

Audit and Quality Committee

DATE / TIME / VENUE	1500, Wednesday 14 February 2018, Board Room, Room 4.18, St Andrew's Court
PRESENT	Dr Peter Bunyan, External Governor (Chair) Mark Greenwood, External Governor Frances Morris-Jones, External Governor Paul Myers, External Governor
IN ATTENDANCE	Dr Liz Bartle, Deputy Director of Finance Professor Graham Galbraith, Vice-Chancellor Andy Hornby, External Auditor, Deloitte LLP Jenny Humphreys, Staff Representative Lorna Raynes, Internal Auditor, RSM LLP Louise Tweedie, Internal Auditor, RSM LLP
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Jemma Keys, Senior Governance Officer

Tabled Paper: Agenda item 3.2, HEFCE Annual Institutional Risk Assessment (Min 38.1 refers)

Committee received a presentation from Adrian Parry, Director of Corporate Governance, on Value for Money and the Office for Students.

Private Session

The External Governors, the staff representative, and the external and internal auditors held a private session before the start of the main meeting at 1500 hours.

To accommodate the availability of members, some agenda items were taken out of order.

35 Welcome, Quoracy and Apologies

- 35.1 Committee welcomed Andy Hornby, External Auditor, Deloitte LLP to his first meeting of the Committee as senior audit partner for the University.
- 35.2 Committee welcomed Dr Liz Bartle, Deputy Director of Finance, who was in attendance at the meeting on behalf of Emma Woollard, Director of Finance.
- 35.3 Apologies were received from Emma Woollard, Director of Finance and Paul Thomas, External Auditor, Deloitte LLP.
- 35.4 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

36 Minutes

The minutes of the meeting held on 15 November 2018 were confirmed as an accurate record.

37 Matters Actioned Since the Last Meeting or Under Continuing Consideration

37.1 Action was reported on nine items of which seven were for note, and two items covered later in the agenda. In particular, the following point was noted:

- (i) Committee requested further clarification on the action arising from the Research and Innovation internal audit report. The Faculty of Technology had provided information to the auditors on the distribution and monitoring of QR funding however, the information provided had been brief. The Director of Corporate Governance agreed to investigate the matter and to report back to the Chair of the Committee outside of the meeting.

Action: Director of Corporate Governance

38 Matters Arising

Committee noted the following in discussion:

- 38.1 HEFCE Annual Institutional Risk Assessment: a copy of the letter from HEFCE of 7 February 2018 was tabled at the Committee for information and note. This confirmed that the University was deemed to be “not at higher risk”.
- 38.2 Whistleblowing: The Director of Corporate Governance reported a concern that had been raised via the University’s whistleblowing process which had been shown to have substance. An external review had been commissioned to examine the issue and to make recommendations to inform future practice.
- 38.3 Higher Education Policy Institute (HEPI) Report: The Vice-Chancellor reported that an independent report from HEPI on the costs and benefits of international students had placed Portsmouth South in the top 20 of parliamentary constituencies that had received the highest net economic impact resulting from international students in 2015/2016.
- 38.4 There were no other matters arising from the minutes.

39 Internal Audit

- 39.1 **Internal Audit Progress Report 2017/2018:** Committee received an update on progress against the internal audit plan for 2017/2018 from Louise Tweedie, RSM LLP. In discussion the following points were noted:

- (i) Some audits had been deferred at the request of management. In particular, the review of responsive maintenance had been deferred to accommodate delays in the implementation of the upgrade to the Planon system.
- (ii) The review of operational planning and delivery had been deferred and the time allocated to the review of implementation of new Student Records System had been reduced in order to accommodate a review of the University's compliance with the Corporate Criminal Offences Regulations/Criminal Finance Act.
- (iii) Committee discussed the recent government proposals for two-year accelerated degrees and noted that it was not compulsory for the University to offer accelerated degrees and that such qualifications did not appear to have stimulated demand with the market.

