

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 29 November 2021 arising from the meeting of the Committee held on 23 September 2021

1. The Deputy Vice-Chancellor presented an executive overview report from the Vice-Chancellor on a wide range of matters, with particular focus on strong undergraduate student recruitment for the new academic year and the vaccination status of incoming/returning students. It was noted that the positive student recruitment position combined with a confluence of other factors had created a situation in which 250 students had been left without accommodation at the start of Autumn Term 2021. A range of measures had been taken to address this situation, which had consumed a considerable amount of management time and effort. The situation was however only expected to prevail during the first term and would not be repeated in 2022/23 due to the availability of new Colleges on Campus East. A wider 'lessons learned' analysis would also be undertaken and as regards improving risk management/mitigation practices around matching student accommodation to entry numbers in future years, efforts would continue to be made to understand the likely effect of different factors (which in the current year had additionally included overshoots in some subjects caused by higher pupil performance under Teacher Assessed Grades). As regards the University's recent fall of 36 places in the *THE World University* rankings, this was in part a function of higher levels of government investment in higher education in certain overseas countries combined with a stronger weighting in this particular league table towards perceptions, reputation and research citations; the University was mindful of the trend and continued to seek to improve its performance through optimised data provision in areas such as research citations.

The Committee considered an update on implementation of the agreed actions arising from its effectiveness review, noting that the Halpin consultancy's report on University Council Governance Effectiveness (July 2021) had reinforced a shared internal commitment to delineate more clearly between the roles of the Audit & Risk and Finance Committees as expressed in their respective terms of reference; this would be taken forward alongside Finance Committee's consideration of a separate report on its effectiveness. As regards possible topics for future briefings/member development, the Committee expressed an interest in how the University would respond to the government's new Higher Education (Freedom of Speech) 2021 Bill which was currently passing through the committee stage in parliament and, linked to this, management processes for reputation management more generally.

3. The Committee considered an update report in respect of risk management, welcoming the new clarity of reporting and evident progress which had been made since its last meeting. The Risk Manager reported that following initial work by a student intern to map current departmental risk registers to the corporate level, further work would be undertaken to refine the Assurance Map for presentation to the next meeting. It was also noted that following discussions with each identified Risk Owner, the current risk scores in the Corporate Risk Register (CRR) had been updated accordingly, with the only rising risk score relating to Health and Safety (although this reflected a more accurate application of the scoring guidance rather than an increase in the actual risk level). A considerable number of changes had also been made to update the overarching Risk Management Policy and further amendments would be made in due course to provide further details in respect of risk appetite and to capture aspects of PwC's recent advisory report on risk management. The Committee noted that the initial risk mapping exercises would be further refined to include gap analysis and inclusion of where specific risks were being considered within the governance structure. It also observed that in terms of risk/reward benefits, it was important to be able to distinguish between 'good' and 'bad' risks in order to set appropriate target risk scores; further consideration might also usefully be given to how to capture and present the timescale differences between short-term and longer term target risk scores. The Committee also advised that the introductory section of the updated

Risk Management Policy might usefully be re-worded to emphasise that some risks needed to be viewed as positive and beneficial in order to set the tone for the institutional risk management culture and to clarify that some risks represented opportunities rather than threats: separating out the areas where a higher degree of risk tolerance was acceptable remained a key task. **The Committee endorsed the updated Corporate Risk Register and Risk Management Policy for approval by Council at its meeting in November 2021.**

4. The Committee considered a management report in respect of the implementation of previously agreed internal audit recommendations, noting that the owners of agreed actions had provided positive feedback on PwC's audit action tracking tool ("TRACTION") which had been implemented across the University. It was noted that of the 28 actions reviewed, 26 were not yet due and 2 were overdue [REDACTED]; extensions to deadlines had been agreed and reported to UEB in a number of areas and action-owners had been actively encouraged to agree realistic deadlines with the auditors in order to reduce the number of extension requests going forward.
5. The Committee considered a progress report against the 2020/21 internal audit plan, noting that five reviews had been completed since the last meeting: Risk Management [REDACTED], Data Returns: Staff HESA Return [REDACTED], Faculty Health Checks [REDACTED], Sustainability/Climate Change [REDACTED] and Core Financial Controls: Student Loans Company [REDACTED]. The Committee considered each report individually (details in full minutes) and also noted a separate PwC report entitled *Student Mental Health and Wellbeing: Themes from Internal Audit*. Noting the importance of student mental health and wellbeing, the Committee decided to refer the PwC report to the Student Life Committee (SLC) and the Heads of Professional Services (HOPS) for further consideration.
6. Following consideration of the draft internal audit plan for 2021/22 at its previous meeting, the Committee approved the final version noting that it now been finalised with management to show the planned timescales for each review. The Committee was assured that the plan was re-visited regularly with management to ensure it remained responsive to any significant changes in the Corporate Risk Register (e.g. any new or emerging risks).
7. The Committee received a verbal progress report from the external auditors on the annual financial statements audit, noting that they were currently mid-way through the process and had no significant issues or concerns to report at the present time.

