



AGENDA

The meeting will be held at **10:00 via Microsoft Teams**.

A pre-meeting of the governors and the auditors will be held **09:30-09:55 via Microsoft Teams**. Attendees are asked not to dial in before 09:55 during the pre-meeting.

PRELIMINARY ITEMS		Item	Led by
1	Apologies	Verbal	N Whitaker
2	Declarations of Interest	Verbal	N Whitaker
3	Minutes of the previous meeting held on 22 April 2022	AUD-2122-051 CONFIDENTIAL	N Whitaker
4	Matters Arising	AUD-2122-052 CONFIDENTIAL	N Whitaker
5	Chair's Action	Verbal	N Whitaker
EXTERNAL AUDIT			
6	Draft external audit planning report for year ended 31 July 2022	AUD-2122-062 CONFIDENTIAL	BDO
RISK MANAGEMENT		Item	Led by
7	University Risk Register (including 2021/22 corporate risk profile)	AUD-2122-053 CONFIDENTIAL	A Kennell
8	Board Assurance Framework	AUD-2122-054 CONFIDENTIAL	A Kennell
9	Financial Services: Deep Dive	AUD-2122-055 CONFIDENTIAL	P Harrison
10	Update on Degree Apprenticeships, OfSTED and ESFA actions and preparation	AUD-2122-069 CONFIDENTIAL	P Cardew

11	Major Cyber Incident - Summary of Key Lessons Learnt & Recommendations	AUD-2122-070 CONFIDENTIAL	N Buckland
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INTERNAL AUDIT		Item	Led by
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12	Internal Audit Progress Report (including update on cyber security follow-up)	AUD-2122-056 CONFIDENTIAL	KPMG
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13	Internal Audit Report of Financial Accounting	AUD-2122-057 CONFIDENTIAL	KPMG
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14	Internal Audit Report of Data Quality – HESES	AUD-2122-058 CONFIDENTIAL	KPMG
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15	Internal Audit Report of Management of Overseas Agents	AUD-2122-059 CONFIDENTIAL	KPMG
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GOVERNANCE AND COMPLIANCE		Item	Led by
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16	Reportable Events: Update Report	AUD-2122-063 CONFIDENTIAL	A Kennell
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OTHER BUSINESS		Item	Led by
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17	Schedule of Business 2022/23	AUD-2122-064	N Whitaker
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18	Annual review of Committee Terms of Reference & Membership	AUD-2122-065	A Kennell
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19	Other Urgent Business (a) Update on Whistleblowing Investigation (b) Fraud Investigation	Verbal	N Whitaker C Thomas C Thomas
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Details of next meeting:

The next meeting of the Audit Committee will be held 10:00 – 13:00 on Friday 04 November 2022 via Microsoft Teams. This will be preceded by a pre-meeting of the governors and the auditors from 09:30.

KPMG and BDO will be asked to leave the meeting for the reserved business

RESERVED & CONFIDENTIAL BUSINESS (members, University Executive only)

20	External Audit Tender	AUD-2122-066	A Kennell
		CONFIDENTIAL	

Uniac will join the meeting

RESERVED BUSINESS (members, University Executive, Uniac)

21	Draft Internal Audit Plan 2022/23	AUD-2122-067	Uniac
		CONFIDENTIAL	

Shaded items indicate that the Committee is being asked to make a decision.

**Starred items will be taken without discussion unless a member notifies the Chair or Secretary in advance that she or he wishes the item to be open for debate.*

CHAIR APPROVED



Draft Schedule of Business 2022/23

Purpose of Report

The Audit Committee's schedule of meetings and draft schedule of business for 2022/22 is attached and will be considered at each meeting across the academic year and updated accordingly.

Action Requested

The report is **for information and to note.**

The Committee is invited to receive and note the report, and to consider whether any additional items should be added to the 2022/23 schedule of business.

In particular, the Committee is invited to consider topics for deep dive reports, noting that **academic collaborative provision** has been identified as a future deep dive theme in 2022/23.

