

BOARD OF GOVERNORS

AUDIT AND QUALITY COMMITTEE

1500, Wednesday 27 September 2017, Board Room, St Andrew's Court

MINUTES

Present: Dr Peter Bunyan, External Governor (Chair)
Mark Greenwood, External Governor
Frances Morris-Jones, External Governor
Paul Myers, External Governor

Clerk: Annette Bourke, Head of Governance Services
Jemma Keys, Senior Governance Officer

In attendance: Pal Ahluwalia, Pro Vice-Chancellor (Research and Innovation) (for Min 5)
Sue Barratt, External Auditor, Deloitte LLP
Professor Graham Galbraith, Vice-Chancellor
Jenny Humphreys, Staff Representative
Chris Randall, External Auditor, Deloitte LLP
Louise Tweedie, Internal Auditor, RSM LLP
Denise Teasdale, Research Manager (for Min 5)
Bernie Topham, Chief Operating Officer (COO) (for Mins 6 & 7)
Emma Woollard, Director of Finance

PRIVATE SESSION

The External Governors, the staff representative, the external and internal auditors held a private session before the start of the main meeting at 1500 hours.

1 WELCOME, QUORACY AND APOLOGIES

- 1.1 Apologies were received from Adrian Parry, Director of Corporate Governance and Lorna Raynes, RSM LLP.
- 1.2 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

2 MEMBERSHIP AND TERMS OF REFERENCE AND INDICATIVE COMMITTEE BUSINESS – 2017/2018

- 2.1 Committee noted the paper mapping the terms of reference of the Committee against the Committee business conducted in 2016/2017.
- 2.2 Committee received the Constitution and Terms of Reference for the 2017/2018 session. Committee agreed that the Terms of Reference would be updated to include references to the Committee's role in monitoring academic and research activities. It was agreed that the precise wording would be agreed by the Chair outside of the

meeting. Subject to the requested amendments, the Committee agreed to recommend to the Board, the approval of the Constitution, Membership and Terms of Reference for 2017/2018. The Committee's Terms of Reference would be received by the Board of Governors at its meeting on 11 October 2017 for formal acceptance.

- 2.3 Committee noted and agreed the indicative business of Audit and Quality Committee for the 2017/2018 session and noted that the paper was an aide memoire which would be updated as necessary.

[Post meeting note: The constitution, membership and terms of reference were endorsed at the Board of Governors meeting of 11 October 2017 min 3.4(ii) refers.]

3 MINUTES

The minutes of the meeting held on 10 May 2017 were confirmed as a correct record.

Committee noted that, following the electronic circulation of the minutes, that minute 66.6 had been subsequently updated to clarify that the annual VFM report related specifically to students. This would be in addition to the regular quarterly reports and the annual report for HEFCE.

4 MATTERS ACTIONED SINCE THE LAST MEETING OR UNDER CONTINUING CONSIDERATION AND MATTERS ARISING

Action was reported on two items for note, four items were covered later in the agenda and three items would be covered at a future meeting. There were no matters arising from the minutes requiring action.

5 RESEARCH GOVERNANCE ANNUAL REPORT

Committee received a report on the University's compliance with the UUK Research Concordat from Denise Teasdale, Research Manager and Pal Ahluwalia, Pro Vice-Chancellor (Research and Innovation). In discussion the following points were noted:

- 5.1 The UUK Concordat outlined the commitments for researchers, employers and funders to uphold research integrity and placed specific responsibilities for internal processes, dissemination of guidance and training on employers of researchers.
- 5.2 Compliance with the Concordat was a condition by HEFCE for all higher education institutions who receive HEFCE research funding.
- 5.3 Committee noted that any potential safeguarding research issues would be handled by the University's Ethics Committee and would be incorporated into the annual report if appropriate.
- 5.3 Committee noted that the report provided a thorough insight into the research activities of the University and were reassured of the University's activities to comply with the Research Concordat.

