
Meeting: **AUDIT AND RISK ASSURANCE COMMITTEE**

Date and time: **Tuesday 22 January 2019 at 11 am**

Venue: **4 West 3.25**

Present: Mr T Ford (Chair)
Mrs C Moar Lay member of Council
Mr S O'Donoghue Appointed Member

Dr M Ellis, Partner, PwC, attended the meeting by invitation
Professor Peter Lambert, PVC Learning and Teaching, and Mr Anthony
Payne, Director of Student Services, attended to give a presentation on
Student Wellbeing and Mental Health.

In attendance: Professor B Morley * Deputy Vice-Chancellor
Mr M Williams Director of Finance
Mr S Fenne Deputy Director of Finance
Dr N J Kemp * Director of Policy and Planning
Mr T Stanton Head of Internal Audit
Ms M C Henderson Secretary

Apologies: Mrs C Gibbons Lay member of Council
Mr P Troughton Lay member of Council

* Professor Morley was present for the business recorded in Minutes
1471 to 1480

* Dr N J Kemp was present for the business recorded in Minutes 1471
to 1474

ACTION

1471 CHAIR'S OPENING COMMENTS

The Chair welcomed Mr Steve O'Donoghue to his first meeting.
Mr O'Donoghue introduced himself to the Committee, reporting that
he is Director of Finance for the Wales Audit Office and has many
years of experience in finance roles promoting good use of public
funds to improve public services and ensuring control and risk
management frameworks.

The Chair reported that a second Appointed Member, Mr Alexander
Bayliss, had also been confirmed by Nominations Committee.

1472 DECLARATIONS OF INTEREST

No declarations of interest were advised.

1473 RISK PRESENTATION

Professor Peter Lambert, PVC Learning and Teaching, and Mr Anthony Payne, Director of Student Services, were welcomed.

Professor Lambert introduced the presentation noting that the approach to managing student wellbeing and mental health had to respond to significant challenges. The demand for mental health services had increased five-fold in the last ten years, and at the University some 30 – 40% of students had identified mental health problems with three suicides in the past five years.

The UUK had introduced a framework for universities to help improve student mental health and the University's Students' Union had made it one of their Top Ten priorities. The number of student requests for mental health support had reached 1,400 in 2017/18 and the response to this increasing demand had been to make student wellbeing and mental health a strategic priority since September 2018. The risks not fully captured in the Risk Register included reputational risk, compliance risks (eg duty of care), retention, performance and satisfaction risks. The approach taken had focussed on prevention including early intervention, resilience and wellbeing.

Mr Anthony Payne then outlined how the approach adopted was intended to address issues arising from mental health concerns. He reported that it encompassed students, staff and those who might be a member of the two groups. In terms of the student population, the Student Services team endeavoured to support students' primary objective of studying successfully and happily at the University and to this end worked with academic and professional services staff. An advice line had been set up for staff, the 4321 line, to offer advice and support in dealing with cases. The introduction of the Wellbeing Service was able to ensure that there was always support (7 days a week, 365 days a year) for students who required mental health first aid and early assessment.

Further to questions, it was noted that:

- The University had not adopted the 'opt out' system for parental contact and preferred instead to use an 'opt in' approach. The consent of students and timing of parental involvement were carefully managed to ensure optimal support and effectiveness. The concerns of parents were always acted upon and calls through the 4321 service were actioned and escalated upwards as appropriate.
- The Security Office worked alongside the Student Services Team to offer support to students.

- The University had seen an increased number of students with existing conditions needing continued support in order to succeed in their programmes of study. Additionally, the high academic aspirations of some students risked focussing their development too narrowly around achieving academic success without the necessary life skills. To meet the needs of these and all students, the University's emphasis had been on helping students develop the resilience skills that would enable them to manage any difficult experiences. The curriculum transformation project had provided the opportunity to embed resilience skills into the first year of University life. Employers welcomed such skills.
- The de-stigmatisation of mental health and disability issues was noted to be very important. The introduction of more inclusive assessment arrangements which would avoid the need for declarations of disability would be helpful.
- The pressure to provide reactive services should not be allowed to impact preventative and early intervention work which was essential to managing the wellbeing of the student community cost effectively.

Professor Lambert and Mr Payne were thanked for their presentation.

1474 RISK MANAGEMENT PROGRESS REPORT

The Committee received the Risk Management Progress Report (Paper A18/19 - 029) and an update from the Director of Policy and Planning on the strategic and operational risks being managed by the University Executive Board.

Dr Kemp reminded the Committee that the University Strategy 2016 to 2021 had informed the development of the Risk Register and that the University Executive Board reviewed all key strategic risks before every Council meeting. The Board had again since the November Council meeting reviewed the Risk Register and Risk Management Plan for 2018/19 as well as the University's key operational risks. The operational risks had been classified according to whether impact would be short, medium or long term. No changes to any of the net risks relating to key strategic risks were proposed.

