

### Approved Minutes

#### Present

Mrs Emma van der Lugt (Committee Chair)	Independent Governor	EvdL
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
Mrs Reena Bajaj	Internal Auditors PwC (to end 2021-22)	RB
Ms Lesley Heasman	Internal Auditors TIAA (from 2022-23 onwards)	LH
Nr 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. EvdL welcomed Reena Bajaj from PwC (noting that PwC's engagement would end in 2022) and Lesley Heasman from TIAA (internal auditors from August 2022 onwards, subject to Board approval). Nathan Coughlin was welcomed to the meeting, Bishop Fleming having been re-appointed as external auditors, subject to Board approval.
- 4.2 Apologies were received from Stephen Criddle, OBE, and Rev'd Preb Prof Gina Radford.
- 4.3 No conflicts of interest were declared. The full register was included in Part B.
- 4.4 No items in Part B were 'unstarred'.

#### 5. Internal Audit

- Internal Audit Progress Report
- 5.1 EvdL invited Internal Audit Manager, RB, to provide a summary. RB noted the progress evidenced to date against the annual plan. RB confirmed that fieldwork for the finance review had been completed. The IT/Cyber review was scheduled for quarter four. The Risk Management review would be undertaken in quarter four to allow time to further embed

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the new local risk management arrangements. Reports of these would be presented at the November meeting, which PwC would attend. The handover from PwC to TIAA had been discussed in RB1, to the Committee's satisfaction.

- 5.2 With regard to cyber-security, it was noted that fieldwork was under way for the review, the Cyber Security Policy would be considered later in this meeting and addressing the cyber security risk formed part of the TIAA Internal Audit plan. In response to a question as to how these different inputs added value, Simon Arthurs, Chief Operating Officer and Finance Director, summarised the desired outcomes of each element and the need to keep these under review to counter the increasing sophistication of the cyber risk. LH confirmed that a cyber specialist was part of TIAA's ICT team and support would be available to the University.
- 5.3 RB highlighted the PwC 'Thought Leadership' resources in Appendix A.
- 5.4 The Committee discussed the findings of three reviews:
- Data Quality – Office for Students (OfS) Annual Financial Return (AFR)
- 5.5 The report was received.
- 5.6 EvdL invited RB to summarise the findings of the review, rated medium risk overall. RB reminded the Committee of the scope of the review and the purpose of the AFR. RB confirmed that overall there was good team knowledge and robust processes in place.
- 5.7 The high risk finding related to a lack of clear audit trail to explain adjustments made to source data to arrive at the forecast submitted to OfS. SA was invited to respond and noted that information received regarding student numbers was dynamic with some inevitable disparity between projected and actual student numbers, due, for example to withdrawal rates. He noted the work of Senior Management Team (SMT) to achieve sensitivities which were as accurate as possible and also noted that PwC's advice had been sought at the outset around how to capture this effectively.
- 5.8 University Secretary & Registrar, Stephen Plant, noted that the introduction of 'data futures' would reduce variations in forecasting and provide an accurate current position by providing in-year checks, compared with the data returns of HESA and HESES which were static 'snapshots in time'.
- 5.9 Vice-Chancellor, Prof Rob Warner, noted the challenges posed by Covid in terms of accuracy of projections at a time of social volatility, but, notwithstanding this, Marjon continued to be extremely disciplined in its responsibility to prepare accurate and realistic returns.
- 5.10 The medium risk related to a lack of policy or procedure document to assist in preparing the AFR, which potentially posed a risk to business continuity should a key person leave or be absent. RB noted the challenge of reduced workforce capacity for smaller Higher Education Institutions (HEIs), but recommended this be mitigated through a set of guidance documentation. SA confirmed that guidance would be reviewed and the structure of the team would be assessed.
- 5.11 The Committee was satisfied with the responses. The Committee requested that management maintain its focus on this area, so as to minimise any potential risk going forwards.

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- Student Experience

- 5.12 The report was received.
- 5.13 EvdL invited RB to summarise the scope and findings of the review, rated low risk overall. RB reminded the Committee of the sector-wide emphasis placed on student experience. RB noted a number of areas of good practice and how these had been evidenced.
- 5.14 The first of the two operating effectiveness medium risks was around capturing and monitoring wider student voice. RB gave examples of areas where it was suggested that improvements could be made. SP thanked RB for these recommendations and went on to note a number of informal mechanisms which served to contribute to an agile and personalised support structure, which he felt was one of the strengths of the University. RW reminded the Committee of Marjon's 'triple first' outcomes: 1<sup>st</sup> in England for Student Satisfaction, Complete University Guide 2023; 1<sup>st</sup> in England for Teaching Quality, Times and Sunday Times Good University Guide 2022; 1<sup>st</sup> in England for Learning Community, National Student Survey 2021.
- 5.15 The second of the two operating effectiveness medium risks was around a lack of defined action owners and associated timescales for completion of programme-level action plans or non-NSS related School level action plans, which could reduce the University's ability to tack and monitor actions to completion. In response to a question, RB confirmed that no particular variation between schools had been noted and there was evidence of consistency of approach overall.
- 5.16 Noting the findings of the review, the management action plan was discussed and its appropriacy confirmed. RB was thanked for her work on this.
- 5.17 The Committee congratulated Marjon on its ongoing focus on student experience, its strong track record and growing reputation and noted staff members' collaboration across the sector.

