

MINUTES

AUDIT AND RISK COMMITTEE, AR-129

Date:	Wednesday 25 October 2023
Time:	1500 for external Committee Members and Auditors; 1530 for all other attendees
Location:	CA105/6 Catalyst, Leek Road

Notes:

1. Items marked with an asterisk (starred items) are for information only or regarded as noncontentious. Starred items will not be discussed and will be assumed to have been noted or approved unless a request to unstar a named item is received from a Board member in advance, or at the commencement, of the meeting.
2. Items classified as Confidential will be placed on the Register of Confidential Minutes (reviewed annually). These items, and their subsequent minutes, will be redacted before publication of the agenda and minutes on the University's public website.

1500 - 1530 Pre-meet for external Committee Members with auditors (without the presence of university staff)

Members		
Jonathan Chapman (Chair)	External Member	P
Mohit Dhingra (Deputy Chair)	External Member	P(T)
Baljinder Kuller	External Member	P
Vacancy	External Member	
In attendance		
Ian Blachford	Chief Operating Officer and Clerk to the Board of Governors	IA
Sally McGill	Chief Financial Officer & Deputy Chief Executive	IA
Louise Bostock	KPMG (internal audit)	IA
Andrew Bush	KPMG (internal audit)	IA
Adam Footitt	BDO (external audit)	IA
Sam Lifford	BDO (external audit)	IA
Clare Mayer	Business Risk Manager	IA
Annabel Kiernan (item 1961)	Pro Vice Chancellor Academic	IA
Raheel Nawaz (item 1961)	Pro Vice Chancellor Digital Transformation	IA
Adrian Rowlands (item 1961)	Director of Estates & Commercial Services	IA
Martin Tideswell	Director of Communities and Commercial Engagement (shadowing Ian Blachford for the day)	IA
Sue Boyce (minutes)	Assistant Clerk to the Board of Governors	IA

P = Present; A = Apologies; Ab = Absent; L = Late; IA = In Attendance

1 MEETING MANAGEMENT	
1954	There were no apologies for absence
1955	There were no new declarations of interest
1956	Membership of the Committee for 2023 – 2024:
	Constitution Membership

	External Members	Jonathan Chapman (Chair) Mohit Dhingra (Deputy Chair) Baljinder Kuller Vacancy
	In attendance	Ian Blachford, Chief Operating Officer & Clerk to the Board Clare Mayer, Business Risk Manager Sally McGill, Chief Financial Officer and Deputy Chief Executive Internal Audit representative External Audit representative Others as appropriate depending on Internal Audit reports
1957	The Minutes of the last meeting of the Committee , 07 June 2023 AR/129/01 were confirmed as a true and accurate record. It was noted that Mohit Dhingra is no longer a coopted member and this should be reflected in future minutes.	
1958	Matters arising: Minute 2819 of Board of Governors – the composition of the Audit and Risk Committee had been agreed for 2023 – 2024. The Clerk to the Board of Governors informed the Committee that a new independent governor will join the Committee ahead of the Spring cycle of meetings – to be ratified at the full Board of Governors meeting on 28 November 2023.	
1959	*Overview of annual business for 2023-24* AR/129/02 The report was noted.	
2 FOR DISCUSSION AND/OR APPROVAL (marked below accordingly)		
1960	The Committee received and approved the Committee Terms of Reference 2023-24 AR/129/03, agreeing to refer these through to Board of Governors for formal approval. It was noted that the risk appetites would be updated following approval at the forthcoming Board meeting.	
1961	<p>The Internal audit reports 2023-24 were considered for approval by the Committee. Members commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra asked whether the risk profiles needed to be amended considering the university’s need to reduce meet the current financial challenges. Ian Blachford confirmed that this had been undertaken and would be again revisited in the next iteration of the risk registers and risk appetites. Summaries on the progress with delivering to the financial challenges in year will be provided to the Chairs of Committees on a monthly basis and at Sustainability and Resources Committee and Board of Governor meetings, as agreed. • The Committee agreed to review the internal audit plan in the new calendar year with a view to making any adjustments required, and this will be included on the next Committee agenda. Furthermore, Jonathan Chapman commented that the risk registers may need to be reappraised depending on the impact of redundancies, so that controls were not weakened. This was agreed. • Jonathan Chapman stressed the need for regular communications between the auditors and the Board to keep them abreast of developments. Sally McGill commented that updated forecasts are expected on 3 November 2023 and confirmed that Committee Chairs meetings are scheduled to discuss progress, together with updates through the committee structure and the full Board. <p>a. Governance and risk management: strategic review process AR/129/04 (<i>significant assurance with minor improvement opportunities</i>). The KPMG report reviewed the robustness of governance processes relating to the strategic reviews and the positive outcomes aligned with expectations.</p> <p>b. The Estates statutory compliance: water safety AR/129/05 and 05a (<i>partial assurance with improvements required</i>) report was introduced by Pro Vice Chancellor Digital Transformation and Adrian Rowlands, Director of Estates, who joined the meeting for this item. The review considered the framework in place to manage water safety (legionella) risk. Adrian Rowlands outlined the challenges that had led to the gaps in monitoring, including staffing issues and issues with adhering to defined deadlines, both of which have now subsequently been addressed.</p> <ul style="list-style-type: none"> • Mohit Dhingra asked if the actions highlighted in the report were achievable within the timescales and Adrian Rowlands confirmed that they were achievable and would be delivered on time. • Jonathan Chapman asked if there were any wider learnings identified and Adrian Rowlands confirmed that trackers have been created for all planned maintenance works to ensure they meet their due dates for implementation of remedial actions. 	