[REDACTED]

[REDACTED] As regards the current audit contracts, it was noted that following the last tendering process in 2018, the current internal audit contract ran until 31 July 2022 and could be extended for one further year if desired, while the current external audit contract ran until 31 July 2024. The Committee decided to ask UEB to submit a recommendation via the Finance Director to the next meeting regarding the internal contract and to ask the Finance Department to bring a report (with benchmarking data) to the next meeting regarding the external audit contract and associated matters [REDACTED]

9. On its Category II agenda the Committee received the following background papers for information: briefing note (July 2021) from the Chief Operating Officer in respect of investment in cyber-security; risk management report appendices in respect of academic risk mapping, professional services risk mapping and PwC risk sub-categories mapping; minutes of the meeting of the Risk Review Group held on 18 August 2021.

September 2021

DAVID WATSON
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 29 November 2021 arising from the meeting of the Committee held on 11 November 2021

1. The Deputy Vice-Chancellor presented an executive overview report from the Vice-Chancellor on a wide range of matters, including the current rates of Covid infection/vaccination among the University community and the recent internal launch of the new University Strategy 2030. As regards the recent vote in favour of industrial action and action short of a strike (ASOS) by the local branch of UCU on matters relating to the USS pension scheme and pay and conditions, the executive was currently considering its response, with the overruling intention being to mitigate any adverse impact that the action might have on the education of students who had already experienced significant disruption to their education over the last 18 months. On the matter of student wellbeing more generally in the context of recent media reports of drink spiking in some parts of the country and also the Sarah Everard murder case, it was agreed that the Committee should in due course receive a further update from the Academic Registrar on campus safety initiatives.
2. The Committee considered an update on the review of its formal Terms of Reference (ToR) as part of its ongoing effectiveness review. Noting that a final version would be submitted to the next meeting following the Finance Committee's consideration of its new ToR (to ensure coherent dovetailing of the two sets), the Committee generally endorsed the proposed draft ToR. As a general point it was agreed that the Committee's role related more to the monitoring of process and controls rather than the actual substance of matters such as sustainability, data quality, fraud/whistleblowing etc. The specific ToR relating to the Committee's role in the event of institutional merger/dissolution was noted as being consistent with the current CUC Audit Code for all audit committees in higher education (but now adopted the term 'market exit' as used by the OFS and DfE in the context of the regulatory requirement for institutions to have a Student Protection Plan in place). Noting the omissions that would be corrected in the document's attendance listing regarding the roles of Group Financial Controller and Risk Manager, the Committee supported the Treasurer's view based on his own experience that it might be valuable for Finance Committee members to be invited to 'drop in' on certain ARC meetings if they wished (e.g. at the meeting in May at which the external audit strategy was presented for approval). The Committee thanked the University Secretary in his absence for his work to develop the new ToR in parallel with those of Finance Committee, noting that its annual schedule of business would be updated once the new ToR had been approved.
3. The Committee considered an update on Risk Management (RM) developments including a new template for risk reporting (designed to highlight and quantify any execution/resourcing gaps in risk mitigation), recent updates to the Corporate Risk Register and further refinement of assurance mapping that linked to considerations of risk appetite. The ongoing implementation of recent internal audit guidance in respect of RM and the development of further staff training materials were also both noted. In discussion of risk appetite, and in particular the respective roles of the Committee and Council, the Director of Planning & Risk confirmed that further work in this area was required at UEB-level, especially as it related to the new University Strategy and the need to distinguish between short-term responses to risks (e.g. investment in cybersecurity) and longer term projects with different risk assessments (e.g. large-scale estates projects). In terms of future reporting to the Committee on RM, it was agreed that the level of detail could be much reduced to focus on one-page summaries of movements in the risk landscape as developed in the assurance mapping exercise. As regards the reported discrepancies between Departmental/Faculty risk registers, this was confirmed as relating simply to the manner in which risks had been articulated rather than assessed. In terms of 'deep dives' by UEB into specific risk areas, the Director of P&R confirmed that the first such exercise would be in relation to health and safety and would be scheduled by the time of the next ARC meeting in February 2022. The Committee welcomed these ongoing developments and commented on the considerable progress made over the last year in improving the oversight of risk at the top levels of both governance and management.

