

APPROVED

MINUTES OF THE 143rd MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 8 NOVEMBER 2022 IN ROOM C1.05, 115 NEW CAVENDISH STREET AND VIA MICROSOFT TEAMS.

PRESENT:	M Smith (Chair) V Foster J Khan	H Owen Professor F Ross (Deputy Chair) D Stanton
IN ATTENDANCE:	O Adetona, Observer (from Minute 22.15) J Bairamian ¹ (from Minute 22.23) P Bonfield ¹ (from Minute 22.23) D Gibbs, KPMG (from Minute 22.14) E McMillan, Clerk to the Court C Morgan ¹ , Observer ²	C Mpofu, TIAA (from Minute 22.15) D Takodra, TIAA (from Minute 22.15) P Wales ¹ (from Minute 22.23) M X Wang ¹ (from Minute 22.23) I Wilmot (from Minute 22.15)
APOLOGIES:	J Cappock, Company Secretary (attendee) F Nieboer, KPMG (attendee)	S Wylie ¹ (attendee)

22.13 PRIVATE MEETING OF MEMBERS

22.13.1 Members met privately as recommended by the CUC HE Audit Committees Code of Practice.

22.14 PRIVATE MEETING OF MEMBERS WITH THE EXTERNAL AUDITOR

22.14.1 The Clerk to the Court left the room and members held a private meeting with the External Auditor – Dean Gibbs.

22.15 ANNOUNCEMENTS

22.15.1 The Chair welcomed members and attendees, including observers Charlotte Morgan, Audit Committee Chair Designate and Oyin Adetona, Deputy Director of Finance.

22.15.2 Members noted that Ian Wilmot attended as Director of Finance and Acting University Secretary and Chief Operating Officer (USCOO).

22.15.3 Members noted apologies for the meeting as recorded above.

22.15.4 No members declared an interest in the business on the agenda.

22.15.5 The Chair confirmed there were no requests from members to discuss starred items or items not already on the meeting agenda.

22.16 AUDIT SERVICES EVALUATION

22.16.1 The External Auditor and Internal Auditors left the meeting and members discussed audit service evaluation forms (Document AUD 221108A).

¹ Resources Committee members are invited to the Audit Committee for consideration of the annual report and financial statements

² Independent governor Charlotte Morgan observed the meeting as Chair Designate for the Committee

External audit services - KPMG

22.16.2 [Redacted]

22.16.3 [Redacted]

Internal audit services - TIAA

22.16.4 [Redacted]

22.16.5 [Redacted]

22.16.6 [Redacted]

22.16.7 [Redacted]

22.16.8 [Redacted]

22.16.9 The External Auditor and Internal Auditors returned to the meeting.

22.17 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT

22.17.1 Dakshita Takodra, Senior Internal Audit Manager for TIAA, presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 221108B). The report included an update on emerging governance, risk and internal control related issues, progress against the 2022/23 plan and follow up of recommendations from previous audits.

22.17.2 **Estates capital projects:** Members noted the internal auditor's opinion was reasonable assurance with two important and three routine action points.

22.17.3 A member raised a query about the use of business cases for capital projects with a value less than £1 million.

22.17.4 The Chair informed TIAA of members' comments earlier in the meeting about escalation to the Committee if management responses were inadequate or late. A member suggested a traffic light system to highlight where TIAA are concerned about a lack of response or the adequacy of the response. TIAA confirmed that they escalate issues currently to the relevant line manager or to the senior team.

22.17.4.1 **ACTION TIAA** to consider how they will incorporate escalation of concerns about management responses into their assurance report to the Committee.

22.17.5 Members discussed outstanding recommendations from the Cyber Security review and received an update from the Acting USCOO on responsibilities for the areas covered.

22.17.5.1 **ACTION Acting USCOO** to request a fuller response to TIAA from managers responsible for the outstanding recommendations from the Cyber Security review.

22.17.6 The Senior Internal Audit Manager confirmed she would inform the Chair at Committee pre-meetings if she has concerns about the management response to these recommendations.

22.18 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2021/22

22.18.1 Members considered a second draft of the Audit Committee annual report 2021/22 (Document AUD 221108Ci) and the final internal audit annual report 2021/22 (Document AUD 221108Cii).

22.18.2 **AGREED** Members confirmed that the Committee Chair could approve the additions to the report made after this meeting and sign the amended report following consideration by the Court of Governors.

22.19 COMPLIANCE UPDATE

22.19.1 The Acting USCOO confirmed he had not been notified of any reportable incidents since the last

meeting.

22.20 MINUTES, ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING

- 22.20.1 Members confirmed that the minutes of the Audit Committee meeting held on 13 September 2022 (Document AUD 221108D) were an accurate record.
- 22.20.2 Members received and noted an update on actions from previous meetings (Document AUD 221108E).
- 22.20.2.1 **ACTION Members** to contact the incoming Committee Chair if they have views on whether actions and matters arising are covered at the start or end of the meeting agenda.
- 22.20.3 **Internal audit SICA report (Action 22.4.3.1):** The Senior Internal Audit Manager confirmed she had spoken with the Committee member about the upcoming audits and that there was no impact on the internal audit work plan.
- 22.20.4 **Annual data return summary report (Action 22.5.4.1):** The Clerk to the Court confirmed that the Court will receive a note at their next meeting informing governors about resubmission of the TRAC return.

22.21 ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

- 22.21.1 Members noted that there have been no new actions taken by the University in response to the sector issues identified in internal and external audit client briefings/digests.

