

## MINUTES of the 02 November 2018 meeting

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### Present:

Nick Whitaker (Chair)

Dr David Fletcher

Professor Peter Marsh

Gill Webber

### In attendance:

Professor Phil Cardew \*

Robert Fenton

Phil Harrison

Professor Peter Slee\*

Stephen Clark

Stewart Harper

David Lowen

Professor Paul Smith

John Dell

Kate Harvey (Secretary)

Professor Andrew Slade \*

Caroline Thomas

### Apologies:

Andrew Bush

Michael Green

\* Present as indicated in the proceedings.

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## Part A: Preliminary Items

### Declaration of Interest

001.2018.AUD No declarations of interest were made.

### Terms of Reference and Membership

002.2018.AUD The Committee received a report from the Chair presenting the current terms of reference and membership (paper reference AUD-2018-001).

003.2018.AUD a) It was **noted** that the Board of Governors had approved the amendments to the Terms of Reference and membership of the Committee at its meeting on 13 July 2018. The Committee now had four members of a possible five permitted by the Terms of Reference, and carried one vacancy for an Independent Governor. The quorum for the Committee was three independent members.

b) The Chair emphasised the importance of recruiting new Independent Governors as soon as practicable in order to address the vacancy on the Committee and, if possible, increase the diversity of its members.

CONFIRMED

## Minutes of the last meeting held on 22 June 2018

- 004.2018.AUD The Committee **AGREED** that the minutes of its meeting held on 22 June 2018 were an accurate record (paper reference AUD-2018-002).
- 005.2018.AUD The Chair **noted** that with reference to the Accounting Policy Review proposal considered on 22 June 2018 (minutes 208 to 210.2017.AUD refer), it should be clarified that the Committee recommended to the Board a proposal to enable more realistic estimates of asset lives to be determined for use in depreciation calculations and not a change to the accounting policies themselves. The Audit Committee Annual Report and Opinion (paper reference AUD-2018-015) would be amended to reflect this prior to being submitted to the Board of Governors on 23 November 2018.

### Matters Arising

- 006.2018.AUD a) The Chair presented a report on the matters arising from the minutes of the previous meeting of the Committee held on 22 June 2018 (paper reference AUD-2018-003). There were no outstanding items of note.

*Secretary's note: Minute 007.2017.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

## Part B: Risk Management

### Corporate Risk and Assurance Register

- 008.2018.AUD The Committee received a report from the Deputy University Secretary providing an overview of updates to the Corporate Risk and Assurance Register (paper reference AUD-2018-004).

*Secretary's note: Minutes 009 to 011.2018.AUD are exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

### Risk Management – Deep Dive: Teaching Excellence Framework (TEF)

- 012.2018.AUD The Committee received a report from the Deputy Vice Chancellor (Academic) which provided an overview of activities currently taking place and the key areas of focus in preparing for Leeds Beckett's next TEF submission in January 2020 (paper reference AUD-2018-005).

*Secretary's note: Minute 013.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

*Secretary's note: Professor Phil Cardew left the meeting.*

*Professor Andrew Slade joined the meeting.*

*Professor Peter Slee joined the meeting partway through the discussion of the next item.*

## **Risk Management – Deep Dive: Research Excellence Framework**

014.2018.AUD The Committee received a report from the Deputy Vice Chancellor (Research & Enterprise) which set out an overview of the Research Excellence Framework (REF) and its aims, as well as the governance structures which had been put in place to improve Leeds Beckett’s research culture and oversee REF preparations for 2021 (paper reference AUD-2018-006).

*Secretary’s note: Minutes 015 and 016.2018.AUD are exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

*Secretary’s note: Professor Andrew Slade left the meeting.*

## **Part C: Internal Audit Reports**

### **Internal Audit – Progress Report**

017.2018.AUD The Committee received an update report from KPMG on progress of internal audits (paper reference AUD-2018-007).

- a) It was **reported** that this and future reports would supersede the following reports previously submitted at each meeting:
- i. Internal Audit Follow-Up Report;
  - ii. Internal Audit In-Year Follow-Up Report; and
  - iii. Implementation of Audit Recommendations – Progress Report.

*Secretary’s note: Minutes 018 and 019.2018.AUD are exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

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### **Internal Audit Strategy and Operational Plan 2018/19**

020.2018.AUD The Committee received the 2018/19 audit strategy from KPMG, which outlined the proposed internal audit input for the year, as previously discussed by the Committee and members of the executive at an audit workshop held on 13 September 2018 (paper reference AUD-2018-008).

*Secretary’s note: Minute 020.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

### **Internal Audit Reports**

#### **GDPR II**

022.2018.AUD The Committee received a report from KPMG on the GDPR II review (paper reference AUD-2018-009).

