

Approved Minutes

Present

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| Emma van der Lugt | Independent Governor, Chair of Committee | EvdL |
| Louise Bridgett | Independent Governor, Deputy Chair of Committee | LB |
| Vicky Hatton | Independent Governor | VH |

In attendance

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|--------------------|--|----|
| Prof Claire Taylor | Vice-Chancellor | CT |
| Simon Arthurs | Chief Operating Officer & Finance Director | SA |
| Stephen Plant | University Secretary & Registrar | SP |
| Clarence Mpofo | Director of Audit, Internal Auditors, TIAA | CM |
| Nathan Coughlin | Partner, External Auditors, Bishop Fleming | NC |
| Jessamie Thomas | Governance Officer (note taker) | JT |

1. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes
2. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes
3. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes
4. **Reserved Business (2)**
See Reserved Business (2) minutes

MAIN MEETING – all in attendance

5. Welcome, Apologies & Declaration of Conflicts of Interests

- 5.1 Opening the main part of the meeting, Committee Chair, Emma van der Lugt, welcomed colleagues.
- 5.2 No apologies were received; all members were in attendance.
- 5.3 No conflicts of interest were declared. The full register was included in Part C.
- 5.4 EvdL invited colleagues to ‘unstar’ items in Part B. None were identified.

6. Risk Management Update, inclusive of Risk Register

- 6.1 The report was received; the priority Risk Register was enclosed. EvdL invited University Secretary & Registrar, Stephen Plant, to present an overview.
- 6.2 SP guided the Committee through the analysis in the report.
- 6.3 The Committee discussed the update on the presence and impact of Reinforced Autoclaved Aerated Concrete RAAC, noting the mitigation in place to manage this safely and carefully, plus the operating costs incurred in remedial works or establishing alternative arrangements for some areas of provision. In terms of campus space utilisation, the Committee noted the importance of progressing the refurbishments which were underway, within the appropriate cost parameters.

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- 6.4 The Committee discussed the risk around the recruitment, development and retention of staff, how to balance cost control with developing a future-focused workforce appropriate to the University's strategic ambitions. The Executive acknowledged that this would entail careful messaging.
- 6.5 The Committee noted the position and thanked SP for his report. SP confirmed that going forwards, the Risk Register would most likely be streamlined, to focus on the key risks.

7. Internal Audit

Internal Audit Annual Report 2022-23

- 7.1 The report was received. EvdL invited Director of Internal Audit, Clarence Mpofo, to provide an overview.
- 7.2 CM noted that the report contained a summary of the year's programme and recommendations; the findings of each review had been discussed with management and the Committee. CM confirmed there had been very good progress in implementing recommendations. With regard to Annex A, Actual against Planned IA Work 2022/23, CM noted that the proposal was to use the days which had been allocated to the deferred financial reporting audit for his current advisory work on Financial Monitoring and Budget Outturn for 2022/23; he would report back to the Committee. CM had no further matters to raise and invited questions from the Committee. The Committee was satisfied with the position and thanked CM and his team for TIAA's work and Internal Audit Report 2022-23.

Internal Audit Plan 2023-24

- 7.3 The report was received. EvdL invited CM to provide a summary.
- 7.4 CM reminded the Committee that the IA Plan had been reviewed in June; this was the updated version. He confirmed that it reflected the Risk Register and had built-in contingency to respond flexibly to risks. He confirmed that TIAA would look at good practice sharing risk escalation and management of risk across the University.
- 7.5 In response to a question on cyber security assurance, SA confirmed that the University continued to work through the maturity assessment toolkit and agreed that a progress update would be provided to the Committee. **ACTION: MAG**
- 7.6 It was suggested that there could be a re-assessment of the optimum timing of new course development and portfolio review. In respect of healthcare education course development and compliance, given that accreditation was an indicator of this being on track, a later date to assess outcomes may be sensible and this time could potentially be used around curriculum review. The Committee noted that it would welcome an update on the healthcare programmes' development and recruitment, acknowledging that this was an area of significant organisational change. CM confirmed that MAG would further consider the timings and scope of reviews.
- 7.7 The Committee suggested that it may be prudent to bring forward the student retention work, scheduled for 2024-25. CT confirmed the work which was taking place to understand the data generated by the information system and how this was used; a monthly student engagement and retention task group was being set up to focus on this. The Committee

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confirmed its view that that this should be a priority of operational focus and monitoring, to support with identification and resolution of process issues.

