Private Sessions

- The external Governors, the staff representative, the student governor and the external and internal auditors held a private session before the start of the main meeting at 1015 hours.
- The external Governors, the Executive, the staff representative, the student governor and the secretariat held a private session after the main meeting at 1300 hours.

Tabled papers:

- Letter of Representation, agenda item 4.2, minute 22.9(xiii)
- Arrangements for stock control in IS (Information Services) Internal Audit Report, Annex I, agenda item 5.5, minute 23.6

19 Welcome, Quoracy and Apologies

19.1 Committee welcomed Jenny Crighton, Chair of Infrastructure and Finance Committee (IFC) and Liz Bartle, Deputy Director of Finance, who would assist Committee in the discussion of the financial statements.

19.2 Apologies were received from External Governor: David Madoc-Jones; Vice-Chancellor: Professor Graham Galbraith; and Lorna Raynes: Internal Auditor RSM LLP.

19.3 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.
Minutes

The minutes of the meeting held on 22 September 2020 were confirmed as a correct record.

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

Matters Actioned

21.1 Action was reported on four matters which were for note.

Matters Arising

21.2 There were no other matters arising from the minutes.

University Financial Statements for the Year Ended 31 July 2020

Committee received the financial statements under a covering report from Emma Woollard, Executive Director of Finance and the Auditors Report prepared by the external auditors. The financial statements had been reviewed by the IFC at its meeting on 10 November 2020. The statements were consolidated statements of the University and had been audited by the external auditors.

22.1 Jenny Crighton, Chair of IFC, introduced the statements and confirmed that IFC had discussed in detail the unconsolidated statements at its meeting on 30 September 2020 and the fully consolidated statements on 10 November 2020. The statements had been produced under current accounting standards and there were strong systems, processes and controls in place.

22.2 In the discussion at IFC, there had been two main matters discussed: the larger than anticipated surplus of £7.7m before technical adjustments and the accrual for pensions. The cash balance of c£300m was significant, however it was known that this cash was all accounted for. The current position was a result of strong financial management over many years. However, it was noted, given the current uncertainties caused by the global pandemic, that financial results were likely to be very different next year.

22.3 Emma Woollard, Executive Director of Finance introduced the Financial Review for the year ended 31 July 2020, which included the financial statements. The financial statements demonstrated good financial health. The surplus outturn for 2019/20 was £7.7m which was more than the budgeted forecast. This was in part due to the timing of the pandemic lockdown as face-to-face teaching had been suspended and although there were costs there was no wholesale reduction in income. There was some reduction in income over the summer due to rebates on rents for Halls of Residences, loss of conferencing trade and some students, mainly international students who pay their own tuition fees, had been given payment holidays.

22.4 The University was able to demonstrate it was a going concern and that it could meet the anticipated deficit for 2020/21 and the likely ongoing deficit for 2021/22. The
University was currently in negotiations with the Private Placement provider as it was possible that the University would breach one of the financial covenants of the loan. It was noted that these negotiations were progressing well. It was also noted that the current cash balance meant the University had the ability to repay the loan if this became necessary.

22.5 In response to a question about the graduate outcomes cited in the Financial Review, it was noted that the University’s relative position was shown to have declined. However, it was noted that as previously discussed in other fora with governors, the change in position was attributable to changes in methodology rather than changes in the University’s actual performance. The University’s performance had not therefore declined in absolute terms. It was agreed that the Executive should explore whether the performance outcome outlined in the Financial Review could be amended to reflect this point.

**Action: Deputy Director of Finance (Systems)**

22.6 In a response to a question about the University’s reliance upon receipt of student tuition fee income, it was noted that the University was predominately a teaching based University. However, it was also noted that there were plans to diversify income streams to further reduce this dependence.

22.7 In response to a question about the interest rates on swapped and unwapped notes and the private placement loan, it was confirmed that the interest rates were fixed.