4. The Committee considered three final internal audit reports (International Student Experience [REDACTED]; Business Change [REDACTED] and Digital Readiness/[REDACTED]), noting that this represented completion of the 2020/21 internal audit plan. *[The comments and queries raised by the Committee in respect of these specific audit assignments are available in the full minutes of this meeting.]*

5. The Committee considered a progress report from the University's new IT Director (Tyrrell Basson) on progress to implement internal audit actions in respect of cyber-security [REDACTED]. Particular attention was drawn to certain current sector-wide issues relating to IT security [REDACTED]. Other points considered in discussion included: [REDACTED]; positive staff uptake of multi-factor authentication protocols; implementation of the SIEM (Security Information and Event Management) service; [REDACTED]. [REDACTED] collaborative work with other HEIs and sector bodies for 'lessons learned'; further planned professional penetration testing and simulated phishing exercises; [REDACTED]. Following its detailed and wide-ranging discussion with the Director, the Committee took significant assurance from his report and invited him to provide an update in 9-12 months on cyber-security and other broader aspects of IT risk (e.g. service provision, data governance etc).

6. The Committee considered the internal auditors' Annual Report for 2020/21, noting that the over-arching year-end opinion [REDACTED] was the same as the previous year and common to the majority of the auditors' client base. The auditors confirmed that with their annual schedule of work completed there was sufficient basis for the opinion and attention was drawn to the various input factors which had underpinned it [REDACTED]. Noting the direction of travel since 2018/19 in terms of the number/rating of audit findings, it was confirmed that in general the picture was positive in terms of the control environment at the University. In discussion it was noted that the University's position was broadly in line with the rest of the sector, with particular improvements seen in recent years as regards the maturity of its risk management framework. As regards the mapping of individual assignments to the areas of required assurance opinion (governance, risk management, control, value for money and data quality), the auditors confirmed that the number of audits delivered for each reflected sector norms.

7. The Committee considered the external auditors' draft year-end report 2020/21, noting that the key elements had been reported and noted in its previous joint meeting with the Finance Committee (*the separate report from this meeting refers*). In discussion of a specific audit recommendation relating to fixed asset accounting by means of a manual spreadsheet, the Finance Director and Group Financial Controller confirmed that the intention was in due course to move to utilisation of a fixed asset module within the Agresso finance system. As regards a prior-year recommendation regarding management review control in respect of pension estimates/liabilities and an observation from the Treasurer about the different assumptions used by different actuaries, the Finance Director confirmed that, while not ideal, this related to the different staff demographics and underlying sensitivities in the two schemes in operation at the University. The Group Financial Controller agreed to review the relevant note in the accounts on this matter.

8. The Committee considered the annual report from the Finance Department on the University's approach to the achievement of value for money (VFM), noting that it focused primarily on this matter from the institutional perspective rather than the student perspective, with the latter being more of a point of focus for the OfS. However, input had nevertheless been sought from the Pro-Vice-Chancellor (TLS) on assurances relating to the provision of VFM for students (e.g. in respect of the provision/delivery of high-quality courses). The assurances on the institutional side were drawn mainly from the following: integration of VFM considerations into routine processes (e.g. procurement); specific University-wide initiatives (e.g. the current strategic change programme); benchmarking against competitors to identify areas for improvement; and integration of VFM considerations into the internal audit plan. As regards the measurement and assessment of VFM, the Committee suggested that, while acknowledging the difficulties in this area and the need to avoid duplication with other aspects of institutional benchmarking, it could be useful to identify some appropriate quantitative and qualitative comparative metrics. The Finance Director and Group Financial Controller observed that the development of strategic and operational KPIs for the new University Strategy might provide a suitable opportunity to identify such measures. The auditors confirmed that there was no 'gold standard' in this area, with their university clients adopting various approaches, including use of existing

institutional KPIs and/or closer alignment to the more student-facing definition used by the sector regulator. The Committee asked the Finance Department to reflect on these observations about measurement and quantification when producing future annual VFM reports.

