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| **CONFIRMED MINUTES OF THE MEETING HELD ON 16 NOVEMBER 2023** | | | | |
| PRESENT: | | | | |
| Joanna Allen (Chair) | | Matt Lilley (from item 5 onwards) | | |
| Ian Hall | | Theresa Spencer | | |
| Sameer Kothari | |  | | |
| IN ATTENDANCE: | | | AGENDA ITEM | |
| Alison Breadon, PwC | | | All except 1, 2 and 4 | |
| Richard Calvert, Deputy Vice-Chancellor, Strategy and Operations (DVCSO) | | | All except 1 to 3 | |
| Ryan Keyworth, Chief Finance Officer (CFO) | | | All except 1 to 3 | |
| Clair Marlow, Head of Legal Services & Deputy University Secretary | | | All | |
| Tom Russell, Head of Strategic Insight and Data | | | 9 | |
| Abi Smethurst, Grant Thornton | | | All except 1, 2 and 4 | |
| Katie Stead, Head of Planning, Risk & Compliance | | | All except 1 to 4 | |
| Angela Temple, Governance Senior Adviser (Committee Secretary) | | | All | |
| Dave Thornley,Head of Digital Architecture | | | 10i | |
| Libby Wilson, Group Director, Infrastructure and Change | | | 8 to 10ii | |
| **APOLOGIES:** Mohammed Hannan | | |  | |
| Minute Ref | Item of Business | | | Paper Ref |
| ARC\_2023\_11\_16\_1 | PRIVATE MEETING OF COMMITTEE MEMBERS | | |  |
| 1.1 | The Chair updated the Committee on Grant Thornton’s progress with the external audit of the University’s Annual Report and Financial statements for the year ended 31 July 2023. It was noted that:   1. a minute confidential to the Committee was recorded; 2. a minute confidential to the Committee was recorded; 3. Grant Thornton had been complementary about the information provided by the Finance team and about the quality and depth of the Annual Report and Financial Statements. | | | |
| ARC\_2023\_11\_16\_2 | DECLARATIONS OF INTEREST | | |  |
| 2.1 | There were no declarations of interest. | | | |
| ARC\_2023\_11\_16\_3 | PRIVATE MEETING OF COMMITTEE MEMBERS AND AUDITORS | | |  |
| 3.1 | Alison Breadon (AB), PwC, noted that the firm was reaching the end of the first year as the University’s internal auditor and she felt that they had gained a clearer and wider sense of the University, including structures and key staff. She complemented the support provided by the team in Governance, Legal and Sector Regulation. | | | |
| 3.2 | It was noted the cyber readiness report had taken longer than planned to finalise. University management had been supportive of the audit process. However, there had been a need to ensure that the report focused on the fundamental areas to address given that cyber resilience was a key challenge for all organisations, and that funds and time to address all the risks in this area were not unlimited. | | | |
| 3.3 | AB observed that the University was managing a number of significant strategic projects, and it was important to ensure that resource to support these projects was appropriate. In particular, it was noted that a Group Director, was a key member of staff with responsibility for key strategic development and it was important to ensure a spread of responsibility across management. During discussion, members:   1. asked whether the point about management capacity to resource strategic priorities had been drawn to management’s attention: AB indicated that this was a matter that would be covered as part of induction conversations with the new Vice-Chancellor; 2. welcomed the indication, in the corporate risk report, that changes to risk categorisation to align with the strategic plan had resulted in the introduction of new risk owners, extending this role to more of the senior leadership; 3. asked to what extent management had looked at mapping resource; 4. a minute confidential to the Committee was recorded. | | | |
| 3.4 | Grant Thornton provided an update on their work, noting that the quality of the Annual Report and Financial Statements (ARFS) had been good with no significant changes resulting from Grant Thornton’s review. The relationship with management was constructive and open with appropriate challenge. A minute confidential to the Committee was recorded. | | | |
| ARC\_2023\_11\_16\_4 | PRIVATE MEETING OF COMMITTEE MEMBERS AND MANAGEMENT | | |  |
| 4.1 | Management did not raise any concerns about the work of the external and internal audit service providers. A minute confidential to the Committee was recorded. | | | |
| 4.2 | A minute confidential to the Committee was recorded. | | | |
| ARC\_2023\_11\_16\_5 | MINUTES OF THE PREVIOUS MEETING | | | ARC\_2023\_11\_16\_P6 |
| 5.1 | The minutes were **approved**. | | | |
| ARC\_2023\_11\_16\_6 | MATTERS ARISING | | | ARC\_2023\_11\_16\_P 7 |
