Edge Hill University

BOARD OF GOVERNORS

AUDIT COMMITTEE

Minutes of the meeting held on 30 March 2022

Present

Lisa Greenhalgh	Committee Chair	Deputy Chair of the Board
Helen Smallbone	Clerk to the Board	
Kashif Azeem	RSM	Internal Audit Representative
Christine Donnelly	Independent member	
Clive Elliott	Independent member	
Imogen Milner	KPMG	External Audit Representative
Mike Tate	Independent member	

Officers in attendance

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

Apologies

James Boyle	External Audit Representative
Carl Gibson	Director of Finance
Lisa Randall	Internal Audit Representative
Mike Rush	Independent member

In-camera session

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.21.025 Declarations of Interest

There were no declarations of interest.

AC.21.026 Chair's Announcements

There were no Chair's Announcements.

AC.21.027 Chair's Action

There was no Chair's Action to report.

AC.21.028 Minutes of the previous meeting

Received: *Document AC/017/21*

The minutes of the meeting held on 18 October 2021 were agreed as an accurate record.

AC.21.029 Action Log

Received: *Document AC/018/21*

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

AC.21.030 Matters arising not included elsewhere on the agenda

.01 Policy briefing (SOx)

At the Committee's request, the Deputy Vice-Chancellor (DVC) provided an overview of the Government's proposals for corporate governance reforms to improve audit regimes and corporate transparency.

Whilst the detail is still to be confirmed (with the Government imminently due to respond to their 2021 consultation), it is without doubt that the new regime will carry substantial new reporting requirements and will require a significant investment of time and resource to ensure compliance.

It was not known at this stage whether universities would be classified

as Public Interest Entities (PIEs) that will be subject to the new

requirements and the DVC's working assumption is that other types of organisations will be prioritised. In the event that the University is required to meet the incoming requirements, there would be a lead in time to prepare (with implementation likely from the end of 2023), and no doubt clear directions set out by the Office for Students (OfS).

In discussion, members enquired whether there were any 'no regrets' activities the University could undertake in preparation for the potential requirements or simply to deliver operational enhancements. The DVC confirmed that the University continually seeks to drive improvements, including strengthening internal control regimes and transparency. Development of the Board Assurance Framework over the past 12 months was a good example of this approach, as was ongoing work around business systems efficiencies. Nevertheless, he cautioned that, while an understanding of the issues is necessary, the University must allocate its resources (particularly staff time) proportionately. If the University is confirmed as meeting the PIEs definition, then work would immediately commence to meet the requirements within the relevant timescales.

Members thanked the DVC for his update and noted their satisfaction with the University's response.

SECTION A

AC.21.031 Internal Audit Reports

Received: *Document AC/019/21*

.01 Budget setting and management framework (during the Covid-19 pandemic)

Reported: The Internal Audit Representative (KA) presented the audit report, which considered the University's budget setting and management framework during the Covid-19 pandemic. Noting a positive audit, with just one 'Low' priority management action relating to identifying training needs for use of the Collaborative Planning system, KA confirmed that the Committee could take **Substantial Assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Discussed: In response to questions, it was noted that:

- The accompanying survey response figures had been distorted by a number of new starters who had not experienced a standard budget setting process due to the pandemic.
- The budget setting cycle was currently underway and normal arrangements had resumed. This included regular financial management briefings from the Director of Finance to ensure that all staff involved in financial activities are fully aware of their responsibilities and the University's control mechanisms.

Members noted satisfaction with, and assurance from, the internal audit report. The DVC and his team were thanked for their ongoing financial management and associated performance.

.02 Framework for the Management and Operation of the Universities UK/Guild HE Code of Practice for the Management of Student Housing

Reported: The Internal Audit Representative (KA) presented the audit report, which evaluated the managerial systems and operational processes in place to ensure compliance with the mandatory elements of the housing code, and due regard for the non-mandatory elements. This constituted a full review of the entire code to take account of updated requirements.

