

## Audit and Quality Committee

DATE / TIME / VENUE	1030, Thursday 22 September 2021, via videoconferencing (Google Meet)
PRESENT	Frances Morris-Jones, External Governor (Chair) Bahram Bekhradnia, External Governor (up until and including Min 59)
IN ATTENDANCE	Rees Batley, External Auditor, KPMG LLP Rebecca Di Pancrazio, Head of Academic Standards, Quality and Partnerships (Min 12) Professor Graham Galbraith, Vice-Chancellor Simon Kolstoe, Reader in Bioethics and University Ethics Advisor (Min 7) Duncan Laird, External Auditor, KPMG LLP Lorna Raynes, Internal Auditor, RSM LLP Brent Schwarz, Health and Safety Manager (Min 11) Louise Tweedie, Internal Auditor, RSM LLP Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Annette Mills, Head of Governance Services

### Private Sessions

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

## 1 Welcome, Quoracy and Apologies

- 1.1 The Chair welcomed external governor: Liz Jolly (*in absentia*); and Rees Batley and Duncan Laird, External Auditors, KPMG LLP to the meeting.
- 1.2 Apologies were received from external governor: Liz Jolly and staff representative: Dr Rinat Khusainov.
- 1.3 The Executive Director of Corporate Governance confirmed that the meeting was quorate and could proceed to business.
- 1.4 No declarations of interest were made.

## 2 Terms of Reference and Indicative Committee Business

- 2.1 The Committee noted the paper mapping the Terms of Reference of the Committee against the business it had conducted during the 2020/2021 academic year. The Committee agreed that it had effectively discharged its Terms of Reference.

- 2.2 The Committee received its Terms of Reference for the 2021/2022 session and agreed that these remained appropriate for its role and remit. There was discussion about the Committee's role in the oversight of academic quality assurance and the associated information received by the Committee in connection with this responsibility. In discussion it was noted that:
- (i) The role of the Committee was to scrutinise and challenge the efficiency and effectiveness of academic processes and to ensure that these supported the attainment of correct and consistent academic standards and outcomes.
  - (ii) The Academic Council reviewed all academic related matters. An Academic Council appointed staff governor served on the Board of Governors and this helped to ensure that the Board was appropriately sighted on academic matters.
  - (iii) A reorientation of the Human Resources Committee's remit had been proposed to create a closer alignment and emphasis upon the central role of people in delivering the imperatives of the University Strategy. Part of this new remit would include exploring the experience, skills and knowledge required of staff to effectively perform their roles.
  - (iv) It was acknowledged that the Audit and Quality Committee did not wish to replicate activity already taking place at the Board or in another Committee. It was agreed that further options to address the oversight of academic quality in the terms of reference and any gaps between Committees could be reviewed at a future Committee Chairs meeting.
- 2.3 Committee noted and agreed the indicative business of Audit and Quality Committee for the 2021/2022 session, with the addition of an annual discussion that focussed upon the work and performance of the auditors at the February meeting. There should also be regular checks of progress against the outcomes of the Committee's effectiveness review. Committee noted that the paper was an aide memoire, which would be updated as necessary.

**[Post meeting note:** The Committee Business 2021/22 has been updated to include the additional items.]

### 3 Minutes

The minutes of the meeting held on 13 May 2021 were confirmed as an accurate record.

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

### Matters Actioned

- 4.1 Action was reported on five matters, four which were for note and one item which would be covered on the agenda.

### Matters Arising

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

## 5 Internal Audit

### Internal Audit Progress Report 2020/21

- 5.1 Committee received an update on progress against the internal audit plan for 2020/2021 from Louise Tweedie, RSM LLP. The progress report provided a factual summary of progress to date. In discussion the following points were noted:
- (i) The SITs implementation review audit was now underway. Depending upon its progress, it might be possible for the outcome of this review to be included in 2021/2022 Internal Auditors Annual report.
  - (ii) One of the deferred audits from 2020/21 was 'Data Quality Processes - HESA Student Record'. Due to the cycle of audits this particular deferred audit was not in the internal audit plan for 2021/2022. Instead, another data quality related audit, 'Student Loans Company', would be undertaken in 2021/2022. Following discussion, it was agreed that the deferred 'Data Quality Processes - HESA Student Record' audit would be undertaken in 2021/2022 and the 'Student Loans Company' audit would be kept in reserve and used as a substitute if the need arose to defer another planned audit for operational reasons during 2021/2022.

