

**APPROVED**

**MINUTES OF THE 134<sup>TH</sup> MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY 26 JANUARY 2021 VIA MICROSOFT TEAMS.**

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**PRESENT:** M Smith (Chair) J Khan  
 Dame K Dunnell H Owen  
 V Foster Professor F Ross

**IN ATTENDANCE:** O Adetona (Minute 20.31) L Pacekajute (Observer)  
 J Cappock (Company Secretary) G Rubin (Minute 20.31)  
 D Gibbs, KPMG D Takodra, TIAA  
 E McMillan (Clerk to the Court) I Wilmot  
 C Mpofu, TIAA

**ABSENT:** F Nieboer, KPMG

**20.29 ANNOUNCEMENTS**

- 20.29.1 The Chair welcomed members and attendees and noted that Clarence Mpofu of TIAA joins the Committee as a regular attendee in place of Kevin Limn.
- 20.29.2 Members received apologies as noted above.
- 20.29.3 Members did not declare any new interests.
- 20.29.4 The Chair confirmed that there would be a discussion of one of the starred items – the Public interest disclosure (whistleblowing) policy (see Minutes 20.30.5 and 20.37).
- 20.29.5 The Chair confirmed that there were no requests to raise matters other than those on the agenda.

**20.30 INTERNAL AUDIT SUMMARY INTERNAL CONTROLS ASSURANCE REPORT**

- 20.30.1 Dakshita Takodra, Senior Internal Audit Manager for TIAA, presented the Internal Audit Summary Internal Controls Assurance (SICA) report (Document AUD 210126A). 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.
- 20.30.2 Members noted that two audits had been completed since the last meeting.
- 20.30.3 In response to a member's query, the University Secretary and Chief Operating Officer (USCOO) provided an update on changes in the Marketing and Communications department that will enable accelerated progress on recommendations from the 2018/19 review.
- Fraud risk assessment**
- 20.30.4 The risk assessment concluded a risk rating of high for two areas and moderate for three areas and recommended actions relating to controls in each area of risk.
- 20.30.5 Members discussed the recommended actions with the Senior Internal Audit Manager and the Director of Finance.
- Risk management**
- 20.30.6 The overall assurance level was Reasonable assurance with three important and one routine recommendations.

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### 20.31 TRAC ANNUAL RETURN 2019/20

- 20.31.1 The Chair welcomed to the meeting Oyin Adetona and Grant Rubin from the Financial Planning and Analysis team.
- 20.31.2 The Director of Finance introduced the 2019/20 Annual TRAC Return and report on the assertions of the TRAC Steering Group (Document AUD 210126B), confirming compliance with the TRAC guidance from the Office for Students (OfS)<sup>1</sup>.
- 20.31.3 The Director of Finance explained that the University does not use the TRAC return as a management tool (although other institutions do); however, it provides the basis for two key costs included in research bids – estates costs and indirect costs.
- 20.31.4 Grant Rubin, Business Partner, briefed members on the content of the TRAC return and, with the Director of Finance, answered members questions on queries raised by the OfS on previous years' returns, calculation of the TRAC surplus/deficit, and the impact of the COVID-19 pandemic on non-commercial (donations).
- 20.31.5 Members noted that the return is based on historic, audited financial information.
- 20.31.6 Members discussed whether there would be benefit in the Resources Committee or the Court of Governors considering a high-level analysis of the return to inform strategic planning.
- 20.31.6.1 **ACTION Clerk to the Court** to ask the Chair of the Court to consider a discussion of the report outcomes at the Court.
- 20.31.7 **APPROVED** Members confirmed the return for signing by the Vice-Chancellor (the Accountable Officer) and submission to the OfS<sup>2</sup>.
- 20.31.8 The Committee thanked the Financial Planning and Analysis team for their work on the report.

### 20.32 COMPLIANCE UPDATE

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

### 20.33 CUC HE AUDIT COMMITTEES CODE OF PRACTICE

- 20.33.1 The Clerk to the Court presented a report on compliance with the Code of Practice, published in May 2020 (Document AUD 210126C).
- 20.33.2 Members welcomed the report, noted areas of full compliance and discussed potential actions to enhance practice or address areas of partial compliance.
- 20.33.3 The Clerk to the Court confirmed that compliance with the Code of Practice is voluntary and that, if adopted by the University, a statement could be added to that effect in the Annual report and financial statements.
- 20.33.3.1 **ACTION Clerk to the Court** to reflect on the discussions at the meeting and submit recommendations to the next meeting.

