

AUDIT AND RISK COMMITTEE
Wednesday 10 June 2020

CONFIRMED MINUTES

Present:

David Willis (Chair)
Dr Alix Pryde

Monica Chadha
Melissa Tatton

Simona Fionda
Peter Thompson

In attendance:

Professor Colin Bailey

Jessica Hargreaves [internal
audit]

Dr Nadine Lewycky

Jonathan Morgan

Dr Catherine Murray

Louise Parr-Morley

Neil Thomas [internal audit]

Janice Trounson

Apologies

Julian Reeve [external audit]

Craig Wisdom [external audit]

Welcome

2019.051 The Chair welcomed everyone to the meeting and noted the apologies. The meeting was held via Zoom to ensure the continuation of good governance during the coronavirus pandemic.

Minutes and executive summary of the meeting held on 12 March 2020 [ARC2019/40]

2019.052 The Committee **confirmed** the confidential and non-confidential minutes of 12 March 2020 and **noted** the executive summary.

- [a] The Committee lead role had been discontinued but members of the Executive would continue to draw on the expertise of Committee members as the opportunity arose.

Matters arising [ARC2019/41]

2019.053 The Committee **noted** the matters arising from the minutes of the previous meeting. The following points were noted in the discussion:

Student experience

- [a] Council had received a paper on the student experience during the current lockdown. This area would continue to be addressed as part of the substantive agenda going forward.

Value for money

- [b] Work was continuing on value for money reporting with AdvanceHE. A high-level draft of the front of the accounts would be ready to share with the Committee in July.

Prevent duty compliance

- [c] The University had received the annual Prevent duty monitoring outcome from the Office for Students confirming that Queen Mary had showed due regard to the Prevent duty and was not considered to be at higher risk of non-compliance with the Prevent duty in the future.

Risk issues [ARC2019/42i]

2019.054 The Committee **noted** a working list of current risks identified by the Committee. The following points were noted in the discussion:

- [a] Financial sustainability would be considered across Council, Finance and Investment Committee, and Audit and Risk Committee. The Committee would have the opportunity to discuss the governance approach to institutions in financial difficulty.
- [b] The issues around liquidity and the loan covenants would be discussed in detail at Finance and Investment Committee, but the Committee would be provided with enough information to discuss issues of going concern with the external auditors.
- [c] The people strategy and talent development beyond the pandemic were important issues to be considered by Council and Remuneration Committee.
- [d] Arrangements for the next academic year presented risks and opportunities in relation to the diversity of the student body. Council would be discussing the Black Lives Matter movement at the next meeting, and progress towards equality, diversity and inclusion objectives in July.
- [e] The impact of the USS pension scheme on financial sustainability would be aggravated in the current environment. There was a strong possibility that UCU members would vote for further industrial action.
- [f] Each of the components that make up the overall student experience would need to be monitored. Senate was responsible for providing assurance to Council in relation to this, while overall responsibility lay with Council in line with the OfS's continuing conditions of registration. Digital learning was emerging as a reverse leveller which could impact on our core value in relation to access. There were also risks in relation to the impact of digital teaching and working on the mental health and wellbeing of staff. The staff experience should therefore be considered as well when looking at the sustainability of processes.
- [g] Student-Staff Liaison Committees were meeting regularly online to monitor and agree actions to improve students' experiences of digital learning and would continue to do so after the final assessments for the year were completed.
- [h] The resilience and security of the University's digital infrastructure were key risks and would be addressed by the Chief Information Officer at the Committee meeting in July.

- [i] Processes and additional meetings were being put in place around key information points to involve Council and Committees in significant decisions about the emerging financial position. Efforts to reduce in-year expenditure would put the University in a better cash position at the end of the financial year, so that significant decisions could be delayed until reliable information on student recruitment became available.

