

## Audit and Quality Committee

DATE / TIME / VENUE	1230, Thursday 16 May 2019, Board Room, Room 4.18, St Andrew's Court
PRESENT	Frances Morris-Jones, External Governor (Chair) Mark Greenwood, External Governor Professor Nairn Wilson, External Governor
IN ATTENDANCE	Professor Graham Galbraith, Vice-Chancellor Dr Rinat Khusainov, Staff Representative Lorna Raynes, Internal Auditor, RSM LLP (except for Min 59) Paul Thomas, External Auditor, Deloitte LLP (except for Min 59) Louise Tweedie, Internal Auditor, RSM LLP (except for Min 59) 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.

### 52. Election of the Chair

The Executive Director of Corporate Governance opened the meeting by inviting the election of the Chair for the 2019/2020 academic year. Frances Morris-Jones was unanimously elected as Chair of Audit and Quality Committee.

### 53. Welcome, Quoracy and Apologies

- 53.1 Apologies were received from Paul Myers, External Governor and Andy Hornby, External Auditor, Deloitte LLP.
- 53.2 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

## 54. Minutes

The minutes of the meeting held on 12 February 2019 were confirmed as an accurate record.

## 55. Matters Actioned Since the Last Meeting and Matters Arising

55.1 Action was reported on two items of which one was for note, and one item was covered later in the agenda.

55.2 Chair's Action: The Committee received a report concerning the appointment of RSM Malaysia as the payroll services provider for the new subsidiary company, University of Portsmouth Malaysia. In discussion it was noted that:

55.2.1 The Chair had approved this request under delegated authority on 25 April 2019 following confirmation that Deloitte UK would conduct the audit work and Deloitte Malaysia would assist with the preparation and submission of Malaysian statements.

55.2.2 The Committee endorsed the Chair's action taken under delegated authority.

55.3 There were no matters arising from the minutes.

## 56. Terms of Reference

Committee received the updated Audit and Quality Committee Terms of Reference which had been reviewed and updated as part of the broader review of the University's governance structures. The following points were noted in discussion:

56.1 The Committee's terms of reference had been updated to ensure that they represented a concise and clear statement of the Committee's responsibilities.

56.2 It was agreed that the following amendments should be made to the terms of reference:

56.2.1 There should be a reference to the need for independence, challenge and, particularly, objectivity from the Committee.

56.2.2 A reference to the new obligations annual assurance on academic quality required by OfS.

- 56.3 A further review of the Committee's terms of reference would be undertaken in September 2019, alongside a review of the Committee's business conducted in 2018/2019.
- 56.4 It was agreed that the terms of reference should be amended as specified and should be circulated to the Committee electronically prior to submission to the Board of Governors for endorsement.

**Action: Head of Governance Services**

## **57. Internal Audit**

- 57.1 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:
- 57.1.1 Committee noted that the Research and Innovation Framework audit had been deferred to 2019/20 and that the Rent Guarantee Scheme Processes had been cancelled due to a lack of activity in the scheme.
  - 57.1.2 Committee discussed the Client Briefings provided, which covered unconditional offers and higher education staff and student statistics for 2017/18. It was noted that the University did use unconditional offers in a targeted way. Universities UK would be producing some guidance on unconditional offers for Universities.
- 57.2 Financial Controls Large Payments: the overall conclusion of the audit was substantial assurance. There was one low and one medium finding. The medium finding was a management action to place all orders on the finance system prior to invoices being received. However, although the finance team were working on full compliance the Committee acknowledged that 100% compliance was unlikely to be achieved due to different buying patterns.
- 57.3 Student Finance Support Arrangements: the overall conclusion of the audit was reasonable assurance. There were five low and two medium findings. The medium findings related to the review of the storage of case notes and the retention period for sensitive information.
- 57.4 Safeguarding Processes: the overall conclusion of the audit was reasonable assurance.
- 57.4.1 One of the medium findings proposed that the scope of the existing Safeguarding Children and Vulnerable Adults Policy should be expanded to take account of instances when staff or students were alleged to be the victims or subject of a safeguarding concern. However, the Committee noted that addressing this recommendation would require particular care to ensure that it did not contradict or impede other University policies and processes, particularly as the policy was currently intended to specifically

address the University's legal responsibility to safeguard children and vulnerable adults. Instances such as physical assault or sexual harassment should continue to be addressed through existing policies.

57.4.2 It was agreed that the proposed annual report on safeguarding matters would include the annual report on the Prevent Duty normally received at the November meeting. The Committee would continue to receive its usual update on the Prevent Duty at each meeting.