Author

May 2022 – Holly Lewis, Risk & Compliance Co-ordinator

Audit Committee Schedule of Business – 2022/23

Friday 04 November 2022, 10:00 – 13:00 (09:30 pre-meeting)	Friday 24 February 2023, 10:00 – 13:00, (09:30 pre-meeting)	Friday 28 April 2023, 10:00 – 13:00 (09:30 pre-meeting)	Friday 23 June 2023, 10:00 – 13:00 (09:30 pre-meeting)
Report deadline: Wednesday 26 October 2022	Report deadline: Wednesday 15 February 2023	Report deadline: Wednesday 19 April 2023	Report deadline: Wednesday 14 June 2023
<ul style="list-style-type: none"> • Terms of Reference & Membership • <u>Risk Management Deep Dive: IT and digital infrastructure</u> • <u>Business Continuity Planning</u> • <u>External Audit Report / External Management Letter for the Year Ended 31 July 2022</u> • <u>Draft Financial Statements for the Year Ended 31 July 2022</u> • Internal Audit Annual Opinion 2021/22 • <u>Annual Data Assurance Report 2021/22</u> • Annual Report on Fraud and irregularity, bribery, and public interest disclosure ('whistleblowing') 2021/22 • <u>Annual assurance of compliance with OfS conditions of registration</u> • <u>Prevent Annual Accountability and Data Return</u> • Audit Committee Annual Report and Opinion for the Year Ended 31 July 2022 • Internal Audit Plan 2022/23 (updated) • Internal Audit Reports: <ul style="list-style-type: none"> – TBC • Research Misconduct & Research Integrity - Annual Report • <u>Annual Review of Operational Risk Management</u> <p>Reserved Business</p> <ul style="list-style-type: none"> • Internal Audit Feedback Report and Review 2021/22 • External Audit Review 2021/22 • External Audit Tender Update 	<ul style="list-style-type: none"> • <u>Risk Management Policy and Appetite Statement</u> • <u>Risk Management Deep Dive: TBC</u> • Internal Audit Reports: <ul style="list-style-type: none"> – TBC • <u>Annual review of Financial Regulations</u> • Annual Procurement update • <u>Transparent Approach to Costing (TRAC) return</u> • External Audit Tender Recommendations 	<ul style="list-style-type: none"> • <u>Risk Management Deep Dive: TBC</u> • Internal Audit Reports: <ul style="list-style-type: none"> – TBC • <u>Anti-Bribery and Corruption Policy</u> • <u>Counter Fraud Policy</u> • <u>Whistleblowing ('Public Interest Disclosure') Policy and Procedure</u> 	<ul style="list-style-type: none"> • <u>Overview of corporate risk profile across 2022/23</u> • <u>Risk Management Deep Dive: TBC</u> • Internal Audit Reports: <ul style="list-style-type: none"> – TBC • <u>Draft Internal Audit Plan 2023/24</u> • Draft External Audit Planning Report for Year ended 31 July 2023 • <u>Annual presentation of Board Assurance Framework</u> • Annual Review of Committee Terms of Reference & Membership (changes recommended to the Board) • Draft Schedule of Business 2023/24
Standing items			
<ul style="list-style-type: none"> • Apologies, Declarations of Interest • <u>Minutes of the last meeting</u> • Matters arising • Chair's Action (for reporting any requests to engage the internal or external auditors for non-core audit work) • <u>University Risk Register</u> • <u>Internal Audit Progress Report</u> • Reportable Events Update • Schedule of Business 2021/22 			

■ Shaded items indicate that the Committee is being asked to make a decision / recommend to the Board
Underlined items indicate reports that require UET scrutiny
 * Starred items will be taken without discussion

Annual Review of Committee Terms of Reference & Membership

Purpose of Report

The Audit Committee's Terms of Reference are reviewed on an annual basis, to ensure that the Committee's remit and operation remains current and effective.

Action Requested

The report is **for information and to note.**

Key Issues

The work of the Committee during 2021/22 is considered against the full role and remit in line with the Committee's Terms of Reference. In order to provide appropriate assurance to the Audit Committee, the Board, and to support the preparation of the Financial Statements for the year ended 31 July 2022, the Audit Committee will receive a more thorough review of its business during 2021/22 as part of the Committee's annual report and opinion.

Following this year's review, there are no recommended changes to the Terms of Reference.

A further review of matters within the Committee's remit will be considered in due course to ensure the Committee's Terms of Reference aligns with recommendations arising from the effectiveness review of our Board and its governance arrangements.

Appendices

Appendix A – 2022/23 Terms of Reference (no changes)

Author

May 2022 – Holly Lewis, Risk & Compliance Co-ordinator

Approval Route

08 June 2022 – Kate Harvey, Secretariat Manager

09 June – Alison Kennell, Deputy Secretary

Annual Review of Committee Terms of Reference & Membership

Audit Committee Terms of Reference

1. The Terms of Reference and membership of the Audit Committee are reviewed annually and were last reviewed by the Committee in June 2021, with changes made relating to:
 - a) Addition of annual review of the performance of the external and internal auditors to reflect current practice and align with the Audit Committee model terms of reference included in the [CUC Higher Education Audit Committees Code of Practice](#), published in June 2020.
 - b) References to the submission of the Committee's annual report and opinion reporting to the Board instead of the OfS, as this was no longer a requirement as part of the Accountability Return.
 - c) Updating references on reviewing the Committee's effectiveness.
 - d) In relation to the Audit Committee / Finance, Staffing & Resources Committee membership crossover, removing reference to aligning with OfS terms and conditions of funding (as this was no longer included in the T&C's) but retaining the principle of membership independence.
2. Following this year's annual review, there are no recommended changes.

