 May 2025 and to become the Chair of Audit and Risk Committee from 1 January 2023.

MINUTES OF THE PREVIOUS MEETING

- 1.3 The minutes of the meeting on 21 March 2022 were APPROVED as a true and accurate record of the meeting subject to the amendment detailed below.
- 1.4 AGREED that paragraph 8.2 in the minutes of the meeting on 21 March 2022 should be removed: *APPROVED the articulation of the University's risk profile as an accurate representation of the current exposure to, management of, and appetite for risk.*

Action: Secretary

2 MATTERS ARISING & ACTIONS

- 2.1 NOTED that the Committee were content with the items on the Action Register as detailed.

- 2.2 AGREED that the actions from the “Summary of call between ARC, COO and CIO on 23 May” see AUD/21-22/032 Appendix 4 should be added to the Committee’s action register.

Action: Secretary

3 CHAIR’S BUSINESS

- 3.1 AGREED that the circulation of App. 2: Cyber Security Audit Update within item 12 Internal Audit Progress Report (AUD/21-22/035) occurred too late to allow the Committee to fully digest the material presented and would therefore not be discussed in detail at this meeting. NOTED that in cases of late circulation, the members required 3-4 working days unless items were very urgent. AGREED that this item should be presented again to the meeting in October 2022 as part of the Internal Audit Progress Report.

Action: RSM Audit Partner and Secretary

- 3.2 DISCUSSED a recently publicised Court case. **[REDACTED likely to prejudice commercial interests]**.
- 3.3 NOTED that a Strategic Risk Update: Student Wellbeing (1C) and Staff work related stress (3A) was scheduled for the next meeting on 17 October 2022.
- 3.4 [Subsequent to the meeting the Chair agreed that the “Staff work related stress (3A)” element should now not be included in the paper to be presented on 17 October. NOTED that risk 3A had been reduced to amber in January 2022 and its removal from the paper would allow more focus on the red zone risk Student Wellbeing (1C).]
- 3.5 NOTED that at its pre meet and prior via email the Committee had reflected on the areas that they wanted the Student Wellbeing (1C) element of the report to focus on. These are summarised in the separate file: Notes to inform Strategic Risk Update: Student Wellbeing (1C) on 17 October 2022.

4 DECLARATIONS OF INTEREST

- 4.1 No interests were declared.

5 FINANCIAL PERFORMANCE SUMMARY

- 5.1 RECEIVED AND NOTED: paper ref: AUD/21-22/028
- 5.2 DISCUSSED the financial performance for the ten months ended 31 May 2022 and consider whether management was taking appropriate action to address any identified issues.
- 5.3 **[REDACTED likely to prejudice commercial interests]** Additionally, following a recent restructure, there was now a dedicated finance research team (previously split by Faculties) which ensure improved consistency of accounting and best practice.
- 5.4 In response to a question on a **[REDACTED likely to prejudice commercial interests]** referred to in the paper. Officers advised that these sums were always recognised once they had passed the time as being refundable. This was highlighted in the narrative report purely due to the materiality of the sum - there was no misstatement or other issue.
- 5.5 **[REDACTED likely to prejudice commercial interests]**
- 5.6 NOTED that it was the role of the Audit and Risk Committee to recommend the University’s financial statements to the Board of Trustees for approval each year. NOTED that until 31 December 2022, the Chair of Audit and Risk Committee was also in attendance at Finance and Infrastructure Committee but that from 1 January this would not be the case. The Committee queried what mitigations/ actions/

controls could be used to provide broader finance assurance for the Audit and Risk Committee going forwards. In particular, it was felt that the Committee had clear understanding of the overall budget and spending but lacked visibility on major projects. Officers responded that one area could be for the Internal Audit Team to consider the adequacy and effectiveness of controls in the areas of higher risk highlighted by the External Auditors to provide additional assurance.

Action: COO

6 REVENUE & CASH SHORTFALL MITIGATION PLANS

6.1 RECEIVED AND NOTED: paper ref: AUD/21-22/029

6.2 DISCUSSED the revenue and cash mitigation plans that are being operated for 2022/23 in response to the elevated Covid Resources Risk on the Key University Risk Register. NOTED that this risk would potentially crystallise in September and therefore had a relatively high velocity but could also be short lived. NOTED that the Board would receive a further update at its meeting in July via the COO Report.

