UNIVERSITY OF FORWARD THINKING WESTMINSTER

APPROVED

MINUTES OF THE 122ND MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 10 APRIL 2018 IN ROOM RS109, UNIVERSITY OF WESTMINSTER, 309 REGENT STREET.

PRESENT:	Mr A Ganguli (Chair) Dame K Dunnell	Mr M Smith Ms N Zaremba
IN ATTENDANCE:	Mr N Avery, KCG (item 17.46 onwards) Mr M Azam, KCG (item 17.46 onwards) Mr J Cappock Mrs E McMillan (Clerk)	Ms F Nieboer, KPMG (item 17.46 onwards) Ms C Valeur (Observer – via conference call) Mr I Wilmot (item 17.45 onwards)
APOLOGIES:	Mr M Pinder	Mr D Gibbs, KPMG (attendee)

17.44 ANNOUNCEMENTS

17.44.1 Apologies were noted as detailed above.

17.44.2 The Chair welcomed Ms Nonie Zaremba to her first meeting as a member of the Committee.

17.44.3 No interests were declared at the opening of the meeting. On entering the meeting, Mr Nick Avery informed the Committee that a longstanding conflict of interest, regarding his role as a Trustee for a charity that engaged Committee member Mr Matthew Smith's legal services, has come to an end. Mr Avery declared that he has joined the Audit and Risk Committee of the City University, London. The Committee permitted the conflict of interest.

17.44.4 The Chair confirmed that there were no requests from members to un-star items provided for information (Minutes 17.55 to 17.57).

17.44.5 **AGREED** Terms of reference to be amended to include the Director of Finance as an attendee and submitted to the Court of Governors for approval (proposed by the University Secretary and Chief Operating Officer (USCOO)).

17.45 INTERNAL AUDIT TENDER REPORT

17.45.1 The USCOO presented an update on the University's tender for internal audit services, which is currently held in abeyance because of the potential implications of leaving the KCG Consortium Agreement (Document AUD 1804109A).

17.45.2 Members received and discussed an advice note from the University's legal advisors.

17.45.3 **AGREED** Members authorised the University to continue with the tender to recruit a new internal audit service provider from 1 August 2018.

17.45.4 Members noted that the University would expect to be treated no less favourably than any other departed member.

17.45.4.1 **ACTION USCOO** to ask the KCG Board for an explanation of how former members of the Consortium were dealt with when they left in respect of any pension liabilities.

17.45.5 **AGREED** Members authorised the USCOO to pursue an agreement with KCG to cap any sum payable under any indemnity.

APPROVED

17.46 EXTERNAL AUDIT 2017-18 AUDIT PLAN AND STRATEGY

17.46.1 The University's external auditor – Ms Fleur Nieboer, KPMG - presented the annual external audit plan for the year ending 31 July 2018 (Document AUD 180410B).

17.46.2 In response to a member's query, Ms Nieboer explained that the materiality levels are comparable with the sector, driven largely by revenue and are similar to previous years.

17.46.3 Members noted that the initiation of the Office for Students does not impact currently; however if there are significant changes to the Memorandum of Assurance and Accountability in future this will be taken into account.

17.46.4 Members noted that the Chair confirmed by correspondence between meetings that engagement of KPMG to conduct non-audit work (exploration of a VAT refund on the acquisition and remedial work associated with a University property) did not compromise independence rules. Members noted that the property is likely to be reclassified from a tangible asset to an investment property.

17.46.5 **APPROVED** External Audit Plan to be implemented for 2017-18 as presented.

17.47 RISK REGISTER AND SCHEDULE OF MITIGATIONS

Risk register benchmarking

17.47.1 The University's external auditor presented the results of the KPMG risk register benchmarking exercise (Document AUD 180410C).

17.47.2 Members discussed the opportunities that could arise from the changing higher education landscape and noted that a SWOT analysis might assist in identifying such opportunities.

