

APPROVED

**MINUTES OF THE 125<sup>TH</sup> MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 9 APRIL 2019  
IN ROOM RS109, UNIVERSITY OF WESTMINSTER, 309 REGENT STREET.**

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PRESENT: Mr M Smith (Chair) Dame K Dunnell

IN ATTENDANCE: Mr J Cappock Ms F Nieboer, KPMG  
Mr K Limn, TIAA Ms D Takodra, TIAA  
Mrs E McMillan (Clerk) Mr I Wilmot

APOLOGIES: Mr D Gibbs, KPMG (attendee) Mr J Woolston (attendee)

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**18.26 ANNOUNCEMENTS**

- 18.26.1 Apologies were noted as detailed above.
- 18.26.2 Members noted that the independent committee member (non-governor) appointed by the Court of Governors with effect from 1 April 2019 was not present because the invitation list for the meeting had not yet been updated.
- 18.26.3 No interests were declared.
- 18.26.4 The Chair confirmed that there were no requests from members to discuss starred items or to discuss business other than that on the agenda.

**18.27 INTERNAL AUDIT PROGRESS REPORT**

18.27.1 The University's Lead Internal Auditor – Kevin Limn of TIAA – presented the Internal Audit interim progress report (Document AUD 190409A).

**Follow up work**

- 18.27.2 The Lead Internal Auditor provided an overview of the dashboard presenting progress actioning recommendations and referred members to Figure 2 in the report, which outlines historical recommendations no longer applicable, as agreed with University management. He assured members that testing for those recommendations closed but not yet verified would be undertaken through the internal audit work plan.
- 18.27.3 In response to a member's query, the Lead Internal Auditor confirmed that any historic actions still open would be part of an ongoing monitoring and reporting process.

**Internal audit plan 2018-19**

- 18.27.4 Members received confirmation that audits in the 2019-20 plan will cover the student systems review not completed by the KCG consortium in 2017-18.
- 18.27.5 Members discussed the purpose and benefit of completing the outstanding review of implementation of transformation programme actions and noted that implementation is being monitored as business as usual through the work of the University Planning Committee (UPC).
- 18.27.5.1 **ACTION** University Secretary and Chief Operating Officer (USCOO) to discuss with the internal auditors whether there is benefit in a review of the UPC in lieu of the review scheduled for 2017-18.
- 18.27.6 **AGREED** Members re-confirmed the internal audit plan 2018-19.

### Internal audit review reports

- 18.27.7 **UKVI Tier 4:** The overall assurance level was Reasonable assurance with one Priority 2 and seven Priority 3 recommendations.
- 18.27.8 **Risk management:** The overall assurance level was Reasonable assurance with three Priority 2 and five Priority 3 recommendations plus three operational effectiveness matters noted.
- 18.27.9 A member noted that the review outcome is reassuring for the University as this is an area of work that is difficult to embed.
- 18.27.10 Members discussed the recommendation about frequency of formal reviews of the University risk register. Members considered that there ought to be a formal review three times a year (on a 'termly' basis) with submission to the Audit Committee three times a year as a result.
- 18.27.10.1 **ACTION USCOO** to inform the Director of Strategy, Planning and Performance of the steer from the Committee.

### GDPR Compliance (Document AUD 190409A Appendix D)

- 18.27.11 The overall assurance level was Limited assurance with 10 Priority 2 recommendations and one operational effectiveness matter noted.
- 18.27.12 Members discussed the outcome of the review with the USCOO. In response to a member's query, TIAA confirmed that whilst the University is not an outlier with regards to compliance, there are other organisations and universities that have made further progress.
- 18.27.13 A member commented that whilst it is important to have updated policies, procedures and systems, the key to effective compliance is changing the behaviours of colleagues who have worked with the former systems and policies over a long period of time.
- 18.27.14 The USCOO assured members that Phase 3 of GDPR implementation will be complete at the end of July 2019 and that will close the actions TIAA have identified.

### Summary of client briefing notes/digests

- 18.27.15 Members discussed the Summary of recent TIAA client briefing notes and client digests with the internal auditors. The Chair requested assurance that University managers have reviewed the matters identified in the client briefing/digests summary and the KPMG technical update.
- 18.27.15.1 **ACTION Director of Finance** to work with the Lead Internal Auditor and External Auditor to agree a process for management review of such matters and reporting to the Committee.

### 18.28 RISK REGISTER

- 18.28.1 The USCOO presented the bi-annual review of the University's strategic risk register (Document AUD 190409B).
- 18.28.2 Members received assurance that all risks are being mitigated effectively by the University Executive Board and require no escalation to Audit Committee. The USCOO reported that there is one 'Red' risk in the register relating to Brexit, where there are significant uncertainties in the external environment.
- 18.28.3 The USCOO discussed with members the rationale for changes to scores on the risk register since the previous review. Members suggested that the relevant risk owner for any GDPR related risk reviews the scoring considering the recent internal audit review outcome.

### 18.29 EXTERNAL AUDIT 2018-19 AUDIT PLAN AND STRATEGY

- 18.29.1 The University's External Auditor – Fleur Nieboer of KPMG - presented the External audit progress report and technical update (Document AUD 190409C), which includes a report on financial statements benchmarking, and the proposed 2018-19 audit plan (Document AUD 190409D).

