

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 10 November 2020 arising from the meeting of the Committee held on 25 September 2020

1 For Approval

There were no matters recommended for Council's approval.

2 For Note

- (a) The Deputy Vice-Chancellor presented an executive overview report on a wide range of matters, including [REDACTED] the University's ongoing response to the Covid-19 (C19) pandemic. The Committee discussed in particular:

- [REDACTED];
- use of the University's networks to monitor C19 outbreaks in other universities whose academic years had commenced earlier than York;
- continuation of the strong collaborative approach adopted with partners in the City, especially as regards 'track and trace' (T&T) of individuals testing positive for the virus;
- contingency planning relating to potential issues around the Christmas vacation period;
- staffing issues in the context of many commuter colleagues living throughout the wider local region, including some in local lockdown areas;
- opening of the new walk-in T&T centre at Wentworth College, which was expected to provide sufficient testing capacity in addition to the existing centre in Poppleton;
- lessons learned from the outbreaks in much larger student residence halls in cities like Glasgow, Newcastle and Manchester, with a strong focus on appropriate messaging to the student body in collaboration with the Students' Union;
- recruitment to the new Chief Operating Officer role, including the likely period of notice of the new appointee in their current role.

- (b) The Committee considered a report on the 2019/20 financial outturn, noting that some of the figures presented might change as the accounts were finalised and audited. The Committee observed that:

- [REDACTED];
- as in the previous year, the volatility in financial reporting arising from USS movements would need to be clearly presented in the accounts to prevent possible misunderstanding among lay readers; the auditors confirmed in this regard that it would be possible to provide some explanatory narrative alongside the I&E statement and the Finance Director reported that attempts were being made across the sector (e.g. through the Russell Group Finance Directors Group) to harmonise consistency of reporting on this matter;
- the most challenging aspect of the accounts finalisation process would be the focus on the going concern assessment by the auditors under the current circumstances.

- (c) The Committee considered a report from the Finance Director on the current financial outlook for 2020/21, including key assumptions about the likely impact of C19. It was observed that:

[REDACTED]

[REDACTED]

(d) The Committee considered the timeline approved by UEB for preparing the 2019/20 annual accounts, the 2020/21 MTP, the required financial returns to the Office for Students (OfS) [REDACTED]

[REDACTED]

(e) [REDACTED]

(f) The Committee considered a general update on risk management (RM) covering activity of the Risk Review Group (RRG), strategic risk reviews and the C19 risk register. The Committee observed that:

- its role was to understand and challenge the management approach to RM on behalf of Council;
- it would be useful to know if there were any additional risks being considered by UEB that were not included in the SRRs;

