

## Audit and Quality Committee

DATE / TIME / VENUE	1230, Tuesday 12 February 2019, Board Room, Room 4.18, St Andrew's Court
PRESENT	Frances Morris-Jones, External Governor (Chair) Paul Myers, External Governor Professor Nairn Wilson, External Governor
IN ATTENDANCE	Professor Graham Galbraith, Vice-Chancellor Andy Hornby, External Auditor, Deloitte LLP (by telephone) Dr Rinat Khusainov, Staff Representative Chris Randall, External Auditor, Deloitte LLP Lorna Raynes, Internal Auditor, RSM LLP Louise Tweedie, Internal Auditor, RSM LLP Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Annette Bourke, Head of Governance Services

### Private Session

The External Governors, the staff representative, and the external and internal auditors held a private session before the start of the main meeting which commenced at 1230 hours.

### 36. Welcome, Quoracy and Apologies

- 36.1 Committee welcomed Chris Randall, External Auditor, Deloitte LLP to the meeting.
- 36.2 Apologies were received from Mark Greenwood, External Governor and Paul Thomas, External Auditor, Deloitte LLP.
- 36.3 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

### 37. Minutes

The minutes of the meeting held on 14 November 2018 were confirmed as an accurate record subject to the following wording being added to the end of Minute 29.5 "... and expressed interest in seeing any lessons learnt in due course."

### 38. Matters Actioned Since the Last Meeting or Under Continuing Consideration

- 38.1 Action was reported on six items of which four were for note, and two items covered later in the agenda.

### 39. Matters Arising

Committee noted the following in discussion:

- 39.1 The reporting line of the Health and Safety Office had moved from the Executive Director of Human Resources to the Executive Director of Corporate Governance. The Committee agreed the proposal that the health and safety compliance reports would, in future, be submitted to the Audit and Quality Committee.
- 39.2 The terms of reference for the Committee would be updated and received at the next meeting.

**Action: Head of Governance Services**

- 39.3 There were no other matters arising from the minutes.

### 40. Internal Audit

- 40.1 Benchmarking Report 2017/2018: Committee received the second report that provided a comparison against 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:
- 40.1.1 The report was based 17 HE institutions. It was based on internal audits reports undertaken across the HE client base in the academic year 2017/2018.
- 40.1.2 In the academic year 2017/2018, 85.71% of the audits undertaken at the University had received an overall conclusion of reasonable assurance and 14.29% received an overall conclusion of substantial assurance. This was compared to an average of 36.14% and 51.26% respectively across the HE client base. This demonstrated that the University was focussing its audit activity in areas that would add value.
- 40.1.3 During 2017/18 in addition to formal assurance assignments, RSM LLP also undertook a total of 31 advisory reviews across its HE client base. The management actions arising from the advisory reports were not included in the analysis.

- 40.2 Internal Audit Progress Report 2018/2019: Committee received an update on progress against the internal audit plan for 2018/2019 from Louise Tweedie, RSM LLP. In discussion the following points were noted:
- 40.2.1 The progress report provided a factual summary of progress to date. It was noted a number of reports would be submitted to the next meeting in May 2019. Where available, these would be circulated in advance of the meeting.
  - 40.2.2 Committee discussed the key conclusions of the Higher Education Policy Institute (HEPI) report 'Where do student fees really go? Following the pound.' It was noted that the Augar review was likely to have a significant impact on the funding of Higher Education.
- 40.3 Employment Status Processes Arrangements for IR35 Compliance Final Report: the overall conclusion of the audit was reasonable assurance. The following points were noted in discussion:
- 40.3.1 Following the introduction of 'off payroll' working in the public sector, awareness of legislation had been raised around the need to assess the employment status for tax, of contractors, engaged to work in the sector.
  - 40.3.2 The audit had focused on reviewing policies and procedures for assessing the status of individuals working at the University. It had also addressed staff training for assessing the employment status of workers not on the payroll.
  - 40.3.3 The University was keen to ensure that it was prepared for any future HMRC IR35 compliance audit and acknowledged that this review by RSM LLP had identified potential areas for improvement.
  - 40.3.4 Committee noted that all actions were on track to be completed by the end of February 2019.
- 40.4 Recommendation Follow-Up report: Committee received an update on the progress of management actions, as detailed in the 4Action system. The following points were noted in discussion:
- 40.4.1 The summary report outlined that, out of a total of 117 audit actions entered into the 4Action system, 87 actions had been implemented, 17 had been superseded, 12 were in progress and one was confidential.
  - 40.4.2 Committee noted that the Statutory Testing and Maintenance audit had been undertaken by the previous Internal Auditor BDO LLP and the actions had been superseded due to the introduction of a new system in the Estates Department.