- Governance

- 5.18 The report was received.
- 5.19 EvdL invited RB to summarise the scope and findings of the advisory review, rated low risk overall.
- 5.20 RB confirmed it had been a positive review, with the Governance Secretariat (SP and Governance Officer, Jessamie Thomas) fully aware of the requirements of the recently-updated CUC HE Code of Governance and able to evidence the systems and structures in place and rationale for these.
- 5.21 The Committee paid credit to the Governance Secretariat for their diligence in ensuring that all necessary foundations were in place to allow management and the Board to focus on the effective discharge of their responsibilities.
- 5.22 The Committee was satisfied with the position and thanked RB, SP and JT for their work.
- 5.23 It was suggested that an external review of Board effectiveness would be timely, taking into account Board behaviours and culture. EvdL was in agreement that this should be explored.

**ACTION: MAG**

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**6. Internal Audit Plan 2022/23**

- 6.1 The report was received. EvdL invited LH, Internal Audit Manager, TIAA, to present an overview.
- 6.2 TIAA's Audit Approach and draft three year strategic plan had been shared. LH explained the basis of its preparation, informed by discussions with PwC, Marjon Audit Group (MAG) analysis of the Risk Register, Outstanding Action Log and TIAA's sector knowledge. Timings of reviews would be agreed.
- 6.3 In response to a question as to whether regulatory compliance, data quality and Health & Safety should be included, SP confirmed that these would be considered and incorporated as appropriate, with a flexible approach taken to the rolling plan to ensure that it remained agile.
- 6.4 It was suggested that an advisory review of Marjon Student Union, potentially in 2024-25, would be useful, noting in the outstanding action log recommendations relating to the 2021 MSU review. RW reminded the Committee that the MSU was an autonomous charity and also legally and financially accountable to the University.
- 6.5 It was felt that the plan represented an appropriate starting point. Attention was drawn to actions in the Matters Arising document and it was suggested that the identification and scoping of audits could be interesting for the Committee to review.
- 6.6 The Committee thanked TIAA and staff for their work on the plan, and PwC for their collaboration.
- 6.7 With regard to approval of the plan, the Committee **AGREED** that TIAA should circulate a final version electronically, for Committee approval by email. If there were any queries or requests for clarification, EvdL would meet with TIAA on their behalf and confirm approval of the final version upon successful resolution of any queries. **ACTION: TIAA/EvdL**

**7. Outstanding Internal Audit Recommendations**

- 7.1 The report was received. EvdL invited Chief Operating Officer & Finance Director, Simon Arthurs, to present an overview.
- 7.2 SA presented the consolidated log of audit findings, recommendations and management responses.
- 7.3 The Committee was satisfied with the position and **AGREED** to close both items recommended for closure under point 3 of the report.
- 7.4 SA suggested that the report's name be changed to 'Internal Audit Recommendations - Actions' or similar. LH noted that TIAA would generate a report based on information submitted via its portal. The Committee requested that the design of the report appropriately reflect the level of risk and prioritisation. **ACTION: SA**
- 7.5 SA was thanked for the report.

**8. External Audit - Brief and Plan for 2021/22 Year End**

- 8.1 The report was received. EvdL invited External Auditor Nathan Coughlin, Bishop Fleming (BF), to present an overview of the scope of the external audit plan.

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- 8.2 NC expressed his firm's appreciation at having been selected, via the tender process, as the University's external auditors (subject to Board approval).
- 8.3 NC confirmed there were no significant changes in accounting or auditing standards to note and the approach taken would be similar to the previous year. He flagged heightened risk areas for the sector around going concern and noted inherent challenges arising from the cost of running estates and inflationary pressures; notwithstanding the University's strong cash reserves this would be carefully monitored, as would the budget forecast and assumptions regarding student numbers.
- 8.4 Regarding capital projects, NC confirmed he had held useful discussions with management and would pick up the interim audit early to avoid any significant year-end adjustments. The appropriate accounting approach for the Salix grant had previously been established. Studio School expenditure would be carefully accounted for, ensuring it aligned with the appropriate period.
- 8.5 With regard to the annual discussion around pensions, BF noted some variances in assumptions from actuaries. A benchmarking exercise, referencing local rates, would be carried out.
- 8.6 NC invited the Committee to comment on any areas of concern, risk or any further areas requiring consideration. No matters were raised and NC was thanked for the Brief and Plan, which the Committee was satisfied with.

