



## CANTERBURY CHRIST CHURCH UNIVERSITY

### UNRESERVED MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT 4.00PM ON TUESDAY 26TH FEBRUARY 2019 IN THE FREDERIC MASON ROOM AT THE PRIORY

- Present:** Mr Philip Fletcher (Chair)  
Mr Julian Hills [For Minutes 93 – 102]  
Ms Sue Appleby  
Mr Steve Sutton
- In attendance:** Mr David Leah (Director of Finance and Chief Financial Officer)  
Mrs Karen Pilgrim (Assistant Director of Finance [Financial Accounting])  
Ms Cathy Lambert (Director of Planning and Academic Administration) [For Minutes 93 – 100]  
Ms Alison Sear (Clerk to the Governing Body)  
Professor Rama Thirunamachandran (Vice-Chancellor)  
Mr David Shepherd (Deputy Vice Chancellor)  
Ms Beatriz Mendoza-Sanchez (Internal Auditor KPMG)  
Mr Paul Ferguson (Governance and Legal Services Manager)  
Ms Eleanor Currie (Governance and Legal Services Assistant)

#### 93. Apologies

Apologies had been received from Mr Quentin Roper and Ms Pamela Jones.

#### 94. Declarations of Interest

There had been no Declarations of Interest.

#### 95. Minutes of the Meeting held on 6 November 2018

The minutes of the meeting held on 6 November 2018 were agreed and signed as a true record.

#### 96. Restricted Minutes of the Meeting held on 6 November 2018

The restricted minutes of the meeting held on 6 November 2018 were agreed and signed as a true record.

#### 97. Matters arising not appearing elsewhere on the Agenda

##### 97.1 Extension of Deloitte contract

The Chief Financial Officer said that the External Auditor (Deloitte) had agreed to the extension of their contract with the University for an additional 2 years at the pre-existing fee, subject to a renegotiated fee in the case of unexpected events.

## **97.2 Cybercrime Insurance**

The Chief Financial Officer said the University had limited cyber-attack insurance cover. Specific cyber-attack insurance cover was being considered. A decision would be required by June 2019. The Audit Committee requested an update on the outcome at the next meeting.

## **98. KPIs Update [Paper L64]**

The Audit Committee received Paper L64, Key Performance Indicator Updates, presented by the Director of Planning and Academic Administration.

The Director of Planning and Academic Administration said that the Governing Body had agreed to extend the Strategic Planning Framework from 2020 to 2022. This necessitated a refresh of KPIs to ensure they were suitably aligned.

University performance was currently measured by tracking progress against 18 KPIs underpinned by 38 measures. There was a distinction between those 9 KPIs monitored by the Audit Committee and presented to the Governing Body and those 9 KPIs monitored by the SMT.

The current KPI set had been mapped to the strategic framework and following consultation with SMT a number of KPIs had been realigned in terms of management responsibilities, the current aims and objectives, ownership and mapping to the risk register.

Work had been done on the current KPIs to ensure the language and definitions used were appropriate and reflect good practice. Changes had been made to ensure that KPIs reflected the shift from 'Knowledge Exchange' to a broader definition of 'Research and Enterprise'. There had been discussion with SMT owners about Stakeholder Satisfaction and it had been decided to remove Stakeholder Satisfaction from the Governor subset, whilst work was carried out on the survey tool and baseline data collected.

In response to a query from a Governor in respect of the target KPI for 'Total Students' in 2019/2020, it was acknowledged that there was work to be done around student numbers and enrolment due to the current challenging environment.

The Vice-Chancellor noted that it might be necessary to complete another refresh of KPIs depending on the outcome of Brexit and other unforeseeable factors affecting the external environment.

The Director of Planning and Academic Administration acknowledged that the KPIs were challenging, particularly regarding student recruitment, but pointed to good recruitment numbers in respect of 2018/2019.

Audit Committee members supported the greater visibility of the KPIs by reporting on them annually and publishing them on the intranet.

## **RESOLVED**

That the updated KPIs be approved for recommendation to the Governing Body.