The wording of the operational risks within the Risk Management Progress Report to Council had been reviewed to capture the aspects of the risk that could be controlled by the University. The strategic risks in the Risk Register were still a combination of risks that could be controlled by the University and risks that were conditional upon external factors that could not be influenced by the University. This would be addressed when the Risk Register was next reviewed. It was anticipated that the new Vice-Chancellor would wish to review the University Strategy which might impact the articulation of risk areas.

In response to a question on net risk, the Director of Policy and Planning clarified that this related to the University's current position. In order to establish a target risk, the risk appetite of the University needed to be clear. Whilst the Risk Management Strategy noted that the University was not intrinsically risk averse, the institutional appetite for risk ranged from compliance where risk tolerance was zero / very limited to commercial or research investment opportunities where the institutional risk appetite was significantly greater.

Dr Kemp reported that new information on operational risk was under development and noted the suggestion that a heat map was an effective way of showing significant risk areas. However, heat maps did not sufficiently convey the risk term whether of short, medium or longer term impact. Tracking the emergence of new risks was acknowledged to be helpful in identifying trends and potential new areas to monitor.

The Committee:

- (1) APPROVED the new assessment of the likelihood and impact of the key strategic risks to the University
- (2) AGREED that a covering report should be appended to the Risk Management Progress Report for Council.

Dr Kemp was thanked for her report.

1475 MINUTES OF PREVIOUS MEETING

The minutes of the meetings held on 3 October and 13 November 2018 (Papers A18/19-030 and 031) were approved as a correct record and signed by the Chair.

1476 MATTERS ARISING

- (1) Minute 1440, MA: Three Year Audit Strategy 2018-21 and Annual Audit Plan

The Head of Internal Audit reported that in the current year the Department would have the right expertise to audit IAAPS and the IoC but this would be kept under review.

- (2) Minute 1452, General Observations

The Director of Finance reported that a post-investment appraisal of projects was being developed giving responsibility to the University Executive Board and the Finance Committee for review. It was agreed that the framework for the post-investment appraisal should come to the Committee for consideration.

DoF

- (3) Minute 1461, Halpin Report Recommendations

The Committee noted that Council had approved amendments to its Terms of Reference at the meeting of 29 November 2018.

The Committee received an expanded version of the RemCo report from Professor Gilbertson (Paper A 18/19 – 023).

- (4) Minute 1462, Financial Statements of the University of Bath and External Auditor's Management Report 2017/18

The Committee noted that Council had approved at its meeting of 29 November 2018 the Financial Statements of the University (Minute 6964).

- (5) Minute 1467, Annual Reports of the Audit Committee and Internal Audit Annual

The Committee noted that Council had approved at its meeting of 29 November 2018 the Annual Reports of the Audit Committee and Internal Audit. The Financial Statements, Annual Report of the Audit Committee and Annual Report of the Audit Department formed part of the Annual Accountability Return to the Office for Students (OfS) (Minute 6964).

1477 STATUS REPORT ON AUDIT POINTS

The Committee received an open audit points status summary as at January 2019 (Paper A18/19 - 033).

The Head of Internal Audit reported that there had been good progress with addressing open audit points and in particular with regard to cyber-security and student mental health. The presentation earlier in the meeting had reinforced progress in this area. It was noted that the University's commitment to health and wellbeing encompassed both students and staff and the University Health and Wellbeing Steering Group included Trades Union representation.

Mr Stanton noted that concern remained around appropriate ethics approval for more complex research projects and, where issues were identified, escalation upwards through a formal review and approvals process.

It was reported that another of the outstanding actions related to the ahs (accommodation and hospitality services) implementing a revised stock management system. The Director of Finance provided an update that the business case had been approved for a new system to help manage menu control specifically. It had not been considered beneficial for an additional P2P (purchase to pay) system as the University already had one in place.

1478 STATUS REPORT ON INTERNAL AUDITS

The Committee received a report on the progress of audits included in the 2018/19 programme (Paper A18/19 - 034).

1479 **INTERNAL AUDIT REPORT 05-2017/18: GDPR IMPLEMENTATION**

The Committee received Internal Audit Report 05-2018/19: GDPR Implementation (Paper A18/19 - 035). It was noted that the University's arrangements for managing the risks related to the implementation of GDPR were reasonably effective. The University had been cognisant of the Information Commissioner's Office requirements. The task of raising awareness and ensuring appropriate training was ongoing and some issues related to data retention guidelines and information stored on digital systems remained to be resolved.

The Committee considered that the University should be vigilant for any data incidents arising within the Sector against which it could check its own systems and procedures. The Head of Internal Audit was asked to bring a review of the first year of GDPR operation to the Committee towards the end of 2019.

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1480 **INTERNAL AUDIT REPORT 15-2017/18: PURCHASING AND EXPENSES**

The Committee received Internal Audit Report 15-2017/18: Purchasing and Expenses (Paper A18/19 - 036).

