

BOARD OF GOVERNORS

AUDIT AND QUALITY COMMITTEE

1500, Wednesday 9 May 2018, Board Room, St Andrew's Court

MINUTES

Present: Dr Peter Bunyan, External Governor (Chair)
Mark Greenwood, External Governor (up to and including Min 65)
Frances Morris-Jones, External Governor

Clerk: Adrian Parry, Director of Corporate Governance
Annette Bourke, Head of Governance Services

In attendance: Rebecca Broome, Head of Student & Academic Administration (Min 62)
Vicky Bruce, Financial Controller (Min 61)
Chris Chang, Pro Vice-Chancellor (Global Engagement) (Min 57)
Professor Graham Galbraith, Vice-Chancellor
Andy Hornby, External Auditor, Deloitte LLP (except for Min 59)
Louise Tweedie, Internal Auditor, RSM LLP (except for Min 59)
Jenny Humphreys, Staff Representative
Paul Thomas, External Auditor Deloitte LLP (except for Min 59)
Emma Woollard, Director of Finance

Committee received a presentation from Chris Chang, Pro Vice-Chancellor (Global Engagement), on Value for Money and International Recruitment.

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.

To accommodate the availability of some members, some agenda items were taken out of order.

52. ELECTION OF CHAIR

The Director of Corporate Governance opened the meeting by inviting the election of the Chair for the 2018/2019 academic year. Frances Morris-Jones was elected unopposed as Chair of Audit and Quality Committee.

53. WELCOME, QUORACY AND APOLOGIES

53.1 Apologies were received from external Governor: Paul Myers; and Internal Auditor: Lorna Raynes, RSM LLP.

53.2 The meeting was confirmed as quorate and no members declared any potential conflict of interest.

54. MINUTES

The minutes of the meeting held on 14 February 2018 were confirmed as a correct record subject to the deletion of the following sentence in minute 39.7 (iii):
“Committee noted that the Board’s role was to evaluate the risks associated with each item of business or project before a decision is taken” as implying that the Board did not also take a systemic view of risk.

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

55.1 Action was reported on five items for note and one item would be covered later in the agenda. The following point was noted in discussion:

- (i) Committee noted the Quality Research funding spend report from the Faculty of Technology. In response to a question from Committee it was noted that the Faculty had provided a limited response to the original request for information due to the long term absence of the Associate Dean of Research due to illness.

55.2 Matters Arising

There were no matters arising from the minutes requiring action.

56. INTERNAL AUDIT

56.1 Progress against Plan 2017/2018: Committee received an update on progress against the internal audit plan for 2017/18 from Louise Tweedie, RSM LLP. In discussion, the following points were noted:

- (i) Three audits had been deferred at the request of management which were Value for Money which was now due to commence in the summer of 2018; Responsive Maintenance; and Operational Planning and Delivery, including preparation of business cases. There were two new additions to the plan: Review of New Subcontracting Arrangements; and Employment Status Processes: Arrangements for IR35 Compliance.
- (ii) RSM LLP confirmed that the level of staff engagement with audit activity was good. Committee noted the progress and the continually improving level of service provided.

56.2 Key Financial Controls: Payments – Final Report: the overall conclusion of the audit was substantial assurance. The audit was undertaken in March 2018 and

the final report was published in May 2018. There was one finding of low priority. The focus of the report was upon the control framework for payments to suppliers, including foreign exchange payments. Committee noted the processes were robust and that no changes could be made to systems by staff without the change being authorised.

- 56.3 Recommendations Follow-up report: Committee received an update on how recommendations would be tracked and followed in future, including those recommendations that were currently outstanding from previous audits.

