

Audit and Quality Committee

DATE / TIME / VENUE	1030, Thursday 19 May 2022, Room 0.32, St Andrews Court
PRESENT	Frances Morris-Jones, External Governor (Chair) Bahram Bekhradnia, External Governor (<i>via videoconference</i>) (up to and including Min 65)
IN ATTENDANCE	Rees Batley, External Auditor, KPMG LLP (except Min 56) Rebecca Dipancrazio, Head of Student and Academic Administration (Min 59 and Min 60) Amy Dymond-Hobbs, Quality Manager for Apprenticeships and Work Based Learning (Min 59) Dr Rinat Khusainov, Staff Representative Jo Penney, Acting Financial Controller (Min 58) Dylan Powell, Student Governor Louise Tweedie, Internal Auditor, RSM LLP (except Min 56) Brent Schwartz, Health and Safety Manager (Min 63) Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Annette Mills, Head of Governance Services

Private Sessions

- The external governors, staff representative, student governor and internal auditors held a private session before the start of the main meeting at 1015 hours.
- The external governors, Executive, staff representative, student governor and secretariat held a private session after the main meeting at 1300 hours.

Tabled paper: University of Portsmouth Apprenticeships Self-Assessment Report April 2022 for agenda item 9 (minute 59 refers).

51 Welcome, Quoracy and Apologies

- 51.1 Apologies were received from: Liz Jolly, External Governor; Professor Graham Galbraith, Vice-Chancellor; Lorna Raynes, Internal Auditor RSM LLP; and Duncan Laird, External Auditor, KPMG LLP
- 51.2 No conflicts of interest were declared.
- 51.3 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

52 Minutes

The minutes of the meeting held on 17 February 2022 were confirmed as an accurate record subject to an amendment to Minute 42.9(iv):

“Two governors needed to be nominated to attend meetings with Ofsted inspectors when required. The Chair of the Committee confirmed her willingness to participate *subject to her availability*. It was noted another governor would be nominated in due course outside the meeting. “

53 Matters Actioned Since the Last Meeting or Under Continuing Consideration and Matters Arising

Matters Actioned

53.1 Action was reported on seven matters, six of which were for note and one item that would be covered on the agenda. In discussion, the following points were noted:

- (i) Internal Audit Follow up: The Committee noted that the Director of Estates and Campus Services had provided a monitoring response internally on 2 November 2021 that was consistent with the report provided to the Committee at its meeting held on 16 September 2021. Unfortunately, this update was not included in the formal follow-up report provided to the Committee at its meeting held on 17 February 2022. This had now been corrected and logged as actioned and was no longer outstanding.

Matters Arising

53.2 There were no other matters arising from the minutes.

54 Internal Audit

Progress Update Report

54.1 Committee received an update on progress against the internal audit plan for 2021/2022 from Louise Tweedie, RSM LLP. The progress report provided a factual summary of progress to date. In discussion, the following points were noted:

- (i) Progress against the internal audit plan in 2021/22 had been slightly delayed due to the residual effects of the global pandemic. The outstanding reports would be received at the 28 September 2022 meeting of the Committee. If any of the outstanding internal audit reports needed to be deferred then there would be a discussion with the University to identify suitable options for replacement.

- (ii) The Committee acknowledged that the global pandemic had impacted upon scheduled audit activity and noted that RSM LLP had been very flexible in their working approach. However, it was apparent that some managers still believed they could continue to defer internal audits. It was agreed that this should not be allowed in 2022/23 and any requests for deferral would be referred to the Executive Director of Finance for review and formal approval.
- (iii) The Committee requested that final audit reports be circulated to the Committee as they became available before the 28 September 2022 committee meeting.

Action: RSM LLP/ Head of Governance Services

- (iv) The Committee noted and agreed the changes to the Internal Audit Plan for 2021/22, particularly audits that had been added to the plan to substitute for those that had been deferred to future years.

Staff Development Audit Report

54.2 Committee noted that the overall conclusion of the staff development internal audit was partial assurance. The audit had focussed on policies and procedures and training needs including general, bespoke and mandatory training. The primary focus had been on mandatory training. There was one high and one low priority action arising from the audit. In discussion, the following points were noted:

- (i) The high priority action was related to the low completion rates for the 19 core mandatory training courses.
- (ii) This report had been considered by the University Executive Board (UEB). Work was underway to evaluate staff development activity and how this would support the delivery of the University Strategy. This would include the evaluation and assessment of core training to determine what should be mandatory in the future and how to ensure that staff completed mandatory training.
- (iii) Although it was recognised that participation in training had been adversely impacted by the global pandemic, the underlying issues identified in the report were acknowledged and would be resolved. It was noted that the newly appointed Chief People Officer was committed to addressing the recommendations and a programme of work had been identified to facilitate this goal.

