

Audit Committee  
Friday 14 June 2019, 10.00-12.00 Boardroom  
**Approved Minutes**

---

<b>Present:</b>	Mrs Emma van der Lugt (Chair)	Governor	EvdL
	Mr Alex Hawtin	Governor	AH
	Mr John Searson	Governor	JS
<b>In attendance:</b>			
	Mr Simon Arthurs	Director of Finance	SA
	Mrs Ali Chinn	PricewaterhouseCoopers	AC
	Mrs Tracy Lewis	Bishop Fleming	TL
	Mrs Unity Stuart	Clerk to the Board	US
	Professor Rob Warner	Vice-Chancellor	RW

---

**1. Apologies & declarations of conflicts of interest**

- 1.1 Apologies were received from Heather Ancient, PwC.
- 1.2 No conflicts of interest were declared.

**2. Minutes of the previous meeting**

- 2.1 The minutes were approved as an accurate record.

**3. Matters arising**

- 3.1 US provided a short update for each of the matters arising. There were no concerns noted from the committee and most remaining actions were considered complete. Updates would be provided for those actions outstanding at the next meeting.

**4. Committee Terms of Reference**

- 4.1 US noted some minor changes to the terms of reference and that a wider review of the Board sub-committees and membership of the Board was underway. EvdL indicated that AH would be leaving the committee to join and Chair F&R committee and Pamela Greener would leave F&R to join Audit committee, bringing auditing experience with her.
- 4.2 US noted that her proposal surrounding the committee restructure had been submitted to the Chair and VC, and then to Committee Chairs and the Board in July. Following this all relevant actions would be taken forward.

**5. Meeting dates**

- 5.1 The meeting dates for 2019/20 were noted and approved.  
**ACTION** it was agreed that the February meeting would be moved forward by a week to early March.

**6. Risk assurance and review**

6.1 US outlined the governance arrangements for risk assurance, both at executive committee and Board level. SA noted that SMT also consider any implications for risk at each meeting. EvDL welcomed the report.

6.2 Recent changes and updates to the register were noted, the most significant being financial sustainability due to the recent Augar report. SA provided an update and noted that this would be his focus going forward. Scenarios had been modelled, costs would be controlled more effectively, and income would be closely monitored including continuing to drive student recruitment.

6.3 Cost savings would be a key driver and would be made over a period so that when a change in fees takes effect, the University would be in a stronger position.

6.4 SA noted the Tribal data on staffing provision will also be considered and the review will be undertaken again.

6.5 A transformational group was also due to be set up to take a holistic view of how the University might work more effectively and efficiently.

6.6 It was noted that there might be some efficiency savings through better use of the Estates although there were also likely to be costs for estates development.

6.7 Retention was queried, and US noted the timings for reporting data on this as advised by IL. RW indicated that Senate are likely to receive a report suggesting retention has improved on the previous year.

6.8 RW provided an update regarding the Student Engagement Officer role and the many ways in which student engagement and experience is managed, including the 'chat back' facility and the ability for students to feedback immediately following lectures.

6.9 AH queried the timing for the risk review as there appeared to be quite a big gap between the last SMT review and this Audit meeting.

**ACTION** US agreed to review this to ensure optimal timings and that the register remains up-to-date at all times.

## **7. Managing Risk in HE (PwC publication)**

7.1 AC noted that the report was collated from and provided to all PwC HE clients. Page five highlighted the top five risks in the sector and over a five-year period.

7.2 EvdL noted the reference to 'management capacity' as a key risk in the sector and queried how Marjon is managing this as a small University. RW noted that with a full SMT now, there was generally sufficient capacity.

7.3 RW noted that out of the top five risks in the sector, only two represented a significant risk to Marjon.

## **8. To receive and consider the Audit Plan from the External Auditors**

8.1 TL noted that the purpose of the audit plan was to provide an overview of the scope of the external audit and highlight the key areas of risk identified.

8.2 TL noted how materiality was determined, based on a percentage of income. The key areas of risk were management override and revenue recognition – which are standard across all audits.

8.3 TL noted that an analytics tool will be used to identify any 'outliers' within the accounting system and noted that the biggest risk surrounding revenue is fraud, which will also be tested.

8.4 The DbS and Chartwells VAT issue identified previously was noted and the revised agreements in place will also be reviewed to ensure there is no longer any risk surrounding this.

The previous year's accounts would be restated, and this would be addressed in the current year as well.

8.5 AH queried whether there were any other relationships similar to Chartwells and DbS. SA and TL noted that anything similar had been reviewed and it was felt this was the only remaining relationship of this kind.

8.6 TL noted that pension assumptions would also be audited as this represents an area of risk and systems and controls will both be examined.

8.7 TL outlined who will make up the external audit team and provided some detail on their background and experience as well as the timetable to ensure the work is undertaken as early as possible. An Audit completion date was yet to be set.

8.8 The external audit fee was noted as well, and this would be a lesser amount than the previous year.

8.9 TL noted issues surrounding ethics, objectivity and independence with no risks identified here. The related parties interest forms would need to be completed as well to ensure transparency.

