

**AUDIT AND RISK COMMITTEE**  
**Wednesday 13 March 2019**

**DRAFT UNCONFIRMED MINUTES**

**Present:**

David Willis (Chair)  
Melissa Tatton

Monica Chadha  
Peter Thompson [from 16:30]

Nadim Choudhary

**In attendance:**

Kim Ansell (AdvanceHE)

Professor Colin Bailey

Jonathan Gooding (External  
Audit)

Joanne Jones

Dr Nadine Lewycky

Jonathan Morgan

Dr Catherine Murray

Aaron Porter (AdvanceHE)

Julian Reeve (External Audit)

Neil Thomas (Internal Audit)

Janice Trounson

**Apologies**

Kath Barrow

Jessica Hargreaves (Internal  
Audit)

**Part 1: Preliminary Items**

**Welcome**

2018.035 The Chair welcomed Aaron Porter and Kim Ansell from AdvanceHE who were in attendance to observe the meeting as part of the external review of Council effectiveness.

**Executive Summary and Minutes of the meeting 14 November 2018 [ARC2018/29]**

2018.036 The Committee **confirmed** the non-confidential and confidential minutes and **noted** the executive summary of the meeting on 14 November 2019.

**Matters Arising [ARC2018/30]**

2018.037 The Committee **received** a report on the matters arising from the minutes of the meeting on 14 November 2018. The following points were noted in discussion:

***Progress report on internal audit recommendations***

[a] A revised timeline would be presented at the next meeting as part of the item on the Capital Policy.

***Update on loss of equipment in Engineering***

[b] *Minute 2018.037[b] is confidential.*

*Action: [a] Director of Estates, Facilities and Capital Development*

## Part 2: Risk Management

### Strategic Risk Management [ARC2018/31]

2018.038 The Committee **considered** the termly report on the university strategic risk management framework. The following points were noted:

- [a] A new Strategic Risk Register was being prepared in support of the new strategy. Controls in the enabling plans would be aligned to the overarching risks and strategic objectives. Progress would be demonstrated using quantitative measures.
- [b] The Committee discussed the setting of target scores and sought clarification as to whether the impact of the controls listed had been fully taken into consideration. The controls would be reassessed on an ongoing basis to ensure that they were effective for reducing the risk score. Where controls were effective, target scores could potentially be reduced to be more stretching.
- [c] Recent work on the Governance, Business Continuity and Data Security risk had focused on the university's emergency response and the resilience of technology, rather than on general governance which had been addressed in the recent internal audit report. An institutional-level business continuity plan was in place but this had not fed through into detailed plans across the organisation. More work was needed to improve broader business continuity in the Professional Service directorates and Schools.
- [d] At its last meeting, the Committee had recommended for approval to Council the risk appetite statement, which would now be reviewed alongside the Strategic Risk Register. The statement was intended to give a sense of the severity of a risk rather than a hard and fast scale. The amount of tolerance would depend on the risk area, with more risk being accepted in areas relating to improving the student experience, for example, and less in areas relating to compliance. The Committee would be informed if the target risk score was not going to be met by the deadline.
- [e] The Committee asked for a tool to be developed to help identify where the appetite and target risk scores were not in alignment. This would allow Council to consider whether it would be willing to tolerate more risk or whether more controls were needed.
- [f] QMSE was focusing on risk areas with either a high impact or high proximity. Discussions were led by the risk owners and focused on impact rather than activity. The Committee requested that management provide a one-page summary of the risk areas that had been discussed and needed more work. This would help the Committee identify deep dive topics. The risk change log would highlight areas where there had been a change in risk levels.

*Actions: [e, f] Director of Strategic Planning*

## **Update on external risks [ARC2018/32]**

2018.039 The Committee **received** an update on external risks. The following points were noted:

### ***Post 18 education review***

[a] The outcome of the post 18 education (Augar) review had been delayed until late April or early May. It was expected that the tuition fee would be reduced to £7.5K and that the Treasury would not fill the funding gap but instead provide some transitional funding. Parliamentary approval would be needed to reduce the tuition fee, but not to restrict the loan book to students with A level grades above DDD. The political situation could have an impact on the outcome of the review and the acceptance of the recommendations.

### ***Pension schemes***

[b] *Minute 2018.039[b] is confidential.*

### ***Brexit***

[c] *Minute 2018.039[c] is confidential.*

*Action: [c] Council Secretariat*

## **Deep dive: Performance data and risk to strategy [ARC2018/33]**

2018.040 The Committee **considered** the approach to develop Queen Mary 2030 KPIs and performance reporting. The following points were noted:

[a] A new management information (MI) software had been procured and was being used to develop a suite of dashboards to improve the quality and timeliness of information for internal reporting. A step change was expected in the next 12 months. This data would sit alongside historic data for benchmarking against other universities in the Russell Group and London. The Committee sought assurance that Value for Money (VfM) had been considered in the procurement of the new MI software. VfM could be achieved both through financial and time savings.

