

Audit and Risk Committee

DATE / TIME / VENUE	0930, Thursday 27 February 2025, Room 0.32, St Andrews Court
PRESENT	Mark Readman, External Governor (Acting Chair) Liz Jolly, External Governor (via videoconference) Alan Lees, External Governor Bahram Bekhradnia, External Governor (via videoconference) from Min 45.3 Professor Graham Galbraith
IN ATTENDANCE	Dr Michelle Hale, Academic Governor Mary White, Chief Financial Officer Harry Mears, External Auditor, KPMG LLP (via videoconference) Louise Tweedie, Internal Auditor, RSM LLP (via videoconference) Lorna Raynes, Internal Auditor, RSM, LLP David Goodwin, Commercial Manager and Head of Residential Services (Mins 44.7 to 44.9 only) Mike Johnson, Director of Library and Information Services (Min 46 only) Lee Austin, Cyber Security Operations Manager (Min 46 only) Amy Dymond-Hobbs, Deputy Academic Registrar (Min 48 and 49 only)
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.

40 Welcome, Quoracy and Apologies

- 40.1 The Executive Director of Corporate Governance advised that the Chair was unable to attend the meeting which would be chaired by Mark Readman, External Governor in an acting capacity.
- 40.2 The Acting Chair welcomed members to the meeting.
- 40.3 Apologies were received from: Professor Sandy Pepper, External Governor and Chair of the Committee; Duncan Laird, KPMG LLP; Dr Sonia Brandon, Staff Representative and Morgan Lowman, Student Governor.
- 40.4 The following standing declarations of interest were noted:
- Alan Lees declared that he was the Chief Executive at KCG Audit.
- 40.5 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.

41 Minutes of the Previous Meeting

The minutes of the meeting held on 14 November 2024 were confirmed as an accurate record.

42 Matters Actioned and Matters Arising

Action was reported on four items: one item for note and three items to be received on the agenda.

43 Election of Chair 2025

The Committee noted that the current Chair of the Committee, Sandy Pepper, had been successfully appointed to the Chair of the Board of Governors and that a new Chair would be required to serve from 1 August 2025. In discussion, it was noted that:

- (i) A call for nominations for the role of Chair of the Audit and Risk Committee would be issued at the end of the current meeting cycle and after the next Board meeting on 25 March 2025 to ensure that an appointment would be made prior to 1 August 2025.
- (ii) It was important to request nominations for all the Committee Chair vacancies after the Board meeting to ensure that the new Committee Chairs were enabled to make the changes proposed by the Board Effectiveness Review and agreed by the Board.

44 Internal Audit

Benchmarking Report 2023/2024

- 44.1 The 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:

- (i) The internal audit assurance trend over the last three years indicated that the University had received more reasonable assurance outcomes over the period although the number of partial assurance outcomes was still high.
- (ii) The low and high priority internal audit management actions were comparable in the sector and the medium priority actions were slightly higher. There had been a focus during the year to resolve the management actions that were outstanding for completion which was comparable across the sector.
- (iii) The annual opinion provided by the internal auditor had increased this year and was in line with the HE comparators in the report.

44.2 The Committee noted the following in discussion:

- (i) The benchmarking report provided a wider range of comparators than those HEIs that could be considered as peers to the University. Whilst the comparator base complied with the OfS definition of an HE provider, the report should be more nuanced in the future.
- (ii) It was important in the future for the report to indicate where improvement had been achieved using relevant comparative data against the previous year and to provide more narrative commentary. The annual audits were planned to enable performance improvement and be reflected in the benchmark report.

44.3 The Committee noted the report.

Internal Audit Progress Report 2024/2025

44.4 The Committee received an update on progress against the internal audit plan for 2024/2025 which provided a factual summary of progress to date. The key points noted were:

- (i) Two audit reports had been completed to date and two audits were in discussion with the University. One completed audit was an advisory audit report.
- (ii) The proposed audit on the Framework for the Management of Research Misconduct would be put back to 2025/2026 and would be replaced by financial audits on procurement and accounts payable because new compliance regulations had recently come into force. Risk Management was in discussion as the new Risk Management Framework emerged.

44.5 In discussion it was noted that:

- (i) It was important that the assigned and planned audits added value to the work of the University. The timetable for the audits could potentially be affected by the internal audit supplier tender.
- (ii) The identified audits were based on risk and the plan was agreed at the November meeting of the Committee and was subject to change depending on internal or external risk factors.

- (iii) The audit on the Management of Research Misconduct was important due to the recent litigation but timing was a key factor due to recent leadership changes and the review and update of the extant procedure.

