



Audit Committee

SUMMARY MINUTES

24 September 2019
 1300-1630
 Ted Wragg, Northcote House

CONTENTS:

No.	Item
1.	Chair's Introduction
2.	Minutes of the Meeting 19 June 2019 and Matters Arising (AUD/19/36) - <i>Transparent Approach to Costing (TRAC) – Other Activity (AUD/19/37)</i> - <i>Future Finance - Lessons Learnt (AUD/19/38)</i>
3.	Terms of Reference and Objectives to consider the objectives for the year ahead (AUD/19/39)
4.	Update from the Vice-Chancellor
5.	Audit Committee Self-Assessment (AUD/19/40)
6.	Draft Annual Audit Committee Report (AUD/19/41)
7.	Draft University Annual Report and Financial Statements (AUD/19/42)
8.	Data Assurance Update (AUD/19/43)
9.	Report from Internal Auditors Update - <i>Update, Progress Report and Follow-up Report (AUD/19/44-46)</i> - <i>Final Reports Completed GDPR Report Fundraising and Alumni Report (Annex 1 and 2)</i> - <i>Internal Audit Plan (AUD/19/50)</i>
10.	Update from External Auditor
11.	KPMG Fees
12.	Risk Management Report (AUD/19/47)
13.	Chair's Closing Remarks

Attendees

Present

Gerry Brown
Graham Cole
David Dupont
Simon Enoch

Independent Member (Chair)
Independent Member
Co-opted Independent Member
Co-opted Independent Member

In attendance

Andrew Connolly
Mike Shore-Nye
Paul Hirst
Jacqueline Hodges

Chief Financial Officer
Registrar and Secretary
Insurance, Audit & Risk Manager
Deputy Secretary to Council (minutes)

With

Professor Sir Steve Smith
Dr Michael Wykes
Tara Studholme-Lyons
Professor Wendy Robinson

Vice-Chancellor (for item 4)
Director of Policy, Planning and Business Intelligence (for item 8)
Project Manager, Strategic Delivery Unit (for item 9)
Pro-Vice Chancellor and Executive Dean, College of Social
and International Studies

Apologies

Alison Reed
Chris Lindsay

Independent Member
Director of Compliance, Governance and Risk

1. CHAIR'S WELCOME

The Chair welcomed Committee members and officers to the first meeting of the academic year and thanked Professor Wendy Robinson for attending as the representative from the academic community at the meeting.

2. MINUTES OF THE MEETING OF 19 JUNE 2019 AND MATTERS ARISING (AUD/19/36)

The minutes of the meeting of 19th June 2019 were approved as an accurate record of the meeting.

Matters Arising

Transparent Approach to Costing (TRAC) – Other Activity (AUD/19/37)

Following a query at the previous meeting about a perceived under performance in the 'Other' category of the University's TRAC return, the Chief Financial Officer presented a paper which outlined how the process worked.

Future Finance - Lessons Learnt (AUD/19/38)

The Chief Financial Officer presented a paper detailing the lessons learnt from the University's implementation of the new finance system.

DECISION: The minutes of the last meeting of the Audit Committee were approved without amendment

ACTION: Present the Future Finance project's learnings to the IT Strategy Board (CFO)

3. TERMS OF REFERENCE AND OBJECTIVES (AUD/19/39)

The Committee considered the meeting's Terms of Reference and agreed that no amendments were required.

Discussion was held regarding the objectives for the forthcoming year. Committee members discussed the Committee's role in scrutinising the factors that underpin the delivery of the University's strategic objectives and questioned whether the objectives fully articulated that role. It was proposed that objective B be redrafted to include the Committee's role in identifying the new initiatives that underpin the budget, with international student recruitment cited as an example to test against the objective's revised wording.

The Committee noted reference to the student voice within the objectives and asked how this would be fulfilled within the forthcoming year. It was confirmed that a suitable topic would be agreed with elected representatives from the Students' Unions, who would be invited to attend a future meeting within the academic year.