- 5.4 The Committee endorsed the recommendation that the document should be uploaded onto the University website.

6 INTERNAL AUDIT

- 6.1 Progress against Plan 2017/2018: Committee received a summary of the progress of work against the internal audit plan for 2016/2017 and an update on progress against the internal audit plan for 2017/2018 from Louise Tweedie, RSM LLP. In discussion, the following points were noted:
- (i) There were two overdue internal audit reports from the 2016/2017 Progress report which were Information Governance and Health and Safety. RSM reported that both reports would be received by the Committee at the next meeting.
 - (ii) RSM LLP reported that they were in the process of confirming the start dates for the internal audits scheduled for 2017/2018 with the relevant parties. It was confirmed that once the dates had been confirmed, any subsequent changes would be noted in the Progress report and the reason would be provided.
- 6.2 Statutory Maintenance/ Regularised Testing report: The audit was undertaken by the internal auditors BDO LLP in May 2016. The following points were noted in discussion:
- (i) The overall conclusion of the audit was moderate/moderate.
 - (ii) Committee noted there appeared to be some difference of opinion between auditors and management which had led to a delay in the final report being published.
 - (iii) Committee noted that significant efforts had been made within the Estates Department to ensure statutory compliance and best practice. It was agreed that the Director of Estates should attend the next meeting of the Committee to report on the current status of activity in this area.
Action: Director of Estates and Campus Services
- 6.3 HE Data Returns – Final Report: Committee noted that the internal audit focused on the Higher Education Statistics Agency (HESA) student return. The overall conclusion of the audit was reasonable assurance. The audit was undertaken in May 2017 and the final report was published in September 2017. The Committee asked RSM LLP to confirm the actions that would be undertaken by management and the implementation dates.
Action: RSM LLP
- 6.4 Research and Innovation – Final Report: the overall conclusion of the audit was reasonable assurance. The audit was undertaken in May 2017 and the final report was published in July 2017. The Committee noted that the Faculty of Technology did not provide the requested documentation or evidence for the audit on the distribution and monitoring of QR funding. Committee agreed that the Pro Vice-Chancellor (Research and Innovation) would be asked to investigate this further.
Action: PVC (Research and Innovation)

- 6.5 IT Controls Risk Assessment – Final Report: the overall conclusion of the audit was reasonable assurance. The audit was undertaken in June 2017 and the final report was published in August 2017. There were three findings of medium priority and one finding of high priority which was the administration of access and leavers accounts. Committee noted that work was ongoing to improve this activity.
- 6.6 Recommendations Follow-up report: Committee received an update from Louise Tweedie, RSM LLP, on how the recommendations would be tracked and followed up in future, including those currently outstanding from previous audits. The following points were noted in discussion:
- (i) The contents of the report had been extracted from the 4Action software and included audits undertaken by both BDO LLP and RSM LLP. The report provided an overview of the information that had been entered into the software by management across the University. It was noted that the information had not been tested by RSM LLP.
 - (ii) Committee expressed concerns that a number of the actions were overdue. The Director of Finance provided an update on the outstanding management action for the audit of Contract Management. Committee noted that this was in-hand. Committee agreed that RSM LLP would follow up on the outstanding actions to provide clarity on those that have been addressed or were still outstanding and to report back to the next meeting.

Action: RSM LLP/Corporate Governance/Finance

7 VALUE FOR MONEY (VFM) – **confidential item**

8 THE UNIVERSITY'S PREVENT DUTY

Committee received a report from Adrian Parry, Director of Corporate Governance which provided an overview of the University's activities to deliver its Prevent Duty and the recent developments in HEFCE's role as monitoring authority for Prevent. The following points were noted in discussion:

- 8.1 The University continued to have due regard for its Prevent duty and that there were no issues arising from the delivery of the duty to report.
- 8.2 The School of Education and Childhood Studies had been leading on the development of an online training package on the Safeguarding agenda. The training would place particular emphasis upon the Prevent Duty and would be primarily aimed at academic staff.
- 8.2 Committee noted that the reporting period for the Prevent annual monitoring report had been confirmed as 1 August 2016 to 31 July 2017. The deadline for submission of the report to HEFCE was 1 December 2017.