44.6 The Committee noted the updates.

Framework for the management and operation of the Universities UK/Guild HE Code of Practice for the Management of Student Housing

44.7 The Committee noted that this was an advisory report. David Goodwin, Commercial Manager and Head of Residential Services noted the following key points:

- (i) The audit was a necessary element of the Code of Practice underwritten by Universities UK (UUK) to ensure that the University managed its Halls of Residence well. The Scheme provides a checklist on which to audit the student housing provision every three years. A new system was due to be introduced in May 2025, in part due to some University Halls being unavailable for the start of the academic year.
- (ii) The audit recommendations and actions would be uploaded onto the UUK portal to ensure that the University remained compliant and continued to participate in the Scheme.

44.8 In discussion it was noted that:

- (i) It was a large audit that addressed each element in the UUK checklist comprehensively and thoroughly. The outcome was good and although there were more recommendations, most were low priority.
- (ii) It was an important and complex audit as the recommendations and actions were provided to an external authority.

44.9 The Committee noted the report, approved the action plan and thanked the team for their hard work and effort in achieving such a good result.

Data Quality Framework – Student Loans Company

The Committee received and noted the audit report that had an overall conclusion of reasonable assurance. There were two medium priority management actions: to update the Student Attendance and Engagement Policy; and Partner College attendance reconciliation checks each term.

Recommendation Update Report: February 2025

44.10 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 key points were noted in discussion:

- (i) The last Follow Up report had been received by the Committee in February 2024 and since then the internal auditors and Corporate Governance had focused jointly on addressing outstanding actions and ensuring that the data was verified and consistent.
- (ii) There were 162 management actions in total of which 128 had been implemented. There were 27 actions that were overdue by more than three months of which 12

were overdue by more than one year.

44.11 The Committee noted the following in discussion:

- (i) There was a lag of up to 5 months between the production of the annual report from the internal auditors in June each year to its presentation to the Committee in November. During that period, updates to management actions would not be captured and the report was potentially inaccurate. It was important to ensure that an accurate and up to date report was presented.
- (ii) A report of the management actions which were overdue by more than 12 months should be presented to UEB with information about the action taken to close off and complete the action. The responsible managers would be contacted with target dates to ensure completion and UEB should be aware to provide oversight.

Action: Director of Corporate Governance

- (iii) An update report would be presented to the Committee at its meeting in May.

Action: Director of Corporate Governance

- (iv) Both the process and the closure of management actions should be reviewed to ensure timely completion.

44.12 Following discussion, the Committee noted the report and looked forward to receiving an update at its next meeting.

45 Risk Management Policy and Risk Management Update

45.1 The Committee received an update on the Risk Management Framework for the University from Paul Mould, Executive Director of Corporate Governance. The following key points were noted:

- (i) The first monthly meeting of the University Risk Management Group (URMG), part of the new University Committee structure under the University Strategy, Transformation and Resource Committee had been held in February and had developed an action plan to allocate the reporting functions to the Risk Register. The completed risk register would be presented at the next Committee meeting in March and the Board meeting in July.
- (ii) The next meeting of the RMG would review the University's risk appetite to enable delivery of the Framework.
- (iii) The members of the RMG were predominantly Professional Services staff and the Faculty points of contact were the Executive Deans and, one would be invited to join the URMG. The URMG consisted of 14 members.
- (iv) The Strategic and Financial Planning documentation would include risk registers to facilitate bottom-up feedback to managing risk and would be used as a helpful management tool.
- (v) It was important to link the operational risk registers to the University's strategic pillars so that risk owners were able to embed risk management into decision-making.

45.2 The Committee noted the following in discussion:

- (i) Six Enterprise Risks had been identified and eight Strategic Risks and each had a number of sub-risks. It was important to reduce creep in the sub-risks and ensure that operational risk registers were triaged and managed appropriately to maintain a meaningful corporate risk register. The Committee would be enabled to focus on those Strategic and Enterprise Risks that required attention.
- (ii) The revised risk register was an improvement and the Committee would be able to review the risk mitigations to an acceptable tolerance. The risk register would include an assurance map to identify and track KPIs.
- (iii) Decisions that attracted a higher level of risk to the University, such as Trans-National Education (TNE) and a move to shared services to reduce costs, should be included as potential opportunities so that they could be debated and developed appropriately. Such greater risk activities should be considered as opportunities and the potential benefits might put the University in a stronger position in the long term.

Action: Executive Director of Corporate Governance

- (iv) The corporate risk register would be regularly reviewed by UEB under the purview of the Vice-Chancellor and a dashboard developed to enable filtering and focus.

45.3 Following discussion, the Committee:

- (i) Recommended the Risk Management Policy 2024/25 to the Board of Governors for approval.
- (ii) Noted the real progress on the corporate risk register, the establishment of the University Risk Management Group and its early task list, and the development and use of the operational risk registers as part of the Financial and Strategic Planning round.

