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| **CONFIRMED MINUTES OF THE MEETING HELD ON 16 APRIL 2024** | | | | |
| PRESENT: | | | | |
| Joanna Allen (Chair) | | Sameer Kothari (to item 7 inclusive) | | |
| Ian Hall | | Theresa Spencer | | |
| IN ATTENDANCE: | | | AGENDA ITEM | |
| Alison Breadon, PwC | | | All except 1, 9 and 10 | |
| Katy Doherty, Grant Thornton | | | All except 1, 9 and 10 | |
| Sophie Hamlet, Grant Thornton | | | All except 1, 9 and 10 | |
| Ryan Keyworth, Chief Finance Officer (CFO) | | | All except 1 | |
| Liz Mossop, Vice-Chancellor (Observer) | | | All except 1 | |
| Tim Smith Chair of Board (Observer) | | | All except 1 | |
| Katie Stead, Head of Planning, Risk & Compliance | | | All except 1 | |
| Angela Temple, Governance Senior Adviser (Committee Secretary) | | | All | |
| Ruth Thei, Head of Governance and Sector Regulation | | | All | |
| Libby Wilson, Interim Chief Operating Officer | | | All except 1 | |
| **APOLOGIES:** Matt Lilley | | |  | |
| Minute Ref | Item of Business | | | Paper Ref |
| ARC\_2024\_04\_16\_1 | PRIVATE MEETING OF COMMITTEE MEMBERS | | |  |
| 1.1 | There were no issues discussed at the private meeting that were not covered in the main part of the meeting. | | | |
| ARC\_2024\_04\_16\_2 | DECLARATIONS OF INTEREST | | |  |
| 2.1 | There were no declarations of interest. | | | |
| ARC\_2024\_04\_16\_3 | CHAIR’S BUSINESS | | |  |
| 3.1 | The Chair welcomed:   * Liz Mossop, Vice-Chancellor (VC), and Tim Smith, Chair of the Board Designate who were observing this meeting as part of their induction; * Katy Doherty, Grant Thornton, who was taking over from Debbie Watson as Responsible Individual for the external audit. Katy had previously been an audit manager for the University’s external audit; * Sophie Hamlet who was taking over from Abi Smethurst as external audit manager. | | | |
| 3.2 | The Committee noted that this meeting was the rescheduled 14 March 2024 meeting. The papers were as issued for that meeting with the addition of an up-to-date internal audit progress report and the internal audit report on the Student Success – Student Placements review. In addition, minor amendments had been made to the (i) Anti-Corruption Policy section 9 and (ii) Fraud Response Plan section 1 final para – in relation to whistleblowing in the Diligent Resource Centre. | | | |
| 3.3 | The Committee noted that the Chair had agreed with a proposal from the CFO that the ‘to note’ report to each meeting on additional work by the external auditors would not be submitted to each meeting going forward. An annual report on additional work would continue to be submitted to the Committee and, in line with the agreed process. | | | |
| ARC\_2024\_04\_16\_4 | MINUTES OF THE PREVIOUS MEETINGS | | | ARC\_2024\_03\_14\_P4i and 4ii |
| 4.1 | The Committee **approved** the minutes (including the confidential minutes) of the meetings held on 16 November 2023 as accurate records. | | | |
| ARC\_2024\_04\_16\_5 | MATTERS ARISING | | | ARC\_2024\_03\_14\_P5 |
| 5.1 | **Minute ARC\_2023-11\_16\_11.3: Implementation of internal audit recommendations**: The Committee noted that a report on the status of the six outstanding high priority internal audit recommendations had been sent to members on 14/2/2024. A further update on the actions was included in PwC’s progress report (ARC\_2024\_03\_14\_P8) at appendix B showing the status for actions at 8 April 2024. This showed that five high priority actions were outstanding: three of these had extended completion dates agreed by UEB, one remained on track, and one awaited evidence of completion from management. | | | |
| ARC\_2024\_04\_16\_6 | CORPORATE RISK UPDATE | | | ARC\_2024\_03\_14\_P6iCONFIDENTIAL |
