

Audit and Risk Committee

DATE / TIME / VENUE	1330, Tuesday 24 September 2024, Boardroom 4.18, St Andrews Court
PRESENT	Professor Sandy Pepper, External Governor (Chair) Mark Readman, External Governor Liz Jolly, External Governor Alan Lees, External Governor Bahram Bekhradnia, External Governor (From Minute 5.3)
IN ATTENDANCE	Dr Sonia Brandon, Staff Representative Dr Michelle Hale, Academic Governor Professor Graham Galbraith, Vice-Chancellor Duncan Laird, External Auditor, KPMG LLP Louise Tweedie, Internal Auditor, RSM LLP Wayne Bowen, Deputy Chief People Officer Adam Mason, Deputy Director - Facilities Management & Corporate Health and Safety Simon Kolstoe, Associate Professor of Bioethics & University Ethics Advisor
SECRETARIAT	Paul Mould, Executive Director of Corporate Governance 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 09:15.
- The external governors, the Executive and the secretariat held a private session after the main meeting at 12:00.

1 Welcome, Quoracy and Apologies

- 1.1 The Chair welcomed Paul Mould, Executive Director of Corporate Governance to his first meeting of the Committee.
- 1.2 Apologies were received from: Morgan Lowman, Student Governor; Harry Mears, KPMG LLP; and Lorna Raynes, Internal Auditor, RSM LLP.
- 1.3 The following declarations of interest were noted:
 - Professor Sandy Pepper declared that his son worked in the UK for KPMG (US) in international tax law.
 - Alan Lees declared that he was the Chief Executive at KCG Audit.
 - For item 5.4, Liz Jolly noted that Midland HR provided HR software to the British Library.
 - For item 16, Alan Lees declared that his company, KCG Audit, would not tender for the contract.
- 1.4 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

2 Minutes of the Previous Meeting

The minutes of the meeting held on 22 May 2024 were confirmed as an accurate record subject to the amendment that apologies were noted from Alan Lees, External Governor.

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

- 3.1 Action was reported on six items: four matters for note; one item to be received on the agenda; and one item to be received at the meeting in November 2024.
- 3.2 The audit of the subsidiary companies of the University would commence in the new financial year, exact date to be confirmed.

Action: Executive Director of Corporate Governance

4 Annual Review of the Committee Terms of Reference

- 4.1 The Committee noted a report that mapped the Terms of Reference of the Committee against the business it had conducted during the 2023/2024 academic year. There was a typographical error on pages 13, 22 and 26 where the Committee name should be Audit and Risk and on page 20, section (c) in which the last bullet point should be deleted.
- 4.2 The Committee agreed that it had effectively discharged its Terms of Reference.
- 4.3 The Committee discussed the Terms of Reference for 2024/2025 and noted the change of the Committee name to Audit and Risk to be consistently applied. Key points noted were:



(i) The Annual Report in section 5 provided a narrative opinion of the Committee and should focus on the data quality to provide more direction on the accountability of the Committee.

(ii) Section 4 about risk responsibility should refer to the University policy on the management of risk and its annual review.

4.4 The Committee agreed the Terms of Reference subject to the changes discussed and would be presented at the next meeting in November 2024 for final approval.

Action: Senior Governance Officer

4.5 The Committee discussed the indicative business of Audit and Risk Committee for the 2024/2025 session, which was an aide memoire and would be updated as necessary. Key points noted were:

(i) An update on fraud should be a standing agenda item in addition to an annual report.

(ii) The Going Concern Statement should be moved from November each year to facilitate a discussion of the key risks in September.

Action: Senior Governance Officer

5 Internal Audit

Progress Update Report

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

(i) The nine audits that had been scheduled for 2023/2024 had been completed and four reports were in draft. Two audit reports would be discussed on the agenda and there were two audit reports in process to be discussed with managers and at UEB.

(ii) The two audit reports in process would be presented at the meeting in November 2024.

