

**AUDIT COMMITTEE – 14 November 2022
SUMMARY MINUTES**

Confidential Minutes of the meeting of the Audit Committee held on **Monday 23 May 2022 at 1415 hours** in **Room 209, Sutherland Building** *The meeting was preceded by a closed meeting with Committee members and the representatives of internal and external audit.*

Present: J Bromiley (Chair), J Hudson, P Judge, S Pelham, A Rice-Thomson [to AC22/26], A Corfield, S Liu
Observer: Dr L Brown, Prof J McLaughlin
Apologies: P Charnock (PwC),
Secretary: G Bailes, R Elliott (Assistant Secretary)
In attendance: S Corbett, J Embley [AC22/24], Prof T Lawson, Prof A Long, S McNair (PwC), D Monnery [from AC22/20], S Newitt, C Partridge (KPMG), A Sahota (PwC), C Stogden, J Taylor.

The complete version of the unconfirmed minutes is available to all governors on request, recognising that these are subject to formal confirmation as an accurate record by the Committee at its next meeting. As a general rule, only confirmed minutes which are non-confidential will be accessible to a wider audience.

MAIN ITEMS DISCUSSED/DECIDED ON AT THE MEETING

1.	<p><u>Introduction</u> <u>Vice-Chancellor’s Horizon Scanning</u> [Oral Report] The Vice-Chancellor and Chief Executive presented on sector wide matters and the implications of these for the University. Plans were under discussion for managing potential industrial action by UCU. The recent Ofsted inspection of Degree Apprenticeships provision outcome was ‘reasonable progress’; a subsequent Education and Skills Funding Agency audit had highlighted a number of issues that were being addressed. The new Secretary of State for Education was thought likely to focus on the skills agenda, and “levelling up” remained a priority for the Government however the Autumn Statement was likely to result in further financial pressures for the University and its staff. The University had been awarded funding from OfS to support the development of CHASE and had been shortlisted for ‘University of the Year’ in the Times Higher Education Awards. The Committee noted the update.</p>
2.	<p><u>External Audit</u> <u>External Audit Report 2021/22</u> [AC22/20] The Committee considered the draft audit report of KPMG, the University’s External Auditors, on the 2021/22 Annual Report and Financial Statements. The audit was still in progress with outstanding testing expected to be completed shortly with no anticipated impact on the findings in the draft report though there were some adjustments to be made to the accounts following updates since the informal meeting on 4 November. There had been significant improvements with the timeliness of information from London Campus but there were still further improvements that could be made. The committee noted the report.</p> <p><u>Annual Report and Financial Statements 2021/22</u> [AC21/64] The Committee considered the University’s 2021/22 Annual Report and Financial Statements, from a compliance aspect, the performance aspect had been considered by Employment and Finance Committee on 7 November. Performance in 2021/22 remained strong and the five-year forecasts gave assurance that this would continue, justifying the use of the going concern basis of accounting. The Committee endorsed the 2021/22 Annual Report and Financial Statements, subject to changes, prior to them being 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 2021/22</u></p>

Outstanding Audit Actions [AC22/2]

The Committee considered progress in the implementation of previously agreed audit actions. Of the 18 actions, thirteen were not yet falling due for implementation, four were reported as fully implemented and one was reported as overdue against their agreed implementation dates. **The Committee approved the requested extension to the Student Feedback action.**

Update on progress on Information Security Action [Oral Report]

The Committee considered progress on an Information Security action. A technical solution had not yet been found to address the issues and discussions with external providers were on-going, therefore a further extension was required. **The Committee noted the update and approved an extension until May 2023 with an update on progress to be provided at the 3 February committee meeting.**

Internal Audit Progress Report 2022/23 [AC22/23]

The Committee considered progress on the implementation of the 2022/23 Internal Audit plan since 6 October, Health and Safety, and, Access and Participation reviews had been deferred but Outsourced contracts Procurement and Management had been brought forward. **The Committee noted the report.**

Salary Sacrifice [AC22/24]

The Committee considered the Salary Sacrifice internal audit report which had been requested to assist with known issues relating to national minimum wage and salary sacrifice for staff on the lowest salary points. There were three medium risk recommendations and proposals in regard to minimum wage had been put to Unison independently of the audit finding would resolve some of the identified concerns. **The Committee noted the report, that national wage compliance was regulated by HMRC and subject to unannounced audits and that controls for working with the 3rd party providers of some salary sacrifice schemes would be reviewed.**