### **99. Termly Risk Management Report of the Vice-Chancellor [Paper L70]**

The Audit Committee received Paper L70, Termly Risk Management Report of the Vice-Chancellor, presented by the University Solicitor and Clerk to the Governing Body.

The University Solicitor and Clerk to the Governing Body confirmed that the High Level Risk Register had been updated following consultation with SMT and there had been no new risks added to the register. The most significant risk remained failure to meet student recruitment targets ('Risk 6').

'Failure to maximise recruitment to and retention in faculty initial teacher education (ITE) programmes and failure to manage ITE provision costs' ('Risk 1') had been slightly reframed to make explicit the financial risks relating to the Initial Teacher Education. Its residual rating had been reduced from 15 to 12 due to the restructuring and consolidation in the faculty of Education.

'Failure to ensure the University remains competitive and sustainable in the marketised environment and manage government changes in higher education' ('Risk 4') had been amended to include additional Early Financial Warning Indicators and Key Actions, reflecting the Strategic Plan Refresh and upgraded Business Planning process.

The early warning indicators in 'Risk 9' 'Incomplete and Inaccurate Student Data' had been updated reflecting the work underway in the Planning Academic Administration Directorate [Paper L71 refers].

The Vice-Chancellor confirmed that a key risk was student recruitment. This had been affected by Brexit and issues around immigration and Visas together with the current dip in terms of the demographic trend of 18 to 25 year olds and increased competitive activity. Applications to the University were down 6% compared to February last year. The University had made certain steps to mitigate against this risk such as accepting applications beyond the application deadline.

A member of the Audit Committee asked for clarification about the University's use of unconditional offers, scholarships and bursaries. The Vice-Chancellor confirmed that the University's use of unconditional offers had been well below the national average at 16.7%. SMT had considered some analysis on the impact of the University's unconditional offers on grades actually achieved which did not raise any concerns. A paper on the University's use of unconditional offers in the context of OfS concerns about the practise would be considered by the Governing Body in July 2019.

Bursaries and Scholarships had been primarily awarded on the basis of income level as part of a commitment to widen participation.

**NOTED**

**100. Audit of 2015-16 HEFCE Funded student outturn data [Paper L71]**

The Audit Committee received Paper L71, HEFCE Funded Student Outturn Data, presented by the Director of Planning and Academic Administration.

The Director of Planning and Academic Administration said that following the HEFCE audits of the University's 2013/2014 and 2015/2016 student data, the OfS was unable to provide assurance about the quality of the University's student data.

A Data Quality Action Plan had been created to address issues raised by the audits. This had been part of a wider programme of change, encompassing the introduction of the new student records system (MOSI) and The Academic Journey Project. The Data Quality Action Plan was overseen by The Data Integrity Group (DIG) which reported directly to the Audit Committee. The Audit Committee Chair had joined the February 2019 DIG meeting, and had suggested the addition of a simple high level summary of action plan to the Paper, and further work on the early warning indicators in the High Level Risk Register [Paper L70 refers].

An update was given on key points where progress had been made regarding how specific fields were returned to OfS. The OfS had sought assurances that these issues had been considered.

The Vice-Chancellor confirmed that the OfS was expected to return to the University for a visit before the end of the academic year. An internal audit of progress against the action plan was pending. The Director of Planning and Academic Administration pointed out that the red rated action points in the Progress Summary Report relating to partner colleges had been predicted based on an OfS visit within the month and that the ratings were expected to turn amber from the end of April due to the work on data from partner colleges.

It was acknowledged that the action plan included what was an ambitious programme of change, dependent on the effective implementation of the new student record system (MOSI).

The Chair of the Audit Committee said he would continue to attend a DIG meeting on an annual basis by arrangement.

**NOTED**

[The Director of Academic Planning and Administration left the meeting.]

**101. Anti-Bribery Policy [Paper L65]**

The Audit Committee received Paper L65, Anti Bribery Policy, presented by the University Solicitor and Clerk to the Governing Body.