- the incoming Chair Elect was of the view that the Committee should receive the full Strategic Risk Register at each of its meetings, noting the Finance Director's observations on what might be the most appropriate level of reporting. Clarification should be sought and set out through the Committee Effectiveness exercise;
 - although the University had been prepared to take a higher level of risk to recruit overseas students (in order to grow income from that source to a level comparable to its key Russell Group competitors), this had generated an additional risk in respect of a growing dependency on that income source, as had been highlighted across the sector, and particularly in the Russell Group, by the current C19 crisis;
 - if the University was disproportionately exposed to reliance on recruitment from specific overseas territories [REDACTED], it would be useful for the Committee to better understand the process for making such decisions to operate in a higher risk environment;
 - it seemed to be the case that target risk scores identifying tolerance levels varied across different areas such as IT and health and safety, although the source of this assessment was not always evident (and in some cases might depend on whether the most recent assessment was pre- or post-C19);
 - considerable work had evidently been undertaken in the RM area, including gaining increased buy-in to the process from colleagues across the University; it was hoped that the transfer of responsibility from Finance to Planning would increase the management capacity to continue to take things forward;
 - [REDACTED]
[REDACTED]
[REDACTED]; it also highlighted how low-level risks in the short term could crystallise as higher level risks in the longer term;
 - while the summary strategic risk profile charts provided in the main report were useful in showing the distance to the target risk in different areas, the Committee would gain greater assurance from also seeing some further detail regarding the main management actions being taken to mitigate the risks in question (which in turn would also function to highlight management's risk appetite).
- (g) The Committee considered a recent internal audit review of risk management [REDACTED], noting the comments from the auditors that:
- the University had made clear progress in the area of RM since their last review in September 2019 and the subsequent appointment of a dedicated Risk and Audit Manager;
 - the [REDACTED] reflected the positive direction of travel and the fact that some of the more cultural elements remained to be fully embedded across the institution;
 - there still remained some need to clarify the roles and responsibilities of different groups and individuals to ensure the efficacy of the RM reporting framework;
 - one recommendation related to the need for improved monitoring of the action-plans within individual risk registers;
 - the points made regarding an improved understanding of risk appetite were timely in the context of the development of the new University Strategy.
- (h) The Committee considered a verbal report from the Finance Director in respect of value for money (VFM) and observed that:
- despite external reporting to the OfS (previously HEFCE) on VFM no longer being required (at present), it remained part of the Committee's terms of reference, which accorded with the requirements of the new CUC Code of Practice for audit committees;
 - the internal auditors would continue to provide an assurance opinion in their annual report on the University's arrangements for securing VFM;
 - in the event it returned to consideration of VFM, the OfS was likely to develop a definition markedly different to the previous HEFCE definition and focused instead on the student perspective ('*regulating in the student interest*' being its own definition of its core function);
 - in order to inform its own opinion on VFM, it would be useful to receive a report from the Finance Department at its next meeting on this matter.
- (i) The Committee considered a report on academic assurance mapping and the Acting University Secretary reported that:
- initial work had been undertaken with relevant colleagues in the Academic Support Office and the Research Strategy and Policy Office to identify current assurance governance, policies and processes for academic activity in teaching and research;

- both draft documents deployed the 'three lines of defence' approach which was a standard methodology for assurance mapping;
- the first efforts to develop assurance in this area had raised a number of related questions and challenges which were set out in the report (e.g. in respect of the relationship between assurance mapping and RM and how a light-touch approach might be developed that did not create additional bureaucracy);
- in order for the Committee to have a holistic view of University activity it was important integrate the management and academic aspects where they intersected, which had not necessarily been the case in some recent internal audit reviews that had failed to engage with the relevant senior academic leaders at Pro-Vice-Chancellor level (e.g. in respect of the institutional response to C19).

The Committee observed that:

- its interest in this area arose from the broadening of the remit of university governing bodies to include receipt of assurance on academic risks, which in turn raised questions for audit committees as to how they might provide assurance in this specialist academic area;
 - while there was a considerable amount of effort invested in such activity right across the University, it was not straightforward to capture and describe this work in a manner suitable for lay understanding and oversight;
 - ideally academic assurance would be integrated with existing RM processes in such a way that assurance could be gained regarding the proper management of the core academic functions of teaching and research;
 - it was likely that key sources of assurance would include the specialist teaching and research sub-committees reporting to the University Senate;
 - the integration of academic and management elements of planned audit work was best achieved at the early stage when the executive sponsors were being agreed;
 - further consideration of this aspect of the Committee's assurance remit should be factored into its effectiveness review.
- (j) The Committee considered a management report in respect of the implementation of previously agreed internal audit recommendations and noted that:
- there were 31 live actions (down from 43 at the time of the last report);
 - actions marked as complete were in scope for validation by PwC;
 - staff responding urgently to C19 had led to delays in implementing some actions in the period since March 2020, with any changes to due dates to be considered under the term of the new protocols agreed by the Committee;
 - although it had not held formal meetings for some time, the Operations Group (which played a key role in driving clearance of audit recommendations) would be reinstated by the Acting Head of Professional Services/Director of HR;
 - the Finance Department played a pro-active role by sending out reminders to colleagues whose actions were due for completion.
- (k) The Committee considered a progress report against the 2019/20 internal audit plan and noted that:
- the 2019/20 work was now complete and would feed into the annual assurance opinion in the internal audit annual report;
 - second phase follow-up work had been completed in August 2020 and had agreed with management's self-assessment of actions that were now complete, with one exception (in relation to gift/donation acceptance, now in train);
 - [REDACTED]
 - the two low-risk reports (in respect of [REDACTED]) could be taken as read;
 - the review of Research Grants and Contracts had focused on the overall management of the research grants portfolio and the activities of the central Research Grants and Contracts (RGC) team; [REDACTED]
 - the advisory report on the University's C19 response had been undertaken in May 2020 and in some ways the global situation had moved on with the University now primarily focused on the re-opening of its campus for the new academic year; a number of lessons had been learned during the crisis which would inform business continuity management practices in the future, although it was acknowledged that the review had not encompassed the considerable amount of academic work

