

**APPROVED**

**MINUTES OF THE 135<sup>TH</sup> MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 23 MARCH 2021 VIA MICROSOFT TEAMS.**

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PRESENT:	Professor F Ross (Deputy Chair) Dame K Dunnell V Foster	J Khan H Owen
IN ATTENDANCE:	J Cappock (Company Secretary) (from Minute 20.31.5) D Gibbs, KPMG E McMillan (Clerk to the Court)	D Takodra, TIAA I Wilmot
APOLOGIES:	C Mpofu, TIAA F Nieboer, KPMG	M Smith (Chair)

**20.42 PRIVATE MEETING OF MEMBERS**

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

**20.43 ANNOUNCEMENTS**

- 20.43.1 The Deputy Chair welcomed members and attendees.
- 20.43.2 Members received apologies as noted above and noted that John Cappock, University Secretary and Chief Operating Officer (USCOO) would join the meeting late.
- 20.43.3 Members did not declare any interests.
- 20.43.4 The Chair confirmed that there were no requests to discuss starred items or to raise matters other than those on the agenda.

**20.44 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT**

- 20.44.1 Dakshita Takodra, Senior Internal Audit Manager for TIAA, presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 210323A). The report includes an update on emerging governance, risk and internal control related issues, progress against the 2020/21 plan and follow up of recommendations from previous audits.
- 20.44.2 Members noted that three audits had been completed since the last meeting.
- 20.44.3 Members praised the format of the report.
- 20.44.4 **HR management:** The overall assurance level was Reasonable Assurance with two important, four routine and two operational action points.
- 20.44.5 Members discussed the recommended actions with the Senior Internal Audit Manager. Discussion topics included:
  - balance between central and local responsibilities for HR practices and processes
  - lack of engagement with the automated HR system
  - reporting and monitoring on completion of professional development reviews

**20.44.5.1 ACTION USCOO** to ask managers to consider how they can improve employee uptake of annual

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leave and ensure leave is entered on the central HR system.

20.44.5.2 **ACTION USCOO** to work with the Director of Human Resources and Safety, Health and Wellbeing to identify other strategies to improve engagement.

20.44.6 **Curriculum management:** The overall assurance level was Substantial Assurance with no action points.

20.44.7 **Financial reporting and budgetary control:** The overall assurance level was Substantial Assurance with one routine action point.

20.44.8 The Senior Internal Audit Manager updated members on progress in completing actions from the internal audit review of marketing and communications.

### 20.45 EXTERNAL AUDIT PROGRESS AND BENCHMARKING REPORT

20.45.1 Dean Gibbs, Director with KPMG, presented an update on progress in the external audit (Document AUD 210323B).

20.45.2 The Director confirmed that work has started on assurance on the University's processing of US student loan funding and informed members that the US Education department has extended the submission deadline to July 2021.

20.45.3 The Director presented a benchmarking report on HEI strategic risk registers.

20.45.4 The Director noted that the University's risk register is comprehensive and suggested that the number of risks could make governor scrutiny and identification of the critical strategic risks more difficult.

20.45.5 Members noted that cyber-security is an increasing area of risk for the sector.

20.45.6 Members discussed the identification of pensions deficit as a sector risk and noted that the Resources Committee is exploring this issue.

20.45.7 Members highlighted the list of sector challenges as a particularly useful part of the report.

20.45.7.1 **ACTION Clerk to the Court** to publish the report for all governors.

20.45.8 In response to a member's query, the Director of Finance confirmed that sustainability matters such as Government proposals on HE funding are considered and reflected in the five-year financial forecast.

### 20.46 RISK MANAGEMENT

#### Strategic risk register update

20.46.1 The Clerk to the Court presented a report on the outcomes of the second periodic review of the Strategic Risk Register for 2020/21 (Document AUD 210323C), which had been agreed by the University Executive Board (UEB).

20.46.2 The Clerk to the Court informed members of a new risk added to the register by UEB at their meeting earlier that day.

20.46.3 Members noted that the review report and register will be submitted to the Court of Governors meeting on 26 May 2021.

20.46.3.1 **ACTION Clerk to the Court** to add the individual risk worksheets to the Appendix prior to submission to the Court.

20.46.4 Members commented that the risk register is detailed and therefore difficult to read in pdf format.

20.46.4.1 **ACTION Clerk to the Court** to provide the risk register in Excel format for future submissions.

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- 20.46.5 The Clerk to the Court confirmed that she will ask UEB to consider the KPMG Director's suggestion of streamlining or prioritising the strategic risk register at the next review point.

