



**The Audit Committee Annual Report to
the University Council and the Vice-Chancellor (Accountable Officer)**

Financial Year 2022/23

1. Introduction

Bishop Grosseteste University (BGU) has adopted the Committee of University Chairs (CUC) Higher Education Audit Committee's Code of Practice (2020) on a 'comply or explain' basis. This Code states that: "The Audit Committee should produce an annual report for the governing body and the Head of Institution, timed to support the preparation of the published financial statements" (2020, section 42). The Audit Committee Annual Report will be presented to, and reviewed by, the University Council before the annual financial statements are signed.

The Audit Committee's Annual Report responds to the requirement noted above. It includes the Committee's opinion on the adequacy and effectiveness of the Higher Education Institution's (HEI's) arrangements for the following:

- risk management, control and governance;
- sustainability, economy, efficiency and effectiveness (value for money); and
- the quality of data submitted to regulatory bodies such as the Office for Students (OfS), Higher Education Statistics Agency (HESA) and the Student Loan Company (SLC).

The final Audit Committee Annual Report to the governing body (University Council) and the accountable officer (the Vice-Chancellor) should be shared on request, with Research England. The CUC's Higher Education Audit Committee Code of Practice recommends the publication of the Annual Report; the report will be published following presentation to University Council at its meeting on 28 November 2023.

The Committee's opinions confirmed in Section 8 of this report are based upon the information presented to it within the course of 2022/23 and 2023/24, up to 13 November 2023 (the meeting prior to the presentation of the accounts to University Council). This includes matters discussed in 2023/24 pertaining to the previous year (e.g., the internal auditors' annual opinion).

The report records the work of the Committee and covers the below areas:

- the external auditors' management letter/completion report and formal opinion;
- the internal auditors' annual report – which includes the internal auditors' opinions on the adequacy and effectiveness of BGU's arrangements for: risk management, control and governance; economy, efficiency and effectiveness;
- any value for money (VFM) work, as relevant/appropriate; and
- any OfS or successor body assurance service or other relevant evaluation.

2. Membership

The below outlines the membership of the Committee for 2022/23 and the initial period of 2023/24:

- Dr Stephen Critchley (Council Member) (Chair)



- Professor Marianne Howarth (Council Member) *(to June 2023)*
- Reverend Canon Dr Sarah Lawrence (Council Member) *(to June 2023)*
- Walter Leschenko (Council Member)
- Alison Brown (Council Member) *(from July 2023)*
- Lisa Smith (Co-opted Council Member for Audit) *(from July 2023)*

The Committee membership was decided by the University Council, in line with the recommendations of the Governance and Nominations Committee, as per the Articles of Association of the Company incorporating the Instrument and Articles of Government of the University, the Schedule of Delegation and the Governance and Nominations Committee Terms of Reference.

The Clerk to the Committee for 2022/23 was the Registrar and University Secretary (Dr Stephanie Gilluly).

Meetings were attended by the Vice-Chancellor and the Deputy Vice-Chancellor (Academic Affairs) until August 2023 and by the Interim Vice-Chancellor and the Deputy Vice Chancellor (Operations) from August 2023. Other staff members were occasionally invited to Audit Committee meetings to present specific items and representatives of internal (Uniac) and external audit (Buzzacott) also attended as required by the Committee.

3. Meetings

The Committee met on the following dates within the period covered by this report and the attendees were:

	17 Oct 2022	23 Nov 2022	9 Mar 2023	25 May 2023	17 Oct 2023	13 Nov 2023
Dr S Critchley (Chair) (Council member)	Attended	Attended	Attended	Attended	Attended	Attended
Prof. M Howarth (Council member)	Attended	Attended	Attended	Attended		
Rev'd Canon Dr S Lawrence (Council Member)	Apologies	Attended (part)	Attended	Attended		
Mr W Leschenko (Council Member)	Attended	Attended	Attended	Attended	Attended	Attended
Ms A Brown (Council Member)					Attended	Attended
Ms L Smith (Co-opt Member)					Attended	Attended



<i>Continued from previous page</i>	17 Oct 2022	23 Nov 2022	9 Mar 2023	25 May 2023	17 Oct 2023	13 Nov 2023
Uniac Internal auditors	Attended	Attended	Attended	Attended	Attended	Attended
Buzzacott External auditors	Attended	Attended	Attended	Attended	Attended	Attended
Vice-Chancellor Rev'd Canon Professor P Neil (Council member) (invited)	Attended	Attended	Attended	Attended		
Deputy Vice- Chancellor (Academic Affairs) Prof. S Fleming (Council member) (invited)	Attended	Attended	Attended	Attended		
Registrar & University Secretary Dr S Gilluly (Clerk)	Attended	Attended	Attended	Attended	Attended	Attended
Vice-Chancellor Prof. K Stanton (Council member) (invited)					Attended	Attended
Deputy Vice- Chancellor (Operations) Mr T Dannatt (Council member) (invited)					Attended	Attended

4. Terms of Reference

The Committee's Terms of Reference were reviewed at the October 2022 meeting. They are aligned to the CUC [Higher Education Audit Committee Code of Practice](#) (2020). The resulting revised Terms of Reference for the Audit Committee were approved by University Council at its meeting on 26 October 2022.

