

## Audit and Quality Committee

DATE / TIME / VENUE	1030, Friday 10 November 2023, Room 0.32, St Andrew's Court
PRESENT	Professor Sandy Pepper, External Governor (Chair) Bahram Bekhradnia, External Governor (by videoconference)
IN ATTENDANCE	Peter Aldred, University Solicitor (Min 34) Rees Batley, External Auditor, KPMG LLP (by videoconference) (Mins 22 to 27) Dr Sonia Brandon, Staff Representative Mark Carter, Deputy Director of Finance (Information) Amy Dymond-Hobbs, Quality Manager for Apprenticeships and Work Based Learning (Min 33) Duncan Laird, External Auditor, KPMG LLP Morgan Lowman, Student Governor Lesley Macleod, Interim Deputy Chief Financial Officer Professor Anne Murphy, Deputy Vice-Chancellor (Education) (Min 32) Louise Tweedie, Internal Auditor, RSM LLP
SECRETARIAT	Claire Dunning, Executive Director of Corporate Governance Annette Mills, Head of Governance Services

### Private Sessions

- The External Governors, the staff representative, the student governor and the external and internal auditors held a private session before the start of the main meeting at 0945 hours.
- The External Governors, the Executive, the staff representative, the student governor and the secretariat held a private session after the main meeting at 1300 hours.

**Tabled Paper:** Agenda Item 8, Draft Annual Report of Audit and Quality Committee 2022/2023 (Min 22 refers)

Due to the availability of members some agenda items were taken out of order.

## 22 Welcome, Quoracy and Apologies

- 22.1 The Chair welcomed Mark Carter, Deputy Director of Finance (Management Information).
- 22.2 Apologies were received from: Liz Jolly, External Governor; Professor Graham Galbraith, Vice-Chancellor and Lorna Raynes, Internal Auditor, RSM LLP.
- 22.3 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

## **23 Minutes**

The minutes of the meeting held on 25 September 2023 were confirmed as a correct record subject to the addition of Professor Graham Galbraith, Vice-Chancellor to the attendee list.

## **24 Matters Actioned Since the Last Meeting or Under Continuing Consideration and Matters Arising**

### Matters Actioned

24.1 Action was reported on five items, of which three items were for note, one item for oral update and one item that was covered later in the agenda. In discussion, the following key points were noted:

- (i) The final internal audit report Ravelin Sports Centre – Core Operational Processes was received on the agenda at item 7.3. However, due to structural and organisation changes, the action plan to address the findings would be received at the 20 February 2024 Committee meeting. It was noted activity to address the findings was already underway.

### Matters Arising

24.2 There were no other matters arising from the minutes.

## **25 University Financial Statements for the Year Ended 31 July 2023 - confidential**

## **26 Letter of Representation**

The Draft Letter of Representation is addressed to KPMG LLP from the Board of Governors. This letter provides confirmation from the Board that it has understood and fulfilled its responsibilities for the preparation financial statements in accordance with the applicable financial reporting framework and that these statements, provided to the auditors for analysis, give a true and fair view. The Committee noted the draft Letter of Representation which would be received by the Board of Governors on 22 November 2023.

## **27 University Going Concern Statement**

The Committee received the Going Concern Statement for 2022/23 for the University of Portsmouth from Lesley Macleod, Interim Deputy Chief Financial Officer. In discussion the following key points were noted.

27.1 The Going Concern Statement was produced to confirm that the University may be regarded as a Going Concern, that would be in business in twelve months from the

signing of the Financial Statements. For the 2022/23 Statements this means November 2024. The purpose was to demonstrate that the University's senior management has and was considering key business and financial risks and that the financial future of the University was assured.

- 27.2 The Committee noted that the cash flow forecasts had been prepared for the period of at least twelve months post the date of signing the financial statements to November 2024. For the income and expenditure budget, the forecasts extended to July 2026.
- 27.3 The forecasts indicated the University could support the Estates Masterplan ongoing investment and remain a going concern.
- 27.4 There were financial challenges across the Higher Education sector. The external auditors confirmed that the University was a going concern and had sufficient cash reserves to repay the outstanding loan if the financial covenant was breached.
- 27.5 There was discussion about the ratio of home to internal students and the implications of increasing the numbers of international students against a background of potential reductions in staff numbers. In addition the support provided to students was discussed and whether sufficient funds were available for this support.
- 27.6 It was noted that there was a reset programme underway and work was ongoing to look at efficiencies across the University including the impact and implementation of activities. It was acknowledged that there needed to more messaging regarding the reset programme and wider communications would commence in the near future,
- 27.7 The Committee approved the University Going Concern document for onward recommendation to the Board of Governors at the Board meeting to be held on 22 November 2023.

**[Post meeting note:** The Going Concern Statement for University of Portsmouth was approved at the Board of Governors meeting of 22 November 2023 min 33(v) refers.]

