

AUDIT COMMITTEE

8 November 2021 - via Microsoft Teams (including video link)

CONFIRMED SUMMARY MINUTES

Contact Georgina Bailes, georgina.bailes@northumbria.ac.uk, Secretary to the Board of Governors, with any queries about these Summary Minutes.

Present: J Bromiley (Chair), A Corfield, P Judge, S Pelham.
Apologies: A Rice-Thomson, Professor T Lawson, S Reid (EY).
Secretary: G Bailes, R Elliott (Assistant Secretary)
In attendance: J Embley [AC21/34], M Mason (EY), S McNair (PwC), Professor G Marston [AC21/34], D Monnery, M Moore (KPMG), S Newitt, C Partridge (KPMG), E Pritchard [AC21/34], Professor J Reast [AC21/27], Professor A Wathey.

1.	<p><u>Introduction</u></p> <p>Committee Membership and Terms of Reference 2021/22 [AC21/21] The Committee considered updated draft Terms of Reference for 2021/22; an additional term had been included to clarify the Committee's role in relation to Health, Safety and Wellbeing, and to distinguish it from the role of Employment and Finance Committee. The Committee requested that the additional term include specific reference to wellbeing, and subject to that amendment endorsed the draft Terms of Reference for 2021/22 prior to submission to Board of Governors on 29 November 2021.</p> <p>Appointment of Co-opted Member of Audit Committee [AC21/43] The Committee endorsed the appointment of John Hudson, CFO of the Home Group, as a Co-opted Member for Audit Committee for an initial three-year term.</p> <p>Vice-Chancellor's Horizon Scanning [Oral Report] The Vice-Chancellor and Chief Executive presented on sector wide matters and the implications of these for the University. Key developments were generally grouped into the ongoing impacts of the Covid pandemic, and the Government's emerging HE reform programme. The Committee noted the update.</p>
2.	<p><u>External Audit</u></p> <p>External Audit Report [AC21/22] The Committee considered the report of KPMG, the University's External Auditors; the University's financial statements were generally in a good position although some minor areas of work remained to be completed. The Committee noted that following discussion of some issues at the informal meeting on 5 November: further work had been undertaken and the internal conclusion was that the reported numbers appeared reasonable; the evidence would now be presented to KPMG to allow them to carry out the required audit work.</p> <p><u>Annual Report and Financial Statements</u> [AC21/23] The Committee considered the University's 2020/21 draft Annual Report and Financial Statements, focusing on the compliance aspects of the accounts, and the underlying financial control environment. The ARFS was essentially complete and the operating performance for 2020/21 was strong, exceeding the net adjusted operating cashflow target. It was likely that sufficient headroom would-be retained into 2021/22 to meet any unforeseen semester two issues, so the use of the going concern basis was justified. The Committee endorsed the 2020/21 Annual Report and Financial Statements, prior to them being reviewed and endorsed by Employment and Finance Committee, and approved by the Board of Governors, and endorsed the University's approach to the use of the going concern basis of accounting within the accounts.</p>
3.	<p><u>Internal Audit 2020/21</u></p> <p>Outstanding Audit Actions [AC21/24] The Committee considered progress in the implementation of previously agreed audit actions. Of the 21 actions, eight were not yet falling due for implementation, nine were reported as fully implemented and four</p>

were reported as overdue against their agreed implementation dates. **The Committee requested that full implementation plans for risk management and business continuity, including revised deadlines for the overdue Business Continuity actions, be reported to the next Committee meeting.**

Internal Audit Progress Report 2020/21 [AC21/25]

The Committee noted that EY's 2020/21 Internal Audit work was now complete.