It was noted that the University's arrangements for managing the risks related to purchasing and expenses were reasonably effective. The use of Computer Aided Audit Techniques (CAATs) was commended (and it was commented that looking across the population is likely to raise more exceptions). However, the Committee expressed concern over the number of issues requiring action in particular duplicate suppliers, inconsistency in evaluating suppliers, missing purchase orders, use of single action waiver processes and the need to review expenses guidance which could give rise to behaviours and actions that were concerning.

The Committee noted that a follow on report to the Committee would be helpful covering in particular:

- whether more could be done to prevent the establishment of duplicate suppliers on the system
- the outcome of the review and redesign of the single action waiver process to provide an escalation or rejection route (including whether additional scrutiny over larger values was required)
- where the expenses guidance was infringed by individuals, the process for appropriate challenge through the Finance Team, Head of Procurement and Director of Finance, with sanctions as necessary.

HoIA

1481 **INTERNAL AUDIT REPORT 02-2018/19: LONG TERM MAINTENANCE (FOLLOW UP)**

The Committee received Internal Audit Report 02-2018/19: Long Term Maintenance (Paper A18/19 - 037).

The audit report noted that the University's arrangements for managing the risks related to long term maintenance remained of limited effectiveness. The Head of Internal Audit reported that the main issue was assessing the condition of the estate upon which a long term maintenance plan could be developed. The proposed condition survey to be undertaken in the first half of 2019 should address this but until the survey was completed there remained risks associated with the current maintenance plans and financing. The Committee requested that the Director of Estates (Mr Martyn Whalley) and the Director of Estates Operations (Mr Stephen Godber) be invited to attend the next meeting to update the Committee on how the condition survey and enhanced reporting capabilities of the CAFM (Computer Aided Facility Management) system would help to support a new five year maintenance programme.

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1482 **INTERNAL AUDIT REPORT 01-2018/19: TRAC**

The Committee received Internal Audit Report 01-2018/19: TRAC (Paper A18/19 - 038).

The audit report noted that the University's arrangements for managing the risks related to the preparation of the TRAC return are reasonably effective. The Director of Finance reported that the only area where the University had failed to provide full compliance was in respect of workload data for academic staff at the start of the year. He was not able to confirm whether other universities were in a position to provide this.

He reported that the University was implementing a course costing project which would use many of the same data-sets as TRAC and would reinforce the imperative to be accurate in submitting data sets which TRAC relies on for the allocation of costs.

Mr Williams drew attention to an improvement in cost recovery for publicly-funded teaching from 91.5% to 98.4% and for non-publicly funded teaching from 149.6% to 161.6%. However the cost recovery for research had dropped from 66.4% to 62.9%. It was acknowledged that the return on postgraduate research activity in particular was low, but it was recognised that research activity benefits the University by attracting and retaining the best academic staff which impacted institutional reputation and enhanced teaching. The Committee expressed concern over the decline in cost recovery on research grants and how this might impact the strategic research growth objectives. The Director of Finance explained that commercially sponsored research achieved better cost recovery and that a review of funder types had been initiated. The Committee noted that the Pro-Vice-Chancellor (Research) is due to give a risk presentation to the Committee in 2019/20.

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AGREED that the findings of the report did enable the Committee to recommend to the Acting Vice-Chancellor that he could derive the necessary reassurance from the report to allow him to sign off the TRAC return and submit it to the OfS by the 31 January deadline.

The Director of Finance explained that for the 2017/18 TRAC for Teaching return due to be submitted to the OfS by the 28 February 2019, there would not be another Committee meeting at which approval could be obtained. Hence for this year, approval would be sought by delegated authority through Chair's action and the return would be presented to Committee at the meeting on 3 April 2019.

DoF/Chair

The Committee noted the TRAC for teaching report. The report set out that in future years, it was intended that the TRAC return and TRAC for teaching return would be subject to review and approval at the January meeting of the Audit and Risk Assurance Committee. This would have some resource implications with regard to preparation and, to help ease these, the internal audit work undertaken on the returns would be completed post submission (which was noted to be consistent with the wider sector as a whole).

1483 **EXTERNAL AUDIT: ANNUAL PERFORMANCE ASSESSMENT AND ADDITIONAL SERVICES REPORT**

The Committee received an assessment of PwC's performance with regard to the 2017/18 audit and report confirming that no additional non-audit services had been provided by the External Auditor (Paper A18/19 - 039).

Dr Ellis reported that PwC recognised the issues identified in the report and noted that there would be a new Bath-based Audit Manager for the current year's audit.

The Committee considered the performance and effectiveness of the external audit service, as recommended in the CUC Handbook for members of Audit Committees (Section 9.1). It was agreed that PwC had given satisfactory service in respect of the audit and that their work was of the required standard and represented good value for money. RECOMMENDED to Council that PwC continue as the University's External Auditor for the 2018/19 audit.

The Committee agreed that in future the External Auditor would not be present for this item of business.

1484 **DATES OF MEETINGS**

The Committee noted the programme of meetings for the remainder of 2018/19:

Wednesday 3 April 2019 at 11 am

Wednesday 12 June 2019 at 11 am

Both meetings will be held in the 4 West Board Room.

The meeting concluded at 1.30 pm
