

Audit and Quality Committee

DATE / TIME / VENUE	1030, Tuesday 20 February 2024, Room 0.32, St Andrews Court
PRESENT	Professor Sandy Pepper, External Governor (Chair) Mark Readman, External Governor
IN ATTENDANCE	Lee Austen Cyber Security Operations Manager (Min 48) Dr Sonia Brandon, Staff Representative Chris Chang, Deputy Vice-Chancellor (Global Engagement and Student Life) (Mins 45.6 and Min 46) Professor Graham Galbraith, Vice-Chancellor Duncan Laird, External Auditor, KPMG LLP via videoconference (Min 42 to Min 57) Morgan Lowman, Student Governor Louise Tweedie, Internal Auditor, RSM LLP (Min 42 to Min 57) Kate Smith, Companies Accountant Sara Smith, Principal UKVI Compliance Manager Paul Tilley, Director of Sport and Recreation
SECRETARIAT	Claire Dunning, Executive Director of Corporate Governance Annette Mills, Head of Governance Services Jacqui Bryden, Senior Governance Officer

Private Sessions

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

42 Welcome, Quoracy and Apologies

- 42.1 The Chair welcomed Mark Readman, External Governor to his first meeting, Kate Smith, Companies Accountant who was attending the meeting on behalf of Finance and Jacqui Bryden, Senior Governance Officer as an observer.
- 42.2 Apologies were received from Bahram Bekhradnia, External Governor; Liz Jolly, External Governor; Simon Taylor, Interim Associate Director of Finance; Rees Batley, KPMG LLP; and Lorna Raynes, Internal Auditor, RSM LLP.
- 42.3 No conflicts of interest were declared.
- 42.4 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

43 Minutes

The minutes of the meeting held on 10 November 2023 were confirmed as an accurate record.

[Post meeting note: An error in the numbering of the confidential minutes was corrected post meeting.]

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

Matters Actioned

44.1 Action was reported on two matters for note.

Matters Arising

44.2 At the last meeting of the Committee on 10 November 2023 it was noted that the intention was to create a risk management forum at an operational level, subject to the outcomes of the ongoing University wide committee review. It was confirmed that a paper on the committee review would be considered by the University Executive Board (UEB) in due course and the creation of a risk management forum would be part of this review. An update would be provided to the Committee when further information was available.

Action: Executive Director of Corporate Governance

44.3 There were no other matters arising from the minutes.

45 Internal Audit

Higher Education Benchmarking Report 2022/2023

45.1 Committee received a report from the internal auditors that provided a comparison of the number of actions agreed, and the audit assurance opinions provided in similar audits performed across RSM LLP's higher education (HE) client base. The following points were noted in discussion:

- (i) Each higher education institution had a different approach to the conduct of audits. Some organisations prioritised key systems and others, like the University, focussed upon areas that were known to require scrutiny and improvement which the University believed was the better use of internal audit resources.
- (ii) The thematic review in the report identified the high-risk areas across the sector which aligned with the areas that the University either recently audited or were due to audit in the future.
- (iii) The Committee noted that the University worked closely with RSM LLP to identify appropriate areas of audit, for example focussing on areas that were known to be

not working as well as expected. Although there were more partial assurance outcomes in 2022/23 for the University, it was acknowledged that two internal audit reports had been specifically requested by the University to inform actions required for improvement.

45.2 The Committee noted the report.

Progress Update Report

45.3 The Committee received an update on progress against the internal audit plan for 2023/2024 from Louise Tweedie, RSM LLP. The progress report provided a factual summary of progress to date. There were no new changes to the internal audit plan for 2023/2024. The Committee noted the update.

Estates Data Collection and Retention Processes

45.4 The Committee noted that the overall conclusion of the audit was reasonable assurance. The report had been circulated to members on 1 February 2024. In discussion the following key points were noted:

- (i) There were one high and two medium priority actions arising from the audit.
- (ii) The high priority action related to the retention and the deletion of the conferencing data that did not align with the University's information retention policy. There was a risk of non-compliance with the policy which could have operational implications.
- (iii) The two medium actions related to there being no process in place for identifying and allocating data owners within the Estates department and issues with accessing historical maintenance records.
- (iv) The Committee noted the report.

