

BISHOP GROSSETESTE UNIVERSITY

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MINUTES OF THE MEETING OF THE  
AUDIT COMMITTEE

FRIDAY 9 MARCH 2018  
10:00 AM IN ROOM 103, SKINNER BUILDING

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**Present**

Dr Stephen Critchley  
Mrs Angela Crowe  
Mr Richard Hallsworth (Chair)  
The Revd Dr Sally Myers  
Rev Canon Professor Peter Neil

**In attendance**

Mr Jonathan Batty, Director of Marketing – For item 8(i) only  
Mr Stephen Deville, Chief Operating Officer  
Mr David Hoose, External Auditor (Mazars)  
Ms Rachel Harvey, Head of Planning  
Mr Joe Johnson (Uniac)  
Mr Matthew Pitts, Governance, Compliance and Operations Manager – For item 10(i) only  
Mr Barrie Shipley, Head of Finance  
Ms Emma Smeaton (Minuting Officer)

**1. Welcome**

- 1.1 The Chair welcomed all in attendance to the third Audit Committee meeting of the 2017/18 academic year and thanked everyone for accommodating the earlier start time.
- 1.2 Joe Johnson from Uniac was welcomed to the meeting, NOTING that he was in attendance in the place of Silla Maccario on this occasion.

**2. Apologies**

- 2.1 Apologies for absence were RECEIVED from Sean Ryan of Uniac who would usually be in attendance.

**3. Declarations of interest**

- 3.1 There were no declarations of interest.

**4. Minutes of the last meeting held on 8 November 2017**

- 4.1 The minutes of the last meeting held on 8 November 2018 were APPROVED as a true record of the meeting and the Chair was authorised to sign them, subject to the correction of some minor grammatical errors that would be amended after the meeting.

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**5. From the part of the Audit Committee, to give approval to the minutes of the joint FE&GP and Audit Committee meeting held on 8 November 2017**

- 5.1 The minutes of the joint FE&GP and Audit Committee meeting held on 8 November 2017 were APPROVED as a true and accurate record of the meeting and the Chair was authorised to sign them.

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**6. Matters arising**

(i) Action points

- 6.1 The Committee REVIEWED the matters arising action table produced by the Governance Office and NOTED the progress against actions.

(ii) Any other matters

- 6.2 There were no other matters arising.

**7. HEFCE's Annual Assessment Of Institutional Risk**

- 7.1 SD presented HEFCE's Annual Assessment of Institutional Risk to the Committee. The Committee NOTED the assessment, NOTING that HEFCE was content with what it had received.

**8. To receive and discuss the Risk Register**

- 8.1 RH (HoP) presented the Risk Register NOTING that the Committee would be taking a deeper look at some of the more significant risks and would invite risk owners to the meeting, as well as looking at the impact of risk in other areas.

- 8.2 Changes to the following risks since the last meeting were highlighted:

- Overall recruitment
- Data capability
- Data Statutory Returns
- Teaching Excellence and Student Outcomes Framework

- 8.3 JB REPORTED that the University were doing more than had been done in previous years at the same point regarding recruitment, which led into offers, which then led into acceptances.

- 8.4 It was REPORTED that the current Student Records System was being phased out and HESA were creating new requirements for the collection of our returns data. The current system did not recognise the new requirements but the new system would.

Issues behind the scenes with the suppliers of the new system were HIGHLIGHTED. It was NOTED that the Data Capability Group, who were the main lead on this issue, had met the previous day and highlighted this as a key risk.

- 8.5 It was NOTED that difficulties with data had always been an issue and was a very high risk at one stage, with the main issue being the quality of data in the past. We do not have the data quality issues now and the system currently in use works. However, the current system was not sufficient for the extra requirements. It was AGREED that we could not maintain the skills for the development of the system in house without outside support and we were in the hands of the suppliers. It was hoped that the new system would be implemented the following month. SD would speak to HESA regarding the issues highlighted by the Data Capability Group. SD
- 8.6 It was NOTED that although the gross risk score had been reduced for TEF we still had this for the next two years.
- 8.7 The recommended removal of the following risks were also HIGHLIGHTED:
- Gvt Funding for ITT
  - BG (Lincoln) Ltd.
- (i) Recruitment risk discussion
- 8.1.1 The Director of Marketing attended for this item. BS NOTED that it was usual practice to have a discussion on recruitment risk this time of year, agreeing student number targets and to have a finance model with various assumptions. The finance model would be reiterated throughout the recruitment phase and a model based on our actual position would be produced in September/October. The issue last year was how to make adjustments for under-recruiting by 50 students. However, three senior managers left the institution, which partly counteracted this financially. Forecasts for 3 years were submitted to HEFCE and 2-3 years was BGU's outlook.
- 8.1.2 The Committee NOTED that HESA and HESPA were supportive as a group for all universities to work on better student number planning. FE&GP Committee approve the budget prior to University Council sign off which included the 3 year forecast. It also approves the returns and receives a mid-year update.
- 8.1.3 It was REPORTED that the level of deliveries would be significantly reduced if student numbers were not met. Student numbers account for around 80% of our total income. Investment in the recruitment process was key and attempting to push the Lincoln area plus a 75 mile radius, rather than the Lincoln area plus a 25 mile radius was NOTED. The external environment had changed and there was a need to increase the primary undergraduate intake. It was NOTED that if BGU did not take action at the right time we would have to wait a further 6-9 months to do it.
- 8.1.4 JB REPORTED that firstly we need to increase our application to offer rate and explore whether there were any other ways to do this. Secondly we needed to make our offer better by offering incentives to students. As a smaller