## 28 Committee Name and Terms of Reference 2023/2024

The Committee received a paper from Claire Dunning, Executive Director of Corporate Governance. In discussion the following key points were noted.

- 28.1 The Committee considered the information provided on committee naming conventions within the sector and the guidance provided by the CUC Higher Education Audit Committees Code of Practice.
- 28.2 Following discussion the Committee agreed to propose to the Board that its name be changed to the Audit and Risk Committee with immediate effect.

- 28.3 The Committee agreed that the Terms of Reference remained appropriate and agreed to recommend to the Board the approval of its Constitution, Membership and Terms of Reference for 2023/2024.

[Post meeting note: The change of the Committee's name to Audit and Risk Committee was approved at the Board of Governors meeting of 22 November 2023 Min 44(v) refers.]

## 29 Internal Audit

### Internal Audit Annual Report 2022/23

- 29.1 On behalf of the internal auditors RSM LLP, Louise Tweedie presented a report which provided a summary of the work undertaken by the internal auditors during the 2022/23 session.

- (i) The auditors' overall opinion was that, for the year 2022/2023, there were weaknesses in the framework for risk management, governance, internal control and economy, efficiency and effectiveness such that it could become inadequate and ineffective.
- (ii) The Committee noted that this opinion was primarily driven by concerns about non-financial matters, mainly associated with safeguarding related issues. This assessment was discussed and it was noted that the conclusion had been influenced by three partial assurance internal audit reports and a higher proportion of high and medium findings and a number of actions exceeding their target date and/or not being implemented. It was acknowledged that two of the partial assurance internal audit reports had been specifically requested by the University as it wanted to look at these areas in details.
- (iii) The chair of Audit and Quality Committee confirmed he had discussed the opinion with the Chair of the Board and the Chair of IFC as well as discussing the matter with the Executive Director of Corporate governance and RSM LLP.
- (iv) The Committee noted that it was thought there might be some data issues related to internal audit reporting of historical actions and there would be some data cleansing carried out by the University to ensure the internal audit data, particularly that around outstanding actions, was correct. There would also be an increased focus on resolution of the outstanding actions.
- (v) Following discussion, the Committee concluded that it was satisfied that the overall opinion was a fair conclusion. The internal auditors' overall opinion was accepted by the Committee and management.

### Progress Update Report 2023/2024

- 29.2 The Committee received an Internal Audit Progress Report for 2023/2024. In discussion, the following key point was noted:

- (i) A draft of the Estates data collection and retention processes internal audit report had been issued. It was agreed that once the final report was available it would be circulated to the Committee.

**Action: Head of Governance Services**

29.3 The Committee noted the update.

#### Ravelin Sports Centre – Core Operational Processes

29.4 The Committee noted that the overall conclusion of Ravelin Sports Centre – Core Operational Processes internal audit was partial assurance. In discussion, the following points were noted:

- (i) There had been two high significance findings: there was no designated safeguarding officer and weaknesses in relation to lack of CCTV, easy access to the pool changing rooms, lack of signage, to protect, direct and inform customers and incorrect use of a key cabinet.
- (ii) The Committee was noted that work had commenced to address the findings and develop action plans. The action plan would be received at the 20 February 2024 meeting of the Committee.

#### Procedures for the Management of Agents

29.5 The Committee noted that the overall conclusion of Procedures for the Management of Agents internal audit was reasonable assurance. There were four medium significant findings. These related agent administration manual, termination of agents, lack of systems for value for money, and oversight of international recruitment agents. In discussion, the following points were noted:

- (i) It was acknowledged that overseas agents could impact on the reputation of the university. However, it was noted that the contracts with agents and sub agents had been reinforced recently and were more transparent and provided more control to the University.

#### Revised Follow Up Report 2022/23

29.6 The Committee noted the revised follow up report which followed up on progress made to implement the previously agreed management actions from specific audits.

#### Recommendation Follow-Up Report

29.7 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 Committee noted the update.

## 30 Draft Annual Report of Audit and Quality Committee

- 30.1 The Committee received the draft annual report of the Audit and Quality Committee from Claire Dunning, Executive Director of Corporate Governance. The CUC Higher Education Audit Committees Code of Practice 2020 states that the Audit Committee should produce an annual report for the governing body and the Head of Institution, timed to support the preparation of the published financial statements.
- 30.2 The annual report of Audit and Quality Committee covered the financial year 1 August 2022 to 31 July 2023. In addition, it covered the Committee's work on the financial statements for 2022/2023 and associated external auditor's management letter, at this meeting.
- 30.3 The Chair brought the Committee's attention in particular to the proviso in paragraph 66 *"The Audit and Quality Committee acknowledges that further work is required to ensure that the arrangements in place for the areas listed above continue to be deemed as adequate and effective, particularly as regards the non-financial matters identified by the internal auditors. The Committee has been assured by management that timely attention will be given to those areas where improvements are required."*
- 30.4 The Committee considered the draft report, which would be updated with relevant points following discussion at this meeting and the inclusion of minute references as appropriate. It was agreed that the date in paragraph 49 would be amended from 11 November 2023 to 10 November 2023.
- Action: Head of Governance Services**
- 30.5 The Committee confirmed that it was content to give the assurances that it was required to provide to the governing body and agreed to recommend that the report should be submitted to the Board of Governors meeting to be held on 22 November 2023.