DECISION: The Terms of Reference were approved without amendment

ACTION: Bring a proposal for amendments to the Committee's objectives to better reflect its role in scrutinising the risks to achieving the University's strategic objectives (Registrar and Secretary)

ACTION: Identify an area of discussion with student representatives to attend a future meeting (Deputy Secretary)

4. UPDATE FROM THE VICE-CHANCELLOR

The Vice-Chancellor provided the Committee with an overview of what he considered to be the institution's key risks and steps being taken in mitigation. The discussion also aimed to provide Audit Committee members with the opportunity to question the Vice-Chancellor on any matters they wished to raise.

The Vice-Chancellor commented that the most important issue for the year ahead was to ensure that there was no planning blight as a result of his retirement in August 2020 and the arrival of the new Vice-Chancellor. Credit was paid to the exemplary management of the transition to date; with planning ongoing to ensure the continuity of strategy and control of risk.

The Committee discussed the political climate for HE, including Augar Review and an anticipated "culture wars" with regard to freedom of speech and safe spaces. The Chair paid credit to the Vice-Chancellor in recognition of the tremendous work done to present the views of the sector.

A detailed discussion also took place regarding the industrial relations position in relation to pensions, with assurances made that mitigation planning was ongoing to minimise the risk of disruption to students. The Committee also discussed student visas.

ACTION: Circulate the latest letter from the Pension's Regulator regarding USS to Committee Members (Deputy Secretary)

5. **AUDIT COMMITTEE SELF-ASSESSMENT (AUD/19/40)**

The Deputy Secretary presented a paper summarising the results of the annual self-assessment survey undertaken by Committee members over the summer. The paper proposed four main themes based on the feedback received and invited discussion on any further issues members wished to raise. The themes were –

Succession planning

The Committee discussed visibility of the work of the Nominations Committee and how full Council could contribute more to the process for appointing new members.

ACTION: Feedback the views of the Committee to the Nominations Committee Chair/Chair of Council (Deputy Secretary)

Paper length

The quality and length of papers for the meeting was discussed with Committee members committing to undertaking a review of a selection of the papers for the meeting to identify where focus could be improved. Once this feedback was received, it was agreed that the Deputy Secretary would produce a paper protocol for the meeting.

ACTION: Produce a protocol for the drafting of papers for the Committee (Deputy Secretary)

The Role of Dual Assurance

Discussion was held about the Dual Assurance process and whether it undermined or supported the role of the Committee. Views from both perspectives were presented and it was agreed that increasing the visibility of Dual Assurance discussions for Non-Council Committee members would be beneficial.

ACTION: Ensure all Committee members have access to Dual Assurance notes via Boardpacks and ensure that the Annual Dual Assurance Report is shared with Committee members at the appropriate meeting (Deputy Secretary)

Training and Development Opportunities for Members

It was noted that little information had been received from either internal or external auditors with regards to training or development opportunities for Committee members. Both PWC and KPMG committed to sharing details of training activities with members. The Deputy Secretary also noted plans for a Council newsletter which would incorporate details of training opportunities that may be of interest to Committee members.

ACTION: Non-Council Committee members to be included in the distribution list for monthly Council newsletter (Deputy Secretary)

ACTION: Links to PWC and KPMG events information to be forwarded to Committee members (Deputy Secretary)

Discussion was also held with regards to how to raise the profile and awareness of the benefits of Internal Audit amongst members of the Senior Manager Group (SMG).

ACTION: Consider opportunities to showcase the work of Internal Audit to members of SMG

6. DRAFT ANNUAL REPORT OF THE AUDIT COMMITTEE (AUD/19/41)

The Deputy Secretary presented the draft report, explaining that it had previously been a requirement of HEFCE to provide an annual summary of the Committee's work to Council and the Vice-Chancellor to inform Council's decision on the approval of the Annual Report and Accounts. The report was presented in its draft format to the Committee to allow for members' feedback to be incorporated prior to a final version being shared with Council in November.

The Committee considered the report to be a fair representation of the work undertaken over the previous year, with request made that additional narrative be added to the final version to make clearer the Committee's role in the past year in providing scrutiny to the North Park Project.

