

APPROVED

MINUTES OF THE 144th MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 24 JANUARY 2023 IN ROOM RS109, 309 REGENT STREET AND VIA MICROSOFT TEAMS.

PRESENT:	C Morgan (Chair) J Khan	Professor F Ross (Deputy Chair) D Stanton
IN ATTENDANCE:	O Adetona, Observer (from Minute 22.30) P Bonfield (Minutes 22.32 and 22.33) D Gibbs, KPMG (from Minute 22.30 to 22.38) M Kirkup (Minute 22.33) E McMillan, Clerk to the Court	C Mpofu, TIAA (from Minute 22.30 to 22.38) G Rubin (Minute 22.35) D Takodra, TIAA (from Minute 22.30 to 22.37) I Wilmot (from Minute 22.30)
APOLOGIES:	J Cappock, Company Secretary (attendee)	F Nieboer, KPMG (attendee)

22.29 PRIVATE MEETING OF MEMBERS

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

22.30 ANNOUNCEMENTS

22.30.1 The Chair welcomed members and attendees, including observer Oyin Adetona, Deputy Director of Finance.

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

22.30.3 Members noted apologies for the meeting as recorded above.

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

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

22.31 MINUTES, ACTIONS AND MATTERS ARISING FROM THE PREVIOUS MEETING

22.31.1 Members confirmed that the minutes of the Audit Committee meeting held on 8 November 2022 (Document AUD 230124C) are an accurate record.

22.31.2 Members noted that the Clerk to the Court of Governors will provide an extract from the minutes covering consideration of the annual report and financial statements to the Resources Committee.

22.31.3 Members received and noted an update on actions from previous meetings (Document AUD 230124D).

22.32 STRATEGIC RISK DISCUSSION – OUTCOME 1: REPUTATION

22.32.1 Dr Peter Bonfield, Vice-Chancellor, and Ian Wilmot, Acting USCOO, presented an overview of the level of risk relating to this strategic outcome and how those risks are being managed (Document AUD 230124A).

22.32.2 Dakshita Takodra, Senior Internal Audit Manager for TIAA reported that recent internal audits of Workforce Planning (EDI) and Student Retention will contribute to the internal auditors' opinion on management of reputational risk relating to colleagues and students.

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- 22.32.3 The Vice-Chancellor commented that managing reputational risk is multi-dimensional and is an everyday activity.
- 22.32.4 In response to a member's query, the Vice-Chancellor explained that, following a successful performance in the recent REF (Research Excellence Framework) exercise, potential reputational risk relating to research is likely to be linked to ethics rather than quality, and confirmed that the University Research Ethics Committee is operating effectively. A member suggested that there is also a potential risk of not securing research income in a competitive environment.
- 22.32.5 A member queried whether the impact rating for a reputational risk was correct in view of public concerns on the topic and past incidents affecting the University. The Vice-Chancellor responded that compared to other matters the rating of Moderate impact was correct; however, the University remains mindful of potential incidents.
- 22.32.6 A member queried whether the impact rating for a reputational risk was correct given the lower levels of COVID-19 infection generally. The Vice-Chancellor responded that he would review the rating and amend if appropriate.
- 22.32.7 A member commented that there is a lot of media discussion of overreliance on Chinese students in UK higher education and the Vice-Chancellor confirmed that the University's exposure to this area of risk, e.g., financially, is lower than many other institutions.
- 22.32.8 Dean Gibbs, External Auditor/Director at KPMG informed members that reputational risk is often linked to regulatory and legal compliance, and that increasingly KPMG are seeing universities establishing more formalised and structured governance arrangements around compliance with such requirements.

