

Approved Minutes

Present

Mrs Emma van der Lugt (Committee Chair)	Independent Governor	EvdL
Mr Stephen Criddle, OBE (Deputy Committee Chair)	Independent Governor	SC
Mrs Victoria Holbrook	Independent Governor	VH
Mrs Vicky Hatton	Co-opted Member of Committee	VHa

In attendance

Prof Rob Warner	Vice-Chancellor	RW
Prof Michelle Jones	Deputy Vice-Chancellor	MJ
Mr Simon Arthurs	Chief Operating Officer & Finance Director	SA
Mr Stephen Plant	University Secretary & Registrar	SP
Mr Ben Connor	Internal Auditors PwC	BC
Mr Nathan Coughlin	External Auditors Bishop Fleming	NC
Mrs 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

MAIN MEETING – all in attendance

4. Welcome, Apologies & Declaration of Conflicts of Interests

- 4.1 Opening the main part of the meeting, Committee Chair, Emma van der Lugt, welcomed colleagues.
- 4.2 Apologies were received from Rev'd Preb Prof Gina Radford.
- 4.3 No conflicts of interest were declared. The full register was included in Part B.
- 4.4 EvdL invited colleagues to 'unstar' items in Part B. None were identified.

5. Minutes of Previous Meeting (Interim Meeting 15 October 2021)

- 5.1 The minutes of the Interim Audit Committee meeting 15 October 2021 were received, confirmed as a true and accurate record and **APPROVED** with no amendments.

6. Risk Assurance & Review

- 6.1 The report was received; the priority Risk Register was enclosed.
- 6.2 EvdL invited Chief Operating Officer & Finance Director to present an overview. SA drew attention to the updates as laid out in the summary paper and confirmed that recommendations put forward by Audit Committee at its interim meeting in October had

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been incorporated. SA summarised the highlights of the commentary on each key risk area and answered questions from the Committee. It was noted that the section of the Risk Register containing COVID19 risks was currently under review.

- 6.3 SA confirmed that the first draft of the Cyber Security Policy had been prepared and would come to Audit Committee in 2022.
- 6.4 In response to a question regarding scenario planning around potential fee reductions and whether this was being discussed in liaison with the Finance & Resources (F&R) Committee, SA confirmed that a range of options would be modelled and discussed.
- 6.5 In response to a question regarding student recruitment, SA and Vice-Chancellor Prof Rob Warner provided rationale for the current position and explained initiatives underway, noting the complexity of underlying recruitment trends. The upcoming Open Day was on track to be the biggest ever and the Committee confirmed its approval of the approach being taken.
- 6.6 The Committee was satisfied with the position and thanked SA for his report.

7. Internal Audit

- 7.1 EvdL noted that the Annual Report of the Internal Auditors 2020-21, which had been discussed in detail at the previous meeting, was included as an appendix to the Annual Audit Committee report which would be discussed at Item 9.
a) Business Continuity (IT Resilience) (advisory report)
- 7.2 The report was received. EvdL invited BC to present an overview of this advisory report. BC reminded the Committee of the scope of the report and went through the recommendations, the intention being to strengthen the University's IT resilience and capacity environment.
- 7.3 It was noted that recruiting to IT roles across the sector was challenging. In response to a question regarding capacity in the team, SA confirmed that this would be clearer following the upcoming round of Personal Development Reviews (PDRs) and discussion of how to implement the Business Continuity advisory report findings. SA confirmed that external consultants could potentially be brought in to support specific areas. In response to a question, SA confirmed that the findings of this review would, as was the standard approach, be added to the outstanding audit recommendations log, with updates brought regularly to this Committee.
- 7.4 With regard to the feedback form at the end of the report, concerning the audit process, it was noted that some of the commentary had yet to be provided. SA would follow this up.
ACTION: SA
- 7.5 BC was thanked for his report, recommendations and action plan.

8. Internal Audit - Outstanding Audit Recommendations

- 8.1 The report was received. EvdL invited SA to present an overview.
- 8.2 SA presented the consolidated log of audit findings, recommendations and management responses. He reminded the Committee that this had been recently considered at the Interim Audit Committee meeting. SA summarised discussions held at that meeting,

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updating the Committee on further progress against the key outstanding high and medium risk items. RW noted that he and University Secretary & Registrar, Stephen Plant, had held a constructive and positive meeting with the President of Marjon Student Union (MSU), Lauren Edwards, to discuss the proposed wording of the MSU Code of Practice (which would come to BoG for approval) and to receive assurances regarding addressing the findings of the Internal Audit review of MSU governance. SP provided further details and responded to questions about the support which had been extended to MSU in this regard.

