

Audit and Quality Committee

DATE / TIME / VENUE	1030, Tuesday 24 September 2019, Room 0.32, Unit 1, St Andrew's Court
PRESENT	Frances Morris-Jones, External Governor (Chair) Anne Lambert, External Governor Paul Myers, External Governor
IN ATTENDANCE	Professor Graham Galbraith, Vice-Chancellor Andy Hornby, External Auditor, Deloitte LLP (except for Min 6) Dr Rinat Khusainov, Staff Representative (up to and including Min 13) Simon Kolstoe, Senior Lecturer & University Ethics Advisor (Min 10) Paul Hayes, Deputy Vice-Chancellor (Min 11) Tim Lee-lewis, Student Governor Lynda Martin, Interim Health and Safety Manager (Min 13) Paul Thomas, External Auditor, Deloitte LLP (except for Min 6) Louise Tweedie, Internal Auditor, RSM LLP (except for Min 6) 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 10:15 hours.

Tabled Papers

- Appendix to Agenda item 14, Annex T, Regulatory Notice – Accounts Direction: 'Office for Students Regulatory Advice XX: Accounts direction, Guidance on preparing and publishing financial statements for accounting periods beginning on or after 1 August 2019'
- The Committee received a presentation on Risk Appetite from Adrian Parry, Executive Director of Corporate Governance.

1. Election of the Chair

Committee noted that the election of the Chair for 2019/20 had taken place at the meeting held on 16 May 2019.

2. Welcome, Conflicts Of Interest, Quoracy and Apologies

- 2.1 Anne Lambert, external governor and Tim Lee-Lewis, student governor were welcomed to their first meeting of Audit and Quality Committee.
- 2.2 Apologies were received from Lorna Raynes, Internal Auditor, RSM LLP.
- 2.3 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

3. Membership and Terms of Reference and Indicative Committee Business – 2019/2020

- 3.1 The Committee was pleased to note that it had delivered its terms of reference during the previous year based on the 2018/19 terms of reference agreed at the meeting held on 27 September 2018.
- 3.2 For approval: The Constitution, Membership and Terms of Reference of the Audit and Quality Committee in the 2019/2020.
 - 3.2.1 A revised Committee's Terms of Reference were discussed at the meeting held on 16 May 2019 and subsequent amendments were made. The latest version of the Committee's Terms of Reference were provided in the papers.
 - 3.2.2 The Committee agreed to recommend to the Board the approval of its Constitution, Membership and Terms of Reference 2019/2020 subject to a minor amendment to correct a typographical error.

[Post meeting note: The constitution, membership and terms of reference were endorsed at the Board of Governors meeting of 9 October 2019 min x refers.]

- 3.3 Committee noted and agreed the indicative business of Audit and Quality Committee for the 2019/2020 session, with the addition of assessment of the Committee's work at a meeting in 2020. Committee noted that the paper was an aide memoire which would be updated as necessary.
- 3.4 Committee noted that it would be helpful if a list of OfS requirements for Audit and Quality Committees be provided by email circulation.

Action: Executive Director of Corporate Governance

4. Minutes

The minutes of the meeting held on 16 May 2019 were confirmed as a correct record subject to an amendment to Minute 57.4 (ii) to clarify that the annual report on safeguarding would include the annual report on the Prevent duty and that Prevent Duty updates would continue to be received at each meeting.

Action: Head of Governance Services

5. Matters Actioned Since the Last Meeting and Matters Arising

5.1 Action was reported on four items, two were for note and two would be covered later in the agenda. In particular, Committee noted the response from Fiona Bell, Director of Estates and Campus Services about the decision to remove fire extinguishers from Harry Law Hall of Residence.

5.2 Matters Arising: there were no other matters arising.

6. Tender For Audit Services – confidential

7. Internal Audit

7.1 Progress against Plan 2017/2018: Committee received a summary of the progress of work against the internal audit plan for 2017/2018 from Louise Tweedie, RSM LLP. In discussion, the following points were noted:

7.1.1 The Estates Stocktake Processes report had been finalised and would be received at the next meeting. The finalisation of the Procedures for Overseas Travel Risk Assessments was in progress and would be presented at the November meeting.

