

the

GOVERNING BODY

**2021/2022 Audit and Risk Committee Annual Report
to the University Governing Body and Vice-Chancellor, Professor Jane Harrington**

Introduction

1. The Committee of University Chairs' Higher Education Audit Committees Code of Practice (2020) requires the Audit & Risk Committee to report to the Governing Body and Head of Institution on the discharge of its responsibilities during the reporting period. This report covers the period 1 August 2021 to November 2022 and contains the following appendices:

Annex 1	Internal Auditors' Annual Report 2021-2022
Annex 2	External Auditors' Audit Results Report

Operation of Meetings and Terms of Reference

2. The Committee met eight times during the period August 2021 to November 2022.

The Internal and External Auditors are routinely invited to have a private meeting with the Committee (without management present) before each meeting, and the chair of the Committee contacts both Auditors before each meeting to offer the opportunity of a private discussion with the chair or with the Committee. The External Auditors met with the Committee in November 2021 and November 2022, and the Internal Auditors (BDO) in March 2022 and September 2022.

3. The Committee has an annual development programme. During the reporting period, the Committee received a presentation on the development of the IT Security Strategy from the Director of Information & Library Services and a briefing from the External Auditors on Changes to Audit Regulation and Quality. Updates and briefings from the auditors are routinely circulated to the Committee.
4. In the interests of good practice, the Committee regularly reviews its Terms of Reference. The governance effectiveness review carried out by external consultants, Halpin Partnership, in 2021/22 recommended that the Terms of Reference for all Governing Body committees should be reviewed and updated and put in a consistent format. Following the suggested review, minor changes were made. These were mainly procedural and ensured consistency with the other committee Terms of Reference as well as reflecting the need for liaison between this Committee and the Nominations, Staffing and Governance Committee over institutional culture and behaviour. These revised Terms of Reference received Governing Body approval on 28 June 2022.

Internal Audit

5. The Committee draws assurance from the work of the Internal Auditors in monitoring the effectiveness of the University's internal controls. BDO LLP provided internal audit services to the University under a contract running to July 2022. Following a competitive tender exercise, KPMG LLP were appointed by the Governing Body as the internal audit service providers wef 1 August 2022 for a period of three years. The Committee received assurance through the following:

5.1 Internal Audit Strategy and Plan for 2021-2022

Out of a proposed total of 195 days covering 15 audit reviews, 14 reviews were completed over 185 days. The difference resulted from the deferral of an audit on anti-money laundering and anti-fraud controls (10 days) to 2022/23. This was agreed by the Committee to allow management to embed revised policies and reflecting also the impact on management time of Project Ascent (the new financial management information system).

5.2 Internal Audit Reports and Recommendation Follow-Up

The Committee takes a focussed approach in overseeing the work of the Internal Auditors. It receives a summary of the internal audit reports and outcomes and concentrates on considering the detailed findings and management responses for 'high' and 'medium' risk recommendations. The number of recommendations in each category ('high', 'medium' and 'low') are reported to the Committee. The Committee requires the Internal Auditors to monitor progress with the implementation of recommendations by officers and report to each meeting. The Committee has challenged management on the importance of setting realistic implementation dates to ensure timely closure of actions. It has been agreed that where necessary, KPMG will consider the setting of separate implementation dates for multi-part recommendations and milestone targets for long-dated actions. The Internal Auditors have again acknowledged in their internal audit opinion management's good progress in implementing recommendations over the course of the reporting period, with only four audit actions remaining overdue at year end from prior years (one of which was subsequently implemented). There is recognition from the Internal Auditors also of the role the Committee has played in improving the completion of actions.

5.3 Internal Audit Annual Report 2021-2022 and Opinion (Annex 1)

The annual report summarises the work undertaken by the Auditors during the year. In respect of the assurance audits with opinions given:

- Design of internal controls: 71% received moderate assurance and 29% received limited assurance;
- Effectiveness of internal controls: 7% received substantial (ie full) assurance, 50% received moderate assurance and 29% received limited assurance. 14% were not assessed.