	<ul style="list-style-type: none"> • Raheel Nawaz commented that for extra clarity, a process to document all decisions relating to remedial works had now been implemented. Recording the rationale behind decision making, including where they differed from recommendations, was particularly important for governance purposes and this learning was being applied across all aspects of statutory compliance. <p>c. The Partner reviews: CECOS AR/129/06 and 06a (advisory review – no rating) report was introduced by Pro Vice Chancellor Academic who joined the meeting for this item. Annabel Kiernan highlighted that the external partner audit was instigated to understand the record keeping practices at CECOS with specific reference to student recruitment, application management and attendance monitoring.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Jonathan Chapman praised the decision to review partnership processes and asked about future monitoring. Ian Blachford confirmed that there is an established governance route to track progress with the actions that the report identified, however, a high-level report would be included in the outstanding actions report tracker at future Committees. • Jonathan Chapman enquired about the management of partnerships more widely, and Sally McGill stated that the various stakeholders in this arena are monitored scrupulously, with private UK providers considered a higher risk than the regional FE partners and non-profit organisations. The internal auditors confirmed that partner reviews were included on the risk register for the forthcoming year. • Louise Bostock and Andrew Bush highlighted that some partnership arrangements were of interest to the OfS, particularly UK based private providers. It was agreed this would be kept under review. <p>Internal audit progress report AR/129/07 - the report was noted.</p> <p>The Committee approved the 2023-2024 internal audit reports (agreeing to refer these on as appropriate – see below).</p>
1962	<p>The Audit on subcontracting of apprenticeships AR/129/08 was received for discussion and there were no further comments and the report was noted.</p>
1963	<p>The KPMG Internal Audit Annual Report 2022-2023 AR/129/09 was received for approval.</p> <p>There were no comments, and the Internal Audit Report was approved for onward progression to the Board.</p>
1964	<p>The Annual Report of the Audit and Risk Committee 2022-2023 AR/129/10 was received for approval. The report outlined the work of the Audit and Risk committee over the previous 12 months, including such areas as internal audit, external audit, risk management, UKVI compliance etc.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • The Committee agreed the wording for the review of performance of the internal and external auditors. • Jonathan Chapman requested that the historical reference to developments in 2017 with the Risk Management Framework be removed. Furthermore, clarification on the cyber security risk focus, was through the lens of the Risk Register and Risk Appetites and therefore the wording should be amended. <p>There were no further comments, and the Annual Report of the Audit and Risk Committee was approved for onward progression to the Board.</p>
1965	<p>The Draft Financial Statements for y/e 31 July 2023 were introduced by the Chief Financial Officer and Deputy Chief Executive for approval.</p> <p>i. Draft financial outturn 2021/22 AR/129/11, including Draft Financial Statements to y/e 31 July 2023 AR/129/12 (<i>Sharepoint</i>)</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra asked about if the Committee were approving the contents of the financial statements. Sally McGill responded that the Audit and Risk Committee had oversight of the process and would be providing assurance to the Board that they were content with the audit activities that had been undertaken and the judgments made. Sustainability and Resources Committee would be scrutinising the content financial aspects/performance of the statements. • Jonathan Chapman identified a number of small changes to the content of the document before these are presented to the Sustainability and Resources Committee. This was agreed.

