

APPROVED

**MINUTES OF THE 126TH MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 11 JUNE 2019
IN ROOM RS109, UNIVERSITY OF WESTMINSTER, 309 REGENT STREET.**

PRESENT: Mr M Smith (Chair) Ms A Foster
Dame K Dunnell

IN ATTENDANCE: Ms S Bolingbroke (Observer) Ms N Nelson (minute 18.39.10 to 18.39.15)
Dr P Bonfield (from minute 18.39.8) Mr R Poole (minute 18.39.10 to 18.39.14)
Mr J Cappock (Company Secretary) Professor F Ross (Observer) (from minute
18.39.8)
Mr D Gibbs, KPMG Ms D Takodra, TIAA
Mr K Limn, TIAA Mr I Wilmot
Mrs E McMillan (Clerk)

APOLOGIES: Ms F Nieboer, KPMG

18.38 ANNOUNCEMENTS

18.38.1 There were no apologies for this meeting.

18.38.2 The Chair welcomed Apwinder Foster, a newly appointed independent (non-governor) member and observers Fiona Ross, independent governor, and Selena Bolingbroke from the Halpin Partnership, external adviser for the effectiveness review of the Court of Governors and its committees.

18.38.3 No interests were declared.

18.38.4 The Chair confirmed that there were no requests from members to discuss starred items or to discuss business other than that on the agenda.

18.39 INTERNAL AUDIT INTERIM PROGRESS REPORT

18.39.1 The University's Lead Internal Auditor – Kevin Limn of TIAA – introduced the Internal Audit interim progress report (Document AUD 190611A).

Audit work completed since the last meeting

18.39.2 The Lead Internal Auditor reported that in addition to the four internal audit reviews submitted to this meeting and other activities included in the annual work plan, the internal audit team completed a review of a Department for International Development grant project.

Follow up work

18.39.3 The Lead Internal Auditor provided an overview of the dashboard presenting progress actioning recommendations.

18.39.4 Internal Auditor Dakshita Takodra gave an oral update on progress in the outstanding action from the 2018-19 review of risk management received after submission of the interim progress report.

18.39.5 In response to a member's query about an outstanding action from the 2015-16 review of collaborative arrangements, the Internal Auditor informed members that the original recommendation was very broad and discussions are taking place to specify the necessary action. The internal audit team expect the recommendation to be either closed or carried forward into a planned audit by the next report.

Internal audit plan 2018-19 (Document AUD 190611A Appendix A)

18.39.6 The Lead Internal Auditor confirmed that he expects the plan to be completed by July 2019.

Summary of client briefing notes/digests (Document AUD 190611A Appendix B)

18.39.7 Members noted the Summary of recent TIAA client briefing notes and client digests.

Summary of report findings (Document AUD 190611A Appendix C)

18.39.8 *ICT business programme and project management:* The overall assurance level was Reasonable assurance with one Important recommendation, two Routine recommendations and no operational effectiveness matters noted. Members discussed the outcome of the review with the University Secretary and Chief Operating Officer (USCOO). Topics discussed included responsibility for managing the project and lessons learnt and their application to future projects.

18.39.9 *Payroll:* The overall assurance level was Reasonable assurance with two Important recommendations, two Routine recommendations and two operational effectiveness matters noted. Members discussed the outcome of the review with the USCOO. Topics discussed included segregation of duties, frequency of payroll runs and responsibility for processing expense claims.

18.39.10 Members discussed the format of management responses and welcomed the use of managers' comments in their own words. Members requested the addition (for future reports) of a brief introductory statement for each recommendation confirming whether management agrees with the recommendation (or not). Members heard that the internal audit team challenge managers where they consider the response is not appropriate.

ICT continuity plans (Document AUD 190611A Appendix 2)

18.39.11 The Chair welcomed the Director of Information Systems and Security (Russell Poole) and the Head of Safety, Health and Wellbeing (Niamh Nelson) to the meeting.

18.39.12 The overall assurance level was Limited assurance with one Urgent recommendation, six Important recommendations, seven Routine recommendations and no operational effectiveness matters noted.

18.39.13 Members discussed the outcome of the review with the Director of Information Systems and Security (ISS). Topics discussed:

- periodic testing of the ICT business continuity plan;
- arrangements to back up server data, the intention to move to Cloud-based backups, and new risks associated with that approach;
- any instances where it has been necessary to run disaster recovery on any of work streams in last 12 months; and
- the need to document and communicate activities related to the continuity plan.

18.39.14 The USCOO thanked the Director of ISS for all the work he has done to lead the department and to deliver the transition to the new academic model in critical systems and ICT support for Clearing despite staff vacancies.

18.39.15 Members discussed the recommendations in the review relating to University-wide business continuity activities with the Head of Safety, Health and Wellbeing. Topics discussed:

- storage of paper copies of business continuity plans, business critical information and contact details at each site and online, Cloud-based alternatives and
- use of testing and scenario-based exercises.

Marketing and Communications (Document AUD 190611A Appendix 1)

18.39.16 The overall assurance level was Limited assurance with six Urgent recommendation, nine Important recommendations, eight Routine recommendations and three operational effectiveness matters noted.

