

**AUDIT AND RISK COMMITTEE**  
**07 February 2017**

**CONFIRMED MINUTES**

**Present:**

David Willis (Chairman)  
Melissa Tatton

Monica Chadha

Nadim Choudhary

**In attendance:**

Sue Barratt (External Audit)

Miranda Black (for item  
2016.045)

Professor Edmund Burke

Paul Cuttle (Internal Audit)

Professor Simon Gaskell (for  
item 2016.041)

Laura Gibbs

Sian Halkyard (for item  
2016.040)

Joanne Jones

Jonathan Morgan

Rachel Soper

Neil Thomas (Internal Audit)

Paul Thomas (External Audit)

Janice Trounson

**Apologies**

Kathryn Barrow

**Part 1: Preliminary Items**

**Executive Summary and Minutes of the meeting on 10 November 2016 [ARC2016/23]**

2016.032            The Committee **agreed** the non-confidential and confidential minutes, and the executive summary, of the meeting on 10 November 2016.

**Matters Arising [ARC2016/24]**

2016.033            The Committee **received** the following matters arising from the non-confidential minutes of the meeting on 10 November 2016.

**Deep dive risk report (cyber security)**

[a] Information about the protocols for routinely removing access to corporate systems when an individual leaves the university would be provided to the Committee at its meeting in June 2017.

[b] The Chief Operating Officer had set up a project to develop an awareness campaign about cyber security, which would include a more practical training offering for both students and staff.

[c] An internal audit review into cyber security was scheduled for 2017-18.

## External audit – Research Grants Management System (RGMS)

[d] The timetable for the implementation of the RGMS was as follows:

- Phase 1 (pre-award) would be implemented in April 2017, with integration into the finance system (Agresso) in August 2017.
- Phase 2 (post-award) would enter the design stage in August 2017, with implementation expected to take approximately 18 months. Expenditure reporting was expected to be available from August 2019.

## Legal compliance

[e] A review of the coverage of the legal compliance register, with an additional focus on health and safety compliance, would be built into the schedule for the annual review of legal compliance in summer 2017.

[f] The Equality and Diversity strategic objectives and action plan were included in the additional reading for the meeting.

## Value for money annual report

[g] The report had been revised in line with the Committee's feedback and was included in the additional reading for the Council meeting on 21 November 2016.

## Data quality reports

[h] The Committee **confirmed** that it did not need to receive sign-off reports for individual data returns, as it receives sufficient assurances about the internal validation and review processes from existing sources.

## Deep dive risk report (business continuity and emergency planning)

[i] An update on the progress of schools, institutes and Professional Services departments in producing incident response and business continuity plans was circulated after the meeting.

## Part 2: Internal and external audit

### Internal Audit services appointment [Confidential paper ARC2016/25]

2016.034 *Minute 2016.034 is confidential.*

### Annual review of External Auditor appointment

2016.035  
*Minute 2016.035 is confidential.*

### Internal audit reports [ARC2016/26]

2016.036 The Committee **considered** internal audit reports on student housing and student complaints and appeals. The following points were made in discussion:

- [a] The student housing review considered compliance with the Universities UK/Guild HE Code of Practice for University Managed Student Accommodation in relation to health and safety procedures, maintenance and repair regimes, and environmental quality. It received a 'significant assurance with minor improvements' (amber-green) assessment and resulted in four recommendations, three of medium priority (labelling and signage) and one of low priority (updating documentation for students).
- [b] The review concluded that, overall, QMUL was in compliance with the Code of Practice.
- [c] The student complaints and appeals review received a 'significant assurance with minor improvements' (amber-green) assessment. Two recommendations were made, one of medium priority (tracking and monitoring informal complaints) and one of low priority (streamlining the complaints process).
- [d] Local and early resolution of complaints was encouraged and only a small number of complaints were received by the central complaints team. This posed challenges for monitoring, but the recommendation was welcomed and when implemented would provide a useful source of student feedback.

### **Progress report on internal audit recommendations [ARC2016/27]**

2016.037            The Committee **received** the progress report on internal audit recommendations and areas of non-compliance and **agreed** the revised deadlines proposed.

