

AUDIT AND RISK COMMITTEE

Tuesday 11 June 2019

CONFIRMED MINUTES

Present:

David Willis (Chair)
Melissa Tatton

Kath Barrow
Peter Thompson

Monica Chadha

In attendance:

Professor Colin Bailey

Jessica Hargreaves (Internal
Audit)

Kerry Johnson

Joanne Jones

Rebecca Jones [for minute
2018.060 only]

Dr Nadine Lewycky

Dr Darryn Mitussis
Neil Thomas (Internal Audit)

Jonathan Morgan
Janice Trounson

Dr Catherine Murray

Apologies

Nadim Choudhary

Jonathan Gooding (External
Audit)

Julian Reeve (External Audit)

Part 1: Preliminary Items

Welcome

2018.055 The Chair welcomed everyone to the meeting.

Executive Summary and Minutes of the meeting 13 March 2019 [ARC2018/42]

2018.056 The Committee **confirmed** the non-confidential and confidential minutes and **noted** the executive summary of the meeting on 13 March 2019.

Matters Arising [ARC2018/43]

2018.057 The Committee **received** a report on the matters arising from the minutes of the meeting on 13 March 2019. The following points were noted in the discussion:

Matters Arising [ARC2018/30]

Progress report on internal audit recommendations

- [a] The Committee would receive a further update in October after the revised approach had been shared with the Estates Strategy Board and the Senior Executive.

Update on External Risks [ARC2018/32]

- [b] *Minute 2018.057[b] is confidential.*

Internal audit report: Business continuity [ARC2018/37]

- [c] The internal audit report on business continuity made 7 recommendations, four of which were due by the end of June. The appointment of an external consultant would be made by September. The Business Continuity and Emergency Planning Group had been reconvened. The responsibilities of the vacant Business Continuity Manager post had been reassigned. Progress would be reviewed as part of the Internal Audit Plan for 2019–20. The decision whether to have an annual report on business continuity would be made at a later date.

KPMG

- [d] An annual retrospective of the University's interactions with the Office for Students would be prepared for the Committee in October.

*Actions: [a] Director of Estates, Facilities and Capital Development
[d] Senior Executive*

Part 2: Risk Management

Strategic Risk Register [ARC2018/44]

2018.058 The Committee **considered** the Strategic Risk Register. It was noted that the Committee lead on risk management had circulated an email with his observations before the meeting. The following points were also noted:

- [a] The Committee discussed how the strategic objectives in the Risk Register were derived from the 2030 Strategy. The objectives were not listed in the Strategy document, but in the enabling plans, which would allow for flexibility as the Strategy developed. The Executive would circulate a document describing the link between the KPIs, the enabling plans and the strategic risks.
- [b] The Risk Register now incorporated information on risk appetite and tolerance, showing where items were out of tolerance. The purpose of the risk scores was primarily to identify where risks were out of tolerance, and where further controls may be necessary. The Committee agreed that overall the Risk Register was much clearer and **approved** the format of the Risk Register.
- [c] The Committee then discussed the contents of the Risk Register. Actions not completed by the deadline would be flagged to the Committee in a quarterly report. The Committee asked for the Risk Register to include an indication of where controls were effective. Interim milestones should be included where deadlines had been set in the long term.
- [d] The Committee asked the Executive to revisit risks where the risk tolerance score was out of alignment with the narrative on risk appetite. A document providing a timeline and action plan for risks out of tolerance was being prepared for Council.

- [e] The Committee recommended that Finance and Investment Committee review Risk 12 on 'Improved cash generation to enable investment'.
- [f] The Committee thanked the Director of Strategic Planning and her team for their work on the Strategic Risk Register.
- [g] The Committee discussed the next steps and the presentation of the Risk Register to Council. Council would receive a summary of the Committee's discussion at its next meeting with the Risk Register included in the additional reading. A session on the new changes and format would be held for Council in the autumn which would enable Council to consider the statements on risk appetite and proposed risk tolerance scores as well as understand where risks are currently outside of tolerance.
- [h] Deep dives would be planned between Council and the Committee so that there was clarity on which topics would be reviewed. Risks flagged as out of tolerance would be considered for a deep dive. A proposed schedule would be drafted for the Committee to comment on before the next meeting. The Committee agreed that a deep dive on Risk 14, 'Strategy implementation', in October would help to develop understanding of its role in oversight of the Strategy.

