

MINUTES

AUDIT AND RISK COMMITTEE, AR-130

Date:	Wednesday 13 th March 2024
Time:	1530 for external Committee Members and Auditors; 1600 for all other attendees
Location:	CA105/106, 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.

1530 - 1600 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
Eleanor Morrissey	External Member	P(T)
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)	A
Sam Lifford	BDO (external audit)	IA
Clare Mayer	Business Risk Manager	IA
Christina Matthews (item 1988 - part)	Executive Director Student and Academic Services.	IA
Raheel Nawaz (item 1988 - part)	Pro Vice Chancellor Digital Transformation	IA

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

1 MEETING MANAGEMENT									
1982	Apologies for absence were received from Adam Footitt of BDO. Eleanor Morrissey was welcomed to her first meeting of the Audit and Risk Committee.								
1983	There were no new declarations of interest .								
1984	Membership of the Committee for 2023/24: <table border="0"> <tr> <td>Constitution</td> <td>Membership</td> </tr> <tr> <td>External Members:</td> <td>Jonathan Chapman (Chair)</td> </tr> <tr> <td></td> <td>Mohit Dhingra (Deputy Chair)</td> </tr> <tr> <td></td> <td>Baljinder Kuller</td> </tr> </table>	Constitution	Membership	External Members:	Jonathan Chapman (Chair)		Mohit Dhingra (Deputy Chair)		Baljinder Kuller
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	Mohit Dhingra (Deputy Chair)								
	Baljinder Kuller								

	<p>Eleanor Morrissey</p> <p>In attendance Clare Mayer, Head of Risk and Resilience Ian Blachford, Chief Operating Officer & Clerk to the Board Sally McGill, Chief Financial Officer & Deputy Chief Executive Professor Kevin Hetherington, Deputy Vice Chancellor Professor Annabel Kiernan, Pro Vice Chancellor – Academic Professor Raheel Nawaz, Pro Vice Chancellor – Digital Transformation</p>
1985	The minutes of the last meeting of the Committee , 25 th October 2023 AR/130/01 were confirmed as a true and accurate record.
1986	The overview of annual business for 2023-24 AR/130/02 was noted for information.
2 FOR DISCUSSION AND/OR APPROVAL (annotated below accordingly)	
1987	<p>The Internal Audit Reports 2023-2024 were considered for approval by the Committee:</p> <p>a. The Space Utilisation AR/130/03 report (rated <i>red/amber - 'partial assurance with improvements required'</i>) was introduced by Pro Vice Chancellor Digital Transformation Raheel Nawaz and Executive Director Student and Academic Services Christina Matthews who were welcomed to the meeting.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • It was noted that the space utilisation figures for the estate were poor compared to the sector. There were also issues with the management and governance on the use of the estate. • Raheel Nawaz and Christina Matthews explained they had key roles within the internal audit and that they would be responsible for the oversight of the delivery actions identified. • A cover sheet had been provided which explained where the university currently was against the actions and to provide assurance, that these actions were developing and being implemented. • Mohit Dhingra asked about the space utilisation and the campus masterplan and that it was important that this was considered on any future developments. Christina Matthews indicated that it was not just an issue of the available space, but also the functionality of the spaces, which often led to the underutilisation. This would need to be addressed. • Mohit Dhingra also asked if management were aware of the issues in the internal audit report. It was noted that the assessment of the management differed from that of the final report. It was confirmed that management were now aware of all of the issues and these would now be progressed as part of the internal audit plan but also in the context of the estates developments. • Jonathan Chapman asked when the reported landscape would be improved. Christina Matthews highlighted that this was a longer-term project, particularly as it operated on academic years. • Eleanor Morrissey asked whether there was sufficient resource to address the issues arising. Christina Matthews stated that yes this would be the case, but it would need to be scoped and prioritised appropriately. • Jonathan Chapman reinforced the fact that the utilisation was very low. The actions would be addressed and tracked as normal, but an oversight of improved utilisation would be required. Raheel Nawaz explained that the estate conditions report was underway, and this would inform the deployment of the future estate. This condition report would come back to the sustainability and resources committee. This would address some aspects of space utilisation. It was agreed that the conditions report recommendations would make reference to the space utilisation internal audit report. <p>b. The TRAC AR/130/04 report (rated <i>'partial assurance with improvements required'</i>) was introduced by Sally McGill who stated that the rating was disappointing however the result was both fair and helpful for the future.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Jonathan Chapman asked about the regulatory impact as a consequence. Sally McGill stated that the activity was at such a low level, this was unlikely to be an issue. It was noted that the TRAC return itself, appeared elsewhere on the agenda. Andrew Bush highlighted that the internal audit report was not a significant issue as this would not have impacted upon the reliability of the day by a margin of error of more than 10%. • It was noted that the Audit and Risk Committee had not signed off the TRAC return in October 2023 as indicated in the internal audit report and as communicated to the OfS. Sally McGill apologised for the oversight in the completion of the TRAC submission. • Mohit Dhingra asked of any changes had been made to the TRAC return. Sally McGill highlighted that the actions arising from the internal audit report were process changes and would then impact on the 2025 return. • It was noted that the role of the Committee was not to approve the return and that the findings from the internal audit were not material.