22.8 The Committee thanked the Executive Director of Finance and her team for the work in producing the Financial Statements.

22.9 The external auditors presented their management letter, and their decisions and conclusions were discussed in detail, noting in particular:

(i) The financial statements were substantially complete. There were no material issues that were subject to final review and management had no updates to makes from previous reviews. The external audit work was nearly complete and no major risks had been identified.

(ii) The financial reporting control environment appeared to be robust and the external auditors had no material control matters to bring to the Committee’s attention. There had been no significant changes to the audit plan set out in the document received by the Committee previously.

(iii) Impact of Covid-19: there had been a significant impact on the University and the external audit had been conducted remotely. Particular focus had been placed upon areas deemed to be most impacted by the pandemic such as impairment of assets, the potential breach of loan covenants, pensions and going concern.

(iv) Access and Participation Funding: the OfS had issued the 2019 accounts direction in Autumn 2019, which applied to years commencing on or after 1 August 2019. The revised accounts direction set out a new disclosure note requirement for spending on agreed access and participation activities. This new note was an improvement on previous practice as the auditors were no
longer required to conduct an audit to a lower level of materiality which reduced the number of assumptions that needed to be made.

(v) Fair Value: The University issued £100m of loan notes during the year ended 31 July 2018. The notes were issued to overseas counterparties, and have the facility for the counterparty to "swap" the notes at outset. It had come to light during the audit for 2019/20 that some notes had not been swapped. However, the difference in value between what was disclosed in the 2018/19 accounts and the corrected figure was immaterial and the variance of £2.4m had been included in this year's income statement as a credit to the fair value movement.

(vi) Pensions: Overall the assumptions used to value the University Local Government Pension Scheme (LGPS) liability represented a reasonable position to adopt. It was noted that the LGPS year-end was 31 March 2020 and that this had been a particularly volatile time for the financial markets.

(vii) Going Concern: The lifetime of a going concern document was defined as 12 months after the signing of the annual accounts. The external auditors concurred that the University was able to demonstrate that it was a going concern.

(viii) Letter of Representation: The letter of representation prepared by the external auditors was tabled. The letter of representation provided confirmation from the Board of Governors that it had understood and fulfilled its responsibilities for the preparation of financial statements in accordance with the applicable financial reporting framework and that these statements, provided to the auditors for analysis, give a true and fair view. The Committee noted that the letter was the same as the previous year, except for the addition of wording at points 14, 15 and 16 relating to the loan covenant and the OfS Accounts Direction for the 2019/20 financial year which included a new disclosure on access and participation spend.

(ix) In response to a question, the University confirmed that it had not been affected by the Blackbaud cyber-attack.

22.10 On behalf of the external auditors Deloitte LLP, Paul Thomas confirmed the management letter's conclusion of overall satisfaction with the financial performance and management of the University in 2019/2020.

22.11 The Committee thanked the external auditors for their work during 2019/20 and in particular for their flexible approach to working on the audit during the Covid-19 global pandemic.

22.12 The External Governors agreed that they did not require University Management to withdraw from the meeting to discuss any matter relating to the financial statements as they had already had the opportunity for a private discussion with the external auditors at the start of the meeting.

22.13 Committee agreed to recommend to the Board of Governors the adoption of the financial statements for the year ended 31 July 2020.
Internal Audit

Internal Audit Annual Report 2020/21

23.1 On behalf of the internal auditors RSM LLP, Louise Tweedie presented this report which provided a summary of the work undertaken by the internal auditors during the 2020/21 session.

(i) The auditors’ overall opinion was that, for the year 2020/2021, the University had operated with an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness. However, within this overall opinion, the auditors had identified scope for further improvements to the framework of risk management, governance, internal control and economy, efficiency and effectiveness to ensure that it remains adequate and effective.

(ii) Following discussion, the Committee were satisfied that the overall opinion was a fair conclusion. The internal auditors’ overall opinion was accepted by the Committee and management.

