



**AUDIT AND RISK ASSURANCE COMMITTEE  
MINUTES OF THE MEETING HELD ON THURSDAY 18<sup>th</sup> MARCH 2021 @10.00  
FOR GENERAL RELEASE**

Present: **Ian Falconer, Chair**  
**Gwyn Arnold, Member**  
**Dave McIntyre, Member**  
**Prof. David Vaughan, Member**

In attendance:

**Alan Doyle, Finance Director**  
**Ben Norris, Clerk**  
**Ian Musgrave, UNIAC**  
**Noelle Rumball, UNIAC**  
**Kate Sayer, Secretary**

**1. WELCOME AND APOLOGIES FOR ABSENCE**

The Chair welcomed the two new independent members of the Audit and Risk Assurance Committee to the meeting. The Finance Director will no longer be a member but will be in attendance. The two attendees from UNIAC were also welcomed.

**2. DECLARATION OF INTEREST**

None.

**3. PREVIOUS MINUTES**

a. Audit and Risk Assurance Committee:

i. Minutes of 08.12.20 for Accuracy - Minutes were approved in terms of accuracy and content.

ii. Minutes of 14.01.21 for Accuracy – Minutes were also approved for accuracy and content.

iii. Action Tracker:

Jan 20/4a(1) – Strategic Plan – the development of the Strategic Plan in connection with TDAP was discussed. Greater clarity is required and target dates to achieve outcomes are to be set.

Apr-19/BER(10) Staff Handbook – new target date to be set for completion.

Apr-19/BER(18) Student Complaints Process – new target date to be set for completion.

Apr-19/BER(24) Role Profiles for members of Board and all committees – new target date to be set.

The Committee approved the removal of the completed actions.

When revised target dates are needed for actions, the original and revised dates need to be recorded.

**[Action: Clerk to propose new target dates for actions which are behind schedule. Original and revised dates to be recorded.] (3a-1)**

**[Action: Clerk to redistribute Action Tracker to committee members.] (3a-2)**

**11. Further reading (item b/f)**

Minutes of the other senior committees were provided for information. [This section contains commercially sensitive information and has been redacted.]



ARAC noted:

- the efforts to build appropriate systems and control processes but recognised that this was undermined by the resource to operate them effectively.
- that to the extent these themes were material issues, they should appear in the Strategic Risk Register.

#### **4. COMMISSIONING ASSURANCE:**

- a. UNIAC Audit Schedule – the attendees from UNIAC summarised progress to date on the two internal audit reviews commissioned for 2020-21. Three areas are being reviewed initially: the development of a digital strategy, cyber security and a data assurance audit. The data assurance audit is complete, and the cyber security work will also be available to view by the next ARAC meeting in July. UNIAC also outlined an approach for agreeing a draft plan for work in the next academic year, ie 2021-22. A formalised plan will be discussed with the Finance Director and proposals presented for approval at the July meeting. The Committee looked forward to receiving the draft 20-21 Plan which it hoped might include work on student recruitment and retention, and arrangements to ensure compliance with OfS registration.
- b. Risk Management Strategy – a statement regarding risk appetite is to be added to the Strategy. With the addition of this statement, the Committee is happy to recommend the reapproval of the Strategy to the Board of Directors.
- c. Risk Register – The Committee confirmed that the Register contained the key sectors risks that it might expect to see covered and welcomed proposals for further sector benchmarking to be carried out to ensure all areas of risk are covered appropriately. [This section contains commercially sensitive information and has been redacted.] The ownership of risks and target dates for completion was discussed, and the Committee concluded that further embedding of the process was dependent upon adequate resources being available. David McIntyre agreed to meet separately with the Finance Director to discuss practical steps that might be taken.
- d. Board Assurance Matrix – further work is needed to populate this document. The areas of student experience and the Futureworks offer to students is to be added.
- e. Recommendations Tracker – ARAC noted that the original purpose of the report was to collate the key actions from all committees. ARAC requested that further thought be given to the intended content, i.e whether the Board and committees should maintain their own trackers, with a separate ARAC tracker collating actions from internal and external auditors and other reports considered by the committee.
- f. Schedule of business for AY21/22 – the schedule of business for AY20/21 is to be used as a template for AY21/22 and updated as appropriate.

