

BISHOP GROSSETESTE UNIVERSITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

MONDAY 11 NOVEMBER 2024

2:00PM VIA MS TEAMS

Present

Alison Brown
 Dr Stephen Critchley (Chair)
 Walter Leschenko
 Lisa Smith

In attendance

Leanne Chancellor, Head of the Vice-Chancellor’s Office (*Minutes*)
 Carolyn Dean, Senior Planning Officer
 Tom Dannatt, Deputy Vice-Chancellor (Operations) & University Secretary
 Jonathan Lidster, Director of Corporate Information System (CIS), Strategy & Performance
 Peter Rought (Uniac)
 Hugh Swainson (Buzzacott)
 David Tomlinson (Uniac)

	Action
1. Welcome	
1.1 Dr Stephen Critchley, Chair, welcomed members to the second Audit Committee meeting of the 2024/25 academic year.	
2. Apologies	
2.1 Apologies were received in advance of the meeting from: <ul style="list-style-type: none"> • Jaidip Sen; and • Kunal Mistry – <i>invited member</i>. 	
3. Declarations of interest	
3.1 There were no new declarations of interest for the committee meeting.	
4. Minutes of the last meeting held on 21 October 2024	
4.1 The minutes of the Audit Committee meeting held on 21 October 2024 were APPROVED as a true and accurate record of the meeting and the Chair was authorised to sign them.	
5. Matters Arising	
5.1 <u>Action Table</u>	
5.1.1 The action table was RECEIVED and progress against actions was NOTED.	

5.1.2 The Deputy Vice-Chancellor (Operations) & University Secretary NOTED that he was awaiting confirmation from Shakespeare Martineau, on whether the institution may have to prepare accounts for the period of 1 August to 31 October, following Exempt Charity Status – but it was thought that this would not be necessary.

5.2 Any other matters

5.2.1 No other matters were raised.

6. **Risk**

6.1 Update on Risk Register

6.1.1 Members RECEIVED and NOTED the Strategic Risk Register and Summary Report at the end of Q1, which provided an update on the risk management process.

6.1.2 The Senior Planning Officer, Carolyn Dean (CD), NOTED that at the end of Q1 there were four new risks which sat outside of the stated risk tolerance levels, and they all relate to partnership activities. These risks were:

- *Risk 17* – Student experience at partner organisations and potential negative impact on BGU.
 - as the institution moves forwards with partners such as The Language Gallery (TLG) as these students are BGU students and any negative impact on student experience at TLG would inevitably impact on our National Student Satisfaction (NSS) scores.
- *Risk 19* – Student outcomes, retention, at partner institutions.
 - as the student outcomes for TLG will fall within the remit of BGU and could impact on the B3 Office for Students (OfS) conditions around continuation, progression and completion.
- *Risk 21* – Resources with the partnership team and the wider BGU staff group.
 - currently high risk for BGU in managing all of the partnerships.
- *Risk 23* – Academic standards at the point of programme delivery and assessment in partner organisations.
 - It was noted that this risk was currently anecdotal currently as opposed to anything concrete – but there are quite a few unknown factors around that in terms of accurate quality and standards.

6.1.3 TD NOTED that there were two key meetings happening with the leadership teams of both significant partners (TLG and ICON College) in order to remedy some of the issues that the BGU team have picked up on. TD also NOTED that the Executive Dean of Faculty, Dr Nick Gee, was visiting ICON College on 21 November 2024.

6.1.4 TD NOTED that the key strategic thing would be to grow partnerships but NOTED that there was no current desire to expand partnerships until the institution has got the 'ground rules' fully established, and the systems are all working together – so it was NOTED that BGU would be pausing on growth and working with our current key partners very carefully. It was NOTED that this would be shared with FE&GP Committee and University Council.

6.1.5 TD NOTED that the above four risks were inserted as 'high risk', purely because of their strategic importance and the issues currently being raised which the team are mitigating.

However, it was NOTED that the teams intend to see sharp progress in the next few weeks.