Selected Core Financial Controls

45.5 The Committee noted that the overall conclusion of the audit was reasonable assurance. The audit had focussed on the financial regulations and associated financial procedures. There were seven medium and two low priority actions arising from the audit. In discussion the following key points were noted:

- (i) This audit was requested by the previous Interim Chief Financial Officer (CFO). There had been a number of changes to key staff within the Finance function and due to resource issues, the University's Financial Regulations had not been formally updated for some time.
- (ii) None of the identified actions were in one particular area and were spread across the different areas audited. This informed the audit outcome of reasonable assurance.

- (iii) It was acknowledged that there had been a lot of change in the Finance department and there would now be an opportunity for a collective review and change going forward. Work was already underway to update the financial regulations and associated procedures. The new CFO would be joining the University in March 2024 and would progress the actions and related activities going forward.
- (iv) From an external auditors' perspective it was noted a potential risk was the amendment to supplier contact details but this was not considered to have a material impact.
- (v) The Committee noted the report.

Ravelin Sports Centre – Core Operational Processes – Progress Update

- 45.6 This report had been received at 10 November 2023 Committee meeting and the Committee had noted that work had commenced to address the findings and develop action plans. In discussion the following key points were noted.
- (i) The overall conclusion of the audit was partial assurance and there had been two high significance findings.
 - (ii) The Committee noted the progress and updates for each action. It was noted that some actions related to central University processes and these had been directed to the appropriate owners.
 - (iii) There was discussion about the two high significance findings regarding safeguarding. It was noted that there was now a safeguarding lead in place. Local safeguarding related policies were dovetailed into the central policy and considerable resource was being out into training and support for culture change.
 - (iv) The opening of the new Ravelin sports centre had been very successful with one million uses of the centre in the first year. It had been a significant learning process for the Sport and Recreation team. It was also noted that the centre was open to the community including children as well as students and staff of the University. This had an impact on the number of issues arising on a day to day basis and managing these issues in the most appropriate way.
 - (v) It was acknowledged the audit had been helpful to identify areas for improvement and where to focus activities for improvement.
 - (vi) The Committee noted the update.

46 Review Of UKVI Processes Audit Outcome

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 Review of the UKVI Processes audit outcome. In discussion the following key points were noted:

- 46.1 The UKVI Student Route Audit took place between 23 to 26 May 2023. Following seven months liaison with the Home Office post the audit period, on 3 December 2023 the Home Office had confirmed that the University had maintained its current sponsor licence with an advisory note relating to reporting on sponsored students in a timely manner.
- 46.2 To ensure the robustness and continued safeguarding of the University's Home Office sponsor licence, the University was undertaking a number of actions including reviewing its processes. A Student Administration Services Manager with extensive UKVI knowledge had been recruited and this post would ensure London Campus policies would completely align with the University policies.
- 46.3 In response to a question, it was confirmed that usually an audit by the Home Office would take place every four to five years, however due to the Covid-19 global pandemic the audits across the sector had been delayed.
- 46.4 In discussion it was noted that globally there was an increase in regulations associated with student immigration.
- 46.5 The Committee noted the outcome of the audit and acknowledged this was a positive result for the University.

47 Review of University of Portsmouth's Risk Appetite

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

- 47.1 The risk appetite document had been used as part of the strategic and financial planning process and to support the creation of the operational risk register. The risk appetite would be reviewed annually.
- 47.2 To date there had been no risks allocated to the security category. Risk owners had used either the safety, estates or digital categories instead. As a consequence, UEB had agreed that the security risk category would be removed from the University's risk appetite for 2024/2025.
- 47.3 There was discussion about the removal of the security category in the context of looking at this area holistically. However, it was noted that the physical security would fall under the remit of Estates and the digital security under Information services.
- 47.4 There were currently four risks on the University's Corporate Risk Register that were classified as above the defined risk appetite. The risk owners were responsible for managing the ongoing mitigation of their risks in liaison with the UEB line manager as appropriate. It was proposed that a risk management operational group would be established and this was part of the recommendations of the ongoing committee review.
- 47.5 The Committee noted:

