

Audit and Risk Assurance Committee with pre-meeting at 9.00am

Friday, 14th October 2022 9:30 am

4 West Board Room | Audit & Risk Assessment Committee

Attendees

Attended

Alexander Bayliss

Paul Cunningham

Simon Fenne

Timothy Ford

Gregory Noakes

Thomas Stanton

Martin Williams

Maria Bond

Nicola Kemp

Charlotte Moar

Ian White

Keith Zimmerman

Did Not Attend

Tim Hollingsworth

1800.0 Welcome and Quorum

Purpose - For Information

Minute by Gregory Noakes

The Chair welcomed everyone to the meeting and confirmed that the meeting was quorate. It was noted that it was Mollie Kay-Hough first meeting and explained that they were the back-up secretary for the Audit Risk Assurance Committee (ARAC).

1801.0 Declarations of interest

Purpose - For Information

Minute by Gregory Noakes

It was confirmed that no one present at the meeting had any conflicts of interests to declare.

1802.0 Minutes of the Previous Meeting – 01

Purpose - For Approval

Minute by Gregory Noakes

The minutes of the previous meeting were approved subject to the following amendments that had been submitted to the secretary in advance of the meeting:

Minute 1784 'It was agreed this report should not include overdue actions' to be corrected to 'It was agreed this report should not include completed actions'

Minute 1787 'bough' to be corrected to 'bought'.

Minute 1791 'Action: The Director of Policy, Planning & Compliance to provide a simple update to Council to summarise what was happening with risk management strategy' to be corrected to 'Action: The Director of Policy, Planning & Compliance to provide a simple update to Council to summarise what was happening with risk management strategy and risks that sit outside their tolerance'

1803.0 Actions and Matters Arising

Purpose -

Minute by Gregory Noakes

It was questioned what had happened to the actions previously stored on Convene and it was explained that the attached document provided an update for these uncompleted actions. One action was noted as missing which the Secretary agreed to correct.

It was questioned when the Committee would receive an update on GDPR, and the Head of Internal Audit explained an update would be provided later when the Chief Information and Digital Officer had joined the meeting.

Action by Gregory Noakes

ARAC 01

Action Description - To check and ensure all outstanding actions from convene are carried over to Decision Time.

Action Status - Not Started | Due by - 3 Nov 2022 | Assigned to - Gregory Noakes

1804.0 Standing items of business

Purpose -

Minute by Gregory Noakes

The Vice-Chancellor reported that:

- There had been a significant increase in student requests for wellbeing and financial support.
- Student applications from both overseas and home students were up. However, postgraduate taught (PGT) student numbers were down by about 400. This was likely due to PGT students going into work.
- The Pro-Vice Chancellor (Education) and the Director of Education and Student Services were planning to undertake a significant review of admissions.
- Rising inflation was a big risk that the University needed to keep a close eye on.
- The Curriculum Transformation would be a big focus for staff this year and at the time of reporting was currently progressing as planned.
- The uncertainty within UK politics was making it difficult to predict what changes might be made to the Higher Education regulatory environment and when these would be carried out.

The Director of Finance reported that:

- The University was expected to make an operating surplus of £17 million from last year's budget which was better than previously expected. This had been largely achieved through reduced expenditure though many of these costs were deferred rather than permanently saved. The past year had been intended as a recovery year and this was therefore a good result.
- The University's operating cashflow was approximately £49 million above its pre-covid levels
- The budget for this year was aiming for break-even. However, recent events within the financial world were likely to have a significant impact on the budget .
- The voluntary living wage had recently been significantly increased but this would not have a huge impact on the budget.
- Overseas PGT student numbers were down compared to pre-covid but the planned admissions review might identify actions that would prevent a recurrence.
- Overseas undergraduate student numbers were up which was good. However, the increase would put further pressure on accommodation which would need to be looked at.
- The government support package had been brought forward but at this time it was not yet clear what this would mean for the University.
- The University agreed a loan re-financing its EIB debt in early August at a cost of 3.66% this is less than the EIB rate (4.02%) and substantially below rates seen in recent weeks. As agreed by Council the University also settled its interest rate hedging liabilities and now has a simpler and cheaper debt structure meeting the requirements agreed by Council.

A question was asked about how the University would save up to ensure it could pay off the loan in 50 years' time, but the Chair reassured the Committee this would be handled by the Finance Committee.