5.2 The internal audit plan for 2024/2025 had been revised to complete eight internal audits and would allow the internal auditors to provide an opinion. The dates had been agreed for five audits and the dates of three audits were to be confirmed following discussion. It was noted that:

(i) The audit on cyber security had been included to review the actions that had been implemented since the cyber incident and would provide advice on good practice.

(ii) It would be preferable to schedule the audit to the later part of the year following two recent senior appointments in Information Services. The focus of the audit could provide assurance or be an advisory audit.

Corporate Health and Safety Arrangements

5.3 The Committee noted that the overall conclusion of the audit was reasonable assurance. In discussion the following key points were noted:

- (i) The audit had reviewed compliance with the procedure and was not an inspection of health and safety. There were three medium priority actions and three low priority actions arising from the audit, which were being actioned by the Health, Safety and Compliance Manager.
- (ii) It was noted that the University reported both accidents and near misses, the latter defined as prevented events that were captured by the system.
- (iii) The Committee noted the report.

Processes for Application Management: iTrent

5.4 The Committee noted that the overall conclusion of the Processes for Application Management: iTrent internal audit was partial assurance. In discussion, the following points were noted:

- (i) There had been one high priority action and seven medium priority actions which had been addressed by an action plan managed by the Deputy Chief People Officer and the Deputy Chief Information Officer.
- (ii) The high priority action related to the annual penetration test from a third-party service provider which had not been submitted for 2023 and could increase the risk of cyber-attack through the external system. It was noted that a system for contract reviews and contract delivery had been put in place to minimise the risk.
- (iii) The seven medium priority actions related to both IS and HR systems and had been actioned of which six were completed. One action was left open because financial checks on suppliers' financial security were undertaken annually in accordance with University procedures and would therefore be ongoing.
- (iv) The internal auditors would update their system with the completed actions and noted that they were satisfied that the actions addressed and managed the identified risks.
- (v) In discussion, the Committee noted that:
 - a. Cloud applications continued to be a cause for concern due to security issues. The University ensured that applications were partitioned in the network to safeguard the security of data.
 - b. The audit would be included in the internal auditors Follow Up report with the management actions evidenced having addressed the identified risks.
- (vi) The Committee noted the updated report, action plan and the response from the internal auditors.

6 Annual Report on Financial Irregularities and Fraud - confidential

7 Corporate Gifts & Hospitality Annual Report

- 7.1 Paul Mould, Executive Director of Corporate Governance provided the annual report on corporate gifts and hospitality received by senior staff members in 2023/2024. The following key points were noted:
- (i) The report did not provide information regarding the value of the items listed. This was attributed to the difficulty in providing a monetary value for received gifts and hospitality.
 - (ii) There was a perceived increase in staff awareness of the policy and disclosure of gifts and hospitality amongst staff.
- 7.2 The Committee noted the report.

8 Risk Management

- 8.1 The Committee received a report on the University's approach to risk management and the draft Risk Management Policy 2024/2025 from Paul Mould, Executive Director of Corporate Governance. The key points noted were:
- (i) The report provided early observations on the development of the University approach to risk management and how it could be improved to become strategically focused.
 - (ii) There was no dedicated internal resource to manage risk and it was important to create a proactive risk management structure and framework which was integrated and devolved across the University.
 - (iii) Value would be created through a strategic risk assurance map that identified effective actions to mitigate risk and the potential future development of the Risk Management Framework to include business continuity and incident management.
- 8.2 The following points were noted in discussion:
- (i) The current risk register was difficult to read and follow. When a risk had been identified it was important to triage the risk and manage the control proactively. The most significant risks should be prioritised for active management.
 - (ii) UEB had identified strategic risks to be analysed through PESTLE (Political, Economic, Sociological, Technological, Legal and Environmental factors) to categorise the significance of the risk and understand potential threats and opportunities.
 - (iii) Compliance risks were legislative breaches and it was from this type of risk that reputational risk could arise as a consequence.
 - (iv) The distinction between corporate level categories of risk as being either existential or strategic, as well as identifying operational and local risks, would provide clarity to manage risk and resilience in the future. The Committee discussed potential risks for inclusion in the risk register and there would be further discussion at the Board and the Awayday to define existential risks. Examples discussed were:



- a. Student welfare
 - b. Quality of education or research
 - c. Maintain and protect the TEF Gold Award
 - d. Data accuracy and analytics
 - e. Global reach including the development of trans-national education (TNE)
 - f. Employment relations and industrial disputes
 - g. Portfolio
 - h. Safeguarding including sexual assault
 - i. Ageing staff population
 - j. Staff engagement
- (v) It was important to review the risk appetite and its ratings system as a priority and to revise the policy prior to its annual review. The measures and outcomes of the identified strategic risks would be the key factors in managing the risk to, and the resilience of, the University.

Action: Executive Director of Corporate Governance

- (vi) The Risk Management Framework should be developed to manage business opportunities and ensure that risks were identified from both internal and external perspectives.
- (vii) The internal and external auditors could provide examples of risk registers as benchmarks within the HE sector.

8.3 Following discussion, the Committee:

- (i) Provisionally approved the draft Risk Management Policy.
- (ii) Agreed that the revision of the Risk Register and indicative direction of travel would be presented at its meeting in November and the refreshed Risk Management Framework at its meeting in February 2025.

9 Health and Safety Quarterly Report

Health and Safety Quarterly Report

9.1 The Committee received and noted the quarterly report from Adam Mason, Deputy Director - Facilities Management & Corporate Health and Safety, summarising the actions that had been taken during Quarter 3 (1 February 2024 to 30 April 2024). In discussion, it was noted that:

- (i) The Health and Safety (H&S) team had been consolidated within Estates into one team to remove duplication of effort. The team managed health, safety and compliance across the University and staff wellbeing remained within Human Resources.
- (ii) The priorities of the H&S team were: emergency response and planning; major incident planning; escalation processes; and digital technology to support data gathering and reporting.
- (iii) The number of annual H&S Committee meetings had been rationalised from four to three.

- (iv) The recent internal audit on Corporate H&S arrangements which had provided reasonable assurance would address the identified medium and low risks to be completed by February 2025.
- (v) Two H&S advisors had been trained and accredited to train others in mental health first aid.
- (vi) The Corporate Health, Safety and Wellbeing Strategy updated the strategic objectives and key performance indicators. An important objective was to increase the presence of, and the awareness of the support, provided by H&S and to build relationships with departments and managers. There would be a major focus on statutory training to ensure compliance.
- (vii) In response to a legislative update, the University had liaised with the Fire Authority to provide information on cladding on University buildings and had been signed off as satisfactory by the enforcement authority with some minor actions necessary.
- (viii) There had been one accident that had been reported under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations); 233 incidents; 51 accidents; 93 were sports-related; 44 were illness-related; 37 near-misses; two medical incidents and six were non-work-related. This was an increase against the same quarter last year and potentially due to the increased awareness of incident reporting.
- (ix) A fire door replacement programme had been implemented and the records maintained appropriately to ensure that the correct certification was maintained in the longer term.

9.2 Following discussion, the Committee noted the report.

Health, Safety and Wellbeing Committee

9.3 The Committee noted that the draft Health, Safety and Wellbeing Committee minutes of 6 March 2024 and 5 June 2024 was circulated to members on 17 September 2024.

10 Research Governance – Compliance with the Concordat to Support Research Integrity

10.1 The Committee received a report on the University's compliance with the UUK Concordat to Support Research Integrity from Dr Simon Kolstoe, University Ethics Advisor. In discussion, the following points were noted:

- (i) The UUK Concordat outlined commitments for researchers, employers and funders to uphold research integrity and placed specific responsibility for internal processes, dissemination of guidance and training upon the employers of researchers. The annual statement had been updated.
- (ii) There had been six allegations of research misconduct in the last year and one was still in progress. The Procedure for the investigation of Allegations of Misconduct in Research would be updated following the conclusion of the recent litigation.