The Internal Auditors have concluded that reasonable assurance can be given to the adequacy and effectiveness of the University's risk management, control and governance processes and its arrangements for economy, efficiency and effectiveness. Notwithstanding that conclusion, limited assurance had been given on the design and effectiveness of the University's controls in relation to Sodexo contract management, cyber security and recruitment agents and limited assurance on the operational effectiveness of controls regarding the staff appraisal system.

6. The Committee is mindful of the key matters identified by the Internal Auditors from their findings. The need for improvements in the University's management of partners and suppliers is recognised by the executive and is being actively addressed. The Internal Auditors are aware that the University is modernising its business operations and improving its cyber infrastructure. With respect to the cyber security audit, BDO noted that the findings were typical of what they were seeing in the HE sector and that Greenwich was ahead of others in the sector. Other matters related to ensuring that key documentation and supporting policies and procedures are up to date and in place and that there is evidence of controls being in place.

External Audit

8. The Committee draws assurance from the work of the External Auditors in meeting its responsibility for reviewing and recommending to the Governing Body the annual

consolidated financial statements of the University. This is the fourth financial audit undertaken by the University's External Auditors, PricewaterhouseCoopers LLP (PwC).

9. During the reporting period, the Committee has undertaken detailed scrutiny of the report and financial statements for the University for the years ended 31 July 2021 and 31 July 2022. In both cases, the Committee's consideration was informed by a number of accompanying documents, including the External Auditors' Audit Results Report (the report for the year ended 31 July 2022 is appended at Annex 3); a detailed report from the Chief Financial Officer on the results for the year, including key accounting judgements and estimates; and a report from the Chief Financial Officer which outlined the work to confirm that preparation of the accounts on a going concern basis was appropriate.
10. [In considering the financial statements for the year ended 31 July 2022, the Committee noted the improvement in forecasting processes which meant that the year-end operating surplus broadly reflected quarterly outlook projections. This was principally due to the benefits derived from implementation of the new financial management system. The Committee discussed the challenges brought to the audit as a result of issues flagged by PwC around the LPFA pension scheme liabilities, which related to a number of universities and had led them to issue two opinions (qualified and unqualified) letters. PwC indicated that they were optimistic that these would be resolved in a timely manner to file the financial statements on time]. The financial statements for the year ended 31 July 2022 were approved by the Governing Body on 23 November 2022 and will be submitted to the Office for Students by the OfS's deadline of 23 January 2023.

Risk Management

11. The Committee remains mindful of the importance of risk management in the University's governance arrangements. Overall accountability and responsibility for the management of risks rests with the Governing Body which delegates the responsibility for keeping the effectiveness of risk management under review to the Audit & Risk Committee. At an operational level, the University Secretary is the executive lead for risk management across the University. The Committee received their assurance through the following:

11.1 Risk Management Framework

Periodic review of the Risk Management Framework, including the Risk Management Policy, Risk Management Guide and Risk Appetite Statement. A review by an external consultant is underway in 2022/23, which includes a facilitated discussion by the Governing Body on risk appetite at the Governing Body's development session on 23 November 2023.

11.2 Strategic Risk Register

The regular assessment of risk which is carried out through a cycle of review. The Committee routinely receives a risk management report, the updated Strategic Risk Register (SRR) and a risk map on a quarterly basis. The SRR was significantly revised and refocussed in the reporting period to reflect the University's new strategic plan to 2030. Risks are clearly aligned to the priorities in the strategic plan and to the University's agreed Strategic KPIs, with the shorter SRR including nine strategic risks and four compliance risks. A new review process has been adopted to ensure that the SRR is a dynamic document and that risks are regularly refreshed. Each strategic risk has a sponsor and an operational lead who meet with the Vice-Chancellor and University Secretary every six months to review risks and their mitigation. Subsequent revisions to the SRR are reviewed by the Vice-Chancellor's Group prior to submission to the Committee. In between these deep dives, risk owners and operational leads undertake further reviews via correspondence. Since the adoption of the new SRR, risks and risk scores have continued to be regularly reviewed to reflect changes in risks and reported to the Audit and Risk Committee and Governing Body.