Updated Internal Audit Plan 2020/21

23.2 The Committee received an updated Internal Audit Plan for 2020/21 following the discussion at the Audit and Quality Committee meeting held on 22 September 2020. It was noted that:

− The timetabling audit had been removed from the activities to be undertaken in 2020/21;
− A review of remote working had been added;
− Graduate hallmarks would be considered within the employability framework audit;
− The risk management audit would focus on contingent risks;
− The recruitment and selection audit would consider arrangements for diversity and equality. It was also agreed that the types of employment contract used within the recruitment process would be reviewed.

23.3 The Committee expressed their thanks to the internal auditors for their work during 2019/20 and in particular for their flexible approach to working during the Covid-19 global pandemic.

Progress Update Report 2019/2020 and 2020/2021

23.4 The Committee received an Internal Audit Progress Report for 2019/2020 and 2020/21. It was noted that some audits in 2019/20 had needed to be deferred due to operational disruption caused by pandemic. However, the auditors were able to complete sufficient work to provide an opinion for the year-end report. It was noted that some dates for rearranged audit activity needed to be finalised and this was in progress.
Data Quality Arrangements - TRAC

23.5 Committee was pleased to note that the overall conclusion of the audit was substantial assurance.

Arrangements for Stock Control in IS - Final Report - confidential

Follow-Up Report

23.9 The Committee received an overview report on the follow-up progress made by the University to implement previously agreed management actions. Over half of the actions had been closed. This level of response was reasonable, given the impact of the global pandemic. Actions that remained open would be followed up.

24 Draft Annual Report of Audit and Quality Committee

24.1 Committee received the draft annual report of the Audit and Quality Committee from Adrian Parry, Executive Director of Corporate Governance. The University was required to forward to the OfS an annual report on the work of Audit and Quality Committee.

24.2 Committee considered the draft report which would be updated with relevant points following discussion at this meeting and the inclusion of minute references as appropriate.

24.3 Committee noted that paragraphs 33 and 43 were duplicated and this would be amended before the report was submitted to the Board of Governors. It was agreed that the most recent Terms of Reference for the Audit and Quality Committee would also be appended to the report.

24.4 The Committee confirmed that it was content with the assurances that it was required to provide to the governing body.

24.5 Committee agreed to recommend that the report should be submitted to the Board of Governors meeting to be held on 23 November 2020, subject to the amendments outlined in Minute 24.2.

Action: Executive Director of Corporate Governance

25 Annual Report on the Prevent Duty

Committee received from Adrian Parry, Executive Director of Corporate Governance a report on the University’s delivery of the Prevent duty during 2019/20. In discussion the following key points were noted:

25.1 The annual Prevent report was produced to provide the Board of Governors with the evidence necessary for it to provide the assurances required by the OfS in the annual accountability statement and data return.
25.2 The OfS had issued its monitoring and assurance reporting requirements for the Prevent duty for 2019/20 on 30 October 2020. This contained a new requirement to report on the impact of the Covid-19 pandemic upon the delivery of the Prevent duty. Given the late notice of this requirement, it was possible that some amendments would need to be made prior to submission to the Board of Governors on 23 November 2020.

25.3 Committee agreed that the report demonstrated that the University had given due consideration to the Prevent duty over the last academic year, whilst balancing this duty with other legal duties to protect freedom of speech and academic freedom.

25.4 Committee agreed to recommend that the Prevent duty report should be submitted to the Board of Governors meeting to be held on 23 November 2020 and that it provided the necessary assurance that the University had due regard for the Prevent duty.

26 **Assurance Statement on Quality**

Committee received the Academic Quality Assurance report from Rebecca Di Pancrazio, Interim Director of Student and Academic Administration. This report would be submitted to the Board of Governors on 23 November 2020. In discussion the following points were noted:

26.1 The report was designed to assure the Board of Governors of the continuous improvement of the student academic experience and student outcomes and of the reliability of degree standards. The report would provide the basis for an assurance return to OfS if required.