22.33 STRATEGIC RISK DISCUSSION – ENABLER 1: PEOPLE, CULTURE AND INCLUSION

- 22.33.1 Professor Malcolm Kirkup, Pro Vice-Chancellor (PVC) for People and Culture, and the Vice-Chancellor presented an overview of the level of risk relating to this strategic enabler and how those risks are being managed (Document AUD 230124B).
- 22.33.2 The Senior Internal Audit Manager reported that this is a theme picked up in several internal audits, including the recent Workforce Planning (EDI) audit and reviews of Part-Time Visiting Lecturers and Human Resources in 2021/22.
- 22.33.3 The External Auditor reported that they consider specific elements of the organisational culture as part of their understanding and entity level work and noted that some of their reflections in this area were very positive.
- 22.33.4 A member commended the PVC (People and Culture) and the Vice-Chancellor for the holistic approach to culture, commenting that it is the outcomes that will confirm whether the approach has been successful and so outcomes should be monitored closely.
- 22.33.5 The Vice-Chancellor answered members' queries on academic performance of white working-class boys and the University's performance in relation to social mobility. The Senior Internal Audit Manager noted that social mobility was raised in interviews for their recent audit of the Student Voice.

22.34 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT

- 22.34.1 The Senior Internal Audit Manager presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 230124E). 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.
- 22.34.2 The Senior Internal Audit Manager informed members that in response to a request from the Committee at an earlier meeting TIAA has agreed with the Acting USCOO that they will commence follow up earlier so that any issues with management responses or delays can be escalated to the Director of Finance, and then to the Committee Chair if required. This could lead to auditees/contact leads being asked to provide additional information or to meet with the Chair

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at the Committee pre-meeting if appropriate. Members confirmed they were content with this approach.

- 22.34.3 Members discussed with TIAA delays to implementing some recommendations from the Cyber-security review. Members noted that:
- the outstanding recommendations related to lower rated risk areas;
 - the issue of responsibility for the Information Asset Register straddling two areas has been resolved and a new delivery date agreed; and
 - plans are in place to conduct the network segmentation exercise, with milestones provided to TIAA that can be monitored and ensure completion.
- 22.34.4 The Acting USCOO confirmed that he is confident the revised deadlines can be met.
- 22.34.5 A member queried whether the University had modelled their response to a specific type of cyber-security attack. The Acting USCOO confirmed that the University commissions an external organisation to monitor our systems constantly and identify potential attacks of all types.
- 22.34.5.1 **ACTION Acting USCOO** to confirm with the Director of ISS whether the cyber-security attack raised by the member has been considered and what protections are in place.
- 22.34.6 **ICT project management:** Members noted the internal auditor's opinion was reasonable assurance with two important action points identified.
- 22.34.7 **Workforce Planning (EDI):** Members noted the internal auditor's opinion was reasonable assurance with two important and three routine action points, and two operational enhancements identified.
- 22.34.8 Members discussed with the internal auditors the barriers that may prevent colleagues from disclosing disabilities on application and/or when in post.
- 22.34.8.1 **ACTION HR Deputy Director** to confirm what action is being taken to increase disclosures from colleagues with disabilities.
- 22.34.9 A member noted that colleagues should not be constrained by the introduction of checklists and queried what is known about the impact of EDI initiatives such as this.
- 22.34.9.1 **ACTION Members** to consider the management response to recommendations about embedding EDI when the internal auditors have completed their follow-up work.
- 22.34.10 Members noted that the report on the review of Student Accommodation has been postponed to the next meeting and that all other audit reviews are progressing according to the audit plan.
- 22.34.11 Clarence Mpofo, Head of Internal Audit informed the Committee that TIAA had received a positive report from their external quality assessment review, which takes place every 5 years.
- 22.34.11.1 **ACTION Head of Internal Audit** to submit a summary of the key points from the report to the next meeting.
- 22.35 TRAC RETURN 2021/22**
- 22.35.1 The Deputy Director of Finance and the TRAC Business Partner (Grant Rubin) presented the annual TRAC return (Document AUD 230124F).
- 22.35.2 The Deputy Director of Finance reported that the team has taken all possible steps to ensure compliance with the Office for Students (OfS) guidance.
- 22.35.3 Members discussed the time and resources required to produce the return and how it could be used beyond compliance with OfS requirements.
- 22.35.4 The Director of Finance and other members of the Committee thanked the Finance team for their work to produce the return.