**9. Risk Register**

- 9.1 The report was received; the priority Risk Register was enclosed.
- 9.2 In terms of sequencing of agenda items, it was requested that the Risk Register in future be considered ahead of the Internal Audit Plan. **ACTION: JT**
- 9.3 EvdL invited SA to present an overview. SA noted that the key risks had not changed but drew attention to the updated commentary.
- 9.4 SA confirmed that mechanisms were in place to focus on student recruitment data with greater frequency. Student experience and retention would remain key areas of focus, particularly as the Campus Development Plan progressed, with the associated risk of disruption during building works. RW noted a trend towards greater parental involvement in students' wellbeing (despite students being legally adults) including claims for compensation, rather than seeking resolution. The Committee noted wide-ranging initiatives to support mental health, for students and staff.
- 9.5 Financial sustainability would be carefully monitored, with TIAA's support. Securing a loan imminently for the Studio School purchase would be prioritised in the face of rising interest rates.
- 9.6 SP provided an update on the legal arrangements negotiated with Womble Bond Dickinson. A briefing note had been shared with Governance & Nominations Committee.
- 9.7 It was suggested that freedom of speech and academic freedom would be an emerging risk to potentially be included in a future audit cycle. **ACTION: MAG** SP confirmed that he had been in touch with the MSU to discuss potential implications of the Bill which was going through the House of Lords. SP confirmed relevant policies in place and the ongoing

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monitoring of the sector by OfS. He reminded the Committee that an annual Prevent return was submitted and the Prevent Policy reviewed annually.

- 9.8 It was suggested that decision making around Equality, Diversity and Inclusion may merit inclusion. Initiatives which the University was part of, and the way Access, Participation and Progression were managed, may come under greater scrutiny and challenge in future and it could be sensible to understand the University's efficacy in terms of dealing with value-based decision making and how this was defended and articulated. **ACTION: MAG**

- 9.9 The Committee was satisfied with the position and thanked SP and SA for their updates.

**10. Cyber Security Policy**

- 10.1 The report was received. EvdL invited SA to present a summary.
- 10.2 SA provided background on the approach taken, in line with the national framework, noting the first response plan and reporting steps which would be instigated, were any issues escalated. SA noted that a Critical Incident Management Team (CIMT) was in place. The University would liaise with TIAA with regard to the monitoring and enhancement of cyber-security.
- 10.3 The Committee **APPROVED** the Cyber Security Policy and thanked SA for his work on this.

**11. Significant Losses Report**

- 11.1 The report was received. EvdL invited SA to present a summary.
- 11.2 SA confirmed that there were no significant losses to report. The Committee was satisfied with the position.

**12. Value for Money Briefing**

- 12.1 EvdL invited SA and SP to share any reports or updates with the Committee
- 12.2 SA confirmed that the University would work with TIAA to design the optimum approach to monitoring Value for Money, in order to encompass a view wider than financial benchmarking, taking into account outcomes and outputs. SA commended SP's academic-focussed benchmarking paper which annually was received by the Board; other services would be encouraged to develop KPIs as part of business planning. Consideration would be given to what could be achieved with the resources available and how digitalisation of the systems would enhance the reporting approach.
- 12.3 LH confirmed that value for money discussions had been incorporated into the draft Internal Audit plan. Sector benchmarking exercises would be carried out and outcomes shared and bespoke benchmarking could also be supported.
- 12.4 The Committee thanked SA for his update.

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

- 13.1 EvdL invited MAG to share any reports or updates with the Committee.
- 13.2 SP noted that he had provided an update on the University's legal arrangements, at item 9.
- 13.3 SP provided an update on a meeting he had attended, through the Associated Heads of University Administration (AHUA) group, with Interim Chief Executive of OfS, Susan



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Lapworth. He noted that the approach of the OfS appeared to be consistent with placing less emphasis on auditable process and more on outcomes. The Committee noted this view.

- 13.4 The Committee thanked SP 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 noted that, under item 9, reputational risk/freedom of speech, increase in compensation claims and EDI had been discussed.

EvdL thanked internal and external auditors for their contributions to the meeting.

*RB, LH and NC left the meeting.*

EvdL, on behalf of the Committee, thanked Victoria Holbrook for her dedication to the University and support of the Audit Committee and Board of Governors, at this, her final meeting of the Committee. EvdL commended Victoria's insights and contributions. The enthusiastic support and challenge she had brought to the Committee had been greatly appreciated. Victoria in turn thanked the Committee for the opportunity to have served the University in this way and was appreciative of the learnings which she had gained from the experience.

- 12. Reserved Business (2)** (No Auditors in attendance)

See Reserved Business (2) minutes

- 13. Reserved Business (2)** (No Auditors in attendance)

See Reserved Business (2) minutes

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

- 16. Minutes of Previous Meeting (11 March 2022)**

The minutes of the Audit Committee meeting (M2), 11 March 2022 were received, confirmed as a true and accurate record and **APPROVED** with no amendments.

The following reports were received for information with no queries:

- 18. Matters Arising from Previous Meeting**

- 19. Counter-Fraud and Anti-Corruption Policy (updated)**

#### **Part C – Supplementary Information**

The following report was received for information with no queries:

##### **Register of Interests**