	<p>c. The Project Flash – Fraud Investigation (International) AR/130/05. The background of the internal audit report, conducted by the forensic team, was explained and why it became part of the annual internal audit plan. The audit had been requested to review the approach the university had in place and how this could be improved in the future.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra asked about the specifics of the case. Clare Mayer explained that there were no financial losses as a consequence. Mohit Dhingra commented that by moving away from card payments and to say, bank transfers, this would reduce the level of risk. It was noted that the methods of payment were one of the actions identified. • Jonathan Chapman asked if this had changed the audit opinion of the accounts. It was noted that this had delayed the sign off, but had not impacted upon the opinion. Ian Blachford explained that this was reflected in the matters arising on the Board meeting. It was agreed that this would be flagged in the future, with the Chair of the Audit and Risk Committee, if this occurred. <p>d. The Digital Transformation Strategy AR/130/06 report was introduced by Christina Matthews and Raheel Nawaz who joined the meeting for this item. There were two medium rated findings and a rating of '<i>significant assurance with minor improvement</i>'.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra commented that it was a reassuring finding but the areas for improvement were important areas that would need to be addressed. • Jonathan Chapman commented that there was no management awareness rating for this report. It was noted, that this was an omission, however, management had concurred with the given rating. <p>e. The Internal audit progress report AR/130/07</p> <ul style="list-style-type: none"> • It was noted that the internal audit report plan for the year had altered, in agreement with the Chair of the Audit and Risk Committee between meetings, as explained in the matters arising. The committee agreed with the decisions that had been made. <p>The Committee received the 2023 – 2024 internal audit reports (agreeing to refer these on as appropriate – see below).</p>
1988	<p>The TRAC Submission AR/130/08 was introduced by Chief Financial Officer and Deputy Chief Executive, Sally McGill for approval. The TRAC return is submitted annually to OfS. The latest TRAC return for the 2022/23 Financial Year was reviewed and approved by the University TRAC Steering Group on 17 January 2024 and was submitted to OfS on 18 January 2024.</p> <p>The TRAC return showed an overall static recovery of full economic costs of 94%, consistent with last year's results (93.6%). Publicly funded Teaching is broadly in-line with last year at 94% (21-22 – 93%). Research is 40% in 22-23 compared to 29% in 21-22 due to increased recovery mainly due to increased QR allocation as a result of the latest REF results. Non-Publicly funded Teaching has increased from 115% in 21/22 to 123% in 22/23 due to a significant increase in overseas postgraduate taught students.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • It was noted that the discussion regarding TRAC had taken place earlier in the agenda regarding the internal audit plan. The TRAC benchmarking data would be available later in the calendar year. • Mohit Dhingra sought confirmation that the process changes from the internal audit report would be deployed for the next submission. This was confirmed. • It was agreed that the TRAC return would need to be signed off by the Audit and Risk Committee appropriately going forwards. <p>The Committee noted the TRAC report for onward submission to the Board.</p>
1989	<p>The Internal Audit Planning Document 2024-2025 AR/130/09 was introduced for discussion KPMG. Members were asked to consider the identified topics presented, noting that this would need to be agile throughout the year.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Eleanor Morrissey highlighted the issue of the presence of people within this and the risk rating. It was noted the cultural development survey had been undertaken in the Summer of 2023 and plans were now underway in the delivery of this. Much of the restructuring work was underway still, including the target operating model. Jonathan

