
Approved

Minutes

Present:	Mr John Searson (Chair)	Governor	JS
	Rev'd Preb Cate Edmonds	Governor	CE
	Colonel Graham Raikes	Governor	GR
	Mr Mike Sturgess	Co-opted Member	MS

In			
attendance:	Mrs Heather Ancient	PriceWaterhouseCoopers	HA
	Mr Nathan Coughlin	Bishop Fleming	NC
	Mrs Unity Stuart	Clerk to the Board	US
	Professor Rob Warner	Vice-Chancellor	RW

MAIN MEETING – *all in attendance*

1. Apologies & Declaration of Conflict of Interests

1.1 Emma van der Lugt was not present as Chair or a member of the Committee due to her role as Acting Chair of the Board and a conflict of interest in recommending the Financial Statements from Audit committee for Board approval.

1.2 No new conflicts of interest were declared.

2. Minutes of the previous meeting

2.1 US noted one error in the attendance list. ACTION amend minutes adding Pam Tuckett to attendance list.

2.2 No other suggested amendments, the minutes were approved.

3. Matters Arising

3.1 It was suggested that deadlines for actions of 'ASAP' should be defined instead in future.

3.2 US noted some progress with recruitment of new members to the committee but the gender balance of the committee should also be considered.

3.3 ACTION A typo at 11.3 was noted and should be amended to clarify support surrounding debts.

4. To receive and consider the Internal Audit Annual Report

4.1 The report from PwC provided a summary of the work undertaken throughout the year. 62 days had been planned for and 60 had been used. The plan had been delivered in line with what was originally agreed by the audit committee.

4.2 The audit opinion given was 'Generally satisfactory with some improvements required'.

HA noted the audit report represents a snapshot of the institution having gone through a number of structural changes but there were no items of great concern.

4.3 HA indicated that any high-risk audit recommendations should be included in the Statement of Internal Control in the accounts, as directed by the OfS.

ACTION High risk recommendation to be included in the Statement of Control in the accounts.

4.4 As a new member of the committee, GR queried when the internal audit plan is received by the committee, and HA noted it is received at the summer meeting prior to the new Academic year. HA noted that the audit plan outlines audits for the current year, previous year and indicative plans. The audit plan is flexible and can adapted to fit the requirements and priorities of the University.

4.5 The number of internal audit days was discussed briefly. HA noted that there is a minimum number of days required for the Audit Code of Practice and a number of areas which must be audited as part of this. A benchmarking exercise had been undertaken and with the size of the institution the audit days are appropriate. However, more or less audit days could be provided but HA would need enough days to be able to give her audit opinion.

4.6 The renewal date for the auditors was briefly discussed and HA confirmed this is 5 years from 1st August 2016 with renewal in 2021.

5. To receive the Internal Audit Follow up Report

5.1 HA noted the nine remaining recommendations with three complete and six outstanding. The HR recommendations remain outstanding due to long term staff sickness. Due to timings, a number of recommendations were also due to be taken forward with plans were in place but not yet complete at the date of publication.

5.2 HA advised that one outstanding recommendation remains from 2015/16 but generally the audit process is working effectively, and implementation is being taken forward.

5.3 The recommendations surrounding the data dashboard were discussed and it was suggested the dashboard is effective and useful, but work is underway surrounding engaging with the dashboard effectively.

5.4 The recommendation relating to student recruitment was also briefly discussed and RW reported a much higher level of engagement from Academic staff with recruitment and

marketing of their programmes with an improved sense of shared ownership. All academics had updated their course pages and open day bookings had since increased significantly.

5.5 The recommendation relating to staff development was discussed, and whether feedback on development can be embedded into the PDR process. RW noted the online PDR system is due to be launched and encompasses professional development, CPD, rewards and recognition. It was also suggested that feedback on training can also help identify good suppliers.

5.6 PDR completion was discussed, and JS noted that in his experience within schools, salary uplifts cannot be received until an appraisal is complete. It was suggested this could be helpful within the University. Linking each person's role and objectives in with the wider strategic objectives was also noted as important. RW noted the PDR process is improving with the online system which includes automated reminders and an easier way to capture all information year on year.

ACTION LP to provide a snapshot on progress with the PDR system and the percentage of completed PDRs.

5.7 ACTION HA noted that a benchmarking exercise had been undertaken across the sector, identifying common high-risk recommendations. She agreed to submit this to the next meeting for information. Changes to OfS requirements will also be provided.

6. To consider the list of Outstanding Audit Recommendations

6.1 US noted the 6 outstanding recommendations in the follow up report will be included in the internal monitoring list. The three listed were considered complete and would be removed.