Covid-19 risk register [ARC2019/42ii]

2019.055 *Minute 2019.055 is confidential.*

Changes to OfS requirements [ARC2019/43]

2019.056 The Committee **noted** the changes to the OfS requirements. The following points were noted in the discussion:

- [a] The OfS was placing even greater emphasis on the need to protect students from any negative effects arising from competitive recruitment practices and from universities having to provide higher education in a more financially constrained environment. Given that the University already had a very low tolerance for such risks, there was no need to strengthen the existing student protection plan in the light of the new guidance.
- [b] On the day of the meeting the OfS had issued new guidance on protecting students' consumer rights as the sector responded to the pandemic. The guidance made it clear that complaints from students would be decided ultimately in the courts, rather than by the regulator.
- [c] Providers were required to report to the OfS if they considered it to be reasonably likely that their liquidity would drop below 30 days at any point during a rolling three-month period from the date of the report. This was unlikely to become an issue for Queen Mary, given the cash modelling and monitoring already in place.
- [d] The Committee asked about the level of risk associated with the change to a blended method of teaching delivery and the streamlining of module choices. The Chief Governance Officer and University Secretary said that there was always a risk of modules not being delivered in line with applicants' expectations and that, in such circumstances, it was of primary importance to communicate with applicants early-on and to provide them with suitable alternatives wherever possible. The change in teaching delivery could be justified on the grounds of public health, although the University was concerned to minimise equality impacts arising from this.

Planned internal audit reports [ARC2019/44]

2019.057 The Committee considered the planned internal audit reports. The following points were noted in the discussion:

- [a] All three reports were positive and the recommendations had been accepted by management. The planned implementation dates had taken into consideration workloads with respect to Covid-19 and there was confidence that these would not slip.

- [b] The Chair noted that one of the recommendations in the financial management report had been only partially agreed, but that the response was satisfactory.
- [c] The Committee asked whether the action in the faculty governance report relating to documenting further controls could be implemented more widely. The faculty was trialling a new risk management tool that would be rolled out to the rest of the university. Reviews into governance in other faculties would provide indications of the success of these measures.
- [d] The Committee asked whether internal audit had focused on the right areas, considering the consistently positive nature of the findings. KPMG said that there had been some recent reports with more areas for improvement. The Chair noted that the Committee had not previously been proactive in suggesting alternative topics when the annual plan was agreed.

Internal audit planning 2020–21 [ARC2019/45]

2019.058 The Committee **considered** the initial planning for the internal audit 2020–21. The following points were noted in the discussion:

- [a] The review on controls in accounts payable had been deferred from 2019–20 as this would involve face-to-face workshops.
- [b] The Committee asked that the review on digital learning should not be deferred. A quick, early review into the processes would help to identify improvements for implementation, with a larger piece of work to follow later in the year.
- [c] The Committee noted that there were no plans to review management information. This had been addressed in the KPI review in 2019–20, the second part of which would be coming to the Committee in October.
- [d] The review on student satisfaction should take a holistic picture of student views by using faculty-level data as well as national surveys. As the student voice was central to the University Strategy, it was important to identify whether the correct mechanisms were in place for engaging with the whole student population.
- [e] The audit plan would be flexible enough to accommodate any key issues emerging during the year. For example, it was noted that internal audit may be asked to review the Students' Union in relation to Council's responsibilities under the Education Act 1994. Priorities for the spring semester could be revisited at a later time if a more pressing issue was identified.
- [f] The review into staff conduct was part of the routine audit cycle and not in response to any particular issue.

Actions: [b] Chief Governance Officer and University Secretary

Whistle blowing cases since the last meeting [Oral report]

2019.059 *Minute 2019.059 is confidential.*

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

2019.060 *Minute 2019.060 is confidential.*

***Draft agenda for the next meeting [ARC2019/39]**

2019.061 The Committee **noted** the agenda for the meeting on Thursday 23 July 2020.

Dates of meetings in 2019–20:

➤ Thursday 23 July 2020 at 1600 hours via Zoom.