



Audit and Risk Assurance Committee meeting

Wednesday 29 September 2021 at 10.30am

Virtual meeting via Zoom

Present:

Dorothy Griffiths, Interim Chair (Chair)
David Hardy, appointed by Council (DH)
Charlotte Moar, lay Member of Council (CM)
Alexander Bayliss, Appointed Member (AB)
Paul Cunningham, Appointed Member (PC)

In attendance:

Ian White, Vice-Chancellor and President (IW)
Martin Williams, Director of Finance (MW)
Tom Stanton, Head of Internal Audit (TS)
Simon Fenne, Deputy Director of Finance (SF)
Keith Zimmerman, Chief Operating Officer (KZ)
Jonathan Bound, PwC, External Auditor (JB)
Mark Acres, Chief Information Security Officer (for item 1719 only)

Secretariat

Emily Commander, Secretary (EC)
Laura Andrews, Member of secretariat (LA)

Part 1

1704 – Welcome and Quorum

The Chair welcomed everyone to the meeting and confirmed that a quorum was present. Paul Cunningham was welcomed to his first meeting of the Committee. The Chair confirmed there was currently no appointed Treasurer. Tim Ford would continue to act as Interim Treasurer.

1705 – Declarations of Interest

It was confirmed that Tom Stanton would step out of the meeting for Item 1713. Charlotte Moar declared that, in her capacity as an independent member of the Audit and Risk Committee at the Department for Education, she was now an observer on the OfS Audit and Risk Committee. She would add this to her entry in the register of interests.

No other members had interests to declare.

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1706 – Role of ARAC – paper A21/22 - 01

The Committee noted the membership of ARAC for 2021/22. Members also agreed to withdraw separate Standing Orders of ARAC and recommend to Council amendments to the Terms of Reference. The following suggested additional amendments were also agreed:

- A. To add a point under the 'oversight' section (following point 10. in Appendix 1) to give ARAC a role in ensuring that management actively responded to recommendations, rather than simply overseeing the management response.
- B. Under point 11. 'review the audit aspects of the financial statements' to ensure that ARAC's review of the financial statement looked at clarity of language and ease of understanding (subject to there being no conflict with the Terms of Reference for Finance Committee).

Action: EC to circulate the revised wording to the Committee for approval following the meeting.

1707 – Internal Audit Terms of Reference – paper A21/22 - 02

The Committee considered the Terms of Reference for Internal Audit. An additional paragraph had been added relating to the independence of the internal audit process.

Action: TS to add the word 'impact' at the end of the second sentence under point 1. Also to add a reference to Senate in the third sentence under point 1.

1708 – Minutes of Previous Meeting – paper A21/22 - 03

A correction was raised relating to minute 1701. Instead of 'Charlotte Moar expressed concern that the process for the recruitment of an independent members had been fairly conducted' clarification was given that there was not a concern over fairness. Instead the suggestion was that a skills mapping exercise could have been undertaken to identify skills, experience and any gaps.

The minutes of the Committee meeting of 9 June 2021 were approved as amended.

Action: EC to amend the minutes accordingly, for signing by the Chair.

1709 – Actions and Matters Arising

The Committee noted the following updates:

1. IAAPS lessons learned exercise (1688)

Include IAAPS lessons learned project review in programme of work for 2021/22. *This had been planned for the meeting on 8 June 2022 (schedule to be reviewed at meeting on 30 March 2022).* **Ongoing**

2. Cyber security report (1689)

To receive a cyber-security report at each meeting in 2021/22. *See item 1719, below: this had been scheduled for every meeting in this annual cycle.* **Complete**

3. Internal Audit review (1699)

To review the Internal Audit service to ensure effective, efficient and economic performance. *See items 1712 and 1713, below: this had been scheduled for the first meeting in every annual cycle.* **Complete**

4. External Audit review (1699)

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To review the External Audit service to ensure satisfaction and value for money. *This had been planned for the meeting on 26 January 2022.* **Ongoing**

5. Matter arising

Policy Schedule. *In the programme of work for 2021/22 agreed at the meeting of ARAC in June 2021, it had been anticipated that there would be an item of business for today's meeting on the policy framework and schedule – work was underway on this, but it would not be ready for consideration until the meeting on 30 March 2022, so substantive discussion had been deferred until then, with an interim update at the meeting on 4 November 2022.* **Ongoing**

For live updates and progress on all actions, please see the [action log on Convene](#).

