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LIVERPOOL HOPE UNIVERSITY

AUDIT COMMITTEE 19th September 2024

PRESENT: Mr S Townley (in the Chair), Ms S Suchoparek.

By invitation: Prof C Ozanne (Vice-Chancellor), Ms S. Beecroft, Mr A. Catterall (for item 5 (ii)), Mr J. Cross (for item 5 (i)), Ms K Jones (for item 5 (ii)), Ms C McLean, Ms S Merriman, Ms I Milner, Dr W. Simpson

Apologies: Ms L Martin--Wright

Secretariat: Mr D Dykins, Marc Jones

1. Conflicts of interest

No conflicts of interest were declared.

2. Terms of Reference

Members had received the updated Terms of Reference and membership. The Chair requested an update re efforts to recruit new members to the committee. Mr Dykins informed members that the Nominations Committee will be interviewing a prospective candidate in the near future. Re point eight ('The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the governing body.') the Chair asked when such a review had last been undertaken. Mr Dykins responded that, to his knowledge, no such review had taken place. The Chair informed members that a number of self-assessment checklists are available for use in such reviews and undertook to share details with Mr Dykins.

ACTION: Chair to share checklists with Mr Dykins, as above.

The Chair noted that his name had been mis-spelled at point seven of the document. Mr Dykins undertook to correct this.

ACTION: Mr Dykins to correct spelling, as above.

Pending this correction, the Terms of Reference were **APPROVED** by members.

3. Schedule of Business

Members had received the updated Schedule of Business for the committee. Mr Dykins noted that some dates on the schedule required updating to reflect meetings in 2025 and undertook to do so. Ms Suchoparek queried the item re Students' Union and the need to review the SU code of practice/annual compliance review Mr Dykins reminded members that they had requested an annual update on SU finances, adding that the Committee's review of the SU code of practice was a standard agenda item and could be a legal requirement. Ms Suchoparek queried whether this was the case, citing the work of other Audit Committees in

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her experience. Mr Dykins undertook to remove the SU Code of Practice/annual compliance review from the Schedule of Business.

The Chair noted that the schedule included the Committee's review of a Value for Money report but that this had not occurred in June this year. He requested that it be submitted to the next meeting. Mr Dykins noted that this was not a legal requirement any longer but would coordinate with Mrs Beecroft on the feasibility of submitting a VFM report to the next meeting of the Committee. The Chair also requested sight of the LHU policy document on fraud and irregularity as he noted that oversight of this policy was part of the Committee's responsibilities under its terms of reference.

ACTION: Mr Dykins to remove SU item, as above and review the ongoing need for the Committee to review the annual code of practice. Consideration to be given to submitting the Annual VFM report and the LHU Anti-Fraud Policy to the next meeting of the Audit Committee.

Ms Suchoparek asked whether the Committee's sign-off of the Financial Control Statement should be added to the schedule. The Chair responded that this is included in the financial statements. Mr Dykins suggested separating sign-off of the Financial Control Statement into a separate item on the schedule. Members concurred with this suggestion.

ACTION: Mr Dykins to update schedule, as above.

4. Minutes of the Previous Meeting

Members had received the minutes of the meeting held on 12th June 2024 and those were **APPROVED** as a correct record.

5. Matters Arising

- (i) Cybersecurity-related Penetration Report: Mr Cross joined the meeting. Mr Cross informed members that the report had shown a positive outcome overall. Mr Cross informed members that the principal concern relates to capacity, adding that the University is in the process of bringing in external resources to assist with this. Mr Cross informed members that the University currently runs two cloud-based environments (Microsoft 365 and Gmail), adding that this puts pressure on the IT team in terms of managing these environments. Ms Suchoparek asked whether JISC had graded the report's recommendations. Mr Cross responded that the report identified the University's status as in a 'defined state', broadly in the middle of possible outcomes. Mr Cross informed members that the possibility of a cyber-attack is currently judged to be high, but added that multi-factor authentication is a significant defence in this area. Mr Cross added that a number of pilot projects are currently running in relation to multi-factor authentication, with results due in the coming weeks. Mr Cross left the meeting.
- (ii) Follow-Up re CIPHR Report: Mr Catterall and Ms Jones joined the meeting. Mr Catterall informed members that there is a substantial number of issues with CIPHR which the University is still waiting for CIHPR to resolve, adding that he is meeting with the company next week. Re iRecruit, Mr Catterall informed members that tests run by the University with the new system had yielded such poor results that the University had taken the decision not to use the system. Mr Catterall assured members that this issue has not impeded the University's staff recruitment work during this period. Mr Catterall added that CIPHR have undertaken to resolve this issue by the end of

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December 2024. Mr Catterall informed members that the University would be seeking financial compensation from CIPHR in relation to this issue. The Chair asked when the self-serve element of CIPHR will be rolled out. Ms Jones responded that a pilot scheme is planned for the near future. Ms Jones informed members that the issues with CIPHR relate to bulk updates, adding that colleagues in Personnel are able to use manual work-rounds until this is resolved. Ms Merriman informed members that she has drafted the University's legal response to CIPHR's correspondence in relation to the project. Ms Suchoparek asked for a timeframe in relation to the Project Framework document. Mr Catterall informed members that this would be complete by the end of October 2024. Professor Ozanne assured members that the document would be presented at the November 2024 meeting of the committee.