40.4.3 A report would be submitted to the University Executive Board to determine a policy for leavers and access control. This would expedite the completion of the actions related to this matter.

## 41. Risk Management

- 41.1 Corporate Risk Register: The Committee received the updated Corporate Risk Register from Adrian Parry, Executive Director of Corporate Governance. The following points were noted in discussion:
- 41.1.1 The Chair reported that the need for a high-level, holistic examination of risk had been identified during discussions at the private meeting. It would be desirable for this to be included in the Committee's future work programme.
  - 41.1.2 Committee discussed the preparedness of the University for a no deal Brexit. It was noted that a Brexit working group had been established to explore risks and mitigations. However, it was acknowledged that, of those risks currently facing the sector, the Augar Review was likely to have the biggest impact on the University.
  - 41.1.3 There had been a through discussion at the University Executive Board about the changes to the residual risks recorded in the register.
  - 41.1.4 It was noted that the residual risk score information noted in the change tables would be kept for one year and then removed as the information was updated.
  - 41.1.5 The controls for risks 1.2 and 1.3 were discussed. It would be helpful to benchmark the University's market intelligence data with similar institutions. However, it was acknowledged that such data was difficult to obtain at subject level and impossible at course level. The University had commissioned research to enable it to better compare its market position with competitors but it needed to be recognised that data was historic and was not always an accurate predictor of future trends.
  - 41.1.6 The following correction to the register was made: risk 7.1 residual risk score, the impact score was '4' not '5'.
- 41.2 Corporate Risk Assurance Map: The Committee received the revised Corporate Risk Assurance Map from Adrian Parry, Executive Director of Corporate Governance. The Committee noted that the Corporate Risk Assurance Map had been revised to reflect the pending audit activity.

## 42. Value for Money (VfM)

Adrian Parry, Director of Corporate Governance delivered a presentation entitled 'Value for Money What Does the Committee Need to Give Assurance?' The following key points were noted:

- 42.1 OfS was legally responsible for ensuring that students' interests were protected, and that they received VfM. The OfS website stated broad themes in connection with this duty, however, there was a lack of clarity about the meaning behind the themes. It was noted that OfS had also commissioned a piece of research to examine student perceptions of VfM in higher education which gave some high level outcomes.
- 42.2 The Board reviewed KPIs on a regular basis and these illustrated how VfM was being achieved.
- 42.3 The purpose of the presentation was to stimulate discussion by the Committee about the information it needed to provide assurance on VfM going forward. The presentation highlighted questions on the context of VfM and how this might be measured by the OfS. VfM was subjective, and that there were many different perspectives on what it meant. Committee were invited to consider the meaning of VfM for the University and what they would require in future to receive assurance that VfM was being achieved.
- 42.4 It was suggested that there were three elements: economy, efficiency and effectiveness, and the relationship between these elements could be the hallmark of the University's VfM activity. This would encompass the objectives, the resources, the inputs, and the subsequent outputs and outcomes in relation to VfM.
- 42.5 Following discussion about the business processes in the University, it was agreed that VfM in relation to business process should be considered as part of every audit.

