

**Approved Minutes**

**Present**

Mrs Emma van der Lugt (Committee Chair)	Independent Governor	EvdL
Mr Stephen Criddle	Independent Governor	SC
Mrs Victoria Holbrook	Independent Governor	VH
Rev'd Prof Gina Radford	Independent Governor	GR
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	Director of Finance & IT	SA
Mr Stephen Plant	University Secretary & Registrar	SP
Mrs Heather Ancient	Internal Auditors PwC	HA
Mr Ben Connor	Internal Auditors PwC	BC
Mr Charlie Martin	Internal Auditors PwC	CM
Mr Nathan Coughlin	External Auditors Bishop Fleming	NC
Mrs Jessamie Thomas	Governance Officer (note taker)	JT

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

**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. Internal Auditor, PwC, Ben Connor was welcomed to his first meeting. Internal Auditor, PwC, Heather Ancient was thanked for her tremendous support of Marjon, at this her final Marjon Audit Committee meeting ahead of her retirement.
- 4.2 No apologies were received. Rev'd Prof Gina Radford would join the meeting shortly.
- 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. Internal Audit Progress Reports**

- 5.1 The Internal Audit Progress Report and reports of two reviews were received. EvdL invited Internal Auditors PwC to present an overview.
- 5.2 Progress against the 2020/21 internal audit plan was noted. Fieldwork for three further reviews had been completed. The Committee was satisfied with the progress, noting that consideration of outstanding reports might necessitate an additional meeting in the autumn; Marjon Audit Group (MAG) to advise. **ACTION: MAG**
- 5.3 HA flagged analysis in Appendix 2 of HE Regulatory Data, noting the complexities of the HESA return and Marjon's robust position, confirmed by University Secretary & Registrar, Stephen Plant.  
*Rev'd Prof Gina Radford joined the meeting.*
- 5.4 Health & Safety Review – Internal Auditor, Charlie Martin, was invited to provide a summary of findings regarding the effectiveness of Marjon's Health and Safety (H&S) controls. CM went through the background, conclusion and good practices noted. The summary of findings was considered:

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medium risk rating overall, comprising two medium control design findings and two low operational effectiveness findings. With regard to proportionality, CM confirmed that the findings were points of consistency rather than concerns.

- 5.5 There had been an inevitable interface between H&S and COVID-19 and Vice-Chancellor Prof Rob Warner provided context to the way Marjon had successfully responded to and mitigated COVID-19 risks.
- 5.6 It was noted that Director of Finance & IT, Simon Arthurs, was the H&S lead for the Senior Management Team (SMT). SA confirmed the approach to addressing the H&S review's findings, to the Committee's satisfaction.
- 5.7 Business Planning Review – CM was invited to provide a summary of findings regarding the effectiveness of Marjon's Business Planning controls. CM went through the background, conclusion and good practices noted. The summary of findings was considered: low risk rating overall, comprising one medium and three low control design findings.
- 5.8 The Committee considered the main finding: that the business planning template should align with the University's Growth Plan. SA confirmed this was being addressed.
- 5.9 In response to a question, SA confirmed that the target dates for implementation of the recommendations and agreed actions were feasible.
- 5.10 Internal auditors and management were thanked for their work on the internal audit reviews.

**6. Internal Audit Plan 2021/22**

- 6.1 The report was received. EvdL invited HA to present an overview.
- 6.2 A budget for the delivery of the Internal Audit Plan had been set at 65 days; the proposed plan would flex where required through the year. The Committee considered the Internal Audit Plan in the context of the 'Audit Universe' and how this would link into the overall risk management approach.
- 6.3 It was requested that the plan, in future, indicate when each area was last audited. **ACTION: BC**
- 6.4 The Committee discussed the approach, questioning whether the familiarity of the Internal Audit Plan remit may indicate that potentially exciting new areas were being missed or if, on balance, the reviews were appropriately risk-focused in order to provide the required assurance.
- 6.5 The Student Experience review was deemed timely and relevant, encompassing a number of key areas and in line with an approach that would be future focused and less about process. SP noted that this would intersect with newly introduced OfS sexual harassment reporting requirements.
- 6.6 SP noted that regulatory compliance would encompass academic quality and standards (a registration condition for OfS) and build on the assurance received around academic standards.
- 6.7 SA noted that finance was a core review and summarised its broad spectrum.
- 6.8 The Committee discussed longer term audit planning requirements, noting that both internal and external audit contracts would go to tender in the coming year. In due course, focusing on the following areas may be helpful: review of mental health and wellbeing; sports centre management; Marjon's journey to zero carbon; readiness for Research Degree Awarding Powers; how staff were feeling from a culture point of view.
- 6.9 It was noted that BoG's understanding of curriculum development, and how that related to academic assurance, might be best explored by a small group rather than Audit Committee.
- 6.10 The Committee **APPROVED** the Internal Audit Plan and thanked PwC and Marjon staff for their work on this.

