University of Portsmouth

Audit and Quality Committee

DATE / TIME / VENUE	1015, Thursday 18 May 2023, Room 0.32, St Andrews Court
PRESENT	Frances Morris-Jones, External Governor (Chair) Professor Sandy Pepper, External Governor Bahram Bekhradnia, External Governor *(via videoconference)*
IN ATTENDANCE	Justine Andrew, KPMG Partner, Head of Education *(via videoconference)* (Min 64) Rees Batley, External Auditor, KPMG LLP (except Min 59) Sonia Brandon, Staff Representative Chris Chang, Deputy Vice-Chancellor (Global Engagement and Student Life) (Min 61) Rebecca Dipancrazio, Head of Student and Academic Administration (Min 62 and 63) Amy Dymond-Hobbs, Quality Manager for Apprenticeships and Work Based Learning (Min 62) Lorna Raynes, Internal Auditor, RSM LLP (except Min 59) Aleksandra Siedlecka, Student Governor Brent Schwartz, Head of Health and Safety (Min 66) Sara Smith, Principal UKVI Compliance Manager (Min 61) Emma Woollard, Executive Director of Finance
SECRETARIAT	Claire Dunning, 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 1000 hours.
- The external governors, Executive, staff representative, student governor and secretariat held a private session after the main meeting at 1300 hours.

Tabled paper: Academic Portfolio Management Arrangements - Learning at Work Internal Audit Report (minute 57.5 refers).

Agenda: Due to the availability of attendees some agenda items were taken out of order.

53   Election of Chair 2023/2024

The Committee received an update from the Executive Director of Corporate Governance. The following points were noted:

53.1   Expressions of interest were sought from all external governors for the role of Chair of Audit and Quality Committee by email on 29 March 2023. By the closing date there was one candidate, Professor Sandy Pepper, who had submitted an expression of interest.

53.2   As the sole applicant, Professor Sandy Pepper would be appointed as Chair of the Audit and Quality Committee with effect from 1 August 2023 for a three year term. The appointment was subject to the endorsement of the Nominations Committee

and approval of the Board of Governors on 5 July 2023 for approval. This was a requirement of the CUC Higher Education Audit Committees Code of Practice 2020.

53.3   The Committee congratulated Professor Sandy Pepper on his appointment.

54   Welcome, Quoracy and Apologies

54.1   Apologies were received from: Liz Jolly, External Governor; Professor Graham Galbraith, Vice-Chancellor; Louise Tweedie, Internal Auditor RSM LLP; and Duncan Laird, External Auditor, KPMG LLP

54.2   No conflicts of interest were declared.

54.3   The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

55   Minutes

The minutes of the meeting held on 22 February 2023 were confirmed as an accurate record subject to an amendment to the job title of Brent Schwarz which should be Head of Health and Safety' rather than 'Health and Safety Manager'.

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

Matters Actioned

56.1   Action was reported on five matters, three of which were for note and two items that would be covered on the agenda.

Matters Arising

56.2   There were no other matters arising from the minutes.

57   Internal Audit

Progress Update Report

57.1   Committee received an update on progress against the internal audit plan for 2022/2023 from Lorna Raynes, RSM LLP. The progress report provided a factual summary of progress to date. In discussion, the following points were noted:

(i)   The Academic Portfolio Management Arrangements - Learning at Work internal audit report had been finalised since the Committee papers were issues. This report was received later in the agenda (Min 57.5 refers).

(ii) The Mental Health and Wellbeing Arrangements internal audit report was issued in draft in February and was still in draft currently.

(iii) The DBS Check internal audit report had been delayed due to key staff being ill.

(iv) The Cyber Security audit had been deferred to 2023/24 to 2023/24 and an audit on Cloud Management arrangements would replace it for 2022/23.

57.2 The Committee expressed their concerns about the delay in the finalisation of the Mental Health and Wellbeing Arrangements internal audit report. In discussion, the following points were noted.

(i) The Deputy Vice-Chancellor (Global Engagement and Student Life) was responsible for this area. A new structure on how the University delivered mental health and wellbeing was being developed.

(ii) It was reported that Deputy Vice-Chancellor (Global Engagement and Student Life) was content with all the recommendations within the draft internal audit report. However, until the structure had been determined, how the recommendations would be addressed and by whom could not be confirmed.

(iii) The Committee considered that given the importance of this area, the University should consider interim arrangements to allow recommendations to be actioned.

(iv) It was agreed that the Executive Director of Finance would discuss the Committee's concerns with the Deputy Vice-Chancellor (Global Engagement and Student Life) and seek prompt circulation of the report to the Committee.