Recommendation Follow-Up Report

54.3 The Committee received an overview report on the follow-up progress made by the University to implement previously agreed management actions in response to audit recommendations. The following points were noted in discussion:

- (i) There were 272 actions overall of which 258 actions had been notified as being implemented and addressed.

- (ii) It was noted that the action arising from the Mobile Phone Policy Arrangements internal audit would be passed to Information Services to implement.

Internal Audit Plan 2022/2023

54.4 The approach to developing the internal audit plan was based upon analysing the University's corporate objectives, risk profile and assurance framework, as well as other factors that were anticipated to impact upon the University in the coming year. The following points were noted in discussion:

- (i) The plan was designed to enable the Internal Auditors to provide an opinion at the year-end. There was some flexibility in the content of the audit plan, provided that a balance between audit areas was maintained. There would be an opportunity to revisit the Internal Audit Strategy in 2023/24
- (ii) It was acknowledged that the recent REF results had been positive for the University. There was discussion about whether the costs versus the benefits of delivering the REF could be reviewed as part of the audit process. It was noted that the costs of individual research contracts were recorded. However, the cost of academic time spent on research was not explicitly captured. The workload planning system was still under development and would not be able to provide this information.
- (iii) In response to a question about the future audit of Environmental Strategy in 2023/24 and Environmental, Social, and Governance (ESG) reporting, RSM LLP confirmed this would be addressed in this audit report.
- (iv) In discussion about the proposed London Campus, it was noted that the project team were currently in negotiations to determine the governance and management structures and it was anticipated that these discussions should be concluded by the end of the summer. Once the structures were determined, the University would be in a better position to consider when it might be appropriate for an audit to take place.

54.5 The Committee approved the 2022/23 Internal Audit Plan.

55 Progress with KPMG'S External Audit Management Letter 2020/21 and Update on Preparation for the 2021/2022 Year End

The Committee received a report from Emma Woollard, Executive Director of Finance upon the progress with recommendations in the external auditor's management letter from 2021 and preparations for the 2022 external audit. In discussion, the following points were noted:

- 55.1 In November 2021, the Committee had received the external auditors' management letter for 2021/22. The letter included key audit risks identified by the auditors which could impact on the reported results, as well as control observations and the management responses to these observations.

- 55.2 The external auditors' management letter confirmed that the auditors had not found any significant issues or material errors during their work, including in the areas identified as key risks. KPMG raised three best practice recommendations with management as a result of the 2020/21 external audit, and the activities to address these were in progress or had been completed. Work was underway to prepare for the 2022 year-end.
- 55.3 It was noted that the audit process last year had worked smoothly and it was expected that the majority of audit work this year would again be conducted remotely.
- 55.4 The Committee noted the report.

56 External Auditors' Appointment – confidential

57 KPMG External Audit Plan 2021/22

- 57.1 Rees Batley, KPMG LLP introduced the plan of the External Auditors for the audit for the year-end 31 July 2022. The following key points were noted:
- (i) KPMG proposed a materiality level of 3% of group revenue, which was a 1% increase on last year and equated to £6.7 million.
 - (ii) KPMG had identified two significant audit risks which would be key focus areas for the 2021/2022 audit: (a) valuation of pensions liability and (b) management override of controls.
 - (iii) KPMG had rebutted the risk associated with the recognition of tuition fee revenue this year as it was not significant, however this area would comprise part of the overall audit.
 - (iv) There was an increased risk around "going concern" status. Although this was not a significant risk, it would continue to be an area of focus. As part of the audit, KPMG would constructively challenge the management plans for future actions and look at the forecasts for 12 months from the date of signing the financial accounts.
 - (v) In response to a question about whether the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations would apply to the University, KPMG responded that this was not a current requirement but may be required in future.
 - (vi) There was discussion about the use of grant funding and the difficulty in relating staff time to specific costs. It was noted that the specificity depended on the terms of an education grant and how it had been utilised. Where a grant had a specific purpose, it would be given a separate cost code. However,

the main grants from OfS were more general and were used to meet the costs of education and ancillary services.