6.1.6 Members RAISED the following comments and questions:

- Concurred that they liked the overarching paper in terms of presenting the risk register – they liked the structure and being able to review the biggest risks.
- Were fully in support of pausing growth.
- Concerns were raised on where the four high risks had come from, as the timeframe from reviewing risks at the previous meeting was quite short – this was felt as being quite unusual.
 - TD NOTED that in terms of the risk being raised on the risk register now, there have been many discussions on this and agreed to raise them on the risk register now that the issues have been identified. However, the teams are making steady progress on both partners and this progress continues.
 - TD NOTED that some issues have also been identified due to the change of leadership and reorganisation and a new team are now looking at partnerships and driving them forward.
 - TD NOTED that they have been placed as high risk, because if the institution decides to look at coming out of a partnership, this will be difficult, not just because of the loss of revenue, but also because of the formal agreements.
 - TD NOTED that discussions have taken place with BGU's legal team on what it would look like to come out of a contract and the advice has been to work with the partner to resolve the issues rather than to try and terminate a contract prematurely. However, the decision has been made to work with the partners to continue the contracts.
- Were interested specifically in the mitigations.
 - The Director of CIS, Strategy & Performance, Jonathan Lidster (JL), NOTED that under the reorganisation, Allison Webb (AW) was placed as Director of Business & Community Engagement, with responsibility for partnerships.
 - JL NOTED that AW was just starting to drive the governance around partnerships and pulling everything together.
 - JL NOTED that there was a potential business of £4m income, which principally the institution has created from our existing resources and the resource base to accommodate these partnerships has not grown. The governance approach that has to be dealt with internally in order to help generate significant growth has to be balanced with the financial sustainability, the skills and the knowledge, which also means that other departments have to grow too, such as Data, Faculty, Student Support and Administration to enable support.
 - JL NOTED that mitigation around these was in two parts:
 1. For BGU, in terms of learning the lessons around operational efficiency, which is part of Critical Path 2 (CP2).
 2. How does BGU effectively support another partnership in terms of the professionalisation of their own internal processes.
- Clarification in terms of timeframes and escalation route if the mitigation does not appear to be taking effect.
 - TD NOTED that a very detailed schedule of what is required from BGU's perspective has been shared with ICON College, and the discussions will take place on deadlines for actions.

- Discussions were held around future partnerships and making sure we have the right questions and answers before embarking on agreements, and making sure the institution can actually manage another partnership(s) relationship going forward.
- Noted was the “OfS Insight Brief on Managing Sub contractual Agreements”, which had a good checklist in it – this would be a really good starting point in terms of building a governance framework.

6.1.7 The Chair NOTED that he was surprised that the risk relating to the Student Village (which was right to be a fairly high risk), noted its conclusion to be within our risk appetite. The Chair NOTED that a shortfall of £1.5m did not feel within his personal risk appetite but was content for FE&GP to follow up on this.

- TD NOTED that there was a list of 10 or 12 mitigating actions specifically linked to the Student Village to a value of approximately £700K, which he would share with FE&GP.
- TD NOTED that marketing for the accommodation will be opened earlier this academic year, and it was hoped that students will roll forward from year one to two etc.

6.1.8 The Chair SUGGESTED that having a deep-dive at each of our Audit meetings into major risks would be valuable, for example, Partnerships and Student Accommodation.

6.2 Update on Internal Audit Tracker

6.2.1 Members RECEIVED and NOTED the updated Internal Audit Tracker since the last meeting.

6.2.2 CD HIGHLIGHTED the following:

- Since the last report in Q4, all actions from recent audits have been added and updated.
- The format of the Audit Tracker was reviewed, with closed actions now sitting on a separate tab.
- The conventions of audit action ID numbers have also been updated this quarter, to include the year that action was added.
- The format of the audit tracker template had also been updated to show update(s) for the quarter instead of the previous approach which did not consistently specify the date range of the last update.
- There were currently 13 open actions – all of which have been updated in Q1.
- In this quarter, nine actions have been closed.
- Two of the open actions are overdue:
 - *Confidentiality and the Student Advice Spreadsheet* – this will be absorbed into the scope for the new Customer Relationship Manager (CRM) system.
 - *Commercial Strategy* – This is in development having been impacted by competing priorities and resources with the team.