undertaken in response to the pandemic, which raised the question of how best to scope internal audit projects in a way that captured the necessary degree of academic involvement

- (l) The Committee was reminded of the internal audit plan for 2020/21, noting that it had been considered in detail at its last meeting and subsequently approved by UEB. The Committee supported the early scoping of [REDACTED] and decided that it would be useful in terms of the Committee's own assurance mapping if PwC could provide a simple graphic illustration of how their plan of work mapped to the University's strategic risk registers.
- (m) The external auditors reported verbally that their audit of the accounts continued according to plan, with no major concerns to report at this time; initial outline findings would be reported to the Committee at its next meeting; a number of key C19 considerations would be factored into the audit and these were set out in detail in the latest KPMG HE Technical Update; certain aspects of the audit could only be undertaken when the MTP for 2020/21 was available.
- (n) The Committee resolved to approve the fees incurred by internal and external audit for audit work undertaken in the year ended 31 July 2020 and also the non-audit assignments for which the external auditors had been engaged by the University.
- (o) The Acting University Secretary reported verbally that the University had submitted four 'reportable events' to the OfS during the C19 crisis (relating to the suspension or withdrawal of specific academic programmes or agreements as required by the OfS); institutional responses had also been submitted for two OfS sector consultations (in respect of the interim condition of registration on providers' conduct for student admissions/recruitment and 'market exit' student protection directions); OfS had permitted providers an additional two months for submission of the audited financial statements (new deadline: 28 February 2021) and related material, but had introduced a new requirement that providers submit an interim financial return by the end of October 2020.
- (p) The Committee resolved to consider the following documents at an effectiveness discussion scheduled for 28 September 2020: report on the new CUC Code of Practice for HE Audit Committees; discussion paper in respect of its own effectiveness; draft annual schedule of business for 2020/21.
- (q) The Committee received the following background/contextual documents for information: University Risk Management Policy (February 2020); CUC Code of Practice for HE Audit Committees (May 2020); former CUC Handbook for Members of Audit Committees in Higher Education Institutions (2008); KPMG Higher Education Technical Update (September 2020).

November 2020

RICHARD SOMMERS
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Unconfirmed Executive Summary of a Meeting of Audit and Risk Committee held on 26 November 2020. Provided for Council at its meeting on 16 December 2020

1 For Approval

There were no matters recommended for Council's approval.