6.3 The Committee noted that in the absence of any students from China entering the UK HE Sector, other Universities would be impacted to a greater degree than UoB. **[REDACTED likely to prejudice commercial interests]**

6.4 The Committee queried whether the risk would increase over time and whether there were also some upside risks (uncertain possibility of gain) on other non-domestic eg US students. **[REDACTED likely to prejudice commercial interests]**. English was no longer routinely taught in Chinese schools and the prestige of a UK university education was reducing as investment increased in China's own higher education sector.

6.5 The Committee discussed the impact of inflation, noting that costs were rising but fees for undergraduate domestic students were not. **[REDACTED likely to prejudice commercial interests]**

6.6 Stephen Robertson requested a meeting with Aubrey Slade (Director of Finance: Infrastructure, Planning & Strategy) to understand the role of borrowing covenants and the USS Trustee's debt monitoring framework within the University's financial set up.

Action: Secretary

7 KEY UNIVERSITY RISKS

7.1 RECEIVED AND NOTED: paper ref: AUD/21-22/030

7.2 AGREED that the institutional risk appetite should be reviewed by the Board of Trustees, as this was last considered by them over three years ago. The Committee discussed the communication, action and reporting to the Committee and the Board if a defined appetite was breached/ missed.

Action: Registrar

7.3 NOTED the removal of both Research 2B Research Income and 2C Research Reputation and the addition of the consolidated 2E Research Pipeline.

7.4 APPROVED the removal of 7D Funding Review from the KURR.

7.5 NOTED the addition of a new risk 7F Inflation to the KURR.

7.6 APPROVED the risk scores as appropriate and correctly reflecting the level of risk the University is exposed to.

8 STRATEGIC RISK FOCUS: EDUCATION QUALITY (1E)

- 8.1 RECEIVED AND NOTED: paper ref: AUD/21-22/031
- 8.2 NOTED the Strategic Risk Focus report on the Key University Risk (1E) Education Quality.
- 8.3 The Committee queried how the actions and mitigations listed in the paper might positively impact on NSS scores. **[REDACTED likely to prejudice commercial interests]**. Additionally, there would be a more detailed analysis of non-quantitative data to try and find areas for improvement.
- 8.4 The Committee queried to what extent culture rather than interventions was producing low NSS scores. Officers responded that the Curriculum Enhancement Programme, changes to the design of assessment and feedback, and the Structure of the Academic Year (SAY) programme were all intended to create systemic cultural changes.

9 STRATEGIC RISK FOCUS: CYBER SECURITY (TO INCLUDE NCC) AND SUMMARY OF MEETING ON 23 MAY

- 9.1 RECEIVED AND NOTED: paper ref: AUD/21-22/032
- 9.2 DISCUSSED the Strategic Risk Focus report on the Key University Risk (5C) Cyber Security.
- 9.3 The Committee queried which area remained the biggest concern for the University despite the significant progress made since January 2019. **[REDACTED likely to prejudice commercial interests]**
- 9.4 In response to a question, Officers advised that were a breach / incursion to occur, the decision, detail and level of publication required would be decided by ICO (Information Commissioner's Office) depending on the type and degree of data loss.
- 9.5 With reference to 9.4 above, the Committee queried what the reporting process to Audit and Risk Committee should be and whether an ad hoc or regular report would be most appropriate. AGREED that the Secretary would arrange for the Registrar to discuss with the Data Protection Officer. The Secretary would then add this report to the schedule of business as appropriate.
- 9.6 **[REDACTED likely to prejudice commercial interests]**
- 9.7 The Committee queried whether hybrid working presented a risk. Officers responded that the VPN (Virtual Private Network) used by the University was encrypted so risks in this area were low. Additionally in 2023, the Digital Strategy would deliver virtual desktop to ensure digital equality across all staff and student groups.

10 STRATEGIC RISK FOCUS: RESEARCH PIPELINE (2B.)

- 10.1 RECEIVED AND NOTED: paper ref: AUD/21-22/033
- 10.2 The Committee discussed what reporting systems already existed that it could have sight of to further understand whether progress was being made in this area. Officers responded that UEB received a dashboard of key indicators produced by the research finance team using the Worktribe system. AGREED that a summary of what UEB receive could be presented to the Committee. Secretary to liaise with the Executive Director of Research & Enterprise and the Chief Financial Services Officer. The Secretary to then add this report to the schedule of business as appropriate.