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- 18.39.17 The USCOO confirmed that a new Director of Marketing and Communications will take up the post on 1 July 2019 and that the review was completed under interim management arrangements.
- 18.39.18 Members noted that the internal audit team will review the management action plan with the new Director and revise as necessary.
- 18.39.18.1 **ACTION Clerk** to invite the new Director to the next meeting of the Committee to discuss the outcome of the review and progress made against the recommendations.
- 18.39.19 Members discussed the outcome of the review with the USCOO. Topics discussed:
- successes and improvements in critical marketing activities such as Clearing and Open Days under the management of the Interim Director and because of the motivation and skills of the marketing and communications team;
 - agreement of objectives for colleagues during the interim period; and
 - escalation of risks from operational risk registers to the University risk register.
- 18.39.20 Members discussed managers' perceptions of the role of internal audit and whether it is understood that internal audit is part of being a responsible organisation and is a tool for continuous improvement.
- Internal audit plan 2019-20 (Document AUD 190611A Appendix 3)**
- 18.39.21 Members considered the proposed internal audit plan for the coming year, which is drawn from the three-year internal audit strategy agreed by the Committee previously and is aligned – where possible - to the University risk register.
- 18.39.22 Members welcomed the link to the risk register and discussed how any matters relating to implementation of the recommendations of the Augar Review of Post-18 Education and Funding may be incorporated. The Lead Internal Auditor explained that there is flexibility in the plan, which can be adapted if additional or alternative areas of focus are identified during the period.
- 18.39.23 **AGREED** Internal audit plan 2019-20 to be implemented as presented, subject to in-year adjustments, which will be reported to the Audit Committee.
- 18.40 RISK REGISTER BENCHMARKING REPORT**
- 18.40.1 The University's External Auditor – Dean Gibbs of KPMG - presented a report of the results of a higher education risk register benchmarking exercise (Document AUD 190611B).
- 18.40.2 The USCOO reminded members that the current University risk register is aligned to the previous version of the University Strategy and there are exercises planned for the UEB and Court of Governors away days in September 2019 around risk appetite and alignment of the risk register to the refreshed Strategy. Members welcomed the opportunity to discuss and set risk appetite with other governors.
- 18.40.3 Members discussed with the External Auditor areas where the University's register appears to differ from other institutions and the reasons for those differences.
- 18.41 POTENTIAL FRAUD, BRIBERY, MONEY-LAUNDERING OR BREACHES OF REGULATIONS**
- 18.41.1 The USCOO confirmed that there had not been notification of any reportable incidents since the last meeting.
- 18.42 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) REGISTER – ANNUAL SUBMISSION**
- 18.42.1 Members noted the annual update of the register prior to submission to the Court (Document AUD 190611C).

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18.43 MINUTES FROM THE PREVIOUS MEETING

- 18.43.1 Members confirmed that the minutes of the Audit Committee meeting held on 9 April 2019 (Document AUD 190611D) are an accurate record.

18.44 MATTERS ARISING

- 18.44.1 Members received and noted an update on actions from the last meeting and outstanding actions from previous meetings (Document AUD 190611E).
- 18.44.2 **Internal audit review reports (Action 18.27.10.1):** The USCOO confirmed that he informed the Director of Strategy, Planning and Performance of the change to the frequency of formal reviews of the University risk register.
- 18.44.3 **Summary of client briefing notes/digests (Action 18.27.15.1):** The Director of Finance confirmed that a member of the Finance team now collates the updates and ensures colleagues action those that impact the University. Members agreed that a summary table on action taken in response (or confirmation that no action is required) is to be added as a standing item for future meetings of the Audit Committee.
- 18.44.4 **Financial statements benchmarking - pensions (Action 18.29.2.1):** The Director of Finance confirmed that discussions on the issue continue within the sector and the University is working with other institutions to identify possible solutions. Members agreed to close this action as further discussions on the issue will take place at Finance and Property Committee.
- 18.44.5 **External audit plan 2018-19 (Action 18.29.4.1):** The Director of Finance confirmed that the plan will include production of US GAAP accounts as a precautionary measure in case the University reaches the income threshold.
- 18.44.6 **Finance policies – overseas recruitment agents (Action 18.32.2.1):** The Director of Finance assured the Committee that the University is operating in line with standard practice across the HE sector and confirmed there are policies and procedures in place to ensure full 'know your client' checks are undertaken with any party before entering into any agreement that is subsequently agreed in a 'Student Introduction Services Agreement' ('Contract'). Furthermore, he informed members that the contract is regularly reviewed by the University's legal advisors and no payments are made unless such a contract is in place.
- 18.44.7 **Draft Audit Committee annual report 2017-18 (Action 18.18.3.1):** Members noted that the Nominations Committee has a hold on new appointments to committees pending the conclusion of the effectiveness review. In the interim, independent governor Professor Fiona Ross will attend meetings of Audit Committee as an observer.

18.45 DATES OF FUTURE MEETINGS

Tuesday 17 September 2019 at 3.30pm in Room RS109
Tuesday 8 October 2019 at 3.30pm in Room RS109
Tuesday 14 November 2019 at 3.30pm in Room RS109¹
Tuesday 31 March 2020 at 3.30pm in Room RS109
Tuesday 9 June 2020 at 3.30pm in Room RS109

18.46 ANY OTHER BUSINESS

- 18.46.1 The Chair queried whether the University has procedures for ethics validation of knowledge exchange activities and commercial partnerships with third parties.
- 18.46.2 The USCOO informed members that such procedures are currently under review.
- 18.46.2.1 **ACTION USCOO** to report on the outcome of the review at the next meeting.

¹ Including joint meeting with the Finance and Property Committee