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### Financial statements benchmarking

18.29.2 Members discussed with the External Auditor the University's position against other post-1992 higher education institutions in a comparison chart of the LGPS/own pension scheme deficit. Members noted that there have been discussions about this issue at the Finance and Property Committee and noted the recommendation from the External Auditor that – now the deficit is reflected in the balance sheet – there may be value for the University in having a strategy to deal with the issue. Members considered this a priority issue.

18.29.2.1 **ACTION** Director of Finance to discuss the matter with the Finance and Property Committee.

### 2018-19 audit plan

18.29.3 The External Auditor introduced the 2018-19 audit plan, noting that the audit risks that KPMG will focus on are like those in the 2017-18 audit plan.

18.29.4 Members heard that the University will be required to prepare US GAAP accounts for 2018-19, should the University cross the income threshold.

18.29.4.1 **ACTION** Director of Finance to confirm the income level and, if necessary, adjust the audit plan prior to submission to the Court of Governors.

18.29.5 **APPROVED** External Audit Plan for the year ending 31 July 2019 to be implemented as presented, subject to clarification on preparation of US GAAP accounts.

### 18.30 VALUE FOR MONEY IN HE – EDUCATION COMMITTEE REPORT

18.30.1 The Director of Finance presented a response to the request at the Court meeting on 28 November 2018 to consider the recommendations raised in the Education Select Committee report 'Value for Money – HE' published 24 October 2018 on the University's value for money efficiency return report (Document AUD 181128H).

18.30.2 Members received assurance that both the Government and the Office for Students (OfS) consider the Select Committee's recommendations are adequately addressed by the regulatory framework, and that the University meets its requirements under the framework.

18.30.3 **AGREED** The Director of Finance's response will be submitted to the Court with the University's value for money efficiency return report as previously submitted.

### 18.31 POTENTIAL FRAUD, BRIBERY, MONEY-LAUNDERING OR BREACHES OF REGULATIONS

18.31.1 The USCOO notified members of one incident of a successful phishing scam and confirmed action taken to prevent any recurrence. The matter has been reported to the Police and the University is pursuing return of the lost funds.

### 18.32 FINANCE POLICIES

18.32.1 Members received updated finance policies covering money laundering and bribery (Document AUD 190409F).

18.32.2 Members discussed whether rules on offering a financial inducement restrict overseas recruitment agents from offering discounts, bursaries or scholarships.

18.32.2.1 **ACTION** Director of Finance to discuss the matter with the Deputy Vice-Chancellor (Employability and Global Engagement) and the Director, Global Recruitment and Admissions for resolution prior to submission of the policy to the Court.

18.32.3 **AGREED** Anti-bribery and corruption policy 2019 to be submitted to the Court for approval, subject to clarification on the matter above.

18.32.4 **AGREED** Anti-money laundering policy 2019 (proceeds of crime) to be submitted to the Court for approval.

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### 18.33 TRAC AND TRAC(T) RETURN 2017-18

- 18.33.1 Members received the TRAC returns submitted to the OfS, as confirmed by the then Interim Chair on behalf of the Audit Committee (Document AUD 190409G).

### 18.34 MINUTES FROM THE PREVIOUS MEETING

- 18.34.1 Members confirmed that the minutes of the Audit Committee meeting held on 15 November 2018 (Document AUD 190409H) are an accurate record.
- 18.34.2 Members confirmed that the minutes of the joint Audit Committee and Finance and Property Committee meeting held on 15 November 2018 (Document AUD 190409I) are an accurate record.

### 18.35 MATTERS ARISING

- 18.35.1 Members received and noted an update on actions from the last meeting and outstanding actions from previous meetings (Document AUD 190409J).
- 18.35.2 **Internal audit (KCG) annual report 2017-18 (Actions 18.17.5.1 and 18.17.7.1)** The Clerk amended the text of the corporate governance statement in the University's annual report and financial statements to 31 July 2018 to reflect the internal audit opinion. The Director, KCG amended the report as agreed prior to submission to the Court.
- 18.35.3 **Draft Audit Committee annual report 2017-18 (Actions 18.18.2.1)** The Clerk amended the annual report as agreed prior to submission to the Court.
- 18.35.4 **Evaluation of audit services – External Audit (Action 18.24.4.1)** Members noted that the maximum term allowed for a 'lead audit partner' is 10 years; this is reported in the KPMG audit plan each year.
- 18.35.5 **Audit highlights memorandum and management letter 2017-18 (Joint meeting Action 2.11.1)** The External Auditor corrected the typographical error in the letter prior to submission to the Court.
- 18.35.6 **Letter of representation and management statement of assurance (Joint meeting Action 3.5.1)** The Director of Finance amended the signatories prior to submission to the Court.
- 18.35.7 **Draft annual report and financial statements 2017-18 (Joint meeting Actions 4.6.1, 4.8.1 and 4.9.1)** The Director of Finance and Clerk made the agreed amendments to the document prior to submission to the Court.

### 18.36 DATES OF FUTURE MEETINGS

#### 2018-19

Tuesday 11 June 2019 at 3.30pm in Room RS109

#### 2019-20

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 RS109<sup>1</sup>

Tuesday 31 March 2020 at 3.30pm in Room RS109

Tuesday 9 June 2020 at 3.30pm in Room RS109

### 18.37 ANY OTHER BUSINESS

- 18.37.1 Members did not raise any other matters for discussion.

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<sup>1</sup> Including joint meeting with the Finance and Property Committee