| 6.1 | **ARC\_2023\_10\_05\_3.2: Waivers of Financial Regulations:** The CFO reported that the Financial Regulations would be amended to remove the current £50k (including VAT) threshold for competitive tender and replaced with the thresholds within the Public Contract Regulations values. Waivers would not be required for contracts below the thresholds and would not be available for contracts above the thresholds. Compliance with the Financial Regulations would be a matter to be included in the internal audit programme from time to time. | | | |
| ARC\_2023\_11\_16\_7 | CORPORATE RISK UPDATE | | | ARC\_2023\_11\_16\_P 8 CONFIDENTIAL |
| 7.1 | The Committee considered the report and noted that the corporate risk register had been revised for 2023/24 to align with the University Plan and that strategic change programme risks had been included in the register. Risk owners (for new risks) had been identified and information had been provided on the risk status, actions, and associated controls. Risk update discussions took place during October 2023.  The reframing of the Corporate Risk Register to align with the strategic plan had facilitated a greater sharing of insight during Q1, supporting the identification of interdependencies, and enabling a more holistic view of risks across the University. The key principles agreed at the Board Strategy event in October 2023 had been adopted. The Q1 process had involved more people and enabled greater frequency of conversations to take place together with linking to key data points. | | | |
| 7.2 | In response to questions/comments the following was noted:   1. members welcomed the closer alignment of the corporate risk register with the University plan;   Minutes confidential to the Committee were recorded (ARC\_2023\_11\_16\_7.2.2 to 7.2.7}.   1. it was suggested that management should reconsider the use of the word ‘catastrophic’ for impact category 5 or provide a definition of ‘catastrophic’ impact; 2. a member suggested that it would be helpful to set a target score for risk (impact and likelihood), i.e. what does good look like. It was noted that the CFO and the Group Director, Infrastructure and Change had discussed acceptable level of risk; 3. members were asked to consider the corporate risk register and suggest areas for the second risk deep dive discussion topic for 2023/24. This would take place at the March 2024 or the June 2024 meeting, with timing to be agreed depending on the risk owner’s availability and any other relevant factors. Following the meeting members would be sent a list of the previous deep dive discussions undertaken by the Committee. | | | |
| ARC\_2023\_11\_16\_8 | DATA ASSURANCE AND MANAGEMENT: Data Futures Readiness Phase 2 internal audit report 2022/23 | | | ARC\_2023\_11\_16\_P9i |
| 8.1 | The Committee received the internal audit report on data Futures Readiness phase 2 (following consideration of the phase 1 report at the 22 June 2023 meeting – paper ARC\_2023-06-222\_P8ii). The report had graded as medium risk (with the rating including the medium rated finding from phase 1). | | | |
| 8.2 | A minute confidential to the Committee was recorded. | | | |
| 8.3 | A minute confidential to the Committee was recorded. | | | |
| ARC\_2023\_11\_16\_9 | **DATA ASSURANCE AND MANAGEMENT: ASSURANCE OF DATA RETURNS** | | | ARC\_2023\_11\_16\_P9ii |
| 9.1 | The Committee received a report on the data returns submitted by the University to the Higher Education Statistics Agency (HESA), the Student Loans Company (SLC), the Office for Students, Research England, and other funding bodies. It noted that arrangements for data management were robust and well established. | | | |
| 9.2 | The Committee noted that:   1. implementation of the Data Futures model had been an extremely significant change for student data that had required significant work in the University and across the sector; 2. the Lifelong Learning (Higher Education Fee Limits) Bill had received royal assent and the government had published an economic impact assessment of the introduction of the Lifelong Learning Entitlement (LLE). It was likely that there would be a need to develop systems to handle the LLE including reporting to the SLC. However, it was not anticipated that this would be as challenging as the Data Futures developments. | | | |
| 9.3 | In response to a question, it was noted that the University was at a low risk for any review visits/audits/quality inspections by the Office for Students (OfS) (as part of their ‘boots-on-the-ground’). This was because the University was not below minimum standards in any of the areas which the OfS was investigating during 2023/24 (i.e., business and management courses, foundation level study, or level 4/5 provision). | | | |