2 For Note

- (a) The Deputy Vice-Chancellor presented an executive overview report focused primarily on the University's ongoing response to the Covid-19 (C19) pandemic but also covering a range of other matters. The Committee discussed in particular:
- issues around the (potentially staggered) start to Spring Term 2021;
 - government definition of 'key workers' in the context of future vaccination programmes and the University's engagement with such programmes when launched;
 - the lack of evidence of virus transmission within teaching settings;
 - confirmation of positive staff and student engagement in the limited (approx. 1 hour/week) face-to-face teaching being delivered in covid-secure spaces on campus;
 - close and ongoing adherence to advice from the local public health authority after the flattening out of the initial peak of virus infections on campus;
 - UEB's contingency planning for a 'No Deal' Brexit including in respect of supply chains in the short term and maximising opportunities in the medium/long term as part of strategy development.
- (b) The Committee considered a general financial update covering the medium-term plan, lenders covenants, business critical spending and finalisation of the 2019/20 financial statements (including the going concern assumption). The Committee noted that:
- the additional update provided on Treasury Management had been useful in clarifying the management arrangements around counter-party risk;
 - the external auditors were still considering information provided by management (e.g. in respect of residence repayments and student attrition rates) to inform their going concern assessment in the accounts (paragraph [k] below also refers);
 - the C19 Financial Management Group, which Owen Trotter and the Treasurer attended, had recently received financial data (cash reports) confirming that the University's financial performance was better than forecast in the MTP; the Group would continue to assess financial risks in the context of lender covenants;
 - all covenants (including non-financial) were closely monitored by the Treasury Manager; the planned review of the terms of reference of both the ARC and Finance Committee would include clarification of the respective responsibilities of both committees for monitoring on behalf of Council compliance with treasury matters, including financial and non-financial covenants.
- (c) The Committee considered an update report on risk management (RM) from the Director of Planning and Risk, noting in particular the planned next steps in relation to further activity in this area and further review of corporate risks by UEB members linked to strategy development. It was observed that:
- once the framework for risk assessment and reporting was more firmly embedded across the institution, the Committee looked forward to then being able to consider in more detail the specific top-level corporate risks [REDACTED] and how these were being mitigated by management;
 - the corporate risk profile presented in the report [REDACTED] suggested more work was required with the relevant risk owners to better understand the nature of these risks (e.g. were they temporary as caused by C19 or likely to be more long-standing) and whether the risk appetite remained appropriate;

- when the Committee (or other bodies as part of an assurance map) was in a position to take deeper dives into specific risk areas (or clusters/baskets of risk), these should start with those risks furthest from target; this strengthened focus on and scrutiny of specific risks would also serve to bring together management and governance perspectives and understanding of the areas in question;
 - the Risk Review Group (RRG) played a crucial role in identifying potential mismatches between the bottom-up and top-down RM processes; its membership was currently being reviewed to ensure an appropriate level of academic engagement;
 - health and safety risks needed to be given particular consideration in the context of Council's overarching and ultimate accountability and liability in this area (e.g. for corporate manslaughter *in extremis*);
 - it was reassuring to know that UEB was actively considering Brexit as it did not feature prominently in the risk registers presented to the Committee; rather than being a specific risk itself, Brexit could be viewed as a 'risk factor' affecting a wide range of other areas (cf. the impact of C19);
 - staffing/HR and reputational risks required specific management attention in the context of external factors that could often be beyond the University's control;
 - the Committee endorsed the proposed next steps in the RM area and looked forward to seeing the outputs from this further development at its March 2021 meeting.
- (d) The Committee considered a document from the internal auditors which clarified how their programme of activity mapped to the main corporate risks identified by the University. The internal auditors and Director of Planning and Risk reported that:
- details from other HEIs could be presented to the Committee as best practice examples of how 'deep dives' into specific risks might be factored into its schedule of business;
 - the mapping represented a starting point onto which other types and examples of assurance could be added in order to achieve alignment across different processes by using the same approach and nomenclature;
 - further work was required to gain assurance on internal departmental processes for consideration of risk registers (as some departmental risks could also be relevant at a University level).
- (e) The Committee considered a management report on Value for Money (VfM) in accordance with its terms of reference and the guidance in the *CUC Code for Audit Committees in HE*. Noting the broad definition of VfM as relating to the achievement of 'economy, efficiency and effectiveness' and the related expectations of the Office for Students (OfS) in this area, the Committee considered the sections of the report providing assurance in respect of teaching quality/outcomes, consumer protection, fees/funding and VfM from a financial perspective (e.g. in the areas of budget setting, procurement, C19 response and internal process improvements). It was observed that:
- in addition to identification of specific activities, it would be useful to see how the impact of such work was measured and quantified, while acknowledging that this was more straightforward in financial areas (e.g. budgeting, procurement, business critical spending policies) than in others (e.g. the student experience);
 - the various University change project workstreams had clearly identified milestones and key deliverables, which could provide further metrics under the VfM heading;
 - as the University Strategy was developed further, it would also be important that appropriate quantitative and qualitative KPIs were in place to measure performance;
 - it was likely that the OfS, which had its own VfM Strategy, would continue to take a keen interest in this area as one of its four primary objectives was for all students to receive value for money from their HE experience;
 - as a very broad topic (which could be badged as simply "good management"), VfM could also be demonstrated/evidenced by focusing on major institutional projects and their key outputs;
 - the two sides to VfM from the University perspective were on the one hand whether it provided VfM to students and other stakeholders and on the other whether it received VfM from its partners (e.g. to justify expenditure in certain areas);
 - achievement of VfM lay at the heart of the agreed strategic aspiration to be "*an agile and responsive university*" which was alert to opportunities to achieve financial savings while still providing an ever improving service to its stakeholders; achievement of this ambition did not necessarily require separate VfM reporting but rather that this aspiration was embedded across all University activity in a manner that could be clearly demonstrated to the Committee so that it in turn could provide the required assurance to Council on this matter (via its annual report – see next item).
- (f) The Committee considered a first draft of its annual report to Council in accordance with its terms of reference and the guidance in the *CUC Code for Audit Committees in HE*, noting that it was no longer

