



## MEETING OF THE AUDIT AND RISK COMMITTEE

THURSDAY 19 OCTOBER 2023

Room 4.04, Beacon House

### MINUTES

**Members:** Ololade Adesanya (Chair), Mary Bishop, Julie Goldstein, Stephen Robertson

**In attendance:**

Shirlene Adam (interim Group Finance Director), Helen Cole (Senior Governance Officer), Michael Flay (Head of Governance), Lucinda Parr (Chief Operating Officer, Registrar and University Secretary), Peter Vermeulen (Chief Financial Officer), Evelyn Welch (Vice-Chancellor).

**Internal Auditors:** David Broughton, Tom Loader

**External Auditor:** Colin Bates (PwC Audit Partner)

**Apologies:** Judith Squires (Deputy Vice-Chancellor and Provost)

#### 1. MINUTES OF THE PREVIOUS MEETING

1.1 The minutes of the meeting on 22 June 2023 were **APPROVED** as a true and accurate record of the meeting, subject to two minor amendments, noted by the Secretary.

#### 2. MATTERS ARISING & ACTIONS

2.1 RECEIVED and **NOTED** (*on file*).

2.1 The Chair noted that on 31 March, the Board of Trustees unanimously approved on the recommendation of Nominations Cttee that Mary Bishop be re-appointment for a final term from 28 May 2023 to 27 May 2026 as an additional member on Audit and Risk Committee.

2.2 The Chair noted that on 22 September, the Board of Trustees unanimously approved on the recommendation of Nominations Cttee that Stephen Robertson be reappointed for a second three-year term as an Independent Trustee on the Board of Trustees from 1 January 2024 to 31 December 2026, Stephen would also continue to be an Independent member of the Board of Trustees on Audit and Risk Committee.

2.3 The Chair noted that Mick Axtell (Chief Financial Services Officer) stepped down from his role at the University at the end of September. [REDACTED Personal information]

2.4 **AGREED** that the action for a 1 hour call between the members of the Committee and the CIO to discuss progress regarding risk areas Cyber Security/Data Loss (5C) and IT Disaster Recovery (5D) should be reinstated on the Committee's Action Register. The Governance Team had started work on scheduling, with the aim being that this call should take place before the end of the calendar year.

**Action: Secretary**

#### FORWARD PLAN

3.1 RECEIVED and **NOTED** (*on file*).

3.2 The Chair noted that Risk Appetite Statements would now be considered by the Board of Trustees in March 2024 (deferred from July 2023) and by the Cttee in June 2024.

#### **4 DECLARATIONS OF INTEREST**

4.1 There were none.

#### **5 CHAIR'S BUSINESS**

5.1 The Chair noted that advertising for two additional members to join the Cttee would begin shortly. NOTED that under Ordinance 4, the membership of the Cttee was defined as a maximum of seven, comprising independent members and up to three additional members. There were presently two additional members, Julie Goldstein and Mary Bishop whose final terms of office would end on 31 December 2024 and 27 May 2026 respectively. The aim was that incoming two additional members would join from 1 January 2024 and 1 January 2025. [REDACTED Personal information] The above would improve the resilience of the Cttee's membership in relation to succession planning, diversity of skills, workload and quoracy.

5.2 The Cttee discussed the pro and cons of Student representation on the Committees of the Board of Trustees, noting that practice in this area varied within the sector. NOTED that the Head of Governance would explore this further with the Chair of the Board, the Chair of the Audit and Risk Cttee and the Executive Officers and report back to the Committee at the March 2024 meeting.

**Action: Head of Governance**

#### **6 AUDIT & RISK COMMITTEE TERMS OF REFERENCE 2023/24**

6.1 RECEIVED: paper ref: **AUD/23-24/004** (*on file*)

6.2 APPROVED the Audit & Risk Committee Terms of Reference 2023/24, subject to correcting the job titles listed under section 4, the Board of Trustees had approved changes at its meeting in September 2023.

6.3 In discussion the Cttee queried the reference to *...culture and its appetite for risk...* in paragraph 2.2.5a, noting that it was not clear how the Committee achieved this requirement. AGREED that the Head of Governance would consider this as part of its wider review of the Committee's Terms of Reference over the next year.

**Action: Head of Governance**

6.4 AGREED that in the context of the reference to *culture and its appetite for risk* in the Audit & Risk Committee Terms of Reference 2023/24, the Internal Auditor should consider how to build risk culture into their annual assessment and opinion.

**Action: Head of Internal Audit**

6.5 With reference to 2.1.6 Subsidiary Companies it was agreed that with the exception of the NCC, there was a lack of clarity on how the Committee was discharging its responsibilities in this area. AGREED that the Head of Governance would work with Senior Officers to ensure alignment with the Terms of Reference and clarity of coverage.

