
Audit Committee M3 2018/19

Friday 8 March 2019, 10.00-12.00

Boardroom

Approved Minutes

Present:	Mrs Emma van der Lugt (Chair)	Governor	
		EvdL Mr John Searson	
		Governor	JS
	Mr Alex Hawtin	Governor	AH
In			
attendance:	Mrs Heather Ancient	PriceWaterhouseCoopers	HA
	Mrs Unity Stuart	Clerk to the Board	US
	Professor Rob Warner	Vice-Chancellor	RW

1. Apologies & Declaration of Conflict of Interests

- 1.1 Mr Mike Sturgess had sent apologies and further indicated his intention to resign from the committee due to increased commitments. EvdL noted Mike's contribution and the committee requested that US pass on their thanks to him.
- 1.2 EvdL noted that a new co-optee would be required and any suggestions should be sent to Unity for Governance & Nominations Committee to consider.
- 1.3 No conflicts of interest were declared.

2. Minutes of the previous meeting

- 2.1 A minor typo was noted at point 8.1. The minutes were otherwise approved.

3. Matters Arising

- 3.1 Point 2.2 was discussed relating to the developments of HR systems and US noted that the PDR online system had since been launched.

ACTION The committee queried whether the new system allows for completion of the PDR process to be linked to receipt for incremental pay rises. LP to consider further.

- 3.2 Point 2.3 relating to Brexit was noted and would be discussed further later in the meeting. Contingency planning discussed briefly and what other sectors are doing to address this.

- 3.3 Point 2.4 relating to the Ethical investment policy was briefly discussed and it was noted this would be reviewed by Finance & resources Committee as it is within their remit. US reported that this will be discussed again once the Director of Finance commences week beginning 19th March.

4. Sector wide risks (PwC)

- 4.1 HA noted that 37 HEIs were reviewed and each of their risks mapped to produce the results of the report. A new report of this kind is shortly due to be published and would be circulated to the committee.

4.2 The section on 'student values' was also discussed including how students measure value for money, and the wider value of the university experience.

4.3 **ACTION** it was suggested it would be valuable to send the page on 'student perspective' to SMT for information.

4.4 The sector wide risks were discussed, including pensions and government policy. RW noted the teachers' pension is likely to significantly impact universities in the sector. The USS scheme continues to represent a high liability for many universities. RW further noted the cost of potential strike action as students are entitled to claim compensation for missed teaching.

4.5 The top 5 risks outlined in the PwC report were briefly discussed including the financial pressure resulting from a change in fees and funding policy particularly for universities with a costly research base and those with significant existing borrowing.

5. To review the Strategic Risk Register

5.1 US provided an overview of the report on risk, noting that there have been a number of recent changes to the register, including some increases in risk scoring, some reductions and some additional mitigating actions put in place.

5.2 RW noted the key risks surrounding Brexit, many of which are not expected to significantly impact the University at this time.

5.3 Research targets were briefly discussed, and the committee expressed confidence that the new DVC responsible for research had a grasp on plans for the REF submission and development of research.

5.4 **ACTION** The committee noted that the net scores of each risk might be reviewed to have a clearer picture on the most significant risks at this time.

5.5 RW thanked US for the work on this.

6. Internal Audit Reports

a) Sports Centre

6.1 HA noted that the audit report and recommendations for the Sports Centre is representative of recent staff turnover and the previously competing academic and commercial foci of the Sports Centre. The high-risk findings related to the management of finances within the department and

how the integration between these records and the central management of finances.

6.2 HA noted some concerns regarding the financial controls in place as well as the disconnect between the finance team, and the Sports Centre team.

ACTION RW suggested that the new FD would review financial systems and how these may be integrated across the university including the Sports centre once he commences.

6.3 RW further noted that the wider income and expenditure of the sports centre would be reviewed by the FD and furthermore the new DVC is now responsible for the Sports Centre and thus the wider strategy for the sports centre would also be addressed by the DVC and FD.

6.4 The committee queried whether the results of the audit are representative of a current lack of staffing or whether it is a more significant risk. HA noted there hasn't been a review of the Sport centre for a number of years and this will be looked at again as part of the follow up review by PwC.