7.2 In particular, Committee noted the briefing notes provided by RSM on the OfS programme to improve student mental health and the OfS findings on the National Student Survey results. It was noted that the NSS results had been discussed at the Board of Governors meeting on 11 July 2019.

7.3 Marketing Arrangements: the overall conclusion of the audit was reasonable assurance. There were three medium findings. It was noted that the CRM system was in the process of being implemented; for the time being, while there was some attempt to record metrics relating to the effectiveness of marketing events, this was patchy and not systematic. This should be revisited next year after the anticipated implementation of CRM in February

2020. It was also noted that the marketing roles in the faculties would report into the central marketing team in the future and the budget would in the main be held centrally.

- 7.4 Management of Student Placements: the overall conclusion of the audit was reasonable assurance. There were five medium findings. In particular, there was a recommendation for a University-wide Student Placement Policy to ensure a consistent core approach, whilst recognising the need for local variations for different faculties and placement types; and for all students to be visited whilst on placement.
- 7.5 Financial controls VAT Health Check: this was an advisory review and therefore there was no opinion on the outcome. There were three low findings. In particular, Committee requested that an implementation date was assigned against the recommendation relating to "Assurance in respect of VAT liability of income".

Action: RSM LLP

[Post meeting note: The Deputy Director of Finance (Financial Systems) has confirmed an implementation date of 31 July 2021, which was connected to the planned completion date for the Sports Centre. Should the project be delayed this date will likewise need to be delayed]

- 7.6 Data Quality and Usage Student Loans Company: the overall conclusion of the audit was reasonable assurance. There were two low and two medium findings. The report focussed on data quality with an emphasis on student loans and tested a sample of students against requirements. It was noted that currently it was not possible to link existing attendance monitoring processes to Student Loan Company systems although the Committee questioned whether a link was desirable, given the risk that reliance on attendance data might remove funding from students engaged in work such as dissertations.
- 7.7 Gender Pay Reporting Compliance Arrangements: the overall conclusion of the audit was reasonable assurance. There were three high, two medium and one low findings. It was noted that the focus of the audit was on the process and calculation of results rather than on the results themselves. The high findings addressed very specific points relating to the calculations used to underpin the report. Committee noted that external requirements mean the report was based on a calendar year and not the University's financial year.
- 7.8 Follow up of Previous Management Actions: RSM LLP had undertaken a review to follow up the progress made to implement the previously agreed management actions. RSM LLP followed up on 58 recommendations and reported that reasonable progress had been made. It was noted that the implementation dates for some actions had been significantly delayed due to systems issues. The Committee restated its view that line managers would be

called to the Committee to discuss any further extensions to action completion.

7.9 Recommendation Follow-up report

Committee noted that there had been some software issues following a recent upgrade of the 4Action software which meant that data and updated narrative that had been entered into the system could only be viewed on the live system and could not be extracted into reports. This issue had been raised and a solution was being worked on.

7.10 Internal Audit Plan 2019/2020

On behalf of the Internal Auditors RSM LLP, Louise Tweedie presented the Strategy and Annual Plan for 2019/2020. In discussion the following points were noted:

7.10.1 Committee noted that the format of the report was designed to dovetail with the categories of risk identified in the University's corporate risk register.

7.10.2 The Committee remarked upon the importance of maintaining a balance between strategic and operational audits and in particular felt that this second audit scheduled to review timetabling processes did not warrant Internal Audit time.

7.10.3 It was suggested that more benchmarking information be provided within audit reports where possible.

7.10.4 The Committee approved the internal plan for 2019/20.

8. Risk Appetite (Presentation)

Committee received a presentation from Adrian Parry, Executive Director on risk appetite. In discussion, the following points were noted:

8.1 The different possible approaches to risk appetite were discussed.

8.2 The Committee noted that it was not practical to look at all risks at all levels. It would be preferable to focus on the Board level strategic risks particularly in relation to sizeable new ventures or partnerships, or structural change on a case by case basis to test the Board's appetite for different categories of risk, and on occasion to stand back and consider the Board's comfort levels with the overall risk envelope of the University. The Committee noted that the launch of the new Strategic Imperatives would offer a good opportunity for

this. The Committee also agreed that it was important to consider the resourcing implications of risk level judgements.