7. To receive and consider the Audit Committee Annual Report

7.1 The committee approved the report, subject to the changes and edits highlighted in the document. This would be submitted to the Board for approval prior to submission to the OfS.

7.2 It was noted that the Value for Money report is no longer needed by OfS but assurances surrounding value for money will still be required through the year. US noted that this is now on the cycle of business for SMT to consider regularly.

8. To review Risk Processes and Systems of Internal Control, including

a) Approval of Priority & Risk Register

8.1 US outlined the changes to the risk register and policy and emphasised it continues to be an evolving document.

ACTION The committee requested the spreadsheet as well as the PDF in future for a better understanding of the usability.

8.2 Some duplication was noted, and it was suggested that some risks may be business as usual and less significant for the risk register, for example employment law.

8.3 It was suggested that cascading risks down into the teams requires more thought and US noted this can be raised when the register is regularly reviewed at SMT meetings.

8.4 HA noted cyber risk remains a high risk, is inevitable rather than avoidable and relates also to business continuity.

8.5 The recent changes in staffing particularly within Finance were noted and the risks surrounding this at risk 19.3 could be scored more highly, at least temporarily.

8.6 The risks surrounding Brexit were briefly discussed and it was noted that some contingency here is needed, to ensure all business continues to flow as normal.

8.7 The risk surrounding fees and funding was discussed and it was further suggested that a Labour government might offer 10% shares to employees and this is likely to have an impact on the pension liabilities. The update to the register to include the proposed increase in employer contributions for the Teacher's pension was also noted and it financial sustainability to manage any changes in this area will be key.

8.8 The committee were pleased with the changes to the risk register and current format and gave thanks to US for her work on this. The register will continue to be updated although care should be taken to ensure the register does not grow to become unmanageable again

8.9 ACTION RW agreed for SMT to discuss Brexit plans further.

8.10 ACTION US to incorporate suggested changes to the risk register.

a) Approval of revised Risk Management Policy

8.11 KUs noted that the key change to the policy relates to the risk appetite statement. PwC had previously noted that the process and policy is good but the appetite statement needed more clarity.

8.12 The committee noted that the risk appetite will vary for example the risk appetite surrounding undergraduate recruitment remains cautious but there may be a greater appetite for risk surrounding recruitment of international students. The need for prudence while also empowering staff to innovate was noted and it was agreed the proposed wording supports this.

8.13 ACTION PwC agreed to work with Unity to develop this further and look at what others are doing in the sector.

8.14 The committee approved the changes to the policy for recommendation to the Board. GR noted he is happy with the wording but would be happy to work with the Chair of the Board to draft a cover page to further support Board endorsement.

8.15 ACTION A typo on page 4 'where innovation' was noted.

9. To receive and discuss the draft Audited Financial Accounts

9.1 With no finance director in attendance, NC outlined the key points of the accounts. Income for the year has increased by 600K. There was an anticipated loss due to the catalyst funding coming to an end and having outsourced the catering provision, however onsite and offsite recruitment income had increased. The net position and investment income had also increased.

9.2 Investments were briefly discussed and RW noted that the ethical investment policy is in place and an investment firm manage this.

ACTION CE asked to provide some input on ethical investments policy prior to stepping down from the Board.

9.3 NC indicated that due to staff restructuring and catering teams being outsourced, the staff costs have reduced significantly.

9.4 ACTION It was noted that the improved financial position should be highlighted and a commentary to accompany the Financial Statements should be submitted to the Board. A simultaneous improvement in quality and a reduction in expenditure was felt to be notable.

9.5 NC noted that some assets have been written off in year, there has been a growth in pension liabilities, although less than expected, an increase in overall investments gains and the cash position looks healthy.

9.6 The creditors position appears to be higher due to capital works undertaken in year.

9.7 ACTION Some amendments were suggested including the defined benefit pension notes on page 43 to be updated from 2012, senior pay ratios to be included, all other OfS guidance to be implemented. Other actions and changes to the accounts to be emailed to Nathan and Unity to update. For recommendation to the Board.

9.8 HA noted that while the requirements have been met, some other Universities are providing additional context and narrative surrounding senior management pay.

10. To receive and discuss the External Auditors report and Management Letter for the year end

10.1 NC noted the later version of the document that had been circulated and included the issue surrounding VAT.

10.2 The disclosures surrounding senior pay ratio and VAT issues were discussed and NC noted that some work had been undertaken with Rich Watson and Diana Naylor before they had left in the summer.