*Actions: [a], [d] Senior Executive
 [c] Director of Strategic Planning
 [e] Director of Finance and Resources
 [g] Registrar and Secretary
 [h] Registrar and Secretary, Senior Executive*

Whistle blowing cases since the last meeting [Oral report]

2018.059 *Minute 2018.059 is confidential.*

Part 3: Statutory and Regulatory Compliance

Health and Safety Interim Report [ARC2018/45]

2018.060 *Minute 2018.060 is confidential.*

Part 4: Internal Audit

Planned internal audit reports [ARC2018/46]

2018.061 The Committee **considered** the planned internal audit reports. The following points were noted in the discussion:

PGR admissions

- [a] The report had given an assurance rating of 'Partial assurance with improvements required' (amber-red). There were inconsistent practices across Schools which had led to differing student experiences. Growing postgraduate research (PGR) student numbers was a strategic objective but current practices meant that scaling up would be difficult. A PGR admissions procedure document was being prepared alongside the

introduction of the Online Admissions System (OAS) project which would deliver significant improvements in postgraduate admissions processing.

Managing partnerships

- [b] The report gave an assurance rating of 'Significant assurance with minor improvement opportunities' (amber-green). Queen Mary had a framework in line with identified best practice and there were no significant areas of concern. The checklist for due diligence in Appendix 1 should include risks associated with connections to politically exposed persons (PEPs). Some follow up dates would be corrected to read 2020.

Financial management

- [c] The Committee noted the conflict of interest declared by Melissa Tatton resulting from her role at the HMRC. She was excused from the meeting by the Chair for the discussion of the internal audit report on Financial Management. The report gave an assurance rating of 'Significant assurance with minor improvement opportunities' (amber-green). It found that controls were strong and in line with expectations. Recommendations included improvements to the timeliness of the IR 35 process.

Overseas working

- [d] The report gave an assurance rating of 'Partial assurance with improvements required' (amber-red). Schools and Institutes were currently implementing their own policies and procedures regarding overseas working, with no central tracking procedure. A consistent approach to monitoring overseas working would be developed with greater central oversight.

Action: [b] KPMG

Internal audit plan 2019–20 [ARC2018/47]

2018.062 The Committee **considered** and **approved** the internal audit plan for 2019–20. The following points were noted in the discussion:

- [a] The focus of the planned reviews would be informed by the new strategy. The review of Performance Data and Information would provide assurance on the data systems for supporting implementation of the strategy. The Committee requested that Student Experience and Satisfaction be included in the internal audit plan within the next two years and as a deep dive topic for next year. The financial management review would provide assurance on the new processes for cash management.

Actions: [a] KPMG, Council Secretariat

Part 5: Financial Control

Fraud/financial irregularities occurring since the last meeting [Oral report]

2018.063 *Minute 2018.063 is confidential.*

2019-06-11 ARC confirmed minutes

Policy review: Capital Expenditure Policy [ARC2018/48]

2018.064 [a] The Committee **considered** and **approved** the updated Capital Expenditure Policy. There had been no substantive changes to the policy.

Part 6: Committee management and reporting

Review of Committee Terms of Reference, membership and effectiveness, including External review of Council effectiveness [ARC2018/49]

2018.065 The Committee **considered** the terms of reference, membership and Committee effectiveness review for 2018–19. The following points were noted:

- [a] The Committee agreed that workshops on major issues would help to create shared understanding before meetings where key decisions were needed. The Executive was asked to identify upcoming topics that could be covered.
- [b] The skills and experience of the current Committee membership was considered appropriate. The Committee suggested that Council could consider the addition of a member with experience in transformational change to support its responsibility in overseeing the new strategy. It would be discussed at Governance Committee in relation to the upcoming vacancies. It may also be an opportunity to reflect on the current committee structure. The remit of the Remuneration Committee could be expanded to include the overarching people strategy.
- [c] The Committee **agreed** to the recommendations proposed to improve Committee effectiveness and thanked the Committee Secretary for her work in pulling together the review.

*Actions: [a] Senior Executive
[b] Council Secretariat*

Annual Schedule of Business 2019–20 [ARC2018/50]

2018.066 The Committee **considered** and **approved** the annual schedule of business for 2019–20 subject to the following amendments:

- [a] The Financial Regulations and Scheme of Delegation to be removed from the schedule as they would only come to the Committee every 3 years. Peter Thompson would take over as the Committee lead on Value for Money from Monica Chadha. The internal audit recommendation tracker would come to the Committee every other meeting. The Committee would discuss whether there was the opportunity to have a deep dive at the meeting in November given the amount of business on the agenda.

Action: [a] Council Secretariat

*Draft agenda for the next meeting [ARC2018/51]

2018.067 The Committee **received** the draft agenda for the meeting on 03 October 2019.