*Secretary's note: Minute 023.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000*

024.2018.AUD	The Committee <b>agreed</b> that KPMG should undertake a follow-up audit of GDPR as part of their operational plan for the 2019/20 academic year. <b>Action: KMPG</b>
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### Fraud

025.2018.AUD The Committee received a verbal report from KPMG on the Fraud review. The internal audit process was still on-going, and it was expected that the outcomes of this process would be reported to the Committee at its meeting on 08 February 2019.

### Fire Safety

026.2018.AUD The Committee received a report from KPMG on the Fire Safety review (paper reference AUD-2018-010).

*Secretary's note: Minute 027.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000*

## **Part D: Annual Reports and Financial Statements**

### **Data Quality Management Report 2017/18**

028.2018.AUD The Committee received a report from the Deputy University Secretary on data quality management for 2017/18 (paper reference AUD-2018-011).

029.2018.AUD It was **reported** that the paper constituted part of a new approach to providing assurance regarding the University's activities to manage the risks relating to data quality and security. The report was intended to support the Audit Committee when forming an opinion on effectiveness of the arrangements in place, and concluded that there were no significant matters of concern to report for the year 2017/18.

030.2018.AUD The Committee was satisfied with the assessment set out in the report and the assurance it provided.

### **Internal Audit Annual Report & Opinion 2017/18**

031.2018.AUD a) The Committee received the Internal Audit Annual Report & Opinion report from KPMG for 2017/18 (paper reference AUD-2018-012). The report would also be submitted to the Office for Students as part of the Annual Accountability Return.

b) KPMG had delivered 134 days' work in line with their Operational Plan for 2017/18, as well as an additional 8 days' work for the internal audit review of GDPR.

*Secretary's note: Minute 032.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

### **External Audit Report/External Management Letter for the year ended 31 July 2018**

- 033.2018.AUD
- a) The Committee received the External Audit Report/External Management Letter for the year ended 31 July 2018 from Ernst & Young (paper reference AUD-2018-013).
  - b) It was **reported** that the annual report for the year ended 31 July 2018 would also be submitted as part of the Annual Accountability Return. During the meeting, the Committee focused on the findings and recommendations of the External Audit Report and also reviewed the Management Representation Letter for reasonableness, prior to recommendation to the Board.

*Secretary's note: Minutes 034 to 037.2018.AUD are exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

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- 038.2018.AUD
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| <p>The Committee <b>recommended</b> that the External Audit Report and Management Letter for the year ended 31 July 2018 be submitted to the Board of Governors on 23 November 2018 and subsequently to the Office for Students.</p> <p style="text-align: right;"><b>Action: Ernst &amp; Young</b></p> |
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### **Draft Financial Statements for the year ended 31 July 2018**

- 039.2018.AUD
- a) The Committee received the Draft Financial Statements for the year ended 31 July 2018 from the Director of Finance (paper reference AUD-2018-014) for review and recommendation to the Board of Governors on 23 November 2018. Once approved, the Financial Statements would be submitted to the Office for Students by 03 December 2018 as part of Leeds Beckett's Annual Accountability Return.
  - b) In accordance with its terms of reference, when reviewing the draft Financial Statements the Committee in particular focused on the statements on risk management and internal control within the Corporate Governance Statement, on the consideration and review of any accounting policies, and the assessment of the effectiveness of internal controls.
  - c) The external audit opinion and the statement of members' responsibilities were also reviewed, alongside the Board's responsibilities for the preparation of the financial statements and the role of the Finance, Staffing & Resources Committee and the Audit Committee in recommending them to the Board for approval.

*Secretary's note: Minute 040.2018.AUD is exempt from publication under section 22 (Information intended for future publication) of the Freedom of Information Act 2000.*

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041.2018.AUD Subject to final audit adjustments and the amendments set out above, the Committee **recommended** the draft Financial Statements to the Board of Governors for approval.

### **Audit Committee Annual Report and Opinion 2017/18**

042.2018.AUD (a) The Committee received the draft Audit Committee Annual Report and Opinion for the Year Ended 31 July 2018 from the Chair (paper reference AUD-2018-015). Once finalised, it would summarise the Audit Committee's activities during 2017/18, and set out its opinions on:

- i. Risk management, control and governance arrangements;
- ii. Arrangements for promoting economy, efficiency and effectiveness;
- iii. Arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, HEFCE, the Students' Loan Company and other funding bodies.

043.2018.AUD The Committee reviewed the draft Report and proposed a number of minor amendments before recommending its submission to the Board. The final version of the report would be reviewed by the Board of Governors on 23 November 2018, and submitted to the Office for Students by 03 December 2018 as part of Leeds Beckett's Annual Accountability Return.

044.2018.AUD The Committee **recommended** the draft Annual Report and Opinion for submission to the Board of Governors for approval, subject to the minor amendments being made and final endorsement by the Chair of the Committee.