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- 7.1 The report was received. EvdL invited SA to present an overview.
- 7.2 SA presented the consolidated log of audit findings, recommendations and management responses.
- 7.3 The Committee considered the detailed updates provided by SA on progress against the key outstanding high and medium risk items. Deputy Vice-Chancellor, Prof Michelle Jones, was invited to comment on the Sports Strategy development, noting the recent recruitment of Director of Sport and Physical Activity. The Committee was satisfied with the position and with the approach being taken.
- 7.4 The Committee **APPROVED** the recommendation to close completed actions Ref 15-17 Human Resources (PDRs and probation reviews).

**8. External Audit - Brief and Plan for 2020/21 Year End**

- 8.1 The report was received. EvdL invited External Auditor Nathan Coughlin, Bishop Fleming, to present an overview of the scope of the external audit plan.
- 8.2 NC confirmed there were no significant changes in accounting standards.
- 8.3 NC summarised significant changes in auditing standards. These were around audit reports and opinions, risk of non-compliance, adding a page of narrative to the External Auditors' opinions. This reflected a continuing evolution around audit quality for organisations of all sizes.
- 8.4 NC explained a key difference around the Going Concern confirmation, requiring Directors to formally assess and affirm the position. Changes had also been introduced around the documentation of key estimates and judgments.
- 8.5 NC guided the Committee through the key initial assessment for risk areas.
- 8.6 NC noted that there was a choice of accounting approach around capital projects and grant income. He confirmed he was discussing with SA the appropriate capitalisation of expenditure.
- 8.7 The Committee received an update from NC and SA on one of Marjon's partnerships and its VAT position, which showed an improved risk position.
- 8.8 NC noted that the annual review of pensions focused on estimates and assumptions used by actuaries. Discount rates were improving but inflation was also up.
- 8.9 NC invited the Committee to comment on any areas of concern, risk or any further areas requiring consideration. SA confirmed that timings had been agreed with external audit team.
- 8.10 It was noted that Universities may be within scope of proposed reforms of audit governance. NC was asked for his insights into potential implications. NC felt it unlikely that Marjon would be captured as its turnover fell below the required threshold.
- 8.11 The Committee was satisfied with the External Audit Brief and Plan for 2020/21 Year End and thanked NC for his report.
- 8.12 Internal and External Auditors were asked for their professional insights around auditors' heightened duty of declaring the viability of an organisation in principle as a going concern. NC explained the approach that would hypothetically be taken if an External Auditor were to disagree with the Directors' view of Going Concern; the Office for Students (OfS) would be notified of an ensuing modification of audit opinion. NC noted that very few organisations found themselves unable to confirm the Going Concern position; certain issues may lead to uncertainty of opinion, which OfS would also follow up. HA agreed and added that the OfS would use the Annual Financial Return to drive any conversation and would take past performance into account.
- 8.13 The Committee thanked NC and HA for their insights.

**9. Risk Assurance & Review**

- 9.1 The report was received. EvdL invited SA to present an overview.

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- 9.2 SA provided an update on changes to the Strategic Risk Register, providing assurance that appropriate systems of control were in place to effectively monitor and manage risk. SA flagged updates to the narratives, the four key risks remaining unchanged. He drew the Committee's attention to implications of the Augar review, COVID19 risks and emerging risks.
- 9.3 In response to a suggestion and concerns about the increasing sophistication of ransomware attacks, SA agreed to review the level of cyber risk, currently rated moderate overall. **ACTION: SA**
- 9.4 The Committee was satisfied with the position and thanked SA for the update.
- 9.5 The Risk Management Policy had been revised and was enclosed for the Committee to review. Following discussion, the Policy was **APPROVED**.
- 9.6 As noted in the Matters Arising paper, risk appetite would be discussed at BoG level.
- 9.7 The University was commended on the agility and expertise it had shown in securing Salix funding and its effective management of the associated projects.

**10. Significant Losses Report**

- 10.1 The report was received. EvdL invited SA to present an overview.
- 10.2 SA confirmed there were no significant losses to report during this cycle.