Action: Executive Director of Finance

57.3 The Committee noted the changes to the Internal Audit Plan for 2022/23.

Data Quality – HESA Staff Record

57.4 The Committee noted that the overall conclusion of the Data Quality HESA Staff Record internal audit was reasonable assurance. There were two medium and three low priority actions arising from the audit. In discussion, the following points were noted:

(i) One of the medium actions related to one individual being solely responsible for completing all aspects of the HESA staff return with no further reviews. This increased the risk of error. The Committee raised questions about levels of resourcing, loss of staff and succession planning. In response it was noted that this was probably a one-off situation for that year.

(ii) The other medium action was related to a missing paper file although the information had been available on the HR and payroll system. This increased the risk of inaccurate information is recorded for a member of staff.

(iii) In response to a question about the length of time indicated in the report to change an inaccurate HESA Staff Cost centre, RSM would check the reason for the timing.

Academic Portfolio Management Arrangements - Learning at Work (Tabled Paper)

57.5   The Committee noted that the Academic Portfolio Management Arrangements - Learning at Work internal audit report had been circulated electronically to the Committee on 15 May 2023. The overall conclusion of the internal audit was reasonable assurance. There were four medium and three low priority actions arising from the audit. In discussion, the following points were noted:

(i)   One of the medium findings related to the policies and procedures that were updated by staff on an informal basis. However, there was an absence of a formalised structure for review and there was a risk that the incorrect procedures were being followed.

(ii)   There was discussion about unclaimed payments and the suggestion in the management response that a caveat could be added to the employee contracts that stated that work must be claimed for within one month of being completed and would be written off following this period. The Committee considered that this solution did not appear to be either fair or proportionate. It was agreed that alternative solutions would be sought which did not deprive employees of their earnings. RSM agreed to review with management and reflect the outcome in the management action.

Action: RSM LLP

Recommendation Follow-Up Report

57.6   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 111 actions overall of which 95 actions had been notified as being implemented and addressed, 11 actions that were overdue and 5 actions that had not reached their target date.

(ii)   It was noted that of the two actions overdue arising from the Student Exchange Visits Arrangements internal audit, one action was now complete and the other action was in progress and nearly completed.

(iii)   The Committee requested to see the schedule of policy reviews as a number of the HR actions were shown as in progress due to rolling policy reviews. RSM confirmed that the schedule of policy reviews would be part of the follow up report. It was acknowledged that the People, Culture and Engagement Committee would receive updates on the review schedule of the reviews of HR Policies, however, the Committee requested that they also had sight of the schedule of reviews.

Action: Executive Director of Corporate Governance

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Internal Audit Plan 2023/2024

57.7 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) The Mental Health and Wellbeing Arrangements would be reviewed again by the end of 2023/24, and would include a progress report on the new organisational structure. The Data Quality Arrangements Fee Assessment would also be revisited as the outcome for both audits was partial assurance.

(iii) The previously deferred audits of HR Processes and Cyber Security would take place in 2023/24

(iv) In response to a question about continued errors in the Student Records system SITS, it was noted that good progress had been made and that further work was underway to improve and enhance the system. It was agreed that a narrative of the SITS experience would be provided to the Committee, highlighting the lessons learnt, and this would be added to Committee business.

Action: Head of Governance Services

(v) In the context of significant litigation involving research misconduct, a question was raised about whether changes to the Management of Research Misconduct Procedures could strengthen misconduct prevention and make research misconduct less likely. The response was that while the current policy had not been helpful, the issues that led to the case would not have been mitigated by any policy. It was noted that after the legal case had concluded a detailed debrief would take place which would look at the factors leading up to it and how these can be prevented from occurring in future. The Committee requested an update on the lessons learnt from the current legal case at a future Committee meeting and this would be added to Committee business.

Action: Head of Governance Services

(vi) There was discussion about the University's approach to Artificial intelligence (AI) in relation to students. It was noted that a policy was being developed by the Dean of Learning and Teaching. The Committee requested a discussion on AI at a future Committee and this would be added to Committee business.

Action: Head of Governance Services

57.8 The Committee approved the 2023/24 Internal Audit Plan.

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58 Progress with KPMG'S External Audit Management Letter 2021/22 and Update on Preparation for the 2022/2023 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 2022 and preparations for the 2023 external audit. In discussion, the following points were noted:

58.1   In November 2022, 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.

58.2   The eternal auditors did not raise any control recommendations as a result of the 2021/22 external audit. However, they did follow up on the recommendations raised in the previous year's audit (2020/21), noting that two of these had been implemented and one remained outstanding. In discussion, the following key points were noted:

(i)   Approval of Journals: the recommended course of action had not been working as well as expected. This had been reviewed and it had been agreed with the external auditors that any non-routine journals will be signed off by the Financial Accountant or Deputy Director of Finance (Financial Services) if more appropriate, and an independent spot check would be completed by the Financial Compliance Officers (FCOs).

