

## BOARD OF GOVERNORS

## AUDIT COMMITTEE

Minutes of the meeting held on 20 February 2023

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### Present

Mike Tate	Committee Chair	
Helen Smallbone	Clerk to the Board	
Christine Donnelly	Independent member	
Claire Ledsom	RSM	Internal Audit Representative
Antony Lockley	Independent member	
Maxine Melling	Independent member	
Imogen Milner	KPMG	External Audit representative
Jo Nettleton	Independent member	
Lisa Randall	RSM	Head of Internal Audit

### Officers in attendance

John Cater	Vice-Chancellor
Carl Gibson	Director of Finance
Steve Igoe	Deputy Vice-Chancellor
Rhona Morris	Secretariat

### Apologies

Kashif Azeem	Internal Audit Representative
James Boyle	External Audit Representative
Craig Hutchinson-Howorth	Director of Strategic Planning

Prior to the commencement of scheduled business, members met privately as a committee and then separately with the following groups:

- Officers of the Committee
- Internal and external auditors.

These meetings are recorded separately.

**AC.22.025    Declarations of Interest**

There were no declarations of interest.

**AC.22.026    Chair's Announcements**

*.01 New members*

The Chair welcomed Maxine Melling, Antony Lockley and Jo Nettleton to their first meeting of the Committee. He noted that the significant change in its composition would allow the Committee to review and further enhance its approach to business.

**AC.22.027    Chair's Action**

There was no Chair's Action to report.

**AC.22.028    Minutes of the previous meetings**

*Received:    Document AC/017/22*

The minutes of the meeting held on 17 October 2022 were agreed as an accurate record.

**AC.22.029    Action Log**

*Received:    Document AC/018/22*

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

**AC.22.030    Matters arising not included elsewhere on the agenda**

There were no matters arising.

**SECTION A**

**AC.22.031 OfS assessment of compliance with ongoing condition B3 (student outcomes)**

*Reported:* [Exempt from publication – confidential]

*Discussed:* In response to questions, the following information was noted:

- The University has a long history of engaging with the OfS, and the preceding funding council (HEFCE), to ensure that the data it provides is accurate and in line with regulatory expectations.  
[Exempt from publication – confidential]
- The OfS outlines its monitoring and intervention processes in Regulatory Notice 15. Interventions are staggered based on the Regulator's assessment of non-compliance with regulation, risk of recurrence, and impact on students and/or the sector. The University continues to be confident in its compliance with all aspects of the Regulatory Framework.

[Exempt from publication – confidential]

*Resolved:* To take assurance from the OfS Assessment of compliance with ongoing condition B3 (student outcomes) report.

**AC.22.032 Board Assurance Framework**

*Received:* Document AC/019/22

*Reported:* The Deputy Vice-Chancellor (DVC) introduced the Board Assurance Framework (BAF), noting that the University's risk position remained stable. He observed that the rating for student recruitment had been downgraded to amber to reflect volatility in the market which was affecting the whole sector. While the University had noticed decreasing appeal for healthcare and education provision, there were no concerns about receiving insufficient high-quality applications to fill places. For non-professional programmes, UCAS data demonstrates that we are outperforming the sector for applications. The University's focus was now on supporting applicants to confirm Edge Hill as their preferred option.

The DVC observed that the BAF had been in operation for a full year and would soon be supported by new software. In advance of this development, he indicated that there was latitude to further revise the report's presentation and content to meet governors' needs. He reminded members that the BAF would be subject to internal audit in the summer term.

*Discussed:* In response to questions, the following information was noted:

- As discussed at the Strategy & Development Day, the University intends to expand its academic provision to protect its medium-term sustainability and ensure it remains alert to trends in the applicant market. A number of subjects have been validated through academic governance structures for September 2024 and feature in the new undergraduate prospectus. Other subjects will require new infrastructure and will therefore be scheduled in line with estate developments.
- A Knowledge Exchange (KE) Office has been established to ensure that relevant activity already taking place across campus is identified and articulated as KE activity. In doing so, the University hopes to attract increased levels of Higher Education Innovation Funding (HEIF). Other similar-sized providers who already have mature KE infrastructure are gaining significant levels of HEIF to support and grow activity, and this should be achievable for Edge Hill.
- The University's move to open recruitment of international students, rather than relying on partner agencies, continues to prove popular, particularly with applicants seeking Masters-level programmes. New undergraduate provision in STEM subjects scheduled for implementation from 2024 is expected to be of particular appeal to international students, and the University hopes to triple its current international student population, increasing turnover by around 3%.

Despite its internationalisation strategy, the University was alert to geopolitical tensions. **[Exempt from publication – commercial interests]**

- It was likely that this year's NSS results would be negatively influenced by the effects of industrial action both within the sector and, for students on professional programmes, in placement settings. However, students across the sector would be equally

affected by this negative messaging and the University is optimistic that its strong student support mechanisms will generate relative advantage in the survey.

- Edge Hill graduates are sought after by employers, particularly in the healthcare and education sectors. The Graduate Attributes Framework supports all Edge Hill students to identify, develop and articulate the skills and experience they gain through their curriculum and extra-curricular activities to prepare them for graduate job applications. The University's latest progression data looks positive and, depending on the performance of other providers, should give some relative advantage which further mitigates any risk in this area.
- The volatile employment market has not affected the University's ability to recruit high-quality academic staff, though there has been some impact on the recruitment of support staff. The changing nature of work nationally means that employers must now actively promote themselves to high-quality candidates, and the University will develop marketing expertise in the recruitment team to facilitate this.