17.47.3 Ms Nieboer encouraged the Court to identify the top risks from those listed in the University risk register – those that are the most significant in terms of impact on achievement of the University's strategy – and to consider also what the top risks may be in 18 months' time. Members noted that this is linked to a discussion of the University's viability in the next 18 months, 5 years and 10 years, and also to the risk appetite specified by the Court.

17.47.3.1 **ACTION Chair** to suggest to the Chair to the Court that such a discussion takes place at the Court away day in September 2018.

Periodic review of the University risk register and schedule of mitigations

17.47.4 The USCOO presented an overview of the new risk management process and risk register template (Document AUD 180410D). The USCOO explained that the report provides an update on progress from being 'Risk defined' to 'Risk managed'.

17.47.5 Members discussed the proposed risk appetite for each risk, as suggested by the relevant Risk Owner. Members considered that greater clarity on definitions of risk appetite would be beneficial. For example, the Court may have a low tolerance for failure of the University to address specific issues (suggesting that the appetite is 'low'); however, a 'medium' or 'high' risk appetite may be more appropriate for such an entry as it could be necessary to undertake high risk activities to achieve the step change necessary.

17.47.6 Members considered that the University Executive Board (UEB) could group some related risks together and, rather than defining a risk appetite for each individual entry, the Court may wish to group risks together and produce a brief narrative (two to three sentences) that describes the risk appetite for that group.

17.47.7 A member suggested that the mitigation plan could include timelines associated with the risk.

17.47.8 A member expressed surprise that there are no risks that remain 'red' (on a red, amber green scale) after mitigation.

17.47.9 Members recognised that a risk register on a granular level is an important management tool for UEB; however, a member suggested this level of detail is not appropriate for the Audit Committee and the Court.

17.48 UPDATE ON REGISTRATION WITH THE OFFICE FOR STUDENTS

17.48.1 The USCOO reported on progress since the last meeting of the Court in the production of the submission for registration with the Office for Students (OfS).

17.48.2 Members noted that the next meeting of the Committee has been brought forward to allow members to scrutinise documentation prior to submission to the Court for approval.

17.49 INTERNAL AUDIT INTERIM PROGRESS REPORT

17.49.1 Members received and noted the internal audit progress report (Document AUD 180410E), which outlines internal audit activity for the period 11 November 2017 to 3 April 2018.

17.49.2 Members discussed proposed changes to the audit plan for the current academic year.

17.49.3 **AGREED** Internal audit annual plan to be updated as stated below:

- Review of finance processes – payables and expenses to be replaced with a review of payroll and debtor management
- Review of capital - mobile learning (FST) to be replaced with a review of management information – student experience
- Review of IT assurance - iso70001 part 2 to be replaced with a review of IT assurance - data security
- Review of staff engagement and review of property portfolio rationalisation to be removed from the plan

17.49.3.1 **ACTION USCOO and Head, Internal Audit** to discuss how the University may re-allocate the audit days freed up by not pursuing the staff engagement and property portfolio reviews.

17.49.4 Members noted progress against the plan and that submission of some review reports has been delayed as internal auditors await the management response.

17.49.5 Members discussed how the effectiveness of risk mitigations is considered as part of each internal audit review.

17.49.6 A member raised a concern that due to management changes internal auditors were able only to obtain limited information regarding progress with recommendations in the area of cyber-security.

17.49.6.1 **ACTION USCOO** to follow up with colleagues and report back to the Committee.

17.50 INTERNAL AUDIT REPORTS

Review of CMA and UK marketing

17.50.1 Members noted that the internal auditors did not receive a management response in time for submission; consideration of this review report is postponed. Members noted that there is no Document AUD 180410F for this meeting as a result.

Review of data quality – HESES and HESA student data returns (Document AUD 180410G)

17.50.2 The overall assurance level was Satisfactory Assurance with one Priority 2 recommendation.

17.50.3 It was suggested that when providing assurance to the Court the Committee in this regard members should receive more information on the underlying control framework and the process by which the Vice-Chancellor gains assurance that it is appropriate to sign off the data returns.

17.50.4 A member suggested that the Committee could be better briefed on their core functions and responsibilities in providing such assurances to the Court.