- (i) The removal of the 'security' risk category from the University's risk appetite document.
- (ii) There were no changes to the risk appetite for the remaining risk categories.
- (iii) The updated risk appetite would be distributed to risk owners/budget holders in the guidance for strategic and financial planning for the year 2024/2025, as well as to programmes and projects through the IS Project Management Office and Estates Masterplan Board.
- (iv) The risks on the Corporate Risk Register which currently sat above the University's risk appetite levels.

48 Risk Mitigation Deep Dive (presentation)

The committee received a presentation from Lee Austen Cyber Security Operations Manager on 'The Importance of Account Access Security'. In discussion the following key points were noted:

- 48.1 The deep dive would enable the Committee to consider mitigating actions taken in relation to a particular subset of risks in more detail. To that end, the presentation focussed on the Importance of Account Access Security in relation to cyber security risk. In particular, enhancing the Identification and Authentication, Authorization and Accountability (IAAA) Processes for individual accounts.
- 48.2 There were a significant number of individual accounts in the University, with applicant accounts being the most vulnerable. A recent security incident which had been caused by a student account.
- 48.3 Recently the staff password strength had been upgraded on a mandatory basis and multi factor authentication (MFA) was also required for access to accounts. In respect of a similar exercise for the student passwords there were some systems issues that needed to be resolved first. Affiliate accounts would be looked at after student accounts had been fixed. There would be regular audits on account access to ensure it continued to be appropriate.
- 48.4 There was discussion on the risks associated with the use of USB devices as an entry point for malware and unauthorised access to University systems. Proposals to mitigate included restricting the use of USB devices, placing USB activity into a separate part of the network to facilitate security check and/or deploying advanced endpoint protection solutions to detect and prevent threats from USB devices. It was acknowledged that students in particular relied on USBs which gave some added complexity to the issue.
- 48.5 The Committee noted the presentation and the activities undertaken to mitigate risks.

49 Subsidiary Companies Audit Exemption

The Committee received a report from Kate Smith, Companies Accountant on the Proposal For Subsidiary Company Audit Exemptions and Associated Parent Company Guarantees for three subsidiary companies. In discussion the following key points were noted.

- 49.1 The proposal was to reduce subsidiary company audits for three of the subsidiary companies by using a parent company guarantee subject to the approvals by the individual company Boards of Directors, the Board of Governors, and the new Chief Financial Officer. The three subsidiary companies that had been identified for an audit exemption were UPIL (international/China), UPSL (NHS dental contract) and UASL (UoP London staff)
- 49.2 An audit exemption would reduce external audit fees with a cost saving of around £28k year on year and reduce internal resource requirements. It was acknowledged that it was resource intensive undertaking several audits at the same time and that the subsidiary companies had little impact on the main audit of the University.
- 49.3 Parent company guarantees were a legal obligation to meet liabilities. However, it was noted that, in the case of a charity, a valid parental guarantee could only be given in certain circumstances. Therefore, it would be important to confirm if the proposals met the conditions required.
- 49.4 The parent company guarantee would be reviewed annually including a check of the financial position of the companies and whether the nature of the activities of the company had changed.
- 49.5 The Committee discussed the main risks associated with having an audit exemption. The parent company must make an associated parent company guarantee. If the guarantee was called upon, then the University would be exposed to the liabilities of the subsidiary as at the related Balance Sheet date. In particular, the Committee noted that the Governors could be personally liable if the activities of the subsidiary were outside of the parent charity's objects where a parent guarantee had been given.
- 49.6 In discussion the Committee expressed the concern that there would be a personal liability for a limited cost saving. It was noted that sometimes failures of organisations were caused by something going awry in a subsidiary company, rather than the core business. The Committee also expressed a view that the legal advice from Eversheds appeared to be heavily caveated and a more detailed legal review would be helpful.
- 49.7 It was agreed that more information was required on all the subsidiary companies and why these three companies had been selected i.e. the level of risk, mitigation of the risks and the methodology behind the selection.
- 49.8 In conclusion, the Committee felt based on the current information available that the risk was too high for a relatively low reduction in costs. The Committee would also require clearer legal advice before making a recommendation to the Board of Governors. At this time the Committee did not feel able to make a recommendation to the Board of Governors.