institution we had the capacity to chase every single applicant, other larger institutions cannot do this on their bigger scale. We needed to set realistic targets and be realistic about what we can achieve in the short term. It was AGREED that we cannot keep doing the same and expect a different outcome. We have identified our competitors and we need to reach out to where our competitors are.

- 8.1.5 It was NOTED that potential early warning signs for students who required more support would be more occupational health referrals and a close eye would be kept on this. Our portfolio required different types of models, including models for part-time study.
- 8.1.6 The Committee NOTED that as with any marketing activity you can never be 100% sure of the outcome and the outcome of increasing the radius to Lincoln plus a 50 miles has not yet been done. It was AGREED that we wanted to become a university of choice and not a back-up.
- 8.1.7 The Committee thanked JB for all his work in this area and agreed that the discussion had been very helpful.

(ii) Review of Risk Policy & Process

- 8.2.1 RH (HoP) REPORTED that we were in the process of embedding a very positive risk management culture in the institution and were identifying operational risks that were linked to strategic risks. There was a requirement for the organisation to have an understanding of the risks and understanding whether what is being done is mitigating the risk. It was important to ensure that committees and teams thought about risk and had as a standing item on their meeting agendas.
- 8.2.2 It was AGREED that it was essential to highlight the Risk Policy and Process to those staff that would be required to fully understand it. The definition of a BGU risk needed to be clear and a risk appetite identified. It was NOTED that most meetings did not talk much about risk over the past year. The members were advised that terms of reference had now been amended to reflect a consistent approach. It was important for risks to be discussed, noting where we are at with them and identifying which ones needed to be escalated to VCEG, and on to the Audit Committee. The aim was to build up the capacity and capability to ensure that every department worked in the same way towards risk.
- 8.2.3 Members were asked to provide any feedback to RH following the meeting. It was NOTED that a new Risk Register would be produced for the next meeting, taking onto account what had been discussed at the present meeting.

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**9. To receive and discuss the Key Performance Indicators**

- 9.1 RH (HoP) HIGHLIGHTED the changes to the KPIs since the last meeting. It was NOTED that PGCE recruitment was being monitored closed. The Chair thanked RH for the useful paper and all her work on the KPIs.

**10. To note and consider internal audit reports**

- (i) MKI Audit Tracker Report
- 10.1 MP attended to present this item, NOTING that line 6 of the report onwards had not previously been to the Committee. The issue of the extended deadlines was raised and whether the original delivery dates were unrealistic. It was NOTED that for a number of actions there were reasons and others were due to responses required for other things in the sector that had taken priority. It was AGREED that there was a need to acknowledge whether the correction had be made and if not the reason why not. SD would look into these and would take forward to the appropriate Committees. **SD**
- (ii) Internal Audit Progress Report
- 10.2 JJ presented the Internal Audit Progress Report, providing an overview of progress and the reports done so far. Good progress on GDPR was NOTED.
- (iii) Data & Information Exploitation 2016/17
- 10.3 JJ REPORTED that meetings had taken place with a number of staff at the University to consider how data was being used and how the University underpinned data. One of the overarching findings was that a culture shift was required, building trust through reliability and training.
- (iv) Catering, Residence and Conference Income 2016/17
- 10.4 JJ NOTED that this was an end-to-end operational review of BG (Lincoln) Ltd. Catering. It was also NOTED that two Team Leaders had been put in place to strengthen the process.
- (v) Asset Management 2017/18
- 10.5 This report recognised that there was a lot of change as well as a request to increase the limit of capital items. As there was a lot of work in progress a more advisory report would be produced with a follow-up in the following year. SD would produce a management response to the conclusions. **SD**
- (vi) Online Expenses System 2017/18
- 10.6 Substantial assurance was REPORTED on this, NOTING that the University had installed a new HR system. There were some recommendations however generally the auditors were content with the level of control in the system.
- (vii) UUK Accommodation Code of Practice 2017/18
- 10.7.1 It was REPORTED that this was required every three years, making the University exempt from the Housing Act 2004. This was something the University had to adhere to and the University owned halls were fairly positive with a few actions listed.

