

**Minutes of the meeting of the Cardiff University Audit and Risk Committee held on Tuesday 14 November 2023 at 9.30 in rooms 1.24/1.25, Centre for Student Life and via Zoom.**

Present: Dr Robert Weaver (Chair), Pers Aswani and Suzanne Rankin.

In Attendance: Jonathan Brown (KPMG), Clare Eveleigh, Ellie Hetenyi (KPMG), Rashi Jain, Professor Wendy Lerner, Sian Marshall, Alex Middleton (KPMG), Carys Moreland, Claire Morgan [minute 1204], TJ Rawlinson [minute 1210], Melanie Rimmer [minute 1204], Claire Sanders, Laura Sheridan, Natalie Stewart, Professor Damian Walford Davies [minute 1210], Darren Xiberras.

**1195 Welcome and preliminaries**

1195.1 All were welcomed to the meeting.

1195.2 The Chair reminded members that the meeting was being recorded to assist with the production of the minutes.

**1196 Apologies for absence**

Apologies were received from Agnes Xavier-Phillips.

**1197 Declarations of Interest**

The Chair reminded Committee members of their duty to disclose any potential conflicts of interest. No declarations of interest were received.

**1198 Minutes of the previous meeting**

The minutes of the meetings held on 9 October 2023 (23/243C) were confirmed as a true and accurate record and were approved to be signed by the Chair.

**1199 Matters arising from the minutes**

Received and considered paper 23/259C 'Matters Arising'. The Chair spoke to this item.

Noted

**Minutes 1188.5, 1188.6: Fraud, Bribery and other Financial Compliance - Annual Report**

1199.1 That no staff had been identified as employed via personal service companies; that all new suppliers were subject to a set-up process, which included an assessment of employment status for all workers, contractors and consultants; that this would identify any arrangements which fell within IR35 so that they could be appropriately managed through payroll or through an agency; that it was not possible to retrospectively check suppliers but all suppliers were reviewed after two years of inactivity.

1199.2 That it was suggested that the proportion of suppliers checked be monitored to give an indication of the level of confidence that could be held.

1199.3 That the receipt of tuition fees was one of a number of activities where the University had to consider the impact of trade and financial sanctions; that tuition fee payments could be received directly into the bank account, paid by credit card or paid through our international payment partner Convera (Western Union); that receipts through Convera were subject to review against lists of sanctions, whereas credit card and bank receipts did not undergo external review; that the income team took a risk-based approach to reviewing tuition fee payments and were in the process of reviewing all tuition fee payments received from Russian and Iranian students in this student enrolment period.

1199.4 That best practice guidance from BUFDG recommended that HE providers (i) adopt and publicise a written policy on sanctions compliance; (ii) ensure that teaching and research staff are aware of their individual obligations and collect reports from them; and (iii) support them in their individual efforts to comply; that the interim Financial Compliance Manager would be tasked with reviewing these requirements and assessing the residual risk in respect of tuition fees.

## **1200 Items from the Chair**

Noted

1200.1 That a letter was received from HEFCW on 7 Nov 2023 regarding the HIA resignation statement; the letter noted that no further information was required at this time and that the matter was closed.

1200.2 That Dónall Curtin had resigned from the Committee effective from 13 November 2023 owing to concerns regarding the independence of the Committee; that the Chair had met with Dónall to discuss the concerns prior to his resignation.

## **1201 Report on External Audit Year End (Including Management Letter)**

Received and considered paper 23/260C 'Report on External Audit Year End (Including Management Letter)'. Jon Brown and Ellie Hetenyi from KPMG spoke to this item.

Noted

1201.1 That the audit had been undertaken in line with the plan; that it had not yet been completed but was in the final stages of fieldwork; that KPMG was confident that the audit would be finalised to enable the Annual Report and Financial Statements to be submitted to HEFCW by the deadline of 30 November 2023.

1201.2 That the report included two new priority three control recommendations and provided an update on progress with the 13 recommendations raised as part of the 2022 report; that it was KPMG's view that good progress had been made with many of the recommendations resulting in a reduction in the level of risk associated; that there was further work to do to address the relationship with the schools, which was impacting on the control environment in some areas.

1201.3 That some work was outstanding, but a clean opinion was anticipated in relation to all the major and other audit risks; that one potential audit adjustment had been identified in relation to the classification of the Sbarc building.

1201.4 That some disclosure misstatements had been identified and were being updated by Management.

1201.5 That it was planned to bring the College Heads of Finance under direct control of the Chief Financial Officer, which was anticipated to bring improved oversight and better relationships with the Schools.

1201.6 The Committee's view that the Finance Team had worked hard to make good progress with the recommendations during the year; that the Committee would continue to monitor progress regularly to ensure that the control environment is robust and effective; that the Committee would like to see greater progress with the recommendations on journals authorisation and retrospective purchase orders during the next period.