**Action: Head of Governance**

#### **7 KEY UNIVERSITY RISKS (KURR)**

7.1 RECEIVED: paper ref: **AUD/23-24/005** (*on file*).

7.2 Officers provided a verbal update on the University's response to recent events in Israel and Gaza both in terms of the numbers (very low) of staff and students located in the immediate area and communications to and initiatives to support the wider

University community. Officers advised that these recent events had had no impact on the Key University Risk Register (KURR).

- 7.3 . [REDACTED likely to prejudice commercial interests]
- 7.4 APPROVED the articulation of the University's risk profile as an accurate representation of the current exposure to, management of, and appetite for risk and NOTED the introduction of 1F International Students to the KURR.
- 7.5 NOTED the removal of 2F Research Outputs from the KURR.
- 7.6 The Committee sought clarification on the University's latest plans [REDACTED likely to prejudice commercial interests] AGREED that either at a future meeting or outside of a meeting, the Chief Financial Officer would deliver a 30 minute deep dive into the affordability of the University's capital plan over the next decade, and the options available to it.

**Action: Secretary and Chief Financial Officer**

- 7.7 In terms of the Risk Impact Scoring Matrix, t[REDACTED likely to prejudice commercial interests].

## **8 INTERNAL AUDIT PROGRESS REPORT SINCE LAST MEETING**

- 8.1 RECEIVED: paper ref: **AUD/23-24/006** (*on file*).
- 8.2 The Committee APPROVED in principle the request by management for the Corporate Governance audit to be delayed to 2024/2025 for the reasons outlined in the paper but noted that it must not be repeatedly delayed and that a date should be set. The Committee discussed the suggestion that the audit be split into two parts carried out at different times, design effectiveness being the first phase and operating effectiveness in the second phase. AGREED that the Head of Governance and Head of Internal Audit to discuss, with a revised proposal to be presented to the next meeting in January 2024.

**Action: Head of Governance and Head of Internal Audit**

- 8.3 The Committee queried whether cultural reasons accounted for the variation in the distribution of outstanding and overdue actions across the different University departments. Officers responded that the variation was a result of some audits allocating a larger number of actions in some areas when the audit was initially concluded. i.e. a large number at the start would lead to increased workload for a particular area and a higher probability of outstanding and overdue actions remaining. Officers noted that Operations Board now received a summary of the outstanding and overdue internal audit actions at every meeting.

## **9 INTERNAL AUDIT – REPORT OF ANNUAL OPINION**

- 9.1 RECEIVED: paper ref: **AUD/23-24/007** (*on file*).
- 9.2 APPROVED the recommendations detailed in the paper
- 9.3 DISCUSSED the Annual Report and CONSIDERED the following key points:
- The annual internal audit opinion is Reasonable for risk, control and governance and Reasonable for economy, efficiency and effectiveness
  - Management have agreed actions to address all findings raised by the University Risk Assurance team during 2022/23. The 4Action system for tracking the completion of internal audit actions is fully embedded and completion of outstanding actions is improving.
  - Risk assurance have highlighted a number of interlinked organisational challenges at the University and these are detailed in the report.

- All work from the 2022/23 plan (subject to agreed changes) was either completed or ongoing and would be reported within the year.

9.4 The Committee discussed the report's findings in relation to "Decentralisation of policies and ownership" (paragraph 3.4 of the Report) and queried [REDACTED likely to prejudice commercial interests]

## **10 ANNUAL FRAUD REPORT 2022/23**

10.1 RECEIVED: paper ref: **AUD/23-24/008** (*on file*).

10.2 NOTED the actions taken to contain the risk of fraud.

10.3 The following areas were discussed, to be considered by the Chief Financial Officer and the report author (Director of Procurement) ahead of this Report next being presented in October 2024.

- Improvements in the data quality for the completion of Fraud awareness training by staff with budget responsibility.
- Whether reports to the Whistleblowing Policy could be used to inform areas of potential fraud risk.
- If the report could distinguish more clearly between fraud and cyber attacks.
- An addition to the report to include the drivers and leavers of fraud.

10.4 In response to a question. [REDACTED likely to prejudice commercial interests]

## **11 COUNTER FRAUD POLICY**

11.1 RECEIVED: paper ref: **AUD/23-24/009** (*on file*).

11.2 APPROVED the updated Counter Fraud Policy, subject to the minute below, with the amended wording to be approved by the Chair on behalf of the Committee.

11.3 AGREED that "*continuous review of systems by Internal Audit*" as per paragraph 2.2 in the policy did not represent actual practice and should be revised with continuous changed to *periodic*.

**Action: Chief Financial Officer and Head of Internal Audit**

11.4 In response to a question, [REDACTED likely to prejudice commercial interests]

## **12 VALUE FOR MONEY REPORT**

12.1 RECEIVED: paper ref: **AUD/23-24/010** (*on file*).

12.2 CONSIDERED and APPROVED, subject to minor alterations/ corrections the report for publication within the University's Annual Report.

