

**APPROVED**

**MINUTES OF THE 145<sup>th</sup> MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 21 MARCH 2023 VIA MICROSOFT TEAMS.**

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PRESENT:	C Morgan (Chair) J Khan	Professor F Ross (Deputy Chair) D Stanton
IN ATTENDANCE:	O Adetona (from Minute 22.45) D Gibbs, KPMG (from Minute 22.45) C Hinge (Minute 22.48)	E McMillan, Clerk to the Court C Mpofu, TIAA (from Minute 22.45) D Takodra, TIAA (from Minute 22.45)
APOLOGIES:	J Cappock, Company Secretary (attendee) F Nieboer, KPMG (attendee)	I Wilmot (attendee)

**22.44 PRIVATE MEETING OF MEMBERS**

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

**22.45 ANNOUNCEMENTS**

22.45.1 The Chair welcomed members and attendees, including Oyin Adetona, Deputy Director of Finance who attended on behalf of Ian Wilmot, Director of Finance.

22.45.2 Members noted apologies for the meeting as recorded above.

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

22.45.4 The Chair informed members that there was a query to raise about starred item 12.0 Action in response to sector issues identified by auditors (see Minute 22.52).

22.45.5 The Chair confirmed there were no requests from members to discuss matters not already on the meeting agenda.

**22.46 MINUTES, ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING**

22.46.1 Members confirmed that the minutes of the Audit Committee meeting held on 24 January 2023 (Document AUD 230321A) are an accurate record.

22.46.2 Members received and noted an update on actions from previous meetings (Document AUD 230321B).

22.46.3 **Internal Audit Summary Internal Controls Assurance (SICA) report (Action 22.34.5.1):** Members received information from the Director of Information Systems and Support about the measures to combat against cyber-attack by email between meetings.

22.46.4 **Internal Audit SICA report (Action 22.34.11.1):** Members noted that the Head of Internal Audit included the summary of key points from TIAA's external quality assessment review report in an appendix to the report submitted to this meeting (see Document AUD 230321E).

22.46.5 **Internal Audit services tender approach (Actions 22.39.4.1 and 22.39.4.2):** [\[redacted\]](#)

22.46.6 **Financial statements in US accounting format (Action 22.37.9.1):** Members noted that the final version of the financial statements is available in the papers for the Court of Governors meeting on 15 March 2023.

**22.47 RISK REGISTER UPDATE**

- 22.47.1 The Clerk to the Court of Governors and Head of University Governance informed members that the University Executive Board (UEB) participated in a workshop facilitated by TIAA on 20 February 2023 to review the Strategic Risk Register.
- 22.47.2 The Clerk to the Court explained that UEB members had decided to identify and define a smaller number of priority risks for the 2029 Strategic Risk Register rather than carrying forward updated risks from the 2023 Register. Members noted that this change in approach had caused a further delay in submission of the 2029 Register to the Committee.
- 22.47.3 A member welcomed the revised approach, noting that it appeared to follow some integrated risk management principles as it allowed UEB members to consider crossovers and interrelationships between risk areas.
- 22.47.4 In response to a member's query, the Clerk to the Court confirmed that the advert for the Risk and Resilience Manager post was currently live and would close on 3 April 2023.
- 22.47.5 Dean Gibbs, Director at KPMG/External Auditor advised members to revisit the escalation mechanism between different layers of risks when the 2029 Register is more embedded. The External Auditor also commented that because the Court would see less risks they would need to be assured that they do have oversight of the priority risk areas – whether that is an individual risk or a cluster of more minor risks.

**22.48 STRATEGIC RISK DISCUSSION – ENABLER 2: PHYSICAL ENVIRONMENT**

- 22.48.1 Chris Hinge, Director of Estates Planning and Services (EPS) presented an overview of the level of risk relating to this strategic enabler and how those risks are being managed (Document AUD 230321C).
- 22.48.2 The Director of EPS briefed members on two areas of risk that he intended to propose to the Acting University Secretary and Chief Operating Officer (USCOO) for inclusion in the 2029 Strategic Risk Register covering both estate development and maintenance. The Director also highlighted health and safety risks relating to the physical estate.
- 22.48.3 In response to a member's query, the Director of EPS confirmed that five-year modelling indicated that the estate could accommodate the potential rise in student numbers; however, it would require change in how the University uses the estate (e.g., more flexible and innovative office environments to generate surplus space for educational activities) supported by the timetabling process.
- 22.48.4 In response to a member's query about how the physical environment relates to the digital environment and how this may change in the future, the Director of EPS confirmed that he is working closely with the Deputy Vice-Chancellor (Education) and the Head of the Centre for Education and Teaching Innovation to develop the Estates Strategy and that a peer design review is about to take place.
- 22.48.5 Members comments also included the need to focus on sustainability in the new Estates Strategy, for more specificity in targets and risk mitigations, and logging preventive health and safety activities.
- 22.48.6 The Senior Internal Audit Manager noted that flushing infrequently used outlets was a recommendation in a recent internal audit review and action taken in response will be covered in the Internal Auditors follow up work and reported to the Committee. A member expressed surprise this recommendation was rated amber given the possible consequences of a legionella outbreak and commented that an important risk mitigation is training and development and raising awareness of what could happen if such preventive actions are not completed.