57. VALUE FOR MONEY (VFM)

Committee received a presentation from Chris Chang, Pro Vice-Chancellor (Global Engagement), on Value for Money and International Recruitment. The following points were noted in discussion:

- 57.1 Committee noted the international recruitment journey and the student decision making process. This was based upon work undertaken by QS Enrolment Solution, who provide university rankings tables.
- 57.2 The restructure of the University of Portsmouth Global (formally the International Office) allowed the University to recruit via regional offices and key markets. China was currently a significant market. India was a developing market for the University and there had been significant investment in order to increase the market share and mitigate against decline in recruitment elsewhere.
- 57.3 A global network of regional offices and agents covers approximately 80 countries. The representatives were trained in the UK. There was a focus on digital marketing to ensure a wider reach globally. There was also a Collaborative recruitment with ICP/Navitas where students joined in year 2 or 3 or at masters level. The University was looking to increase the student numbers from ICP/ Navitas, subject to space availability.
- 57.4 Net income was higher for international than home/EU students. There was also significant value in diversity of income and mitigating against demographic changes in UK over the next few years.
- 57.5 The Committee noted the report and suggested that the presentation should be made to the Board at a future date.

58. REPORT ON PROGRESS AGAINST DELOITTE'S AUDITORS' MANAGEMENT LETTER FOR YEAR END 31 JULY 2017

Committee received a report from Emma Woollard, Director of Finance. In discussion the following points were noted:

- 58.1 2016/17 Management Letter: Committee noted that there were no recommendations arising from the significant audit risks or other areas of audit focus identified by Deloitte in the 2016/2017 Auditors' Management Letter.
- 58.2 Capital Expenditure: Work was underway in preparing for the 2018 year end. There was a focus on capital expenditure and notably on accounting for capital projects including IT projects such as the Student Records System.
- 58.3 Committee noted the report.

59. EXTERNAL AUDITORS APPOINTMENT – **confidential item**

60. EXTERNAL AUDITORS' MANAGEMENT PLAN YEAR END 31 JULY 2018

- 60.1 Andy Hornby and Paul Thomas of the External Auditors Deloitte LLP introduced the plan of the External Auditors for their audit for the year end 31 July 2018. It was confirmed that there were no significant changes planned to the standard approach. Committee approved the External Auditors plan for their audit of the year end 31 July 2018.
- 60.2 Members received and noted a general briefing on audit matters from the External Auditors. This was a general briefing for members' information.

61. COUNTER FRAUD POLICY

Committee received the draft Counter Fraud Policy from Vicky Bruce, Financial Controller. In discussion the following points were noted:

- 61.1 This policy replaced the Investigation of Alleged Financial and Other Irregularities.
- 61.2 The new policy would be published on the University website. Compulsory training was in place for key individuals, after which training would be rolled out across the University. There would also be annual refresher training.
- 61.3 There were two compliance officers who crossed-checked staff bank accounts and supplier bank accounts to ensure these were legitimate. There was also software in place to test compliance.
- 61.4 The policies referred to in Appendix E were policies that supported the University's counter fraud culture. Committee noted that the Financial Regulations were already under review.
- 61.5 It was noted that HEFCE had now been replaced by OFS and this needed to be amended in the policy and that any consequent change to the threshold for reporting should be confirmed.

Action: Financial Controller

61.6 Subject to the amendments discussed, Committee approved the Counter Fraud Policy for publication.

62. ANNUAL REPORT ON ACADEMIC STANDARDS AND QUALITY 2016/2017

Committee received the annual report on academic standards and quality 2016/2017 from Rebecca Broome, Head of Student & Academic Administration. The report had been received previously by Academic Council on 27 March 2018. The draft minute from the Academic Council meeting was also provided for members' information. The following key points were noted in discussion:

- 62.1 External Examining: a small number of external examiners had commented about the way in which aspects of the degree classifications were calculated. These points would be taken into consideration as part of the review of the University's degree classification rules which was taking place during 2017/18.
- 62.2 Examination and Assessment: The HESA sector average showed an increase in good degrees from 74% to 75% for the sector, indicating that the University results were broadly in line with the sector.
- 62.3 Periodic Programme Review: All but one Periodic Programme Review conducted in 2016/17 had successful outcomes. During the reporting period, two Extraordinary Reviews were held relating to the hospitality management provision offered through a collaborative partner. The Committee noted that some of the dates in section 3.4 of the report needed to be checked and amended accordingly.
- Action: Head of Student and Academic Administration**
- 62.4 Review of Annual Monitoring and Periodic Review Methodology: a comprehensive review of the University's Programme Monitoring and Review Policy and process would be undertaken in 2017/18 with a focus on developing a new annual methodology which was more risk-based, data-driven and action orientated. The new annual process would be launched in September 2018 and the periodic review process would be launched in January 2019.
- 62.5 Committee thanked the Head of Student and Academic Administration for the detailed report and confirmed that it was satisfied with the information provided on academic standards and quality.