6.2.3 The Chair NOTED that on the two overdue open actions , there was no specific request to extend the deadline – was there a clear estimate of when those two overdue actions could be completed, as they had already been extended more than once before?

- With regards to the Confidentiality and Student Advice Spreadsheet:
 - JL AGREED that both overdue actions were very out of date.

- JL NOTED that now he has taken the lead in this area. He has met with the Head of Student Success to start to understand the business needs around this action. It was NOTED that under CP2, there is an objective of implementing a new CRM system which could hold the sensitive data from Student Advice.
- JL NOTED that it was hoped that this would be completed by the end of the calendar year.
- With regards to Commercial Strategy:
 - TD NOTED that the Director of Corporate Services, Jonathan Cheeseman, seemed confident that this would be completed by the end of this calendar year

6.2.4 Members were CONTENT to extend these actions to the end of the calendar year.

7. To Note and Consider the Internal Audit Reports

7.1 Internal Audit Annual Report – Year Ending 2023/24

7.1.1 Members RECEIVED and NOTED Uniac’s final Internal Audit Annual Report 2023/24.

7.1.2 Peter Rought (PR), Uniac, NOTED that following the previous meeting where the draft report was presented, the following items had been included in the report:

- the final Safeguarding Audit report; and
- the Key Performance Indicators (KPIs) following the survey that was circulated to UEG and Audit members.

7.1.3 The Chair SUGGESTED to Uniac that the survey which members complete, should be circulated earlier to members to allow a little more time for completion – perhaps for it to be circulated before the first Audit Committee meeting of the academic year.

- PR NOTED that this suggestion was completely fair.

Uniac to consider

7.2 Internal Audit Progress Report 2024/25

7.2.1 Members RECEIVED and NOTED Uniac’s Internal Audit Progress Report 2024/25, which provided an overview of progress against the agreed internal audit programme for 2024/25 along with the current audit days position and forecast for the remainder of 2024-25.

7.2.2 PR HIGHLIGHTED the following from the Internal Audit Progress Report:

- The 2023/ 24 internal audit annual opinion had been finalised.
- The final internal audit from the 2023/24 programme – Safeguarding, had been completed.
- One audit from the 2024/25 programme has been completed:
 - Financial Sustainability and Resilience – but at the request of management, the report has been submitted in draft format, to allow specific discussion on “Finding 2” before relevant management actions are finalised:
- The following progress on 2024/25 audits has been made:
 - Planning meetings have been held and Terms of Reference are being developed for Risk Management and Management of Strategic Plan Transition.

7.3 To Receive Internal Audit Reports

7.3.1 Members RECEIVED and NOTED the following Uniac Internal Audit Reports:

- Safeguarding; and
- Draft Financial Sustainability & Resilience.

7.3.2 Safeguarding

7.3.2i DT NOTED that Uniac concluded that an overall risk assurance of 'reasonable', regarding the management of safeguarding and the efficiency and effectiveness of safeguarding policies and practices in place at the University.

7.3.2ii DT HIGHLIGHTED one high risk and two moderate risk findings:

- Assessment of safeguarding risks (*high*);
- Governance and oversight of safeguarding (*moderate*); and
- Safeguarding and associated policies (*moderate*).

7.3.2iii DT HIGHLIGHTED six low risk findings that were raised relating to:

- Improvements to policies;
- Safer recruitment;
- Safeguarding concerns process and strengthening the safeguarding culture;
- Reporting on safeguarding;
- Verifying practices at academic partners; and
- Enhanced DBS checks

7.3.2iv DT NOTED that one advisory finding was raised, relating to out of hours support for students.

7.3.2v DT NOTED that in summary, the universities practices were generally robust, it was just a few localised areas where better focus and attention were required.