- 7.8 The Committee noted the importance of structured and effective budget meetings and sought assurance that budget control was part of the performance management review system.
- 7.9 SA confirmed the work which was being planned with regard to digital transformation and the shift to Microsoft Azure. The Committee requested advice from MAG on the key elements of this to be monitored and a risk-based view of the optimum timing.
- 7.10 SA noted that on occasion it was helpful to receive an opinion on the design and control of a new system; this would apply in respect of the new finance system. CM confirmed that the plan contained an allocation of days for advisory reviews; MAG would assess best use of this and report back to the Committee.
- 7.11 The Committee wished to check whether the timing of the staff wellbeing review (March 2024) was appropriate. It also queried whether six days for Freedom of Speech was appropriate, recognising that it was relatively low risk and that the University was heavily regulated via the Prevent Duty. The Committee noted that some of this time could potentially be used to focus on student retention, or on matters regarding disabled access which had been flagged via the Access and Participation Plan. MAG would assess best use of this and report back to the Committee.
- 7.12 The Committee suggested that a review of change management may be beneficial.
- 7.13 MAG confirmed that it would conduct a review of timings and scope of the IA Plan, as detailed above, and report back to the Committee. **ACTION: MAG**
- 7.14 The Committee **APPROVED** the IA Plan 2023-24.
- 7.15 The Committee thanked CM, the TIAA team and MAG for their work.
- 7.16 CM confirmed that the IA Plan would include an advisory report on Financial Monitoring and Budget Outturn 2022/23.

8. Audit Committee Annual Report

- 8.1 The report was received and was summarised by EvdL.
- 8.2 EvdL reminded colleagues that the purpose of the report was to provide an opinion, based on internal and external audit services and assurances from management, that the University was running effectively in line with audit requirements. The report would be shared with BoG for approval and would include as an Appendix the Internal Audit Annual Report 2022/23 report.
- 8.3 EvdL invited questions from the Committee. It was noted that additional members would be recruited to the Committee, to bring further expertise and add robustness to quoracy.
- 8.4 The Committee **APPROVED** the Audit Committee Annual Report for onward recommendation to BoG as part of the annual approval of accounts. EvdL thanked Governance Officer, Jessamie Thomas, for her work preparing the report.

A five minute break was taken at this point.

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9. External Auditors' Completion Report and Letter of Representation

- 9.1 The report was received. EvdL invited External Audit Partner, Nathan Coughlin, to highlight the main points in the 'Key Issues for Discussion Document'.
- 9.2 NC provided an overview of the audit conclusions and key findings. NC thanked SA and his team for their open and effective engagement, noting that the audit transactional elements had progressed appropriately and effectively. NC confirmed that the audit process was approaching completion.
- 9.3 NC confirmed that adjustments were proposed but not made, as those charged with governance did not consider them to be material to the financial statements and the EA had accepted this explanation. Full details of the adjustments were included in the report.
- 9.4 NC explained that a number of control points had been identified during the course of the EA work as detailed in the report. Of the matters noted, none were considered to have an important effect on the system of internal control, which the Committee accepted.
- 9.5 The independence of the EA was reviewed and confirmed.
- 9.6 The Committee confirmed that the EA's understanding of all matters referred to in the report appeared appropriate, having regard to their knowledge of the particular circumstances.
- 9.7 NC noted that in carrying out the audit work, the EA had considered whether the financial statements were free from 'material misstatement' and confirmed that this was the case.
- 9.8 It was noted that the letter of representation would normally be considered and approved, but was pending the finalisation of the financial statements which remained incomplete and would be brought to BoG in due course. **ACTION: SA**
- 9.9 An update on the planned approach was provided.
- 9.10 The report contained analysis of key audit risks. NC provided further detail and invited questions from the Committee. NC gave further contextual information to the pension assumptions risk, noting that while the pension liability had decreased significantly, due to the change in discount rate, the University did not intend to recognise the surplus, which the EA felt was prudent and pragmatic; NC explained the technicalities of this; the Committee accepted the position. EvdL thanked NC for the summary and invited questions.
- 9.11- The Committee discussed reasons for the outturn position being less favourable than
9.14 anticipated. Reserved Business – *see Reserved Business Minutes*.
- 9.15 With reference to other audit and financial reporting matters, NC provide a summary of the bad debt processes position and capacity to address this. SA acknowledged that systems were transactional and explained how the Microsoft package would help, linked into a retention strategy which would be developed.
- 9.16 NC summarised the position regarding the Business Expansion Scheme, which would conclude this year. He highlighted recommendations with regard to this. SA confirmed the work which had been done to complete the closure and the audit and legal advice sought to do so.
- 9.17 NC confirmed the unadjusted items identified during the audit work.
- 9.18 NC provided a summary of the audit insights.

