Minutes

Present: Dr Mary Bishop (co-opted member; left the meeting after item 12), Ms Julie Goldstein (lay member), Dr John Manley (lay member and Vice Chair), Mr Andrew Poolman (University Treasurer and Chair), Mr Ian Robinson (co-opted member), Mr Andrew Willis (co-opted member)

In attendance: Mr Richard Bott (Internal Auditor), Mr Ian Davies (External Auditor), Mr Ben Endersby (Internal Auditor), Mr Robert Kerse (Chief Financial Officer), Dr Erik Lithander (PVC International), Dr Anett Loscher (Senior Governance Officer and Secretary), Professor Guy Orpen (Deputy Vice-Chancellor), Mr Jason Smerdon (Group Finance Director), Dr Darrell Sturley (Chief Information Officer and Deputy COO)

Apologies: Ms Heather Ancient (External Auditor), Professor Hugh Brady (Vice Chancellor), Ms Robin Geller (Registrar and COO)

1. Welcome and apologies
   1.1 The Chair welcomed all attendees to the meeting and noted apologies.

2. Declaration of interests
   2.1 Members were reminded that they had an obligation to disclose any pecuniary, family or other personal interest that they had in any matter under discussion at any meeting of the Audit Committee as soon as practicable.
   2.2 No interests were declared.

3. Minutes of meeting on 23 October 2017
   3.1 The Committee received and APPROVED as true and accurate record the minutes of its meeting on 23 October 2017.

4. Matters arising and actions
   4.1 There were no matters arising or actions that were not covered elsewhere on the meeting agenda.

5. Fry Building fire update
   5.1 RECEIVED AUD/17-18/029

   5.2 On Saturday 6 January 2018, a fire broke out in the Fry Building, a Grade 2 listed building that is undergoing a £33m refurbishment programme. An Oversight Task & Finish Group, chaired by the Deputy Vice Chancellor, oversees the remediation of the direct consequences of the fire and of impacts e.g. on teaching space.

   5.3 The Audit Committee NOTED that:
      • [REDACTED: likely to prejudice commercial interests];
      • [REDACTED: likely to prejudice commercial interests];
      • [REDACTED: likely to prejudice commercial interests];
      • [REDACTED: likely to prejudice commercial interests]
Action (Registrar): To bring to the Audit Committee the lessons learnt in managing the aftermath and consequences of the fire.

5.4 **University’s Review of Student Support**

5.4.1 At its meeting on 26 January 2018, the Board of Trustees received a presentation on the University’s Review of Student Support. The Audit Committee was concerned to have a briefing on the Residences Review as it carried significant risks for the University. [REDACTED: likely to prejudice commercial interests].

The DVC gave an oral update about the review to the Committee, which NOTED that:

- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests].

5.4.2 The Committee further CONSIDERED that:

- [REDACTED: likely to prejudice commercial interests]
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests];
- [REDACTED: likely to prejudice commercial interests].

[REDACTED: likely to prejudice commercial interests]

**Action (DVC): To make the raw consultation data and analysis available as soon as the consultation period was closed.**

6. **Policy to safeguard the independence of the external auditor – review**

6.1 **RECEIVED AUD/17-18/030**

6.2 The Committee APPROVED the policy and budget, having considered:

- That the Chief Financial Officer (CFO) had sought, and received throughout, the Chair’s advice and approval for any item of non-audit work that was commissioned to the external auditors;
- That the external auditors were, compared to other consultancies, best placed to provide specialist advice regarding the University’s compliance with tax and employment regulations when conducting overseas activities;
- The CFO’s assurance that the external auditors did not, and would not, provide accounting advice.

6.3 The policy would be applied rigorously going forward.

7. **Chief Financial Officer’s update**

7.1 **RECEIVED AUD/17-18/031**

7.2 The Committee NOTED the CFO’s update on the University’s financial performance for the first four months of the financial year 2017/18.
7.3 REDACTED: likely to prejudice commercial interests.