(ii)   The spot checks have been completed by the FCOs and although no issues with the journals had been raised it was proposed that deeper dive checks would be undertaken as necessary. This would be trialled during April and July 2023 and reviewed in the autumn.

(iii)   In response to a question, the external auditors confirmed that they did additional sampling of the journals

58.3   Work was underway to prepare for the 2023 year-end. The Deputy Director of Finance (Financial Services) was new to the audit process but had been fully briefed by the previous incumbent. It was noted that the University had an open and transparent working relationship with the external auditors.

58.4   The Committee noted the report.

59 External Auditors' Appointment – confidential

60 KPMG External Audit Plan 2022/23

60.1   Rees Batley, KPMG LLP introduced the plan of the External Auditors for the audit for the year-end 31 July 2023. The following key points were noted:

(i)   KPMG had identified two significant audit risks which would be key focus areas for the 2022/2023 audit: (a) valuation of LGPS pensions liability and (b) management override of controls. It was acknowledged that although these audit risks were normally identified every year, they were regarded as being an increased risk this year given the pressures that the Higher Education sector was currently facing.

(ii)   In response to a question about the move downwards of LGPS in the risk assessment, KPMG explained that early indications were that the valuation would show a significant reduction in liabilities.

(iii)   There was an increased risk around "going concern" status. Although this was not a significant risk for the University given its large cash reserves, it would continue to be an area of focus because of the pressures that the sector was facing. The University sector as a whole was under pressure regarding financial sustainability with challenging recruitment and rising costs. 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.

(iv)   In response to a question about conducting the audit remotely KPMG confirmed that they pick up the wider view from minutes and in person conversations with the team and the Vice-Chancellor. KPMG team already had a strong understanding of the University and the people and there were regular structured meetings.

(v)   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.

(vi)   The Committee noted the overview of the scope of the group audit and was satisfied that this provided sufficient coverage of the business.

(vii)   Committee approved the External Auditors plan for the audit of the year end 31 July 2023.

61   Outcome of Internal UKVI audit

The committee received a report from Chris Chang, Deputy Vice-Chancellor (Global Engagement and Student Life) and Sara Smith, Principal UKVI Compliance Manager on the recent internal audit of UKVI undertaken by external law firm, Penningtons Manches Cooper. In discussion the following key points were noted:

61.1   The report provided the outcome of the internal UKVI audit of the risks at the University and associated with its partner provider International College Portsmouth (ICP), Navitas, conducted by Penningtons Manches Cooper and the recommendations arising. The audit had been commissioned because of the buoyant international student numbers at the University and the fact that ICP does not have its own licence so that all sponsored students are sponsored by the University and the same policies, procedures and regulations should apply to all.

61.2 The audit concentrated on key areas and the associated risks to identify any potential improvements that might be required.

61.3 For example, credibility and compliance interviews needed to be reviewed and to align ICP practices with those of the University. It was noted that the University was already working with its partners on the overall admissions and recruitment process.

61.4 The International Admissions process required enhanced measures to continue to recruit quality students. This included considering whether to accept applications with a gap in study. There was an issue with some Post graduate applications as for some courses, such as the MBA, it was normal for applicants to have a gap in study between undergraduate and postgraduate study. The concern for the UKVI in the case of a large study gap was whether the applicant was a genuine student or an economic migrant. It was recognised that the University needed to review the admissions processes to ensure the suitability and quality of applicants.

61.5 The Student Engagement and Attendance Management System monitors the attendance of all students. It was acknowledged that additional intervention was needed within the engagement and attendance monitoring process to capture and support students who were between 1-35% of attendance. It was noted In addition to monitoring lectures the University also monitored access to the library and Moodle. The engagement officer would pick up issues and would contact the student. If the attendance issues continued the matter would be escalated and be followed up. It was also noted that four of the Faculties had engagement officers and the remaining Faculty would have someone in place from the summer. In response to a question about non-attendance, it was confirmed that the University would follow this up if there were concerns.

61.6 In response to a question about management of the risks associated with the University's partnership with ICP arising from ICP using the University's UKVI licence, it was noted that although ICP was part of Navitas and Navitas dealt with more high risk countries, the University did not consider applications from those high risk countries. In response to question, it was explained that the same licence meant there was only one application for a visa required. Although the University worked closely with ICP it was recognised that additional resource was required to review and ensure the alignment of ICP processes with those of the University. Best practice would be transferred to the London Campus.

