

## Audit and Risk Committee

DATE / TIME / VENUE	1030, Wednesday 22 May 2024, Room 0.32, St Andrews Court
PRESENT	Professor Sandy Pepper, External Governor (Chair) Mark Readman, External Governor Liz Jolly, External Governor (From Minute 64.5)
IN ATTENDANCE	Dr Sonia Brandon, Staff Representative Dr Michelle Hale, Academic Governor Professor Graham Galbraith, Vice-Chancellor Morgan Lowman, Student Governor Harry Mears, External Auditor, KPMG LLP Lorna Raynes, Internal Auditor, RSM LLP Kate Smith, Companies Accountant Amy Dymond-Hobbs, Quality Manager, Academic Registry (Minute 67 only)
SECRETARIAT	Claire Dunning, Executive Director of Corporate Governance Peter Aldred, University Solicitor 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 10:15.
- The external governors, the Executive and the secretariat held a private session after the main meeting at 12:30.

## 60 Welcome, Quoracy and Apologies

- 60.1 The Chair welcomed Dr Michelle Hale, Academic Governor to her first meeting and Kate Smith, Companies Accountant who was attending the meeting on behalf of Finance.
- 60.2 Apologies were received from; Bahram Bekhradnia, External Governor, Mary White, Chief Financial Officer; Duncan Laird, KPMG LLP; and Lorna Raynes, Internal Auditor, RSM LLP.
- 60.3 The following declaration of interest was noted:
- Professor Sandy Pepper declared that his son worked for KPMG (US) in international tax law.
- 60.4 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

## 61 Minutes of the Previous Meeting

The minutes of the meeting held on 20 February 2024 were confirmed as an accurate record.

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

- 62.1 Action was reported on four items: two matters for note; one item to be received on the agenda; and one item to be received at the meeting in November 2024.
- 62.2 There were no other matters arising from the minutes.

## 63 Committee Terms of Reference Update

- 63.1 Committee received a report on the recommendations of the Nominations Committee which had been approved by the Board on 26 March 2024.
- 63.2 The Committee approved the following updates to the Terms of Reference for 2023/2024:
- The number of External Governors be increased from four to five.
  - The change of job title from Executive Director of Finance to Chief Financial Officer.
  - The addition of the Academic Staff Governor to the membership of the Committee.

## 64 Internal Audit

### Progress Update Report

- 64.1 The Committee received an update on progress against the internal audit plan for 2023/2024 from Lorna Raynes, RSM LLP. The report provided a factual summary of progress to date. In discussion, the following points were noted:

- (i) The outcome of five audits against the plan was Reasonable Assurance; one was Partial Assurance; one was in progress; and two were due to commence in June. The fieldwork to follow-up was in progress.
- (ii) The audits for Human Resources processes and Timetabling processes had been put back to 2024/2025 at the request of the University due to workload and organisational change.
- (iii) The fee structure provided for payment for each audit so if an audit was not done, it was not invoiced.
- (iv) It was noted that the additional follow up actions undertaken for the audit on the Core Operational Processes for Ravelin Sports Centre had been updated and the report amended accordingly.

#### Data Quality Arrangements - HESES

- 64.2 The Committee noted that the overall conclusion of the audit was reasonable assurance. In discussion the following key points were noted:
- (i) There was one medium priority action and two low priority actions arising from the audit.
  - (ii) The medium priority action related to the inclusion of one student in error on the employer return and the two low priority actions related to timeframes given within processes and inaccurate student data.
  - (iii) The Committee noted the report.

#### Data Quality Arrangements – Fee Assessment

- 64.3 This report had been received at the Committee meeting on 16 November 2022 when the overall conclusion was partial assurance. The Committee noted that the overall follow-up conclusion of the audit was reasonable assurance. In discussion the following key points were noted:
- (i) Of the six management actions identified in 2022, four had been fully implemented and two were superseded by actions identified in the report.
  - (ii) There was one medium priority action and one low priority action arising from the audit. The medium priority action related to the completion of fee assessments and the low priority action related to the completion of training logs and activities.
  - (iii) The audit identified that fee assessment was an ongoing challenge and manual data validation checks would continue to ensure consistency in data input across systems.
  - (iv) The Committee noted the report.