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- 9.19 The Committee reviewed the management letter points and internal control systems, noting the RAG-rated areas of focus, the priority being financial forecasting. Management comments were included and reviewed by the Committee.
- 9.20 The Committee acknowledged that it was not possible at this time to approve the letter of representation as the financial statements were incomplete. NC reminded the Committee that the letter was provided in order to express an opinion as to whether the financial statements gave a true and fair view of the results and financial position of the University and to confirm its ability to continue as a Going Concern; this would be presented for BoG approval in due course once the financial statements had been finalised.
- 9.21 NC was thanked for his comprehensive report and for his detailed discussion of this with the Committee. The report would be brought to the BoG later in the month.

10. Draft Audited Financial Statements

- 10.1 The report was received. EvdL invited SA to present a summary to the Committee.
- 10.2 SA reminded the Committee that the statutory financial statements contained the financial performance for the academic year. SA invited the Committee to review the draft financial statements. Following completion of the External Audit processes, the financial statements would be brought to the BoG for approval, prior to submission to Companies House, subject to audit sign off. SA reminded the Committee that an investment budget of £1.114m had been approved for the financial year 2022/23. SA provided commentary and analysis of the 2022/23 context and performance. SA presented the position once all the non-cash entries had been removed, to aid analysis of the cash position which was a requirement of the bank covenant.
- 10.3- The Committee discussed reasons for the outturn position being less favourable than anticipated. Reserved Business – *see Reserved Business Minutes*.
- 10.4
- 10.5 SA went through the Income and Expenditure position in detail, responding to questions from the Committee. SA presented the key financial metrics, noting that cash levels had reduced and therefore the Balance Sheet had weakened; the intention remained to build up the cash position over time. The Committee noted that the KPI of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) this year showed a position of £0.438m, compared to £1.785m the previous year.
- 10.6 The investment fund showed a loss on valuation of £0.118m.
- 10.7 SA confirmed the treatment of the capital grants in the financial statements.
- 10.8 SA confirmed the reported pension position, noting that the pension liability was valued and adjusted based on the assumption it would be settled on the date of the statement of financial position. There was also a valuation on the performance of the fund; this year it presented as a large gain on paper but it had been determined not to recognise this, in the context of reducing the liability on the balance sheet, in line with the vast majority of universities. SA reminded the Committee that the University was in year one of the triennial cycle. In response to a question, SA confirmed that any impact on accounting policies with regard to recognising this differently was in hand.

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- 10.9 SA reminded the Committee of the transition from management accounts to financial accounts and how the approach taken by the University to meet annual costs with annual income was sector-consistent.
- 10.10 The Committee noted that, while the External Auditors' key findings confirmed that the financial statements were a true and fair view, the operational financial performance and control environment required further work and therefore the external audit process was not complete. Further work would continue, noting that the financial statements would need to be submitted to the OfS in January and Companies House in April. SA would confirm the appropriate timings for Committee and BoG sign-off of accounts.
- 10.11 No further questions were raised. SA was thanked for his update.

Close

In closing the main part of the meeting, EvdL invited colleagues to reflect upon whether discussions impacted on the current Risk Register or if changes were proposed. It was felt that risks were appropriately captured and no new risks or updates were identified. EvdL thanked Internal Auditors and External Auditors for their work and contributions to the meeting.

CM and NC left the meeting.

- 11. **Reserved Business (3)** (No Auditors in attendance)
See Reserved Business (3) minutes
- 12. **Reserved Business (3)** (No Auditors in attendance)
See Reserved Business (3) minutes

Part B

The following reports were received and approved:

- 13. Minutes of Previous Meetings (30 June 2023, M3 and Interim Meeting 2 November 2023) were received as an accurate record and **APPROVED** with no amendments.

The following reports were received for information with no queries:

- 14. Matters Arising from Previous Meetings
- 15. Audit Update Report
- 16. Data Protection Policy and Statement for Students
- 17. Annual Report on Whistleblowing

Part C

The following report was received for information with no queries:

- C Register of Interests