Part 2

1710 – Standing items of business

The Committee considered oral updates from:

A. The Vice-Chancellor

Term had started well with a busy campus and challenging logistics around quarantining students and preparing accommodation for arrivals. Student numbers were:

- 190 over target home UG
- 80 under target overseas UG
- 43 under target home PGT
- PGT overseas numbers were up on last year, currently around 950, with final numbers expected in the next fortnight

The Widening Participation (WP) rate was much higher than in recent years, with a conversion rate of 35%. Students were invited to campus over the summer with the option to submit written work for assessment. This had proved popular and effective at assessing the quality of students, leading to offers. OfS had taken the University off the enhanced monitoring position as no longer being at risk of not meeting WP targets.

HR and Health and Safety had been working on hybrid working for staff. There were recruitment and catering supply issues putting pressure on resilience, with staff resignations, many in hospitality. The University remained an employer of choice and had responded with an enhanced offer. There was a possible ballot for strike action over pension pay and the University was working hard with the unions and had put out a joint statement in July. Academic staff concerns were generally around health and safety and the perceived risks associated with returning to a normal teaching environment; however, people were also re-energised about returning to campus.

Research was £5m up on target and Bath Beacons had been launched. Major change was expected in the level of enterprise activity elsewhere and the University was keen to get IAAPS up and running. Projects such as iCAST, the bottle yard in Bristol and the Digital Creativity Centre were worth £140m combined - a lot of money for regional activity. There were two other activities pending this year; the Corsham Business Cyber Centre and I-START. The IOC continued to progress with bootcamp courses, with aims for a stronger regional presence.

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Action: KZ to bring recommendations around what are deemed major projects for ARAC to consider, in Quarter 2.

B. The Director of Finance

The annual report and accounts were due to go to Council at the end of November. There was a small surplus of a little over £1m compared with last year's deficit of £6.5m. This was short of the normal £9-£10m surplus but showed progress. Net debt would be broadly unchanged and slightly lower than the end of 2020.

The asset value of IAAPS was based on a general space (warehouse) rather than as a research facility. The delay meant that the £39m grant would not be recognised in the same year. The deficit this year would become a surplus next year. There was a £3.3m provision in respect of historic fee charging.

It had been a year of recovery with recruitment of students significantly better than last year and closer to 2019 numbers. There had been fewer students from the EU, with a larger proportion of those enrolled being entitled to home fees. Lower home PGT numbers were potentially down to good job opportunities. There were increased costs associated with quarantining and the continued need to meet uncertain and varying demands around Covid-19, but the hope was to mostly come in on budget.

In the Finance and Procurement office, Tom Williams had left the University, prompting a possible restructure. Alison Walters had taken on an acting role in Tom's absence.

C. The Chief Operating Officer

Supply issues had been challenging, with more students and staff on campus since lockdown. The University was liaising with the Home Office regarding student quarantining and compliance which was patchy – a nationwide issue. Covid-19 rates were low with zero cases last week. Staff cases were starting to increase, impacting staffing levels. Vaccine clinics were in place for students and the uptake was promising.

The target was for the School of Management to open in early Semester 2.

D. The External Auditor

It was noted that one university had set aside £3-4m for student complaints around their experience of Covid-19 measures last year, with a well-publicised complaints procedure.

[1711 – Annual Report of the Audit and Risk Assurance Committee – A21/22 - 04](#)
The Committee considered a draft of the Annual Report of the Audit and Risk Assurance Committee for the year ended 31 July 2021.

A final report would be brought to ARAC for approval at its meeting on 4 November 2021.

Some of the references to the OfS reporting framework and CUC guidance had been updated and there were some references to the previous year that were yet to be updated.

Action: TS to add Committee attendance back into the report, along with fraud prevention and whistleblowing.

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1712 – Internal Audit Annual Report – A21/22 - 05

The Committee considered a draft of the Internal Audit Annual Report for the year ended 31 July 2021.

A final report would be brought to ARAC for approval at its meeting on 4 November 2021.

The previous year's report contained metrics and performance details which had now been moved into Paper A21/22 – 06. Although a high number of reports remained incomplete, good progress had been made on the plan, with the aim for the final seven reviews to be brought to the November meeting of the Committee.

1713 – Effectiveness of Internal Audit – A21/22 - 06

The Committee considered a review of the effectiveness of the Internal Audit service.

The Head of Internal Audit, Tom Stanton, left the meeting for this item.