Data Quality Arrangements - TRAC

- 64.4 The Committee noted that the overall conclusion of the audit was reasonable assurance. In discussion the following key points were noted:
- (i) There were two medium priority actions and two low priority actions arising from the audit.
  - (ii) The medium priority action related to the revision of Estates weighting in cost allocation and regular updates to the TRAC procedure notes and the two low priority actions related to an update to the TRAC Accountants job description and the application of the GDP Regulations to the TRAC process.
  - (iii) The Committee noted the update.

Internal Audit Plan 2024/2025

- 64.5 The internal audit plan had been 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 would be kept under review and amended according to the University's priorities. Some of the planned audits were statutory requirements such as the UUK Code for Student Housing which was a triennial report for the regulator and data quality audits had to be completed annually. Three planned audits were scheduled for the year having been deferred from the previous year: risk management; management of research misconduct; and staff development and performance management. Three were new audits identified from the University's priorities: freedom of speech; reset programme; and financial sustainability.
  - (ii) The spread of audit coverage afforded a wide overview for the internal auditors to be able to provide an opinion each year that the University's risk management, governance and internal control processes were operating effectively.
  - (iii) The audits selected were identified with reference to the University's strategic risks and developed collaboratively with the University. There would be some discussion with the external auditors in the development of the plan. Alternative audits could be included if appropriate.
  - (iv) The purpose of the Universities UK/Guild HE Code of Practice for the Management of Student Housing and whether this was a statutory requirement would be clarified with Campus and Estates.  

**Action: Senior Governance Officer**
  - (v) The audit commitment totalled 142 days over the year and the internal auditors were paid per audit.
  - (vi) As the University was under considerable pressure and was implementing organisational change, staff resources were stretched. It was suggested that a reduction in audit commitments by up to 20% for the year might be helpful. The

internal audit plan would be reviewed to meet the University needs but also to allow the internal auditors to have enough information to provide an opinion.

**Action: Director of Corporate Governance**

- 64.6 The Committee asked for the 2024/25 Internal Audit Plan to be revised. The Committee approved that changes could be made by Chair's action in correspondence and would be presented at the next committee meeting on 24 September 2024.

**Action: Senior Governance Officer**

## **65 Progress with KPMG External Audit Management Letter 2022/2023 and Update on Preparation for Year-End 2023/2024**

- 65.1 The Committee received a report from Mary White, Chief Financial Officer on the progress of the recommendations in the external auditor's management letter from 2022 and preparations for the 2023 external audit. In discussion, the following points were noted:

- (i) At its meeting in November 2023, the Committee had received the external auditors' management letter for 2022/23.
- (ii) The external auditors did not raise any control recommendations as a result of the 2022/23 external audit and noted that no issues were identified, and the remaining recommendation raised in the previous year's audit had been implemented.
- (iii) During the year there had been changes to the management team in Finance. The team were resourced to manage the year end financial statements and early planning for the audit was in progress.

- 65.2 The Committee noted the report.

## **66 KPMG External Audit Plan**

- 66.1 Harry Mears, KPMG LLP introduced the plan of the External Auditors for the audit for the year-end 31 July 2024. The following key points were noted:

- (i) KPMG had identified two significant audit risks which would be key focus areas for the 2023/2024 audit: (a) valuation of LGPS post-retirement benefit obligations 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 given the continuing pressures that the Higher Education sector was facing.
- (ii) The audit for the University and its subsidiaries was in progress and a materiality for the consolidated financial statements of £7.2m was identified based on current revenues. The materiality was a tolerable boundary and compared favourably to other HEIs.
- (iii) The risk around going concern had increased and would continue to be an area of focus. 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) The misstatements reported to the Committee of £60k were a cause for concern and would be looked at in further detail and would inform sample sizes.
- (v) The University had eight subsidiaries, which is high within the HE sector. The purpose for each subsidiary would be reviewed and legal advice would be obtained to rationalise this number.