| 6.1 | The Committee considered the report and noted that   1. a confidential minute was recorded; 2. the risk register, presented in appendix 1 of the report, had been compiled in February 2024 following a key data point in the student recruitment 2024 entry cycle. A confidential minute was recorded; 3. a confidential minute was recorded; 4. work was on-going to revise the University’s assurance map in light of the substantive changes to the corporate risk register and risk management process. Within the University’s complex and interconnected risk environment, understanding levels of assurance in controls and identifying areas for improvement was critical. It was intended to submit an initial draft of the revised assurance map to the Committee at its June 2024 meeting. | | | |
| 6.2 | A confidential minute was recorded. | | | |
| ARC\_2024\_04\_16\_7 | **RISK DEEP DIVE: EXTENDED CAMPUS** | | |  |
| 7.1 | The Interim COO provided a briefing on the extended campus and associated risks:   1. the extended campus was a bringing together of space, practice, and technology so that the university got the most value out of capital investment in the Campus Plan and digital technology to transform the experience of students, staff and wider university community in support of the Transforming Lives mission and vision. It was part of the Future Strategy Programme and was designed to be delivered alongside changes to the portfolio and teaching delivery models (including online); 2. the programme included three strands (i) physical construction/Campus Plan (ii) experience on campus – including co-location of services (iii) practice and ways of working; 3. a key part of the work was the Howard Street development; 4. a confidential minute was recorded; 5. a confidential minute was recorded; 6. a confidential minute was recorded; 7. the COO and the CFO had been working to ensure that appropriate communications were in place with staff to ensure understanding of the drivers for the spend on estates developments (in the context of the financial challenges facing the University). | | | |
| 7.2 | In response to questions/comments:   1. a confidential minute was recorded; 2. a confidential minute was recorded; 3. in relation to an advance question about the governance arrangements for the work it was noted that an Extended Campus Board was in place with a lead for each strand of work. In addition, there were a number of workstreams in each strand and a time limited New Build Activation Group. The Finance and Employment Committee received bi-annual estates reports;   Confidential minutes 7.2.4 to 7.2.8 were recorded. | | | |
| ARC\_2024\_04\_16\_8 | UPDATE FROM AUDITORS ON AUDIT MATTERS AND SECTOR ISSUES | | |  |
| 8.1 | Colleagues from PwC highlighted the following matters:   1. a confidential minute was recorded; 2. in general, HEIs tended to not include the costs of cost savings in their financial forecasts; 3. there was uncertainty in terms of future government policy on HE, including what policy changes a labour government would make if successful in the 2024 general election (date to be announced); 4. a number of HEIs were discussing risks with PwC as their internal audit service provider. Matters being raised included the management of risk (including a number of huge geo-political risks faced by the sector), linking risk to resilience in a more systematic manner, and how PwC could support HEIs in considering ‘what if’ questions; 5. a number of documents had been shared with members via the Diligent Resource Centre. In particular, PwC highlighted the Global Risk Survey which analysed the results of PwC’s survey of 3,910 business and risk leaders. The document highlighted how technology was playing an increasingly important role in helping organisations protect value by mitigating and managing risk more effectively. It flagged a number of key questions for managers and highlighted the characteristics of those best at managing risk (risk pioneers). | | | |
| 8.2 | Colleagues from Grant Thornton, external audit, highlighted the following:   1. the Financial Reporting Council had issued amendments to FRS102. The most significant changes related to (i) recognition process and declarations related to revenue from customers (ii) a change to the treatment of leases. Most of the changes would come into force for accounting periods beginning on or after 1 January 2026. Early adoption was permitted. Grant Thornton were planning for these changes; 2. going concern had been a challenging area within the University’s audit of financial statements for the year ended 31 July 2023; 3. a confidential minute was recorded; | | | |