ACTION: Add further narrative on the Committee's role with regard to scrutiny of the North Park Project to the final draft of the paper (Deputy Secretary)

7. DRAFT UNIVERSITY ANNUAL REPORT AND ACCOUNTS 2018/19 (AUD/19/42)

The Committee discussed the draft version of the accounts, with agreement made that comments would be forwarded to the CFO via email.

ACTION: Members to forward comments and queries on the accounts and narrative to the CFO for inclusion in the final draft of the report to be presented to the next Audit Committee meeting (All)

Points made during the meeting included a request for clarification on the annual contribution to the local economy and whether this included the purchasing power of the university. A discussion on the pension deficit was also held, with members highlighting that

pensions within the sector was an issue that it was anticipated would be subject to considerable press scrutiny. The CFO noted that the pension narrative was still ongoing and confirmed that he would send this information directly to members ahead of the next meeting for comments.

ACTION: Forward pensions narrative to Committee members as soon as it is available (CFO)

8. DATA ASSURANCE UPDATE (AUD/19/43)

The Director of Planning, Policy and Business Information joined the meeting to present the latest data assurance report. He noted that the Office for Students had recently launched a new website 'Discover Uni' which replaced the previous UniStats service. The new service is a Beta launch to replace the Unistats website, and as such it is lacking in some functionality and does not include any benchmarking or reference indicators to show relative performance against the sector.

The Committee discussed the method of submission for data returns and sought assurance on controls in place for identifying and correcting errors. It was confirmed that errors had been successfully identified and corrected in the past prior to the submission of data, and that returns had withstood accuracy tests.

In broader discussion, members of the Committee asked for an additional briefing to better understand the data return process and how such reports fed into the REF, TEF, NSS and rankings process.

ACTION: Arrange an additional 1 hour briefing session for Committee members interested in learning more about the how data returns feed into the REF, TEF, NSS and rankings process. (Director, PPBI)

9. REPORTS FROM THE INTERNAL AUDITORS

Update, Progress Report and Follow-up Report (AUD/19/44-46)

The representatives of PWC drew the Committee's attention to the executive summary of the progress report, which summarised work undertaken since the last Audit Committee meeting. It was proposed that for future meetings, summarised reports would be presented to the Committee, with full reports only presented for discussion if they related to issues on the Committee's radar or those that scored amber or above at future meetings.

Attention was also drawn to the plan for next year, strategic plan and internal audit charter. These had been discussed at the Professional Services Leadership Team (PSLT) meeting on 10th September.

Final Reports Completed –

GDPR Report

PWC acknowledged that the University had put in considerable work into GDPR compliance. Points noted in the report for consideration had been agreed with management and PWC confirmed that the University was in a good position compared to other universities.

Tara Studholme-Lyons, Project Lead for the GDPR project, confirmed that it had been a useful and helpful report. She noted that the process had been constructive and she had been able

to meet with a range of colleagues across the organisation to identify areas of good practice and areas of focus.

Fundraising and Alumni Report (Annex 1 and 2)

PWC discussed the detail of their audit into the Global Advancement team and current campaign and confirmed that processes were well designed and working well.

Internal Audit Plan (AUD/19/50)

Representatives from PWC highlighted the summary of findings within the report, noting that these would require confirmation from management.

10. **UPDATE FROM THE EXTERNAL AUDITORS**

Mike Rowley of KPMG provided an update on current external audit work.

11. **RISK MANAGEMENT REPORT**

The Insurance, Audit & Risk Manager presented the Risk Management Report. He noted that the report only provided a brief update as the first full report of the new academic year would be presented to the next meeting of the Committee on 31st October. He highlighted that the reports had been changed to include greater focus on thematic risk. Further changes included the addition of time scales for actions.

Following the earlier discussion of reviewing PWC's work, the Insurance, Audit & Risk Manager confirmed that he had been working with PWC to consider how more sector updates and benchmarking might be incorporated into IA reporting.

12. **KPMG FEES**

Representatives from PWC and KPMG left the room for the following discussion

The Committee discussed a proposed increase in fees for KPMG.

13. **CHAIR'S CLOSING REMARKS**

The Chair thanked members for their input and confirmed that the next meeting would take place on 31st October 2019.