Resolved

1201.7 For future reports from KPMG to better articulate the progress made with the recommendations from the previous year.

**1202 Summary of decisions from the Joint Meeting with F&RC**

Noted

1202.1 The Chair reported that a joint meeting had been held with members of the Finance and Resources Committee to review the following papers:

23/256C Reconciliation of the Forecast Outturn vs Statements Year End  
23/257C Q1 Forecast  
23/271C Final Judgements and Estimates for the Financial Statements for the year ending 31 July 2023  
23/255C Letter of Representation Evidence of Assurance  
23/255C Annual Report and Financial Statements

1202.2 The Chair invited members to raise any questions or concerns about the decisions taken in principle by the Committee as part of the joint meeting; no questions or concerns were raised.

Resolved

1202.3 To confirm the decisions in relation to the papers listed in 1202.1 (where a decision is required) as follows:

- i. To approve the final Judgements and Estimates for 22/23 under delegated authority from the Council;
- ii. To approve the Letter of Representation Evidence of Assurance;
- iii. To recommend to Council the Annual Report and Financial Statements subject to the following amendments:
  - a. To include the outturn and comparison to prior year performance in relation to the EBIDA key performance financial metric;
  - b. To specify the final performance bonus of the previous Vice-Chancellor and full remuneration package of the new Vice-Chancellor.

**1203 Annual Head of Internal Audit Opinion**

Received and considered paper 23/244HC 'Annual Head of Internal Audit Opinion'. The Interim Head of Internal Audit spoke to this item.

Noted

1203.1 [Redacted]

1203.2 [Redacted]

1203.3 [Redacted]

Resolved

1203.4 To recommend the Internal Audit Service Annual Report to Council for approval.

**1204 Fee and Access Plan (FAP) Monitoring Report**

Received and considered paper 23/236C 'Fee and Access Plan (FAP) Monitoring Report'. The Pro Vice-Chancellor Education and Student Experience and the Director of Strategic Planning joined the meeting for this item.

Noted

- 1204.1 That HEFCW required the University to make a number of assurance statements as part of the Annual Assurance Return and the paper provided evidence to support these statements.
- 1204.2 That the University's FAP investment in 2022-23 met the HEFCW threshold of 15% of home, full-time undergraduate income; that actual expenditure was higher than 2021-22 at 15.3%, however, it was below the planned level of expenditure owing to the impact of Covid-19 on planned activity and a reduced number of students accessing bursaries.
- 1204.3 That the regulatory requirements were expected to increase with the establishment of the Commission for Tertiary Education and Research (CTER).
- 1204.4 That work was being undertaken to evaluate the impact of the Widening Participation Strategy including in-year spend and by different student characteristics, which had not been done previously, and which would lead to improvements in the University's approach; that in-year monitoring of expenditure would enable greater agility of strategy and remedial action if spend was behind target.
- 1204.5 That the benchmarking information was difficult to navigate; that it would be helpful to consider displaying information graphically in the next iteration of the report.
- 1204.6 That work was being undertaken on student characteristics and was planned to present this to Council in Spring or Summer 2024; the intention would then be for the FAP to be one aspect of this work in terms of where the funding would be allocated.

Resolved

- 1204.7 To confirm the statements of the Annual Assurance Statement:
- (i) No regulated course fees have exceeded the applicable fee limit as set out in the Fee and Access Plan;
  - (ii) The institution has taken all reasonable steps to comply with the general requirements of the Fee and Access Plan (noted at 4.2.4); and
  - (iii) The institution has taken all reasonable steps to maintain previous levels of investment, including maintaining the splits between investment to support equality of opportunity and promoting higher education as well as that in student support (noted at 3.4).
- 1204.8 To recommend the document to Council for approval.
- 1204.9 For the next iteration of the report to provide insights into FAP benefits analysis.

*The Pro Vice-Chancellor Education and Student Experience Director of Strategic Planning left the meeting at the conclusion of this item.*

## **1205 Annual Complaints Report: Students, Staff and Third Parties**

Received and considered paper 23/258HC 'Annual Complaints Report: Students, Staff and Third Parties'. The Chief Operating Officer spoke to this item.

Noted

- 1205.1 [Redacted]
- 1205.2 [Redacted]
- 1205.3 [Redacted]
- 1205.4 [Redacted]

Resolved

1205.5 To approve that the report provides assurance over the degree to which adequate and effective complaint handling processes are in place.

1205.6 For further information to be provided to the Committee on the timescale for the introduction of a case management system.

### **1206 Major and Serious Incidents Update**

Received and considered paper 23/245HC 'Major and Serious Incidents Update'. The University Secretary and the Chief Operating Officer spoke to this item.