**Action: Executive Director of Corporate Governance**

57.5 Compliance with the requirements of the Universities UK/Guild HE Code of Practice for the Management of Student Housing: the overall conclusion of the audit was substantial assurance. This audit examined the implementation of a code of practice that included many detailed requirements. There was one medium and three low findings. There was discussion about the University's decision to remove fire extinguishers in the Harry Law Building. It was agreed that the reason for not having fire extinguishers in this building would be reported back to the Committee.

**Action: Director of Estates and Campus Services**

57.6 Management of IT Licences the overall conclusion of the audit was reasonable assurance. There were five medium findings. One of the findings related to products that were over-licensed and, conversely, products that were under-licensed. Demand for licences sometimes fluctuated and, where possible, the University aimed to centralise its management of licences to secure economies of scale and cost efficiencies.

57.7 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:

57.7.1 The summary report outlined that, from a total of 135 audit actions entered into the 4Action system, 112 actions had been implemented and 18 had been superseded.

57.7.2 There was discussion about the management actions relating to Cyber Security Controls and its implementation date. The action related to the configuration of a central management console for Windows Defender which had originally been scheduled for implementation by 31 December 2019. Comments from management now indicated that this would not be accomplished until at least 2020 due to cloud migration work. The Committee questioned why these two activities were now integrated and why this had impacted upon the completion date. It was agreed that clarification on this matter would be provided to the Committee outside the meeting.

57.7.3 Committee noted that the Overseas Travel final audit report would be considered by the University Executive Board as a prelude to submission to the next Audit and Quality Committee meeting. This reflected the fact that the report had provided partial assurance.

## **58. Progress with Deloitte's External Audit Management Letter for 2017/18 and Update on Preparation for the 2018/19 Year End**

Committee received a report from Emma Woollard, Executive Director of Finance. In discussion the following points were noted:

- 58.1 In November 2018, Audit and Quality Committee received the external auditors' management letter for 2017/18. The letter included key audit risks identified by the auditors which could impact on the reported results, as well as any control observations they had identified and the management responses to these observations.
- 58.2 The external auditors' management letter confirmed that the auditors had not found any significant issues or material errors during their work, including in the areas identified as key risks. Work was underway in preparing for the 2019 year-end, notably on accounting for capital assets. Refresher training for staff had been planned on goods receipting and procedures relating to procurement of goods and services.
- 58.3 There was a new OfS Audit Requirement from 2019/20, which may impact on reporting prior year results, i.e. for 2018/19. This would require providers to include financial information relating to expenditure on activities included in their access and participation plan in their audited financial statements. The provider's independent auditor's report would also be required to include an opinion about the provider's use of these funds for the purposes given.
- 58.4 Access and participation plan expenditure had not previously been subject to this level of audit; this was a significant change and would be discussed with the Director of Planning (who leads on plan preparation) once the University had more detailed information from the OfS.
- 58.5 Committee noted the report.

## **59. External Auditor's Appointment – confidential**

## **60. External Auditors' Management Plan Year End 31 July 2019**

- 60.1 Paul Thomas of the External Auditors Deloitte LLP introduced the plan of the External Auditors for their audit for the year-end 31 July 2019.

- 60.2 It was confirmed that there were no significant changes planned to the standard audit approach. Committee approved the External Auditors plan for their audit of the year end 31 July 2019.
- 60.3 Members received and noted a general briefing on Audit Market Reform Initiatives and an HE Sector Update from the External Auditors. This was a general briefing for members' information.

## **61. Update Report On The Financial Irregularity In IS – confidential**

## **62. Anti-Money Laundering Policy – Approval Body**

Committee received a report provided by Vicky Bruce, Financial Controller on the approval route for the Anti Money Laundering Policy.

- 62.1 The next review of the Anti Money Laundering Policy was due in September 2019. In line with the approach for other policies, it was proposed to delegate approval of the Anti Money Laundering Policy to the University Executive Board (UEB) for future revisions.
- 62.2 The Committee agreed to change the responsibility for approving future versions of the Anti Money Laundering Policy to UEB. Any breaches of the Policy would be reported to the Audit and Quality Committee.