| ARC\_2024\_04\_16\_9 | INTERNAL AUDIT PROGRESS REPORT 2023/24 | | | ARC\_2024\_04\_16\_P8 |
| 9.1 | The Committee received a progress report on PwC’s internal audit work and noted that:   1. PwC would shortly be commencing planning to develop and agree the 2024/25 internal audit programme of work;   in relation to follow-up of overdue actions (appendix B refers), it was noted that 16 actions were overdue. Of these 3 were from 2020/21 and 2021/2 (KPMG audits) and 13 were from 2022/23 (PwC audits). Of the 2022/23 actions one was a high risk recommendation which was shown as overdue in the report. A confidential minute was recorded. See also minute ARC\_2024\_04\_16\_5.1 above. | | | |
| 9.2 | It was noted that PwC were content in relation to deadline extension requests which had been approved by UEB. | | | |
| 9.3 | In relation to a question, it was noted that there appeared to be more actions which became overdue having extended deadlines agreed. It was noted that UEB had considered each high or medium priority action which had an agreed extension deadline and in some cases this was due to the need to prioritise other work. It was confirmed that UEB would continue to ensure that action extensions were proportionate. | | | |
| 9.4 | It was noted that a number of changes had been proposed by management to the 2022/23 internal audit plan and these had been discussed with PwC. A confidential minute was recorded. | | | |
| 9.5 | The Committee **approved** the (i) deferral of the estates/capital projects review into 2024/25 and (ii) the changes to scope of the UKVI and risk management audits. | | | |
| 9.6 | In relation to the implications of the changes to the plan on internal audit days for 2023/24, PwC indicated that the amendments to the plan may result in some days becoming available for additional work in 2023/24. If so, further work would be undertaken to consider appropriate use of any unused days. | | | |
| ARC\_2024\_04\_16\_10 | **TRANSPARENT APPROACH TO COSTING INTERNAL AUDIT REPORT 2023/24** | | | ARC\_2024\_03\_14\_P8i |
| 10.1 | The Committee received the report which had been graded low risk. It was noted that the issue addressed by medium rated action was not typically seen by PwC but that the University was already aware of the issue prior to the audit. | | | |
| ARC\_2024\_04\_16\_11 | **STUDENT SUCCESS – STUDENT PLACEMENTS INTERNAL AUDIT REPORT 2022/23** | | | ARC\_2024\_04\_16\_P8Ii |
| 11.1 | The Committee received the report which had been graded medium risk. It was noted that the review indicated that there was a real drive to embed sandwich placements across provision. It had highlighted the scale of the challenge to integrate sandwich placements across all programmes at the University. PwC had discussed the issues surrounding student and academic engagement, placement opportunity sourcing, promoting and reporting and the framework supporting academics and students in the sandwich placements life-cycle and had recommended a number of actions. | | | |
| ARC\_2024\_04\_16\_12 | **ANNUAL PERFORMANCE REVIEW OF INTERNAL AUDIT** | | | ARC\_2024\_03\_14\_P9 CONFIDENTIAL |
| 12.1 | The Committee noted that the Board of Governors approved the appointment of PwC as internal auditor for 2022/23 onwards for a period of three years with the option to extend for two periods of two years (subject to annual performance review each year) at its meeting on 29 March 2022. [minute BG/2/22/14 refers]. 2022/23 was PwC’s first year under the contract. | | | |
| 12.2 | It was noted that the CFO was taking over responsibility as UEB lead for the internal audit contract and would continue to be supported by colleagues in Governance, Legal and Sector Regulation. | | | |