### **Review of the University's risk appetite framework**

- 20.46.6 Members discussed comments on the framework submitted by members in advance of the meeting (Document AUD 210323D).
- 20.46.7 The USCOO informed members that the strategic key performance indicators will be discussed at the strategy review workshop for UEB and the Court on 29 June 2021 and noted that those discussions should inform the Court's risk appetite.
- 20.46.8 Members supported proposals to change the risk appetite for Digital Environment from Cautious risk to Open to risks.
- 20.46.9 Members discussed proposed changes to the risk appetite for the International objective. It was suggested that more information about where the University operates, its international exposure what the perceived risks are and how the University is managing those risks may help the Court to set the risk appetite for this strategic area.
- 20.46.10 The KPMG Director proposed two uses for the risk appetite framework: 1) to provide a steer on whether the University is managing existing risks to the right level; 2) to help with setting strategy and forward planning. The Senior Internal Audit Manager added that risk appetite is set for each strategic area; however, not every risk within each area will accord with the risk appetite as it relates only to the forward-looking element.
- 20.46.11 **AGREED** Members postponed any proposals to change the risk appetite framework as they considered that risk appetite should be considered through wider consultation with other members of the Court and UEB to reach a collective view.
- 20.46.11.1 **ACTION Clerk to the Court** to write a report of the discussion at this meeting for the record.
- 20.46.11.2 **ACTION Clerk to the Court, Chair to the Court and USCOO** to decide on how to reach a collective view on the risk appetite.
- 20.46.11.3 **ACTION Clerk to the Court** to reflect on discussions and present an updated framework to the Committee in September for agreement and recommendation to the Court.

### **20.47 CUC HE AUDIT COMMITTEES CODE OF PRACTICE**

- 20.47.1 The Clerk to the Court presented recommendations for compliance with the Code of Practice (Document AUD 210323E).
- 20.47.2 Members discussed the recommendation that independent committee members should have access to Court papers and considered that independent members must sign a non-disclosure agreement prior to receipt of Court papers. Members considered this necessary for independent committee members only as governors (as directors of the company) have a legal duty to act in the best interests of the company.
- 20.47.3 **AGREED** Members confirmed support for all recommendations, subject to the addition of the non-disclosure agreement for independent committee members discussed above.
- 20.47.4 **AGREED** Members recommend to the Court that the University adopts the CUC HE Audit Committees Code of Practice.

### **20.48 ACCESS AND PARTICIPATION PLAN MONITORING RETURN**

- 20.48.1 **RESOLVED** Members delegate authority to the Chair, Audit Committee to approve the Access and Participation Plan monitoring return for submission to the Office for Students (OfS).

### **20.49 COMPLIANCE UPDATE**

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

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### 20.50 MINUTES, ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING

- 20.50.1 Members confirmed that the minutes of the Audit Committee meeting held on 26 January 2021 (Document AUD 210323F) are an accurate record.
- 20.50.2 Members received and noted an update on actions from previous meetings (Document AUD 210323G).
- 20.50.3 **TRAC annual return 2019/20 (Minute 20.31) RATIFIED** Members confirmed the decision taken by the Chair, Audit Committee between meetings to approve a final adjustment to the TRAC return. Members noted that the adjustment was required on completion of the validation checks with the OfS and that the Clerk to the Court notified members of this decision by email on 8 February 2021.
- 20.50.4 **TRAC annual return 2019/20 (Action 20.31.6.1) AGREED** Members considered the TRAC report too operational for a discussion at the Court and instead requested a progress report from colleagues looking into research costing for submission to be submitted to the Audit Committee alongside the next TRAC return report.
- 20.50.5 **Strategic risk register update (Action 20.32.2.1)** Members noted that the Clerk to the Court corrected the register prior to submission to the Court.

### 20.51 ANY OTHER BUSINESS

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

### 20.52 SUMMARY OF ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

- 20.52.1 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 210323H).

### 20.53 DATA RETURN UPATE REPORT

- 20.53.1 Members received an update on data submissions to the OfS and other bodies (Document AUD 210323I).
- 20.53.2 Members noted that all submissions due since the last meeting had been submitted on time with no issues identified.
- 20.53.3 Members received a copy of the annual financial return submitted to the OfS.

### 20.54 DATES OF FUTURE MEETINGS

Tuesday 15 June 2021 at 3.30pm  
Tuesday 14 September 2021 at 3.30pm  
Tuesday 9 November 2021 at 3.00pm<sup>1</sup>  
Tuesday 25 January 2022 at 3.30pm  
Tuesday 22 March 2022 at 3.30pm  
Tuesday 14 June 2022 at 3.30pm

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<sup>1</sup> Members of Resources Committee are invited to this meeting from 4.30pm for discussion of the annual report and financial statements