9. The Committee considered a draft of its own Annual Report to Council, noting that it had been entirely re-modelled in a more visual and engaging format as a slide deck, which had been agreed at the previous meeting as another action from its ongoing effectiveness review. In general the Committee warmly welcomed the new format and voiced appreciation for the manner in which a whole year's work had been so effectively condensed into a series of slides while also retaining appropriate reference to the specific areas of assurance it was required under the CUC Audit Code to provide annually to Council. Suggestions for further improvement related to the possibility of further reducing or condensing the report while highlighting more clearly for Council's attention the Committee's viewpoint on key issues and developments arising during the year. The Committee also supported the use of references to third-party assurance on specific areas (e.g. auditor views on risk management). A number of drafting points were agreed in relation to individual slides and the Committee delegated authority to the Chair and Secretary to produce an updated draft for final sign-off by members before submission to Council.
10. The Committee received the management report on the basis of the accounts preparation (going concern assumption) and also the draft Annual Report and Financial Statements for the year ended 31 July 2020, noting that these had been considered at its previous joint meeting with the Finance Committee at which it had been agreed to recommend the accounts to Council.
[Secretary's Note: The auditors left the meeting at this point.]
11. The Committee considered a recommendation from the Finance Department, supported by the University Executive Board, that the current internal audit provider, PwC, be re-appointed for one further year from 1 August 2022. [REDACTED]
[REDACTED] **the Committee resolved to recommend to Council that PwC be re-appointed as the University's internal auditors for one further year until 31 July 2023.**

[REDACTED]

13. [REDACTED]

November 2021

DAVID WATSON
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 2 March 2022 arising from the meeting of the Committee held on 18 February 2022

1. The Deputy Vice-Chancellor presented an executive overview report from the Vice-Chancellor on a wide range of matters, including: rates of Covid infection/vaccination; gradual transition of support staff back from home working to flexible/hybrid working; current UCU industrial action; UUK's short consultation on the UCU alternative proposal for the 2020 USS valuation (the institutional response to be considered by the Pensions Advisory Group for UDG approval on behalf of Council). An update was also provided on BioYorkshire and the University's championing of this initiative as part of the North Yorkshire Devolution Deal.
2. The Committee considered a revised draft of its new Terms of Reference (TOR), noting the minor amendments made in response to its comments at the previous meeting. The University Secretary confirmed that a separate meeting of relevant parties would be held to consider the new TOR together with those which had been developed for the Finance Committee in order to ensure suitable coherence and inter-connection between the remits of both committees (especially as regards their separate roles in considering the annual accounts). Once agreement had been reached, both sets of TOR would be submitted for Council approval via the newly established Constitution and Nominations Committee. The Committee endorsed the subsequent revisions subject to the proposed meeting and next steps subject to minor possible amendments to clarify executive responsibility in TOR 2b[vi]), possible movement of named Committee membership into a separate Annex (although the purpose of the template was to create consistency across committees) and clarifying the reference that the private annual meeting between the internal and external auditor was with the Committee members (in line with CUC HE Audit Committee Code of Practice). The Committee also considered an updated annual schedule of business mapped to the new TOR, noting that this could be extended to a three-year cycle and would be updated and mapped by the Committee Secretary for the next meeting to reflect further work and the Committee's sense of priority areas, noting that such areas would be addressed from a compliance and assurance perspective and not as strategy or policy progress reports. It was also agreed that the schedule of business should be sufficiently flexible to respond to any material changes that might arise in the University's corporate risk register.
3. The Committee considered an update on Risk Management (RM) developments including proposed changes following UEB review, including the new categorisation of risks as either 'strategic' or 'operational', and adjustments to corporate risk scoring between the actual and target risks as an attempt to reflect the mitigating controls in place [REDACTED] The Committee:
 - a. supported the distinction between strategic/operational risks as it initiated a link between the risks and the University strategy (noting that this enabled the Committee to retain visibility and monitoring beyond UEB of the full suite of risks, and would require recommended changes to the Risk Management Policy and Framework);
 - b. welcomed the reference to resourcing gaps, noting that it would potentially expect to see more resourcing gaps flagged for specific corporate risks;
 - c. deferred the requested approval of the revised corporate risk register as presented and agreed with the Deputy Vice-Chancellor, subject to UEB (advised by its RRG) reconsidering the proposed amendments in more detail, including a clear rationale and criteria for a scoring methodology which demonstrated how and when scores were influenced by mitigating controls. This would be brought back to the next meeting and discussed with the Chair prior to this.