required to submit the report to the OfS with other accountability returns. The Committee noted the sections that remained to be completed following this and its January 2021 joint and standalone meetings (in respect of the financial statements, year-end internal and external audit opinions and VfM) and observed that:

- the report in its current format was quite dense as it covered the Committee's work over more than a year;
- following submission of the current report to Council in January 2021 in the absence of regulatory prescription, one aspect of the ongoing effectiveness review might be to consider the format and content of future annual reports/summaries in the interests of providing more accessible comfort to Council and other stakeholders;
- the Committee would sign off the final version of the report at its January 2021 standalone meeting.

(g) The Acting University Secretary provided a brief verbal update on sector consultations currently being run or soon to be launched by the OfS, including in respect of academic quality/standards, public interest governance principles and a possible new metric encompassing non-continuation and highly skilled employment ("Start to Success"). [REDACTED]

(h) The Committee considered a management report in respect of the implementation of previously agreed internal audit recommendations and noted that:

- 10 new actions arising from recent audit reports had been added to the tracking system;
- 14 actions were currently open and behind schedule;
- the question of monitoring and driving clearance of audit action had recently been raised at UEB and would once again be taken forward by the Operations Group (or directly via UEB until this group or an equivalent was re-convened);
- any changes to deadlines for completion would be submitted to the Committee for sign off in accordance with the internal audit protocols approved the previous year;
- a separate process would be employed for follow-up on the recommendations in the C19 response report as this had been an advisory piece of work (i.e. the suggested actions had not been risk-rated);
- while the University's crisis management response to C19 had inevitably impacted on timely implementation of some audit actions, it was important that the agreed protocols for varying target dates or risk ratings were adhered to going forward.

(i) The Committee considered the internal auditors' Annual Report for 2019/20 and noted that:

- [REDACTED];
- PwC were currently benchmarking year-end audit opinions across their client base and would report back to the Committee on this exercise in due course; the University's rating ([REDACTED]) was common to the majority of HEIs;
- [REDACTED]

(j) The Committee considered a progress report on the current 2020/21 internal audit plan, noting that fieldwork had been completed for two reviews (HR Procedures and PCMIS Health Technologies) with five reports to be submitted to the next meeting in March 2021. It was observed that:

- the auditors should remain flexible in their planned programme, in particular in response to any matters arising from further work in the RM area;
- although it was normal practice for there to be no final reports brought to this November meeting, it would be preferable for the internal audit work to be more evenly distributed across the year (which would allow more time for individual reports to be considered in meetings); it was therefore agreed that the draft plan for the following year should be presented for consideration earlier in the year by both UEB (in late January) and the Committee (in March), which would facilitate an earlier start on the agreed programme of work over the Summer months.