7.3.2vi Members NOTED and ACKNOWLEDGED the following areas of good practice and THANKED the team:

- Effective management of safeguarding concerns; and
- A strong culture of collaboration and working together across university teams; the Students' Union, and school and college placement partners.

7.3.2vii The Chair NOTED he found the report very valuable.

7.3.3 Financial Sustainability & Resilience

7.3.3i PR NOTED that Uniac concluded a rating of 'reasonable' risk assurance, that the processes and controls in relation to the governance of financial sustainability are operating effectively.

7.3.3ii PR NOTED that this audit assessed the University's approach to financial planning and monitoring of financial health including; budget management and monitoring, scenario planning and stress testing, cashflow, liquidity and financial forecasting, robustness and realism of income forecasting and value for money considerations.

7.3.3iii PR HIGHLIGHTED one high risk and one medium risk findings:

- Robustness of financial planning assumptions (*high*); and
- Lack of balance sheet forecasting (*medium*).

- 7.3.3iv DT NOTED that they also raised one low and one advisory finding relating to ongoing capacity at executive level and the University's decision to reduce their capitalisation threshold.
- 7.3.2v Discussions around the medium risk of 'lack of balance sheet' was held – but the Chair NOTED that from a financial management point of view, this should be a decision for FE&GP to determine.
- 7.3.2vi The Chair ASKED why was the capitalisation threshold reduced?
- TD CONFIRMED that the threshold was reduced to bring us more in line at a reasonable level following a benchmarking activity by the Head of Finance, Amy Hare, and Uniac.

8. Buzzacott Audit Completion Report (including Recommendation of Management Letter of Representation for Signature to Council)

- 8.1 Members RECEIVED and NOTED Buzzacott's Post-Audit Management Report and the recommended Management Letter of Representation for signature to University Council.
- 8.2 Hugh Swainson (HS), Buzzacott, NOTED that the audit had progressed well and that there was no reason not to approve the accounts.
- 8.3 HS HIGHLIGHTED key items from the report:
- HS gave thanks to the Finance Team, especially the Financial Accountant, Karen Day, who was the key person answering all their audit questions and queries.
 - Buzzacott could offer an unqualified and unmodified audit opinion for both Bishop Grosseteste University (BGU) and BG Lincoln Ltd.
 - Page 5 detailed the summary which noted the University's "operational" deficit for the year.
 - Page 10 detailed the funding and going concern assessment. HS NOTED the university's responsibilities for going concern in approving the accounts were to consider a period of at least one year from approving the accounts. The one factor that significantly influences this was the post balance sheet capital transactions that have taken place – particularly the £7m of cash coming in September 2024 for the Wickham Hall Sale and Leaseback arrangements.
 - There were no issues with the 'Going Concern' assessment, but NOTED there was future work to be completed for longer term financial sustainability.
 - Page 11 detailed the income recognition and NOTED that they completed sample-based testing, which raised no significant issues.
 - Page 12 detailed the Riseholme Student Village and NOTED that the accommodation was opened in September 2024 with the lease being signed on 29 August 2024, resulting in there being no accounting impact in the 2023/24 financial year, as expected.
 - Noted the financial reports for BGU and the subsidiary, BG Lincoln Ltd (BGL).
 - The report raised five recommendations to:
 1. *Capture of BGL events post-year end*
 - recommend that a review of post-year end events is undertaken as part of year end accounts preparation in order to capture any which may have been invoiced for pre-year end, so that these may be correctly deferred.

2. *Bank reconciliation review*
 - recommend that all monthly bank reconciliations are reviewed by an appropriate second member of staff e.g. the Head of Finance.
3. *Cyber insurance*
 - Given the size of the University, and the increased sector-wide risks associated with IT, a relevant insurance policy that supports the University in the event of a cyber-attack may help mitigate any financial loss, and it is recommended this is considered going forward.
4. *Deferred capital grants*
 - recommend that the formulae in the spreadsheet are made consistent across all assets, aligning release calculations to the accounting policy.
5. *Land Registry details*
 - the University works with Land Registry to correct the details as soon as possible with regards to properties such as Crosstrend House, where the university no longer has any affiliation.