5. Internal Audit

The total charge to the annual accounts for 2022/23 internal audit services was £66,910, of which £12,675 related to additional costs incurred for 2021/22 and £54,235 related to 2022/23.



Charges were based upon a daily fee of £740 (inc. VAT); this compares with £779 (inc. VAT) per day for internal audit firms as reported in the 2021/22 BUFDG survey. Seventy-three days of internal audit were commissioned. This is greater than the forty-three days 2021/22 BUFDG survey for other HEI's with a turnover of less than £40m.

A summary table of the completed internal audit work is included at Appendix A.

The Committee assessed performance by monitoring the following: completion of work including issue of draft and final reports as per the agreed audit schedule; provision of final reports to the University for issue to the Audit Committee; total audit work completed to budget; costs compared to sector benchmark (figures taken from annual BUFDG survey); internal audit staffing and representation at all Audit Committee meetings; quality of service/feedback from management, and accountability, follow-up and implementation via management responses; and progress against planned programme of work, including delivery of the annual report and audit plan.

At the May 2023 meeting, Uniac reported to the Audit Committee on the outcome of its an external quality assessment (EQA), where the audit approach deployed and value to the University were assessed against recognised internal auditing standards. The exercise was undertaken by the Chartered Institute of Internal Auditors. As part of their work, they issued a questionnaire to senior management and the Chair of Audit Committee. They also arranged meetings with the Registrar and University Secretary. The final report concluded that UNIAC 'generally conforms' with the International Professional Practices Framework (this is the highest of the three ratings categories).

The 2022/23 final internal audit annual report was reviewed at the meeting of Audit Committee on 13 November. Based on relevant audit work, internal audit concluded:

- risk management, control governance are mostly adequate and effective and value for money arrangements are adequate and effective. Whilst they completed a number of reviews that demonstrated a strong control environment, they also concluded in other reviews that there were significant opportunities for improvement.
- limited assurance over the quality of data submitted to regulatory bodies

6. Financial Statements and External Audit

At the Committee's November 2023 meeting Members received the 2022/23 financial statements and recommended them for approval by University Council at its meeting on 28 November 2023. The Committee received and noted the Audit Completion Report and the management response and recommended the proposed Letter of Representation for University Council approval and signing at its meeting on 28 November 2023. Confirmation was provided that the financial statements followed the principles and format prescribed by the Office for Students in the Accounts Direction and FE/HE Statement of Recommended Practice, and that no significant deficiencies in the accounting and internal control systems were found.

For 2022/23 the total fee was £40,114, of which £34k was for the audit of financial statements and £6k for other services. The auditors' work covered:

- Financial statements audit – University
- Financial statements audit – BG Lincoln Ltd



- Teachers' Pension Scheme audit
- Assurance work of the Initial Teacher Training (ITT) grant received by the University
- Corporation tax services
- Tax advice on Riseholme development

The Committee assessed performance by monitoring the achievement of the external audit timetable including the Audit Completion Report at the 13 November 2023 meeting.

7. Other work done

i. Risk Management, control and governance –

Key areas of risk considered in reports to the Audit Committee included:

- achievement of student numbers not in line with business plan projections;
- failure to ensure the financial sustainability of the University;
- failure to maintain quality of teaching and learning;
- failure to achieve Research Degree Awarding Powers (RDAPs) by the end of the strategy period;
- failure to adequately maintain the infrastructure, adversely impacting on the quality of learning and teaching and future sustainability of the University;
- failure to have appropriate partnerships, affecting University's ability to widen its impact, meet its regulatory requirements and generate alternative sources of income;
- failure to recruit and retain suitably qualified and experienced staff;
- failure to deliver key University projects;
- failure to respond to a significant incident;
- failure to implement key financial controls; and
- failure to develop international activities compliant with relevant regulation.

In relation to actions pertaining to these risks, Members noted:

- the assignment of additional resources to support recruitment activities;
- the development of new partnership activities, a review of the business cases behind these and the resources required to deliver them successfully;
- working with the local UCU branch to minimise the impact of industrial action on the quality of learning and teaching provision;
- ensuring internal skills and capacity are available to adequately maintain the infrastructure;
- developing capacity and capability in project management;
- reviewing and scenario testing key aspects of the business continuity plan; and
- assessing the viability of controls and processes through internal audit reviews.