Audit Committee Membership

3. The Audit Committee's membership consisted of five independent governors for the meetings held in November 2021 and February 2022. The Committee's membership consisted of six members for the remaining meetings in 2021/22. Each meeting of the Committee was quorate, held via Microsoft Teams.
4. Changes to the Committee's membership in 2021/22 included:
 - a) Nick Whitaker was reappointed as Chair of the Audit Committee.
 - b) David Morgan was appointed to the Audit Committee with effect from 11 March 2022.
 - c) The membership of the Audit Committee otherwise remained consistent during 2021/22.
5. Proposals for the Committee's membership in 2022/23 will be subject to the Board's approval, at its meeting in July.

Operation of the Audit Committee during 2021/22

6. The operation of the Committee has been in accordance with the University's standing orders and has included:
 - a) Timely circulation of papers prior to the meetings, made available via OnBoard.
 - b) No papers being tabled at meetings during 2021/22 as a matter of good practice.
 - c) A written summary of the key business of the Committee and any recommendations being submitted to each meeting of the Board of Governors and presented by the Chair.
 - d) Publication of approved, non-confidential minutes and papers to the University's website where appropriate.

Business of the Audit Committee during 2021/22

7. In 2021/22, the Audit Committee met on four occasions. Overall, the Committee has undertaken a wide range of work in 2021/22 which has covered the vast majority of its full role and remit in line with the Committee's Terms of Reference. The Committee's annual report and opinion will detail the work of the Committee in depth, providing assurance on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; quality of data; and value for money.

Conclusion

8. The Audit Committee's Terms of Reference and membership profile remain appropriate and fit for purpose. There are no recommended changes.

Audit Committee Constitution – 2022/23	
Reporting to	Board of Governors
Receives minutes from	N/A
Approval	Last review by Audit Committee on 25 June 2021. Approved by Board of Governors on 11 March 2022
Due for Review	+1 year from last date of approval [planned June 2023]
Sensitivity	Open to the public
Log of reviews/edits	<ul style="list-style-type: none"> • V01 Reviewed by Audit Committee for information on 08 November 2019. Approved by Board of Governors 22 November 2019. • V02 Reviewed by Audit Committee on 21 June 2019, approved by the Board of Governors on 12 July 2019. <ul style="list-style-type: none"> ○ Received by Audit Committee 06 November 2020, no changes. • V03 Reviewed by Audit Committee on 25 June 2021. Approval by Board of Governors 16 July 2021. • V04 Approval by the Board of Governors on 11 March 2022. • Reviewed by Audit Committee on 24 June 2022, no changes.

Purpose

The Audit Committee reviews and advises the Board of Governors on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness; and the management and quality assurance of data submissions to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students (OfS), UKRI and other bodies.

The Audit Committee also considers and advises the Board on the provision of external and internal audit.

Terms of Reference

The Committee will make **recommendations** to the Board of Governors on:

External and Internal Auditors

1. the appointment or dismissal of the Internal and External Auditors;

Financial Statements and annual reporting

2. the annual management letter of the External Auditor (reviewed in the presence of the External Auditors);
3. the annual review of the Financial Statements and Financial Regulations, and the approval of any mid-year revisions to the Financial Regulations, including:
 - a) the consideration of the external audit opinion;
 - b) the consideration of the Corporate Governance Statement, including the Board's responsibilities;
 - c) the consideration and review of any accounting policies;
 - d) an assessment of the effectiveness of internal controls;

The role of the Audit Committee will be to consider whether the University has adopted appropriate accounting policies; made appropriate estimates and judgements; made disclosures with appropriate clarity and completeness; and set these properly in context. This is distinct from the role of the Finance, Staffing & Resources Committee in considering and recommending the Operating and Financial Review to the Board.

Internal Controls

4. an annual report on the Audit Committee's business which must include the Committee's opinion on the adequacy and effectiveness of the institution's arrangements for: risk management, control, governance; and economy, efficiency and effectiveness. The report must be considered by the Audit Committee and must also be submitted to the Vice Chancellor and the Board of Governors;
5. the Statement of Risk Appetite (appended to the Risk Management Policy, point 17);
6. any changes to the Audit Committee's terms of reference.