## **9. Financial Regulations**

9.1 SA noted that the regulations had been updated, as required annually, for approval and onward recommendation to the Board.

9.2 SA indicated his plan to review and revise the Financial Regulations more thoroughly for the following year. This would consist of a separation of the strategic level regulations and the operational processes. A scheme of delegation would also be drafted to outline where responsibility is held. An audit of this would be valuable in future to ensure compliance with the new regulations.

9.3 The committee approved the changes to the Financial Regulations.

## **10. Internal Audit Reports**

### **a) Student Data Controls**

10.1 AC noted the three key issues identified from the audit, all resulting in a low risk classification. Communication between the Information and Planning team and Quality team had since improved. Stephen Plant, Registrar, had indicated that any errors in data would be reconciled to the final HESA return.

10.2 Data return processes were also noted as requiring a written process rather than relying on staff knowledge.

10.3 Finally reliance on third party data would be addressed and Stephen Plant had agreed action points for each recommendation.

## **11. Outstanding Audit Recommendations**

11.1 US asked the committee to approve the removal of the two recommendations considered complete. These would return to the committee if PwC felt more was required as part of the follow up report.

11.2 RW provided an update regarding the Sports Centre recommendations. The Director of Sport had since retired, and the wider staffing provision would be reviewed and addressed going forward. Michelle Jones, DVC, would review the Sports Centre strategy and processes and consider wider provision for addressing 'wellbeing' as well as the health clinics.

11.3 The financial management undertaken at the Sports Centre would also be reviewed by SA.

11.4 EvdL noted that GP practices were now being funded for 'social prescribers' and this could represent an opportunity for Marjon.

**ACTION** EvdL agreed to send information to RW to explore.

11.5 JS also noted further opportunities for student employment could be identified as part of a wider review of the Sports Centre provision of health, wellbeing, clinics and physiotherapy for example. A recent meeting with the City Council also highlighted some opportunities for development.

11.6 Although plans for the Sports Centre in future were outlined, AH queried whether the differences identified in revenue reconciliation have since been resolved.

**ACTION** US agreed to ascertain this and update the committee.

11.7 The recommendation surrounding the sports centre health and safety risks, were discussed and it was noted that this *does* represent a wider corporate risk and should be considered as part of the institutional risk register.

## **12. Internal Audit Plan 2019/20 and progress report**

12.1 AC noted that the audit of key financial controls had been discussed with SA and some further input would be valuable. SA noted that a review of the wider financial systems would be helpful and in terms of compliance, this would need to be undertaken.

12.2 It was noted that the key financial controls had been postponed and the audit plan had resulted in several reports being due in the autumn due to various issues in year. It was agreed that in future, audits would be spread across the year instead.

12.3 **ACTION** US to prepare for a longer meeting in November to accommodate the additional audit reports expected.

12.4 SA provided some suggestions for the 5-year audit plan. It was further suggested that cyber security could be reviewed in 2019/20 and the marketing review delayed since 2015/16 would therefore be required in 2019/20.

12.5 **ACTION** US to submit the 5-year audit plan to SMT to review annually in future.

## **13. Draft ToR for DbS Audit**

13.1 AC noted there had been some difficulty in scoping the Terms of Reference for this.

It had since been agreed that the initial review would be undertaken in September and October and would focus on the alignment of student experience policies and procedures. This would be followed up in the following year to ensure accountability of outcomes. The committee noted the review should also focus on student experience and the University values.

13.2 **ACTION** The right to audit and consent to audit was discussed and it was agreed this should be in writing including details for audit arrangements. US to liaise with IL and respond to AC.

13.3 The timing for the audit was discussed and it was noted that the follow up audit will be particularly valuable.

**14. AoB**

- 14.1 EvdL thanked AH for his time on the committee and contribution as he would be leaving to join Finance & Resources.

**Action Log**

<b>Minute</b>	<b>Action</b>	<b>Owner</b>	<b>Deadline</b>
5.1	It was agreed that the February meeting would be moved forward by a week to early March.	US	September 2019
6.9	US agreed to review the timing for the risk review to ensure optimal timings and that the register remains up-to-date at all times.	US	September 2019
11.4	EvdL noted that GP practices are being funded for social prescribers and this could represent an opportunity. EvdL to send information to RW to explore.	EvdL	September 2019
11.6	Although plans for the Sports Centre in future were outlined, AH queried whether the differences identified in revenue reconciliation have since been resolved. US agreed to ascertain this and circulate to the committee.	US	Next meeting
12.3	US to prepare for a longer meeting in November.	US	November meeting
12.5	US to submit the audit plan to SMT to review annually in future.	US	Next SMT
13.2	The right to audit and consent to audit was discussed and it was agreed this should be in writing including details for audit arrangements. US to liaise with IL and respond to AC.	US	Summer 2019

**Ongoing from previous meeting**

<b>Minute</b>	<b>Action</b>	<b>Owner</b>	<b>Deadline</b>
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. To be submitted to the Board following the completion of the PwC DbS Audit	RW / IL / SP /KW	Future Audit and Board meeting