[**Post meeting note:** The annual report of the Audit and Quality Committee was approved at the Board of Governors meeting of 22 November 2023 (Min 40(v) refers.)]

## 31 Annual Report on the Prevent Duty

Committee received from Claire Dunning, Executive Director of Corporate Governance a report on the University's delivery of the Prevent duty during 2022/23. In discussion the following key points were noted:

- 31.1 It was a statutory requirement that all universities demonstrated due regard for the Prevent duty. Governing bodies were required to provide the OfS with a declaration each year confirming their assurance that this responsibility had been met.
- 31.2 The annual Prevent report was produced to provide the Board of Governors with the evidence necessary for it to provide the assurances required by the OfS in the annual accountability declaration and data return.

- 31.3 The operational responsibility for the Prevent duty would be moving from Corporate Governance to the newly formed Student Services directorate. This would fit well with the existing safeguarding responsibilities in this area. The responsibility for executive reporting would remain with Corporate Governance.
- 31.4 There was discussion about the forthcoming Higher Education Freedom of Speech Bill. It was recognised there were numerous pieces of legislation that had an effect on the promotion of freedom of speech. The Committee noted that this forthcoming new legislation would be a complex area for the University to navigate. There would be an agenda item on this topic at 29 January 2024 Board meeting.
- 31.5 The OfS required the University to provide a statistical return of the number of Prevent cases reviewed and the Prevent-related training provided to staff during 2022/2023.
- 31.6 The Committee agreed that the report demonstrated that the University had given due consideration to the Prevent duty over the last academic year, whilst balancing this duty with other legal duties to protect freedom of speech and academic freedom.
- 31.7 The Committee agreed that the Prevent duty report should be submitted to the Board of Governors meeting to be held on 22 November 2023 and that it provided the necessary assurance that the University had due regard for the Prevent duty.

## 32 Assurance Statement on Quality

The Committee received the Academic Quality Assurance prepared by Rebecca Di Pancrazio, Interim Academic Registrar and presented by Professor Anne Murphy, Deputy Vice-Chancellor (Education). In discussion, the following points were noted:

- 32.1 The report provided an overview of the academic quality processes and how the processes were managed. The report did not provide information on student outcomes.
- 32.2 There was discussion about the OfS ongoing conditions of registration and the University's assurance level in meeting these conditions. It was noted that the University was meeting all the conditions it needed to.
- 32.3 The University was not meeting all the conditions of B3 in some individual courses. Where individual courses do not meet the B3 metrics threshold, these were closely monitored through annual monitoring. The Committee noted that the OfS acknowledged that if a course did not meet the B3 metrics threshold, it did not automatically signify that the Conditions of Registration were not being met. The OfS would look at a range of wider information sources and given the University's TEF Gold status, the Ofsted Monitoring visit outcome, and general overall compliance, the overall risk to the University of an OfS visit was low.

- 32.4 The Committee also noted the recent TEF Gold award to the University. In addition to this overall rating, the TEF 2023 included two new Aspect Ratings and the University received Gold for the Student Experience Aspect, and Silver for the Student Outcomes Aspect.
- 32.5 The National Student Survey (NSS) comprised 27 core course-related questions grouped under seven headings. This year, a total of 3,549 final-year undergraduate students enrolled on taught courses at the University participated in the survey, achieving a response rate of 78% compared to a Sector response rate of 71%. The University's response rate for the optional questions was lower, at 35%. Due to the revised questions and response scales, conducting a direct comparison to the results from the previous year was not appropriate.
- 32.6 During the reporting year, the University conducted a comprehensive review of its course approval policy and practices. As a result, the University approved a significantly different approach to course approval.
- 32.7 There were a number of ongoing initiatives and activities to improve the student experience and student outcomes. This included working on online modules and how these could be delivered within existing Curriculum Framework and academic year structures designed to support transition, retention and progression.
- 32.8 There was a question about allocation of time within the workload for withdrawal support versus the significant cost impact of a withdrawal. It was noted that a number of projects supported students who were considering withdrawal examples included having a better induction programme and how assessment works.
- 32.9 There was discussion about the impact of the cost of living on students and whether this was impacting on withdrawal rates. It was noted that there had been some activity to try timetable course to minimise travel and free up time to undertake paid work if a student wished to do so.
- 32.10 The Committee agreed that the report provided assurance that the University had appropriate and robust quality assurance processes and that it had maintained academic standards and enhanced the quality of the student experience during 2022/2023.

