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**MINUTES OF THE 132ND MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 15
SEPTEMBER 2020 VIA MICROSOFT TEAMS.**

PRESENT:	M Smith (Chair) Dame K Dunnell J Khan	H Owen Professor F Ross
IN ATTENDANCE:	Dr P Bonfield J Cappock (Company Secretary) Dr S Jarvis (Minute 20.3) K Limn, TIAA (to Minute 20.9)	E McMillan (Clerk) F Nieboer, KPMG (to Minute 20.9) I Wilmot
APOLOGIES:	V Foster D Gibbs, KPMG (attendee)	D Takodra, TIAA (attendee)

20.1 ANNOUNCEMENTS

- 20.1.1 The Chair welcomed members and attendees and welcomed independent (non-governor) committee member Jameela Khan and independent governor Helen Owen to their first meeting.
- 20.1.2 Apologies were received as noted above.
- 20.1.3 Helen Owen declared that she is a full-time employee at an organisation where Jameela Khan is the Interim Chief Financial Officer. The Committee did not consider there to be any conflict in terms of their roles on the Committee.
- 20.1.4 The Chair confirmed there were no requests to discuss starred items or to raise matters other than those on the agenda.

20.2 TERMS OF REFERENCE AND SCHEDULE OF BUSINESS 2020/21

- 20.2.1 The Clerk to the Court of Governors and Head of University Governance ('the Clerk') presented the Committee's terms of reference and membership approved by the Court of Governors in July 2020 and the proposed schedule of business for 2020/21 (Document AUD 200915A).
- 20.2.2 A member queried whether there should be a specific provision in the terms of reference relating to cyber-security and data privacy risk. The Chair explained that these risks are covered under the Committee's responsibility around risk management.
- 20.2.3 In response to a query, the Clerk confirmed that independent (non-governor) members have voting rights as members of the Committee but are not counted for the quorum.
- 20.2.4 **AGREED** Terms of reference and membership adopted as approved by the Court.
- 20.2.5 **AGREED** Members confirmed that activities on the schedule of business 2020/21 fulfil the responsibilities of the Committee as outlined in the terms of reference.

20.3 INTERNAL AUDIT REVIEW OF STUDENT RETENTION - PROGRESS REPORT

- 20.3.1 Deputy Vice-Chancellor (DVC) for Education – Dr Sal Jarvis – presented a report on progress against the recommendations from the recent internal audit review (Document AUD 200915B).
- 20.3.2 Members heard that student retention is embedded in the new Education Strategy and the integrated planning Education Workstream are developing a Student Retention Plan.
- 20.3.3 Members noted updates related to personal tutoring and an update on ongoing work.

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- 20.3.4 The DVC Education responded to members' queries on:
- feedback to students and reinstatement of a 'free text facility' for online tutor notes;
 - retention for students entering through the Clearing process;
 - differing rates of use of the Learner Analytics dashboard between Schools/Colleges; and
 - availability of data on continuation rates and the current position.

20.3.4.1 **ACTION DVC Education** to confirm whether the free-text facility was reinstated by the target date of August 2020.

- 20.3.5 In response to a member's query, the Clerk informed members that work is underway to identify key performance indicators for institutional strategies – such as the Education Strategy – and how performance is reported to the Court of Governors and other committees.

20.3.5.1 **ACTION Clerk** to update members on how the Court will monitor strategic performance.

20.4 INTERNAL AUDIT INTERIM PROGRESS REPORT

- 20.4.1 Head of Internal Audit Kevin Limn (Deputy Managing Director, TIAA) presented the Internal Audit interim progress report (Document AUD 200915C), which covers progress against the 2019/20 plan and summarises the follow up of recommendations from previous audits.

- 20.4.2 The Head of Internal Audit reported that they have issued one final audit report since the last meeting, with two further audits at draft reporting stage and the final audit due to begin later this month.

- 20.4.3 The Head of Internal Audit reported that several actions in response to recommendations are awaiting validation by TIAA and will be reviewed over the coming weeks and there are 19 actions not yet due and 11 overdue.

Review of International Student Recruitment

- 20.4.4 The overall assurance level was Reasonable assurance with six important and seven routine recommendations.
- 20.4.5 Members discussed the level of risk around international student recruitment due to the impact of the coronavirus pandemic (Covid-19). The Director of Finance informed members of the assumptions used when setting the University budget for 2020/21.

20.5 EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

- 20.5.1 External Auditor Fleur Nieboer (Partner at KPMG) presented the External Audit progress report (Document AUD 200915D), which includes a technical update.
- 20.5.2 The External Auditor informed members that work has begun on the end of year audit and initial testing work on transactions through the year has gone well.
- 20.5.3 The External Auditor presented highlights from the technical update noting that US loans audit requirements will be updated from next year and the need to implement additional reporting requirements related to energy and carbon in this year's annual report.
- 20.5.4 Members raised questions about matters in the technical update relating to accounting for the job retention scheme and terms and conditions of funding from the Office for Students (OfS).
- 20.5.5 Members discussed with the External Auditor and the Director of Finance how prepared their teams are for remote audits.

20.6 ANNUAL DATA RETURN SUMMARY REPORT

- 20.6.1 The Clerk presented the new Annual data return summary report (Document AUD 200915E), which is produced in response to a request for assurance from Committee members.