The Committee also noted that its role was to seek assurance on Council's behalf as regards the adequacy of the risk management framework, which included understanding the proposal rationale for changes to the structure and profile of risks and their scoring. Council ultimately set risk appetite which would inform the proposed scoring of corporate risks by UEB as presented to ARC.

4. The Committee reported on the outcomes of an informal horizon-scanning exercise by ARC members which had been included on the agenda. During discussion the Committee agreed with the observations from the

Deputy Vice-Chancellor around ensuring a clear delineation between the different executive/non-executive roles in this area, recognising the Committee's constructive intention to share their insights on the areas identified. It was agreed that such considerations, which represented a perspective on the nature and content of potential institutional risk in its widest sense, may be more appropriate for Council discussion, given that risk appetite would ultimately be set at this level on the steer of UEB, and UEB could provide assurance on the measures it put in place to undertake horizon scanning, including in relation to the areas identified in the paper. The University Secretary would discuss this with the Chair of Council, and the Deputy Vice-Chancellor proposed that a response to the areas identified in the paper could be addressed in a future Vice-Chancellor's Report to provide the Committee with appropriate assurance, or alternatively via a short paper for the next meeting to clarify how UEB undertook horizon-scanning as part of its wider RM activities.

5. The University Secretary reported that institutional responses were currently being drafted ahead of a March 2022 submission deadline to three current OfS consultation in respect of: a proposed new approach to regulating student outcomes; the Teaching Excellence and Student Outcomes Framework (TEF); and constructing metrics for the student experience.
6. The Committee considered three final internal audit reports (Data Returns: Unistats; Planning, Budgeting and Financial Management; Core Financial Controls), all of which had been rated as Low Risk. The Committee noted the specific findings/recommendations in each report and the associated management response, welcoming the low risk outcomes. Two changes requested by management to the current year's internal audit plan were also approved and the outcome of follow-up on previous audit recommendations noted (35 open actions, 29 of which not yet due for completion). As regards the latter the Committee also received a separate management report confirming UEB approval for short deadline extension requests in respect of two cybersecurity actions and one planned extension request on a final action in respect of Research Data Governance (related to UEB's planned consideration of a new Information Governance Framework in March 2022).
7. The Committee considered the annual report on statutory data returns, noting that it was intended to inform the required opinion in its annual report to Council in respect of the quality of data submitted by the University to external bodies. Of the 500+ known statutory returns (101 mandatory), the Director of Planning & Risk drew particular attention to the higher risk returns (i.e. those with significant funding or reputational impact) and the internal quality assurance arrangements around these. Attention was also drawn to the planned establishment of a Data Management Board of UEB as part of the new Information Governance Framework (which would be subject to UEB approval when it considered this item at a future meeting), with reporting into the Board by the Statutory Returns Coordination Group which oversaw work in this area. ARC supported such a mechanism if it were to provide additional assurance to UEB and to ARC in relation to data quality governance. In response to a specific query about the student drop-out rate reported in the annual HESA Student Return, it was noted that this compared well to sector norms. [*Secretary's Note: The auditors left the meeting at this point.*]

[REDACTED]

9. [REDACTED]



February 2022

DAVID WATSON
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 26 May 2022 arising from the meeting of the Committee held on 12 May 2022