### **Value for Money Update**

045.2018.AUD The Committee received an update report from the Director of Finance on Value for Money (paper reference AUD-2018-016).

046.2018.AUD a) It was **reported** that the Office for Students had confirmed that it would not require a report on Value for Money, or the completion of an Annual Efficiency Return, as part of the University's Annual Accountability Return for 2017/18.

b) The report set out the view of the University executive that Value for Money was firmly embedded in the strategic plan objectives. This had led to clear improvement targets being allocated across a clear management structure, and monitoring of the strategic objectives would provide the Board with the assurance it needed.

c) It was noted that in securing registered status with the Office for Students Leeds Beckett had been able to demonstrate that effective arrangements

were in place to provide both transparency and value for money for all students and taxpayers.

047.2018.AUD The Committee would be kept informed of future developments both driven by the Office for Students and the University via regular reports to the Board of Governors. Additionally, the University would continue to participate in the annual Procurement Value Survey run by the Higher Education Procurement Association. The annual procurement report would be submitted to the Committee at its meeting on 08 February 2019, and would set out procurement savings and efficiencies achieved in the year.

## Part E: Governance & Compliance

### Prevent Annual Monitoring Report

048.2018.AUD The Committee received a report from the Deputy University Secretary setting out the University's current position with respect to the Prevent Duty (paper reference AUD-2018-017).

049.2018.AUD a) It was **reported** that for the 2017/18 academic year, the Office for Students had implemented a revised reporting framework. In order to demonstrate continued compliance with the Duty, providers were required to submit an annual accountability and data return in December each year, comprised of an "accountability statement" from the Board of Governors and an outcomes-based data return.

b) The Committee considered these documents and were satisfied that no incidents of concern had occurred during the reporting period of 01 October 2017 to 30 September 2018, and recommended that the accountability statement and data return for 2017/18 be submitted to the Board of Governors for approval and subsequent submission to the Office for Students in December 2018.

*Secretary's note: Minute 050.2018.AUD is exempt from publication under section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

051.2018.AUD The Committee **RECOMMENDED** that the Prevent Duty Annual Monitoring Report be submitted to the Board of Governors for approval on 23 November 2018.

### Annual Report on Compliance Matters

052.2018.AUD The Committee received a report from the Deputy University Secretary setting out the University's current position with respect to compliance matters and the arrangements put in place to ensure the University complied with all regulatory requirements during 2017/18 year (paper reference AUD-2018-018). The Compliance Reporting Framework and a compliance mapping were set out in the appendices.

- 053.2018.AUD It was **reported** that that the HEFCE Memorandum of Assurance and Accountability had been in effect for the majority of the 2017/18 year until 31 March 2018, when it was superseded by the Office for Students' terms and conditions of funding for the period between 01 April 2018 and 31 July 2019 (the 'transition period').
- 054.2018.AUD It was **noted** that the full Office for Students Regulatory Framework would come into force on 01 August 2019.

### **Annual Report on Fraud Matters**

- 055.2018.AUD The Committee received a report from the Deputy University Secretary setting out the University's current position with respect to fraud matters (paper reference AUD-2018-019).
- 056.2018.AUD It was **reported** that responsibility for Fraud and Bribery moved to the University Secretary's Office in 2017/18. During the year online training in fraud awareness had been rolled out to all staff at Grade 6 and above with 51.4% of staff having completed the training. The module had been rolled out to the Board of Governors, who had all completed the training.

*Secretary's note: Minutes 057.2018.AUD and 058.2018.AUD are exempt from publication under section 31 (Law Enforcement) and section 43 (Commercial Interests) of the Freedom of Information Act 2000.*

- 059.2018.AUD It was **noted** that the Committee had last reviewed the Fraud Response Plan in June 2017. No changes were proposed to the Plan as part of the Annual Report, due to the on-going internal audit on fraud responsiveness. It was anticipated that the outcomes of the audit would inform a review of the Plan in 2018/19.

## **Part F: Other Business**

### **Schedule of Business for 2018/19**

- 060.2018.AUD The Committee received its schedule of meetings and business for 2018/19 (paper reference AUD-2018-020).
- 061.2018.AUD Ernst & Young confirmed that the Draft External Audit Strategy and Operational Plan 2019/20 would be presented to the Committee at the meeting on 12 April 2019, and not on 21 June as previously anticipated.

### **Date of next meeting**

- 062.2018.AUD The next meeting of the Audit Committee would be held on Friday 08 February 2019, 13:30 - 16:30, G07 Old Broadcasting House, City Campus.

### **Other Urgent Business**

063.2018.AUD No other business was raised.

*Secretary's note: Professor Paul Smith, Phil Harrison, Stewart Harper, Kate Harvey, and the representatives from KPMG and Ernst & Young left the meeting. The minutes of the item of reserved business were taken by the University Secretary.*

*Kate Harvey*