The Committee will **advise** the Board of Governors on:

Reportable Events

7. any decisions taken under the Reportable Events Procedure;

A decision taken under the Reportable Events Procedure may be referred to the Audit Committee or the Board of Governors for review, in line with the Board of Governors' ultimate accountability for the University's registration status with the OfS.

External and Internal Auditors

8. the remuneration, performance or resignation of the Internal and External Auditors;

9. any significant problem arising from the reports of:

- a) the internal auditor;
- b) the external auditor;
- c) the OfS;
- d) the National Audit Office;
- e) or any other matters which the Committee feel ought to be drawn to the attention of the Board.

Delegated authority and other assurance functions

The Committee has **delegated authority** to:

External and Internal Auditors

10. monitor the performance and effectiveness of the Internal and External Auditor and undertake an annual review exercise;
11. approve and monitor the Internal Audit Annual Plan;
12. review internal audit reports and investigations, and monitor management action plans in response;
13. discuss with the External Auditor the nature and scope of their audit and approve the External Audit Annual Plan;
14. discuss with the External Auditor the results of their audit/management letter; and approve and monitor management action plans in response;
15. monitor all non-audit work¹ done by the firms which are the University's Internal and External Auditors;

Internal Controls

16. monitor and review the effectiveness of the internal control system; framework for risk management and governance arrangements and recommend amendments, additions and deletions to the Board of Governors as necessary;
17. approve the Risk Management Policy (refer to the Statement of Risk Appetite at point 5);
18. monitor the management of key strategic risk, including academic-related strategic risk, at each meeting, as identified through the Corporate Risk and Assurance Register;
19. ensure that arrangements are in place to secure efficiency, economy, and effectiveness and value for money;
20. oversee and ensure the adequacy of the University's policies and procedures in respect of fraud and irregularity, bribery, public interest disclosure ('whistleblowing') and compliance with the Prevent duty, including being notified of any action taken under these policies;
21. ensure that all significant losses have been properly investigated and that the Internal and External Auditors, and where appropriate the OfS, have been informed;
22. monitor and review the effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Quality Assurance Agency for the Higher Education, the OfS, Student Loan Company and other funding bodies;

¹ the Chair (or nominee) has authority to approve or reject proposals to engage the Internal or External Auditors for non-core audit work under the [Policy](#).

23. monitor the University's compliance with such aspects of the University's regulatory requirements as may be delegated to the Audit Committee for its oversight, as set out in the Board's Compliance Reporting Framework, from time to time;
24. monitor the University's risk from research misconduct to ensure that there is no exposure to undue risk from misconduct;
25. receive any relevant reports from the National Audit Office, the OfS and other organisations;
26. in the event of the merger or dissolution of the institution to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
27. annually review its terms of reference;
28. periodically (a minimum of every four years) review its own effectiveness.

Reportable Events

29. monitor any decisions taken under the Reportable Events Procedure (being notified of any action taken under the procedure).

The Committee shall report clearly to the Board each instance in which it has exercised its delegated authority.

Membership and Meetings

1. The membership of the Committee shall consist of up to six members, five of whom should be independent governors with the other being either co-opted or external to the University.
2. A quorum is 3 members, including at least two independent governors.
3. None of the members of the Audit Committee may also be members of the Finance, Staffing & Resources Committee due to a possible conflict of interest, unless the Board of Governors determines that cross-representation involving one member is essential and that this is the subject of an explicit, recorded resolution. Such cross-representation is not an option for the Chair of either Committee.
4. The Chair of the Board may not be a member of the Audit Committee.
5. At least one of the members will have recent and relevant experience in finance, accounting and auditing.
6. The Vice Chancellor, the Director of Finance, and the University Registrar & Secretary (or nominees) shall normally attend meetings of the Committee. A representative of the External Auditors and Internal Auditors shall normally attend meetings. At least once a year the Committee should meet with the External and Internal Auditors without any officers being present.
7. All members of the Committee shall complete entries for the register of interests.
8. Further information can be found in the [Standing Orders](#).

<u>Membership Profile</u>	
Independent	5
Co-opted / external	1
Total Membership	6
Quorum	3, including at least 2 Independent Governors

Notes

1. The Committee may obtain professional or legal advice it considers necessary, following consultation with the Chair of the Board. The Committee may not however commit expenditure in excess of £25,000 in procurement of this advice without the prior approval of the Board.
2. The Committee may meet on its own to discuss any matter within its remit with the Internal and/or External Auditors.
3. The Committee is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.