Action: Secretary

- 10.3 **[REDACTED likely to prejudice commercial interests]**
- 11 STRATEGIC RISK FOCUS: TEMPLE QUARTER ENTERPRISE CAMPUS**
- 11.1 RECEIVED AND NOTED: paper ref: AUD/21-22/034
- 11.2 The Committee received a verbal update from the COO on the latest developments relating to the Temple Quarter Enterprise Campus.
- 12 INTERNAL AUDIT PROGRESS REPORT**
- 12.1 RECEIVED AND NOTED: paper ref: AUD/21-22/035.
- 12.2 NOTED that there was an overlap and interdependencies between Cyber Security and Disaster Recovery (DR) in terms of IT. They were listed separately under the risk register because covered areas beyond IT.
- 12.3 The Committee requested that it receive the migrations and milestones plan as per the action from paper AUD/21-22/032 Appendix 4 (paragraph 2.2 above).
Action: Secretary
- 13 INTERNAL AUDIT STRATEGY AND PLAN 2022-25**
- 13.1 RECEIVED AND NOTED: paper ref: AUD/21-22/036.
- 13.2 APPROVED the Internal Audit Strategy and Plan 2022-25 and NOTED this approval also included approval of the Internal Audit Charter as per the paper.
- 13.3 On behalf of the Committee, the RSM Audit Partner and the Chair of the Audit and Risk Committee thanked the Internal Audit Manager for her work over the last few years and wished her well in her new role in the University's finance team.
- 14 EXTERNAL AUDIT PLAN (YEAR ENDING 31 JULY 2022)**
- 14.1 RECEIVED AND NOTED: paper ref: AUD/21-22/037.
- 14.2 CONSIDERED the proposed scope and CONFIRMED that it was comfortable with the audit risks and proposed approach highlighted on pages 3-6 of the report.
- 14.3 CONSIDERED to the matters raised relating to fraud on page 10
- 14.4 APPROVED the proposed audit fee highlighted on page 6
- 15 APPOINTMENT OF THE INTERNAL AUDITORS 2022-23 (INCLUDING ASSESSMENT OF THEIR PERFORMANCE)**
- 15.1 RECEIVED AND NOTED: paper ref: AUD/21-22/038.
- 15.2 AGREED to RECOMMEND to the Board of Trustees, the reappointment of RSM as the internal auditors for the year ending 31 July 2023.
- 15.3 Secretary to add Procurement Strategy for Internal Auditor to the Committee's forward plan for January 2023.
Action: Secretary
- 16 APPOINTMENT OF THE EXTERNAL AUDITORS 2022-23 (INCLUDING ASSESSMENT OF THEIR PERFORMANCE)**
- 16.1 RECEIVED AND NOTED: paper ref: AUD/21-22/039.
- 16.2 AGREED to RECOMMEND to the Board of Trustees to re-appoint PricewaterhouseCoopers LLP (PwC) for the year ending 31 July 2023.

- 16.3 Secretary to add External Auditor post 31 July 2023 to the Committee's forward plan for October 2022.

Action: Secretary

17 REPORT OF WHISTLEBLOWING OFFICER INCLUDING WHISTLEBLOWING POLICY

- 17.1 RECEIVED AND NOTED: paper ref: AUD/21-22/040.

- 17.2 APPROVED the Whistleblowing Policy (including the flowchart) for implementation from 1 August 2022. Secretary to liaise with the Director of Legal Services to post on University's website.

Action: Secretary

18 UPDATE ON OFS ACCOUNTS DIRECTION AND FINANCIAL REPORTING DEVELOPMENTS)

- 18.1 RECEIVED AND NOTED: paper ref: AUD/21-22/041.

19 OFS REPORTABLE EVENTS

- 19.1 RECEIVED AND NOTED: paper ref: AUD/21-22/042.

- 19.2 NOTED that further to this report, an included additional Reportable Event had been submitted to the OFS on 27 June 2022. It advised that the Vice-Chancellor Hugh Brady would now be taking a period of annual leave from 4pm on 8/7/22 before taking up a new position at Imperial on 01/08/2022. Professor Evelyn Welch would be the Vice-Chancellor from 1 September 2022 and Professor Judith Squires will be Acting Vice-Chancellor between these two periods (4pm on 8/7/22 – 1/9/22).

20 ANY OTHER BUSINESS, INCLUDING FORWARD PLAN

- 20.1 RECEIVED AND NOTED: paper ref: AUD/21-22/043.

21 DATE OF NEXT MEETING

The date of the next meeting was confirmed as Monday 17 October 2022, 1400.