- 10.2 The Committee noted that the report provided a thorough insight into the research activities of the University and were assured of the University's activities to comply with the Research Concordat.
- 10.3 The Committee agreed that the report should be released for publication on the University's website.

11 The University's Prevent Duty

- 11.1 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. In discussion, it was noted that:
- (i) A new Safeguarding Policy had been implemented and a new Prevent Duty Policy was in development.
 - (ii) All staff and students had the statutory right to submit a Subject Access Request concerning any information held about them and this information would be redacted if it identified other people.
 - (iii) The Freedom of Speech Bill had been halted by the new Labour government to consider options and might be implemented in a different form. The University had a Code of Practice on Freedom of Speech and Expression underpinned by eight Principles on Freedom of Speech and Expression and the Board received an annual report on external speakers.
- 11.2 The Committee noted the update.

12 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 period of 1 May 2024 to 31 August 2024.

13 OfS Publications

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

14 Confirmed Meeting Dates 2025

The Committee noted the confirmed meeting dates for 2025:

- 27 February 2025, 0930 to 1200
- 22 May 2025, 0930 to 1200

15 Date of Next Meeting

The next meeting would be held on Thursday 14 November 2024, 1330 to 1630

16 Tender for Internal Audit - confidential

CONFIDENTIAL MINUTES

6. Annual Report on Financial Irregularities and Fraud

- 6.1. The Committee received a report from Mary White, Chief Financial Officer on financial irregularities and fraud incidents that had occurred over the previous year. The following points were noted in discussion:
- (i) There was a sector wide issue with international students paying their fees with fraudulent cards. The Finance team worked closely with the Global team to raise awareness and actively used social media to warn students of fraud and its consequences. There had been a reduction of this type of fraud over the last year.
 - (ii) Fraudulent transactions had been reported using a corporate credit card in August allocated to one of the University subsidiaries. On investigation, it was identified that the card had been stored in an unsecured office attached to its PIN. CCTV evidence showed an individual known to the police using it in stores to spend on a number of small amounts to avoid detection and that it had been an opportunist crime.
 - (iii) Consequently, all faculties and departments had been reminded of the University procedures to keep cards and their PINs secure. There were a few hundred cards distributed around the University, which removed bureaucracy for departments but did have high risk consequences if not managed and stored properly.
 - (iv) Limited action had been taken against the staff member responsible for the lack of secure storage for various reasons. It was important to ensure that staff received appropriate training to control card storage and security in accordance with University policy.
 - (v) Processes for creditors to change their banking details had been strengthened and Information Services supported secure online payment control mechanisms with particular regard to potential threats from AI (Artificial Intelligence).
- 6.2. The Committee noted the report.

16. Tender for Internal Audit

- 16.1 Paul Mould, Executive Director of Corporate Governance provided an initial overview of the timetable and options to tender for internal audit services which was due in 2025 after the current contract with RSM ended. In discussion it was noted that:
- (i) There were 18 potential bidders in the Crown Commercial Services (CCS) Framework although the framework contract was due to expire in August 2025.
 - (ii) The market for internal audit was limited due to the smaller size of the University contract and would be a potential opportunity to consider the appointment of an internal audit department or utilising a shared services model. It was important that internal auditors had a full understanding of the context of the University in order to



provide full value for money. The benefits of alternative approaches were discussed and the shared services model or consortium would be a longer-term goal.

- (iii) The advantage of using the CCS Framework would be speed of process and because the terms of appointment were already identified and there was a template contract. The disadvantage was that the value statement in the Framework was out of date and there was a limited number of companies within it that would bid.

16.2 Following discussion, the Committee agreed that the University progress to tender within the CCS Framework to test the market and outside of the Framework if necessary.

Action: Executive Director of Corporate Governance