

APPROVED

MINUTES OF THE 138TH MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 9 NOVEMBER 2021 IN ROOM C1.05 CAVENDISH HOUSE AND VIA MICROSOFT TEAMS.

PRESENT:	M Smith (Chair) Dame K Dunnell (to Minute 21.34) V Foster	J Khan Professor F Ross (Deputy Chair)
IN ATTENDANCE:	J Bairamian (from Minute 21.26) P Bonfield (from Minute 21.18 ¹) E McMillan, Clerk to the Court (except Minute 21.16) F Nieboer, KPMG (from Minute 21.16 to 21.22 and from Minute 21.24 to 21.33.1) D Stanton ²	D Takodra, TIAA (from Minute 21.17 to 21.22 and from Minute 21.24) P Wales (from Minute 21.26) M X Wang (from Minute 21.26) I Wilmot (from Minute 21.17) S Wylie (from Minute 21.26)
APOLOGIES:	J Cappock (Company Secretary) D Gibbs, KPMG (attendee) D Hoyle (Resources Committee member)	C Mpofu, TIAA (attendee) H Owen

21.15 PRIVATE MEETING OF MEMBERS

- 21.15.1 Members met privately as recommended by the CUC HE Audit Committees Code of Practice.
- 21.15.2 The Clerk to the Court of Governors was present at the private meeting.

21.16 PRIVATE MEETING OF MEMBERS WITH THE EXTERNAL AUDITORS

- 21.16.1 The Clerk to the Court left the room and members held a private meeting with the External Auditor - Fleur Nieboer.

21.17 ANNOUNCEMENTS

- 21.17.1 The Chair welcomed members and attendees.
- 21.17.2 Members received apologies as noted above and noted that Ian Wilmot attends as Acting University Secretary and Chief Operating Officer on behalf of John Cappock.
- 21.17.3 No members declared an interest in the business on the agenda. Members noted that the internal and external auditors will leave the meeting when the evaluation of audit services is discussed.
- 21.17.4 The Chair confirmed that members had not approved the Public Interest Disclosure (Whistleblowing) policy in advance so it will be considered at the appropriate point in the agenda. The Chair confirmed there were no requests from members to discuss any other starred item.
- 21.17.5 The Chair confirmed that members did not wish to raise matters other than those on the agenda.

21.18 ICT RISK DISCUSSION

- 21.18.1 Russell Poole, Director of Information Systems and Support (ISS) presented an update and commentary on the cyber risk at the University and what is being done to address it (Document AUD 211109A).

¹ Observer from Minute 21.18 to 21.25 and as Resources Committee member from Minute 21.26

² Observer to Minute 21.25 and as Resources Committee member from Minute 21.26

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- 21.18.2 Members noted the Internal Audit review of Strategic ICT Planning (Document AUD 211109A) as background to the discussion and that commentary on the Internal Audit review of Cyber-security reflects a draft version of the report.
- 21.18.3 Members noted that the Internal Audit review of Cyber-security will be submitted to the next meeting.
- 21.18.4 **AGREED** Director of ISS to return for a follow-up discussion with the Committee in January 2022 when the Cyber-security review report and management response are available. Members will then decide whether to take further action to gain assurance/oversee risks in this area.
- 21.18.5 Members discussed the ICT risk environment with the Director of ISS. The discussion covered:
- Privileged networks that require greater protection from cyber attacks
 - Managing cyber-risk is the responsibility of all colleagues and students and not just colleagues in ISS
 - Awareness raising and training for colleagues on managing cyber-risk
 - Membership of the Cyber Security Risk Management Board and whether to expand beyond ISS
 - Operating in domains where the state implements controls on access to the internet and specific online services

21.19 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT

- 21.19.1 Dakshita Takodra, Senior Internal Audit Manager for TIAA, presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 211109B). The report includes an update on emerging governance, risk and internal control related issues, progress against the 2020/21 and 2021/22 plans and follow up of recommendations from previous audits.
- 21.19.2 Members noted that two audits had been completed since the last meeting:
- **ICT Strategic Planning** (from the 2020/21 plan): reasonable assurance with two important action points
 - **HR Local Compliance – Part Time Visiting Lecturers (PTVLs) and Professional Development Reviews (PDRs)** (from the 2021/22 plan):
 - PTVLs - limited assurance with three important and five routine action points
 - PDRs - reasonable assurance with one important, four routine and three operational action points
- 21.19.3 Members confirmed it was not necessary to invite managers to a future meeting to discuss the HR Local Compliance outcome with the Committee as the Acting University Secretary and Chief Operating Officer and the Vice-Chancellor were present at this meeting.
- 21.19.4 Members discussed the action points from the reports.
- 21.19.5 The Senior Internal Audit Manager responded to queries from a member about postponed completion dates for some action points from earlier reviews.
- 21.19.6 A member suggested that, in addition to reporting where actions have been completed, the assurance report should also highlight where controls have been improved as a result of the action points in internal audit reviews being implemented.