- 10.7.2 The main issue with the leased halls was that there was no record or evidence of PAT testing at Crosstrend House. Most of the red actions had been committed to be completed by 14 February and it was REPORTED that most had been done. SD would follow up on the PAT testing issue at Crosstrend House and would report back to the Committee outside the meeting. It was NOTED that the owners of Crosstrend were in the process of selling the property to another group and the audit done could be used during the sale process. Electrical PAT testing on campus was REPORTED to have been complete. SD

(viii) UKVI Compliance Review 2017/18

- 10.8 This was an advisory review of the end-to-end student process from recruitment to the completion of their degree. Good knowledge and understanding was REPORTED, however, the governance and reporting required improvement. The recommendations of the report were on scalability, ultimately the responsibility was with the University Registrar. Contacts at UKVI were available if required and the change of approach from the Home Office was NOTED, they were looking to help and assist organisations in this area.

**11. To note the Annual TRAC (Transparent Approach to Costing) Return**

- 11.1 BS REPORTED on the Annual TRAC Return which was an actively-based costing practice to inform funding councils. It was NOTED as being fairly descriptive, it included the audited financial statements, and looked at an average of the previous 3 years and the 3 years ahead. Generally the margin for sustainment was 7%. It was AGREED that the Annual TRAC Return would go to the FE&GP Committee, rather than the Audit Committee for future noting. Governance Office

**12. To note the Annual TRAC-T (Transparent Approach to Costing for Teaching) Return**

- 12.1 It was REPORTED that the Annual TRAC-T Return took away bursaries and gave a figure which was a funding council figure for the teaching cost per student. An increase in the cost of delivery was NOTED this year due to Archaeology, Sociology, and Business student numbers being low so that any marginal changes made a much bigger impact. Again, it was AGREED that the Annual TRAC-T Return would go to the FE&GP Committee for future noting. Governance Office

**13. GDPR update**

- 13.1 RH (HoP) gave a verbal update on GDPR, NOTING that it was good to hear JJ's reflection earlier in the meeting. It was REPORTED that a Project Manager had been brought in specifically for GDPR. The Data Capability Board Working Group were on track to deliver an action plan to go to the Data Capability Board in April. There was a lot of work to be done and part of the risk associated was from a compliance perspective. JJ REPORTED that most universities were looking like they would not comply by 25 May 2018.

**14. To note the return of the HEFCE Annual Efficiency Return**

- 14.1 BS REPORTED that the HEFCE Annual Efficiency Return was now mandatory and not optional, and the approach was for senior managers to complete. The Committee NOTED the Return.

**15. To note the Financial Regulations, Procedures and Purchasing Policy**

- 15.1 BS HIGHLIGHTED the key changes to the Financial Regulations, Procedures and Purchasing Policy. Responsibility had been changed where appropriate from the Director of Resources to the Head of Finance, and if not appropriate to the Chief Operating Officer. It was NOTED that the IR35 had separate guidance to assist in the completion, however, the wording required adapting to reflect what was actually done.

BS

**16. Agenda suggestions for future meetings**

- 16.1 It was AGREED that the same approach to the agenda would be taken at the next meeting to include:

- Internal audit plan
- External audit plan
- Reports
- Data
- Recruitment

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**17. Agenda management and review**

- 17.1 SC reviewed the present meeting, NOTING the following:

- Although the meeting ran over it was a big agenda and was never going to be done in the allocated time.
- Space was made for discussion on what was important.
- The details discussion on risk was helpful and it would be beneficial if the owner of the risk attended to give a structured presentation on the risk.
- The meeting did not go on too long, given the amount of material there was involved.
- It would be helpful if material could be taken as read at the meeting.

**18. Any other business**

- 18.1 There was no other business to discuss.

**19. Key Items for University Council**

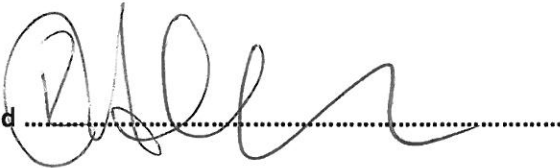
- 19.1
- The work on Risk Management;
  - Review of Recruitment;
  - Data Capability;
  - Clarification of PAT testing at Crosstrend House;
  - HEFCE outcome.

**Chair/  
Governance  
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**20. Date of next meeting**

- 20.1 The next meeting of the Audit Committee would take place on Thursday 21 June 2018 at 10:00 am in Room 103, Skinner Building.

Signed .....



Date .....

20/6/18.