### **External audit plan 2016-17 [Confidential paper ARC2016/28]**

2016.038            *Minute 2016.038 is confidential.*

### **Accounting opinion on student residences [Confidential paper ARC2016/29]**

2016.039            *Minute 2016.039 is confidential.*

## **Part 3: Risk Management**

### **Deep dive risk report (social media) [Presentation]**

2016.040            The Committee **received** a deep dive presentation on social media from the Head of Public Relations, highlighting the increasing use of social media within higher education and the way it is managed within QMUL, as well as the risks, challenges and opportunities posed. The following points were made:

- [a] QMUL maintained a corporate presence on several different channels, with some interactive content, for recruitment and profile-raising purposes. Whilst QMUL was some way behind its peers in terms of engagement with social media, dedicated campaigns had been very successful judged against the relevant benchmarks.
- [b] The key risk from social media was to reputation, with threats arising from inappropriate postings, comments made in a personal capacity perceived

as corporate statements, activity on channels that are not managed by QMUL, and a lack of capacity to monitor channels out of hours. An incident occurring on social media would be treated in a similar way to any other incident and escalated through the appropriate channels.

- [c] It was essential to embrace social media as a key communication tool, with opportunities for instantaneous interaction being particularly important to QMUL's target demographic.
- [d] The Committee encouraged QMSE to develop an over-arching policy to articulate how social media could and should be used, with clear and accessible guidelines about acceptable behaviour and how breaches of the policy would be managed.
- [e] The Chairman thanked the Head of Public Relations for attending this item.

*Action*                      *Chief Operating Officer [d]*

### **Horizon scanning [Discussion]**

2016.041

The Chairman welcomed the President and Principal to the meeting for the annual horizon scanning discussion, the intention of which was to help members understand the long-term challenges and threats for the institution and the sector as a whole. The President and Principal highlighted institutional risks and concerns classified according to whether the origin was internal or external to QMUL. The following points were made in discussion:

- [a] Key concerns within the Higher Education and Research Bill related to institutional autonomy, widely acknowledged as an essential component of a successful higher education sector, and maintaining the excellent reputation of UK higher education as the sector is opened up to new challenger institutions. Whilst more than 600 amendments to the Bill had been tabled, only one had been accepted at the time of the meeting.
- [b] Alongside general uncertainty arising from BREXIT, the effects of the vote to leave the EU were already manifesting themselves in reduced application numbers from EU and other international students across the sector, and unsettled staff.
- [c] Access to future EU research funding was uncertain and in some areas, such as Electronic Engineering and Computer Science, which had been especially successful at securing EU grants, approximately 30% of research funding was threatened. Continued access might be granted on the same basis as it was to Switzerland. However, Switzerland had no say in how research priorities were determined and money distributed. The most important aspect of securing EU funding was the access it afforded to research networks, which are difficult to build without an overarching structure in place.
- [d] There was growing polarisation between top-ranking institutions and others in the UK higher education sector, which underlined the need for QMUL to secure its position.

- [e] Student recruitment pools were contracting, both as a result of government migration policies and the decreasing number of 18 year olds in the UK population. This would present a serious problem for some institutions. Russell Group and London-based institutions were not expected to be amongst those most seriously affected, but could not afford to be complacent. QMUL would therefore need to develop its distance learning offer and expand its transnational education activities.
- [f] The Life Sciences initiative would generate significant opportunities for QMUL and would need to be developed and managed effectively to realise their full potential.
- [g] QMUL needed to generate more cash for investment, to increase the security of some of its sources of income, and to consider whether it was utilising its assets, including its estate, optimally. For example, evening postgraduate teaching could be an attractive proposition for students as well as freeing up teaching space during the day.
- [h] QMUL's reputation and profile was not aligned with its actual quality and performance. Changes in methodology to incorporate a reputational element in some league tables this year had resulted in dramatic falls in QMUL's ranking. The appointment of the new Director of Marketing and Communication was critical to addressing this.
- [i] QMSE continued to advocate a risk-balancing, rather than risk-minimising, approach in order to ensure that QMUL remains competitive and sustainable.