## **Whistle blowing cases since the last meeting [Oral report]**

2018.041 The Committee **received** an oral report on whistle blowing cases since the last meeting. The following points were noted:

[a] *Minute 2018.041[a] is confidential.*

*Action: [a] Registrar and Secretary*

## **Value for Money [ARC2018/34]**

2018.042 The Committee **considered** the university's approach to Value for Money. The following points were noted:

- [a] The Office for Students (OfS) had defined VfM more broadly than was the case under HEFCE to include student experience and student outcomes. Under the OfS transitional arrangements, the Committee had been required to comment on VfM, but no guidance had yet been issued on how universities were expected to monitor and report on this in future. The paper recommended that work continue to focus on embedding VfM through the new strategy and enabling plans, and to monitor VfM movement at sector/government level while awaiting clarity from the OfS. The Committee would continue to receive reports, while Council would gain broader insights as part of the KPI reporting under the new strategy.
- [b] Work was underway to improve how VfM was communicated to students and tax payers. Information was already available on the university website and Queen Mary was working with the Russell Group, who had created a template, to improve how it was presented. The Committee encouraged management to take a sector leading approach by liaising with the Students' Union. The university had already made significant improvements to its published information on senior staff pay.
- [c] The Committee discussed the appropriate governance and assurance arrangements for VfM. Publishing marketing information was seen as a routine management function, but it was felt that, in view of its importance, some assurance should be given that the information accurately reflected the university's audited financial statements and that the University was working within CMA guidelines. The Committee therefore agreed that the specific VfM information should be shared with Council, but that its approval was not required.
- [d] The Committee agreed that management should proceed with embedding VfM based on the table provided in the paper unless OfS issued guidance to the contrary. It was expected that the Committee would need to comment on VfM in its annual report, but would not be asked to provide an opinion.

*Action: [c] QMSE*

### Part 3: Statutory and Regulatory Compliance

#### 2017–18 TRAC process approval [ARC2018/35]

2018.043 The Committee **considered** the processes for completion of the TRAC return for 2017–18. It was noted that:

[a] *Minute 2018.043[a] is confidential.*

[b] The Committee **approved** the process for completion of the TRAC return for 2017–18.

### Part 4: External Audit

#### External Audit Plan 2018–19 and fees [ARC2018/36]

2018.044 *Minute 2018.044 is confidential.*

## Part 5: Internal Audit

### Internal audit report: School audit: the Blizard Institute [ARC2018/37]

2018.045 The Committee **considered** the planned internal audit report on the Blizard Institute. It was noted that:

- [a] The Committee commended the report and asked for the learnings from the report to be shared with other schools. The Committee expressed its thanks to those who helped prepare the report and asked the Council Secretariat to write to those involved on its behalf.

*Action: [a] Council Secretariat*

### Internal audit report: School audit: Centre for Commercial Law Studies [ARC2018/37]

2018.046 The Committee **considered** the planned internal audit report on the Centre for Commercial Law Studies (CCLS). It was noted that:

- [a] The Committee commended the report and asked for the best practice learned in the report to be shared more widely and that those involved in the audit be thanked for their excellent report.

*Action: [a] Council Secretariat*

### Internal audit report: Research overhead recovery [ARC2018/37]

2018.047 The Committee **considered** the planned internal audit report on research overhead recovery. The following points were noted:

- [a] More work was needed to ensure that all direct and indirect costs were included in research grant applications and to enhance the recovery of overheads by improving JRMO oversight of costs at the application stage. The report also showed that the university was funding a high proportion of its own research and PhD students, which needed to be addressed.

### Internal audit report: Business continuity [ARC2018/37]

2018.048 *Minute 2018.048 is confidential.*

### KPMG update on internal audit recommendations [ARC2018/38]

2018.049 The Committee **considered** the internal audit recommendations tracking report. It was noted that:

- [a] The Committee queried the number of incomplete HR recommendations. HR had undergone a restructure which meant that the recommendations had not been achievable within the original timescales. The restructure had now finished and management would be working with HR on managing expectations better in future.

## Part 6: Financial Control

## **Fraud/financial irregularities occurring since the last meeting [ARC2018/39]**

2018.050 *Minute 2018.050 is confidential.*

## **Annual review of External and Internal Auditor appointments [ARC2018/40]**

2018.051 *Minute 2018.051 is confidential.*

## **Part 7: Committee Management and Reporting**

### **\*Draft agenda for the next meeting [ARC2018/41]**

2018.052 The Committee **received** the draft agenda for the next meeting on 11 June 2019.

### **Deep dive topic for June meeting**

2018.053 [a] The Committee discussed a deep dive topic for the June meeting. Given that a new CIO would be starting in May, it was agreed that a deep dive on IT would not be appropriate at this time. Given the amount of business on the June agenda, it was agreed that a deep dive would be postponed until September.

*Action: [a] Council Secretariat*

### **KPMG**

2018.054 [a] At a recent event hosted by KPMG, it was recommended that universities maintain a register of the interactions they have with the OfS. The Committee requested that management consider producing a report for the Committee and Council at least annually.

*Action: [a] QMSE*