

APPROVED

MINUTES OF THE 124TH MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 4 SEPTEMBER 2018 IN ROOM RS109, UNIVERSITY OF WESTMINSTER, 309 REGENT STREET.

PRESENT: Ms C Valeur (Chair) Dame K Dunnell

IN ATTENDANCE: Mr J Cappock Mrs E McMillan (Clerk)
Mr D Gibbs, KPMG Ms D Takodra, TIAA
Mr A Lees, KCG (item 18.3.6 to 18.4) Mr I Wilmot
Mr K Limn, TIAA

APOLOGIES: Ms F Nieboer, KPMG (attendee) Mr M Smith

18.1 ANNOUNCEMENTS

- 18.1.1 Apologies were noted as detailed above.
- 18.1.2 The Chair welcomed representatives of the University's newly appointed auditors - TIAA - to their first meeting of the Committee.
- 18.1.3 No interests were declared.
- 18.1.4 The Chair confirmed that there were no requests from members to discuss starred items provided for information or to discuss business other than that on the agenda.

18.2 TERMS OF REFERENCE AND MEMBERSHIP

- 18.2.1 Members reviewed the Committee's terms of reference and membership (Document AUD 180904A).
- 18.2.2 **AGREED** Members propose to the Court of Governors that point (xv) in the Committee's terms of reference is amended to reflect the Committee's receipt of assurances in relation to data quality.
- 18.2.2.1 **ACTION Clerk** to submit proposed revision to the Court for approval.

18.3 INTERNAL AUDIT PROGRESS REPORT

- 18.3.1 The University's lead internal auditor – Kevin Limn of TIAA – briefed members on the handover activities undertaken to date with KCG staff, the University Secretary and Chief Operating Officer (USCOO) and the Director of Finance, and on anticipated ways of working. Members noted that TIAA will not have a core team based at the University, with time on site focused on observing practice and working with the various teams around the University.
- 18.3.2 Members heard that a programme of internal audit assignments will be established after this meeting, subject to the Committee approving the internal audit strategic plan (refer to Minute 18.6). In response to a member's query, the lead auditor confirmed that TIAA will track any outstanding actions relating to recommendations provided by KCG.
- 18.3.3 Members noted that the lead auditor will liaise with the Committee Chair and the Clerk when the outcomes of individual reviews are known to identify whether, in cases of limited assurance for example, the manager responsible for that area would be invited to meet with the Committee when they consider the review report.
- 18.3.4 Where there is a lack of progress against internal audit recommendations, members supported a proposal from TIAA to invite the manager responsible to a meeting prior to the Audit Committee to address the issue.

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- 18.3.5 A member suggested an internal audit review of each of the new colleges, and of consistency of administration of processes such as student recruitment and performance management across the three colleges.
- 18.3.6 Alan Lees, Managing Director of KCG, joined the meeting and presented an update on internal audit activity since the last meeting (Document AUD 180904B).
- 18.3.7 Members agreed that any outstanding review reports will be presented to the Committee in November 2018.
- 18.3.8 Members discussed the time allocated to complete actions and noted that this depends on the nature of the recommendation and whether issues are urgent and short term (e.g. any significant non-compliance) or systemic and therefore longer term.
- 18.3.9 With reference to the commentary in the 'Sector issues' section of the report, members discussed value for money in relation to short courses, optimisation of commercial opportunities, the student experience and digital tools and delivery.

18.4 INTERNAL AUDIT REPORTS 2017-18

Review of UKVI compliance – Tier 2 (Document AUD 180904C)

- 18.4.1 Members received and noted the report. The overall assurance level was Satisfactory Assurance with one Priority 2 and one Priority 3 recommendation.

Review of compliance with consumer law (Document AUD 180904D)

- 18.4.2 Members received and noted the report. The overall assurance level was Limited Assurance with one Priority 1 and two Priority 2 recommendations.

- 18.4.3 The USCOO assured members that a manual solution has been implemented, allowing the University to provide assurance to the Office for Students; however, this is resource-intensive and an automated solution is therefore a high priority for IT developments in 2018-19.

- 18.4.4 A member queried when the Committee or the Court would be made aware of an increasing number of complaints with regards to course information. The USCOO explained he would inform the Committee and the Court of any collective or concerted legal action around, for example, industrial action. Members stated their expectation that the USCOO would inform the Committee of potential future legal issues under the standing item on the agenda on potential breaches of regulations etc.

Review of management information – student experience and recruitment (Document AUD 180904E)

- 18.4.5 Members received and noted the report. The overall assurance level was Satisfactory Assurance with one Priority 2 and three Priority 3 recommendations.