35.5 **Benchmarking Report 2016/2017:** Committee received a report that provided a comparison against the number of actions agreed, and the assurance opinions provided in similar audits performed across RSM LLP's higher education (HE) client base. The following points were noted in discussion:

- (i) The RSM HE client base consisted of 26 institutions. The benchmarking report was based on a total of 92 internal audits reports undertaken across the HE client base in the academic year 2016/2017.
- (ii) In the academic year 2016/2017, 85.7 per cent of the audits undertaken at the University had received an overall conclusion of reasonable assurance. This was compared to an average of 37.93 per cent across the HE client base.
- (iii) The University had typically requested for audits to be undertaken in areas that were growing or under development and where audit activity could add genuine value and improvement to existing activity.
- (iv) Committee thanked the internal auditors for the useful report.

35.6 **Information Governance Final Report:** The overall conclusion of the audit was reasonable assurance. The following points were noted in discussion:

- (i) The audit was undertaken in September 2017 and the final report was published in November 2017. There were four findings of medium priority and one finding of low priority.
- (ii) Committee agreed that the internal audit report should be amended to clarify that the Director of Corporate Governance reported to the Vice-Chancellor.
Action: RSM LLP
- (iii) Committee noted that there had been an increase in the number of Subject Access requests (SARs) and Freedom of Information (FOI) requests received by the University. It was noted that these were having a significant impact on the workload of colleagues across the University.

- (iv) An audit to review the University's preparedness for the introduction of the General Data Protection Regulation (GDPR) would be undertaken in March 2018.
- (v) Committee noted that it would continue to monitor the development of the University's actions to address GDPR and also activities to address the wider issues surrounding information governance at the University.

39.2 **Student Recruitment: Marketing and Engagement Processes Final Report:** The overall conclusion of the audit was reasonable assurance. The following points were noted in discussion:

- (i) The audit was undertaken in November 2017 and the final report was published in January 2018. There were three findings of medium priority and one finding of high priority.
- (ii) The audit report outlined a medium priority finding which was that the University did not have a formal recruitment strategy in place. The management response to the finding was that a Student Recruitment Strategy was not required and that a Recruitment and Admissions Plan was more appropriate for the University. Committee noted that the University's processes for recruiting students were robust and that the University Strategy outlined the University's expectations towards recruitment. Committee endorsed the approach taken by management and agreed that the finding should be reviewed and revised as necessary.
Action: RSM LLP
- (iii) The audit report highlighted that the University would benefit from a CRM system. It would be useful to identify any areas of synergy or overlap between the CRM system and the Student Records System. This would optimise the efficiency and effectiveness of both systems.
- (iv) It was also noted that the chart provided under the sub-heading 1.4 in the audit report was not clear and the chart should be amended accordingly.
Action: RSM LLP

39.3 **Stock Control Arrangements - Information Services Final Report:** The overall conclusion of the audit was substantial assurance. The audit was undertaken in November 2017 and the final report was published in January 2018. There was one finding of medium priority and three findings of low priority.

39.4 **Recommendation Follow-Up report:** Committee received an update on the progress of management actions, as detailed in the 4Action system. The following points were noted in discussion:

- (i) The summary report outlined that, out of a total of 59 audit actions entered into the 4Action system, 28 actions had been implemented and 10 had been superseded.
- (ii) Committee agreed that, for audit actions that had been outstanding for a significant amount of time, the responsible manager of the audit should be asked to provide the Committee with an explanation for the delay in the implementation.

Action: Director of Corporate Governance

- (iii) Committee suggested that the closing of audit actions in a timely manner should be incorporated into the Performance Development Reviews (PDR) of project sponsors.
- (iv) Committee noted that the outstanding action arising from the audit of the Research and Innovation Framework on the future of QR investment was not clear. It was suggested that the action referred to the requirement for departments to bid for QR funding through the submission of investment proposals. It was agreed that this action should be clarified with the responsible manager and that the action should be closed if completed.

Action: Deputy Director of Finance

39.5 **Risk Management Framework Final Report:** The overall conclusion of the audit was reasonable assurance. The following points were noted in discussion:

- (i) The audit was undertaken in December 2017 and the final report was published in January 2018. There were one finding of low priority and five findings of medium priority.
- (ii) The Director of Corporate Governance reported that the audit had been a useful exercise and that some actions had already been incorporated in the Corporate Risk Register and Risk Assurance Map submitted to this meeting for review and comment.
- (iii) The audit report noted that the University's risk appetite had not been defined. The Vice-Chancellor reported that the University Executive Board had given consideration to its approach to risk appetite and noted that this was a complex area. Committee agreed that a formulaic approach to risk appetite would not be appropriate for the University and agreed that the University should determine its risk appetite in a manner that it deemed most appropriate for the organisation. Committee agreed that the University could adopt an impact risk map to determine the high level impact of risks.