1. The Committee welcomed new KPMG external auditors [REDACTED] to their first meeting. It also noted that as agreed at its meeting in November, members of Finance Committee had been invited to drop in for items relating to the annual accounts (in attendance from Finance Committee: the Chair of Council and Treasurer).
2. The Deputy Vice-Chancellor presented an overview report on a wide range of matters including: the current Ukrainian crisis; removal of Covid restrictions; UCU industrial action; HE policy issues; THE Impact Rankings; cyber update; executive approach to horizon scanning. A verbal update was also provided on the REF 2021 outcome which had been published the previous day and the Committee congratulated the University for the improvement in its ranking (relative to REF 2014) across the three key measures of outputs, impact and environment, and in particular for its =10th position by GPA ranking. In discussion of the comment in the overview report that the University now received less income for home undergraduate teaching than the cost of delivery (due to the capped tuition fee and effect of inflation), it was noted that Finance Committee would be reviewing the University's five-year financial plan and budget ahead of their submission to Council.
3. The Committee received for information the final version of its new Terms of Reference (TOR) as approved by the Constitution & Nominations Committee on behalf of Council and offered its thanks to the University Secretary for his work on this matter over the last year. In response to a query about new TOR for the Subsidiaries Management Group, it was reported that these had recently been approved by UEB with one proposed addition related to target-setting.
4. The Committee considered draft annual schedules of business for the next three academic years 2022/23 – 2024/25. It was agreed that the schedules should incorporate reference to the annual internal audit (IA) plans, the corporate risk register (CRR) and any relevant University reviews (e.g. 'deep dives' by management into specific risks), as well as being sufficiently flexible to accommodate ad hoc consideration of any unexpected issues that might arise.
5. The Committee considered the financial statements plan and associated accounting policies, noting that Finance Committee would review at its next meeting the Going Concern assumption [REDACTED]. [REDACTED] It noted that the main accounting issues related to the University and USS pension schemes as both had finalised their valuations during the year. [REDACTED]. [REDACTED] As regards the differences in figures and actuarial assumptions relating to the two schemes, it was agreed that it would be helpful to include some additional narrative in the notes to the accounts to clarify the reasons for these differences. It was noted that this narrative and the associated financial assumptions would be subject to review by KPMG's actuarial specialists as part of the routine year-end audit process.
6. The Committee considered an update on Risk Management (RM) developments including activities since the last meeting to update the CRR and the outcome from the first 'deep dive' into a specific risk area (Health and Safety). The Director of Planning & Risk drew specific attention to the new categorisation of risk responses as 'treat', 'tolerate' or 'transfer/tolerate' and also the graphs showing how target risk scores had moved (or not) over time, which had prompted fresh thinking about the efficacy and appropriateness of the associated mitigating actions. It was reported that the first 'deep dive' had provided a number of learning points for future meetings of this sort, which would initially be organised on a six-monthly basis. In discussion it was noted that further work was required with Risk Owners to clarify the difference between execution and resourcing gaps and also to unpack in narrative terms some of the elements of the new single 'Estates Plan Risk' as it contained such a wide range of different elements. It was also acknowledged that some of these elements could move up and others down in terms of their risk assessment, leading to an overall static position. The Committee also noted that both UEB and RRG considered more detailed reporting in respect of each risk than the headline overview it received. In response to specific queries it was reported that further

consideration was currently being given to the question of risk appetite and when this would next be presented to Council, and how the assurance mapping process might include sources of external assurance beyond that provided by internal and external audit. The Deputy Vice-Chancellor also reported on specific current risks to international student recruitment arising from the Ukrainian crisis (including in respect of international air travel between the UK and China) and on the support currently being provided to the relatively low number of Ukrainian and Russian staff and students at the University. It was noted that in risk management terms the current conflict would have an inevitable effect on the geopolitical context for international higher education and student/staff mobility. As regards potential reputational risks arising from institutional research collaborations with Russia, it was reported that none were known to exist at York and that the area was highly regulated by government through special export licences. The Department for Business, Energy and Industrial Strategy had also established a new unit to assist universities in reviewing their overseas research partnerships. In conclusion the Committee welcomed the ongoing RM progress, in particular the fact that it was now more firmly embedded as routine management activity. Next steps would include further training delivery to Risk Owners and wider engagement with academic and support departments.

The Interim Director of Health & Safety joined the meeting to present the annual Health & Safety Report for Council, noting that her initial impression as a new member of staff (to replace the previous long-serving H&S Director who had retired in March 2022) was of a need to improve reporting to management through an improved dashboard of relevant H&S data. Consideration of more meaningful data would also allow the University to adopt a more proactive approach to H&S management, especially as regards follow-up by Heads of Departments to close off identified audit actions. In response to a query about compliance and assurance around fire safety arrangements in externally provided student residences, the Chief Operating Officer (COO) agreed to follow up on this matter to confirm that appropriate due diligence was in place through relevant contracts and memoranda of understanding. Other areas of current focus identified by the Interim Director included piloting of a new framework for handling hazardous substances and improving the benchmarking of University H&S performance against sector data, with appropriate onwards reporting to UEB as necessary.