9 RISK MANAGEMENT

- 9.1 Committee received the Risk Management Policy and noted that it was a requirement by HEFCE for the policy to be reviewed and approved annually by the Board of Governors. Committee noted that the policy had been updated to reflect any changes requested by the Committee over the course of the year and agreed that they were appropriate. The Committee agreed to recommend to the Board the amended Risk Management policy.

[Post meeting note: The Risk Management Policy was agreed at the Board of Governors meeting of 11 October 2017 min 12.1 refers.]

- 9.2 Committee received and noted the Risk Register from Adrian Parry, Director of Corporate Governance. The following points were noted in discussion:
- (i) Committee noted that the register had been updated to include a new risk on cyber-security and on-line impersonation to reflect the discussions at the last Board meeting on 12 July 2017.
 - (ii) It was noted that each Committee of the Board received an extract of the register pertaining to their role and remit and that the register would be updated before submission to the Board to reflect any requested amendments.
 - (iii) In particular, it was noted that the Finance Committee had requested greater coverage of risks relating to the possible reduction or freezing of tuition fees. The Audit and Quality Committee also discussed the risk of reductions in public funding and agreed that the likelihood of this risk should be increased.
Action: Director of Corporate Governance
 - (iv) The Estate and IT Committee had requested two amendments to the register which included coverage of the risks associated with key contractors potentially going out of business and greater coverage of the procurement and implementation of the new student records system.
 - (v) It was noted that, over the course of the last two years, a number of new risks had been added to the register and that this had not been accompanied by a consideration of whether other risks on the register continued to be pertinent or appropriate. It was agreed that the Committee would review this matter and make changes where necessary.
Action: Director of Corporate Governance
- 9.3 The Committee received and noted the Risk Assurance Map from Adrian Parry, Director of Corporate Governance. The Committee noted that a number of the assurances on the map dated back to the academic year 2012/2013 and agreed that audit data more than three years old should no longer be included as reassurance. RSM should keep the matter under review to determine whether these audit areas should feature in future audit plans.

10 UNIVERSITY: GOING CONCERN STATEMENT

Committee received for information from Liz Bartle, Deputy Director of Finance, the Going Concern Statement for the University of Portsmouth. The Going Concern Statement for the University of Portsmouth would be received at the next Board meeting on 11 October 2017.

[Post meeting note: The Going Concern Statement for University of Portsmouth was approved at the Board of Governors meeting of 11 October 2017 min 13.1 refers.]

11 ADVISORY REPORTS

Committee noted that it had received the following in soft copy only with the distribution of the agenda papers.

- Capital Projects
- Competition and Markets Authority

12 NON-AUDIT SERVICES PROVIDED BY EXTERNAL AND INTERNAL AUDITORS

Committee received the planned non-core audit services to be provided by the internal and external auditors during the course of May 2017 to July 2017. Committee noted the services detailed in the report and confirmed that they were appropriate.

13 HEFCE CIRCULAR LETTERS

Committee noted the full list of HEFCE publications and circulars could be found on the HEFCE website at: <http://www.hefce.ac.uk> and, in particular, noted:

13.1 The revised Memorandum of assurance and accountability between HEFCE and institutions with effect from 24 July 2017:

<http://www.hefce.ac.uk/pubs/year/2017/201708/>

13.2 HEFCE's accounts direction to higher education institutions for 2017-2018 financial statements: <http://www.hefce.ac.uk/pubs/year/2017/CL,272017>

14 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 15 November 2017 at 1300.

15 DELEGATION OF AUTHORITY TO CHAIR

Committee agreed to delegate authority to the Chair to take action on audit business before the next meeting if necessary.