

Approved Minutes

Present

Emma van der Lugt	Independent Governor, Chair of Committee	EvdL
Louise Bridgett	Independent Governor, Deputy Chair of Committee	LB
Vicky Hatton	Independent Governor	VH
Prof John Scott, CBE	Co-opted Board Member, Committee Member	JS
Jennie Walker	Co-opted Board Member, Committee Member	JW

In attendance

Prof Claire Taylor	Vice-Chancellor	CT
Stephen Plant	University Secretary & Registrar	SP
Kevin Dixon	Interim Finance Director	KD
Nathan Coughlin	Partner, External Auditors, Bishop Fleming	NC
Clarence Mpfu	Director of Audit, Internal Auditors, TIAA	CM
Jessamie Thomas	Governance Officer (note taker)	JT

1. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes
2. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes
3. **Reserved Business (1)** (No Staff in attendance)
See Reserved Business (1) minutes

MAIN MEETING – all in attendance

4. **Welcome, Apologies & Declaration of Conflicts of Interests**
 - 4.1 Opening the main part of the meeting, Committee Chair, Emma van der Lugt, welcomed colleagues.
 - 4.2 Apologies were received from Internal Audit Manager, Lesley Heasman.
 - 4.3 No conflicts of interest were declared. The full register was included in Part C.
 - 4.4 EvdL invited colleagues to ‘unstar’ items in Part B and Part C. None were identified.
5. **Risk Management Update, inclusive of Risk Register**
 - 5.1 The report was received; the priority Risk Register was enclosed. EvdL invited University Secretary & Registrar, Stephen Plant, to present an overview.
 - 5.2 SP guided the Committee through the analysis in the report, referencing the Risk Register as appropriate. SP noted that the key risks remained largely unchanged and provided a summary of each of these and the action being taken to mitigate them. Other notable or emerging risks were also contained within the report.
 - 5.3 SP noted that the University was re-evaluating its approach to risk management in line with strategic, sector and internal audit drivers. This would align with the Marjon 2030 strategic realignment and incorporate a review of the legacy approach to risk management. An

Approved Minutes

advisory report on the strategic planning framework was included in the proposed Internal Audit Plan 2024/25.

- 5.4 The Committee discussed the appropriate scoring of key risks and also whether greater nuance could be incorporated; SP confirmed there would be recalibrated scoring. The Committee felt that a prioritised list would be easier to analyse, with early presentation of critical KPIs. In response to a request, Director of Internal Audit, Clarence Mpofu, confirmed he would share examples of risk registers containing dashboards and heat maps to support analysis. **ACTION: CM**
- 5.5 In response to a question regarding the timeframe for the implementation of the CRM tool, Vice-Chancellor, Prof Claire Taylor, confirmed it was the priority digital solution, with implementation due within three to six months.
- 5.6 In response to a question around the scoring of the cyber security risk, and whether this captured the risk appropriately, CT confirmed it was a priority in terms of IT systems. With regard to the broader risk around business continuity, the Chief Digital, Data and Technology Officer, Ann Holman, had sight of the cyber review report and would be drilling into those actions, particularly around systems, governance and process.
- 5.7 In response to a question, SP confirmed that the Risk Register was regularly updated by the Executive Leadership Team (ELT).
- 5.8 With regard to the future approach to risk, SP provided details of a workshop which would bring together the University Leadership Group (ULG), Deans, Department Heads and TIAA; a report would be produced for this Committee.
- 5.9 The point was reiterated by the Committee that many of the assurances were future-dated, which in itself presented a risk for the Audit Committee; this was noted.
- 5.10 The Committee thanked SP for the report and thanked CT for the further updates.

6. Internal Audit

(i) Internal Audit (IA) Progress Report

- 6.1 The IA Progress Report (cover report; Summary Internal Controls Assurance– SICA) was received. EvdL congratulated TIAA on achieving its B Corp certification. The Committee noted that the audit plan timings had flexed, which may necessitate an interim meeting in the autumn. **ACTION: EvdL/SP/JT**
- 6.2 CM invited the Committee to review the assurances contained in the Progress Report and note the progress in delivering the 2023/24 Internal Audit Plan, set out in Appendix B. The Committee noted progress in actioning priority audit recommendations. No fraud or irregularities had been reported. A number of briefing notes had been made available for the Committee's information.
- 6.3 In response to a request from the Committee, CM confirmed that staff feedback on a review would be incorporated as a standing item into the reports. **ACTION: CM**
- Cyber security review:**
- 6.4 The report was received. EvdL invited CM to provide an overview.
- 6.5 In summary, a number of outstanding actions were noted and limited assurance gained overall. CT confirmed that this area would be progressed as a priority. CM would meet with