**[Action: Schedule of reporting requirements and returns documentation to be presented to ARAC before going to the Board of Directors.] (4a-1)**

**[Action: FD to add statement regarding risk appetite to Risk Management Strategy.] (4b-1)**

[This section contains commercially sensitive information and has been redacted.]

**[Action: VP and FD to consider the use of target dates for implementation plans.] (4c-2)**

**[Action: VP and FD to review risk ownership.] (4c-3)**

**[Action: FD to work with DM to identify methods of embedding formal use of risk register across the institution.] (4c-4)**

**[Action: Risk Strategy to be presented to the Board of Directors more frequently.] (4c-5)**

**[Action: FD to investigate why financial reporting and monitoring noted as the responsibility of ARAC.] (4d-1)**



**[Action: Clerk to add student experience and offer to students to the Board Assurance Matrix.] (4d-2)**

**[Action: Actions from internal and external auditors to be added to the relevant action tracker document.] (4e-1)**

**[Action: Clerk to update and circulate schedule of business for AY21/22 to committee members.] (4f-1)**

#### **5. RECEIVING ASSURANCE:**

- a. Financial Management – the Financial Director gave an overview of the accounting process. [This section contains commercially sensitive information and has been redacted.] ARAC noted that work was required on a future financial strategy, addressing issues such as a recruitment strategy to increase income, the potential diversification of income streams and the development of reserves.
- b. Review of Financial Regulations – ARAC agreed that these should be updated annually (not biennially as suggested in the Policy Approval Matrix), with the next review to take place in summer 2021. The regulations will be presented to ARAC in September 2021 and then to the Board of Directors in October 2021.
- c. Policy Approval Matrix – ARAC welcomed update to the Policy Approval Matrix which provided assurance that policies were being regularly reviewed and updated. The Committee asked that the status and ownership of equality and diversity policies for students be clarified.
- d. Framework for monitoring partner performance – the proposed framework was presented to the committee. To date there is only one partnership contract, i.e that with UCLan, which falls under this category. ARAC recommended that all contracts should have a review date which is adhered to, clear exits routes and effective sanctions that can be employed if contracts are not performing as intended.
- e. OfS AFR20 – document noted by the committee.
- f. Review of compliance with ongoing condition C1 – this report was created in compliance with OfS condition C1; it is not required to be submitted to the OfS but is to go to the Board of Directors to provide it with assurance. The committee was broadly happy with the document, but suggested future reports could be strengthened with more qualitative and quantitative data. The lack of student complaints also gave positive assurance and so should be explicitly highlighted. ARAC welcomed and endorsed the second line assurance given to the Board of Directors by this report.

[This section contains commercially sensitive information and has been redacted.]

**[Action: FD to update the Financial Regulations and present to ARAC annually. The review is to take place in summer 2021 and be presented to the ARAC meeting in September 2021.] (5b-1)**

#### **6. MANAGING ASSURANCE ARRANGEMENTS:**

- a. ARAC Terms of Reference – the revision to include the increased membership was accepted by the committee.
- b. Correspondence with OfS Jan 21 – see item 5a

#### **7. REVIEW OF MEETING AND MATTERS FOR REPORTING TO THE BOARD OF DIRECTORS:**

A lot of positive assurances were given on financial management, policy reviews and CMA compliance. Nevertheless, the committee has concerns about a common theme that had emerged from a number of agenda items, namely that the resourcing of some key systems and processes may be adversely impacting upon their effectiveness. This was a key point that the Board should be made aware of.



The new committee members expressed their satisfaction at the appropriateness of the agenda and the level at which the Committee was engaging.

**[Action: Clerk to make Board aware of resourcing issue for some key systems and processes.] (7-1)**

**8. AOB:**  
None.

**9. ITEMS FOR FUTURE DISCUSSION:**

A framework for the Annual report will be required for the next meeting which will be the last meeting of the academic year.

**[Action: Clerk to provide report draft skeleton report to next meeting in July.] (9-1)**

**10. DATE OF NEXT MEETING**

The next scheduled meeting of the Audit & Risk Assurance Committee is:  
1<sup>st</sup> July 2021 @ 11.00 via Teams.