- (vii) In response to a question about the audit arrangements for the new subsidiary company to be established to support the London Campus, it was acknowledged that this would be primarily concerned with the administration of staff pay and conditions.
- (viii) The Committee noted the mandatory communications conveyed by KPMG, including the confirmation of independence and that this independence would be reconfirmed in the year-end report.
- (ix) It was noted that there would be an increase in external audit costs as part of the impact of the ISA (UK) 315 'Identifying and assessing the risks of material misstatement'. The costs were likely to impact at the 31 July 2023 year end.
- (x) The Committee noted the overview of the scope of the group audit and was satisfied that this provided sufficient coverage of the business.
- (xi) Committee approved the External Auditors plan for the audit of the year end 31 July 2022.

58 Anti Money Laundering and Counter Terrorist Financing Policy

The Committee received the draft Anti Money Laundering and Counter Terrorist Financing Policy from Jo Penney, Acting Financial Controller. The following key points were noted:

- 58.1 It was agreed at the Committee meeting of 16 May 2019 that future iterations of this Policy should be approved by University Executive Board (UEB). However, given recent changes in legislation and an increased focus upon compliance within the university sector, it had been agreed that this policy update should be reviewed and approved by the Committee.
- 58.2 The draft policy summarised anti-money laundering offences and set out the University's obligations, responses and the procedures to be followed to ensure compliance with anti-money laundering laws.
- 58.3 It was noted that the draft policy had been considered and approved by UEB.
- 58.4 The Committee approved the Anti Money Laundering and Counter Terrorist Financing Policy.

59 Apprenticeship Self-Assessment Processes and Current Judgements – confidential

60 Annual Monitoring Summary Report Undergraduate Full Time Provision 2020/21 – confidential

61 Corporate Risk Register

Corporate Risk Register

61.1 The Committee received the updated Corporate Risk Register from Adrian Parry, Executive Director of Corporate Governance. The following points were noted in discussion:

- (i) There had been some changes to a number of risks and four key areas had provided a focus for UEB's discussions on the corporate risk register:
 - a. Risks 2.2 and 2.3: there had been rationalisation of the risks associated with completion and progression rates and a new consolidated risk had been added to reflect the introduction of OfS condition of registration B3 which established baselines for student continuation and completion; degree outcomes; and graduate employment.
 - b. Risk 6.4: was a new risk that reflected academic risks arising from the enhanced recruitment of international students. A number of mitigating actions were in progress.
 - c. Risk 10.5: the risks associated with the insurance market and the ability to secure appropriate insurance coverage had reduced since the previous iteration of the risk register.
 - d. Risk 11.1: the risk status of the physical infrastructure and attractiveness of the campus had increased significantly, reflecting ongoing issues with the completion of the new Sports Centre and the impact of inflation upon construction costs.
- (ii) There was discussion of risk 3.1 which related to courses that did not reflect student demand, which had implications for student recruitment and quality of intake. It was noted that work commissioned from DataHE had explicitly considered student demand for courses and that activity was ongoing to explore the development and delivery of new courses.
- (iii) There was discussion of the REF results and the relationship between the results, the staff student ratio and the amount of time that staff dedicated to research. It was noted that the University had increased the number of staff returned to the REF by 40% since the last REF was conducted, in addition to maintaining the quality of its REF results.

- (iv) There was discussion of the graduate outcomes survey risk and the need to create stronger relationships with employers and alumni, including involving future employers in course design. It was noted that there was much work already underway within the University to address these issues.
- (v) It was proposed that risks associated with recruitment might be further mitigated by the inclusion of coverage of climate change within course design and curricula.
- (vi) The Committee observed that broader engagement with alumni might provide a more enthusiastic response than simple requests for donations.
- (vii) The Committee noted that the Risk Management Policy was reviewed annually. The next review of this Policy would explore how it might be possible to better differentiate between risks that did not change significantly during the year and risks that were more volatile in nature.

61.2 The Committee noted the update.

Corporate Risk Assurance Map

61.3 The Committee received the revised Corporate Risk Assurance Map from Adrian Parry, Executive Director of Corporate Governance. The Committee noted that the Corporate Risk Assurance Map had been revised to reflect audit activity.