6. Risk Management

(i) Corporate Risk Register

Members had received the updated Corporate Risk Register. The Chair invited Ms Merriman to provide a brief overview of the updated risk register. Ms Merriman informed members that the new Risk Management Oversight Group has met twice since the start of the academic year, adding that the group will report to Audit Committee via UEB. Ms Suchoparek asked when work on the risk register would be complete. Ms Merriman assured members that the completed risk register would be presented to the next meeting of Audit Committee on 7th November 2024.

(ii) HR department risk register

The Chair welcomed Mr Catterall to the Committee and thanked him for responding to the Committee's request at short notice. The Chair noted that the top two risks on the HR department risk register related to employee relations and asked for an update on the prospects of industrial action. Mr Catterall responded that the trades unions have rejected the recent round of pay bargaining, adding that while the University remains part of collective bargaining it has no individual control over this situation. The Chair also took the opportunity to enquire about the progress made developing a formal project management framework for LHU to follow and Mr Catterall confirmed that good progress had been made and he expected a draft manual to be finalised shortly.

7. Update

Professor Ozanne informed members that Clearing is ongoing, adding that final student numbers will be available by the last week in October. Professor Ozanne added that, to date, the University is 200 FTE down on the equivalent time last year. Ms Beecroft informed members that the University is working towards a deficit of £2.25m, adding that the reduced recruitment has added £1.5m to this. Ms Beecroft added that the University has identified a range of short-term actions to bridge the gap in income, including cuts to non-staff budgets and new income initiatives. Professor Ozanne reminded members that the new Pro-Vice Chancellor for Recruitment joined the University in August 2024.

Ms Beecroft informed members that Project 28's target was £1.25m for the previous year, with a final result of £2.3m.

8. Internal Audit Plan for 2024-25

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Members had received the updated Internal Audit Plan for 2024-25. Ms Suchoparek asked for confirmation that the i3 Building Audit had been swapped with the Data Governance Framework Audit. Dr Simpson confirmed that this was the case. Dr Simpson added that the i3 Building Audit report will be issued next week. Dr Simpson added that the report contains two low-priority management actions.

Re the Internal Audit Charter, the Chair noted that the section of the charter defining “Board” referred to ‘University Council’. Dr Simpson concurred that this was a minor typographical error and would be corrected. The Chair further enquired whether, given that LHU was also a registered Company, the internal auditor was satisfied that they could discharge their reporting responsibilities adequately by engaging solely with the Audit Committee rather than directly with University Council as Board of Directors. Dr Simpson believed that the level of engagement was adequate as the RSM annual report and assurance statement was also submitted to LHU Council.

Pending the minor change, members APPROVED the Internal Audit Plan and Internal Audit Charter.

9. Internal Audit Reports

(i) Audit Report on Data Quality Framework – Transparent Approach to Costing

Members had received Data Quality Framework – Transparent Approach to Costing report. The Chair noted that there are no management actions arising from the report and that the results of the audit were consistent with the Committee’s own conclusions when it had reviewed the process used to prepare the TRAC report. Ms Beecroft praised the work of Mr Bibby in achieving this outcome.

(ii) Follow-Up Report

Members had received the Follow-Up Report. Dr Simpson informed members that the report had been updated in light of a number of the actions relating to the Students’ Union being superseded. The Chair noted that the priority level of a number of management actions was lowered from ‘high’ to ‘medium’ when the initial actions were followed up as part of the audit. Dr Simpson confirmed that this was the case, explaining that in some cases when the Follow-Up Audit is conducted, work to fulfil the management action from the initial audit has had some effect resulting in the lowering of the priority level. Ms Suchoparek noted that this was the case with the action relating to the roadmap for the development of IT learning resources, adding that this had been superseded by the development of the IT Strategy. Dr Simpson undertook to include this change in the 2024-25 academic year’s Follow-Up Report.

ACTION: Dr Simpson to include changes, as above.

(iii) Progress Report

Members had received the Progress Report. Dr Simpson informed members that the Data Governance Framework Audit will take place towards the end of the academic year.

(iv) Management Tracking of Implementation of Internal Audit Recommendations

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Members had received the updated audit action tracker. The Chair noted that there are currently eight management actions marked as 'pending'. Ms Suchoparek requested that, in instances where the deadline for completion of a management action has changed as a result of a follow-up audit, an additional column be added showing the original date. Ms Merriman undertook to do this

ACTION: Ms Merriman to update tracker, as above.

10. External Audit

(i) External Audit Plan

Members had received the External Audit Plan. Ms Milner informed members there have been no changes to the plan since the previous meeting.

(ii) The Higher Education Policy Landscape July 2024 – General Election Special

Members had received The Higher Education Policy Landscape July 2024 – General Election Special.

11. AOB

The Chair asked whether any impairments were expected in relation to the dispute with John Turners Construction in relation to the roof of the i3 Building. Ms Merriman informed members that the University has exchanged solicitors' letters with the contractor, adding that fortnightly 'without prejudice' meetings are taking place in order to resolve the situation. Ms McLean informed members that the i3 Building has now been added to the University's asset sheet and can be depreciated.