### Internal Communications Processes

- 5.2 Committee noted that the overall conclusion of the audit was reasonable assurance, with two medium priority actions arising from the audit.

### Payroll and HR Systems

- 5.3 Committee noted that the overall conclusion of the audit was reasonable assurance, with two medium priority actions arising from the audit.

#### Estates Contract Management Processes

5.4 The Committee noted that this was an audit report from the 2019/2020 academic year. The draft report had been initially issued in December 2019. However, the report was not shared with the Director of Estates and Campus Services until March 2020 due to the need to clarify some of the information contained within the report. The global pandemic had delayed the finalisation of the report. It has been finalised for the record and any follow up will be progressed through the recommendation follow up report. In discussion it was noted that:

- (i) The overall conclusion of the audit was reasonable assurance, with four medium priority actions arising from the audit.
- (ii) The management responses appeared to have no specific actions or timelines associated with the outcomes of the audit. More information and detail would be helpful.
- (iii) The Committee agreed that actions should be specified and where appropriate implemented before the next Committee meeting, failing which management would be requested to attend the next Committee meeting to provide an explanation.

**Action: Executive Director of Corporate Governance**

#### Risk Management Arrangements

5.5 Committee noted that the overall conclusion of the audit was reasonable assurance, with one medium and five low priority actions arising from the audit.

#### Subsidiary Company Governance and Oversight Framework

5.6 Committee noted that the overall conclusion of the audit was substantial assurance, with one medium priority actions arising from the audit.

#### Post Graduate Research (PGR) Admissions Processes

5.7 Committee noted that the overall conclusion of the audit was substantial assurance, with five medium and one low priority actions arising from the audit.

#### Recommendation Follow-Up Report

5.8 The Committee received an overview report from Lorna Raynes, RSM LLP on the follow-up progress made by the University to implement previously agreed management actions in response to audit recommendations. In discussion, the following points were noted:

- (i) Overall 49 out of 70 actions had been implemented or superseded. A third of the actions were ongoing or had not been implemented with approximately half related to High or Medium level recommendations.

- (ii) Some actions did not have target completion dates and would be followed up. The Committee acknowledged that progress might have been affected by the impact of the global pandemic during 2020/21. However, the Committee would expect the level of response to improve in 2021/22. The Committee agreed that RSM should actively follow up on incomplete actions and management should be reminded of the importance of responding to recommendations in a timely manner.

## 6 External Audit Plan 2020/21

6.1 Rees Batley, KPMG LLP introduced the plan of the External Auditors for the audit for the year-end 31 July 2020. This report had been circulated to the Committee on 29 July 2021. The following key points were noted:

- (i) KPMG proposed a materiality level of 2% of group revenue, which equated to £5.6 million.
- (ii) KPMG had identified four significant audit risks which would be key focus areas for the 2020/2021 audit: valuation of pensions liability; fraud risk from revenue recognition; management override of controls; and going concern.
- (iii) KPMG would use their own specialists to scrutinise the assumptions used by the pension scheme actuary in the calculation of pension scheme liabilities.
- (iv) Fraud risk from revenue recognition and management override of controls was an assumed risk for all audits in accordance with accounting guidelines. It was not specific to the University and applied to all organisations.
- (v) There was a requirement for greater scrutiny from external auditors, particularly in the areas of going concern and cyber risk. Auditing standards required the auditors to provide opinions on going concern and access and participation expenditure in the year-end report.
- (vi) One of the more significant areas of risk and audit focus was the Estates and IS capital plans. The University had a significant Estates Plan, with up to £400m of capital expenditure anticipated within the next ten years.
- (vii) The KPMG IS team was in discussion with the University IS team following the cyber incident earlier in the year. This was to establish if the cyber incident had any impact on the audit approach and, if so, the impact would be documented and included in the year-end report.
- (viii) The Committee noted the confirmation of independence by KPMG and that this would be reconfirmed in the year-end report.
- (ix) It was noted that KPMG had carried out some non-audit work with the University prior to their appointment and that this was a small cost in the context of the overall audit fee. Any additional fees would be agreed with the Committee before costs were incurred.

