Minutes of the meeting of the Group Audit and Risk Committee

held at 4.00pm on Thursday, 11 February 2021
via MS Teams

Present
Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

In attendance
David Phoenix
Natalie Ferer
Richard Flatman
Nicole Louis
Kerry Johnson
James Stevenson

Ruth Ireland (BDO)
Gemma Wright (BDO)

Observers
Michael Cutbill
Rashda Rana

Apologies
Fleur Nieboer (KPMG)
Jessie Spencer (KPMG)

1. **Welcome and apologies**

   The Chair welcomed members to the meeting.

   The above apologies were noted.

2. **Declarations of interest**

   No interests were declared in any item on the agenda.

3. **Minutes of the previous meeting**

   The committee approved the minutes of the meeting of 5 November 2020 and their publication as redacted, subject to minor amendments.

4. **Matters arising**

   <u>Coronavirus update</u>

   The committee noted an update on business continuity in relation to the ongoing coronavirus pandemic, including the contingency plans in place for

all courses to ensure that essential practical work and assessment could be completed.

The committee noted that mechanisms were in place to ensure that the University had complied with OfS conditions on consumer protection and quality. The OfS had set out its requirements in a letter dated 14 January 2021. The Committee requested an update at its next meeting.

All other matters arising were noted as having been completed or in progress.

5. **Cyber security update**

The committee discussed in detail the progress made against the restoration and recovery plan following the cyber incident that occurred on 11 December 2020.

The committee noted that all core systems to support teaching and learning had been fully or partially restored, and that work was on track to restore all systems by the end of March 2021.

[redacted]

The committee noted the frustration among some students due to the IT outage and the pandemic, and the potential for this to impact on 2020/21 NSS results. The Executive continued to work closely with the Students' Union to engage with students, and planned to introduce an extended package of support, including a skills and employability summer programme.

The committee discussed the detailed update on the restoration of finance and HR systems, including payroll. The committee noted that extra resource may be required within Finance to bring the systems up to date. This would be kept under review by the Executive.

The CFO had updated the KPMG partner in relation to the IT outage. The situation would be closely monitored as the finance system was restored over the next few weeks. The committee requested a separate discussion with the KPMG partner and the CFO during March 2021.

The committee received assurances that extra checks were taking place to mitigate against the risk of fraud while payments were being made manually. A further update on the restoration of finance and HR systems would be provided to the committee electronically during March 2021.

The committee noted the update on progress made against the actions identified in the BDO cyber security audit. The BDO partner was requested to consider the impact of the cyber incident on the internal audit

programme. This would be further discussed with management prior to the next GARC meeting. The BDO partner confirmed that there was no reason in principle that the cyber incident would have an impact on the annual Internal Audit Opinion for 2020/21.

The committee requested that an additional meeting take place during May 2021 to discuss the final report on the restoration and recovery plan and implications, if any, for both internal and external audit.

6. **Internal audit progress report**

The committee noted the internal audit progress report. The report highlighted some necessary changes due to the pandemic and the cyber incident, though all internal audits were due to be completed by the end of the 2020/21 financial year.

7. **Internal audit follow-up report**

The committee noted the internal audit follow-up report, noting the high number of outstanding and overdue recommendations.

The Executive confirmed that they would work with BDO to ensure that recommendations are responded to in a timely manner. At the request of the committee, BDO will review the list of outstanding recommendations for any that should be removed because developments have made them superfluous or less important.

8. **Internal audit: financial information, cash flow and bank covenants**

The committee noted the internal audit report on financial information, cash flow and bank covenants, which provided a moderate level of assurance for both the control design and the operational effectiveness of the controls in place. It was noted that no high risk, two medium risk and three low risk recommendations had been made and accepted by management.

9. **Internal audit: UUK code compliance**

The committee noted the internal audit report on UUK code compliance (student housing), which found that LSBU was able to demonstrate compliance with 87 out of 89 essential items, and 12 out of 12 desirable items. Two recommendations related to the tracking of fire risk assessment actions and the need for an LSBU PAT policy. Both recommendations were accepted by management.

10. **Internal audit: Coronavirus recovery**

The committee noted the internal audit report on coronavirus recovery, which provided a moderate level of assurance for control design and a substantial level of assurance for the operational effectiveness of the controls in place. It was noted that two medium risk recommendations had been made and accepted by management.

11. **Corporate risk report**

The committee noted the corporate risk report, comprised of zero critical risks, fifteen high risks, fourteen medium risks and one low risk.

The committee noted that SBC had updated their risk register, which was now in accordance with the agreed Group format. The SBC audit committee had discussed its approach to risk appetite, which had been set below that of the Group position.

The committee requested the Executive to reassess risk levels relating to league table deterioration, student satisfaction and the IT outage.

12. **UKVI compliance (staff and students)**

The committee noted the University's UKVI compliance statistics for the 2019/20 academic year.

[redacted]

A manual check of all tier 4 student records was being carried out, and an update on this work would be provided to the next meeting.

The committee noted the letter from UKVI dated 21 October 2020 confirming that LSBU had met the core requirements for renewal of its student sponsor licence.

13. **Arrangements for GARC approval of TRAC return**

The committee discussed the proposed process for submission of the University's TRAC return to the OfS. The committee noted that the deadline for submission had been changed for the current 2019/20 return, due for submission by 31 March 2021.

The committee noted that the return would be shared with the committee Chair before circulation to members for approval prior to final submission.

The committee noted that action was being taken to mitigate the 'single key person risk', and the methodology would be fully documented. The committee also received assurances that a thorough internal review of the methodology, calculations, assumptions and data sources involved in preparing the TRAC return would be completed by someone independent of those responsible for preparing the return before it is presented to the committee for approval.

The committee approved the submission process of the 2019/20 TRAC return to the OfS.

14. **Data protection report**

The committee noted the data protection report, which included two incidents involving breaches of personal data since the last meeting. One of the breaches was reported to the ICO.

The committee noted the update on ICO recommendations following the breach of October 2020.

15. **Anti-fraud, bribery and corruption report**

The committee noted that there were no new instances of fraud, bribery or corruption arising in the period since the committee last met. The cyber incident was not currently considered to be an incident of fraud, but this would continue to be monitored.

16. **Speak up report and policy review**

The committee noted that no new speak up cases had been raised since the last meeting.

The committee noted that, as part of an annual process, the speak up policy had been reviewed and that no changes were recommended. The Executive agreed to consider the examples given within the policy in relation to coronavirus protection.

17. **Reportable events update**

The committee noted that no reportable events had been notified to the OfS since the last meeting. The committee noted that the cyber incident was not considered to be a reportable event given the impact to date and progress on the recovery plan, but the situation would continue to be monitored by the Executive.

18. **Committee effectiveness review**

The committee discussed the proposed format for the Group Audit and Risk Committee effectiveness review, using the CUC's self-assessment guide as a basis for the review.

The committee approved the proposed review format, subject to minor amendments. The results of the review would be reported to the meeting of 15 June 2021.

19. **Committee business plan**

The committee noted the 2020/21 business plan.

20. **Matters to report to the Board following the meeting**

The committee noted that coronavirus update, the cyber incident and its effect on internal and external audit opinions, the corporate risk report and UKVI compliance would be reported to the March 2021 Board meeting.

Date of next meeting
4:00, Thursday 15 June 2021

Confirmed as a true record

..... (Chair)