63. RISK MANAGEMENT

- 63.1 Corporate Risk Register: Committee received the Risk Register and noted that it had been discussed and agreed by the University Executive Board (UEB) at its meeting on 23 April 2018. The format and the content of the register had been revised in line with discussions at the last meeting. Key points during discussion were:

- (i) Committee noted that following discussion at the March Board meeting a new risk around maintaining effective standards of governance had been added. It was also noted that the risk register had been reviewed by UEB and a new risk has been added to cover the delivery of the estates masterplan to schedule.
- (ii) The additional controls column had been reinstated at the Committee's request; arrows added to the residual risk map to show the direction of travel for the risk; and a risk impact map had been included.
- (iii) The risk registers submitted by faculties and departments as part of the annual planning round had been reviewed.
- (iv) Risk Appetite: there was discussion around how to best capture and portray the University's risk appetite. It was noted that this issue had been already considered in some depth by the University Executive Board and Deloitte agreed to provide the Director of Corporate Governance with copies of examples of best practice.

Action: Deloitte

63.2 Corporate Risk Assurance Map: Committee received the Risk Assurance Map from Adrian Parry, Director of Corporate Governance. The assurance map provided an overview of where sources of assurance might be gained that each of the risks in the University's risk register were being managed efficiently and effectively. The Committee noted that the map retained the three lines of defence model but, as requested at the last meeting, the third line had been split to separately indicate audit assurance and external assurance.

64. THE UNIVERSITY'S PREVENT DUTY – **confidential**

65. COMPLIANCE WITH OIA RECOMMENDATIONS – **confidential**

66. ADVISORY REPORT

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

- Legal and Regulatory Compliance Framework: General Data Protection Regulation Governance Framework

67. CLINICAL GOVERNANCE DENTAL ACADEMY

Committee received the annual report on Clinical Governance from Latha Davda, Clinical Director of the Dental Academy, which gave assurance that clinical governance was taking place appropriately.

68. QUARTERLY REPORT OF NON-AUDIT SERVICES FROM THE AUDITORS

Committee noted the planned non-core audit services provided by the internal and external auditors during the course of February to April 2018. Committee confirmed they were appropriate and would not compromise the auditors' independence.

69. OFFICE FOR STUDENTS (OfS) PUBLICATIONS

Committee noted the full list of OfS publications and circulars could be found on the OfS website at: <https://www.officeforstudents.org.uk/publications/>.

70. CONFIRMED MEETING DATES 2018/2019

The following meeting dates were confirmed at the meeting on 15 February 2017:

Thursday 27 September 2018 from 1230 to 1500

Wednesday 14 November 2018 1500 to 1730

Tuesday 12 February 2019 from 1230 to 1500

Thursday 23 May 2019 from 1230 to 1500

Members were reminded there would be a private session immediately before each Committee meeting.

71. THANKS

71.1 This was the last meeting of Audit and Quality Committee for Peter Bunyan, External Governor and Chair of the Audit and Quality Committee. Professor Graham Galbraith, Vice-Chancellor thanked Peter for his invaluable contribution. Peter had been a member of Audit and Quality Committee for eight years, joining in August 2010. He had made a substantial contribution to Committee discussions, including serving as Committee Chair from January 2013. Members thanked him for all he had done and wished him well in the future.

71.2 This was Jenny Humphreys' last Committee meeting as Staff Representative because her term would end on 31 July 2018. Jenny had been a member of the Audit and Quality Committee since November 2015. Members thanked Jenny for her contribution and wished her well in her future endeavours.

72. DATE OF NEXT MEETING

The next meeting would be held on Thursday 27 September 2018 at 12:30. Members were reminded there would be a private session immediately before the meeting.

73. 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.