11.3 Governing Body Consideration of Risk

Strategic risks are regularly considered by the Governing Body. The new SRR was approved by the Governing Body at its March 2022 Strategy Day. Commencing in May 2022, a risk dashboard derived from the SRR has been provided to each meeting of the Governing Body to facilitate the Governors' engagement with risk. As indicated, a facilitated discussion for Governors on risk appetite using an external consultant is scheduled for 23 November 2022.

11.4 Internal Audit Review

The assessment of the University's risk management arrangements by the Internal Auditors. Although no specific review of the risk management framework was undertaken, the Internal Auditors have assessed the adequacy of the University's risk management arrangements in the course of their audits (see 5.3).

11.5 External Audit Assessment of HE Risk

The Committee benefits from having access to PwC's Annual HE Sector Risk Profile. The analysis of the changing risk profile for the sector provides assurance that appropriate consideration is being given to the principal HE risks (ie financial sustainability, cyber security, student experience, research and infrastructure).

12. On the basis of the Internal Auditors' assessment and the good practice identified during the course of their work, the Committee remains satisfied that the University's internal processes are well placed to foster a culture of risk management and that an appropriate framework exists within which to assess, evaluate and take action to mitigate risk.

Value for Money (VfM) and Sustainability

13. The Audit & Risk Committee is required to satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness (ie value for money). The Committee is also mindful of the need to ensure the achievement of VfM for students and taxpayers as required by the OfS Regulatory Framework. The Committee has received assurance through the following:

13.1 VfM Monitoring and Reporting

The Committee receives an annual report on VfM governance which outlines the ways in which a culture of VfM is embedded across the University. The report was considered at the March 2022 meeting of the Committee and was subsequently provided to the Finance Committee for information. The report uses the OfS's definition of VfM to group the University's activities under the across three core VfM areas used by the OfS (Teaching Quality and Outcomes, Consumer Protection and Fees, Funding and Efficiency). The Committee was satisfied that the report provided a positive account of the University's commitment to achieving VfM. At the Committee's request, future reports will incorporate data relevant to student success and teaching quality and outcomes and indicate where relevant information on VfM is provided to Governors in other reports (e.g. Strategic KPIs).

13.2 Internal Audit Assessment of VfM

The Internal Auditors are required to provide an annual opinion on the adequacy of the University's arrangements for achieving VfM. Consideration is always given during an audit to whether the underlying systems encourage VfM. Three audits were conducted with a particular VfM focus relating to management of the Sodexo IFM contract, recruitment agents and partnerships (Transnational Education and Further Education). The Internal Auditors have provided an opinion of reasonable assurance on the University's arrangements for achieving VfM, while noting the need for improvements in the management of partner and suppliers contracts.

14. On the basis of the information provided, the Committee remains satisfied that a value for money culture exists within the University and that University Officers are committed to achieving economy, efficiency, effectiveness and exercising prudence in all its corporate and academic strategies and the use of financial and other resources.

15. The CUC Audit Committees Code of Practice requires the Committee to satisfy itself that effective arrangements are in place to ensure the sustainability of the institution. As indicated (see section 11), the Committee regularly reviews the University's Strategic Risk Register which includes major risks to the University's sustainability, and the Committee draws assurance from the Internal Auditors' assessment of the adequacy of the University's risk management arrangements. The University's going concern assessment was reviewed by the Committee in November 2021 and November 2022 as part of the Committee's review of the University's financial statements. The Committee also notes that the terms of reference of the Finance Committee include ensuring the financial sustainability of the University and that the University's financial performance is regularly monitored by the Finance Committee and the Governing Body. On this basis, the Committee is satisfied that adequate and effective arrangements are in place to ensure the sustainability of the institution.