**Action: Executive Director of Corporate Governance**

- (vi) The Committee approved the External Auditors plan for the audit of the year end 31 July 2024.

## **67 Undergraduate Annual Monitoring Report 2022/2023 - confidential**

## **68 Risk Management Update**

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

- 68.1 The operational risk register process had just completed its second cycle in which budget-holders submitted the risks within their areas of responsibility. There were 250 submissions and 45 were above the threshold of risk appetite; an increase three times higher than the previous year. This was likely to be due to increased risk awareness and the application of differing risk profiles. Feedback had been provided to the risk owners and further training would be provided.
- 68.2 UEB had reviewed the 45 risks and updated the corporate risk register accordingly.
- 68.3 The risk management forum would be established as part of the Committee Effectiveness Review and would ensure alignment to the management structure and save management time.
- 68.4 The external auditors were asked to provide an opinion on the effectiveness of the information provided in the corporate risk register. KPMG noted that it was important to have the information to manage the key risks and it was a similar approach to elsewhere in the sector. Some universities used heat maps to identify the trends and issues from the large amount of information provided and that focusing on the top ten issues might be a helpful approach. The format could be improved to identify the direction of travel to understand areas which had not improved and which areas had a greater impact. A future option might be to source specific software.
- 68.5 There was a discussion about future risks for further consideration at the next meeting and initial suggestions were AI and sustainability to ensure they were opportunities and not risks.
- 68.6 Following discussion, and subject to consideration of the points made in the foregoing discussion, Committee:
  - (i) Noted the updated corporate risk register.
  - (ii) Noted the operational risks that currently exceed UoP's risk appetite which were subject to review between UEB members and their subordinate risk holders.

- (iii) Noted the generic feedback to risk holders regarding operational risks.

## 69 Committee Self-Assessment Update

The Committee received an update from Claire Dunning, Executive Director of Corporate Governance on the progress of the committee self-assessment which had been undertaken at the beginning of 2023. The report provided an overview of the survey and the actions taken to date.

69.1 The Committee:

- (iv) Noted the update and the actions taken to date.
- (v) Confirmed that the survey would be undertaken biennially; the details of the next assessment to be discussed at the meeting in November.

**Action: Senior Governance Officer**

## 70 Health and Safety Quarterly Report

### Health and Safety Quarterly Report

70.1 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 Quarter 2 (1 November 2023 to 31 January 2024).

### Health, Safety and Wellbeing Committee

70.2 The Committee noted that the draft Health, Safety and Wellbeing Committee minutes of 18 January 2024 was circulated to members on 27 March 2024 and the draft minutes of the meeting held on 27 March 2024 would be circulated when available.

## 71 The University's Prevent Duty

The Committee received a report from Kevin Child, Director Student Support Services (Principal Safeguarding Officer Students, UoP Prevent Coordinator) that provided an overview of the University's activities to deliver the Prevent Duty. The Committee noted the update.

## 72 Information Governance Annual Report

The 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 March 2023 to 29 February 2024. The Committee noted the report.

## 73 Dental Academy Clinical Governance Report

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

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

The 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 February 2024 to 30 April 2024.

## **75 OfS Publications**

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

## **76 Proposed Meeting Dates 2024/2025**

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

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

## **77 Date of Next Meeting**

The next meeting would be held on Tuesday 24 September 2024 from 0930.

## **78 Record of Thanks**

[Post – meeting note]

The Chair noted that this was the last Audit and Risk Committee meeting for Claire Dunning, Executive Director of Corporate Governance. The Committee thanked Claire for her outstanding contribution and wished her well for the future.