- 8.3 It was acknowledged that approaches based on evidence based and reasoned judgement were deemed preferable for the University's purposes rather than those based upon mathematical modelling.
- 8.4 The Committee noted the presentation.

9. Corporate Risk

9.1 Risk Management Policy

9.1.1 Committee received the Risk Management Policy form Adrian Parry, Executive Director of Corporate Governance and noted that it was a requirement of the OfS for the policy to be reviewed and approved annually by the Board of Governors.

9.1.2 Committee noted the two revisions proposed.

- Paragraph 12: This provided further clarity on responsibilities for reporting and escalating risk.
- Paragraph 21: This explained why risks identified within local risk registers (i.e. operational risks) might not attract the same inherent and residual scores if subsequently reflected in the corporate risk register (i.e. University-wide, strategic risks).

9.1.3 The Committee agreed to recommend to the Board the amended Risk Management policy

[Post meeting note: The Risk Management Policy was agreed at the Board of Governors meeting of 9 October 2019 min 11 refers.]

9.2 Corporate Risk Register

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

9.2.2 The Corporate Risk register would be subject to a significant review following the approval of the new University Strategy.

9.2.3 Committee noted that five risks had been amended:

- Risk 1.1 - Increased competition and Brexit-related issues results in poor student recruitment with the consequence that student numbers and income decline

- Risk 2.2 - Poor student satisfaction results in poor NSS outcomes with the consequence that league table positions *fall*
- Risk 3.3 - Failure to optimise the use of innovation space constrains the creation of intellectual property and exploitation of commercial capital and leads to under-performance in the Knowledge Exchange Framework
- Risk 5.3 - Unexpected loss of a significant estate or IT facility or loss of knowledge held by a key individual results in constraints upon the ability to conduct business effectively with the consequence that the University is unable to deliver required services
- Risk 6.4: Inability to retain, secure or develop sufficient capacity to drive intended change and innovation with the consequence that the University is unable to attain its strategic objectives

9.2.4 The Committee noted the amendments to the Corporate Risk Register.

9.3 Corporate Risk Assurance Map

The Committee received and noted the revised Corporate Risk Assurance Map from Adrian Parry, Executive Director of Corporate Governance.

10. Research Governance Annual Report - Compliance with the Concordat to Support Research Integrity

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

- 10.1 Committee noted that the UUK Concordat outlines commitments for researchers, employers and funders to uphold research integrity and places specific responsibilities for internal processes, dissemination of guidance and training on the employers of researchers.
- 10.2 The Research Council UK (RCUK) and HEFCE had been the founding signatories of the Concordat to Support Research Integrity. Policies and processes of the former RCUK and HEFCE relating to research integrity continued to apply until further notice. Committee that a new concordat was likely to be published in the next few months.
- 10.3 The UUK Concordat recommended that research organisations should provide a short annual statement to their own governing body.

- 10.4 Committee noted that the report provided a thorough insight into the research activities of the University and were reassured of the University's activities to comply with the Research Concordat.
- 10.5 The Committee agreed this report should be released for publication on the University's website.
- 10.6 Confidential minute**

11. Annual Report on Academic Standards and Quality 2017/2018

Committee received the annual report on academic standards and quality 2017/2018 from Paul Hayes, Deputy Vice-Chancellor. The report had been received previously by Academic Council on 25 June 2019. The draft minute from the Academic Council meeting was also provided for members' information. The following key points were noted in discussion:

- 11.1 The Quality Assurance Agency's approach had changed to be more metric based. The annual report on academic standards and quality would change to reflect this. Therefore, this was the last year of the report in its current format.
- 11.2 The process for the report this year had been more risk based and around 50% of courses had been reviewed. The Committee were pleased to note that the BA (Hons) Journalism course had been awarded 'Best Performing Undergraduate Course' for 2017-18 by the NCTJ accrediting body.
- 11.3 The Committee noted that the OfS had requested data on degree outcomes and the algorithm used between to calculate degree outcomes 2010/ 11 to 2017/18.
- 11.3.1 In particular, the OfS had asked for information about the factors that had led to increases in good degrees, accompanying minutes and papers of meetings including governor meetings. The University was confident that the degree awards conferred were appropriate.
- 11.3.2 The Committee noted that In 2010/11 the University had been significantly below the sector average for awarding "good" degrees. Consequently, the degree algorithm changed which had led to an increase in good degrees being awarded.
- 11.3.3 Currently the University was slightly below the sector average for good degree outcomes.

11.4 Committee noted the report and that there were no issues with standards across University, with the exception of Optometry. The Committee thanked the team who had created the report.

11.5 Confidential Minute

12. University: Going Concern Statement

Committee received from Liz Bartle, Deputy Director of Finance (Financial Systems), the Going Concern Statement for 2019 for the University of Portsmouth. The Going Concern Statement for the University of Portsmouth would be received at the next Board meeting on 9 October 2019.

[Post meeting note: The Going Concern Statement for University of Portsmouth was approved at the Board of Governors meeting of 9 October 2019 min 10 refers.]

13. Health and Safety Quarterly Report

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

13.1 The report contained:

- (i) The elements of the University's health and safety policy that pertained to the role of governors and their responsibilities.
- (ii) The duties of the health and safety team with a commentary on how these responsibilities had been addressed during the reporting period.
- (iii) Information on accidents and training delivery during the reporting period.
- (iv) As requested at the 16 May 2019 meeting, context and an analysis of the figures presented had been provided in this report.

13.2 Chemical Inhalation incident: a chemical substance stored in a cupboard had exploded. This had caused local damage to the cupboard but there were no injuries to individuals. The incident had highlighted some issues that needed action such as clear stock control. The final incident report, when available, would be shared with Audit and Quality Committee.

Action: Interim Health and Safety Manager

13.3 A soft copy of the draft minutes from the Health and Safety Committee on 10 July 2019 had been circulated to members to members on 19 September 2019.

14. Regulatory Notice – Accounts Direction

Committee received a report from Emma Woollard, Executive Director of Finance on the University's response to the OfS consultation on the draft regulatory notice from the Office for Students (OfS) about their Accounts Direction for Accounting Periods Beginning on or after 1 August 2019. The following key points were noted in discussion:

- 14.1 It was a condition of OFS registration that governing bodies must ensure that the University complied with the Account Direction.
- 14.2 The implications of the accounts direction was an increased degree of granularity and a significant increase in the number of disclosures. BUDFG had raised some concerns with the OfS.
- 14.3 The Committee noted the report and the University's response to the consultation.

15. 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.

- 15.1 The Committee noted the update on the University's progress with the delivery of the Prevent duty and the outcome of the recent Prevent Review Meeting (PRM).
- 15.2 The PRM monitoring report contained four recommendations and a request for a case study on the joined-up working and open dialogue between the University and the Student Union. Three recommendations had been completed and a case study has been provided that had been produced collaboratively with the Students' Union and Head of Wellbeing.
- 15.3 The fourth recommendation was that the University should consider amending the External Speakers Policy to include coverage of speakers who may be invited to speak to academic fora within the University. The University were seeking further clarity from the OfS on the breadth and scope of this requirement and whether such proposals were consistent with the principles of academic autonomy and academic freedom.
- 15.4 The Committee noted the update.

16. 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 May 2019 – 10 September 2019. Committee confirmed that these activities were appropriate and did not compromise the auditors' independence.

17. Office for Students (OfS) Publications

Committee noted that Office for Students (OfS) publications could be found at: <https://www.officeforstudents.org.uk/publications/>

18. Date of Next Meeting

The next meeting would be held on Wednesday 13 November 2019 from 1000 to 1230

19. Delegated Authority

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