Data Assurance

16. The Committee is required by the CUC Audit Committees Code of Practice to satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns to regulatory bodies. It receives assurance through the following:

16.1 Annual Report on Management and Quality Assurance of External Data Submissions

The Committee receives an annual report on data governance and the processes in place for managing and assuring the quality of data submitted to external agencies (provided to the Committee in September 2021 and September 2022). The report provides comfort on the robustness of the systems and processes in place. In September 2022 the Committee noted that the University's data verification processes were comprehensive, having been built up over a number of years. It was agreed that future reports should include additional columns detailing the source of the data (i.e. what system(s) it was drawn from) and the date when the individual returns were last reviewed by the Internal Auditors, or other assurance received.

16.2 Internal Audit Assessment of Data Quality

The Internal Auditors carry out an annual audit on data quality. A review in 2021/22 of the submission to the Office for Students (OfS) of the TRAC (Transparent Approach to Costing) provided moderate assurance on control design and substantial assurance on operational effectiveness. The audit examined the effectiveness of the systems and processes underpinning compilation and review of the TRAC return. The Internal Auditors commended the University on several areas of good practice and made one 'medium risk' recommendation, namely the need for a step-by-step guidance to be produced on the management of the TRAC process.

The Committee has implemented changes initiated by the OfS to the TRAC Return Process. The annual TRAC return no longer requires sign-off by the Committee. Instead, a report to the Committee's meeting in September 2022 reviewed Greenwich's TRAC process, the approach to the next TRAC return and benchmarking data of its performance against its peers.

16.3 Data Protection and Security

The Committee continued to focus on IT and information security given the importance of the risk. It received assurance from the following:

- Regular presentations from the Director of Information & Library Services, including:
 - The outcome of a penetration testing exercise carried out by JISC in October-November 2021 (March 2022 meeting);

- The development of the IT Security Strategy, which updated the Committee on measures being taken to strengthen the University's security posture (June 2022 meeting);
 - The launch of the IT Asset Management Project in October 2022 (June 2022 meeting);
 - The findings of an emergency response expertise facilitated by JISC in February 2022 which tested the University's ability and readiness to manage a serious cyber security incident (September 2022 meeting).
- The findings of relevant Internal Audit reviews. During the year review were carried out on IT Disaster Recovery (providing moderate assurance on design and operational effectiveness) and Cyber Security (providing limited assurance on design and operational effectiveness, but noting the improvements made and Greenwich's position relative to the sector – see para. 6). An internal audit review on Business Continuity Planning was also relevant; the review provided moderate assurance on design (no opinion was issued on operational effectiveness as the University's systems had recently been put in place).
- The regular monitoring of IT security metrics, as a standing item at each of the Committee's meetings. The metrics measure factors such as the anti-virus protection status of laptop and desktop devices, the critical patch status and vulnerability management across the estate. The metrics are kept under regular review to ensure they remain fit for purpose. The Committee was pleased to note that a security protection tool had been rolled out to over 4800 devices. It is supportive of NRI's bid to achieve accreditation of the ISO27001 standard for Information Security as the start of a wider programme of accreditation across the University.
- Regular monitoring of staff and PGR student completion rates for mandatory training on data protection and IT security. During the period under review, the regular report to the Committee was enhanced by providing a breakdown of non-completion by category and area to support management's work in targeting improvement. The Committee is satisfied that the completion rates are improving and has asked management to concentrate on targeting areas of low completion by non-permanent staff.
- The Committee has received regular updates on the new financial management information system (Project Ascent) and its implementation. As endorsed by the Committee, deployment occurred in two phases, with the Enterprises Resource Planning module going live in June 2022 and the Enterprise Planning and Management Module in March 2022. An analysis of lessons learnt for future large scale business and technical transformation projects was considered at the September 2022 meeting.