| 9.4 | The purpose of the report was to support the Committee to provide an opinion on the adequacy and effectiveness of the University's arrangements for the management and quality assurance of data as part of its Annual Opinions Report (ARC\_2023\_11\_16\_P15). | | | |
| ARC\_2023\_11\_16\_10 | INTERNAL AUDIT PROGRESS REPORT 2023/24 | | | ARC\_2023\_11\_16\_P10III |
| 10.1 | The Committee received a progress report on PwC’s internal audit work and noted that (i) 2022/23 internal audit work had been completed (ii) work was ongoing to scope 2023/24 work | | | |
| 10.2 | It was noted that PwC were content in relation to deadline extension requests which had been approved by UEB. | | | |
| 10.3 | A member asked for assurance that all the non-overdue high risk items were still on track for implementation by the current deadline. This included a request for an update at each meeting on the high risk cyber ransomware readiness recommendation to ensure that it remained on track as the Committee may not know that the action was not on target until its implementation date of 31/3/2024 (action 4.3) or 31/7/2024 (action 4.1 and 4.2). | | | |
| 10.4 | The CFO indicated that it was unlikely that the current implementation date for the high risk action in the P2P report would be achieved as it was likely that the University would need to buy a new system to action (rather than amending the existing system). | | | |
| ARC\_2023\_11\_16\_11 | **CYBER VULNERABILITY – RANSOMWARE INTERNAL AUDIT REPORT 2022/23** | | | ARC\_2023\_11\_16\_P10iI CONFIDENTIAL |
| 11.1 | The Committee received the report which had been graded high risk. It was noted that:   1. given the nature of the area, including the potential impact of a successful ransomware attack, it was rare that PwC issued any other grading than high risk for reports in this area; 2. a minute confidential to the Committee was recorded. | | | |
| 11.2 | A minute confidential to the Committee was recorded. | | | |
| ARC\_2023\_11\_16\_12 | **CAMPUS PLAN AND EXTENDED CAMPUS INTERNAL AUDIT REPORT 2022/23** | | | ARC\_2023\_11\_16\_P10II |
| 12.1 | The Committee received the report which had been graded medium risk. Management welcomed the report, in particular, the action to develop and implement an overarching handover plan which considered all interdependencies from the key sub-plans, critical business needs and decision points, timeframes, and milestones. Management had set tight deadlines for action as it was felt that it was important to the plan to have the actions complete as soon as possible. It was noted that a communication plan/strategy was key to ensure that staff in Social Sciences and Arts were briefed as those in Sheffield Business School had been. | | | |
| ARC\_2023\_11\_16\_13 | INTERNAL AUDIT ANNUAL REPORT 2022/23 | | | ARC\_2023\_11\_16\_P11 CONFIDENTIAL |
| 13.1 | The Committee received PwC’s final internal audit report 2022/23 (following consideration of the draft report at the 5 October 2023 meeting ARC\_2023\_10\_05\_P10). As reported in October 2023, the level of assurance within the report for Sheffield Hallam was reasonable/moderate which indicted that governance, risk management and control, and value for money arrangements in relation to business critical areas was generally satisfactory. | | | |
| 13.2 | There were some areas of weakness and non-compliance in the framework of governance, risk management, and control or value for money arrangements which potentially put the achievement of objectives at risk. Improvements were required in those areas to enhance the adequacy and effectiveness of governance, risk management and control, or value for money arrangements. The report provided a summary of findings and recommended that the three high risk weaknesses should be reported to the Board of Governors in the Audit and Risk Committee’s annual report. | | | |
| ARC\_2023\_11\_16\_14 | UPDATE ON TPS | | | ARC\_2023\_11\_16\_P12 CONFIDENTIAL |
| 14.1 | The Committee received an update on TPS and noted that the item informed consideration of Annual Report and Financial Statements (ARFS) at joint meeting in relation to provision. It was noted that the appropriateness of level of provision has been audited by Grant Thornton and no concerns had reported in their findings report to joint meeting of ARC and FEC on 16 November 2023. | | | |
| 14.2 | In response to a question, it was noted that the work was likely to be ongoing until end of 2024, however this was dependent on obtaining information from the TPS. | | | |