**Action: RSM LLP**

## 43. The University's Prevent Duty

Committee received an oral report from Adrian Parry, Director of Corporate Governance that provided an overview of the University's activities to deliver its Prevent Duty. In discussion, the following points were noted:

- 43.1 It was noted that the University Executive Board had recently received a presentation on the Prevent Duty from the Department of Education South East regional co-ordinator for HE and FE.

- 43.2 Prevent training was being reviewed to ensure it continued to be fit for purpose, balanced and proportional to the statutory requirements.

#### **44. Student Related and External Returns – Data Quality, Annual Report 2016/17**

##### 44.1 Student Related External Returns – Data Quality Annual Report 2017/18

44.1.1 Committee received and noted a report from Stephen Wiggins, Academic Registrar and Director of Student and Academic Administration, and Simon Walton, Student and Academic Administration Manager, on the external statutory data returns made in the academic year 2017/18 from August 2017 to October 2018.

44.1.2 In response to a question, it was noted that the Registry Transform project would be completed when the student records system was implemented. Rollout of the student records system would start in the 2019/20 academic year with full implementation expected in September 2020.

44.1.3 The Committee agreed that the report provided assurance that the University's processes for external data returns were robust.

##### 44.2 Data Returns Register

44.2.1 Committee received and noted the Data Returns Register as at 1 February 2019. The OfS Regulatory Notice 2 stipulated that the audit committees of higher education institutions (HEIs) were responsible for providing assurance to their governing bodies on the adequacy and effectiveness of the management and quality assurance of data.

44.2.2 It was noted that the format and contents of the register would be reviewed over the course of the next 12 months to ensure that it continued to be fit-for-purpose.

44.2.3 Committee noted the register.

#### **45. Business Processes for Updating the Professional Accreditations**

- 45.1 Committee noted a report from Nichola Sowerby, Principle Administrator (Quality Assurance), on the business processes for supporting and recording courses with Professional Statutory and Regulatory Body (PSRB) accreditation status.

- 45.2 Committee had received electronically a complete list of the professional accreditation status of courses offered by the University. It was noted that accrediting bodies had different cycles for approvals.
- 45.3 Committee agreed that the report and the comprehensive and clear spreadsheet gave assurance to Committee that the University was managing its professional accreditations effectively.

#### **46. Requests Received Under the Freedom of Information Act For 2018**

Committee received a report on the numbers of freedom of information requests received and processed in the 2018 calendar year provided by Samantha Hill, Information Disclosure and Complaints Manager. The following points were noted in discussion:

- 46.1 A consolidated report on all Information Governance activities including Freedom of Information Act requests, would be received at the next meeting of the Committee. This consolidation of reports was part of an effort to streamline reporting processes.
- 46.2 The report provided assurance to Committee that the University's mechanisms for dealing with FOI requests were working well. This was an important area of legal compliance and was monitored carefully to ensure that the University met its statutory obligations.
- 46.3 Members agreed that they were assured that the University was complying with its obligations under the Freedom of Information Act.

#### **47. Quarterly Report of Non-Audit Services from the Auditors**

Committee noted planned non-core audit services to be provided by the internal and external auditors during the course of November 2018 to January 2019. Committee confirmed that these activities were appropriate and would not compromise the auditors' independence.

#### **48. Office for Students (OfS) Publications**

Committee noted that Office for Students (OFS) publications could be found at: [Office for Students Publications](#)

**49. Proposed Meeting Dates 2019/2020**

The Committee noted the proposed meeting dates for 2019/2020 which had been circulated electronically to members on 22 January 2019:

- Tuesday 24 September 2019 from 1030 to 1230
- Wednesday 13 November 2019 from 1030 to 1230
- Thursday 13 February 2020 from 1030 to 1230
- Thursday 14 May 2020 from 1030 to 1230

**50. Delegation of Authority to the Chair**

Committee agreed to delegate authority to the Chair to take action on audit business before the next meeting if necessary.

**51. Date of Next Meeting**

The next meeting would be held on Thursday 16 May 2019 at 12:30.