## 22.49 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT

22.49.1 The Senior Internal Audit Manager presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 230321D). 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.

22.49.2 **Risk management:** Members noted the internal auditor's opinion was reasonable assurance with three important and four routine action points identified.

22.49.3 **Compliance review of UUK Accommodation Code of Practice for the Management of Student Housing:** Members noted the internal auditor's opinion that the University was compliant in most areas with one important and one routine action point identified.

22.49.4 **Core finance:** Members noted the internal auditor's opinion was substantial assurance with one routine action point and one operational enhancement identified. The Chair congratulated the Deputy Director of Finance and the Finance team for this outcome.

22.49.5 Members revisited the earlier discussion relating to formalising the process of flushing infrequently used outlets through logging on the Estates task system. The Senior Internal Audit Manager informed members that through documentation and site visits the audit team were assured that the task was taking place and the risk of legionella is low.

In response to the point made about training and awareness raising, the Senior Internal Audit Manager informed members that an internal audit of health and safety arrangements is in the cyclical plan for 2023/24 and will look at the programme of health and safety audit and training.

The Chair asked the Internal Auditors, through their follow up work, to push for the deadline for completion of the recommended action to be met.

## 22.50 EXTERNAL AUDIT PROGRESS AND BENCHMARKING REPORT

22.50.1 The External Auditor presented a summary of updates from the sector (Document AUD 230321E).

22.50.2 The External Auditor briefed members on the impact of changes to auditing standards on KPMG's work in preparation for the audit of the 2023 financial statements.

22.50.3 In response to a member's query about whether there are areas that the Committee would need to examine in more detail due to the new auditing standards, the External Auditor suggested that the Committee may wish to consider an assessment of fraud risk to supplement the exception reporting at each meeting.

22.50.3.1 **ACTION Committee Chair** to consider whether to introduce a fraud risk assessment as a 'deep dive' topic for a future meeting.

22.50.4 The Chair reported on discussions at a recent event about the Department for Business, Energy and Industrial Strategy (BEIS) corporate governance proposals and noted that the Government may, in principle, expect universities to adopt the recommendations. The Chair asked the internal auditors to inform the Committee if they saw other institutions adopting assurance maps, which are one of the BEIS recommendations.

22.50.5 Members discussed with the External Auditor the University's response to cyber-security risk and noted the importance of being able to mitigate the impact of any cyber-security attack. The External Auditor noted that there has been ongoing assurance through this Committee on cyber-security controls.

22.50.5.1 **ACTION External Auditor** to identify whether there are any resources or examples of additional controls/mitigations that could be made available to the Committee.

## 22.51 COMPLIANCE UPDATE

22.51.1 The Clerk to the Court informed members of one injury since the last meeting that was subject to a referral to the Health and Safety Executive.

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### 22.52 ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

22.52.1 Members received an update on actions taken by the University in response to the sector issues identified in internal and external audit client briefings/digests (Document AUD 230321F).

22.52.2 A member queried the statement in the report that “*the University does actively monitor social media for Colleagues and staff activity*”.

22.52.2.1 **ACTION Clerk to the Court** to check with the Director of Finance whether this statement is accurate or an error.

### 22.53 DATA RETURN UPDATE REPORT

22.53.1 Members received an update on data submissions to the Office for Students and other bodies (Document AUD 230321G).

### 22.54 FUTURE MEETING DATES

22.54.1 Meetings take place via Microsoft Teams<sup>1</sup> and start at 4.30pm for members only with attendees joining at 4.40pm.

Tuesday 13 June 2023

Tuesday 12 September 2023

Tuesday 14 November 2023 at 3.00pm<sup>2</sup>

Tuesday 23 January 2024

Tuesday 19 March 2024

Tuesday 18 June 2024

### 22.55 ANY OTHER BUSINESS

22.55.1 The Chair informed members that she attended an event arranged by AdvanceHE for Audit Committee Chairs where amongst other topics participants discussed Audit Committee membership and the remit of Audit Committees in auditing academic procedures and processes.

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<sup>1</sup> Space onsite can be arranged through the Clerk to the Court for governors/committee members who need somewhere private to join a meeting

<sup>2</sup> Members of Resources Committee are invited to this meeting from 4.30pm for discussion of the annual report and financial statements