| 14.3 | It was **agreed** that the Committee should only receive further reports if a substantial change to the financial or reputational impact was identified | | | |
| ARC\_2023\_11\_16\_15 | MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT (FOR THE FINANCIAL YEAR ENDED 31 JULY 2023) | | | ARC\_2023\_11\_16\_P13 |
| 15.1 | The Committee received the revised Modern Slavery and Human Trafficking Statement and noted that the statement must be produced for each financial year, approved and signed by the Board of Governors and published no later than 31 December via a prominent link on the University’s website homepage. | | | |
| 15.2 | The Committee noted that the Statement would be updated to remove the paragraph “the University chairs the South Yorkshire Modern Slavery Partnership…….and/or ‘modern slavery.” | | | |
| 15.3 | The Committee **recommended** the draft statement for approval by the Board subject to the amendments set out in minute ARC\_2023\_11\_16\_15.2 above. | | | |
| ARC\_2023\_11\_16\_16 | TRAC (PROCESS, GUIDANCE AND COMPLIANCE ASSURANCE) | | | ARC\_2023\_11\_16\_P14 CONFIDENTIAL |
| 16.1 | The Committee received a report on the process used to compile the Transparent Approach to Costing (TRAC) return 2022/23**.** The Committee noted that:   1. TRAC guidance updates for 2022/23 included no prescriptive changes to the process. There was only clarifications of existing guidance and refinements of definitions. The University had reviewed each of these and two areas were relevant to Sheffield Hallam with only minimal impact on the results; 2. the OfS made no follow up queries following the University’s 2021/22 submission; 3. TRAC guidance required a statistician to review the Time Allocation Survey process and results, and this had been put in place by the University prior to sign-off of the return by the Vice-Chancellor. | | | |
| 16.2 | Based on the assurances in the report, the Committee confirmed compliance with the existing TRAC validation processes. The Committee also approved changes to the TRAC process. This was in line with the OfS requirement for a Committee of the Board to provide such assurance prior to the return being submitted to the OfS. | | | |
| ARC\_2023\_11\_16\_17 | DRAFT AUDIT AND RISK COMMITTEE ANNUAL OPINIONS REPORT TO THE BOARD OF GOVERNORS AND ACCOUNTABLE OFFICER 2022/23 | | | ARC\_2023\_11\_16\_P15 CONFIDENTIAL |
| 17.1 | The Audit and Risk Committee received the draft Annual Opinions Report to the Board of Governors and Accountable Officer 2022/23. | | | |
| 17.2 | In relation to PwC’s high risk findings (minute ARC\_2023\_11\_16\_13.2 refers, plus see paragraph 3.2 and the appendix to the report: ARC\_2023-11\_16\_P15) the ARC considered these and agreed that, individually or collectively, these matters did not lead to a likelihood of material financial impact and that the overall assessment of the systems of risk management, control and governance should not be qualified as a result of these findings. | | | |
| 17.3 | The Committee **agreed** the opinions as set out in 3.5 to 3.8 i.e., that based on information presented to it, including the internal auditors’ opinions, the Audit and Risk Committee concluded that it is satisfied that during 2022/23 and to date:   * the University has had systems of risk management, control and governance in place that are adequate and effective; * the arrangements in place for promoting economy, efficiency and effectiveness within the University are adequate and effective; * the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loan Company, the OfS, Research England and other funding bodies are adequate and effective; and * the arrangements for the financial sustainability of the institution are adequate and effective.   The Committee noted that the report would be updated to take account of business in the meeting and submitted to the Board of Governors on 28 November 2023. | | | |
| ARC\_2023\_11\_16\_18 | ADDITIONAL WORK CARRIED OUT BY THE EXTERNAL AUDITORS | | | ARC\_2023\_11\_16\_P16 |
| 18.1 | The Committee noted the report. | | | |
| ARC\_2023\_11\_16\_19 | REPORT ON ANTI-MONEY LAUNDERING POLICY REVIEW AND UPDATE ON ANTI-MONEY LAUNDERING COMPLIANCE | | | ARC\_2023\_11\_16\_P17 CONFIDENTIAL |
| 19.1 | The Committee noted the report. | | | |
| ARC\_2023\_11\_16\_20 | AUDIT AND RISK COMMITTEE: ANNUAL BUSINESS CYCLE 2020/21 | | | ARC\_2023\_11\_16\_P18 |
| 20.1 | The Committee noted the report. | | | |
| ARC\_2023\_11\_16\_21 | **DATE OF NEXT MEETINGS** | | |  |
| 21.1 | Joint meeting with FEC: Thursday 16 November 2023, 1330 to 1430  ARC: Thursday 14 March 2023, 1600 to 1830 | | | |