21.20 AUDIT COMMITTEE ANNUAL REPORT

- 21.20.1 Members considered the Audit Committee annual report 2020/21 (Document AUD 211109Ci), which will be updated to reflect discussions at this meeting prior to submission to the Court of Governors. The report includes as an annex the Internal Audit annual report 2020/21 (Document AUD 211109Cii).
- 21.20.2 **AGREED** Members confirmed that the Committee Chair should sign the amended report following consideration by the Court of Governors.

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21.21 COMPLIANCE UPDATE

- 21.21.1 The Acting University Secretary and Chief Operating Officer confirmed there had not been notification of any reportable incidents since the last meeting.

21.22 MINUTES, ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING

- 21.22.1 Members confirmed that the minutes of the Audit Committee meeting held on 14 September 2021 (Document AUD 211109D) are an accurate record.
- 21.22.2 Members received and noted an update on actions from previous meetings (Document AUD 211109E).
- 21.22.3 **Terms of reference and schedule of business (Action 21.3.3.1)** Members noted that discussions with risk owners have been added to the schedule of business, starting in January 2022.
- 21.22.4 **Future meeting dates (Action 21.10.1.1) AGREED** Members confirmed that meetings will start at 4.30pm from January 2022 (with the exception of the November meeting, which starts earlier to accommodate the invitation to Resources Committee members to join for discussion of the annual report and financial statements).
- 21.22.5 **Any other business – pension liability (Action 20.64.1.1)** The Chair confirmed that the Chair, Resources Committee would brief members on the work of the Resources Committee to investigate the University's pension liability later in the meeting.
- 21.22.6 **CUC HE Audit Committees Code of Practice (Minute 20.4.7) AGREED** Members confirmed that they wish to continue to meet privately prior to each meeting of the Committee.

21.23 AUDIT SERVICES EVALUATION

- 21.23.1 The Internal and External Auditors left the meeting and members discussed evaluation forms for both audit services (Document AUD 211109F).

Internal audit services - TIAA

- 21.23.2 Members confirmed they were content or had no further comment except for the late completion of the review of cyber-security.
- 21.23.3 A member reiterated the request that the internal audit service reports to the Committee on the impact of their recommendations in terms of improved internal controls.

External audit services – KPMG

- 21.23.4 In response to queries, the Acting University Secretary and Chief Operating Officer confirmed the length of time KPMG has provided external audit services to the University, the tenure of the current External Audit lead and that the External Audit plan confirms any specific areas of focus each year.

21.24 FUTURE MEETING DATES

Tuesday 25 January 2022 at 4.30pm
Tuesday 22 March 2022 at 4.30pm
Tuesday 14 June 2022 at 4.30pm

21.25 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY

- 21.25.1 **AGREED** Members recommend the updated policy (Document AUD 211109J) to the Court for approval.

21.26 ANY OTHER BUSINESS

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

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21.27 RISK REGISTER UPDATE

- 21.27.1 Members received a report on the outcomes of the periodic review of the Strategic Risk Register (Document AUD 211109K).

21.28 ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

- 21.28.1 Members noted that there has been no action required by the University in response to sector issues identified in internal and external audit client briefings/digests since the last meeting and as a result there is no Document AUD 211109L for this meeting.

21.29 REQUIREMENT TO REPORT EVENTS TO THE OFFICE FOR STUDENTS

- 21.29.1 Members noted the outcomes of the Office for Students' recent consultation on reportable events and that standard reporting requirements recommence on 1 January 2022 (Document AUD 211109M).

21.30 DATA RETURN UPDATE REPORT

- 21.30.1 Members received an update on data submissions to the Office for Students and other bodies (Document AUD 211109N).