46 Cyber Risk Update

46.1 The Committee received a presentation on the Cyber Security Risk and Strategy Update from Mike Johnson, Director of Library and Information Services and Lee Austin, Cyber Security Operations Manager. The following key points were noted:

- (i) Universities were particularly targeted by cyber attackers and experienced constant threats. In the previous 30 days, the University had managed 569 cybersecurity incidents.
- (ii) The cyber security team had implemented a framework to identify any gaps in the University's IT defences and progress had been exceptional. The Cyber Security Framework was aligned to the Ten Steps to Cyber Security developed by the National Cyber Security Centre.
- (iii) In the ten-step gap analysis, two areas were flagged as red which would require major development, six were amber in which development had progressed and two were green which indicated there were no gaps in coverage.

- (iv) The two red flagged areas were:
 - a. Vulnerability Management
Specific vendor applications provided the greatest vulnerability and were checked through penetration testing, which is time consuming and it would be preferable to automate testing processes. Applications had to meet stringent security requirements.
 - b. Data Security
The use of Google had created a number of issues with particular regard to storage and data management. The Modern Workplace Programme (MWP) would change significantly ways of working through administrative control and behaviour change. Amber was achievable within 12 months through the MWP although the security of archives would take longer.
- (v) Engagement and training was flagged as green relative to the sector as a whole. Progress had been made over the last year through online training and phishing simulations which were followed up with further advice and support and might lead to reduced access in the future. It was important to ensure that staff were engaged positively and to provide support following a cyber security incident, particularly the emotional impact of a data breach. The IS team planned for and tested for cyber security incidents regularly and liaised closely with insurers where necessary. Cyber training would be included in new staff Inductions.

46.2 The Committee noted the following in discussion:

- (i) Universities were threatened and specifically targeted by bad actors which had considerable detrimental impact on reputation and business continuity as well as financial loss and trust.
- (ii) The investment in cyber security reflected the capacity to create positive change at the right level and enable the MWP focusing on cyber essentials and the 10-step approach. Higher levels of investment might be necessary in the future to maintain momentum and ensure that risk continued to be minimised as cyber attacks became more sophisticated.
- (iii) The number of cyber-attacks in the last 30 days appeared to be very high but was a typical amount. The figures showed that the incidents were managed and mitigated well. Staff training had ensured that an attack via docu-sign had been identified and flagged which prevented a cyber attack. Ensuring that staff were capable of taking the right action was key to making a difference.
- (iv) The highest severity of cyber-attacks were ransomware incidents which were fully investigated which took time and resource.
- (v) It was important to engage with students in managing cyber risk and there would be a focus on engagement and training for students. The University had recently implemented two-factor authorisation for students to access University systems.
- (vi) The Committee would take the lead in scrutinising the risks associated with effective cyber risk management.

- 46.3 The Committee noted the presentation and the focus on the active management and mitigation of cyber risk.

47 Subsidiary Companies Audit Exemption - confidential

48 Apprenticeship Self-Assessment Report and Quality Improvement Plan - confidential

49 Apprenticeship Summary Update

The Committee received and noted the Apprenticeships and Skills Bootcamps Summary Update from Amy Dymond-Hobbs, Deputy Academic Registrar that provided an overview of the current apprenticeship provision.

50 Professional, Statutory and Regulatory Body (PSRB) Accreditations and Status of Courses

- 50.1 The Committee received a report from Nichola Shannon, Senior Administrator, Academic Registry about the processes for acquiring, recording and reporting Professional, Statutory and Regulatory Body (PSRB) Accreditations at the University.
- 50.2 The Committee received and noted the complete list of the professional accreditation status of courses offered by the University.
- 50.3 Following discussion, the Committee noted that the report provided positive endorsement the University was actively managing its professional accreditations from external quality reviews and professional bodies.

51 Student Related External Returns Data Quality

The Committee received and noted the Data Quality Annual Report 2023/2024 that provided an overview of external statutory data returns made in the academic year from Kirsty Blackburn, External Returns and Data Standards Manager. The report provided assurance to the Committee that the University had complied with its responsibilities to provide timely and accurate data to external bodies.

52 Data Returns Register

The Committee received and noted the Data Returns Register as at 1 February 2025. 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.

53 Health and Safety

- 53.1 The Committee received and noted the quarterly report summarising the actions that had been taken during the period 1 August 2024 to 31 October 2024.

- 53.2 The Committee noted that the draft Health, Safety and Wellbeing Committee minutes of 11 December 2024 would be circulated when they were available.

54 The University's Prevent Duty

The Committee noted the updated 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.

55 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 1 November 2024 to 31 January 2025.

56 OfS Publications

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

57 Confirmed Meeting Dates 2025

The Committee noted the confirmed meeting dates for 2025/2026:

- 23 September 2025, 1000 to 1230
- 11 November 2025, 1300 to 1600
- 19 February 2026, 1000 to 1230 (online)
- 21 May 2026, 1000 to 1230

58 Date of Next Meeting

- The next meeting would be held on Thursday 22 May 2025, 0930 to 1200

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

60 Process for the Tender of Internal Audit – confidential