Noting the rationale for the proposed changes, the Committee formally **approved** the deferral of two reviews to later points in the year (Prevent Duty review from March to May 2021 and Partnerships review from May to September 2021).

(k) The Committee considered the external auditors' draft year-end report 2019/20, noting that the Chair and two other lay members had attended the recent audit close-out meeting between the auditors and management at which it had been confirmed that no major issues had arisen in the audit, subject to final confirmation of the going concern assessment. Noting that the final completed report would be submitted to the Committee's January meeting, the auditors drew attention to the largely positive findings in respect of the most significant audit risks, [REDACTED]

[REDACTED]

[REDACTED] The Committee observed that:

- it would consider the appropriateness of the management representation letter when it was presented with the accounts in January;
- despite the current requirement for remote/home working, both management and the auditors had worked innovatively and effectively to complete the annual audit;
- the Finance Committee and Pensions Management Group should continue to monitor movements in the University's own pension scheme arising from changes in the discount rate and also ongoing discussions at a national level around potential benefit reforms to the sector-wide USS scheme.

December 2020

**RICHARD SOMMERS
Chair, Audit and Risk Committee**



Council

Audit and Risk Committee

Matters for note by Council at its meeting on 26 May 2021 arising from the meeting of the Committee held on 3 March 2021

1. The Committee considered an overview report from the Vice-Chancellor on a range of matters, in particular the University's ongoing response to the Covid-19 (C19) pandemic and the government's new 'roadmap' for easing lockdown restrictions. In discussion the Committee focused on developments in the management of IT at the University and the financial risks associated with the considerable USS pension scheme deficit
[REDACTED]
2. The Committee considered a table setting out a series of proposed actions to enhance its own effectiveness. Points raised in discussion included the holding of some meetings in person during 2021/22 (if permitted by government guidance); establishing clearer demarcation between the different roles of the Finance and Audit & Risk Committees; the ongoing work to develop an Assurance Map and 'deep dives' into specific risk areas; and integration of the proposed areas for Committee development/briefing into its annual schedule for 2021/22. The Committee endorsed the proposals set out in the paper, noting that progress on delivery would be provided to each meeting going forward.
3. The Committee considered an update on risk management, noting in particular that the Risk Review Group had recently reviewed the updated Faculty Risk Registers and how they mapped to the Corporate Risk Register.
[REDACTED]
4. The Committee considered a progress report against the 2020/21 internal audit plan [REDACTED]
[REDACTED]
5. The Committee also considered internal audit reports in respect of [REDACTED]
[REDACTED]

As regards the HR report, it noted that the HR Directorate welcomed the recommendations regarding a more systematic approach to policy development and record-keeping and documentation around decisions made in relation to approval/amendment of HR policies.

6. The Committee considered a PwC benchmarking report in respect of overarching year-end opinions and classifications across its HE client base, noting the finding that 88% of PwC's HE clients ██████████ ██████████ received the same annual opinion ("*generally satisfactory with some improvements required*"). As the most common areas for high-risk findings were mainly related to IT matters (e.g. data quality, IT disaster recovery, IT security etc), the Committee agreed that this should continue to be a strong focus for internal audit work.
7. The Committee considered a management report in respect of the implementation of previously agreed internal audit recommendations, noting that 21 of the 31 risk-rated actions had been completed (subject to PwC verification); the remaining 10 included 7 for which deadline extensions had been requested and 3 that were not yet due for completion.
8. The Committee considered the annual report on the University's submission of statutory data returns to external bodies, noting that the purpose of the report was to inform its annual assurance opinion (as expressed in its annual report to Council) in respect of the adequacy and effectiveness of the University's arrangements for compiling such returns. The Director of Planning & Risk confirmed that the report focused primarily on the high-risk returns (i.e. those with funding, accreditation or reputational implications) and also set out the internal quality assurance arrangements associated with each as overseen by the Statutory Returns Coordination Group. It was noted that a number of the annual returns had been subject to later deadlines as part of the OfS response to the C19 pandemic. The Committee observed that if any of the external bodies had requested amendments or adjustments following analytical review of the data submitted, it would be useful to include that in future reports for consideration as a metric for the quality of the University's external data reporting.
9. As regards regulatory matters, the University Secretary reported that the University had submitted responses to two OfS consultations (in respect of reportable events and monetary penalties). It was also reported that along with all other registered providers, the University had undertaken an internal review of its compliance with student consumer protection law in order to support the regulator's understanding of the adequacy of the University's arrangements for programme delivery during the pandemic. As the OfS was likely to follow up on recently published government plans to introduce new legislation to strengthen academic freedom and freedom of speech in HE in England, the University and the Students' Union were both examining their own arrangements in this area
10. The external auditors reported that the presentation of the University's 2019/20 financial statements under US GAAP was nearing completion and would then require internal governance sign-off before submission to the US authorities. [*Secretary's Note: This matter was subsequently concluded with ARC/FC and Council approval in May 2021.*]