	<p>ii. Draft BDO external audit completion report AR/129/13</p> <ul style="list-style-type: none"> BDO explained to the Committee that their audit report was more advanced this year and they provided an update on progress. They explained that their audit work is substantially complete and subject to the successful resolution of outstanding matters they anticipate issuing an unmodified audit opinion on the Group's financial statements for the year ended 31 July 2023 in line with the agreed timetable. Outstanding matters are listed on page 31. BDO updated the Committee that there were no further actions to be taken in relation to the fraud at the sports centre car park highlighted at the last Committee meeting. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Mohit Dhingra asked if all significant risks are tested. The External Auditors outlined that this was the case. The External Auditors outlined that all of the issues identified from the payroll analysis activity would be resolved. It was explained that the debtors had increased provision, which Sally McGill explained was in relation to student debt, i.e. the non-collection of tuition income. Mohit Dhingra asked about the assessment of the pension. The External Auditors explained their approach and that they were comfortable with the university's position. Sally McGill also highlighted that the pension records in the accounts was in line with FRS102 accounting practice and differed in methodology to the value placed by the LGPS, which remained healthy. Members complimented the format of this year's financial statement and Jonathan Chapman asked that the teams involved were commended. The auditors requested that the Committee meeting be held a week later in 2024 to assist with reporting, and Ian Blachford agreed this would be arranged if at all possible, depending on meeting schedules more broadly. <p>The draft Financial Statements and the External Audit Completion Report were approved for onward referral to the Sustainability and Resources Committee.</p>
1966	<p>The University-level risk registers AR/129/14 were introduced by Chief Operating Officer and considered together with the University-level risk appetites below.</p> <ul style="list-style-type: none"> The first six risk registers reflect the critical importance of achieving the university's six strategic priorities and the remaining seven bring together many of the external risks that we must attempt to mitigate, in accordance with the risk appetites. These have been updated following analysis by the Executive lead and through discussion with the Senior Leadership Team. The Committee noted that a number of actions specific to the risk registers are included with future delivery dates, which will be reflected in the strategic review process. The University is currently considering the development of a further risk register surrounding the appropriate use of AI in both learning and teaching and the wider university operations. This will come to a forthcoming Audit & Risk Committee. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Jonathan Chapman asked about the timing of the discussions around the financial implications and the review of the risk register. Ian Blachford confirmed that the reviews took place in September and that more detailed information on the financial position became available in early October as enrolment figures became available. Jonathan Chapman requested that the risk relating to financial sustainability be revisited in 6 months' time. This was agreed. Mohit Dhingra highlighted the need to revisit the Risk Registers following the strategic review internal audit. Ian Blachford confirmed that the next strategic reviews in early November will be triangulated to reflect the Risk Registers and conversely, the Strategic Reviews also need to reflect the information in the Risk Registers. Jonathan Chapman commented that the recent award of the Silver TEF award needs to be contextualised further in the TEF Risk Register. Ian Blachford highlighted that TEF Gold was the strategic priority within the Strategic Plan and therefore the aim remained current, but this would be updated to reflect the TEF Action Plan. It was agreed also that the UG and PG risk registers would be updated further once the new cycle of recruitment was underway. <p>University-level risk registers were approved by the Committee for onward referral to the Board.</p>
1967	<p>The University-level risk appetites AR/129/15 were introduced by the Chief Operating Officer and considered together with the University-level risk registers.</p>