- 8.4 HS NOTED the Letter of Representation, which is a standard letter from University Council to Buzzacott, confirming certain matters around the accounts and audit.
- 8.5 The Chair NOTED that it was good to see that there were no new issues raised in the report and that the recommendations were 'housekeeping issues' rather than anything too concerning.
- 8.6 Members RAISED the following comment:
- Required some clarification to the recommendation around Cyber Insurance.
 - TD NOTED that the Head of Finance and the Chief Technology Officer were in discussions to ensure the university's insurance policy was sufficient in terms of its oversight now that BGU has Cyber Essentials Accreditation.
- 8.7 Members were CONTENT to RECOMMEND to University Council the signing of the Letter of Representation to Buzzacott.
- 9. BGU Annual Report for 2023/24 and Financial Accounts**
- 9.1 Members RECEIVED and NOTED the draft BGU Annual Report for 2022/23 and financial accounts.
- 9.2 The Chair NOTED that as a committee, the focus of members was on the accounting policies and on the disclosures – the rest of the financial reporting would be reviewed by the Finance, Employment and General Purposes Committee (FE&GP).
- 9.3 The Chair ADVISED that there were no significant changes to accounting standards that needed to be drawn to the Audit Committee's attention.
- 9.4 Members concurred that the Annual Report was open and honest about our Critical Plan, it had some good news stories and flowed well.
- TD NOTED that there was a lot to celebrate with the Annual Report.
 - TD gave his THANKS to JL for all his work on CP1 and CP2.

- TD NOTED that for future iterations, he would like to look into a “glossy” version of the Annual Report and Accounts, which looks sharper and more corporate, that could be shared with external visitors.

9.5 The BGU Annual Report for 2023/24 and financial statements were RECOMMENDED to University Council for approval.

10. Audit Committee Annual Report

10.1 Members RECEIVED and NOTED the Audit Committee Annual Report.

10.2 The Chair NOTED that he had drafted the report and acknowledged that there may be some amendments to include before it was finalised following this meeting.

10.3 Members RAISED the following comments:

- Concurred that the report was a good summary of the Audit Committee’s activities.
- DT NOTED that following the recent Safeguarding Audit, the high risk finding from this should be included in Section 8 of the report.
- Could the Buzzacott updates be included within Section 7i, alongside Uniac’s.

Chair

10.4 The Chair NOTED that there would be some changes to take account of following Buzzacott and Uniac Annual Reports, and the comments made by members. The Chair NOTED that he would make the amendments and circulate to members the final draft for their approval, ahead of submission to University Council at its meeting on 22 November 2024.

Chair

11. Any other business

11.1 There was no further business to discuss.

12. Key items for University Council

12.1 The following key items to HIGHLIGHT to University Council at its next meeting on 22 November 2024 from this agenda are:

- BGU Annual Report 2023/24 and Financial Statements for their approval, including Buzzacott’s Post-Audit Management Report, Letter of Representation and Uniac’s Internal Audit Annual Report – Year Ending 2023/24;
- Audit Committee Annual Report;
- Share the end of Q1 Risk Register Overview Report and NOTE the committee’s discussions around partnerships and student accommodation – with the suggestion of deep-dives at future Audit Committee meetings.

13. Date of Next meeting

13.1 The next meeting of the Audit Committee will take place on Tuesday 4 March 2025 from 2:00-4:00pm.

13.2 The Chair SUGGESTED that either March or June’s meeting should be in person, and ASKED members to let the Head of the Vice-Chancellor’s Office, Leanne Chancellor to know which they could attend.

14. Closed Session of Audit Committee with External Auditors (Buzzacott)

14.1 The Chair formally closed the meeting and INVITED members to a closed session of Audit Committee to discuss any external audit matters with the Buzzacott representative.

Signed A. R. Cicchely Date 04 - 03 - 2025