Action (CFO): REDACTED: likely to prejudice commercial interests

7.4 The Committee NOTED the USS pensions update, in particular that
• The Joint Negotiating Committee had backed the Employers’ proposal to keep employer contribution levels at 18% and in effect convert the scheme into a wholly defined contribution scheme;
• UCU members locally had voted in favour of strike action, starting w/c 22 February;
• [REDACTED: likely to prejudice commercial interests].

7.5 The Committee NOTED that
• the Board of Trustees had approved to retain PwC to provide external audit services for the year ending 31 July 2018;
• the CFO had obtained HEFCE’s advice that retaining PwC for another year was not a contravention of HEFCE’s Memorandum of Assurance and Accountability;

Action (PwC): To consider changing the PwC partner responsible for the external audit services provided to the University.

7.6 The Committee further NOTED that the internal audit services tender for a co-sourced model had gone live; four firms including the current internal auditors, Mazars, were expected to bid. The CFO was keen to bring a recommendation for the appointment of internal auditors to the March meeting of the Board of Trustees, in order to allow sufficient time for implementation. The Committee would therefore receive, by email and as soon as practical, a briefing about the outcomes of the tender and the intended recommendation to the Board of Trustees. Invoking a Chair’s action from the Chair of the Board was also considered as a means to expedite the formal appointment of internal auditors.

Action (CFO): To circulate to the Committee outcomes of the internal audit tender, and the intended recommendation to the Board of Trustees regarding internal auditors’ appointment.

7.7 REDACTED: likely to prejudice commercial interests

8. Mission-critical risk update
8.1 RECEIVED AUD/17-18/032

8.2 The Committee NOTED the mission-critical risk update and welcomed the risk assurance framework that had been developed in response to the Committee’s request for detailed information about how each of the mission-critical risks was being managed. The committee would receive further updates regarding work to re-fresh the risk management process.

Action (CFO): To add to the register a risk regarding the University’s capacity and capability to implement its strategy.

9. Internal Audit report
9.1 RECEIVED AUD/17-18/033

9.2 The Committee NOTED the internal auditors’ progress report and was pleased with the ‘substantial assurance’ opinions that had been returned for all reviews undertaken so far in 2017/18. [REDACTED: likely to prejudice commercial interests]

10. Limitation of liability caps for the external auditors’ non-audit work
10.1 RECEIVED AUD/17-18/034
The Committee NOTED the assurances provided by the CFO that the liability caps which the University had agreed with PwC were in line with the market, and also with HEFCE’s Memorandum of Assurance and Accountability.

11. HE Matters – Internationalisation

11.1 RECEIVED AUD/17-18/035

11.2 The Committee NOTED the external auditors’ publication HE Matters – Internationalisation, in particular its coverage of the tax implications of universities’ overseas activities. The CFO confirmed that an initial review of agencies contracts overseas had not surfaced any issues, however more in-depth scrutiny of such contracts would be beneficial.

12. Financial Forecast benchmarking & HEFCE report on the financial health of the HE sector

12.1 RECEIVED AUD/17-18/036

12.2 REDACTED: likely to prejudice commercial interests]

13. SLSP update

13.1 RECEIVED AUD/17-18/037

13.2 The Committee NOTED the update report, in particular that:

- the programme was back to delivery mode. The revised plan looks credible and achievable – this would be supported by the agile methodology of delivery, which would also flag issues as soon as they arise;
- REDACTED: likely to prejudice commercial interests];
- REDACTED: likely to prejudice commercial interests]

Action (CIO): To provide the Committee with the revised approved SLSP delivery plan.

14. ERP update

14.1 RECEIVED AUD/17-18/038

14.2 The Committee NOTED the report on the progress and status of the ERP project. A Special Committee of the Board of Trustees had approved the system go-live on 4 April 2018. • [REDACTED: likely to prejudice commercial interests]

15. Equality and Diversity

15.1 The Committee agreed that the business discussed during the meeting had reflected appropriately on matters of equality and diversity.

16. Communication and Consultation

16.1 The Committee agreed that the business discussed during the meeting had received appropriate discussion and consultation.

17. AOB

17.1 The Chair confirmed the date of the Committee’s next meeting as Monday 30 April 2018. There being no other business, the Chair thanked all members and attendees, and closed the meeting.