- 8.3 The Committee was satisfied with the position and **AGREED** to close Ref 5, Assets, noting that the asset register was complete. RW, SA and SP were thanked for their updates.

9. Audit Committee Annual Report

- 9.1 The report was received.

- 9.2 The report included as an Appendix the Internal Audit Annual Summary 2020/21. EvdL invited Head of Internal Audit, Ben Connor, to comment on this. BC noted that this summary had been discussed in detail by the Committee at its interim meeting in October and he had no further matters to raise and invited questions from the Committee. In response to a question, Interim Head of Estates, Deputy Vice-Chancellor Prof Michelle Jones, updated Committee members on recommendations which had come out of the Estates audit and how these were being addressed and progressed. The Committee was satisfied with the position. BC was thanked for his report.

- 9.3 The Committee **APPROVED** the Audit Committee Annual Report for onward recommendation to F&R Committee and Board of Governors (BoG), as part of the annual approval of accounts.

- 9.4 EvdL thanked Governance Officer, Jessamie Thomas, for her work preparing the report.

10. External Auditors' Completion Report and Letter of Representation

- 10.1 The report was received. EvdL invited External Audit Partner, Nathan Coughlin, to highlight the main points in this draft 'Key Issues for Discussion Document'.

- 10.2 NC provided an overview of the audit conclusions and key findings. NC thanked SA and his team for their open and effective engagement with the external audit process.

- 10.3 NC confirmed that the audit process was approaching completion, with post-balance checks being carried out. Subject to the finalisation of these points, an unmodified audit report was expected and a clean audit opinion anticipated.

- 10.4 NC noted that there had been challenges regarding readiness for audit, some of which had been outside the finance team's control. The Committee discussed these, noting the inherent challenges faced by smaller Higher Education Institutions (HEIs) regarding capacity.

- 10.5 NC's report detailed key risks facing the University. The Committee discussed each of these with NC and concluded that the audit work focusing on these had been of value, completed satisfactorily and helped to inform discussions with management to ensure they were being addressed.

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- 10.6 NC provided detail on other audit and financial reporting matters. The report focused on: the dBs provision; Salix grant income recognition and capitalisation of spending; bad debt provision and chasing of bad debt.
- 10.7 In response to questions from the Committee, NC confirmed discussions which had been held with management regarding the partnership with dBs and he confirmed the current position.
- 10.8 NC reminded the Committee that the University had been awarded grant income funding from Salix as part of the Public Sector Decarbonisation Scheme. The funding had been used to purchase solar panels, LED lighting and other green technology improvements. The Committee was satisfied with the recognition of the grant income in the accounts and the capitalisation of spend.
- 10.9 It was noted that the value of overdue debtors had increased. The University's approach to the chasing of debt was discussed. NC confirmed that from the financial accounts perspective this was not material but he recommended that the Committee continue to monitor the position, suggesting that management focus on earlier collection of debts and allocation of cash receipts to specific invoices. SA provided further information on partner and student debt, the mechanisms in place to mitigate this and the ways in which students were supported. In response to a question, SA confirmed that he considered the level of resource dedicated to debt collection to be appropriate following the specific focus of one member of the team solely on debt and noted that the new finance system would see greater automation and more sophisticated reporting. The position would be monitored via an internal audit advisory review in Q3.
- 10.10 NC presented unadjusted items identified during the audit work, to the Committee's satisfaction.
- 10.11 NC presented analysis of the journals posted. He confirmed that the data followed expectations closely and was in line with Benford's Law expectations.
- 10.12 NC outlined observations arising from the audit, none of which was considered significant, with accompanying recommendations and management comments; issues which had been resolved were also included. The Committee discussed these and was satisfied with the position.
- 10.13 NC noted the strengthened wording around Going Concern which meant that the audit opinion was longer than the wording previously included.
- 10.14 The Letter of Representation was discussed. 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 Board and to confirm its ability to continue as a Going Concern. The Committee **APPROVED** the Letter of Representation for onward recommendation to BoG.
- 10.15 NC was thanked for his comprehensive report and for his detailed discussion of this with the Committee. The report would be discussed with F&R Committee and BoG.