	<ul style="list-style-type: none"> The risk appetite provides a framework which enables the university to make informed management decisions. The benefits of adopting risk appetite include supporting informed decision-making, reducing uncertainty, improving consistency across governance mechanisms and decision-making, supporting performance improvement, focusing on priority areas within an organisation and informing spending review and resource prioritisation processes. The risk appetite statements provide a structure for the university to work within. When correctly applied, statements describe acceptable outcomes relating to decisions being taken. They also provide illustrative guidance that can be adapted, documented and applied to the sliding scale, within descriptors. The scale demonstrates and reinforces the range of outcomes that are acceptable in different situations. The university undertakes facilitated sessions to engage stakeholders to agree its risk appetites. This occurred most recently on 11th September with Senior Leadership Team. During this session the following amendments were made: <ul style="list-style-type: none"> Governance, Regulation and Compliance – Moved to 'Avoid to Caution' - instead of 'Avoid' Estates - Moved to 'Moderate' instead of 'Moderate – Open' The University has 31 Risk appetite theme and we have applied a risk appetite scale to each of these. Overall, on our last review, we described our overall appetite of risk being Open. It is suggested that given the current spread of risk appetites, shown below, then an overall risk appetite of Open-Hungry is recorded. <p>There were no comments and the University-level risk appetites were approved by the Committee for onward referral to the Board.</p>
1968	<p>The Risk Management Framework - Update on Control Assurance of School/Service-Level Risk Registers) AR/129/16 was introduced for discussion by the Chief Operating Officer and the following principal points were noted:</p> <ul style="list-style-type: none"> Currently of the operational risk registers, 114 of the 286 risks are outside of appetite and are under review to ensure either further actions are in place to bring the appetite in line with the residual risk or where the appetite is higher than the residual risk identify these and ensure this is considered as part of the School/Service Business plan. The results of the Risk Control Self-Assessment still show a solid profile of mostly adequate assurance which is positive. There has been an increase of 6% in controls not currently reviewed this is due to a revision in some of the controls in place and the addition of the Internalisation Risk Register. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Jonathan Chapman asked if the impact of redundancies had been factored into the controls process. Ian Blachford responded that where a control has been associated with a role, it can be identified and reassigned a different person following any redundancies. Jonathan Chapman asked that although it is good practice to report risks, and whether the 114 risks identified as outside of appetite could be rectified. Clare Mayer responded that she was confident that the risks will be brought back in line in following further work. <p>There were no further comments, and the report was noted.</p>
1969	<p>The *Annual review of Risk Management Framework policy* AR/129/17 was received for approval, with the following being noted:</p> <ul style="list-style-type: none"> The University is committed to implementing a Risk Management Framework (RMF), to enable an appropriate level of risk management across Staffordshire University and to ensure that key risk related issues are addressed in a timely fashion. The objectives of the policy are to continuously develop risk management into the culture and decision making of the University, further integrate risk management into the culture and decision making of the University and manage risk, including the University's risk appetite. The policy was presented to the Audit and Risk Committee with minor updates provided. <p>For completeness, Jonathan Chapman asked that future reports include a statement indicating whether there were any updates made.</p> <p>There were no further comments, and the report was approved by the Committee.</p>
1970	<p>Review of performance of the Committee 2022-2023 (DISCUSSION)</p>

	<ul style="list-style-type: none"> Upon the suggestion of the Internal Auditors, the Committee discussed the value of scheduling deep dive slots of approximately 30 minutes for members. It was agreed that the Know Your Business session before the Board of Governors fulfilled this role, which was felt more inclusive. The external auditors commented that the Audit and Risk Committee compares well to other organisation's subcommittee meetings as there is a good level of challenge and debate. Jonathan Chapman noted that the composition of the Committee was balanced as the governors brought a range of expertise to the meetings and the vacancy soon to be filled will add extra diversity of thought. He also commented that conversations held separately with Committee members were sound and insightful.
3 FOR INFORMATION	
1971	<p>The Committee received for information the *Outstanding actions against earlier internal audit reports* AR/129/18, noting the following:</p> <ul style="list-style-type: none"> This report outlines the progress in the completion of the outstanding actions arising from previously considered internal audit reports and aims to provide assurance and transparency to the Audit and Risk Committee that issues identified are completed. During the 2020-2021 academic year, one audit report remains with one overdue action in total (Maturity of Business Intelligence). From the 2021-2022 academic year one overdue action has now been completed (Universities UK/Guild HE Code of Practice for the Management of Student Housing) and an advisory audit report on the Value for Money Project Review with 1 high and 1 medium action, which can only be actioned once a new major estates project is underway. This will be embedded within the Student Village Project, which is the next project underway. For the 2022-2023 academic year, the following audits remain with actions to complete, as follows: <ul style="list-style-type: none"> a) Environmental, Social, Governance (Sustainability) diagnostic (Advisory Review) – 1 action completed 3 actions overdue, 2 are on track. b) Resourcing the Digital Priorities of the University – the 2 actions have now been completed c) Key Financial Controls: Budgetary control and financial forecasting – 2 actions on schedule. d) Academic Portfolio Recruitment and Marketing- 1 action complete, 3 on track and 1 outstanding e) Risk Management - 4 actions on track. <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Mohit Dhingra asked about progress in closing the outstanding actions in relation to business intelligence. Ian Blachford commented that good progress was being made and that the lead, Kevin Hetherington, was aware of the timeline and necessity to close outstanding actions in the next few months. Mohit Dhingra noted that ESG1 was overdue and Sally McGill highlighted that in this particular category, the subsets were linked and that the slippages were related to internal communications issues, rather than any incomplete activities. <p>The report was noted.</p>
1972	<p>The committee received the Annual non-audit advisory services 2022-2023 AR/129/19 noting the following:</p> <ul style="list-style-type: none"> The paper provides an update on the use of accountancy (non-audit) services provided by both our internal and external auditors. Audit and Risk Committee (15 January 2019) authorised the CFO and/or the COO to engage either our external or internal auditors for non-audit services up to the value of £20k (inclusive of expenses) for any one activity, and up to an overall maximum of £80k (inclusive) for each provider for each financial year. Any provision of services must be on the basis that no conflict of interest could arise with regard to the auditing remit. The report updated the Committee on the non-audit advisory services for the 2022-2023 academic year. <p>The report was received and noted.</p>
1973	<p>The Committee received for information the *Students' Union annual accounts 2022-2023 (draft)* AR/129/20</p> <p>The annual accounts were received and noted.</p>
1974	<p>The *Annual UKV&I report 2022-2023* AR/129/21 was received for information, with the Committee noting the following principal points:</p> <ul style="list-style-type: none"> The Terms of Reference of Audit and Risk Committee state that the Committee must satisfy itself that the University has appropriate arrangements in place for the management of the UKVI Regulations and monitor this on an annual basis.