Review of management information and business intelligence (Document AUD 180410H)

17.50.5 The overall assurance level was Satisfactory Assurance with one Priority 2 recommendation.

17.50.6 Members discussed how business partners in the Finance team work with budget holders to ensure they are held accountable and are supported, where necessary, to develop the appropriate skills.

17.51 MINUTES FROM THE PREVIOUS MEETING

17.51.1 Members confirmed that the minutes of the Audit Committee meeting held on 9 November 2017 (Document AUD 180410I) are an accurate record.

17.51.2 Members confirmed that the minutes of the joint meeting of the Audit Committee and Finance and Property Committee held on 9 November 2017 (Document AUD 180410J) are an accurate record.

17.52 MATTERS ARISING

17.52.1 Members received and noted an update on completed actions from the last meeting (Document AUD 180410K).

17.52.2 **Review of the Prevent Duty (Action 17.33.8.1)** The Head of Internal Audit informed members that ethics approval is required for those undergraduate and postgraduate dissertations where research includes human subjects. Members noted that dissertation supervisors identify and judge the need for such approval; there is no automatic prompt equivalent to the question asked when submitting a research project to the virtual research environment.

17.52.3 **Draft Audit Committee annual report 2016-17 (Action 17.34.2.1)** Members noted that the Court of Governors approved the amended report and annexes on 22 November 2017 for submission to HEFCE.

17.52.4 **Annual report and financial statements (Joint meeting Action 4.5.1)** Members noted that Court approved the updated annual report and financial statements on 22 November 2017. The documents have been signed off by the External Auditors and submitted to HEFCE and Companies House.

17.52.5 **Internal Audit strategic plan (Action 17.21.2.1)** The Committee Chair informed the Chair to the Court of the date of the planned review of the property portfolio; however, as noted above, the review will no longer take place as planned.

17.52.6 **Internal Audit interim progress report (Action 17.4.8.1)** Members noted that the University's position against the new HEFCE financial commitment threshold was reported in the five-year forecast agreed by the Court in July 2017.

17.52.7 **Review of finance processes - income (Action 17.4.2.1)** The Head of Internal Audit submitted the corrected report in November 2017 and the Clerk added the document to the record.

17.53 CONSULTANCY REPORTS

17.53.1 There were no new consultancy reports for notification to the Committee.

17.54 POTENTIAL FRAUD, BRIBERY, MONEY-LAUNDERING OR BREACHES OF REGULATIONS

17.54.1 The Clerk confirmed that she had not been notified of any reportable incidents since the last meeting.

APPROVED

17.55 TRAC RETURN 2016-17

17.55.1 Members received the results of the TRAC return (Document AUD 180410L) and noted that in January 2018 the Chair provided confirmation of the return to HEFCE on behalf of the Committee.

17.56 ANNUAL EFFICIENCY RETURN 2016-17

17.56.1 Members received a copy of the return submitted to HEFCE in January 2018 (Document AUD 180410M).

17.57 SCHEDULE OF BUSINESS 2017-18

17.57.1 Members noted the updated schedule of business (Document AUD 180410N).

17.58 DATES OF FUTURE MEETINGS

2017-18

Tuesday 15 May 2018 at 3.30pm Room RS109 (VC's boardroom), 309 Regent Street

2018-19

Tuesday 4 September 2018 at 3.30pm in Room RS109
Tuesday 9 October 2018 at 3.30pm in Room RS109
Thursday 15 November 2018 at 3.30pm in Room CH1.14 Cavendish House, 101 New Cavendish Street
Tuesday 9 April 2019 at 3.30pm in Room RS109
Tuesday 11 June 2019 at 3.30pm in Room RS109

17.59 ANY OTHER BUSINESS

17.59.1 Members discussed where it would be appropriate to have a discussion on the risks and opportunities and scenario planning associated with significant political changes such as Brexit, a change of government, the outcomes of the review of higher education funding.

17.59.1.1 **ACTION Chair** to propose a periodic high level discussion at Court on the impact of such external matters and whether they require any change to the University's strategy.