A question was raised with the Head of Internal Audit on his return to the meeting about whether staff levels in the team were sufficient. It was confirmed that most of the plan had been achieved and that they were aiming to catch up and rebalance reporting by March 2022.

Action: TS to obtain benchmarking data and report on progress on 21/22 plan at March meeting.

1714 – Internal Audit Plan 2021/22 and Internal Audit Strategy 2021-24 – A21/22 – 17

The Committee approved the Internal Audit Plan for 2021/22 and considered the Internal Audit Strategy for 2021 – 2021.

Action: EC to look at scheduling an informal discussion on internal audit at the November meeting.

1715 – Status report on audit points – A21/22 - 07

The Committee considered a status report on open audit points (September 2021).

1716 – Status report on internal audits – A21/22 - 08

The Committee considered a status report on the progress of internal audit reports.

Action: TS to use the accessible report template in future.

1717 – Accounting estimates and judgements – A21/22 - 09

The Committee considered a paper on accounting estimates and judgements for the 2020/21 year.

A question was raised about IAAPS figures which had a larger bearing on accounts than expected. This would balance out once the IAAPS facility was open.

The new valuer, Carter Jonas, had adopted a different approach to the valuation of the campus land, causing a reduction. The value of buildings and accommodation had increased.

1718 – Risk – paper A21/22 – 10A-10B

The Committee noted the following:

A. Operational Risk Register

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- B. Update on risk mitigation activities in the Risk Register and the Risk Management Plan for 2021/22
- C. Final report on the risk mitigation activities in the Risk Register and Risk Management Plan 2020/21

The Committee also considered the following:

- D. The nature and content of the covering statement for Council
- E. A tabulation of assurance activities

Regarding operational risks (A.), Council and ARAC were keen to work towards a small number of strategic risks, which would allow for setting of targets and progress shown by heat maps and other methodologies.

A question was raised about whether the operational risk register should come to ARAC. A suggestion was put forward for ARAC to focus on reviewing strategic risks, with just a summary of operational risks being brought to the Committee.

Action: Council to discuss risk at its away day.

[1719 – Cyber-Security – paper A21/22 – 11](#)

The Committee considered a report on cyber-security.

The Chief Information Security Officer, Mark Acres, joined the meeting for this item.

The potential risks from ransomware attacks had led to changes to the major incident process. Business stakeholders were better consulted and University processes improved. Sector coordination, working with Jisc, the SW regional Police and cyber security groups had led to better networking, coordination, information sharing and early warning of threats. Multi-factor authentication would be required on more services, extending to Office 365, which was working successfully with new student accounts. Adoption was expected by mid-to-late November. Work was underway with Sian Dyson, Organisational Resilience and Business Continuity Manager, and there was engagement with the Climate Action Framework. A major element was changing the security culture of the University to move these elements forward.

A suggestion was made for a standardised format to the report, with targets to work towards remaining within the tolerance level on the risk register. Mark would be the person responsible for data governance.

[1720 – Assurance controls for annual accountability and data returns – paper A21/22 – 12](#)

The Committee noted a paper on assurance controls for annual accountability and data returns.

[1721 – Scheme of Delegation – paper A21/22 – 13](#)

The Committee noted the Scheme of Delegation.

[1722 – CUC Publications – paper A21/22 – 14A-B](#)

The Committee noted the Higher Education Code of Governance and the Higher Education Audit Committees Code of Practice.

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1723 – Programme of work – paper A21/22 – 15

The Committee noted the Programme of work for 2021/22, as approved at the meeting of ARAC on 9 June 2021.

1724 – Forthcoming Committee Meeting Programme – paper A21/22 - 16

The Committee noted the programme of meetings of Audit and Risk Assurance Committee as follows:

- Thursday 4 November (Concurrent with Finance), 10.15am (in person)
- Thursday 4 November (ARAC only), 2.15pm (in person)
- Wednesday 26 January 2022, 10.30am (in person)
- Wednesday 30 March 2022, 10.30am (virtual meeting)
- Wednesday 8 June 2022, 10.30am (in person)

The Committee considered the draft agenda for the next meeting. The first part of the meeting would take place with Finance. Over lunch there would be an informal discussion, with a formal meeting taking place in the afternoon.

Action: EC to arrange informal session for ARAC members on 4 November 2021

The Annual VFM report would be added back into the meetings at an appropriate point and ARAC objectives were to be discussed at the January meeting.

1725 – Any Other Business

No other items of business were raised.

At the end of the meeting a private meeting was held between the Committee and Internal Audit.

The meeting finished at 1pm.