Noting a positive audit, with just one 'Low' priority management action relating to Lighting, KA confirmed that the Committee could take **Substantial Assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Discussed: Members noted satisfaction with and assurance from the detailed assignment report. The Committee thanked RSM for their work, noting that the report evidenced a significant amount of work in terms of the breadth and depth of coverage during the assignment.

.03   *Estates Management: gas*

Reported: The Internal Audit Representative (KA) presented the audit report, which was designed to test that the University has in place an established and effective control framework for the management of gas safety. Noting a positive audit, with just one 'Low' priority management

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action relating to commissioning / servicing records, KA confirmed that the Committee could take **Substantial Assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Discussed: In response to questions it was noted that:

- Exempt from publication

In conclusion, members noted satisfaction with and assurance from the assignment report.

Resolved: To receive the Internal Audit Reports.

AC.21.032 Board Reform: Follow Up

Received: *Document AC/020/21*

Reported: The Clerk introduced the Board Reform: Follow Up report, noting the Board's previous directive to ensure that policies were only referred to Board-level for approval where appropriate. In response, the paper set out a proposed policy management approach including:

- A tiered classification system for policy approval to provide clarity on the Board's role in the different levels of policy documentation
- Policy Management Register to provide a comprehensive overview of the University's policy documentation
- 'Our Ethical Approach', a guide to support achievement of our regulatory and governance responsibilities, and ensure that staff, students and all stakeholders are aware of the foundations for the University's policy position.

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

- *Tier 2 in operation*
The establishment of a tiered approach recognises that governors have wide ranging responsibilities and need to ensure good coverage in their oversight arrangements. However, this does not mean that all relevant policy documents must be referred to the Board for approval of routine updates. Governors' general oversight of Tier 2 policies' effectiveness

will be discharged through receiving and testing assurances that policies are adequate and effective, with regular assurance reports already scheduled in the Board's calendar.

Documents listed under Tier 2, therefore, only require direct consideration at Board-level when there are material changes in how a policy is proposed to be applied. Determining whether a change is material will rely on professional judgement and there is no formula for this. Given all such materiality assessments would be made by a member of the Executive or by a management committee, members were comfortable in enabling the discretion for senior staff to determine whether an update is material. In any event, the Committee noted robust arrangements in place to oversee the effectiveness of policy implementation (and action, performance and plans) in key strategic areas.

- *Staffing policies*

As the University's employing authority, the Board has a greater responsibility for the terms and conditions of staff employment than they might in a private institution. It is therefore important that governors remain closely aware of those policies which affect terms and conditions of employment. Nevertheless, members considered that it was not appropriate for the Board to review every staffing policy. They agreed that the majority should be placed in Tier 2 or Tier 3 in line with the detailed comments made on the Board Portal. The only items that should be directly considered by the Board as a matter of routine should be those policies referenced in the Articles of Government.

- *Flexibility in the tiered system*

The Audit Committee would be asked to review the tiered system every three years to assure itself of robust policy management mechanisms. However, the Committee would be entitled to elevate or lower any document to another tier, as required, at any stage if the need arose. As with any delegation, the Board is also able to re-open any decisions made if appropriate.

Finally, the Clerk noted that the revised Scheme of Delegation will be presented to the Committee for endorsement in June, with a request for Board approval in July. Given the substantial detail incorporated in the scheme, the Clerk shared the draft with members and extended the opportunity for comments to be made up until the next meeting of Audit Committee.

Resolved: i. To approve the Policy Management Register and approach as
presented -subject to the amendments agreed above (detailed on the
Board Portal)
ii. To approve 'Our Ethical Approach'.

AC.21.033 Reportable Events Policy

Received: *Document AC/021/21*

Reported: The Clerk introduced the Reportable Events Policy, noting that it
provided clarity on the process following the changes to the OfS'
regulatory advice in the autumn. She reminded members that the
process had been introduced to the full Board in draft form for feedback
and, following further consultation, was being presented to the
Committee for formal approval.

