

BOARD OF GOVERNORS

AUDIT COMMITTEE

Minutes of the meeting held on 2 March 2020

Present

Lisa Greenhalgh	Independent member	Committee Chair
Helen Smallbone	Clerk to the Board	
Debra Chamberlain	KPMG	External Audit Representative
Christine Donnelly	Independent member	
Clive Elliott	Independent member	
Lisa Randall	RSM	Internal Audit Representative

Officers in attendance

John Cater	Vice-Chancellor
Craig Hutchinson-Howorth	Director of Strategic Planning
Steve Igoe	Deputy Vice-Chancellor

Apologies

Carl Gibson	Director of Finance
Joanne Flitcroft	Independent member
Louise Robinson	Independent member
Mike Rush	Independent member

AC.19.043 In-camera meeting

Prior to the commencement of scheduled business, independent members held a private meeting with the internal and external auditors which is minuted separately. This session included a scheduled briefing on Challenges for Universities and their Audit Committees, provided by KPMG.

AC.19.044 Declarations of interest

There were no declarations of interest specific to the meeting.

AC.19.045 Chair's announcements

There were no announcements.

AC.19.046 Chair's action

.01 Serious Incidents Reporting Policy

The Chair advised members that she had approved some minor amendments to the University's Serious Incidents Reporting Policy. The changes were made to ensure that the document aligned with updated guidance from the Office for Students (OfS).

Members noted the individual changes, which were outlined in a copy of the report, provided in Section C. Although the document had already been approved, members confirmed their support noting the changes were necessary to comply with OfS terms and conditions.

AC.19.047 Minutes of the previous meetings

Received: Document AC/029/19

The minutes of the meeting held on 4 November 2019 and the extraordinary meeting held on 27 January 2020 were agreed and signed by the Chair as correct records.

AC.19.048 Action Log

Received: Document AC/030/19

Members received the Action Log for the year noting that all actions were either implemented or ongoing.

AC.19.049 Matters arising

.01 Internal Audit Annual Report: Compliance with OfS Requirements

The Chair referred to the minutes of the extraordinary meeting held on 27 January and highlighted that the OfS had requested that the University's Internal Audit Annual Report 2018/19 be updated to

explicitly show that RSM had considered economy, efficiency and effectiveness (VfM) when forming its overall opinion of the University's arrangements. While recognising that in some respects this was a minor issue, as the report made clear throughout that RSM had considered VfM, the Chair expressed concern that the omission had not been detected before the report was submitted to the OfS.

The Internal Audit Representative gave an assurance that VfM had been carefully considered and that RSM had gained substantial assurance on the adequacy and effectiveness of the University's arrangements for VfM. The issue related to an error with the graphic selected to represent RSM's findings, which omitted the relevant form of words. The Internal Audit Representative explained that RSM's quality control staff had now built an additional check in the system to ensure that any future errors would not go undetected.

The Committee was assured by the update.

SECTION A ITEMS

AC.19.050 Internal Audit Reports

Received: Document AC/031/19

.01 Measuring the Effectiveness of Anti-fraud Awareness and Controls

The Internal Audit Representative introduced the report on this advisory review, which had been commissioned to assess the current mechanisms and policies in place to monitor and address fraud risks. The review evaluated the levels of fraud/financial awareness across the University and whether these were being effectively applied in mitigating the associated fraud or financial risks.

As the audit was an advisory audit, it did not include an assurance opinion. Individual actions were, however, recommended in the normal way, and four Low and two Medium priority actions were recommended, and accepted by management.

The actions agreed included work to strengthen specified policies and procedures, and amendments to enhance the related training

programme. The template for departmental risk registers will also be updated to ensure that control measures around fraud risk can be better identified. Full details were included in the report.

Members were pleased to note that the assignment found that the University's senior leaders drive a culture of raising fraud and financial awareness, and tackling fraud and bribery. This is reinforced by significant awareness raising exercises and mandatory training where appropriate.

In discussion, members noted the value from the assignment which had covered a substantial amount of detail and was thorough in the analysis. Members agreed the implementation of the actions will be necessarily beneficial for the University, and were pleased to see three actions were already complete. A follow up report will be provided by RSM in due course.

With regard to the format of the report, members observed that the graphics could be misleading since the base point was not zero. This meant that, for example, the high level of staff awareness of relevant policies, when expressed as a percentage was not fully reflected in the visual. This observation was noted by the RSM representative.

.02 Payroll and Expenses

The Internal Audit Representative introduced the report on this audit, which tested the design and application of the University's payroll and expenses control framework. The audit focussed on the control framework surrounding the payroll system (Zellis), and the expenses system (Selenity).

Overall **the audit provided Substantial Assurance**. It was found that the University has a robust control framework in place for payroll and expenses. The sample testing confirmed that all areas of the control framework were operating as intended. Payroll and expenses activities were completed accurately and in a timely manner with appropriate authorisation and segregation of duties in place. It was also confirmed that the University actively maintains the payroll system, Zellis, to ensure that new starters, leavers and amendments to employee details are accurately processed and staff are paid in line with the University's payroll calendar.

No management actions were recommended, and members welcomed the positive report.