Members received and discussed the following Higher Education updates provided by Uniac:

- Academic Workload/contribution models (17 October 2022)
- Analysis of Strategic Risk Registers in UK Universities (23 November 2022)
- European Risk Management (23 November 2022)
- TEF 2023 (23 November 2022)
- Regulatory Governance (9 March 2023)
- UUK Accommodation Code of Practice (25 May 2023)
- Artificial Intelligence (25 May 2023)
- HR Frameworks (17 October 2023)
- HESA Data Futures (17 October 2023)

ii. Sustainability, economy, efficiency and effectiveness (value for money)

Value for money is addressed within every internal audit report produced by Uniac and submitted to the Audit Committee.

At the Committee's October 2023 meeting, Members received and discussed the University's Annual Procurement and Spend Gap Analysis Report, which set out to provide assurance on the adequacy and effectiveness of sustainability and the promotion of economy, efficiency, and effectiveness (value for money). The report analysed the spend of the University and highlighted efficiencies generated through effective procurement activities, with specific reference to cashable and non-cashable savings, with further improvements identified for 2023/24.

The report also analysed progress against key risks identified in 2021/22 as shown in Table 1 below.

Index	Risk Description and Target	21- 22	22-23	Result
001	High number of suppliers, reduce by 20% .	556	419	24.37%
002	High tail-end spend reduce by 15% .	39.8%	21.4%	18.55%
003	Reduce the total number of transactions by 15%	8269	6291	23.9%
004	Reduce the number of purchase orders by 5%	2539	2916	13%

Table 1: Statement of Performance against Procurement Risks Identified during 2021/22

iii. The quality of data submitted to regulatory bodies

The Audit Committee received regular updates on data management during 2022/23 and on progress to improve the quality of data submitted to regulatory bodies through the internal audit 'Student HESA 21/22' received at the Committee's Match 2023 meeting and the tracking of actions identified in this and previous audits.

The Committee noted actions to improve data quality including:

- the transition to a new Student Records System;
- data quality checks as part of data migration in respect of course and module data; and
- improvements to system integration.

The Committee noted further enhancements required in respect of Data Governance and challenges posed by the HESA Data Futures reporting requirements.

Ongoing monitoring will continue of this area in 2023/24.

iv. Overview of regulatory reporting requirements

The Charity Commission return was received and discussed at the May 2023 meeting and submitted by the stipulated deadline.



The Prevent Annual Return 2022 was discussed at and approved by Council for submission to the OfS. Audit Committee Members noted the Prevent annual return outcome at their May 2023 meeting. It had been reported that the OfS no longer sent a formal response; however, the OfS had no questions for BGU at this point.

v. Effectiveness of Audit Committee

During the period, the Committee discussed and agreed to conduct a self-assessment of its effectiveness. In order to ensure a consistent approach can be adopted to reviews of effectiveness of Council and its other committees, this self-assessment will be undertaken during the 2023/4 academic year.

8. Opinion

The Audit Committee, having reviewed the opinions provided by both the internal and external auditors and information provided by the University, have agreed the following:

- its opinion on the University's risk management, control governance and value for money is that the design of these arrangements is mostly adequate and effective in supporting the institution's objectives; however, further improvements are required in the implementation of these arrangements, particularly, in relation to non-regulated areas; and
- concluded with limited assurance in relation to arrangements in respect of the quality of data submitted to regulatory bodies such as the Office for Students (OfS). Improvement in data governance and procedures are captured within the Critical Path Plan for the University moving forwards. Regular updates will be presented at the Audit Committee in 2023-24.

Having taken all reasonable steps to assure themselves (e.g. through internal and external audit reports and opinions and the consideration of the regular reports to the Audit Committee), the Committee have identified no significant control weaknesses that should be disclosed other than the audit findings with a high rating identified in the limited assurance internal audit reports on Student HESA and Degree Apprenticeships.

9. Circulation

To be published once approved for publication by the University Council.

Signed: (Chair) Dated



Appendix A: 2022/23 internal audit plan with conclusion grades

The table below provides a summary of the completed internal audit plan, along with Uniac's conclusion and the volume of audit findings by Uniac's rating.

#	Audit Title	Audit Conclusion			Audit Findings (by Rating)			AC meeting
		Risk Assurance	Efficiency & Economy	Benchmark Assessment	High	Moderate	Low	
1	BG Lincoln Ltd	Reasonable	Reasonable	Within Norm	-	5	-	March 23
2	Student HESA	Limited	N/A	Behind Norm	1	2	3	March 23
3	Student Record System Project	N/A – Advisory	N/A – Advisory	N/A – Advisory	-	3	1	May 23
4	Post Audit Review	Reasonable	N/A	N/A	-	-	-	October 23
5	Degree Apprenticeships	Limited	N/A	Behind Norm	1	5	5	October 23
6	Financial Controls: Procure to Pay	Reasonable	Reasonable	Within Norm	-	-	6	October 23
7	Portfolio Development	Reasonable	N/A	Behind Norm	-	3	1	October 23
					2	18	16	