Existing staff have access to excellent staff development and wellbeing provision, and a generous pension benefit. Non-frontline staff are able to adopt informal flexible working arrangements to help support work-life balance.

- Governors considered that it would be helpful to review the BAF report, particularly the style of the supporting narrative and the inclusion of minor presentational points such as trend arrows. The Lead Governor: BAF Reporting agreed to collate members' feedback and liaise with the DVC and Director of Strategic Planning to refine the next iteration of the report.

**Action: Lead Governor: BAF Reporting/DVC/Director of Strategic Planning**

*Resolved:* To take assurance from the University's internal controls and risk management system.

#### **AC.22.033 Internal Audit Reports**

*Received:* Document AC/020/22

*.01 Estates and Facilities Management – Water Hygiene*

*Reported:* The Head of Internal Audit (LR) presented the assignment report, which considered the control framework for the management of Water Hygiene. This forms part of a broader cycle of work to test health and safety compliance across the estate. The audit identified one low priority action for further enhancement of the activity, full details of which were included in the accompanying report. Overall, the audit found **Substantial Assurance** that risk management controls are appropriate and effective.

*Discussed:* In response to questions, the following information was noted:

- As part of their review, the auditors considered a range of information, including historic data. In doing so, they identified and assessed any trends in data and were assured that there was a pattern of ongoing compliance.
- The University ensures that relevant staff are supported to maintain up-to-date knowledge of the water system. Invida software is used to confirm maintenance compliance across the estate.
- In line with the 2022/23 Internal Audit Plan, auditors would continue to consider equality, diversity and inclusion (EDI) across all audit assignments. Following a request from Committee members, they agreed to incorporate an example of EDI in practice in all future reports.

**Action: RSM**

*Resolved:* To note satisfaction with, and assurance from, the assignment report.

**AC.22.034 Fraud and Irregularity/Serious Incidents Statement**

*Reported:* The DVC confirmed that there was no information to report.

**AC.22.035 Audit Committee Effectiveness**

*Received:* Document AC/021/22

*Reported:* [Exempt from publication – confidential]

*Resolved:* To receive the Audit Committee Effectiveness Report.

## SECTION B

### **AC.22.036 The Transparent Approach to Costing (TRAC) Assurance Statement**

*Received:* Document AC/022/22

*Reported:* The DVC introduced the report, reminding members that the Committee had formerly been required to sign off the TRAC submission directly. However, it was now responsible for confirming that the University had overseen and ensured compliance with the TRAC requirements.

The DVC confirmed that the University had established a committee with appropriate expertise and representation to oversee the return. No concerns had been raised by this committee. The Committee's composition was periodically tested through internal audit and the DVC noted that no changes to its composition or practice had occurred since the last audit in April 2022.

*Discussed:* The Audit Committee noted assurance that appropriate processes had been implemented to ensure the validity of the TRAC submission.

*Resolved:* To note the TRAC Assurance Statement

### **AC.22.037 Policy on the Provision of Non-Audit Services**

*Reported:* The Clerk noted that the Committee had decided to develop a Policy on the Provision of Non-Audit Services to support its adoption of the CUC Higher Education Audit Committees Code of Practice. She provided reassurance that the University's existing policy framework already ensures ethical practice across relevant activity but noted that a specific policy is now recognised good practice.

To allow the new membership time to gain a full understanding of the relevant issues before making a policy decision, she recommended that the draft Policy was circulated by email before being considered for approval in June.

**Action: Clerk**

*Discussed:* In discussion, the following information was noted:

- Policies on Non-Audit Services have become increasingly common across the public sector as a response to high-profile governance issues. However, their use has had a negative impact on the attractiveness of audit contracts in these organisations. The DVC noted that Audit Committees across the NHS were struggling to engage auditors to apply for tenders due to the constraints on their activity. This lack of supply has had a major impact on the costs of external audit activity.

*Resolved:* To note the Policy on the Provision of Non-Audit Services update

#### **AC.22.038 Internal Audit Progress Report**

*Received:* Document AC/023/22

*Reported:* The Internal Audit Representative (CL) introduced the report noting that the first review of the 22/23 Internal Audit Plan (Water Hygiene) had been successfully completed and the rest remain on schedule. There had been some minor adjustments to timings due to key stakeholders' scheduled absences and leave periods. However, she confirmed that the auditors had no concerns to raise to the Committee's attention.

*Discussed:* In discussion, the following information was noted:

- The Committee will be actively engaged in setting the Internal Audit Schedule for 2023/24 at its meeting in June.

*Resolved:* To take assurance from the Internal Audit Progress Report.

#### **AC.22.039 Any other business**

*Reported:* The Director of Finance noted a change to company law through which subsidiary companies created by educational establishments were no longer required to have external audits of their accounts. He offered to provide an options paper outlining the cost/benefit of retaining an external audit of the University's subsidiaries for the next meeting. This will allow the Committee to consider the University's options.



**Action: Director of Finance/Clerk**

<b>SECTION C</b>
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**AC.22.040 Date and time of next meeting**

The next meeting is scheduled for 19 June 2023.