### **33 Apprenticeship Summary Update - confidential**

### **34 Modern Slavery Act 2015 Review of Statement**

The Committee received an updated Modern Slavery and Human Trafficking form from Peter Aldred, University Solicitor. Key points noted during discussion were:

- 34.1 The Committee noted that the Modern Slavery Act 2015 required organisations (and their subsidiaries) with a turnover of more than £36m to produce and publish an annual slavery and human trafficking statement or a declaration that they had no



statement to publish. The statement should be published within six months of the financial year end.

- 34.2 This annual statement provided an update on the actions proposed in the University's previous annual statement and set out the further steps that the University planned over the next twelve months.
- 34.3 The Committee considered the updated statement and progress on activities during the past year. It was noted that there was more emphasis on governance and links to the policy. It was also noted that the Procurement Team had recently transferred to Corporate Governance and this would be an opportunity to reinforce governance.
- 34.4 The Committee noted that there were a number of actions in the statement for supporting students at risk of being drawn into slavery specifically. It was recognised that students could be targeted when seeking work in particular students with visas where the threat of UKVI sanctions could be utilise as a form of coercive control.
- 34.5 The Committee agreed to recommend the statement to the Board for approval at its meeting of 22 November 2023.

**[Post meeting note:** The Annual Slavery and Human Trafficking Statement was agreed by the Board of Governors at its meeting on 23 November 2022, Min 34(iii) refers.]

## **35 Local Government Pension Scheme (LGPS) 2022/23 Annual Return**

The Committee received a paper, presented by Lesley Macleod, Interim Deputy Chief Financial Officer outlining some data issues arising from the Annual Return assessment from the Hampshire Pension Fund. In discussion the following key points were noted.

- 35.1 The Committee noted that there had been some data issues arising from the Annual Return assessment in relation to the Hampshire Pension Fund.
- 35.2 Subsequently, the Hampshire Pension Fund had confirmed that the University's recent performance levels were exceptional and a data audit that the University was now obliged to complete would be resourced from the Payroll team and completed as soon as possible.
- 35.3 The Committee noted the report.

## **36 Corporate Risk Register**

The Committee received the updated Corporate Risk Register from Claire Dunning, Executive Director of Corporate Governance. Key points noted during discussion were:

- 36.1 The Committee noted the Corporate Risk Register had been updated following consultation with the University Executive Board and general updates had been

made to strengthen the text of the risks associated with student recruitment and finances.

- 36.2 A number of further changes have also made been to reflect the recent changes to the senior leadership team structure with a reallocation of a number of risks. This item is on the Board agenda.
- 36.3 The intention was to create a risk management forum at an operational level, subject to the outcomes of the ongoing University wide committee review. This forum would provide a summary of their activity and would assist the discussion on risk at the Committee.
- 36.4 The Committee noted the update.

### **37 Non-Audit Services Provided by External and Internal Auditors**

- 37.1 The Committee noted the annual report on audit fees paid to, and additional services purchased from, the external and internal auditors in 2022/2023. Committee confirmed that the additional payments were at an appropriate level and presented no risk of compromising the auditors' independence.
- 37.2 The Committee noted planned non-core audit services to be provided by the internal and external auditors during the period 1 September 2023 to 31 October 2023. Committee confirmed that these were appropriate and would not compromise the auditors' independence.
- 37.3 The Committee noted the statement of independence for the external auditors had been included within the management letter (Min 25.5(vi)) and for the internal auditors had been included in their annual report (Min 29.1).

### **38 Health and Safety**

#### Health and Safety Quarterly Report

- 38.1 The Committee received and noted the quarterly report summarising the actions that had been taken during the period 1 May 2023 to 31 July 2023.

#### Health and Safety Annual Report 2022/2023

- 38.2 The Committee received the Health and Safety Annual Report 2022/2023 from Brent Schwarz, Health and Safety Manager. The Annual Report of Health and Safety 2022/2023 would be presented to the 29 January 2024 Board meeting.

#### Health and Safety Committee:

- 38.3 The Committee noted that the draft Health and Safety Minutes of 20 October 2023 would be circulated to the Committee when they were available.

[Post meeting note: The draft Health and Safety Minutes of 20 October 2023 were circulated to the Committee on 13 December 2023.]

### **39 Annual Report on Student Complaints**

The Committee noted the annual report on student complaints received during the academic year 2022/2023 prepared by Samantha Hill, Information Disclosure and Complaints Manager.

### **40 OfS Publications**

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

### **41 Date of Next Meeting**

The next meeting would be held on Tuesday 20 February 2024 from 1030.