The University Solicitor and Clerk to the Governing Body stated that the policy had been due for review in 2015. Action had been taken by her office to review policies in a timely manner

The Anti-Bribery policy had been required by the Regulator and although Anti-Bribery awareness was very important, it had not been to date a high risk issue for the University. The importance of training staff in the policy had been emphasised, specifically in the International Office and would be duly carried out.

The Joint Negotiation and Consultation Committee (JNCC) had reviewed the policy and had been content subject to the addition in the policy of a reference to the staff code to explain the relevant process in the event of a breach.

A member of the Audit Committee asked about the process regarding receipt of gifts. In response, it was confirmed that the Gifts and Hospitality Register kept by Governance and Legal services and monitored by the University Solicitor and Clerk of the Governing Body was routinely reviewed by the Donations and Fundraising Committee. There had not been any concerns to report.

#### **RESOLVED**

That the Anti-Bribery Policy be approved, and was subject to review in 2022.

#### **102. Brexit Preparedness Update [Paper L66]**

The Audit Committee received Paper L66, Brexit Preparedness Update, presented by the Deputy Vice-Chancellor.

The Deputy Vice-Chancellor explained that it had not been possible to provide an entirely comprehensive report as the landscape remained unclear. In light of this the report had to be part of continuous monitoring around the subject and further updates would be provided in due course.

The aim was to mitigate and manage the impacts most material to the University's students and staff.

The Deputy Vice-Chancellor stressed the importance of providing support to staff members affected directly or indirectly by Brexit. The University had, for instance, at an early stage proposed a short-term loan scheme to staff to contribute to the costs associated with securing permanent leave to remain or citizenship; take-up had been low. More recently the University had agreed to pay the £65 fee associated with the Government's EU Settlement Scheme (before the fee had been abolished). Both offers had been well received by staff. Staff recruitment had not been adversely affected at present.

A drop in student recruitment from other EU countries had been determined as a key risk and highlighted in the High Level Risk Register. However, considerable efforts had been devoted to maintaining recruitment, and the reduction had to date been less significant than anticipated.

Financial modelling had been undertaken on the assumption of a drop in income from EU students. The Deputy Vice-Chancellor noted that fewer EU students than expected had been dependent on UK student finance.

In the areas of research, enterprise and knowledge exchange the University had received comparatively modest EU funding, so the impact of the loss of such funding was likely to be low. However, the potential loss of opportunities to secure such funding in the future was a matter for regret.

Given prospective changes to immigration legislation, it was expected that additional effort would be necessary to recruit key staff, including EU/international, particularly for the Medical School and the new School of Engineering, Technology and Design.

The possible disruption of supply chains and procurement in relation to the construction of Building 2 had been identified as another key risk. The Deputy Vice-Chancellor noted that robust measures had been put in place to mitigate this risk.

A member of the Audit Committee asked whether preparing for Brexit had posed a financial burden upon the University. In response, The Deputy Vice-Chancellor confirmed that that had not been the case; preparations were part and parcel of normal activity.

The Audit Committee members thanked the Deputy Vice-Chancellor for his report.

#### **NOTED**

[Julian Hills left the Meeting]

#### **103. Audit Assurance – Department for Education Annual Grant Return [Paper L67]**

The Audit Committee received Paper L67, Audit Assurance – Department for Education Annual Grant Return, presented by the Assistant Director of Finance.

The Assistant Director of Finance explained that there had been a delay in submitting the Grant Return due to a delay in the issuing of the audit instruction by the Department of Education who had funded this activity, but a clean audit assurance had been given.

#### **NOTED**

#### **104. Internal Audit Progress Report [Paper L68]**

The Audit Committee received Paper L68, Internal Audit Progress Report, presented by a representative of KPMG.

Three reviews had been completed at present: Individualised Student Timetabling; Student Appeals and Complaints; and Estates. Five reviews were expected to be presented to the Audit Committee at its next meeting in May 2019 and one final review was expected in August 2019.