### **Strategic risk management [Paper ARC2016/30]**

2016.042            The Committee **received** the quarterly report on QMUL's strategic risk management framework. The following points were noted:

- [a] The increased risk exposure in a number of areas of the Strategic Risk Register had been drawn to the attention of members of Council at its meeting of 26 October 2016. This trend had continued in the latest Strategic Risk Register and was a reflection of the volatile and challenging external environment in which QMUL and other higher education institutions were now operating.
- [b] The rating for strategic risk 15 (security of people, assets and data) had increased and was challenged by the Committee on the basis of assurances previously given about health and safety, and cyber security. The Committee was advised that the risk exposure had not increased; rather the Strategic Risk Management Group felt that the revised scoring was more representative of it. Appropriate controls had been put in place, but there were limits to what could be done and the Strategic Risk Management Group considered the threat of cyber security attacks to be high. The Committee endorsed the increased rating on this basis.
- [c] The initial and current control likelihood for strategic risk 9 (reputational development and external relations) had increased, reflecting reputational

damage that could ensue from adverse press coverage in Malta relating to the tendering process for a major building contract forming part of the MBBS Malta project. The Committee requested a report on this from Professor Warrens, the Dean for Education at the School of Medicine and Dentistry.

*Action* Council Secretariat [c]

### **Whistleblowing cases since the last meeting [Oral report]**

2016.043 The Director of Finance **reported** that there had been no cases reported under the Public Interest Disclosure Policy since the last meeting.

## **Part 4: Statutory and Regulatory Compliance**

### **2015-16 Health, Safety and Fire annual report [ARC2016/31]**

2016.044 The Committee **received** the Health, Safety and Fire **annual** report for 2015-16. The following points were made:

- [a] Considerable progress had been made in recent years in this area and the Committee was reassured that the management of health, safety and fire risks at QMUL was effective.
- [b] The Committee commended the Director of Health and Safety and her team for their achievements during 2015-16.

### **Sexual harassment and the UUK Changing the Culture report [ARC2016/32]**

2016.045 The Committee **received** a report on actions being taken by QMUL in response to the recent UUK report on sexual violence, harassment and hate crime on university campuses. The following points were made:

- [a] The Chair welcomed the QMSU President to the meeting.
- [b] Four strands of activity had been identified:
  - a review of the QMUL statement on harassment, bullying and hate crime;
  - development of a range of initiatives to embed a zero-tolerance culture;
  - a review of governance so that there is a systematic mechanism for recording incidents and collecting data;
  - a review of the QMUL Code of Discipline.
- [c] A bid had been submitted to the HEFCE catalyst fund for safeguarding training.
- [d] QMSU and QMUL were working together to produce positive messages about values and acceptable behaviours, as well as to provide and co-ordinate practical support.
- [e] There was no evidence that the culture of sexual harassment reported at some other institutions existed at QMUL. More importantly for QMUL,

given the profile of a significant population of our students was the need to remain vigilant and alert to the needs of students who might suffer from forced marriages, domestic abuse or violence.

[f] The Committee endorsed the approach being taken and **agreed** to receive a further report during the autumn of 2017.

*Action* Chief Operating Officer [f]

#### **2015-16 TRAC return [Paper ARC2016/33]**

2016.046 The Committee **received** a report on the preparation of the 2015-16 Transparent Approach to Costing (TRAC) return report and **confirmed** compliance with HEFCE procedures for its completion.

#### **Part 5: Financial Control**

##### **Fraud/Financial irregularities occurring since the last meeting [Oral report]**

2016.047 The Director of Finance **reported** that there had been no cases of fraud or financial irregularities reported since the last meeting.

#### **Part 6: Committee Management and Reporting**

##### **Draft annual schedule of business for 2017-18 [ARC2016/34]**

2016.048 The Committee **noted** the draft annual schedule of business for 2017-18.

##### **\*Draft Agenda for next meeting [ARC2016/13]**

2016.049 The Committee **received** the draft agenda for the next meeting on 01 June 2017 and **noted** that a large number of internal audit review reports were scheduled for presentation to the Committee at its meeting in June. The Committee therefore **agreed**:

- i. to contact managers of the areas being reviewed or due to be reviewed for an initial assessment of any foreseen issues;
- ii. to circulate electronic copies of internal audit reports to members as they became available in advance of the meeting in June.

*Action* Council Secretariat