presented the external audit strategy for the current year's financial statements. No major changes in approach were reported although it was noted that materiality levels had returned to the pre-Covid level

As noted through the Chair's Action minutes, University subsidiary companies would be audited separately by the firm Azets who would liaise with KPMG on consolidation. It was also noted that KPMG pension specialists would be used to test assumptions around pensions and that the remaining audit risks were as in previous years (revenue recognition, management override of controls, going concern). As the owners of their accounts, the individual boards of the subsidiary companies would consider their financial statements and the Azets audit partner would be invited to attend the joint Audit & Risk/Finance Committees meeting at which they were considered as part of the consolidated group accounts.

9. The Committee noted the internal audit progress report and the four individual reviews which would come to the next meeting in July. It also approved proposed changes to the annual plan in respect of the focus and reporting schedule for the Governance and Business Change reviews. The Committee welcomed the fact that new action-tracking processes were functioning well in collaboration with management, no extension requests had been submitted and there were no overdue actions. The auditors confirmed that they had no specific issues or concerns they wished to raise at the present time as regards their overarching year-end audit opinion.
10. The Committee considered the internal audit plan for the following 2022/23 academic year, noting that it represented the second year of the three-year plan approved by the Committee the previous year. It was noted that the plan would be further refined with management for re-submission to the next meeting for formal approval. The mapping of the plan against University objectives and risks was also noted.

In terms of the total audit days (220), the auditors confirmed that this was sufficient for provision of a robust year-end opinion and accorded with the benchmarking provided by BUFDG. The Finance Director also observed that this level of coverage had been agreed as part of the original tender for IA services and was deemed appropriate by management in the context of the current risk environment.

As requested by the Chair, the internal auditors also agreed to reference any external sources of assurance or benchmarking which they employed in their work (e.g. from the QAA or other sector bodies) and to align their plan with management activities such as 'deep dives' into specific risks.

[Secretary's Note: The auditors left the meeting at this point.]



May 2022

DAVID WATSON
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 27 July 2022 arising from the meeting of the Committee held on 14 July 2022

1. The Deputy Vice-Chancellor (DVC) presented the Vice-Chancellor's (VC) overview report. Particular attention was drawn to the current student recruitment situation for the next academic year [REDACTED] and the recently announced positive National Student Survey 2022 (NSS) results. The Committee noted the University's fall of 11 places in the QS World University Rankings to 162nd and the DVC and Director of Planning & Risk reported on a range of measures agreed by UEB to improve this ranking, with particular focus on citation and reputation metrics. [REDACTED]

2. The Committee approved the minutes from its previous meeting and noted its updated action-log and annual schedule for 2022/23. It was agreed that the proposed periodic assurance report on cyber-security should be sequenced in line with follow-up reporting from PwC on this area and that the scheduling of the Annual Health and Safety report should be amended to November to re-set a 01 August-31 July reporting period, in line with many other assurance reports/returns.
3. The Committee considered an update on Risk Management developments including activities since the last meeting to update the Corporate Risk Register. The DPR drew specific attention to the four risks assigned to the 'Treat' category [REDACTED] and also the intention to bring to a future UEB think-tank session a revised approach to the definition of risk appetite (based on target risk scores) as well as a methodology for prioritising risks. Other developments included consideration of 'compliance' risks, planning for the next deep dive (into the Research/KE risk), roll-out of a revised Professional Support Services (PSS) risk register and empowering the Risk Review Group to undertake more detailed scrutiny on behalf of UEB. The Committee agreed that the 'Tolerate' designation for certain resourcing gaps should not prevent ongoing actions to close execution gaps and noted that there were many overlapping aspects of the Research/KE risk (e.g. income, reputation, league tables etc). [REDACTED]

[REDACTED] On compliance risks and in response to the Committee's suggestion that it could be beneficial to establish a central register of all University policies, it was reported that this was under consideration by the Chief Operating Officer and for discussion with the University Secretary. A policy register and framework was required and would be a major co-ordination project spanning PSS directorates. As regards a query on investment in environmental sustainability, the DVC reported that rather than having a specific budgetary line for this, the Capital, Enterprise Systems and Infrastructure Strategy (CESIS) Board was reviewing all investment bids through a sustainability lens to ensure they met University aspirations in this area. Work was also ongoing through the Directorate of Technology, Estates and Facilities (DTEF) to gain a clearer understanding of the likely investment need going forward. The Committee noted the greater delegation of authority from UEB to RRG.