	<ul style="list-style-type: none"> To this end, at its meeting in October 2019 the Committee agreed that an annual UKVI summary report would be introduced from 2020 onwards, summarising development and challenges and highlighting any issues within this area. The report confirms that during 2022-2023, there have been no known breaches of the UKVI regulations and no inspections by the UKVI during this period. <p>The report was received and noted.</p>
1975	<p>The Committee received for information the *Annual public interest disclosure report 2022-2023* AR/129/22, noting the following main points:</p> <ul style="list-style-type: none"> In accordance with Term of Reference (m) for the Audit and Risk Committee, the Public Interest Disclosure Annual Report 2022-23 is presented for noting by the Committee. The Terms of Reference state that the Committee will: "Satisfy itself on an annual basis that the University has appropriate arrangements in place for whistleblowing together with the annual approval of the University's Public Interest Disclosure Policy. Where a whistleblowing incident is reported in accordance with the policy, the Audit and Risk Committee will be informed." No disclosures under the Public Interest Policy were made during the period 1 August 2022 to 31 July 2023. The Public Interest Disclosure Policy was reviewed and approved at the Audit & Risk Committee meeting on 26 October 2021 and will be brought back to the Committee for annual review at its March 2023 meeting (to align its review with that of the other Fraud Prevention policies). <p>The report was received and noted.</p>
1976	<p>The Committee received for information the *Gifts and hospitality register annual report 2022-2023* AR/129/23 noting the following main points:</p> <ul style="list-style-type: none"> The Audit and Risk Committee Terms of Reference state that the Committee must receive an annual report into the register of gifts and hospitality reported by members of the Board of Governors, Executive and Senior Leadership Team (N.B. SLT includes all members of University Executive Board). The register is maintained, by the Clerk to the Board of Governors, in accordance with section 6 of the University's Anti-Bribery and Corruption Policy, which is reviewed annually by the Committee. There were no reports of gifts or hospitality under the relevant section of the Anti-Bribery and Corruption Policy were made during the period 1 August 2022 to 31 July 2023. <p>The report was received and noted.</p>
4 ADDITIONAL MATTERS	
1977	There were no additional matters .
1978	<p>The Incident of Fraud AR/129/24 paper was introduced by Chief Operating Officer, Ian Blachford relating to a case of fraud that has been investigated by HROD pertaining to the alleged fraudulent use of Staffordshire University logo and name for ethical approval of a research project.</p> <p>The report was noted and referred to the Sustainability and Resources Committee.</p>
1979	<p>Items to be referred to Sustainability and Resources Committee</p> <p>INFORMATION</p> <ul style="list-style-type: none"> a. Minute 1961 – Estate Statutory Compliance – Water Safety b. Minute 1965 - Draft Financial Statements for y/e 31 July 2023 c. Minute 1978 - Incident of Fraud <p>APPROVAL None</p>
1980	<p>Items to be referred to Board of Governors:</p> <p>INFORMATION: none</p> <p>APPROVAL</p>

	<ul style="list-style-type: none">a. Minute 1960 - Terms of Reference of the Audit and Risk Committeeb. Minute 1963 - Internal Audit Annual Report (KPMG)c. Minute 1964 - Annual Report of the Audit and Risk Committeed. Minute 1966 - Strategic Plan: University-level Risk Registerse. Minute 1967 - Strategic Plan: University Risk Appetites
1981	Next meeting: Wednesday 13 March 2024 (CA105/6 Catalyst)