Approved Minutes

AH imminently to go through this report. AH's focus would be on addressing operational issues. The Committee asked whether cyber security was prioritised sufficiently in the Risk Register and whether proposed mitigations were appropriate. EvdL indicated that she would aim to meet with AH to discuss priority actions. **ACTION: EvdL**

6.6 The Committee suggested that it would be prudent to see mandatory regular training prioritised. **ACTION: CT**

6.7 The Committee suggested that there should penetration testing to check vulnerabilities as well as controls. **ACTION: CT**

Finance review:

6.8 The report was received. EvdL invited CM to provide an overview.

CM reminded the Committee that the report formed the first part of the finance review and provided an update on the status of recommendations raised as part of the advisory Financial Monitoring and Budget Outturn Review 2022/23. The Committee noted areas of compliance and also challenge, particularly around cashflow, where the embedding and triangulation of student data would be key. The capacity of the finance team presented a risk in terms of achieving the position. The levels of financial efficiencies required were challenging but CM felt that good progress was being made.

6.9 Interim Finance Director, Kevin Dixon, was invited to comment and highlighted a number of actions which had been taken in response to the budget outturn monitoring review. KD noted that the University recognised the need for training and support of some budget holders, which had been overcome in the short term by centralising controls. KD highlighted substantial reductions in non-staff expenditure which had been achieved. He also noted that an improved audit trail of decision-making was being recorded.

6.10 CT observed that it would be beneficial for Pro Vice-Chancellor (Student Success) Katy Willis to be invited to engage with this review, given her expertise in student population data. **ACTION: CM**

(ii) Internal Audit Recommendations

6.11 The report was received. EvdL invited CM to present an overview.

6.12 CM invited the Committee to consider the summary of the position. The Committee noted the progress made in implementing audit recommendations. CM would pick up those around IT resilience with Chief Digital, Data and Technology Officer, Ann Holman.

6.13 CM confirmed that fieldwork for the health and safety review had been completed and an exit meeting would be arranged. There were no significant matters to report, but there were some outstanding recommendations from a previous review. CM noted that an independent review had also been carried out; care was being taken not to duplicate this but build on those assurances. CM indicated that capacity around health and safety could be an issue in terms of taking the review's findings forward, but clear, deliverable timescales would be agreed.

6.14 CM was thanked for the report and update.

Approved Minutes

7. Internal Audit Plan (Draft) 2024/25

- 7.1 The report was received. EvdL invited CM to provide an overview.
- 7.2 CM provided background on the approach taken to formulate the plan; TIAA's understanding of the University's operating environment and risk profile had been developed via a review of key documentation and via discussions with the Executive Leadership Team (ELT). Emerging or heightened risks facing the sector had been taken into account. CT felt this had been a positive approach and reflected key priorities and challenges. CT noted that the review of leadership effectiveness had been instigated by ELT to explore, challenge and seek improvement; it would cover ELT and the management tier below.
- 7.3 The number of planned audit days remained consistent with the current year. Planned coverage would be focussed on the key audit risks to then enable a robust annual Head of Internal Audit Opinion to be provided. CT explained the rationale for the advisory reviews. CT suggested that it may be prudent to bring forward the cyber review and asked CM to liaise with AH. **ACTION: CM**
- 7.4 The Committee requested that attention be paid to the timing of reviews and completion of reports, so that reports reached the Audit Committee in a timely way. **ACTION: CM** As noted at 6.1, EvdL would liaise with the team around the scheduling of an interim meeting.
- 7.5 The Committee confirmed that the IA Plan mapped the University's Risk Register appropriately, as shown at appendix A. The Committee noted, at appendix B, the sector-wide risks. The Committee noted, at appendix C, the rolling strategic plan, including plan proposals for 2024-25. The Committee noted, at appendix D, the annual internal audit plan for 2024-25. The Committee noted, at appendix E, the extract of the strategic risk register. The Committee recognised that, in terms of capacity, it would be challenging for the University's leadership to support the plan's delivery, but noted CT's intent to lead effectively on this.
- 7.6 The Committee noted the proposal to schedule a Risk Appetite Workshop in November 2024 during the Board Strategy Day, to be attended by BoG and ELT members and facilitated by TIAA.
- 7.7 The Committee **APPROVED** the draft Internal Audit Strategy and Plan for 2024/25. satisfied with the position and thanked CM for the report.