26.2 The report included a summary of the core academic and support arrangements used to support students’ learning and assessment in response to the first lockdown due to the Covid-19 pandemic and resultant closure of the University campus. This included the introduction of “no detriment” practices and virtual examining boards.

26.3 The National Student Survey (NSS) was conducted between 20 January 2020 and 30 April 2020. The response rate was 70%, which was a lower response rate than last year. This reflected the impact of the pandemic as 12% of respondents had completed the survey post lockdown. The overall satisfaction rate was 86%. It was noted there had been a low response rate of 26% for the Postgraduate Taught Experience Survey (PTES) and there was an action with the University Student Experience Committee to review participation rates and explore ways of encouraging participation. However, it was noted there were strict regulations that restricted the types of activity that could be undertaken to encourage participation in such surveys.

26.4 Good degrees had been awarded to 80% of the University’s 2020 graduates, which was a 6% increase when compared with the previous year. These figures included home, EU, international and sub-contracted students. However, this differed from the data that was reported by the OfS, which only included home and EU students. It was likely that the adjustments taken in response to the impact of the pandemic had impacted upon academic outcomes. These had included the adoption of virtual rather than physical assessment, the extension of submission deadlines, and the wider application of the University’s “no detriment” practices provided to support students during the initial wave of the global pandemic.
26.5 In response to a question about students undertaking up to six hours of face-to-face teaching in Teaching Block 1 of the 2020/21 academic year, it was noted this reflected the need to ensure safety given the nature of the University’s buildings, space available and social distancing requirements.

26.6 In response to a question about whether there had been an increase in non-completion rates, it was noted that fewer students had been unable to progress into the new academic year due to academic failure. It was thought this might be due to a third referral board being introduced in late September 2020. It was noted that this had been introduced as a support measure for students during the pandemic and was unlikely to be an ongoing arrangement.

26.7 Committee discussed the findings of the report, and agreed to recommend that it should be endorsed by the Board of Governors at its meeting on 23 November 2020 as providing assurance of the continuous improvement of the student academic experience and student outcomes and of the reliability of degree standards.

27 Modern Slavery Act 2015 Review of Statement - confidential

28 Non-Audit Services Provided By External and Internal Auditors

28.1 Committee noted the annual report on audit fees paid to, and additional services purchased from, the external and internal auditors in 2019/2020. Committee confirmed that the additional payments were at an appropriate level and presented no risk of compromising the auditors’ independence.

28.2 Committee noted planned non-core audit services to be provided by the internal and external auditors during the course of 1 September 2020 to 29 October 2020. Committee confirmed that these were appropriate and would not compromise the auditors’ independence.

28.3 Committee noted the statement of independence for the external auditors had been included within the management letter (Min 22.7) and for the internal auditors would be included in their annual report (Min 23.1).

29 Risk Management

Risk Management Policy

29.1 The Committee received the updated Risk Management Policy from Adrian Parry, Executive Director of Corporate Governance. Key points noted during discussion were:

(i) No changes to the current policy had been proposed by the Executive.
(ii) All risks with an impact score of 5 (the highest) should be automatically categorised as having a minimum of an “amber” risk rating, regardless of whether the overall risk score indicated a lower risk rating. This would help to ensure that risks with high impact but low probability were appropriately monitored.
Committee agreed to recommend the Risk Management Policy subject to the amendment outlined in minute 29.1(ii) to the Board for approval at its meeting of 23 November 2020.

[Post meeting note: The Risk Management Policy was agreed by the Board of Governors at its meeting on 23 November 2020, Min 17(ii) refers.]

Corporate Risk Register

29.2 The Committee received the updated Corporate Risk Register from Adrian Parry, Executive Director of Corporate Governance. Key points noted during discussion were:

(i) The current need to appropriately balance the immediate operational risks created by the Covid-19 pandemic with the longer-term risks associated with the delivery of the University Strategy was a key challenge.