11. Draft Audited Financial Statements

- 11.1 The report was received. EvdL invited SA to present a summary to the Committee.

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- 11.2 SA shared a set of slides, providing commentary and analysis of the 2020/21 context and performance. 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 consistent with the sector. SA confirmed that the cash position had improved and would satisfy the Bank Covenants. SA was commended for the surplus which had been generated.
- 11.3 SA went through the Income and Expenditure position in detail, responding to questions to the Committee's satisfaction regarding areas including research income, Sports Centre income, Chartwells income and a number of operating expenses.
- 11.4 SA reminded the Committee that the investment portfolio had been restructured, so as to divest from fossil fuels, and the investment fund showed an improved position on the balance sheet.
- 11.5 SA reminded the Committee that a new KPI had been introduced in 2019/20, to show Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA); this year showed an improved position.
- 11.6 In line with discussions held at Item 10, it was noted that outstanding debt repayments were taking longer to receive and the Committee discussed with SA the measures in place to co-ordinate the approach with partner institutions to mitigate this risk.
- 11.7 SA confirmed that the Peninsula Allied Health Centre loan had now been cleared (Q1 of 2021/22).
- 11.8 In response to a question, SA confirmed that while the pension liability had decreased this year, the volatility of the reported position year on year was due to factors outside the University's control. LGPS evaluated the scheme every three years, with the next actuarial review due in 2022. SA confirmed that different pension schemes were being considered, so as to offer choice to employees regarding their own level of contributions. SA confirmed that BoG would be kept updated regarding pension discussions.
- 11.9 The Committee suggested that the Salix grant and spend be separated out to allow BoG to determine the extent to which this had impacted on the bottom line, to get a clearer picture of performance and trends over time. The same would apply to the Ground Source Heat Pumps grant funding in the next year's accounts. SA confirmed that he would discuss further with NC the optimum way to present this, so as to allow for analysis by BoG.
- ACTION: SA**
- 11.10 The Committee **APPROVED** the draft Audited Financial Statements, for onward recommendation to F&R Committee and BoG. SA confirmed that the Annual Report would subsequently be published and submitted to Companies House.
- 11.11 SA was thanked for his presentation. The Vice-Chancellor, SA and SMT were commended on having managed the position effectively through another challenging year.
- 12. Significant Losses Report**
- 12.1 EvdL invited SA to present an update. SA confirmed that there were no significant losses to report. The Committee was satisfied with the position.

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13. Annual Report on Data Assurance

- 13.1 The report was received. EvdL invited SP to present an overview.
- 13.2 SP provided detailed context to the data assurance returns, data policy and annual report, and the focus which the University had given to ensuring that low risk was attached to the returns. SP and his team were commended by the Committee on the exceptional standard of the returns, with no queries having been raised by the regulators for a number of years.

14. Annual Report on Whistleblowing and Whistleblowing Policy

- 14.1 The report, by Director of People & Organisational Development, Lucy Pengelly, was received. EvdL invited SP to present an overview.
- 14.2 SP confirmed that there had been no whistleblowing incidents to report in this annual cycle. It was noted that staff voice was embedded within the People Strategy and SP gave an overview of the channels available for staff and students to share feedback and raise any concerns. The policy would be due for review in 2022.
- 14.3 The Committee thanked SP for the overview and was satisfied with the position.

15. Reports from the National Audit Office, the funding bodies and other organisations

- 15.1 EvdL invited SA and SP to share any reports or updates with the Committee. SP noted that in the absence of any spending review announcement from government, there remained uncertainty in the sector regarding tuition fees and potential fee caps and that a mid cycle change in fees would potentially infringe CMA requirements. This had been flagged earlier in the meeting, and SA had confirmed that scenario planning was taking place.
- 15.2 The Committee thanked SP and SA for their 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. None were identified.

EvdL thanked BC and NC for their contributions to the meeting.

BC and NC left the meeting.

16. Reserved Business (2) (No Auditors in attendance)

See Reserved Business (2) minutes

17. Reserved Business (2) (No Auditors in attendance)

See Reserved Business (2) minutes

18. Reserved Business (2) (No Auditors in attendance)

See Reserved Business (2) minutes

Part B – For Information and Decision by Way of Note

The following reports were received for information with no queries:

19. Matters Arising from Previous Meeting

20. Register of Interests