## **63. Risk Management**

Corporate Risk Register

- 63.1 The Committee received the updated Corporate Risk Register from Adrian Parry, Executive Director of Corporate Governance. Effort had been made by the Executive to ensure that the register was more dynamic and less static than previously.
- 63.2 There were a number of new or amended risks:
- 63.2.1 A new risk about the challenges around student attainment and progression had been added to the register;
  - 63.2.2 An amended risk had been included to reflect the need to optimise the management of innovation space;
  - 63.2.3 Risk scores had been increased for Partnerships, Retention of Staff and Organisational Change;

63.2.4 The risk related to the 'inability to maintain capacity and continuity in the short-term due to the take-up of the voluntary severance scheme' had been deleted as this was primarily concerned with the voluntary severance scheme which had now closed.

63.3 Following discussion the following amendments were agreed:

63.3.1 The inherent risk score for Risk 2.5 should be red not amber;

63.3.2 The wording of Risk 3.3 should be revisited and redrafted to better articulate the risks associated with the failure to optimise the use of the University's innovation space.

63.3.3 The voluntary severance scheme should be moved to the 'current controls' section for Risk 4.1.

63.3.4 The reports on recruitment market data recently commissioned from DataHE should be included within the additional controls for risks associated with student recruitment.

**Action: Executive Director of Corporate Governance**

63.4 The Committee noted that the risk register would be reviewed when the new University strategy was in place in 2020 to ensure accurate alignment and coverage.

63.5 The Committee agreed there should be an explicit agenda item at its next meeting to consider the University's risk appetite and its application to key risks.

#### Corporate Risk Assurance Map

63.6 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 pending audit activity.

## 64. The University's Prevent Duty

Committee received a report from Adrian Parry, Executive Director of Corporate Governance that provided an overview of the University's activities to deliver its Prevent Duty. The Committee noted that the University had received a letter from the OfS confirming that the University had demonstrated due regard for the Prevent duty. This followed the submission of monitoring information in late November 2018.

## 65. Health and Safety Quarterly Report

Committee received the Health and Safety Quarterly report provided by Lynda Martin, Interim Health and Safety Manager. The following points were noted in discussion:

- 65.1 The Health and Safety reports had been previously submitted to the HR Committee. However with the transfer of line management from HR to Corporate Governance, it had been deemed more appropriate for the health and safety reports to be received by the Audit and Quality Committee as they reflected a compliance activity. The Audit and Quality Committee welcomed the report.
- 65.2 The report contained:
- 65.2.1 The elements of the University's health and safety policy that pertained to the role of governors and their responsibilities.
  - 65.2.2 The duties of the health and safety team with a commentary on how the responsibilities had been addressed during the reporting period.
  - 65.2.3 Information on accidents and training delivery during the reporting period.
  - 65.2.4 Going forward the intention was to provide context and an analysis of the figures presented.
- 65.3 Following discussion about targets and trends, it was agreed that, in future, the report would compare the statistics for the same period in the previous year. Differences in the figures would be reviewed and a narrative would be provided to explain any divergences.
- 65.4 A soft copy of the draft minutes from the Health and Safety Committee on 13 March 2019 had been circulated to members on 7 May 2019.

## **66. Information Governance Report**

Committee received a report provided by Samantha Hill, Information Disclosure and Complaints Manager on all aspects of information governance work undertaken in the University. The following points were noted:

- 66.1 Previously, an annual report had been provided to inform the Audit and Quality Committee of the work carried out under the Freedom of Information legislation. However, nothing was previously reported on the remaining Information Governance components of records management and data protection.

66.2 This new annual report was intended to address all aspects of information governance work undertaken in the University. This report replaced the annual report on Freedom of Information previously received by the Audit and Quality committee.

66.3 The Committee welcomed the comprehensive report and noted its contents.

## **67. Clinical Governance Dental Academy**

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

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

Committee noted planned non-core audit services provided by the internal and external auditors during the course of February 2019 to April 2019. Committee confirmed that these activities were appropriate and did not compromise the auditors' independence.

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

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

## **70. Confirmed Meeting Dates 2019/2020**

The Committee noted the confirmed meeting dates for 2019/2020 which had been received at the 12 February 2019 meeting:

- Tuesday 24 September 2019 from 1030 to 1300
- Wednesday 13 November 2019 from 1000 to 1230
- Thursday 13 February 2020 from 1030 to 1300
- Thursday 14 May 2020 from 1030 to 1300

## **71. Date of Next Meeting**

The next meeting would be held on 24 September 2019 from 1030 to 1300

## **72. Thanks**

This was the last meeting of Audit and Quality Committee for external governors: Mark Greenwood and Professor Nairn Wilson, The Chair thanked Mark and Nairn for their contributions. Mark had been a member of Audit and Quality Committee since September 2011 and Nairn since September 2018. Members thanked them for their important contribution to the work of the Committee and wished them well in the future.

## **73. 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.