



Minutes: Extraordinary Council Meeting

Time and date: 18:00 – 20:00: Wednesday 25 January 2023

Location: Held Via MS Teams

Present: Mr Mark Qualter (Chair of Council), Dr Keith Bothongo, Mr Toby Corbett (President of the Students' Union), Professor Hongbo Du (Senate Representative) Professor Tim Evans, Sir Francis Habgood, Mr Nick Hillman, The Lord Peter Lilley, Ms Josephine Mbuya (Alumnus Representative), Ms Karen Mitchell, Dr Jaqueline O'Dowd (Senate Representative), Professor Adolfo Paolini (Senate Representative), Mr Callum Roberts (Professional Services) Mr Mark Rushton, Professor Alan Smithers, Mrs Milly Soames, Professor James Tooley (Vice-Chancellor)

In attendance: Mr David Cole (Chief Financial Officer), Mrs Maureen Hampson (Governance Secretary), Mr Chris Payne (Registrar & Director of Professional Services), Ms Alison Sealey (Interim Director of Student Support Services), Mr Sudhir Singh, (Head of Not for Profit, Partner, MacIntyre Hudson)

Secretary: Mr Sam Weston, Secretary to Council
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1 Apologies for absence

Apologies were received from Chris Hollis.

2 Declarations of interests in respect of items on the agenda

There were no declarations of interests reported.

3 Matters arising

There were no matters arising.

4 Chair's Introduction

The Chair of Council thanked the Finance Team and the auditors, MacIntyre Hudson (MHA), for their hard work and diligent support throughout the 2020 audit process.

5 Approval of 2020 Financial Statements and letter of representation

Council considered the University's draft 2020 Financial Statements, Draft Letter of Representation, Going Concern, and Accounting Estimates.

Arising from a discussion, the Chief Financial Officer (CFO), noted the following points:

- The 2020 Financial Statements for Medical Property Management Limited (MPML) and The University of Buckingham Foundation (UoBF) had both been filed with their respective regulators.
- The University's 2020 Financial Statements were felt to be clearer and briefer as a number of matters had been resolved since the finalisation of the 2019 statements.

- The 2020 Financial Statements were a clean set of accounts with an unqualified audit opinion and no material uncertainties on going concern.
- The priority remained for the University to enable its controls and processes, and its compliance with its regulators, to be brought to a satisfactory position.
- The 2020 Financial Statements reported a deficit in the Income and Expenditure Statement of £2.5m; derived from £1.5m trading performance and with £1m of adjustments to provisions made in 2019 (accounting estimate updates / assumptions).

Arising from a discussion with MHA, the following points were noted:

- MHA confirmed the CFO's reporting that they would conclude an unqualified, unmodified audit opinion, including on going concern and that they did not anticipate any significant amendments to the Statements in the coming days. MHA were comfortable that the 2020 Financial Statements were true and fair.
- Significant issues identified by the 2019 Financial Statements / Audit remained unresolved at this stage in terms of financial management and financial accounting; this position had affected the financial results for 2020; a theme which would continue for both the University's 2021 / 2022 year-ends / audits – but which were anticipated to improve for 2023.
- There were no new exceptional items for 2020.
- Several (anticipated) historical issues and weaknesses remained; however, further matters had arisen which Council needed to be aware of and which needed to be actioned.
- MHA's Audit Findings Report had included several adjustments with some unadjusted statements although these were felt to be minor.
- MHA had identified areas that Council was familiar with that needed to be addressed related to the Crewe Campus / and areas of impairment.
- Related Parties Transactions and Conflicts of Interest were two areas identified for improvement although MHA were comfortable with the disclosures made. Recommendations arising from the audit included prioritisation of processes in this, and other, areas.
- MHA reported on a need for the University to address matters relating to management of complex Fund Accounting, i.e., whereby external restrictions were placed on funds given to the University / UoBF. A lack of rigor had been identified with recommendations included within their Audit Findings Report to help address this. The lack of clarity identified included a disclosure by MHA as being an area that required examination and which may lead to a restatement of some of the funds.
- MHA highlighted the University's Financial Improvement Plan and the importance attached to delivering the aims and objectives within it. This should include the appropriate levels of resources required to secure good outcomes, and improve efficiency and the control environment.

Following the Risk, Audit and Compliance Committee (RACC), (held prior to this meeting) which discussed MHA's Audit Findings Report, the Interim Chair of RACC noted the following points:

2020 Audit Findings

- RACC had reviewed each element of MHA's Audit Findings Report confirming that an Action Plan would be produced to address each of the recommendations.
- RACC had considered future planning, noting that some changes in respect of auditing standards would impact the work required of the University in respect of the 2022 Financial Statements; with a view to a return to a more routine audit for 2024.
- RACC had recognised the need to support the CFO and the Finance team and to reinforce the level of support to ensure that the University was able to continue to meet its deadlines with regulators.
- It was anticipated that increased fees would be required for the further work that would be necessary of MHA in respect of the 2021 and 2022 audits.

Internal Audit

- RACC had received a paper from the Executive regarding options for reinvigorating the University's Internal Audit function, which had gone into abeyance in 2020.
- RACC had noted MHA's view that audit firms were sometimes reluctant to take on the work with smaller organisations and this might lead to a recruitment challenge for the University.
- After considering the various models put forward, which included employing a Head of Internal Audit to conduct audit work directly, and asking an audit firm to take on this role, RACC had agreed to pursue a hybrid approach: a Head of Internal Audit staff position (on a part-time basis), supported by an external audit firm (providing specific areas of specialism to support the audit work, when required). The Vice-Chancellor would now take this matter forward with the Executive to progress a plan of action. Council endorsed the approach taken by RACC and the Executive.

As a new member of RACC, Nick Hillman commended the (new) Interim Chair of RACC for his hard work.

RESOLVED:

That, arising from consideration by RACC and Council:

- (a) MacIntyre Hudson's Audit Findings Report for 2020 be approved;
- (b) The University's 2020 Financial Statements be approved for signature by the Chair of Council, Vice-Chancellor, and CFO subject to any minor amendments not material in nature; and
- (c) The Letter of Representation be approved for signature by the Chair of Council.

6 Council meetings for 2023:

The Chair of Council asked Council to be aware of the Council meeting that was scheduled to take place at the Crewe Campus site in July. The meeting would include the involvement of onsite teams at Crewe in the hope of delivering a lively and informative agenda.

- Thursday 4 & Friday 5 May 2023 – Joint Council, Senate and Executive two-day Away Day at the DoubleTree by Hilton MK Stadium
- Monday 22 May 2023 – 13:00 (Teams /campus)
- Monday 17 July 2023 – 12:00 (Crewe)
- Monday 16 October 2023 – 13:00 (Teams/campus)
- Monday 11 December 2023 – 13:00 (Teams/Campus)

7 Any Other Business

The Chair of Council passed on thanks from the Secretary to Council to members for successfully switching to the use of University email accounts for University business.