8. External Audit Brief and Plan for 2024/25 Year End

- 8.1 The report was received. EvdL invited External Audit Partner, Nathan Coughlin, of Bishop Fleming, to present an overview.
- 8.2 NC reminded the Committee of the purpose of the annual external audit, in terms of assurance and compliance. The Audit Plan provided an overview of the nature and scope of the audit work and brought to the Committee's attention key aspects of the audit. NC confirmed there were no significant changes in accounting or auditing standards to note. The Audit Plan document comprised the following: general audit information; audit team; timetable; fee proposal; ethical issues; related parties. NC provided a brief summary of

Approved Minutes

- each of these areas and invited questions. The report's appendices covered: ethical threats and safeguards; related parties; related parties form.
- 8.3 NC highlighted the areas which had been identified as significant risk areas. Management override of controls and fraud in revenue recognition were risks which reflected auditing standards. Going concern was a sector-wide risk, which would be mitigated primarily through student recruitment. NC noted that the amended loan covenant cashflow requirements may be challenging to achieve and CT reiterated the importance of working closely with the bank. Because of the challenging environment that Marjon had been operating in, cash reserves had diminished and NC reminded the Committee that the external auditors would need to be comfortable with the cashflow forecasts for at least 12 months. The Committee noted that horizon-scanning further ahead than this would be prudent.
- 8.4 NC summarised further significant risk areas: accounting for capital projects; debt collection and bad debt provision; pension assumptions. NC summarised the discussions which were taking place with management to review and mitigate risk in these areas.
- 8.5 KD acknowledged the points raised by NC. He confirmed the positive relationship with both sets of auditors and with the bank. KD noted that the interim audit had commenced, cashflow was being carefully managed with the support of a financial analyst and the priority areas which NC had highlighted were being addressed. KD noted the going concern requirement and confirmed that his assumptions were prudent. KD noted that other potential sources of income were being explored, as were flexibilities on working capital.
- 8.6 The Committee requested a timeline of the sign-off process of the financial statements, to allow sufficient time to review and assess the position. CT confirmed that student number forecast remodelling would occur in October, once student numbers were confirmed. This data would be shared with Audit Committee in November. CT reminded Committee members of the interim reporting which was in train for the Finance & Resources (F&R) Committee. Audit Committee members suggested that sight of the updates around student numbers and dashboard trends would be helpful, ahead of the final position being considered at the November meeting. EvdL noted that she would discuss optimum reporting arrangements with the Chair of the Board. **ACTION: EvdL**
- 8.7 In terms of Marjon's finance team's capacity, NC acknowledged the extra level of support which a financial controller would provide (from September) to prepare the year-end position. CT noted that the data would inform the OfS' Annual Financial Return (AFR).
- 8.8 NC invited the Committee to comment on any areas of concern, risk or any further areas requiring consideration. No further matters were raised. NC was thanked for the Audit Plan and for his contribution to the meeting.
NC left the meeting.
- 8.9 The Committee noted that the University's approach to risk assessment, as discussed earlier in the meeting, would support the work of the external auditors in fulfilling their brief and would help to identify any significant issues.

Close

Approved Minutes

In closing the main part of the meeting, EvdL invited colleagues to reflect upon whether discussions impacted on the current Risk Register or if changes were proposed. It was felt that risks were appropriately captured and no new risks or updates were identified. EvdL thanked CM for his contribution to the meeting.
CM left the meeting.

9. **Reserved Business (2)** (No Auditors in attendance)
See Reserved Business (2) minutes

Part B

The following reports were received and approved:

10. Minutes of Previous Meeting (M2 12.03.2024) were received as an accurate record and **APPROVED** with no amendments.
11. Financial Regulations 2024-25 were **APPROVED**
- The following reports were received for information with no queries:
12. Matters Arising from Previous Meetings
13. Management Accounts
14. Significant Losses – a verbal declaration of ‘nil significant losses’ was provided to the Committee, by KD.
15. Marjon Tenancies Update Briefing Note

Part C

The following report was received for information with no queries:

- C Register of Interests