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- 20.6.2 Members welcomed the report, which they considered a helpful overview of this area of the Committee's remit.
- 20.6.3 Members noted that the Director of Strategy, Planning and Performance has operational responsibility for data returns, the University Secretary and Chief Operating Officer (USCOO) has executive oversight and the Vice-Chancellor – as Accountable Officer – is accountable to the OfS.
- 20.6.4 Members requested that the report be presented (updated as necessary) at the first meeting of the Committee of each academic year and that there should be a standing item at each meeting reporting on whether submission deadlines have been met and any issues around the quality of the data or implementation of the data quality processes.

20.6.4.1 **ACTION Clerk** to update the schedule of business.

20.7 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2019/20

- 20.7.1 The Clerk presented the draft Audit Committee annual report (Document AUD 200915F), which will be updated to reflect discussions at this meeting and the November meeting prior to submission to the Court.
- 20.7.2 A new member queried where members can see the actions taken by managers in response to internal audit review recommendations. The Clerk explained that this information is recorded in internal audit review reports; an archive of reports is available to all governors in the Court of Governors online Reading Room via SharePoint.
- 20.7.3 A member requested trend data on the number and level of internal audit recommendations to inform the Committee about improvements in the internal control environment over time. A member suggested that this information would also support the Committee to assess the impact of internal audit on the control environment.

20.7.3.1 **ACTION Internal Auditors** to explore how they can provide further trend analysis to support the Committee.

- 20.7.4 Participants discussed the University's approach to audit, noting that through internal and external audit the University is keen both to identify good practice and to explore thoroughly areas of concern and areas where improvements can be made.

Draft Internal Audit annual report 2019/20

- 20.7.5 The Head of Internal Audit presented the draft Internal Audit annual report (Document AUD 200915G), which is provided to the Court as an appendix to the Committee's annual report.
- 20.7.6 Members noted that TIAA will update the report prior to the November 2020 meeting to reflect the outcomes of the outstanding audits from the 2019/20 work plan.
- 20.7.7 Members discussed the change in OfS requirements for an opinion on value for money but noted that the Committee's terms of reference still include a requirement for the Committee to "*satisfy itself that appropriate arrangements are in place to promote economy, efficiency and effectiveness*". The Internal Auditor confirmed that value for money is considered as part of each internal audit review.

20.7.7.1 **ACTION Head of Internal Audit and Director of Finance** to discuss how to reference value for money in the Internal Audit annual opinion statement.

20.7.7.2 **AGREED** Members confirmed the draft annual report content subject to updates to be added following the November meeting.

20.8 MINUTES FROM THE PREVIOUS MEETING

- 20.8.1 Members confirmed that the minutes of the Audit Committee meeting held on 9 June 2020 (Document AUD 200915H) are an accurate record.

20.9 ACTIONS AND MATTERS ARISING

20.9.1 Members received and noted an update on actions from previous meetings (Document AUD 200915I).

Strategic risk register update

20.9.2 The Clerk presented a report on the outcomes of the third periodic review of the Strategic Risk Register for 2019/20 (Document AUD 200915J), which had not been circulated between meetings due to the need for the University Executive Board to consider and agree the addition of a new risk.

20.9.3 Members discussed whether the impact of Covid-19 on the risk environment should require a review and update of the risk appetite statement.

20.9.4 Members' views differed. Some considered that changes to the risk appetite are necessary. Others considered that the impact is reflected adequately in the scoring and mitigations for individual risks and that, although the risk appetite should always be considered in the context of socio-economic factors and changes in the wider educational sector, it does not need to be updated.

20.9.4.1 **ACTION Clerk** to add a request when the next report is submitted to the Court inviting governors to confirm whether they want to make any changes to the risk appetite in the light of the Covid-19 context.

20.9.5 Members discussed whether there are any new or increased risks relating to data breaches, cyber security, data protection and privacy related to the recent move to a more digital environment. The USCOO confirmed that these risks are adequately recorded and mitigated in existing entries in the Strategic risk register.

20.9.6 Members noted the addition of three new risks relating to the impact of Covid-19.

20.10 POTENTIAL FRAUD, BRIBERY, MONEY-LAUNDERING OR BREACHES OF REGULATIONS

20.10.1 Members noted there had not been notification of any reportable incidents since the last meeting.

20.10.2 The USCOO briefed members on action taken by the University to protect students and colleagues from breaching new Chinese legislation relating to curriculum content. The USCOO informed members that the new law raises issues of academic freedom and that the University's response may put the University at risk of a breach of Competition and Markets Authority guidance.

20.10.2.1 **ACTION Vice-Chancellor** to inform governors of the issue in his next report to the Court.

20.11 EXTERNAL AUDIT SERVICE – DRAFT TENDER DOCUMENTATION

[redacted]

20.12 ANY OTHER BUSINESS

20.12.1 Members did not raise any other matters for discussion.

20.13 SUMMARY OF ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

20.13.1 Members received an updated summary table of the University's response to the sector issues the University has been advised of by the internal and external auditors (Document AUD 200915L).

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20.14 DATES OF FUTURE MEETINGS

Thursday 12 November 2020 at 3.00pm¹

Tuesday 26 January 2021 at 3.30pm

Tuesday 23 March 2021 at 3.30pm

Tuesday 15 June 2021 at 3.30pm

¹ Earlier start time - followed by joint meeting with Finance and Property Committee at 4.30pm