[Clerk's note: Resources Committee members joined the meeting at this point]

21.31 ANNOUNCEMENTS

- 21.31.1 The Chair welcomed members of the Resources Committee to the meeting.
- 21.31.2 Members received apologies from Resources Committee members as noted above.
- 21.31.3 No Resources Committee members declared an interest in the business on the agenda.
- 21.31.4 The Chair confirmed there were no requests from Resources Committee members to discuss the starred items relevant to the discussion of the annual report and financial statements (Minutes 21.36 and 21.37).

21.32 EXTERNAL AUDIT YEAR END REPORT 2020/21

- 21.32.1 Fleur Nieboer, External Auditor/Partner at KPMG, presented a draft report (Document AUD 211109G) summarising the key issues identified during the audit of the consolidated financial statements of The University of Westminster and its subsidiaries.
- 21.32.2 Members noted that the report will be finalised over the coming week and reissued for submission to the Court.
- 21.32.3 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.
- 21.32.4 The External Auditor thanked the Director of Finance and his team for their support during the audit, which again took place remotely.
- 21.32.5 The External Auditor confirmed that KPMG has nearly concluded their work around going concern and they have not identified anything that would be a material uncertainty.
- 21.32.6 The External Auditor confirmed the auditors' judgement as outlined in each element of the report.
- 21.32.7 Members congratulated the Director of Finance and his team for the outcomes recorded in the report.
- 21.32.8 Members discussed the report with the External Auditor and the Director of Finance covering matters including revenue recognition and letters of support from the University to subsidiary companies.

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21.32.9 Members discussed the material uncertainty relating to the going concern status of Regent Street Cinema as a result of the ongoing effects of the pandemic and continued trading losses. A member raised a concern that the University needs to ensure that the basis on which the University is supporting the Cinema financially - either the Cinema will provide a profit that supports the University's objects, or its activities are a way of pursuing the University's objects - is reflected in the Cinema's plans.

21.32.10 The Director of Finance thanked the External Auditor and her team for their work on the audit, which was robust and challenging.

21.32.11 **AGREED** Final year-end report to be submitted to the Court of Governors.

21.33 LETTER OF REPRESENTATION TO EXTERNAL AUDITORS AND MANAGEMENT STATEMENT OF ASSURANCE

21.33.1 A member queried why the 'Reliance on internal audit' column in the matrix is blank throughout. The External Auditor explained that information would be provided in that column only if internal audit had reviewed policies or processes relevant to the audit.

21.33.2 The Director of Finance confirmed that the letter of representation (Document AUD 211109H) is in the standard format and informed members that the supporting matrix is produced by University management to provide assurance to the Audit Committee and the Court.

21.33.3 Members noted that the letter will be finalised over the coming week and reissued for submission to the Court.

21.33.4 **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.

21.34 DRAFT ANNUAL REPORT AND FINANCIAL STATEMENTS TO 31 JULY 2021

21.34.1 The Director of Finance presented the final report on accounting policies, judgements and estimates used to prepare the financial statements (Document AUD 211109Iii).

21.34.2 The Director of Finance introduced the draft annual report and financial statements for the year ending 31 July 2021 (Document AUD 211109Ii).

21.34.3 Members noted that the document is subject to minor amendments prior to submission to the Court.

21.34.4 The Director reported that the outcomes are in line with the management accounts for the period and set out a strong financial performance for the year.

21.34.5 On behalf of the committees, the Chair thanked the Director of Finance and colleagues for the financial results and for producing the annual report and financial statements.

21.34.6 The Chair reminded members of both committees of their different responsibilities in respect of the annual report and financial statements.

21.34.7 In response to a member's query, the Director of Finance confirmed that a brochure version of the report will be published on the University website.

21.34.8 In response to members' queries, the Director of Finance and the Vice-Chancellor outlined the main challenges reflected in the financial statements, the major differences between this report and that of the previous year, and how University finances might be impacted by Government policy decisions on Higher Education funding.

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

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

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21.35 ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING (CONTINUED)

- 21.35.1 The Chair, Resources Committee briefed Audit Committee members on the work the Resources Committee has undertaken to investigate the University's pension liabilities.
- 21.35.2 The Director of Finance briefed Audit Committee members on the University's pension arrangements.

21.36 ASSUMPTIONS UNDERPINNING THE UNIVERSITY'S GOING CONCERN STATUS

- 21.36.1 Members received of the assumptions and the associated risk (Document AUD 211109O).

21.37 FINANCIAL COMMENTARY (ANNUAL FINANCIAL RETURN TO THE OFFICE FOR STUDENTS)

- 21.37.1 Members received the five-year financial forecast workbook and commentary (Document AUD 211109P).