	<p>Chapman highlighted that some of the people or cultural aspects could be picked up within specific other projects, in a thematic approach.</p> <ul style="list-style-type: none"> • Baljinder Kuller highlighted the importance of the student recruitment and conversion audit, which would be likely be a larger piece of internal audit work. This was agreed. • Jonathan Chapman highlighted a number of areas that he would like KPMG to also consider (i.e. academic quality monitoring (quality control and assurance), partnership management, culture, UKVI and issue closure) and report back at the next meeting, including thinking of about cross organisational themes that could be integrated across reports in areas such as organisational culture and student experience within specific pieces of audit work. <p>There were no further comments and the report was noted.</p>
1990	<p>The Committee received for approval the Annual Review of Fraud Prevention Policies AR/130/10 introduced by Chief Operating Officer Ian Blachford.</p> <p>The report was received, and it was noted there were minor changes, which were regarding aspects such as role titles.</p> <p>The Committee approved the Fraud Prevention policies.</p>
1991	<p>The Review of Public Interest Disclosure Policy AR/130/11 was introduced for approval by Chief Operating Officer Ian Blachford.</p> <p>In accordance with the Audit and Risk Committee, the Public Interest Disclosure Annual Policy was reviewed and approved at the Audit & Risk Committee meeting on 26 October 2021 and it was agreed that it would be brought back to the Committee for review at its March 2024 meeting (to align its review with that of the other Fraud Prevention policies).</p> <p>Staffordshire University as a public body has a duty to conduct affairs in a responsible and transparent way and to take account of the requirements of its funding bodies for the proper use of public funds and of the standards required in public life.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra asked for the process of policy review. Ian Blachford confirmed that the policy had received legal scrutiny from Martineau's, who had reviewed this against the legal requirements. <p>The report was approved by the Committee.</p>
1992	<p>The US Federal Loans Compliance Audit AR/130/12 was introduced for discussion by Chief Financial Officer and Deputy Chief Executive Sally McGill, noting the following main points:</p> <p>As part of the University's participation in the Title IV Federal Student Aid program, which allows US students to enrol at our University and access student loans from the US Department of Education (US DoFE), our external auditors (BDO) have to complete a Compliance Audit alongside the audit of our Financial Statements. This audit seeks to ensure that the University are administering the program effectively in terms of draw down and disbursement of loans to students and our administration processes. The report was submitted to the US DoFE's ez-audit system by 31 January 2024.</p> <p>The compliance audit report highlighted no findings and therefore a Corrective Action Report was not required.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • The Audit and Risk Committee were pleased with the outcome of the report. <p>The report was received and noted.</p>
1993	<p>The High Level Risk Registers AR/130/13 was introduced for discussion by Chief Operating Officer, Ian Blachford.</p> <p>All risk registers have been updated following analysis by the Executive lead and through discussion with the University Executive Board. The Committee will note 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, and progress in delivering these, monitored through this approach.</p> <p>Members were briefed of an additional high level risk register relating to the deployment of digital.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Mohit Dhingra raised the issue of Risk Register 7 and the cyber security risk, and the fact this remained outside of appetite. Raheel Nawaz reflected the commentary from the cover sheet explaining that actions were being