Core Financial Controls Audit Report [AC21/26]

The Committee considered the Core Financial Controls internal audit report; two low risk findings had been identified, meaning the report was graded as low. **The Committee noted the report.**

UKVI Internal Audit Report [AC21/27]

The Committee considered the UKVI internal audit report. The review identified two medium and one low risk findings and was therefore graded medium, and management agreed with the findings; work to address them was planned to be complete by the end of January 2022. **The Committee noted the report.**

Follow-Up Report [AC21/28]

The Committee noted EY's assessment that all management actions reported as complete or superseded that were tested were evidenced as such. The Committee commended the finding and confirmed that follow-up remained a key piece of information to provide assurance for its responsibilities for monitoring implementation by management of the findings and agreed actions arising from the internal and external audit function (Terms of Reference 2.15). PwC would continue the overall approach.

Internal Audit Report and Opinion 2020/21 [AC21/29]

The Committee noted the Internal Audit Report and Opinion 2020/21, which included a positive Internal Audit Opinion

Internal Audit Plan 2021/22 [AC21/30]

The Committee endorsed PwC's internal audit plan for 2021/22.

Internal Audit Progress Report 2021/22 [AC21/31]

The Committee noted progress on the implementation of the 2021/22 Internal Audit Plan.

Thought Leadership Reports [AC21/32 and 33]

The Committee noted the reports, which would be circulated to a wider audience.

4. Policy, Risk and Assurance

Health, Safety and Wellbeing Annual Report 2020/21 [AC21/34]

The Committee considered the Health, Safety and Wellbeing Annual Report 2020/21, which was a summary of quarterly reports received by the Committee and did not contain any new information. **The Committee noted the report, noted that the low levels of sickness absence could in part reflect lower levels of reporting of short term sickness while staff were working from home and would continue to be closely monitored and noted that work to remedy the fire safety defects at Trinity Square was likely to take some time, but that six-weekly meetings with TWFRS were continuing to ensure that it remained safe to occupy given the control measures in place.**

Prevent Duty Annual Report [AC21/35]

The Committee considered the University's Prevent Duty Annual Report for 2020/21, which had been updated to reflect changes to OfS requirements. There were no incidents to report for 2020/21. The Committee noted that the zero incidents report for 2020/21 did not indicate any issue with the University's systems and reporting arrangements and endorsed the report for submission to Board of Governors on 29 November 2021.

Annual Value for Money Report 2020/21 [AC21/36]

The Committee considered the University's internal Value for Money (VfM) report for 2020/21, which provided a more qualitative assessment of the University's VfM performance than was done within the old the Annual Efficiency Return. The scope of VfM included not only how the University spent public money in an efficient and effective way, but also how it could demonstrate value to students across a range of areas,

including teaching quality, employability, and transparency, whilst protecting students' rights as consumers, and for 2020/21 iteration included an assessment of how VfM was delivered through Northumbria's widening participation activity. **The Committee noted the report and requested that more detailed information on the approach to improving VfM through procurement be brought to the 23 May 2022 meeting.**

Audit Committee Annual Report 2020/21 [AC21/37]

The Committee approved its Annual Report 2020/21 for submission to Board of Governors on 29 November 2021.

Reportable Incidents Summary [AC21/38] *CONFIDENTIAL AND LEGALLY PRIVILEGED*

(NB: this item is Legally Privileged and included in Reserved Business Minutes)

Strategic Risk Dashboard [AC21/39]

The Committee noted the current Strategic Risk Dashboard, requested that it be revised to include a projected point by which the risk rating would improve, and requested that a report be brought to the next Committee meeting setting out a plan and timetable for the review of the risk management system.

Committee Agenda Plan 2021/22 [AC21/40]

The Committee noted its 2021/22 Agenda Plan and future meeting agenda items, and requested that the Plan be reconfigured to show a rolling four-meeting view rather than being on an academic year basis.

5. Meeting Record, Reporting and Context

Matters Arising/Summary Action List [AC21/42]

The Committee considered progress in the implementation of previously agreed actions and confirmed the actions in the Holding Bay as completed for release from the Summary Action List.

Georgina Bailes,
Secretary to Audit Committee,
November 2021