- (x) In response to a question about how research contracts were represented, it was noted that a sample of research contracts and how they were accounted for would be included as part of the year-end review. It was noted that the TRAC return also helped identify the costs of activities.
- (xi) The Committee noted the overview of the scope of the group audit and was satisfied that this provided sufficient coverage of the business.
- (xii) Committee approved the External Auditors plan for the audit of the year end 31 July 2021.

## 7 Research Governance – Compliance with the Concordat to Support Research Integrity

The 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:

- 7.1 The UUK Concordat outlined commitments for researchers, employers and funders to uphold research integrity and placed specific responsibility for internal processes, dissemination of guidance and training upon the employers of researchers. The Research Council UK (RCUK) and HEFCE (the predecessor body to the OfS) were founding signatories of the Concordat to Support Research Integrity.
- 7.2 The Concordat outlined five important commitments that those engaged in research should make to help to ensure that the highest standards of rigour and integrity are maintained. It also made a clear statement about the responsibilities of researchers, employers and funders of research to maintain high standards in research.
- 7.3 **[Confidential]** The report was updated each year and this included an update upon any research misconduct cases that had been investigated during the year. One outstanding research misconduct case was subject to ongoing legal proceedings and the matter had been previously reported to the Board. The issue was around falsified research outcomes which had been used as the basis for the development of a potential product. The company that intended to produce the potential product were seeking legal redress from the University.
- 7.4 The UUK Concordat recommended that each research organisation should provide a short annual statement to their own governing body.
- 7.5 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.
- 7.6 The Committee agreed that this report should be released for publication on the University's website.

## 8 Annual Report on Financial Irregularities and Fraud - confidential

## 9 Whistleblowing

The Committee received a report on implementation of the University's Whistleblowing Policy from Adrian Parry, Executive Director of Corporate Governance. Key points noted during discussion were:

- 9.1 The report provided an overview of the University's current practice regarding whistleblowing and plans for the review of the University's Whistleblowing Policy.
- 9.2 There was a discussion about how to interpret the low number of reported whistleblowing cases and how the university tested awareness of the policy. Staff were made aware of the policy through staff induction events and the HR Business Partners were used as champions of the policy.
- 9.3 A number of practical suggestions to strengthen and raise the profile of the University's whistleblowing processes were made by the Committee, such as benchmarking the University procedures against recognised best practice and including some questions about the policy in one of the pulse surveys to measure and test whether staff felt confident to raise matters. It was also proposed that a flowchart could be used in the policy to outline the process. RSM LLP would provide an example of a flowchart.  
**Action: RSM LLP**
- 9.4 It was noted that the Whistleblowing Policy only applied to staff and the University operated a Student Complaints Procedure and a complaints process for members of the public. These procedures were all managed by the Corporate Governance Department. This provided an overview and a route of escalation to the Executive Director of Corporate Governance if matters of serious concern were raised by students or third parties.
- 9.5 The Committee agreed that a revised policy would be submitted to the Audit and Quality Committee on 12 November 2021.  
**Action: Executive Director of Corporate Governance**

## 10 Risk Management Policy

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

- 10.1 It was a requirement of the OfS accounts direction that the Risk Management Policy should be reviewed and approved annually by the Board of Governors.
- 10.2 The current Risk Management Policy was established in 2015 and had remained substantially unchanged for the last six years. The recent internal audit report had made some recommendations and suggestions for changes to improve the risk maturity of the University. These recommendations provided a helpful basis to improve the policy.