**11. Draft Financial Regulations 2021-22**

- 11.1 The report was received. EvdL invited SA to present an overview.
- 11.2 SA reminded the Committee that Financial Regulations were brought to Finance & Resources Committee, Audit Committee and Board of Governors annually. SA summarised the revisions and rationale for these.
- 11.3 The Committee was satisfied with the approach and **APPROVED** the Financial Regulations 2021-22.

**12. Committee Effectiveness**

- 12.1 The report was received. EvdL presented an overview.
- 12.2 Members confirmed Committee membership, including **APPROVAL** of the Chair (EvdL) and Deputy Chair (Stephen Criddle, OBE), for the coming year. Terms of reference had been approved at M2.
- 12.3 The Committee discussed findings of the effectiveness survey, which had been issued by PwC in alignment with the CUC HE Audit Committees Code of Practice (May 2020). The Committee was satisfied that it was aware of, and meeting, its responsibilities and was appropriately supported.
- 12.4 It was suggested that a reduction in the volume of paperwork would be helpful. SA offered to review the executive's approach to the summary papers and BC would do the same for the PwC papers. Benchmarking the approach with other audit committees may be helpful. **ACTION: SA/BC**
- 12.5 It was suggested that the development of an assurance framework could be beneficial, with an indication in the papers of sources of assurance, so as to inform deliberations around risk and compliance and provide the Committee with an opportunity to reflect on its objectives. BC would liaise with SA/SP. **ACTION: MAG**

*Rev'd Prof Gina Radford and Nathan Coughlin left the meeting.*

**13. To receive any relevant reports from the National Audit Office, the funding bodies and other organisations.**

- 13.1 EvdL invited SA and SP to provide an update.
- 13.2 SP recapped the implications of the OfS harassment reporting requirements, which had been discussed earlier in Reserved Business (1).

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- 13.3 SP provided an update on the Higher Education Freedom of Speech Bill, a proposed Act of Parliament that would impose requirements for universities and students' unions to protect freedom of speech. SP confirmed that the University had an External Speakers Policy and Procedure which referenced freedom of speech and applied to MSU. SP was responsible for authorising external speakers and events.

The Committee thanked SP for his updates and confirmed that oral updates continued to be the appropriate format for this agenda item of business going forwards.

#### **Close**

Closing the main part of the meeting, EvdL thanked internal and external auditors for their contributions. She reiterated the University's thanks to HA upon her retirement.

*Internal and External Auditors left the meeting.*

#### **14. Reserved Business (2) (No Auditors in attendance)**

*See Reserved Business (2) minutes*

#### **Close**

In closing the meeting, EvdL invited colleagues to reflect upon whether discussions impacted on the current risk register or if changes were proposed. None were highlighted.

### **Part B – For Information and Decision by Way of Note**

The following reports were received and approved:

#### **15. Minutes of Previous Meeting (5 March 2021)**

- 15.1 Minutes of Audit Committee meeting M3 5 March 2021 were received, confirmed as a true and accurate record and **APPROVED** with no amendments.

#### **16. Draft Constitution of Marjon Student Union**

- 16.1 The draft constitution was **APPROVED**.

#### **17. Reserved Business Minutes (27 November 2020)**

*See Reserved Business (2) minutes*

#### **18. Matters Arising from Previous Meeting**

- 18.1 The report was received for information with no queries.

#### **19. To review the Counter Fraud and Anti-Corruption Policy**

- 19.1 The updated policy, which incorporated changes proposed by this Committee, was received. The Committee **APPROVED** the changes and recommended the policy be brought to BoG for approval.

#### **20. Register of Interests**

- 20.1 The register was received for information with no queries.

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#### Action Log

Minute	Action	Owner	Deadline
5.2	Advise as to whether to schedule additional meeting	MAG	ASAP
9.3	Review cyber risk-rating (moderate)	SA	Going forwards
12.4	Consider how to make meeting paperwork more succinct	SA, BC	Going forwards
12.5	Liaise with MAG around assurance framework	BC	Going forwards

#### Decision Log

Minute	Decision
6.10	Internal Audit Plan 2021/22 was <b>APPROVED</b>
7.4	Closure of completed actions Ref 15-17 MAG action log was <b>APPROVED</b>
9.5	Risk Management Policy was <b>APPROVED</b>
11.3	Draft Financial Regulations 2021-22 were <b>APPROVED</b>
12.2	Committee membership, Chair & Deputy were <b>APPROVED</b>
15.1	Minutes of Audit Committee meeting held on 5 March 2021 (M3) were <b>APPROVED</b>
16.1	Draft Constitution of MSU was <b>APPROVED</b>
19.1	Counter Fraud and Anti-Corruption Policy was <b>APPROVED</b>