The Chief Operating Officer reported that:

- First Bus were delivering transport to and from campus in accordance with the previously agreed timetable. There had been a few issues, but these had been resolved.
- Winter viruses was an emerging risk which could affect staffing levels and would therefore need to be monitored closely. A free vaccine clinic was being run on campus for staff.
- Neither of the two major building projects had been completed and disputes with contractors was an ongoing matter. Reviews of both projects would be carried out next year and reported to the Committee.

The External Auditor reported that:

- The attached report was a summary of a benchmarking exercise carried out of other University risk registers.
- The external audit had been completed and the report would soon be available.

1805.0 Projects assurance

Minute by Gregory Noakes

The Chief Operating Officer reported that the Strategic Projects Office was currently overseeing the following seven projects: Curriculum Transformation, School of Management, IAAPS, HSBC, computer refurb, Digital Transformation and the Climate Action Framework. Industry standard project management controls had been put in place for each of these projects. An update was provided to the Committee on the state of play for each of these projects.

Decision by Gregory Noakes

It was noted and agreed that in future project assurance updates would be provided in a one-page report to the committee. In addition, the Director of Strategic Projects Office would be invited to attend a committee meeting once a year.

Action by Gregory Noakes

ARAC 02

Action Description - Update annual ARAC workplan to include project updates as a standing item and to invite director of Strategic Project Office annually to ARAC.

Action Status - Not Started | Due by - 3 Nov 2022 | Assigned to - Gregory Noakes

1807.0 Risk Deep Dive Presentation

Purpose -

Minute by Gregory Noakes

(The Vice-President (Student Experience), the Vice-President (Community & Inclusion) and the Director of HR joined the meeting for this item only)

The Committee considered a risk presentation on the Community pillar of the University strategy. They agreed that it had been a great presentation which had assured them that risks were being considered and managed.

It was questioned how aligned the senior leadership team was to this piece of work and the Director of HR explained that all the senior executives had an objective linked to this. In addition, HR were also working on increasing the level of support given to academic leaders

across the University.

In response to another question the Vice-President (Community & Inclusion) confirmed that the University and Students' Union were working closely together on all of these things.

1808.0 Cyber Security - 02

Purpose -

Minute by Gregory Noakes

(The Chief Information and Digital Officer joined the meeting at this point)

The Chief Information and Digital Officer reported good progress had been made across all areas of cybersecurity. The Information Security Officer now had a deputy responsible for day-to-day affairs which meant they could now focus their time on tackling the bigger projects. The initial technical architecture 'as is' diagram had been completed. This now allowed the University to better identify its areas of risk and put in place mitigation plans.

A recent test of the University cybersecurity systems had yielded positive results.

In response to a question the Chief Information and Digital Officer confirmed that things like LinkedIn were included in the security model and had been tested as part of the recent test.

It was noted that currently cybersecurity was red on the risk register and the Chief Information and Digital Officer was asked where they believed it would be by the end of the academic year. They reported that, with the appropriate resources, they confidently believed it would be amber, noting that a risk of this nature would never be green.

In response to a question about reviewing and updating IT policies the Chief Information and Digital Office explained that there was a logical order that needed to be followed. First need to establish controls, mechanisms, processes, and structures before amending policies. Currently data policies were being updated in parallel to ongoing work and was planned to be completed by March 2023.

It was questioned whether the University had considered taking out Cyber insurance and the Chief Information and Digital Officer explained that it was not worth it as the insurance often didn't cover newly written codes which was where the greatest risk came from.

It was noted that the Committee had been asking for an update on GDPR for some time and the question was asked when they would receive this. The Chief Information and Digital Officer explained the steps that were being taken to address data ownership. It was noted that this needs to be addressed as part of the wider work being done for ISO27001 which would be completed for March 2023.

The Chief Information and Digital Officer was asked what would be out of the scope for the ISO27001. They outlined that most DDAT systems would be included, and this would cover all the areas where significant data is kept.

Decision by Gregory Noakes

It was agreed that the Head of Internal Audit should submit a report in January outlining how the

University was tackling data governance. A full report on data governance would then be submitted alongside an update on ISO27001 to the March meeting which would include a list of any outstanding matters still to be addressed.

Action by Gregory Noakes

ARAC 03

Action Description - Head of Internal Audit to submit a report in January outlining the University approach to tackling data governance. A full report on data governance to then be submitted alongside an update on ISO27001 to the March meeting which will include a list of any outstanding matters still to be addressed.