- 10.3 In summary some of the key changes proposed to the policy were:
- (i) Changes should be made to the scoring and colour coding of the risks. The current scoring system allowed for too much breadth within the 'amber' band. Proposals included a new 'blue' category for risks that were of little consequence; differentiation between low and high 'amber' risks; and only using the 'red' category for extreme and urgent risks.
  - (ii) A target risk score would be established for each risk to identify the tolerance level for each risk. This could also act as a proxy for the risk appetite associated with each risk. This would enable assessment of whether further controls should be applied or whether existing controls could be relaxed.
  - (iii) The University Executive Board would identify the top 12 risks and only these would be regularly reported to governors. The Audit and Quality Committee and the Board of Governors would receive the full risk register at the first meeting of each academic year.
- 10.4 In discussion it was recognised that whilst the Board should focus on the top risks, it was agreed that the Audit and Quality Committee should continue to receive the full risk register as well as the top 12 risks identified by UEB at each meeting. This would enable the Committee to better understand the context of the 12 key risks identified by UEB, track the dynamic movement of risks between categories, and monitor the status of high impact/low probability risks.
- 10.5 In response to a question about the risks associated with projects, it was noted that a separate risk register existed for each strategic project. This helped to ensure that high-level project risks were escalated and, if necessary, were reflected in the corporate risk register.
- 10.6 It was noted that the assurance map should be referred to in the policy as this provided additional assurance that all risks identified in the corporate risk register were being managed effectively and efficiently.
- Action: Executive Director of Corporate Governance**
- 10.7 Committee agreed to recommend the Risk Management Policy to the Board for approval at its meeting of 13 October 2021, subject to the amendments identified.

[Post meeting note: The Risk Management Policy was agreed by the Board of Governors at its meeting on 13 October 2021, Min 14.3 refers.]

## 11 Annual Monitoring Summary Report Undergraduate Full Time Provision - confidential



## 12 Health and Safety Quarterly Report

The Committee received the quarterly Health and Safety Annual Report for 1 February to 30 April 2021 from Brent Schwartz, Head of Health and Safety. The following points were noted in discussion:

- 12.1 The report contained:
- Health Safety and Wellbeing Report – 1 February to 30 April 2021
  - Fire Safety Report – 1 February to 30 April 2021
- 12.2 It was noted that the Executive Director of Corporate Governance was in discussion with the Health and Safety Manager about the proposed health and safety training for Governors to determine whether the training could be condensed into a shorter timeslot.
- 12.3 The Committee endorsed the Corporate Health and Safety Committee Terms of Reference.
- 12.4 The Committee noted:
- (i) The escalation of heating issues in the Anglesea Building (Faculty of Technology) to the Corporate Health and Safety Committee and that this matter was being progressed.
  - (ii) The change in radiation advisory services to Public Health England.
- 12.5 In response to a question about whether fire extinguishers had now been installed in the Harry Law building, a matter that had been raised previously at the Committee, it was agreed an update on this matter would be provided at the next meeting.  
**Action: Health and Safety Manager**
- 12.6 The Committee noted the report.

## 13 The University's Prevent Duty

The Committee received a report from Adrian Parry, Executive Director of Corporate Governance that provided an overview of the University's activities to deliver the Prevent Duty. The Committee noted the update.

## 14 Non-Audit Services Provided By External and Internal Auditors

Committee noted planned non-core audit services provided by the external auditors during the course of 1 May 2021 to 31 August 2021. Committee confirmed that these activities were appropriate and did not compromise the auditors' independence.

## 15 OfS Publications

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

## 16 Date of Next Meeting

The next meeting would be held on Friday 12 November 2021 from 1000.

The Committee were reminded that there would be two private sessions at the next meeting:

- A private session with the external governor members, auditors and the staff representative at 0945 before the main meeting commenced.
- A private session immediately after the meeting with the external governor members, executive and the staff representative at 1330.

## 17 Thanks

David Madoc-Jones (*in absentia*)

- 17.1 David joined the Board in August 2020 as a new governor and subsequently joined the Audit and Quality Committee in September 2020. David had now transferred to the Infrastructure and Finance Committee for the new academic year 2021/2022. The Committee thanked him for his contribution to its work.