| 12.3 | The Chair of the Board (observer) and the Vice-Chancellor (observer) noted that the provision of benchmarking information was an important part of the role of internal audit to add value. It was noted that this was also reflected in comments received from managers and PwC had agreed that they would seek to provide additional benchmarking where sample size was sufficient and to include information on benchmarking in the executive summary of reports. This was welcomed by members. | | | |
| 12.4 | In relation to benchmarking, the Vice-Chancellor (observer) commented that it was important that colleagues within the University understood that a key role of internal audit was to add value by providing this external perspective. It was agreed to review the internal audit FAQs to ensure this was clear to colleagues and to feed the Committee’s comments on benchmarking into the next internal audit quarterly meeting. | | | |
| 12.5 | In line with the Committee’s remit to monitor the performance and effectiveness of the internal auditors the Committee **agreed** that PwC’s performance during 2022/23 had been satisfactory. | | | |
| ARC\_2024\_04\_16\_13 | **ANNUAL PERFORMANCE REVIEW OF EXTERNAL AUDIT** | | | ARC\_2024\_03\_14\_P10 CONFIDENTIAL |
| 13.1 | The Committee noted that at its meeting on 7 December 2021, the Board of Governors approved the appointment of Grant Thornton as external auditors for a minimum term of three years, plus the option to renew for successive periods of two years, up to a maximum term of seven years, subject to satisfactory annual performance review (minute BG/7/21/18.1 refers). | | | |
| 13.2 | A confidential minute was recorded. | | | |
| 13.3 | The following was discussed:   1. did the CFO have any concerns that the Responsible Individual was a director rather than a partner? It was noted that the Responsible Individual was familiar with the University as they had worked on the audit in prior years. However, some other auditors were new to the University. It was also noted that there would be a number of new staff within the University working on the audit as the current Head of Financial Reporting and Compliance (HoFRC) and the Deputy Head would not be working on the audit for year ended 31 July 2024. A new HoFRC had been appointed and there would be some, but limited, handover; 2. a member noted that the auditor in charge had been amenable to providing benchmarking information. The CFO observed that, whilst benchmarking information was helpful, he did not consider this to be a primary role of the external audit provider as other providers were often better placed to provide such information. | | | |
| 13.4 | In line with the Committee’s remit to monitor the performance and effectiveness of the external auditors the Committee **agreed** that Grant Thornton’s performance for the audit for the year ended 31 July 2023 had been satisfactory. | | | |
| ARC\_2024\_04\_16\_14 | ASSURANCE OF DATA RETURNS | | | ARC\_2024\_03\_14\_P11 |
| 14.1 | The Committee noted the report. | | | |
| ARC\_2024\_04\_16\_15 | REPORT ON REVIEW OF ANTI-BRIBERY POLICY AND UPDATE ON BRIBERY ACT COMPLIANCE MEASURES | | | ARC\_2024\_03\_14\_P12 CONFIDENTIAL |
| 15.1 | The Committee noted the report. | | | |
| ARC\_2024\_04\_16\_16 | ANNUAL REPORT ON FRAUD | | | ARC\_2024\_03\_14\_P13 CONFIDENTIAL |
| 16.1 | The Committee noted the report and noted that since the papers had been issued for the postponed 14/3/2024 meeting the Anti-Corruption Policy and Fraud Response Plan had been updated on Diligent on 20/3/24 to incorporate suggested changes to references to the whistleblowing policy (Anti-Corruption Policy – section 9 and FRP – section 1 final paragraph). | | | |
| ARC\_2024\_04\_16\_17 | ANNUAL PROCUREMENT REPORT 2022/23 | | | ARC\_2024\_03\_14\_P14 |
| 17.1 | The Committee noted the report. | | | |
| ARC\_2024\_04\_16\_18 | REPORTABLE EVENT NOTIFICATION TO THE OFFICE FOR STUDENTS’ | | | ARC\_2024\_03\_14\_P15 CONFIDENTIAL |
| 18.1 | The Committee noted the report. | | | |
| ARC\_2024\_04\_16\_19 | AUDIT AND RISK COMMITTEE: ANNUAL BUSINESS CYCLE 2023/24 | | | ARC\_2024\_03\_14\_P16 |
| 19.1 | The Committee noted the report. | | | |
| ARC\_2024\_04\_16\_20 | **DATE OF NEXT MEETINGS** | | |  |
| 20.1 | Thursday 20 June 2023, 1600 to 1830 | | | |