22.22 FUTURE MEETING DATES

- 22.22.1 All meetings take place via Microsoft Teams³ and start at 4.30pm for members only with attendees joining at 4.40pm.

Tuesday 24 January 2023
Tuesday 21 March 2023
Tuesday 13 June 2023

22.23 ANNOUNCEMENTS

- 22.23.1 The Chair welcomed Resources Committee members who joined the meeting at this point and noted apologies from those members unable to attend.
- 22.23.2 No Resources Committee members declared an interest in the business on the agenda.
- 22.23.3 The Chair confirmed there were no requests from Resources Committee members to discuss starred items.
- 22.23.4 The Chair informed all members and attendees that there would be a discussion on the process to approve the US GAAP financial statements at the end of the meeting.

22.24 EXTERNAL AUDIT YEAR-END REPORT 2021/22

- 22.24.1 Dean Gibbs, External Auditor/Director at KPMG, presented a draft report (Document AUD 221108G) summarising the key issues identified during the audit of the consolidated financial statements of The University of Westminster and its subsidiaries.
- 22.24.2 The External Auditor thanked the Director of Finance, the Deputy Director of Finance and their team for all their support during the audit process.
- 22.24.3 The External Auditor reported that KPMG have very nearly completed their audit and expect to issue an unqualified audit opinion on the University's financial statements and use of funds.

³ Space onsite can be arranged through the Clerk to the Court for governors/committee members who need somewhere private to join a meeting

- 22.24.4 The External Auditor summarised the key audit risks.
- 22.24.5 The External Auditor informed members that the material uncertainty recorded for one subsidiary company in previous years has now been removed due to greater certainty in the environment post-COVID and a letter of support from the University.
- 22.24.6 The External Auditor noted that he will work with management to ensure the report includes an explicit statement on execution of Directors' responsibilities under Section 172 of the Companies Act 2006.
- 22.24.7 In response to a member's query, the External Auditor confirmed they would share with management after the conclusion of the audit a breakdown of the analysis of tuition fee transactions.
- 22.24.8 Members discussed the operating model for the Regent Street Cinema.
- 22.24.9 The Director of Finance thanked the External Auditor and his team for their work and support during the audit process.
- 22.24.10 On behalf of the Committee, the Chair thanked the External and Internal Auditors and the Finance team for all the work they have done during the year.
- 22.24.11 **AGREED** Final year-end report to be submitted to the Court of Governors.
- 22.25 LETTER OF REPRESENTATION TO EXTERNAL AUDITORS AND MANAGEMENT STATEMENT OF ASSURANCE**
- 22.25.1 The Director of Finance and the External Auditor confirmed that the letter of representation (Document AUD 221108H) is in the standard format.
- 22.25.2 The Director of Finance reminded members that the supporting matrix is produced by University management to provide assurance to the Audit Committee and the Court.
- 22.25.3 **AGREED** Members confirm to the Court that the letter of representation is accurate and recommend that the final version is signed by the Chair of the Court.
- 22.26 DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS 2021/22**
- 22.26.1 The Director of Finance introduced the draft annual report and financial statements for the year ending 31 July 2022 (Document AUD 221108I).
- 22.26.2 Members noted that the document is subject to minor amendments prior to submission to the Court.
- 22.26.3 Members discussed inclusion of an explicit statement of Section 172 on Directors' responsibilities (Companies Act 2006) and how this may be supplemented by in-year reporting to the Court.
- 22.26.3.1 ACTION Audit Committee Chair, Chair of the Court, and Clerk to the Court** to discuss further and make a recommendation to the Committee if appropriate.
- 22.26.4 Members discussed potential inclusion of climate-related disclosures and reporting on the Sustainable Development Goals in future annual reports.
- 22.26.5 The Director reported that the outcomes are broadly in line with the management accounts for the period, noting that the surplus has increased due to audit adjustments, and set out a strong financial performance for the year.
- 22.26.5.1 ACTION Clerk to the Court** to circulate a link to the HESA financial sustainability chart referred to at the meeting to members of both committees.
- 22.26.6 Members discussed volatility in pension adjustments and what work the University is doing to address risks around pension liabilities. Members commented that both committees are seeking

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greater assurance on this matter.

22.26.7 **AGREED** Resources Committee members recommend the financial statements to the Court.

22.26.8 **AGREED** Audit Committee members endorsed the annual report and statements.

22.27 FINANCIAL STATEMENTS – SUPPORTING INFORMATION

22.27.1 Members received a report on key areas where management is exercising judgement when preparing the year-end financial statements (Document AUD 221108J).

22.27.2 Members received a report on the assumptions underpinning assurance of the status of 'going concern' and the judgements made (Document AUD 221108K).

22.27.3 Members received the commentary to the Office for Students' Annual Financial Return for 2021/22 (Document AUD 221108L).

22.28 ANY OTHER BUSINESS

US GAAP financial statements

22.28.1 Members discussed the process for approval of the financial statements in the format required by US accounting practice.

22.28.2 **AGREED** Members recommend to the Court that it delegates approval of the US GAAP financial statements to the Resources Committee.

22.28.3 Members noted that the Resources Committee will receive assurance on the conversion process and approve the US GAAP financial statements at their meeting on 19 January 2023, and the Audit Committee will receive a one-page summary of the differences between the financial statements in the UK and US formats at their meeting on 24 January 2023.

22.28.4 Members noted that a copy of the approved US GAAP financial statements will be submitted to the Court meeting on 15 March 2023.

Committee membership

22.28.5 Noting that this was their final meeting, members thanked Matthew Smith for his leadership of the Committee and Helen Owen for her contribution as a member of the Committee.