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

- *Internal Auditor's opinion*
KA welcomed the clear approach adopted by the policy and confirmed
that documenting our approach in this way was an appropriate
response to the regulatory changes. He suggested that the Committee
could consider including the implementation of the policy within a future
internal audit plan.

- *Vice-Chancellor's opinion*
The Vice Chancellor confirmed that the process had been tested with a
number of scenarios and he was comfortable with its effectiveness. He
noted that the Regulator was disparaging of both over and
underreporting, and that this posed a challenge for Accountable
Officers. In assessing each individual event, he would be alert to the
issues the Regulator had expressed it would want to understand.

- *Reporting events to the Board*
The Clerk confirmed that the Chair of Governors and/or the Audit
Committee Chair would be informed of any relevant event at the point
of reporting. The Vice-Chancellor would detail any reported events to
the full board as part of his update at the next scheduled meeting.

Resolved: i. To approve the Reportable Events Policy

AC.21.034 Fraud and Irregularity/Serious Incidents Statement

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

SECTION B

AC.21.035 TRAC Submission

Received: *Document AC/022/21*

Reported: The Director of Strategic Planning introduced the report explaining that the TRAC regulations had changed since the last submission. Previously, the Committee would have been required to sign off the submission directly, however it was now responsible for confirming that the University had overseen and ensured compliance with the TRAC requirements.

The Director confirmed that the University had established a committee (chaired by the Deputy Vice-Chancellor) with appropriate expertise and representation to oversee the return. No concerns had been raised by this committee.

Discussed: The Internal Audit Representative confirmed that the submission was currently undergoing quality assurance processes, and there were no concerns thus far to raise to the Committee's attention.

Resolved: To confirm that the University's TRAC submission has been subject to suitable governance arrangements.

AC.21.036 RSM Progress Report

Received: *Document AC/023/21*

Reported: KA introduced the RSM Progress Report noting that there were no issues of concern to bring to the Committee's attention. He confirmed that there was a gap in the current plan due to the rescheduling of the Board Assurance Framework audit. Internal audit representatives would therefore meet with management shortly to re-prioritise the audit schedule accordingly.

KA also drew members' attention to the RSM benchmarking report, which demonstrated that the University continues to operate at a very high level, with the highest opinion rating.

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

- *Digital strategy*

Rather than developing a single digital strategy, the University embeds its digital ambitions within a number of targeted strategies, for example the Information Strategy; Learning and Teaching Strategy; IT Architecture and Infrastructure Strategy etc. These strategies are overseen by management committees and allow colleagues with relevant expertise to contribute to their development and monitor progress.

- *RSM review*

The recent review of RSM did not raise any procedural matters which would affect RSM's work with Edge Hill. The reviewers welcomed RSM's approach, audit manual, and reporting style. While there were some minor comments made, the overall response from the reviewers had been very positive and RSM were pleased with the outcome.

Resolved: To note the RSM Progress Report.

AC.21.037 Role of Audit Committee in managing climate change risks

Received: *Document AC/024/21*

Reported: The External Audit Representative (IM) summarised the NAO report and accompanying information on thought leadership. This followed an action from the previous meeting for best practice guidance /considerations for Audit Committee's responsibilities in relation to environmental sustainability.

Discussed: In discussion, members noted that environmental sustainability was a key issue for many of the University's stakeholders and was a longstanding strategic priority for the University. This was evident in the University's establishment of a Lead Governor for Sustainability, and in the items increasingly considered by the Executive and at Board-level.

Resolved: To note the role of Audit Committee in managing climate change risks.

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AC.21.038 Any other business

There was no other business.

SECTION C

The following items were received for information:

AC.21.039   Date and time of next meeting

The next meeting is scheduled for 20 June 2022.