- 18.4.6 Members discussed the potential positive impact of digital transformation and the need for culture change to embrace new opportunities.

Review of finance processes – payroll and debtor management (Document AUD 180904F)

- 18.4.7 Members received and noted the report. The overall assurance level was Satisfactory Assurance with two Priority 2 recommendations.

Review of risk management framework and processes (Document AUD 180904G)

- 18.4.8 Members received and noted the report. The overall assurance level was Substantial Assurance with no recommendations.

- 18.4.9 The Chair stated the need for a brief high level summary of the risk register and risk appetite to support governors' understanding.

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18.5 RISK MANAGEMENT POLICY AND PROCEDURES

18.5.1 Members received and considered the annual review and proposals for revisions to the Risk management policy and procedures (Document AUD 180904H).

18.5.2 **APPROVED** Updated risk management policy and procedures to be implemented with immediate effect.

18.6 STRATEGIC INTERNAL AUDIT PLAN 2018-19

18.6.1 Members received and considered the strategic internal audit plan for 2018-19 (Document AUD 180904I), which includes a three year rolling strategic plan (Annex B).

18.6.2 The lead auditor explained the process to produce the plan, which involved discussions with the USCOO and Director of Finance, and focused on the priorities for assurance for the University. TIAA have taken a risk-based approach and note that they expect changes in year to respond to changing priorities.

18.6.3 Members discussed expectations with regards to the format of assignment reports. TIAA explained that they would provide more detail for Limited assurance outcomes than they would for Satisfactory or Substantial assurance.

18.6.4 **APPROVED** Strategic internal audit plan 2018-19 to be implemented with immediate effect.

18.7 DRAFT SCHEDULE OF BUSINESS 2018-19

18.7.1 **AGREED** Members agreed the schedule of business for 2018-19 (Document AUD 180904J).

18.8 MINUTES FROM THE PREVIOUS MEETING

18.8.1 Members confirmed that the minutes of the Audit Committee meeting held on 15 May 2018 (Document AUD 180904K) are an accurate record, subject to the removal of the final sentence in Minute 17.62.2.

18.9 MATTERS ARISING

18.9.1 Members received and noted an update on actions from the last meeting and outstanding actions from previous meetings (Document AUD 180904L).

18.9.2 **External audit technical update report (Action 17.62.6.1)** The USCOO reported that the University's position with regards to average staff cost per employee will be considered by the HR Committee in November 2018. The Chair noted that when a member of HR Committee she requested additional data on the impact of staff reductions on different groups of staff (e.g. by gender or ethnicity, lower or more senior graded roles).

18.9.3 **Risk and the external environment (Actions 17.47.3.1 and 17.59.1.1)** The former Committee Chair reported the views of members to the Chair to the Court, who is considering how best to manage a discussion to identify the University's top risks and to explore periodically how potential significant political change may impact on the achievement of the University strategy.

Exit from the KCG consortium

18.9.4 The USCOO provided an update on the current position (Document AUD 180904M).

18.9.5 **ENDORSED** Members support the USCOO's recommendation that the University maintains the current approach and agrees a capped deferred obligation of £74,000, which only becomes payable if the deferred liability crystallises.

18.9.6 Members noted that this position has been acknowledged as reasonable by KCG, given the absence of a crystallisation event, and confirms that we recognise our obligations.

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- 18.9.7 Members discussed the basis for the quantum of the contingency in the 2018-19 budget and how the University records potential liabilities (such as the KCG pension liability) that we are not required to provide for in the accounts. A member queried whether the University's public liability insurance would cover, for example, a class action claim from students.
- 18.9.7.1 **ACTION Director of Finance** to clarify whether or not this is covered and report back to the Committee.
- 18.10 POTENTIAL FRAUD, BRIBERY, MONEY-LAUNDERING OR BREACHES OF REGULATIONS**
- 18.10.1 The USCOO confirmed that there had not been notification of any reportable incidents since the last meeting.
- 18.11 DATES OF FUTURE MEETINGS**
- 18.11.1 The Chair confirmed that the meeting scheduled for 9 October 2018 is cancelled and any business scheduled for that meeting is to be carried forward to the subsequent meeting. The meeting on 15 November 2018 will therefore be extended by half an hour and will commence at 3.00pm.
- 18.11.2 **Thursday 15 November 2018 at 3.00pm** in Room CH1.14 Cavendish House, 101 New Cavendish Street
- Tuesday 9 April 2019** at 3.30pm in Room RS109 (VC's boardroom), 309 Regent Street
- Tuesday 11 June 2019** at 3.30pm in Room RS109
- 18.12 ANY OTHER BUSINESS**
- 18.12.1 Members did not raise any other matters for discussion.