Action: Director of Corporate Governance

40 Risk Management

- 40.1 **Corporate Risk Register:** the Committee received a first draft of the revised Corporate Risk Register from Adrian Parry, Director of Corporate Governance. The following points were noted in discussion:

- (i) The risk register had grown significantly following its previous review in September 2015. It was noted that the expansion of coverage within the register reflected, in part, the significant and fundamental changes across the higher education sector.
- (ii) The internal auditors, RSM LLP, had undertaken a review of the University's Risk Management Framework in November 2017. The revised risk register incorporated a number of the recommendations arising from the internal audit and also incorporated feedback received at the last Committee meeting.
- (iii) Committee noted that some risks had been redrafted to ensure that the cause of the risks and their effects were clear and consistent throughout the register. In addition, it was noted that some columns had been removed and three new columns added to the register.
- (iv) Committee noted that the appendix to the risk register had been reviewed and that an additional table for deleted risks had been added. Committee noted that risk 9 - capacity and capability to drive change had been removed from the register as it was now covered within risks elsewhere.
- (v) Following feedback received at the last meeting, the link between risks and KPIs had been added to the register. Committee noted that this added a degree of complexity to the register and agreed that the Director of Corporate Governance should review whether this was necessary. It might, for example, be more appropriate for KPI reports to acknowledge the risks associated with their attainment.

Action: Director of Corporate Governance
- (vi) Committee agreed that risks associated with student recruitment should be broken down into the sub-categories of Home, EU and International students.
- (vii) Committee discussed in detail the revised University risk register and agreed that the following amendments should be made to the register:
 - (a) The Research and Innovation Strategy and the review of Research and Innovation Services should be added to the list of current controls under risk 3.2 - declining levels of research and innovation activity.
 - (b) The Audit and Quality Committee should be added to the list of responsible individuals for risk 4.2 - inability to identify and implement effective and efficient ways of working.
 - (c) Coverage should be given in the register to succession planning and staff capacity. It was suggested that this should be included under risk category 6 - attracting and retaining staff.
 - (d) Greater coverage should be given in the register to the risks associated with the Estates Masterplan and its impact upon the University's reputation within the wider community. It was agreed that this should be included under risk category 8 - reputation and image.

- (e) Demographic changes should be added to the risk register under risk category 1 - student recruitment and retention.
- (f) The column entitled 'additional controls' should be reinstated and the column entitled 'further actions' removed.

Action: Director of Corporate Governance

40.2 **Corporate Risk Assurance Map:** the Committee received the revised Corporate Risk Assurance Map from Adrian Parry, Director of Corporate Governance. The following points were noted in discussion:

- (i) The Corporate Risk Assurance Map had been revised to reflect the recommendations arising from the recent internal audit report and noted that it now demonstrated a stronger alignment to the "three lines of defence" approach to risk assurance.
- (ii) An additional column had been added to provide an overall level of assurance through the allocation of a RAG rating for each risk.
- (iii) Committee noted that the previous column on external sources of assurance had been helpful and agreed that external assurance should be incorporated into the assurance map. Committee agreed that the third column of the three lines of defence model could be split into two sub-columns to cover audit assurance and external assurance.

41 Value for Money (VFM)

Adrian Parry, Director of Corporate Governance delivered a presentation on Value for Money in relation to the forthcoming requirements of the Office for Students. The following key points were noted:

- 41.1 The Office for Students (OfS) was established on 1 January 2018 and would become fully operational on 1 April 2018.
- 41.2 The OfS is an independent regulator of higher education in England and is therefore, legally responsible for ensuring that students' interests were protected, and that they receive value for money (VFM).
- 41.3 Following its establishment, the OfS announced that it had commissioned a major piece of research to examine student perceptions of VFM in higher education. It was noted that the results of this survey would help to inform the OfS on how it should take forward its VFM responsibility.
- 41.4 The presentation highlighted questions on the context of VFM and how this might be measured by the OfS. Committee were also invited to consider the meaning of VFM for the University in light of the changing context and whether any changes should be made to the way that the University seeks and promotes VFM.