.03 Student Retention and Progression Framework

The Internal Audit Representative introduced the report on this audit, which tested whether the University consistently applies the framework in place to facilitate student retention and progression.

Overall **the audit provided Substantial Assurance**. It was found that all areas of the control framework were operating as intended, and consistently applied. Three management actions were identified, which were all Low level. These related to the development of a Student Experience Strategy, the rollout of Qwickly (the attendance monitoring system) and the integration of Qwickly with Tableau (the University's business reporting system) to enable better reporting.

In discussion, members expressed concern that the report implied students may be required to wait for two weeks when accessing Wellbeing Services. The Vice-Chancellor clarified that the University operated with a triage system which meant that any student deemed to be at risk would be prioritised and seen as a matter of urgency. Where matters are not deemed to be an emergency, students are normally seen within a few days. It would be an exception for any student to wait for two weeks for an appointment. The University has also invested in Big White Wall which is available to all Edge Hill students. This online system can be accessed 24 hours a day and is supported by clinicians, meaning every Edge Hill student has immediate access to specialist support if they require it.

Members welcomed the positive report.

The Internal Audit Reports were received.

AC.19.051 Risk Management Report

Received: Document AC/034/19

The Director of Strategic Planning introduced the paper which indicated little change in the risk environment, with recruitment and retention remaining the highest level of risk.

He highlighted that the report referenced the recent outbreak of coronavirus (COVID-19) in China, and that the risk had escalated since the paper was prepared. There was now a serious impact in mainland Europe, notably Italy, and 36 cases in England. The University had originally assumed that any risk may relate to the consequence of more aggressive recruitment practices from competitors who rely on recruitment from China. However, the presence of the disease in England has clearly changed the risk profile.

Members noted that the outbreak was extremely concerning and could potentially have a very serious impact on the University - and country – if the disease spread at the rate witnessed in China and Italy. Members asked the Vice-Chancellor to give an assurance that, in so far as is reasonably possible, appropriate mitigations were in place.

Recognising the seriousness of the risk, the Vice Chancellor reported that:

- The Directorate team were monitoring the position very carefully, meeting as regularly as necessary to ensure the University was responding appropriately in view of contemporary advice from the relevant bodies
- The University will follow Public Health England (PHE) guidance for health-related matters, and the Foreign and Commonwealth Office (FCO), and University insurers, for matters relating to international travel. Advice from other government departments, such as the Department for Education, and our regulator, OfS will be followed as appropriate
- The government has recently provided advice for educational settings. This guidance makes clear that educational settings should remain open, and sets out steps that should be taken if there is a suspected case. Beyond the standard guidance applicable for the public, there are no restrictions or special control measures

required if a case is suspected, other than cleaning specific areas and disposing of waste

- The University community does not have any suspected or confirmed cases. The University would be guided by PHE officials if a case relating to the Edge Hill community is confirmed
- The Directorate team recognises its vital role in ensuring that advice is disseminated to all staff, students and visitors to campus. Information on PHE, FCO and insurers' advice has been published on the University website and elsewhere
- An institutional working group has been formed, with a particular emphasis on health care, travel and business continuity
- All departments have been required to review local business continuity plans to ensure they address the current threats in so far as departments are reasonably able to. Priority items for business continuity include ensuring that resources are in place so that staff are enabled to work at home if they are required to self-isolate but otherwise remain well.

Members thanked the Vice-Chancellor for the detailed update. The Committee was assured that the University was - as far as it was able to - taking appropriate actions to mitigate the significant risks presented by the coronavirus (COVID-19).

The Committee asked for the Vice-Chancellor's view on the timescale of any escalation of the disease in this region. This would enable them to understand whether any particular activities would be particularly vulnerable.

The Vice-Chancellor noted that the UK is currently dealing only with isolated cases, and the effectiveness of the government's work on containment would therefore be critical. Government modelling based on SARS indicates that if containment is operated successfully, any wide spread issues in the North West would be delayed for some weeks or months. A risk point for the University will therefore be the Easter vacation period, when students will naturally travel to other parts of the country, and globe, before returning to campus for the final part of the year. The Vice-Chancellor assured the Committee that appropriate measures would be put in place to ensure the University managed this particular risk in proportion to the circumstances at the time.

He noted, however, that a major issue when seeking to mitigate any risk in these circumstances is the unknown nature of the disease – and highlighted that even world leading epidemiologists cannot be confident how this will unfold.

The Chair brought this aspect of the agenda item to a close, thanking the management team for their work to date and confirming that the Committee had a high level of confidence in the University's approach to managing those issues within its control.

In further discussion about the Risk Report, members noted that the University was coming towards the end of a period of industrial action and requested details about how any risks to student satisfaction were being mitigated.