(ii) Changes to the Wording of Risks
- Risk 1.2 and Risk 1.3 both stated if they occurred the University could not attain its strategic objectives. If this was the case then the “impact” risk score should be 5 or the dynamics of the risk itself should be reviewed.
- Risk 1.8 to be amended to reflect whether significant organisational and cultural change was likely to increase the risk that staff would find it more difficult to adapt as needed.
- Risk 4.1 risk should include coverage of the impact of Covid-19 upon the activities and progress of research partners, who were integral to the research impact case studies that the University would submit to the Research Excellence Framework.
- Risk 5 should include coverage of recruitment processes within the actions designed to mitigate the impact of low levels of BAME academic staff.

29.3 Risk 6.2: in response to a question about the sensitivity of financial planning in relation to international student recruitment, it was noted that a range of recruitment scenarios had been considered in the Covid-19 financial strategy. It was also noted that recent political changes in other countries might change the nature of international relations, which might also impact upon international student recruitment.

29.4 In response to a question about the impact of the graduate outcomes survey on league tables, it was noted that one of the Vice-Chancellor’s objectives was to improve the University’s league table position. It was agreed that further information would be provided to enable the Committee to better understand the activities and investment that may be required to support this objective.

   **Action: Executive Director of Corporate Governance**

29.5 Risk Impact Map: it was noted that all the arrows indicating the direction of travel for each risk were horizontal, even though the risks themselves could not be expected to remain static. It was agreed this would be reviewed.
29.6 It was noted that the Corporate Risk Register, subject to the amendments identified in minute 29(ii) would be submitted to Board of Governors meeting to be held on 23 November 2020.

Corporate Risk Assurance Map

29.7 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. Key points noted during discussion were:

(i) Following discussion, it was agreed that the assurances should in future be included on a rolling five year basis.

(ii) External audit activity should be added as an external third party assurance in relation to finances and regulatory compliance to risk categories 9 and 10.

(iii) A review of the activities and associated narrative contained within the internal division column of the assurance map would be undertaken.

30 Health and Safety

Health and Safety Annual Report 2019/2020

30.1 The Committee received the Health and Safety Annual Report 2019/2020 prepared by Lynda Martin, Deputy Health and Safety Manager and presented by Brent Schwarz, Health and Safety Manager. The following points were noted in discussion:

(i) During the global pandemic, a balance had been required between the need to take forward ‘business as usual’ activity and activity related specifically to the pandemic.

(ii) The number of reported health and safety accidents had reduced during the reporting period. This was to be expected as staff and students were working from home during this period. However, the need to report all health and safety incidents would continue to be emphasised.

(iii) Chemical Incident Report: it was anticipated that all remaining actions would be completed by the end of December 2020.

(iv) The Committee requested inclusion of a report from the Fire Safety Officer in future Health and Safety reports.

   Action: Health and Safety Manager

Health and Safety Policy Statement

30.2 The Committee received an updated Health and Safety Policy Statement from Brent Schwarz, Health and Safety Manager. The following points were noted in discussion:

(i) The Health and Safety at Work Act (1974) required that organisations had, as part of their broader health and safety policy, a statement that sets out their commitment to the delivery of health and safety.

(ii) The Committee agreed to recommend the adoption of the Health and Safety Policy Statement to the Board of Governors at its meeting of 23 November 2020.

[Post meeting note: The Health and Safety Statement was agreed by the Board of Governors at its meeting on 23 November 2020, Min 20(iii) refers.]

31 Annual Report on Student Complaints

The Committee noted the annual report on student complaints received during the academic year 2019/2020 prepared by Samantha Hill, Information Disclosure and Complaints Manager.

32 OfS Publications

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

33 Date of Next Meeting

The next meeting would be held on Tuesday 11 February 2021 from 1030.