March 2021

DAVID WATSON
Chair, Audit and Risk Committee

Council

Audit and Risk Committee

Matters for note by Council at its meeting on 26 May 2021 arising from the meeting of the Committee held on 12 May 2021

1. The Committee noted and approved non-audit consultancy work by the internal audit provider (PwC) in respect of the University's evolving EDI Strategy, noting that there was no conflict of interest between this work and provision of audit services.
2. The Deputy Vice-Chancellor presented an executive overview report from the Vice-Chancellor on a wide range of matters, with particular focus on the University's ongoing response to the Covid-19 (C19) pandemic and planning for the entry/return of students in September 2021. The Committee discussed in particular the financial impact of cuts in ODA funding [REDACTED], UEB's ongoing response to the [REDACTED] [REDACTED] *[Secretary's Note: further information on campus safety would be provided to the Committee by the Chief Operating Officer outside the meeting].*
3. The Committee considered an update on implementation of the agreed actions arising from its effectiveness review, noting that good progress had been made in most areas. It noted that its formal Terms of Reference would be re-drafted in parallel with the ongoing review of Finance Committee. Consideration was also given to how matters arising from the business items of significance might be best escalated/highlighted to Council alongside or as part of Committee executive summaries.
4. The Committee considered a draft schedule of business for the next 2021/22 academic year as a working document, welcoming in particular the new section which had been added to propose possible development briefings for members on a range of pertinent topics. With regard to the latter, it was agreed that in accordance with their associated risk ratings in recent internal audit work, [REDACTED] [REDACTED] should be prioritised in the early part of the year. It was generally agreed that provision of additional information through such briefings should in part be linked to the evolving Risk Assurance Map. *[Secretary's Note: further information on UEB's [REDACTED] would be provided to the Committee by the Chief Operating Officer outside the meeting].*
5. The Committee received for information the 2020/21 half-year financial forecast as previously submitted to UEB and Finance Committee. [REDACTED]
6. The Committee received for information a UEB paper (and relevant minute) in respect of benchmarking the University's performance against other institutions. [REDACTED]

[REDACTED]

7. At the request of the Committee, the Finance Director provided a detailed verbal report on the current status of the USS and UoYPPF schemes, both of which were currently subject to valuations (most likely to be completed by, respectively, January 2022 and October 2021). It was noted that both schemes were subject to close monitoring by the newly established Pensions Advisory Group (PAG), of which the Chair and Treasurer were lay attendees. As regards the USS, particular attention was drawn to the risk of significantly higher employer contributions and the ongoing efforts of UUK to reduce this to more manageable levels. There had also been some suggestion that USS might insist on universities agreeing to a number of financial metrics which would trigger USS intervention if breached, such as having a view on the University's business plan. It had however been acknowledged that the timing of the valuation in March 2020 in the context of the C19 pandemic might require post-review performance factors to be considered for the HE sector as a whole. Given the possibility of benefit changes, the University had run a programme of staff engagement to gather views which would inform the formal UUK consultation.