## **79 Appointment of External Auditors – confidential**

## **80 External Auditors Questionnaire – confidential**



## CONFIDENTIAL MINUTES

### 67. Undergraduate Annual Monitoring Report 2022/2023

The Committee received the Annual Monitoring Summary Report on undergraduate full time provision 2022/23 from Amy Dymond-Hobbs, Quality Manager, Academic Registry. In discussion, the following points were noted:

- 67.1 A University level report was produced for Academic Council and its sub-committees annually on the course, department, faculty and University level key outcomes derived from full time undergraduate course annual monitoring. The report to the Audit and Risk Committee provided a summary of the key points from the reporting year and an overview of the University level outcomes.
- 67.2 The B3 conditions for student outcomes implemented by the OfS had increased the threshold for completion and continuation rates. It was important to monitor these outcomes robustly. A new database had been implemented that identified course performance effectively. The low performing courses were monitored more rigorously.
- 67.3 The end of year progression outcomes provided a mixed result for the University which would be addressed. The awarding gap had widened from 23.8% to 27.1% and was an important area of focus to understand the reasons why in order to take appropriate action.
- 67.4 The report provided seven recommendations to address the issues identified in the report to be undertaken by course teams, and by school and faculty executives, with corresponding course, school and faculty EQuIP action plans developed to drive forward the key enhancements. Five courses would be subject to Academic Review in Teaching Block 2.
- 67.5 The data was derived from a number of sources including the graduate outcomes data and through regular monitoring of all data, including through the revised tutorial system, would pull a rich picture of information together to facilitate a proactive approach. The dashboard provided information a month in arrears and would be able to provide live data as the database was populated.
- 67.6 Students who withdrew were asked to complete a form however the support mechanism being implemented aimed to reduce students reaching the point of withdrawal. Current evidence indicated that withdrawal rates were predominantly due to external factors and, anecdotally, due to an increase in poor mental health. It was important to obtain real insight into the factors affecting the reasons for withdrawal and specifically to the University.
- 67.7 Withdrawal rates had increased post-pandemic and timely intervention and support would reduce the withdrawal rates to pre-pandemic levels. The pandemic had removed the stigma of seeking support, particularly amongst first-generation students. Support provision would help to improve attendance and completion of assessments.

- 67.8 There was no separate data on students with disabilities, which would be addressed in the future by the recently restructured Student Support team to provide metrics and information.
- 67.9 An integrated and strategic approach was necessary to improve the satisfaction of students and to reduce the risk of not meeting the B3 conditions. It was recommended that the report should be distributed to all the governors prior to the Board Strategy Day on 4 October 2024.

**Action: Executive Director of Corporate Governance**

- 67.10 The Committee noted the report.

## 79. Appointment of External Auditors

The Committee received a proposal from Mary White, Chief Financial Officer recommending the appointment of KPMG LLP, the External Auditors, to report on the statements for the financial year 2023/2024.

- 79.1 The Committee noted that that KPMG LLP had been appointed for five years in 2021 but that each year provided an opportunity to renew the arrangement. The Finance Department was satisfied with the service provided by the external auditors. There had been a large increase in the fee which had been approved by the Committee and the Board in correspondence.
- 79.2 The Committee agreed to recommend to the Board that KPMG LLP be appointed as external auditors to report on the statements for the financial year 2023/2024.

## 80. External Auditors Questionnaire

The Committee received a report from Claire Dunning, Executive Director of Corporate Governance on the annual request from KPMG on the risk assessment procedure related to the auditing standard ISA 500 which explains what constitutes as audit evidence in audits of financial statements and looks at the auditor's responsibilities in obtaining appropriate audit evidence.

- 80.1 Following discussion of the completed questionnaire the Committee agreed the responses and recommended that the Chair sign the completed document to return to KPMG.

**Action: Executive Director of Corporate Governance**