

AUDIT AND RISK COMMITTEE

Thursday 12 March 2020

CONFIRMED MINUTES

Present:

David Willis (Chair)
Dr Alix Pryde

Monica Chadha
Melissa Tatton

Simona Fionda
Peter Thompson

In attendance:

Kim Ansell [Advance HE]

Jessica Hargreaves [internal
audit]

Dr Nadine Lewycky

Professor Stephanie Marshall
Louise Parr-Morley

Jonathan Morgan
Neil Thomas [internal audit]

Dr Catherine Murray
Janice Trounson

Apologies

Professor Colin Bailey

Jonathan Gooding [external
audit]

Julian Reeve [external audit]

Welcome

2019.033 The Chair welcomed everyone to the meeting and noted the apologies.

Minutes and executive summary of 11 November 2019 and minutes of 23 January 2020

2019.034 [a] The Committee **confirmed** the minutes of 23 January 2020 and **noted** the executive summary of 11 November 2019.

[b] The minutes of 11 November 2019 were **confirmed** subject to clarification in relation to minute 2019.029[f] that Committee member, Monica Chadha, had been coordinating with Deloitte to run cyber security sessions, but that individual executives had not yet been invited.

Matters arising [ARC2019/29]

2019.035 [a] The Committee **noted** the matters arising.

[b] The Interim Finance Director clarified that the update on minute 2019.024[d] should refer to the Quality Assurance Agency, not the Office for Students. The QAA had introduced an online payment platform which would mitigate against late payments of the subscription in future.

Late external audit items [ARC2019/29i]

2019.036 The Committee **noted** the summary of late external audit items that had been considered by Council on 29 November 2019 after the last Audit and Risk Committee meeting.

Information governance update [ARC2019/29ii]

2019.037 The Committee **noted** the update on the current status and plans to improve the management of information governance since November 2019.

Covid-19 update [ARC2019/30]

2019.038 The Committee **received** an update on the university's response to the Covid-19 outbreak. The following points were noted in the discussion:

- [a] It was expected that the whole of the university's operations would be affected. It was not possible to close the campus, as some students staying in residences were unable to travel home and certain research projects needed to continue. Plans were in place to maintain essential facilities with a skeleton staff.
- [b] The priorities were to maintain the learning environment and student experience, and to prepare for the Research Excellence Framework. The Education sub-group was working quickly to migrate learning materials and assessments online.
- [c] Business critical activities had been identified and managers were being asked to be more flexible about requests from staff to work from home. A digital workplace framework had already been under development ahead of the move of some Professional Services to Department W. Business critical systems and the learning environment were being prioritised to ensure that the IT systems would be able to cope with increased demand. Services were hosted on a mix of cloud-based and physical servers with external companies. IT staff were in contact with suppliers to ensure that adequate business continuity plans were in place. It was noted that many universities use the same services, which could pose issues with capacity.
- [d] There were regular communications to staff and students from the Principal.
- [e] Queen Mary was connecting with other Russell Group universities to discuss preparations and planning.
- [f] International students had been allowed to travel home without being disadvantaged in relation to their assessments. Queen Mary had been one of the first universities to make this announcement.
- [g] Staff in the School of Medicine and Dentistry were working with Barts NHS Trust to prepare final-year MBBS students to enter the NHS early if needed. Clinical examinations had therefore been brought forward. June exams for all other students would be moved online.
- [h] None of the university's transnational education activities were in the Hubei province of China, where the outbreak had originated. Staff were no longer travelling to overseas partner universities and were running seminars and workshops online.
- [i] The financial impact of Covid-19 was not yet known and the current priority was to continue offering students the best possible learning experience.

- [j] The Committee thanked the Executive for the detailed report, which showed a strong institutional structure and commitment to supporting students and other stakeholders.

Deep dive presentation (Student experience) [ARC2019/31]

2019.039 *Minute 2019.039 is confidential.*

Value for Money [ARC2019/32]

2019.040 The Committee **received** a presentation from Kim Ansell of Advance HE on value for money (VfM) reporting. The following points were noted in the discussion:

- [a] The proposal to hold a workshop had arisen from the need to improve the front of the accounts and to review the Committee's role in the light of the changing regulatory context. The focus of the discussion was on how Queen Mary creates and articulates its unique value.
- [b] The OfS had not directed universities on how to demonstrate value for money, but may become more prescriptive if universities were slow to improve their messaging. The sector needed to be more proactive at sending out positive stories to challenge negative narratives in the media on value for money. In order to earn trust from their stakeholders, universities should ensure consistency across their internal strategies and messaging, and address the expectation gap by providing clarity about the value created for students. Narratives contained in reports to Council, submissions to the regulator, the published accounts and the student prospectus needed to be fully aligned. Telling an honest and authentic story about value would help Queen Mary to influence its league table position.
- [c] Measuring the connections between people, knowledge and relationships would enable the university to tell its story differently. Council should therefore consider how it receives assurances about risks in relation to partnerships and collaborations, and about the appropriateness of internal communications and how these are received. It was noted that Queen Mary had been one of the first universities to consider issuing a total reward statement to its staff. Further work needed to be done to articulate to stakeholders the value that people, including top talent, brought to the university.
- [d] Integrated reporting was being used by a few universities to tell a consistent and credible story that integrated all of the capitals — human, intellectual, social, environmental and financial — in describing value. It encouraged a more holistic approach to risk by thinking of the organisation as a whole. The approach was consistent with the revised CUC Code of Governance and messaging from the OfS about value.
- [e] Internal audit would have a role in ensuring the robustness of data used to underpin narratives about value. The Committee would need to receive appropriate assurances about the validity of statements made by the university.