4. The HR Director attended the meeting to present the revised Speak Up (Whistleblowing) Policy and Procedure which had been updated in response to a recommendation arising from an audit by UKRI in 2021. It was noted that since the last policy review (2015) only one case had been handled under the Policy with a small number of other submissions re-routed to the Grievance Procedure as the more appropriate policy. In response to a query about policy awareness and communication, the Director confirmed that a multi-faceted communication plan was ready to launch including making use of induction processes for new staff and reminders for longer serving staff. It was noted that certain other sectors (e.g. the NHS) employed Freedom

to Speak Up Guardians or Champions, which had helped to surface wider organisational issues and promote the sharing of best practice. As regards reporting cases to Council, it was agreed that the wording around this aspect might usefully be clarified to ensure that both ARC and Council were appropriately informed. Other textual enhancements proposed by the Committee included: clarification of the 'Designated Officer' role; consideration of whether the ARC Chair also needed to be informed of any concerns related to the Vice-Chancellor if the Chair of Council was involved; clarification of responsibility for record keeping; and stronger wording around the confidentiality required of those participating in investigations. It was also noted that having such a policy related to protection for workers/employees and as such it did not apply to students who had recourse to other channels such as the formal complaints process for students and referral to agencies such as the OfS and the Office of the Independent Adjudicator (OIA). **Subject to the comments it had raised, the Committee resolved to endorse the Policy for onwards submission to the University Council for approval.**

5. [REDACTED]
6. The Committee considered an internal audit report on Student Recruitment/Strategic Investment Bid [REDACTED] noting that no fundamental control issues had been identified. The internal auditors drew attention to the specific findings in respect of: monitoring of risks, identification of benefits (financial and non-financial), measuring success of students recruited from new target markets, internal data analytics/modelling and record-keeping by the SIF Strategy Committee. The Director of External Relations (Joan Concannon) confirmed that since 2019 the SIF investment had successfully helped to grow and diversify the international student population and was currently ahead of its original business plan. It was noted that all PwC's recommendations had been accepted, with the new admissions services commissioned from QS Enrolment Solutions (QSES) providing real-time intelligence to track applicant behaviour from enquiry to enrolment. The University would also take guidance from PwC on sector best practice as regards use of enhanced data analytics in this area.
7. As regards the delayed finalisation and UEB consideration of three internal audit reports which were consequently deferred until the next meeting in September, the Committee was assured by PwC and the Finance Director that actions were in train to improve the scheduling of such reports through the governance and management structures in a more timely manner to prevent an accumulation of reports at the year-end/start of the next year. The Committee noted progress on reviews where draft reports had been issued for management response or the fieldwork was complete/in progress. [REDACTED]
The Committee resolved to approve the recommendation that no specific governance review would be undertaken during the current year's plan as there was sufficient coverage of governance within other reviews to support the annual internal audit opinion. In turn, a range of other sources of assurances existed for ARC's purpose, such as the outcomes of governance effectiveness exercises (i.e. Council, ARC, Finance Committee, Senate).
8. Following consideration of a draft at the previous meeting, the Committee considered the final Internal Audit Plan for 2022/23. The internal auditors reported that further refinements would be made around mapping to sector-wide risks, UEB sponsors and the proposed reporting schedule. As regards PwC's annual report on the HE sector risk profile, this had recently been published and would be provided to colleagues in Risk Management for mapping against the University's own profile. Although the scoring might differ, there were a number of areas of overlap between the University and the wider sector in risk areas [REDACTED]. The internal auditors also reported that they had achieved their risk-assessed audit frequency for different areas (e.g. annual, every three years etc) in recent years, but would confirm this formally at the next meeting. **The Committee resolved to approve the Internal Audit Plan for 2022/23.**
9. [REDACTED]
10. The Committee received a verbal report from the University Secretary on OfS regulatory matters including: current work to update and re-submit the University's Access and Participation Plan; [REDACTED]

[Redacted]
[Redacted]
[Redacted] . [*Secretary's Note: The auditors left the meeting at this point.*]

12. July 2022

DAVID WATSON
Chair, Audit and Risk Committee