- Individualised Student Time-tabling had received an Amber/Red rating, which was as expected by staff. Members noted that timetabling was an important first interaction with the University for new students and that a new automated system was in the process of being introduced.

The current process for student timetabling was dependent on input from multiple departments and manual reconciliations and was vulnerable to human error. It had been suggested that department heads should be actively involved earlier in the process to avoid disputes further down the line.

It had been noted that students were on Campus for two weeks before they received a timetable which was in part due to course choices being made upon student's arrival at the University. The Deputy Vice-Chancellor said that this was a widespread problem in HE and finding an appropriate solution was under active consideration.

- Student Appeals and Complaints had received an Amber/Green rating, which was again as expected by staff. The volume of Student complaints and appeals was increasing, which was consistent in the sector. Staff interactions had been found to be professional and positive.

Ten cases had been selected at random for review. The University policy had been benchmarked against good practice frameworks. Identified weaknesses included the tracking timelines and clarity of process of complaints and appeals, clarity of the process relating to the appointment of an investigator including the timescale for appointments.

The use of a case management system to follow track progress to ensure timely responses had been recommended. The Students Union currently use a tracking system with good results.

Members noted the Vice-Chancellor's comments regarding the importance of dealing with problems and complaints informally in the first instance. He supported the idea of Heads of Schools being immediately involved as the investigator with the aim of solving the root of the complaint by staff swiftly.

- Estates had received an Amber/Green rating, which had been expected. The focus had been on lessons to be learned from the construction of the Daphne Oram Building (Building 1), which should be considered in terms of the construction of Building 2.

The Vice-Chancellor commented that project management is being developed further and that a Finance and Legal Oversight Group had been created to better monitor issues relating to the contractual relationships, financial control and insurance. Tighter control over design changes had also been established for Building 2 construction project.

## NOTED

The Audit Committee received Paper L69, Internal Audit Recommendations – Management Control Report, presented by the Assistant Director of Finance.

The Assistant Director of Finance said that a move from quarterly to monthly management reports was being considered to assist with timelier follow up in view of the number of action points that had been overdue and re-programmed.

Of the 38 actions reviewed across 10 audit reports, 17 actions were still open. For these, sponsors had been asked for evidence of progress. It was anticipated that more closed actions would be secured before the next meeting of the Audit Committee. 20 actions had been completed, and one action has been superseded by another action and closed.

A member of the Audit Committee asked about the system of action follow up. In response, it was confirmed that this was a manual process rather than an automated system.

The Assistant Director of Finance noted that partly due to a different reporting style of the current Internal Auditor KPMG there had been a recent move to setting a more achievable and appropriate number of targets rather than a large number of smaller ones. It was expected this would improve the metrics reported in future Management Control Reports.

**NOTED**

**106. Minutes of the Meetings of the Data Integrity Group [Paper L72]**

The minutes of the meetings of the Data Integrity Group held on 5 December 2018 and 5 February 2019 had been approved, and were presented to the Audit Committee for noting.

**NOTED**

**107. TRAC Assurance Report 2017/18 [Paper L73]**

The Audit Committee received Paper L73, TRAC Assurance Report, presented by the Chief Financial Officer.

The Chief Financial Officer said that the purpose of this paper was to provide assurance that the necessary assurance process had been followed when submitting the TRAC Report.

The TRAC return had been presented to: the TRAC Steering Group; the Chair of the Finance and Resources Committee; SMT; and to the Vice-Chancellor. The TRAC report would be formally approved by the Finance and Resources Committee at its next meeting on 7 March 2019.

**NOTED**

**108. Any Other Business**

The Chair expressed his thanks to the University students and staff who had contributed towards the tour of the new Daphne Oram Arts Building. It had been an interesting and enjoyable visit.

**109. Date of next meeting**

The date of the next meeting was confirmed as 8 May 2019 at 4.00pm.

**110. Confidentiality**

The Audit Committee noted that there were no matters considered in the meeting to be kept confidential from published minutes once approved.

The meeting closed at 5.55pm.