Noted

1206.1 [Redacted]

Resolved

1206.2 To approve that the report provides adequate assurance for the risks in this area.

### **1207 Compliance Report: HEFCW Financial Management Code**

Received and considered paper 23/247 'Compliance Report: HEFCW Financial Management Code'. The University Secretary spoke to this item.

Noted

1207.1 That the paper provided assurance and a summary of compliance with the financial and audit elements of the Financial Management Code (FMC) and Terms and Conditions of Funding 2023-24; that the report identified four areas of enhancement; that the governance elements of both documents was reviewed and approved by Governance Committee on 7 Nov 2023.

1207.2 That the Committee had previously made a recommendation to Council in respect of compliance with section 139: that the head of internal audit was unequivocally free to act in an independent manner in pursuit of their professional business and was not fettered in their scope or reporting; that no further evidence had been presented or identified, which indicated that an alternative position should be considered.

Resolved

1207.3 To approve the report to support the inclusion of a statement of compliance within the Annual Report and Financial Statements.

1207.4 To reconfirm the Committee's view in respect of compliance with section 139: that the head of internal audit is unequivocally free to act in an independent manner in pursuit of their professional business and is not fettered in their scope or reporting.

### **1208 Audit and Risk Committee Annual Report 2022-23**

Received and considered paper 23/252C 'Audit and Risk Committee Annual Report 2022-23'. The Chair spoke to this item.

Noted

1208.1 That the report would be updated to reflect the resignation of Dónall Curtin from the Committee and to summarise the conclusions in relation to the External Audit Report; that the Chair would review the final version ahead of the report's submission to Council.

Resolved

1208.2 To approve the Audit and Risk Committee Annual Report, including any changes required to reflect minute 1208.1 above.

**1209 Risk Management Update**

Received and considered paper 23/250HC 'Risk Management Update'. The Risk Manager spoke to this item.

Noted

1209.1 [Redacted]

1209.2 [Redacted]

Resolved

1209.3 For financial quantification of risk to be considered for inclusion in the risk management improvement plan and for an update to be provided to the Committee in due course.

**1210 Discussion Points for Internal Audit Assurance Reports**

Received and considered paper 23/246HC 'Discussion Points for Internal Audit Assurance Reports'. The Interim Head of Internal Audit spoke to this item. The Deputy Vice-Chancellor and Director of Development and Alumni joined the meeting for this item.

Noted

1210.1 [Redacted]

Noted

1210.2 [Redacted]

1210.3 [Redacted]

1210.4 [Redacted]

1210.5 [Redacted]

*The Deputy Vice-Chancellor and Director of Development and Alumni left the meeting at the conclusion of this item.*

**1211 Follow-up of Highly Rated Recommendations**

Received and considered paper 23/249HC 'Follow-up of Highly Rated Recommendations'. The Interim Head of Internal Audit spoke to this item.

Noted

1211.1 [Redacted]

1211.2 [Redacted]

1211.3 [Redacted]

1211.4 [Redacted]

Resolved

1211.5 For the Interim Head of Internal Audit to consider presenting the report in a more visual way, including using charts or infographics.

**1212 Internal Audit Strategy and Annual Plan for 2023/24**

Received and considered paper 23/248HC 'Internal Audit Strategy and Annual Plan for 2023/24'. The Interim Head of Internal Audit spoke to this item.

Noted

1218.1 [Redacted]

1218.2 [Redacted]

1218.3 [Redacted]

Resolved

1218.4 To approve the risk-based internal audit programme for 2023-24 with an agreement to reassess the remaining programme once a review of the Internal Audit Service had been undertaken.

**1213 Any Other Business**

There was no further business discussed.

**1214 Whistleblowing reports**

The Chief Operating Officer spoke to this item.

Noted

1220.1 That there had been no reports made under the Public Interest Disclosure (Whistleblowing) Policy since the last meeting of the Committee.

**1215 Items Received for Information**

Noted

1221.1 The following paper:

23/254 Accounts Direction

*All Officers apart from the University Secretary and Interim Head of Internal Audit left the meeting for the reserved items.*

**1216 Litigation Report**

Received and considered paper 23/251HC 'Litigation Report'. The University Secretary spoke to this item.

Noted

1216.1 [Redacted]

**1217 In-Camera Meeting**

Following the meeting of the Audit and Risk Committee, an *in-camera* meeting was held. The members of the Audit and Risk Committee, the Head of Internal Audit, the external auditors and the University Secretary were present.

*Suzanne Rankin left the meeting at the conclusion of this item.*

**1218      Legal advice regarding ex-staff member comments**

The Chair gave an oral report under this item.

Noted

1218.1      [Redacted]

Resolved

1218.2      [Redacted]

1218.3      [Redacted]