50 Student Related External Returns Data Quality

- 50.1 Annual Report 2022/2023

- (i) Committee received and noted a report from Sarah Kenyon, Head of Student Systems on the external statutory data returns made in the academic year 2022/2023.
- (ii) The paper provided an annual summary to the Committee of the external returns undertaken during 2022/2023 by the External Returns and Data Standards Team. The report was designed to provide assurance to the Committee that the University had complied with its responsibility to provide timely and accurate data.
- (iii) The Committee agreed that the report provided assurance that the University's processes for external data returns were robust and that it had complied with its responsibilities.

50.2 Data Returns Register

- (i) Committee received and noted the Data Returns Register as at 1 February 2024. The OfS Regulatory Notice 2 stipulated that the audit committees of higher education institutions were responsible for providing assurance to their governing bodies on the adequacy and effectiveness of the management and quality assurance of data.
- (ii) The Committee agreed that the report provided assurance that the University was alert to its key data returns, their associated timescales and any risks associated with the collection of the data.

51 Professional, Statutory and Regulatory Body (PSRB) Accreditations

51.1 Professional, Statutory and Regulatory Body (PSRB) Accreditations at the University of Portsmouth:

- (i) Committee noted a report from Sophie Mansfield, Academic Standards and Quality Adviser, Academic Standards, Quality and Partnerships, Department of Student Academic Administration, on the business processes for supporting and recording courses with Professional Statutory and Regulatory Body (PSRB) accreditation status.
- (ii) There were a number of new and renewed accreditations of courses and it was noted that these would have been subject to a rigorous approval process.

51.2 Professional Accreditations - Status of Courses (*circulation only*):

- (iii) Committee had received electronically a complete list of the professional accreditation status of courses offered by the University.

51.3 The Committee agreed that the report and the comprehensive and clear spreadsheet gave assurance to Committee that the University was actively managing its professional accreditations.



52 Health and Safety Quarterly Report

Health and Safety Quarterly Report

- 52.1 The Committee received and noted the quarterly report prepared by Brent Schwarz, Head of Health and Safety, summarising the actions that had been taken during the Quarter 1 (1st August 23 to 31st October 2023).

Health, Safety and Wellbeing Committee

- 52.2 The Committee noted that the draft Health, Safety and Wellbeing Committee minutes of 20 October 2023 was circulated to members on 13 December 2023 and the draft minutes of 18 January 2024 would be circulated when available.

53 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.

- 53.1 The Committee noted that the Higher Education (Freedom of Speech) Bill, having received royal assent on 11 May 2023, would come into force over the next 18 months and commented that this would be a complex area to navigate. The University Solicitor had provided an update to the Board of Governors at its meeting on 29 January 2024.
- 53.2 The Committee noted the report.

54 Non-Audit Services Provided by External and Internal Auditors

Committee noted there had been no planned services outside the core audit and ancillary services provided by the internal and external auditors during the course of 1 November 2023 to 31 January 2024.

55 OfS Publications

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

56 Proposed Meeting Dates 2024/2025

The Committee noted the proposed meeting dates for 2024/2025:

- 24 September 2024, 0930 to 1200
- 14 November 2024, 1330 to 1630
- 27 February 2025, 0930 to 1200
- 22 May 2025, 0930 to 1200



57 Date of Next Meeting

The next meeting would be held on Wednesday 22 May 2024 from 1030.

58 Update on Audit Fees 2023/24 – confidential

59 Discussion on The Work and Performance of The Auditors on An Annual Basis – confidential