61.4 The Committee noted the update.

62 Optometry Update (Oral Report) – confidential

63 Health and Safety

Health and safety Quarterly Report

The Committee received the quarterly Health and Safety Report for 1 November 2021 to 31 January 2022 from Brent Schwarz, Health and Safety Manager. The following points were noted in discussion:

- 63.1 In the reporting period, there had been a 70% increase in reported incidents. This meant that more people were reporting incidents and this increase was expected as more people were now present on campus. Most incidents were of a minor nature and the majority had occurred in the Science and Health Faculty, which should be expected given the nature of its activities.
- 63.2 There was one incident reported to the Health and Safety Executive in compliance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. The incident involved an injury arising from a slip in the simulation suite corridor in St Andrews Court. The incident was reported to the HSE because the injured person did not attend work for more than seven days following the incident.

- 63.3 In response to a question, it was confirmed that the draft Covid-19 Testing report that detailed the University's journey through Covid-19 was being reviewed and would be provided to the 28 September 2022 Committee meeting.
- 63.4 There was discussion about the headline figure cited within the report that appeared to indicate that 22% of all absences at the University were attributable to mental health issues. The detail behind this figure would be explored.
- 63.5 There was discussion about the IOSH Leading Safely training that had been delivered to members of UEB during January and March. The feedback on the training was that it had been overly long and had not been pitched at the level required for senior staff.
- 63.6 The report was noted by the Committee.

Health and Safety Committee

- 63.7 A copy of the draft minutes from the Health and Safety Committee on 9 March 2022 had been circulated to members on 10 May 2022.

64 Committee Self-Assessment Update

The Committee had undertaken a review of its effectiveness in 2020/21 and had received a summary of responses to the questionnaire circulated at its meeting on 13 May 2021. This paper provided an update on progress to address the findings arising from the self-assessment questionnaire.

- 64.1 There was discussion of the academic quality assurance and oversight role of the Committee and Board and its relationship with the role of the Academic Council.
- 64.2 The Committee noted that it had made progress since the review. This included additional private sessions and bringing a sharper focus to the scrutiny of academic quality reports and risk management. It was recognised that the Committee's wish to improve its interaction with staff had been adversely impacted by the global pandemic and remained a work in progress.
- 64.3 The Committee noted the update and agreed to conduct another self-assessment in one year's time.

65 The University's Prevent Duty

The Committee received a report from Adrian Parry, Executive Director of Corporate Governance that provided an overview of the University's activities to deliver the Prevent Duty.

- 65.1 There was discussion about the new Protect Duty which, if implemented as intended, would require owners and operators of Publicly Accessible Locations to take appropriate and proportionate measures to protect the public from terrorist

attack. Universities were publicly accessible locations and it was expected that the new requirement would apply to higher education institutions.

65.2 The Committee noted the update.

66 Annual Information Governance Report 2022

66.1 Committee received a report provided by Samantha Hill, Information Disclosure and Complaints Manager that addressed all aspects of information governance work undertaken in the University for the period 1 April 2021 to 30 April 2022.

- (i) The Committee expressed its thanks for the production of such a comprehensive and clear report.
- (ii) The Committee noted the report

67 Dental Academy Clinical Governance Annual Report

Committee received the annual report on Clinical Governance provided by Latha Davda, Clinical Director of the Dental Academy, which gave assurance that clinical governance was taking place appropriately within the Dental Academy.

68 Non-Audit Services Provided by External and Internal Auditors

68.1 The Committee noted that no planned services outside the core audit and ancillary services had been provided by the internal auditors during the course of 1 February 2022 to 30 April 2022.

68.2 The Committee noted planned non-core audit services provided by the external auditors during the course of 1 February 2022 to 30 April 2022. The Committee confirmed that these activities were appropriate and did not compromise the auditors' independence.

69 OfS Publications

Committee noted that the full list of OfS publications could be found at:
<https://www.officeforstudents.org.uk/publications/>.

70 Confirmed Meeting Dates 2022/2023

- Wednesday 28 September 2022 from 1030 to 1300 (*date confirmed post meeting*)
- Thursday 10 November 2022 1000 to 1300
- Wednesday 22 February 2023 1030 to 1300
- Thursday 18 May 2023 1030 to 1300

Members were reminded there would be a private session immediately before each Committee meeting.

71 Date of Next Meeting

The next meeting of the Committee would be held on Wednesday 28 September 2022 from 1030 to 1300.

72 THANKS

This was the last meeting of Audit and Quality Committee for Rinat Khusainov, Staff Representative and Dylan Powell, Student Governor. Rinat had been a Staff Representative on the Audit and Quality Committee since September 2018. Dylan had been a Student Governor since September 2021 and had joined the Audit and Quality Committee in November 2021. Members thanked them for their important contribution to the work of the Committee and wished them well in the future.