	<p>undertaken and that a full report would be provided, as planned to the next Audit and Risk Committee. It was also noted that this would be in the following years' internal audit plan.</p> <ul style="list-style-type: none"> • Mohit Dhingra raised the issue of the review of the risk registers and whether those have been considered in the light of the changing external landscape and the in-year financial challenges. Ian Blachford explained that this had been undertaken through discussions with UEB and as a consequence, there was a greater number of areas of the risk registers that were no longer aligned with the risk appetites. These would now need to be addressed. <p>The report was approved for onward referral to the Board of Governors.</p>
1994	<p>The Risk Management Framework Update AR/130/14 was introduced for information by Chief Operating Officer, Ian Blachford noting that whilst risk appetite is about the pursuit of risk in support of the university strategy, Risk Treatment has also now been introduced.</p> <p>The report highlighted that Risk Control Self Assessment (RCSA) has also been implemented, and a second line review has taken place for Corporate Services and Education with Finance and Marketing being undertaken in March, with the plan for the rest of the University is as follows:</p> <ul style="list-style-type: none"> • April - Student Services, Admissions and International • May - RIIS, PBI and HROD • June - Digital Services, Employer Partnerships, Business Enterprise <p>Whilst the second line assurance continues, the school risk registers will be having a complete overhaul to bring together where applicable and introduce new risks in relation to the new school split. This is in direct response to the new school structures created to address the in year financial challenges.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Clare Mayer explained that the control owners had been replaced within the risk registers, where staff had left. It was noted that these were now being addressed following the restructuring activity. <p>There were no further comments and the report was noted.</p>
1995	<p>The Internal Audit Contract Extension AR/130/15 report was introduced for discussion by Chief Operating Officer Ian Blachford.</p> <p>It was recommended that the Committee agree to the extension of the internal audit services to be provided by KPMG until July 2026, the maximum available under the existing contract. This will be confirmed in writing to KPMG by a follow up to the Award Letter, for completeness. This would mean that the Audit and Risk Committee would work with the Clerk to undertake a new tender for internal audit services early in the academic year 2025-2026.</p> <p>There contract extension was approved by the Audit and Risk Committee.</p>
1996	<p>The Approval Process for the Financial Statements 2023-2024 AR/130/16 was introduced for discussion by Chief Financial Officer and Deputy Chief Executive Sally McGill.</p> <p>Subject to the availability of reports from BDO, the External Auditors, a timetable was proposed relating to the approval of the Financial Statements for 2023/24, commencing with the draft financial statements being audited by the External Auditors and presented to the Audit and Risk Committee AR132, progressing to the Sustainability and Resources Committee SR25 and onward approval at the Board of Governors Meeting BG35 on 26 October 2024.</p> <p>The final approval of the financial statements by the Board on 26 November 2024 is subject to BDO having been able to fulfil all of their internal quality control processes, which have become more onerous in recent years as a result of changes in external audit statutory requirements.</p> <p>The filing deadline with the OfS for the University's audited financial statements will be 31 December 2024 (yet to be confirmed by the OfS).</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> • Jonathan Chapman asked about whether the Audit and Risk Committee would receive a final report for the financial statements. BDO explained that this was difficult, partly due to their internal consideration of the matters and the timing of the scheduled Audit and Risk Committee.

	<ul style="list-style-type: none"> Jonathan Chapman agreed that this would be followed up outside of the meeting to agree a way forward and look at potentially re-arranging the schedule of dates to ensure that it was appropriate to give the committee as complete a picture as possible at its October meeting when the external audit review would be considered. <p>There were no further comments and the report was noted.</p>
3 FOR INFORMATION	
1997	<p>The *Outstanding Actions Against Earlier Internal Audit Reports* AR/130/17 was introduced for information by Chief Operating Officer Ian Blachford.</p> <p>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 Committee that issues identified are completed.</p> <p>Members and attendees commented as follows:</p> <ul style="list-style-type: none"> Ian Blachford highlighted that the Business Intelligence Strategy had now been approved following discussion at UEB, however this had not progressed to Sustainability and Resources Committee. This would proceed to the committee meeting in the Summer. <p>There were no further comments and the report was noted.</p>
1998	<p>The *Updated External Audit Completion Report* AR/130/18 was introduced for approval by Chief Financial Officer and Deputy Chief Executive Sally McGill.</p> <p>As part of the year-end financial statements audit, the University's external auditor, BDO LLP provide an Audit Completion Report. The report has been updated following Audit and Risk Management Committee on 25 October 2023 to reflect discussions with University staff and subsequent completion of the audit work. The report summarises both the results of completing the planned audit approach for year ended 31 July 2023 and also highlights results of the audit work on key risk areas.</p> <p>There were no comments and the report was approved.</p>
1999	*Annual Procurement Report* AR/130/19
4 ADDITIONAL MATTERS	
2000	<p>Any Additional Matters</p> <p>Jonathan Chapman reported that he has received a public interest disclosure. This had been received by Jonathan Chapman and he had initially sought the advice of KPMG. Shakespeare Martineau had since been advising on this. The investigation is ongoing and due to report in the next fortnight.</p>
2001	<p>Items to be referred to Sustainability and Resources Committee</p> <p>INFORMATION</p> <ol style="list-style-type: none"> Minute 1987 - Space Utilisation AR/130/03 Minute 1987 - The Digital Transformation Strategy AR/130/06 <p>APPROVAL</p> <p>None</p>
2002	<p>Items to be referred to Board of Governors</p> <p>INFORMATION</p> <p>Minute 1995 - Internal Audit Contract Extension AR/130/15</p> <p>APPROVAL</p> <ol style="list-style-type: none"> Minute 1990 - Fraud Prevention Policies AR/130/10 Minute 1991 - Review of Public Interest Disclosure Policy AR/130/11 Minute 1993 - High Level Risk Registers AR/130/13
2003	Next meeting: Wednesday 5 th June 2024, CA105/6 Catalyst, Leek Road