12.3 In discussion it was noted that [REDACTED likely to prejudice commercial interests]

12.4 NOTED that the BUFDG (British Universities Finance Directors Group) had published a report on Value for Money returns in the sector and this should be shared with the Committee via email. [After the meeting the Group Finance Director contacted the BUFDG and established that the UoB didn't have a report to share, on investigation it was realised that it was verbal discussion only. The Cttee members were emailed by the ARC Secretary on 15 Dec 2023].

**Action: Secretary**

## **13 EXTERNAL AUDIT FINDINGS FOR YEAR ENDED 31 JULY 2023**

13.1 RECEIVED: paper ref: **AUD/23-24/012** (*on file*).

13.2 DISCUSSED and APPROVED the information presented in the report and confirmed that it was comfortable with the representations proposed, including those in respect of any uncorrected misstatements (there were none).

13.3 AGREED to RECOMMEND, the management representation letter to the Board of Trustees for approval.

13.5 In response to a question, [REDACTED likely to prejudice commercial interests]

13.6 In response to a question,[REDACTED likely to prejudice commercial interests].

**Action: Interim Group Finance Director and External Auditor**

#### **14 UOB ANNUAL REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDING 31 JULY 2023.**

14.1 RECEIVED and NOTED: paper ref: **AUD/23-24/013** (*on file*).

14.2 AGREED to RECOMMEND, subject to minor alterations/ corrections, the approval of the 2022/23 Annual Report and Financial Statements for the year ended 31 July 2023 to the Board of Trustees.

14.3 The Committee queried [REDACTED likely to prejudice commercial interests].

**Action: Chief Operating Officer**

14.4 The Committee queried[REDACTED likely to prejudice commercial interests]. .

#### **15 REPORT OF WHISTLEBLOWING OFFICER** (verbal update)

15.1 The Whistleblowing Officer provided oral updates, summarised below:

- [REDACTED Personal information]
- [REDACTED Personal information].

#### **16 UNIVERSITY COMPLIANCE WITH THE REGULATORY FRAMEWORK FOR HIGHER EDUCATION IN ENGLAND TO INCLUDE OFS REPORTABLE EVENTS**

16.1 RECEIVED: paper ref: **AUD/23-24/014** (*on file*).

16.2 NOTED the University's refreshed approach to managing and evidencing the University's compliance with the Office for Student (OfS) regulatory framework for higher education in England. NOTED the desire of the Governance team to explore the possibility for an internal assurance grading process through the respective condition leads, highlighting where the University self-assesses its position against each ongoing condition of registration.

16.3 NOTE: the University's refreshed approach to tracking compliance with the OfS ongoing conditions of registration and in respect of UoB Reportable events Policy.

16.4 NOTED that since the last meeting, a reportable event was made to the OfS with regards to the Marking & Assessment Boycott.

16.5 NOTED a newly developed Statutory External Returns log which will ensure a more coordinated approach to all data returns and regulatory submissions, the aim of which is to strengthen alignment with the current OfS reporting requirements.

#### **17 AUDIT & RISK COMMITTEE ANNUAL REPORT 2022/23**

17.1 RECEIVED: paper ref: AUD/23-24/011 (*on file*) and discussed at the end of the meeting.

17.2 CONSIDERED and APPROVED the Annual Report of the Audit and Risk Committee for 2022/23 to be presented to the Board of Trustees and the Accountable Officer in response to the Committee's feedback.

**18 ANY OTHER BUSINESS**

18.1 The Chief Financial Officer provided an update on staffing within the senior finance team and reflected on his first few months in post since joining the University in June 2023.

**19 PROCUREMENT OF INTERNAL AUDIT SERVICES**

19.1 RECEIVED: paper ref: **AUD/23-24/015**(*on file*).

19.2 AGREED to RECOMMEND to the Board of Trustees, the reappointment of RSM as the internal auditors for the year ending 31 July 2024 subject to the minute below.

19.3 . [REDACTED likely to prejudice commercial interests]. .

**Action: Interim Group Finance Director**

**20 PROCUREMENT OF EXTERNAL AUDIT SERVICES**

20.1 RECEIVED: paper ref: **AUD/23-24/016**(*on file*).

20.2 NOTED that at its meeting in January 2023, the Committee had agreed to appoint PwC for 2 years (i.e. both 2023-24 and 2024-25). AGREED to confirm to the Board of Trustees the appointment PricewaterhouseCoopers LLP (PwC) as external auditors for the year ending 31 July 2024.

**21 MEETING CLOSE AND DATE OF NEXT MEETING**

21.1 The date of the next meeting was confirmed as Monday 15 January 2024, 1400.