6.5 RW noted that audit reports of this kind represent the value of the audit process in identifying weaker areas where more work may be required.

6.6 The committee queried the focus of the Sport centre as a commercial venture or as a student service. RW noted that revenue has needed to be made to cover the investment but it must always remain a service for students.

6.7 It was suggested that as part of a wider review of the Sports Centre student employment opportunities and research opportunities might also be developed within the sports centre, with an emphasis on student and community focused sports provision.

a) Risk Management

6.8 HA noted that while the current year classification has increased this is reflective of a broader review of risk being taken across the university. It was noted that management of risk across departments varies in approach and feeding upwards through management with a consistent approach in how this is recorded is key.

6.9 HA noted that additional guidance regarding risk appetite had been provided and this could be developed further going forward with the suggestion that the university's risk appetite, values and culture might be integrated.

6.10 **ACTION** SMT to review whether general training on the risk register policy, process and

documentation is required for middle managers or specifically for SMT only.

6.11 **ACTION** The committee noted the need to ensure that conversations within departments surrounding risk are recorded as this will be reviewed as part of the follow up audit. It was suggested that this might be captured within the PDR process as well and would highlight any need for further training.

7. Outstanding Audit Recommendations

7.1 US noted that a number of recommendations are considered complete and the committee was asked to approve the removal of these from the monitoring list. PwC will review these as part of the follow up audit to ascertain whether they also consider these completed.

7.2 The completed recommendations were approved for removal from the monitoring list.

7.2 The remaining outstanding recommendations related to the two audit reports on risk and the sports centre, received by the committee during the meeting.

8. Internal Audit Progress Report and updated Audit Plan

8.1 HA presented the updated audit plan, and noted the changes to the timings. The marketing audit had been delayed with an audit of the dBS partnership planned instead as per a request from the University.

8.2 A review of financial controls was also discussed and this could be addressed by the new Finance Director when he starts.

8.3 HA noted they would meet with Simon and provide an updated plan later in the year. Contingency days were briefly discussed and it was suggested the visits to DbS might impact on this.

9. Update on DbS audit plan – ToR

9.1 RW provided a brief reminder to the committee about the relationship with DbS and the history of this relationship, including the financial position.

9.2 RW also noted the risks and opportunities surrounding the partnership and how the partner students (and staff) are counted in various league table metrics. It was noted that DbS students are considered Marjon students within the NSS survey.

9.3 The Executive Dean and Registrar had been working closely with DbS to ensure that student support, retention and good honours are addressed.

9.4 The ToR for the audit had not yet been finalised but the Executive Dean had discussed this with PwC.

9.5 **ACTION** RW agreed to collate the key information for the Board about DbS student numbers, financial impact, risks, how this may evolve in future and when the partnership is due for review.

9.6 **ACTION** The committee suggested that some additional action could be taken to encourage DbS students make use of and enjoy the Marjon campus, and share in the University values further.

Action Log

Minute	Action	Owner	Deadline
3.1	The committee queried whether the new system allows for completion of the PDR process to be linked to receipt for incremental pay rises. LP to consider further.	LP	As part of review of the new PDR system – LP to advise
4.3	it was suggested it would be valuable to send the page on 'student perspective' from the PwC report to SMT for information.	US	Next meeting
5.4	The committee noted that the net scores of each risk might be reviewed to have a clearer picture on the most significant risks at this time.	US/VC	Next meeting
6.2	RW suggested that the new FD would review financial systems and how these may be integrated across the university including the Sports centre once he commences.	SA	SA to review once he commences and report back when complete.

6.10	SMT to review whether general training on the risk register policy, process and documentation is required for middle managers or specifically for SMT only	SMT	Next meeting
6.11	Ensure that conversations within departments surrounding risk are recorded. this might be captured within the PDR process which would highlight any need for further training.	SMT	Next meeting
9.5	RW agreed to collate the key information for the Board about DbS student numbers, financial impact, risks, how this may evolve in future and when the partnership is due for review.	RW / IL / SP /KW	July Board meeting
9.6	The committee suggested that some additional action could be taken to encourage DbS students make use of	RW / IL / SP /KW	Owners to advise
	and enjoy the Marjon campus, and share in the University values further.		