61.7 There would be a full Home office/ UKVI compliance audit starting on Tuesday 23 May 2023. The last Home Office/ UKVI compliance audit was in 2016. The University had open and transparent discussions with the Home Office. It was noted that there were some sector wide issues with changes from a student to a healthcare visa which was allowed by the Home Office. The University could not control this change and were not informed of the changes.

61.8 In response to a question about the Student Records System SITS, it was confirmed that lessons had been learnt from the audit carried out last year and that there had been improvement in performance particularly in the process of checking and monitoring. The team continued to review SITS for further improvements. A report would be provided to the Committee (see item 57.7 (iv))

61.9   The Committee noted the report.

62   Quality Assurance Statement for Apprenticeships – confidential

63   Undergraduate Annual Monitoring Summary Report 2021/22 – confidential

64   KPMG Head of Education, Skills and Productivity

The Committee received a presentation form Justine Andrew, KPMG Partner, Head of Education, skills and productivity, Head of University Partnership Office. The presentation covered the key issues facing UK Universities, the choices and challenges institutions faced.

64.1   There was discussion about the challenges facing the sector with fixed revenues, rising costs and dependency on international students, the options to reduce costs by achieving efficiencies and focussing on the core requirements of the institution.

64.2   It was agreed that the presentation slides would be circulated to the Committee.

Action: Head of Governance Services

65   Risk Management - Review and Next Steps

The Committee received a report from Claire Dunning, Executive Director of Corporate Governance on risk management. In discussion the following key points were noted:

65.1   This update followed the submission of operational risk registers as part of strategic and financial planning, and reflected conversations and feedback as a result of those submissions. The update had been considered by the University Executive Board.

65.2   The report also covered a review of progress in accordance with the University's approved Risk Management Policy, and made recommendations on amendments to the University's existing approach and next steps regarding continuous improvement of risk management.

65.3   Risk holders were asked to submit an operational risk register as part of their strategic and financial planning submissions for 2023/24. This led to over 200 risks being identified as being managed within the University. Of these risks there were 17 risks that were assessed as having residual risk that sat above the University Executive Board's (UEB) risk appetite.

65.4   The Executive Director of Corporate Governance was liaising with the respective risk owners to work with them on the risks highlighted and to discuss an appropriate course of action, any outstanding actions and/or issues would be escalated as appropriate.

65.5   There were now three levels of risk management: the corporate Risk register; Operational Risk Registers; and Project/programme risk registers.

65.6   The Committee noted that the University had gone a long way to bringing in a 'bottom up' view of risk to balance the 'top down' view. However, it questioned whether it was sufficient for UEB to consider only those escalated risks: there had to be a forum where 'top down' and 'bottom up' came together and differences were discussed. In addition, it was important to retain a holistic view of the University risk envelope so that common themes and patterns could be tracked. The Committee should be an important part of this. It was noted that the communications on risk across the University would be reviewed and also how risks aligned. One option under consideration was the creation of a Risk Committee.

65.7   Currently there was no formal mechanism that supported the escalation of project or programme risks to the corporate/strategic level. The proposal was that risks were escalated through operational risk management structures for projects/programmes under a faculty or professional service that were not considered significant strategic projects. For significant strategic projects it was proposed that any risks that were above the University's risk appetite were escalated in the first instance to the Executive Director of Corporate Governance.

65.8   The risk appetites created by UEB had been tested against the operational risk registers. The feedback was that the risk appetite for statutory and regulatory compliance was set too high. It was therefore recommended that the risk appetite for this category was reduced from medium (risk score between 8 – 13) to low (risk score between 3 – 7).

65.9   Following the discussions, and subject to consideration of the points made in the foregoing discussion, the Audit and Quality Committee:

(i)   Noted the operational risks that exceeded the University's risk appetite.
(ii)   Agreed as part of ongoing risk management to only escalate risks above the University's risk appetite.
(iii)   Agreed to the escalation of risks through existing operational risk registers for non-strategic projects.
(iv)   Agreed to the escalation of risks for strategic projects to the Executive Director of Corporate Governance.
(v)   Agreed to the change in the risk appetite for statutory and regulatory compliance from medium to low.

66   Health and Safety

Health and safety Quarterly Report

The Committee received the quarterly Health and Safety Report for 1 November 2022 to 31 January 2023 from Brent Schwarz, Head of Health and Safety. The following points were noted in discussion:

66.1   Martyn's Law, also known as the Protect Duty, would come into force in the near future. The Health and Safety team are working to understanding the potential

requirements and implications of this legislation and map out University buildings and their maximum occupancy as this would determine what measures would need to be put in place.