Action Status - Not Started | Due by - 22 Mar 2023 | Assigned to - Thomas Stanton

1806.0 Risk Management - 03

Purpose -

Minute by Gregory Noakes

(This agenda item was originally item 1806 but was moved to be discussed after item 1808)

The Director of Policy, Planning & Compliance reported on the progress made towards securing a risk management software for the University. It was noted that this had been slightly delayed as it had become clear that the Chief Information Security Officer needed to be involved to ensure that cyber security risks were covered. The plan was for the software to be rolled out across the University starting with strategic risks, then covering Strategic Projects Office and cybersecurity before eventually being rolled out to faculties and professional services.

The Committee discussed the proposed definitions for risk appetite and there was some difference of opinion as to what a high risk should be defined as. It was also suggested that definitions should include potential impacts as this would help scale risks. The Vice-Chancellor reassured the Committee that both of these points had been raised and discussed at the University Executive Board (UEB). They explained the rationale for why UEB had decided against this.

The Vice-Chancellor noted that in terms of risk management software their preferred choice would be Decision Time which had this feature included as an optional add-on. They outlined the advantages of having just one system that everyone could get used to.

1809.0 Internal Audit - 04A-E

Purpose - For Approval

Minute by Gregory Noakes

The Head of Internal Audit reported that going forward any internal audits not completed before June would be carried over into the following year's internal audit plan. It was noted that work was currently underway on developing an assurance map that would be brought to UEB before going to ARAC in November.

The Committee questioned the update provided on Asbestos noting that they needed to be given more assurance on overdue audit points especially with regards to its impact on associated risks. It was agreed that going forward a prompt could be included within the management response update to ensure this was being reported. The Head of Internal Audit was requested to bring back a more specific update in January 2023.

(The Director of Education & Student Services joined the meeting at this point)

It was noted that reasonable assurance had been given for the internal audit on Student disability. The Director of Education & Student Services reported that they had really welcomed the audit as it had been very helpful in identifying areas for further development. They noted that while the audit had only looked at people who disclosed a disability, the recent case in Bristol highlighted the need to also be prepared for students who don't.

In response to a question the Director of Education & Student Services explained that to deliver this on a larger scale getting the support of Senate was essential for winning over academic departments.

(The Director of Education & Student Services left the meeting at this point)

Decision by Gregory Noakes

The Committee approved the internal audit plan (2022-23) and the internal audit terms of reference.

Decision by Gregory Noakes

It was agreed that the draft Annual ARAC report should include a section highlighting the committee concerns over the past year in addition to what their focus will be going into the next year.

Action by Gregory Noakes

ARAC 04

Action Description - The Head of Internal Audit to bring a more specific update on Asbestos overdue audit points to the committee, focusing on the risk of any actions not completed.

Action Status - Not Started | Due by - 18 Jan 2023 | Assigned to - Thomas Stanton

Action by Gregory Noakes

ARAC 05

Action Description - Amend the annual ARAC report to include Committee commentary.

Action Status - Not Started | Due by - 3 Nov 2022 | Assigned to - Thomas Stanton

1810.0 Estimates and Judgements for Annual Report & Accounts - 05

Purpose - For Approval

Decision by Gregory Noakes

The estimates and judgements to be incorporated into the 2021/22 annual accounts was approved.

1811.0 Reportable Events - 06

Purpose -

Minute by Gregory Noakes

The reportable event report for Chemical Engineering was noted.

1812.0 Scheme of Delegation - 07

Purpose -

Minute by Gregory Noakes

It was noted that very good progress had been made on the scheme of delegation.

A question was asked if there was a similar scheme of delegation below this for UEB and the Director of Finance confirmed that there was.

1813.0 CUC Higher Education Code of Governance - 08

Purpose -

Minute by Gregory Noakes

The report on compliance with the CUC Higher Education Code of Governance was noted and

the Committee confirmed that they were assured by this.

1814.0 ARAC Terms of Reference - 09

Purpose -

Minute by Gregory Noakes

The terms of reference for the ARAC were noted, and it was agreed that no amendments were necessary at this time.

1815.0 Committee Report to Council

Purpose -

Minute by Gregory Noakes

This item was deferred to the next meeting.

1816.0 Data assurance on annual returns - 10

Minute by Gregory Noakes

The data assurance on annual returns paper was noted without discussion.

1817.0 Policies - 11

Purpose -

Minute by Gregory Noakes

The policy schedule update was noted without discussion.

1818.0 Programme of Meetings for ARAC - 12

Purpose -

Minute by Gregory Noakes

The programme of meetings for ARAC was noted without discussion.