ERP System [AC22/25]

The Committee considered the ERP System internal audit report which identified two high risk and three medium risk recommendations. The audit had taken place during a transition period in the project and many of the identified issues had already been addressed. It was still expected that the HR element of the project would go live on 21 November as planned, with payroll live in April and finance in August 2023. **The Committee noted the report and that the initial go live date had moved while the audit was in progress.**

Internal Audit Annual Report and Opinion 2021/22 [AC22/26]

The Committee considered the Internal Audit Annual Report and Opinion. 2021/22 audits had been completed and eight audits had been carried out. The overall opinion was generally satisfactory with some improvements required. The program of work had been designed to look at high risk areas and areas where there were known issues which impacted on the overall rating. **The Committee noted the report and that the timing of the Estates Master plan would be reviewed in the light of OfS funding for CHASE.**

4. Policy, Risk and Assurance

Strategic Risk Register [AC22/27]

The Committee considered the Strategic risk register and the technical changes to the Strategic Risk Register which had been made following feedback from Board of Governors on 3 October. The scoring of risks had been revised to account for both short-term and long-term targets and risk review sessions would be held quarterly with Strategic Risk Owners prior to each Audit Committee cycle. **The Committee noted the report, that the SRR was addressing recommendations made in the Risk Management internal audit but that further work was required before the recommendations would be considered complete and commended the inclusion of actions with aspirational dates demonstrating the forward view of the SRR.**

Operational Risk Management [AC22/28]

The Committee considered the proposed approach to the University's operational risk management process. The University was required to have a risk management framework in place by OfS. Operational risk registers were now in place in all Services and Faculties and the scope would be expanded to include subsidiary companies, joint ventures and strategic projects. They would be reviewed quarterly from January 2023 and would reflect audit findings **The Committee noted the proposed approach and that future reports on operational risk registers would be included in the risk reports submitted at each Committee.**

Safeguarding and Prevent Annual Report [2021/22]

The Committee considered the Safeguarding and Prevent annual report for 2021/22 which had been amended following recommendations from the Committee in the meeting held on 23 September, more detail regarding Prevent referrals and training had been included. **The Committee noted the report, noted that while every student death was regrettable, given the number of students at Northumbria it was likely that a small number would sadly happen; the number of student deaths was in line with sector averages and trend information would included in future reports, welcomed the additional information the new report provided and endorsed the Safeguarding and Prevent Annual Report and declaration for submission to Board of Governors on 28 November.**

Annual Value for Money Report [AC22/30]

The Committee considered the University internal Value for Money (VfM) report for 2021/22, as part of the supporting documentation for the Audit Committee's Annual Report (AC22/31). The report provided a more qualitative assessment of the University's VfM performance than was done within the old Annual Efficiency Return, which was heavily weighted to procurement-based quantitative data. 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' right as consumers. **The Committee noted the report and requested that benchmarking information be included in future reports where this is available.**

Audit Committee Annual Report [AC22/31]

The Committee considered the Audit Committee Annual Report for 2021/22 which had been revised following recommendations by Committee at the meeting held on 23 September, wording referencing internal audit had been updated to be consistent with that used by PwC. **Resolved: The Committee requested further amendments with a revised report re-circulated to the Committee and approved the report for submission to Board of Governors.**

TRAC Return 2021/22 [AC22/32]

The Committee considered how the 2021/22 TRAC return complied with the OfS guidance which had changed for the 2021/22 and it was no longer a requirement for a committee to review and approve compliance of the return before submission but rather that a review of the reasonableness of the approach to the preparation of the return was carried out by the appropriate Committee during the governance cycle and it was appropriate that the responsibility for this review was assigned to the Audit Committee. A report would be presented to the Committee at the 13 February meeting and the process for preparation would continue to be scrutinised by the TRAC Steering group. **Resolved: The Committee noted the change in approach to compliance for the 2021/22 TRAC return and approved the compilation process adjustments.**

Reportable Incidents Summary [AC22/33] CONFIDENTIAL AND LEGALLY PRIVILEGED

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

Georgina Bailes,
Secretary to Audit Committee,
November 2022