66.2   In response to a question, it was confirmed that wellbeing continued to remain part of the Health, Safety and Wellbeing Committee.

66.3   The Committee noted the campus incidents reported, including the fire in the library.

66.4   The report was noted by the Committee. The Committee commended the Head of Health and Safety for the significant improvement in Health and Safety reporting since his appointment to the role.

Health, Safety and Wellbeing Committee

66.5   Health, Safety and Wellbeing Committee on 7 December 2022 and 23 March 2023 had been circulated to members on 6 April 2023 and 9 May 2023 respectively.

67   Committee Self-Assessment Questionnaire 2022/23

67.1   The Committee received a report on the outcomes of the Committee Self-Assessment questionnaire from Claire Dunning, Executive Director of Corporate Governance. On 3 April 2023 an online questionnaire was sent to the Committee using the Survey Monkey platform. By 25 April 2023, five responses were received. In a discussion of the questionnaire results, the following key points were noted:

67.2   Overall, the Committee was   satisfied that it had effectively discharged its responsibilities in line with its Terms of Reference.

67.3   Since the last self-assessment exercise, the Committee had introduced an annual review of the performance of external and internal auditors and there had been a move to bringing greater focus on matters of academic quality, with regular briefings on the Degree Apprenticeships programme as well as other aspects of course delivery and student experience.

67.4   The private session between external governors and the executive provided an opportunity to reflect and comment on the agenda content and structure.

67.5   Earlier and greater involvement in some of the major strategic issues like the medical school and London campus would have been welcomed by the Committee in order to allow consideration of their impact on existing procedures and practices. At the same time, it was acknowledged that the Committee's role in risk management provided a lens through which to view the way in which strategy implementation was being effected.

67.6   It was recognised that the Committee needed now to consider Environmental, Social and Governance reporting, as this had implications for what information was collected and reported.

67.7 The Committee had good interaction with those staff members who attended the meetings and the regular 'deep dives' should extend the contacts.

67.8 The Committee noted the summary and key findings in the report and confirmed that the survey would be undertaken biennially. It was acknowledged that this was a slight departure from the CUC HE Audit Code of Practice of an annual review. However, the Committee confirmed that as the outcomes of the self-assessment from the current year were tracked and reported on in the following year, it was satisfied a biennial self-assessment was sufficient.

68 Outcome of Electronic Approval of Finance Policies

68.1 The updated Anti-Money Laundering and Counter Terrorist Finance Policy and the new Financial Sanctions Policy had been circulated to the Committee for electronic approval on 25 April 2023. Following circulation, the policies were approved and it was agreed that any future minor alterations to the policies could be carried out without further referral to the Committee, subject to the Committee being advised of changes and receiving a revised copy of the Policy in a timely manner.

68.2 The Committee noted the approval of the Anti-Money Laundering and Counter Terrorist and Financial Sanctions policies.

69 The University's Prevent Duty

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

70 Annual Information Governance Report 2023

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 2022 to 30 April 2023. The Committee noted the report.

71 Dental Academy Clinical Governance Annual Report

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

72 Quarterly Report of Non-Audit Services from the Auditors

72.1 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 2023 to 30 April 2023.

72.2 The Committee noted planned non-core audit services provided by the external auditors during the course of 1 February 2023 to 30 April 2023. The Committee confirmed that these activities were appropriate and did not compromise the auditors' independence.

73 OfS Publications

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

74 Confirmed Meeting Dates 2023/2024

- Monday, 25 September 2023, 1330 to 1600
- Friday, 10 November 2023, 1030 to 1330
- Tuesday, 20 February 2024,1030 to 1300
- Wednesday, 22 May 2024, 1030 to 1300

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

75 Date of Next Meeting

The next meeting of the Committee would be held on Monday 25 September 2023 from 1330 to 1600.

76 Thanks

76.1 Frances Morris-Jones, external governor: This was the last meeting of the Audit and Quality Committee for Frances Morris-Jones whose second term of office finishes to an end on 31 July 2023. Frances has been a member of the Audit and Quality Committee since May 2015 and was elected Chair of the Audit and Quality Committee with effect from 1 August 2018 and has been Chair ever since. Members thanked Frances for her significant work and contribution to the Audit and Quality Committee and wished her all the best with her future endeavours.

76.2 Aleksandra Siedlecka, student governor: This was also the last meeting of Audit and Quality Committee for Aleksandra Siedlecka, Student Governor. Aleksandra had been a Student Governor and a member of the Audit and Quality Committee since September 2022. Members thanked Aleksandra for her contribution to the work of the Committee and wished her well in the future.