### 20.34 MINUTES FROM THE PREVIOUS MEETING

- 20.34.1 Members confirmed that the minutes of the Audit Committee meeting held on 12 November 2020 (Document AUD 210126D) are an accurate record.

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<sup>1</sup> ['The Transparent Approach to Costing for UK higher education institutions' version 2.5 published July 2020 \(revised September 2020\)](#)

<sup>2</sup> **Post-meeting note:** Validation checks with the OfS were completed after the meeting and resulted in a final adjustment to the MSI calculation. The Chair, Audit Committee approved the adjustment on behalf of the Committee prior to the Accountable Officer signing the return.

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- 20.34.2 Members confirmed that the minutes of the joint meeting with the Resources Committee meeting held on 12 November 2020 (Document AUD 210126E) are an accurate record, noting that the minutes are subject to agreement by the Resources Committee.

### 20.35 ACTIONS AND MATTERS ARISING

- 20.35.1 Members received and noted an update on actions from previous meetings (Document AUD 210126F).
- 20.35.2 **Audit Committee annual report (Action 20.17.3.1)** Members noted that the Clerk to the Court included reference in the report to the Committee's scrutiny of the impact of the coronavirus pandemic (Covid-19) on revenue and operations as requested.
- 20.35.3 **Strategic risk register update (Action 20.20.2.1)** Members noted that the Clerk to the Court corrected the register prior to submission to the Court.
- 20.35.4 **Draft annual report and financial statements (Joint Meeting Actions 4.2.1 and 4.2.2)** Members noted that the Director of Finance made minor corrections to the report prior to submission to the Court and included in the Background section of the cover sheet a note of changes made since the submission to the joint meeting.
- 20.35.5 **Strategic risk register update (Action 20.9.4.1)** **AGREED** The risk appetite statement will be reviewed at the June meeting and then annually.
- 20.35.6 **Compliance with ongoing regulatory concerns (Action 19.50.4.1)** Members noted that the Court received this new report on 25 November 2020.

### 20.36 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY UPDATE

- 20.36.1 Members discussed proposed updates to the Public interest disclosure (whistleblowing) policy in response to the internal audit Fraud risk assessment (Document AUD 210126G).
- 20.30.7 Having earlier in the meeting proposed revised wording to that suggested by the internal auditors as a recommendation in the Fraud risk assessment, members also queried whether the suggested text contradicted information already included in the policy.
- 20.36.1.1 **ACTION TIAA Senior Internal Audit Manager** to review the policy and ensure alignment between the existing policy and text recommended in the Fraud risk assessment.
- 20.36.2 A member queried whether the checks and balances in procedure are strong enough in relation to malpractice by a member of the Court or other individual independent of the University.
- 20.36.2.1 **ACTION Clerk to the Court** to cross-reference with the Complaints policy and procedure - Court of Governors and propose amendments in the revised policy if necessary.
- 20.36.3 Members discussed the process and responsibility for review of associated policies (e.g. policies for complaints and grievances).
- 20.36.4 The Chair postponed consideration of the updated policy to the next meeting.

### 20.37 ANY OTHER BUSINESS

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

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

- 20.38.1 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 210126H).

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### **20.39 DATA RETURN UPATE REPORT**

- 20.39.1 Members received an update on data submissions to the OfS and other bodies (Document AUD 210126I).
- 20.39.2 Members noted that all submissions due since the last meeting had been submitted on time with no issues identified.

### **20.40 DATES OF FUTURE MEETINGS**

Tuesday 23 March 2021 at 3.30pm  
Tuesday 15 June 2021 at 3.30pm

Tuesday 14 September 2021 at 3.30pm  
Tuesday 9 November 2021 at 3.00pm<sup>3</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>3</sup> Members of Resources Committee are invited to this meeting from 4.30pm for discussion of the annual report and financial statements