[REDACTED]

In response to a query from the Committee about the possible impact of the USS's intervention in the event that USS were treated on the same basis as the University's lenders, the Finance Director reported that intervention was only proposed in the event of a breach in two consecutive years and that discussions were still ongoing about this matter together with consideration of possible changes to the USS's central governance structure (e.g. broadening the membership of the key decision-making groups below the Trustee Board to bring in other perspectives). The Committee thanked the Finance Director for his additional and informative report on pensions.

8. The Committee noted the plan and associated accounting policies as regards the financial statements for the current year to 31 July 2021. It was noted that the main uncertainties at the present time related to the disclosures likely to be required for the two pension schemes (para 7 above and 11 below both refer), which would be dictated by the completion dates of the ongoing valuations.
9. The Committee considered two linked reports on a recent review of the Corporate Risk Register (CRR) and proposals on corporate risk governance (including a series of core principles and a revised reporting framework). With regard to the former, it was noted that although the risk scores had remained largely static (with the exception of research standing/reputation), there would now follow more intense engagement with Risk Owners to drive the scores down in the context of the ongoing work on risk appetite. On the matter of corporate risk governance, the Committee endorsed the proposed principles/reporting framework for Council approval and approved the approach recommended by UEB for 'deep dives' into specific risk areas. In discussion the Committee proposed a minor change of wording/emphasis as regards the responsibilities of different individuals/bodies and also commented on the importance of ensuring an independent perspective in each 'deep dive' review to prevent a conflict of interest among Risk Owners. It also suggested that an appropriate means should be identified for positively engaging Council members in reports on risk management, and the University Secretary agreed to consider this matter in the context of Council's annual schedule and meeting arrangements.
10. The Committee received for information PwC's 2021 HE Sector Risk Profile and also a verbal report from the University Secretary on current OfS developments and consultations (statement of expectations for preventing and addressing harassment and sexual misconduct; recurrent funding for high-cost subjects; and a possible new registration condition in respect of free speech).
11. The Committee noted KPMG's risk assessment and planned audit approach for the 2020/21 financial statement, in particular as regards the ongoing uncertainty around pensions and other significant risks/areas of audit focus. It was noted that although the OfS had again extended the final submission deadline until

February 2022, the University and its auditors would be working towards the normal cycle of completion by December 2021 (with any late pensions disclosures as non-adjusting post-balance sheet events). The Committee agreed to defer approval of the proposed audit fees subject to further discussions between KPMG and the Finance Director.

12. The Committee noted a management update on the clearance rate of previous audit recommendations (of 34: 9 implemented, 23 not yet due and 2 closed as risk accepted) and extension of deadlines on four actions (in the areas of Estates, GDPR, HR and Student Protection Plan), noting that such action tracking was now undertaken via PwC's 'TRACTION' software tool. The Committee also approved updated IA protocols to reflect recent internal changes to responsibilities/job titles.
13. The Committee received three final internal audit reports [REDACTED] and decided to take these as read. It also requested that in future PwC only provide executive summaries of its reports (unless these were rated as High Risk in which case the full report would be provided). It also approved two proposed changes to the current year's schedule (Partnerships review to be deferred until 2021/22 and Risk Management review to be advisory), noting the acceptable rationale in each case. With regard to the backlog of unfinished reviews (x10), it was agreed that these should form the sole focus of the next meeting scheduled in September.
14. The Committee approved the internal audit risk assessment and plan for the three-year period 2021/22 to 2023/24, noting that it had recently been presented to UEB for endorsement. It also noted the key themes, the close mapping to corporate risks/objectives and the time allocation for each 'auditable unit' (risk/governance; strategic enablers; teaching/learning; research; support services; faculties). It was agreed that the plan would be re-circulated once the indicative timetable for 2021/22 had been agreed with the relevant UEB sponsors.

May 2021

DAVID WATSON
Chair, Audit and Risk Committee