- [f] The Committee had received a one-page document summarising the value statements from the 2030 Strategy. This would form the basis for expanding on the University's value narrative, on which the Committee would receive an update at its meeting in June. Consideration would need to be given going forward on how to frame negative indicators as opportunities within the narrative.

Actions: [f] University Secretary; Committee Secretary

Strategic Risk Register [ARC2019/33]

2019.041 *Minute 2019.041 is confidential.*

Planned internal audit reports and internal audit plan [ARC2019/34]

2019.042 The Committee **considered** three planned internal audit reports and a report on progress with the internal audit plan. The following points were noted in the discussion:

- [a] Progress was being made on high-priority recommendations contained in the audit report on cyber security. A Head of Information Security was due to start work in the coming weeks and other members of the IT team were undergoing training. A mandatory, on-line training course was being piloted and would be rolled out to all staff and students by September 2020. The Committee asked where accountability for cyber security resided in the institution. The university was introducing dual reporting lines for all key compliance roles so that, in addition to their formal line manager, individuals would report and have regular access to the University Secretary and/or the President and Principal.

[b] *Minute 2019.042[b] is confidential.*

- [c] The Committee discussed the approach to reporting on cyber security issues in future. It was **agreed** that the Committee would receive reports of data breaches notified to the Information Commissioner's Office where they were material, affected whole teams, or there was the potential for reputational damage.

- [d] The Committee noted that further work had already been undertaken to develop a Strategic KPI framework since the initial audit work was completed in November. The second part of the audit would be given an assurance rating.

- [e] Changes had been made to the internal audit plan in response to the Committee's earlier discussions on IT asset management. The Chair asked that, in future, in-year changes be discussed at the time with the Committee lead. The Committee **approved** the changes to the audit plan.

Update on internal audit recommendations [ARC2019/35]

2019.043 The Committee **considered** an update on internal audit recommendations and a more detailed update on progress regarding business continuity. The following points were noted in the discussion:

[a] The deadlines for implementing recommendations in some areas had slipped. It was disappointing that recommendations on overseas working had not been implemented on time without a clear reason. Recommendations on managing partnerships had not progressed following a decision to change the approach to align more with the strategy.

[b] There had been some delays with the implementation of recommendations on business continuity because a key staff member had left without notice. The Committee noted that a follow up audit on this area was under way. The Resilience and Recovery Group would report to the Committee annually unless there was a major incident.

External audit plan 2019–20 and fees [ARC2019/36]

2019.044 The Committee **considered** the external audit plan 2019–20 and fees. The following points were noted in the discussion:

[a] There were few changes in terms of accounting compared to the previous year, but new disclosure requirements would come into effect in relation to investment of access funding, financial support provided to students, and support for disabled students.

[b] As in previous years, significant risks were identified in relation to research grant income recognition, management override of controls and accounting for capital expenditure. Covid-19 and Brexit posed risks to universities in relation to their student number and cash flow forecasts.

[c] The Committee requested that all of the audit work be completed prior to the sign-off meeting in November.

[d] The Committee **approved** the external audit plan and fees for 2019–20.

Whistle blowing cases since the last meeting [Oral report]

2019.045 There had been no new whistleblowing cases since the last meeting.

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

2019.046 The Committee **received** an oral report from the Interim Director of Finance. The following points were noted in the discussion:

[a] There had been no new cases of fraud or financial irregularities since the last meeting.

[b] *Minute 2019.046[b] is confidential.*

Committee leads [ARC2019/37]

2019.047 The Committee **considered** a paper on Committee leads. The following points were noted in the discussion:

[a] The model was used elsewhere in the charities sector, but was not prevalent in higher education. The lead role was useful where it was used as a sounding board by management, but it was important that Committee members should share collective responsibility in all areas. The standards and expectations for Committee leads had not always been clear.

[b] The Committee **agreed** to discontinue the Committee lead role.

[c] The Committee noted that a professional accountant was being sought to join as a co-opted member.

Annual review of internal and external auditor appointments [ARC2019/38]

2019.048 *Minute 2019.048 is confidential.*

Tendering process for external auditor appointment [ARC2019/38i]

2019.049 *Minute 2019.049 is confidential.*

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

2019.050 The Committee **received** the draft agenda for the meeting on 10 June 2020.

Dates of meetings in 2019–20:

➤ Wednesday 10 June 2020 at 1500 hours, Robert Tong Room, Mile End.