Governance and Other Work

17. The Internal Auditors' opinion includes the adequacy of the University's governance arrangements (see 5.3). In addition, the Committee notes that an external governance effectiveness review of the Governing Body and its committees was carried out in 2021/22. The review's report to the Governing Body concluded that the University complied with the requirements of the Committee of University Chairs' HE Governance Code, the HE Audit Committees Code of Practice and the HE Senior Staff Remuneration Code and met the governance requirements of the OfS Regulatory Framework.
18. The Committee continued to monitor the University's response to Covid-19 with regard to the impact on the delivery of teaching and learning and student experience until the Government removed its Plan B restrictions in late March 2022 and the University started to resume normal operations.

19. As part of its role in ensuring robust internal controls are in place to secure legal and regulatory compliance, the Committee annually considers an assessment from the University Secretary of the University's compliance with the Office for Students' Ongoing Conditions of Registration. Reports were considered at the meetings in September 2021 and November 2022.
20. With regard to the Committee's remit for monitoring institutional culture and behaviour as required by the CUC HE Audit Committees' Code of Practice and the CUC's revised HE Code of Governance, the Committee has agreed an information flow to/from the Nominations, Staffing and Governance Committee to enable it to derive assurance from the NSG without duplicating work. As part of this process, the Committee was briefed on the NSG Committee's discussion on work relating to the People Strategy. The Committee was pleased to note that the approach to reviewing the HR policy framework included engagement with staff. The Committee considered internal audit reviews on EDI and staff appraisals and noted that improving the completion of appraisals was a current focus of work. The new internal auditors, KPMG, have developed a soft controls methodology to evaluate culture and behaviour where appropriate in audits and the Committee looks forward to seeing the outcome of this process in audits in the 2022/23 plan.
21. The Committee has reviewed institutional documentation prepared as part of the University's regulatory obligations prior to its submission to the Governing Body for approval. This has included the reports prepared in relation to the Prevent statutory duty and the requirements of the Modern Slavery Act. In relation to its remit for governance processes associated with the management of risk and ethical behaviour, the Committee received reports on disclosures made throughout the reporting procedure under the University's Public Interest (Whistleblowing) Policy and Procedure. The Committee noted that all the actions arising from the audit review of whistleblowing in 2020/21 had been completed in a timely manner.

Opinion

22. The Committee has reviewed the findings of the Internal auditors on the effectiveness of the systems of internal control, governance and risk management. The average number of recommendations per audit has increased over the last four years. The meeting of the Committee on 14 November 2022 discussed this trend in detail with management and BDO. In their annual reports for 2021/22 and 2020/21, BDO have observed that it is likely to be related to management directing internal audits to areas where improvements are likely to be derived from internal audit reviews. In the discussion, the role of the Committee in driving improvement in internal audit and the more effective local management of the internal audit service in recent years were also noted as potential factors.
23. Of the 69 internal audit recommendations in 2021/22, 25 related to two audits where management were aware that improvements were required. The number of high significance recommendations has remained the same (two) as in 2020/21 despite the increased number of recommendations, with high significance recommendations decreasing slightly as a proportion of the total (from 4.3% in 2020/21 to 2.9% in 2021/22). Medium significance recommendations rose from 56.5% (20/21) to 65.2% (21/22), while low significance recommendations decreased from 39.1% (20/21) to 31.8%. The Committee remains satisfied that the VfM principles are integrated into day-to-day activities and that the University's arrangements for ensuring value for money and sustainability are adequate and effective, subject to improvement in some aspects.
24. The Governing Body strives to be consistent with the guidance from the Committee of University Chairs (CUC) and to comply with all essential elements of the CUC's Higher Education Code of Governance and Higher Education Senior Staff Remuneration Code. The Committee is satisfied that the Corporate Governance Statement in the Report and Financial Statements for the year ended 31st July 2022 is a reasonable summary of how the principles of corporate governance have been and continue to be applied in the University.

25. On the basis of all sources of information provided, the Committee has concluded that overall, the University's internal systems of risk management, control and governance arrangements were largely adequate and effective and were of an appropriate standard to attaining economy, efficiency and effectiveness. The Committee is also assured from the information provided to it that the University's arrangements for the management and quality assurance of data provided to external bodies are adequate and effective.

T A Brighton / Peter Garrod

Date: 17 November 2022