10.3 NC noted the readiness for audit, quality of working papers and availability of staff were all good. There were broadly no concerns relating to the management override of controls and no significant issues found resulting from loss of key finance staff. No concerns were noted surrounding revenue recognition or pension assumptions either.

10.4 The loan covenants were discussed, and NC provided some context, explaining that negotiations to move away from the turnover based covenant were under way and any risk of breach was now reduced due to an increase in income. RW noted that Barclays have responded well to this and are supportive of a covenant which supports the University to grow.

ACTION It was agreed that further negotiations with the bank should be postponed as the issue has become less urgent. US to inform the interim head of finance.

10.5 NC recommended some issues surrounding implementing the fixed asset register and improvements to the audit trail for future improvements. Depreciation rates were also discussed

in this context and NC noted that work continues on this.

10.6 The issue surrounding VAT and DbS was discussed and it was suggested that while the DbS is ultimately responsible for charging VAT, as partners, the University has some moral obligation to support them. It was also noted that internal processes for self-billing will need to stop.

ACTION Finance team to be reminded not to self-bill for DbS.

10.7 The legal agreement with DbS has been redrafted but needs to be signed and emphasised that the fee is inclusive of VAT.

10.8 ACTION It was suggested that in order to finalise this issue a comprehensive report should be submitted to Audit committee and possibly F&R to ensure all legal requirements are covered off.

10.9 JS thanked NC on behalf of the committee for the additional work undertaken surrounding this.

10.10 ACTION Ensuring work on legal agreements more generally is properly monitored was noted as an action to ensure similar arrangements aren't in place.

10.11 The letter of representation was discussed, and NC noted the only non-standard point relates to the BES.

ACTION Letter to be approved with the accounts to the Board.

11. To receive and approve the Whistleblowing policy

11.1 The committee approved the changes to the policy.

12. To receive and note the annual report on whistleblowing

12.1 The report was received and noted.

13. To receive and discuss the Data Assurance Annual Report

13.1 The report was received and noted. HA indicated the current report is sufficient but the OfS is likely to have a greater focus on this for the coming year. More guidance surrounding the requirements is likely to become available and more will be needed from this support.

Action Log

Minute	Action	Owner	Deadline
2.1	amend minutes adding Pam Tuckett to attendance list.	US	Next meeting
3.3	A typo at 11.3 was noted and should be amended to clarify support surrounding debts.	US	Next meeting
4.3	High risk recommendation to be included in the Statement of Control in the accounts.	US	Next meeting
5.6	LP to provide a snapshot on progress with the PDR system and the percentage of completed PDRs.	LP	Next meeting
5.7	HA noted that a benchmarking exercise had been undertaken across the sector, identifying common high-risk recommendations. She agreed to submit this to the next meeting for information. Changes to OfS requirements will also be provided.	HA	Next meeting
8.1	The committee requested the spreadsheet as well as the PDF in future for a better understanding of the usability	US	Next meeting
8.9	RW agreed for SMT to discuss Brexit plans further.	SMT	Next meeting
8.10	US to incorporate suggested changes to the risk register.	US	Next meeting
8.13	PwC agreed to work with Unity to develop risk appetite further and look at what others are doing in the sector.	HA	Next meeting
8.15	A typo on page 4 'where innovation' was noted.	US	Next meeting
9.2	CE asked to provide some input on ethical investments policy prior to stepping down from the Board.	CE	Before end of term – for next meeting

9.4	It was noted that the improved financial position should be highlighted and a commentary to accompany the Financial Statements should be submitted to the Board. A simultaneous improvement in quality and a reduction in expenditure was felt to be notable.	PF / NC / US / RW	For Board approval Nov
9.7	Some amendments were suggested including the defined benefit pension notes on page 43 to be updated from 2012, senior pay ratios to be included, all other OfS guidance to be implemented. Other actions and changes to the accounts to be emailed to Nathan and Unity to update. For recommendation to the Board.	PF / NC / US /RW	For Board approval Nov
10.4	It was agreed that further negotiations with the bank should be postponed as the issue has become less urgent. US to inform the interim head of finance.	PF	Next meeting
10.6	Finance team to be reminded not to self-bill for DbS.	PF	Next meeting
10.8	It was suggested that in order to finalise the VAT/DbS issue a comprehensive report should be submitted to Audit committee and possibly F&R to ensure all legal requirements are covered off.	PF	Next meeting
10.10	Ensuring work on legal agreements more generally is properly monitored was noted as an action to ensure similar arrangements aren't in place.	RW	Next meeting
10.11	Letter to be approved with the accounts to the Board.	US	For Board approval Nov