The Vice-Chancellor indicated that the Directorate team had closely monitored the position, meeting regularly to ensure that any impact on students was monitored and mitigated. Following advice from the OfS, and the ombudsman for student complaints, the University has ensured that it continues to deliver learning opportunities, and minimise academic disadvantage as follows:

.01 Delivering learning opportunities

Faculties have committed to providing learning opportunities by rescheduling sessions or delivering missed teaching by other appropriate methods, such as:

- videoed lectures
- publishing lecture notes and other online resources
- additional tutorial sessions
- allowing students to attend different seminar groups or attend the missed sessions at a later date when the module runs again

.02 Minimising academic disadvantage

Where there is an unavoidable impact on student assessment, academic departments will take the following action where this does not compromise academic standards:

- remove topics from examinations
- change assessment methods

- extend deadlines
- change the weighting of different module elements

Members were assured by the Vice Chancellor's response.

Turning to the University's top ten risks, a member queried why the reduced amount of funding from the Office for Students was ranked in the top ten given revenue impact was already a higher rated risk, and risks such as data protection, cyber security and the Coronavirus' potential impact may therefore be more pressing. Following discussion, the Director of Strategic Planning agreed to reflect on the comments made and revisit the Risk Register.

Action: Director of Strategic Planning to review the top ten priorities on the Risk Register

The Risk Management report was received.

AC.19.052 Fraud and Irregularity/Serious Incident Statement

The Deputy Vice-Chancellor confirmed that there was no information to report.

SECTION B ITEMS

AC.19.053 RSM Progress Report

The Internal Audit Representative introduced the report noting that the schedule of work was progressing as planned with no issues to report.

Since the last Committee meeting, three assignments have been finalised and one audit is in progress. The three completed assignments were considered in detail earlier in the meeting under item AC.19.050. Fieldwork is due to commence on 24 February 2020 for the fourth assignment, the Apprenticeship Quality Data Return. The final report is due to be presented to the June 2020 Audit Committee.

Members noted the update report.

AC.19.054 Department for Education: Audit Grant Return

Received: Document AC/035/19

The Director of Strategic Planning advised members that this return formed part of the annual accountability reporting required by the Department for Education in relation to funding received. The return was accompanied by an assurance report prepared by KPMG which had found no issues.

The Audit Grant Return was noted.

AC.19.055 Value for Money Update report

Received: Document AC/036/19

The Deputy Vice-Chancellor introduced the report which highlighted progress on 2019/20 projects relating to:

- FoHSCM Administration Review
- Making tax digital
- Online enrolment
- People plan
- Review of HR/payroll systems
- Review of competitor behaviour and external market
- Restructure of Corporate Communications
- Reshaping of Student Support Services
- Tenders

He reminded members that there is no longer a requirement to submit a detailed report on this activity to the OfS. Moving away from the traditional HEFCE model, VfM will now be measured by the OfS using statistical and data analysis which mainly concerns output rather than input measures. For example, using sources such as the National Student Survey and Graduate Outcomes information.

The VfM lens has also been broadened. Whereas traditionally VfM concerned economy and efficient use of funds, there will now be a much greater emphasis on perceptions of effectiveness. That is, the extent to which students, graduates and the public believe value for money has been delivered.

Having considered the details of the report, members were pleased to note that many of the individual projects listed linked well to an overall strategy which clearly aims to improve the student experience while ensuring the efficient and effective use of resources.

Members welcomed and received the Value for Money Update report noting the impressive breadth of projects covered.

AC.19.056 Ethical Investment Policy

The Deputy Vice-Chancellor introduced the policy which sets out the University's position on ethical investment, and asked for the Committee's approval.

In discussion, members supported the broad principles set out in the statement. That is, that the University is committed to ensuring its investment choices reflect the ethical values it espouses in public life.

Members noted that while the policy clearly set out an appropriate commitment, it did not include a significant amount of detail about how this operated in practice. Members also observed that it may be more appropriate for this policy to be considered by the Resources Committee, who monitor the University's finances and accounts.

Noting support for the broad principles in the policy, members approved the document. **It was recommended, however, that the Board consider remitting ownership of this item to the Resources Committee.**

Action: Clerk

AC.19.57 Whistleblowing Policy

The Deputy Vice-Chancellor presented this report which proposed some changes to support the accessibility of the Whistleblowing Policy.

He reminded members of the significant review work undertaken in 2018, which incorporated legal guidance to inform the required content for the policy. In view of this work, the Deputy Vice-Chancellor confirmed that the existing Policy's substantial content remains valid. The policy has however been reviewed to ensure it is written in plain English and therefore more accessible.

While noting the Deputy Vice-Chancellor's comments about the content, the Chair highlighted that the updated policy did not incorporate tracked changes. This made it difficult for the Committee to directly assess how significant the changes were. Members agreed that a **tracked changes version should be circulated to members via email** before the updated version of the policy could be approved.

Given the Deputy Vice-Chancellor's assurance that the current version of the document remained appropriate, the Committee agreed that the existing policy would remain valid until the updated version is approved.

**Action: Clerk/ Deputy
Vice-Chancellor**

AC.19.058 Any other business

There was no other business.

SECTION C

AC.19.059 Higher Education Benchmarking Report

Members noted the Higher Education Benchmarking Report.

AC.19.060 Revised Serious Incidents Reporting Policy

Members noted the Revised Serious Incidents Reporting Policy.

AC.19.061 Date and time of next meeting

The next meeting of the Committee is scheduled for 8 June 2020.