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- 22.35.5 The Director of Finance answered a member's query about the approach to surplus/deficit for non-publicly funded teaching and publicly funded teaching.
- 22.35.6 **APPROVED** Members confirmed that the TRAC return could be submitted to the Accountable Officer (the Vice-Chancellor) for sign-off and onward submission to the OfS.

22.36 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY AND PROCEDURE

- 22.36.1 The Clerk to the Court of Governors presented the updated policy and procedure (Document AUD 230124G).
- 22.36.2 **AGREED** In response to a member's query, members confirmed that the Court of Governors did not need to designate a governor as their Whistleblowing Champion as the Audit Committee has oversight of the implementation of the policy and the Clerk to the Court was not aware of any instances of detrimental treatment of whistleblowers.
- 22.36.3 Members discussed whether to explicitly reference malpractice in relation to protected characteristics.
- 22.36.3.1 **ACTION** Clerk to the Court to include a reference to this type of malpractice in guidance for Designated Officers.
- 22.36.4 **AGREED** Members recommend the updated policy and procedure to the Court for approval.

22.37 FINANCIAL STATEMENTS IN US ACCOUNTING FORMAT

- 22.37.1 The Director of Finance presented the financial statements in US GAAP format (Document AUD 230124H).
- 22.37.2 The Director of Finance confirmed that the statements are required for submission to the US Department of Education only and will not be submitted to Companies House or the OfS.
- 22.37.3 Dean Gibbs, KPMG Director and External Auditor presented a report summarising KPMGs audit work on the US GAAP accounts for the year ending 31 July 2022 (Document AUD 230124L).
- 22.37.4 Members noted that there are four main areas where the US GAAP accounts differ from the UK GAAP:
- Pensions
 - Deferred capital grants
 - Properties held at cost
 - Classification of investments
- 22.37.5 The External Auditor reported that KPMG expect to issue an unqualified opinion on the US GAAP accounts. He also reassured members that the material control weakness included in the report and the audit opinion should not give the Committee concern as the US GAAP accounts are produced rarely and it is not part of the University's core financial processing.
- 22.37.6 The Director of Finance confirmed that the Finance team will roll forward the US GAAP version of the books and records each year to support the triennial process of producing the accounts in this format.
- 22.37.7 The Committee thanked the Finance team for the work they had contributed to produce the accounts in a short period of time.
- 22.37.8 Members received the management representation letter for the US GAAP format accounts (Document AUD 230124M).
- 22.37.9 **APPROVED** Members confirmed that they were assured that due process had been followed and that, on conclusion of the audit work, the financial statements can be submitted to the US Department of Education.
- 22.37.9.1 **ACTION** Director of Finance to submit a copy of the final financial statements to the Committee

for the record.

22.38 COMPLIANCE UPDATE

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

22.39 INTERNAL AUDIT SERVICES TENDER APPROACH

22.39.1 [Redacted]

22.39.2 [Redacted]

22.39.3 [Redacted]

22.39.4 [Redacted]

22.39.4.1 [Redacted]

22.39.4.2 [Redacted]

22.40 ACTION IN RESPONSE TO SECTOR ISSUES IDENTIFIED BY AUDITORS

22.40.1 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 230124J).

22.41 DATA RETURN UPDATE REPORT

22.41.1 Members received an update on data submissions to the Office for Students and other bodies (Document AUD 230124K).

22.42 FUTURE MEETING DATES

22.42.1 Meetings take place via Microsoft Teams¹ and start at 4.30pm for members only with attendees joining at 4.40pm.

Tuesday 21 March 2023

Tuesday 13 June 2023

Tuesday 12 September 2023

Tuesday 14 November 2023 at 3.00pm²

Tuesday 23 January 2024

Tuesday 19 March 2024

Tuesday 18 June 2024

22.43 ANY OTHER BUSINESS

22.43.1 Members did not raise any other matters for discussion.

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

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