- 41.5 Committee thanked the Director of Corporate Governance for the insightful presentation. It was agreed that the presentation should also be delivered to the Board of Governors at its next meeting.

Action: Director of Corporate Governance

42 The University's Prevent Duty

Committee received a report from Adrian Parry, Director of Corporate Governance that provided an overview of the University's activities to deliver its Prevent Duty. In discussion, the following points were noted:

- 42.1 This report had been presented to the Board of Governors at its meeting on 24 January 2018 and was formally received by the Committee for note.
- 42.2 It was noted that, following the Board meeting in January, the University Executive Board had received a presentation on the Prevent Duty from the Prevent Coordinator at Portsmouth City Council and by the University's new Prevent Advisor at HEFCE.
- 42.3 The University had been invited to share examples of good practice by delivering a workshop at a HEFCE Prevent Information Sharing Seminar at the University of Exeter on Monday 25 June 2018.

43 Student Related and External Returns – Data Quality, Annual Report 2016/17

- 43.1 **Student Related External Returns – Data Quality Annual Report 2016/17:** Committee received and noted a report from Stephen Wiggins, Academic Registrar and Director of Student and Academic Administration, and Simon Walton, Student and Academic Administration Manager, on the external statutory returns made between January 2017 and October 2017. It was noted that in future the annual report would be presented to the Committee annually at the end of the external returns reporting year in October. The report provided assurance to the Committee that the processes surrounding external data returns were robust.
- 43.2 **Data Returns Register:** Committee received and noted the Data Returns Register as at 1 February 2018. Committee noted that the establishment of the Office for Students and UK Research and Innovation (UKRI) may lead to new data collection requirements and associated submission data. The details of any changes in data requirements were currently unknown and any changes would be reflected in future iterations of the register.

44 Business Process for Updating the Professional Accreditations

- 44.1 Committee noted a report from Nichola Sowerby, Principle Administrator (Quality Assurance), on the business processes for supporting and recording courses that have Professional Statutory and Regulatory Body (PSRB) accreditation status.

- 44.2 Committee had received electronically a complete list of the professional accreditation status of courses offered by the University. It was noted that the term “running out” indicates that the course remained open only for completing students, and would close once the last students have completed.
- 44.3 Committee agreed that business process and the comprehensive and clear spreadsheet gave assurance to Committee that the University was managing its professional accreditations effectively.

45 Freedom of Information Annual Report 2017

Committee received the Annual Report for 2017 from Adrian Parry, Director of Corporate Governance and Samantha Hill, Information Disclosure and Complaints Manager. The following points were noted in discussion:

- 45.1 Committee noted that the number of Freedom of Information Act requests received by the University had increased steadily in recent years and continued to have significant resource implications for the University. It was noted that, due to the increasing volume and complexity of requests, it was becoming more difficult for the University to provide a response to requests within the 20 working day limit.
- 45.2 Members were assured that the University was complying with its obligations under the Freedom of Information Act.

46 Advisory Report: Academic Portfolio Management

Committee noted that it had received the Advisory Report for Academic Portfolio Management in soft copy only with the distribution of the agenda papers on 7 February 2018.

47 Quarterly Report of Non-Audit Services from the Auditors

Committee noted planned non-core audit services to be provided by the internal and external auditors during the course of January to March 2017. Committee confirmed they were appropriate and would not compromise the auditors’ independence.

48 HEFCE Circulars

Committee noted the full list of HEFCE publications and circulars could be found on the HEFCE website at: <http://www.hefce.ac.uk/pubs/>.

49 Proposed Meeting Dates 2018/2019

The Committee noted the proposed meeting dates for 2018/2019 which had been circulated electronically to members on 1 November 2017:

- Thursday 27 September 2018 from 1230 to 1500



- Wednesday 14 November 2018 1500 to 1730
- Tuesday 12 February 2019 from 1230 to 1500
- Thursday 23 May 2019 from 1230 to 1500

50 Delegation of Authority to Chair

Committee agreed to delegate authority to the Chair to take action on audit business before the next meeting if necessary.

51 Date of Next Meeting

The next meeting would be held on Wednesday 9 May 2018 at 1500.