

## AUDIT COMMITTEE

**13 September 2021 - via Microsoft Teams (including video link)**

### CONFIRMED SUMMARY MINUTES

**Contact Georgina Bailes, [georgina.bailes@northumbria.ac.uk](mailto:georgina.bailes@northumbria.ac.uk), Secretary to the Board of Governors, with any queries about these Summary Minutes.**

Present: J Bromiley (Chair), P Judge, S Pelham, A Rice-Thomson  
Apologies: A Corfield, S Reid (EY), A Thomas (KPMG)  
Secretary: G Bailes, R Elliott (Assistant Secretary)  
In attendance: J Cerillo (EY) [AC21/01 – AC21/07], Dr S Corbett, J Embley [AC21/06 – AC21/09], L Holmes (PwC), M Mason (EY), S McNair (PwC), D Monnery, S Newitt, C Partridge (KPMG), E Pritchard [AC21/09], Professor A Wathey.

1.	<p><b><u>Introduction</u></b></p> <p><b>Committee Membership and Terms of Reference 2021/22</b> [AC21/01]  The Committee considered its membership and draft Terms of Reference for 2021/22, which had previously been updated to reflect the requirements of the CUC Higher Education Audit Committees Code of Practice published in May 2020. <b>The Committee agreed to provide any comments or feedback to the Secretary so that a final version could be presented to the Committee at the 8 November 2021 meeting for endorsement prior to submission to Board of Governors.</b></p> <p><b>Vice-Chancellor’s Horizon Scanning</b> [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. <b>The Committee noted the update.</b></p>
2.	<p><b><u>External Audit</u></b></p> <p><b>Progress Report</b> [Oral Report]  <b>The Committee noted that the external audit was progressing to plan, with emerging issues being addressed quickly.</b></p> <p><b>Key Accounting Judgements and Areas of Audit Focus</b> [AC21/02]  The Committee considered an update on the findings from the 2019/20 external audit and the approach being taken to key areas of judgement for the 2021/22 financial statements. <b>The Committee noted the report.</b></p> <p><b>Non-Audit Services for Potential VAT Savings – Progress Report</b> [AC21/03]  The Committee considered the proposed next phases of provision of VAT consultancy services by KPMG; management opinion was that arrangements were in place to mitigate independence risks adequately. <b>The Committee received assurance that KPMG’s internal independence checks had also concluded that risks were properly mitigated and approved the engagement of KPMG for a final two phases of work.</b></p>
3.	<p><b><u>Internal Audit 2020/21</u></b></p> <p><b>Outstanding Audit Actions</b> [AC21/04]  The Committee considered progress in the implementation of previously agreed audit actions. Of the 16 actions, eleven were not yet falling due for implementation, two were reported as fully implemented and three were reported as overdue against their agreed implementation dates. <b>The Committee commended the continuing low level of overdue actions and approved the extensions to the overdue audit actions arising from the Core Financial Controls and UKVI Agent Marketing reviews.</b></p> <p><b>Internal Audit Progress Report 2020/21</b> [AC21/05]  The Committee considered progress against the 2020/21 Internal Audit Plan since its 24 May 2021 meeting. Two of the remaining reviews were presented to this meeting. Findings from the UKVI phase two and core</p>

financial controls reviews were being discussed with management; the reports would be presented to the 8 November meeting, along with the follow up report and the internal audit opinion. **The Committee noted progress against the 2020/21 Internal Audit Plan.**

**Payroll Internal Audit Report [AC21/06]**

The Committee considered the Payroll internal audit report. A high risk relating to review of levels of access to the payroll system had been identified, meaning the report was graded as high; this and the medium and low risk findings had already been addressed by management. **The Committee noted the report.**

**IT Major Incident Management and Reporting Internal Audit Report [AC21/07]**

The Committee considered the IT Major Incident Management and Reporting internal audit report. The review identified three medium and three low risk findings and was therefore graded medium. **The Committee noted that although there was no intention to recruit a dedicated major incident specialist, a new post covering major incidents along with other duties would strengthen the IT management team's capacity and experience and along with the policy and procedures to be produced would sufficiently mitigate the risk; this would be included in the management actions in the report and included in the update report by EY.**

**Draft Internal Audit Plan 2021/22 [AC21/08]**

The Committee considered PwC's draft internal audit plan for 2021/22; a three-year plan would follow for 2022/23 onwards once PwC had been able to carry out a fuller assessment of risk and the University's risk appetite. **The Committee noted the Plan, a final version of which would be submitted to the 8 November meeting.**

**4. Policy, Risk and Assurance**

**Health, Safety and Wellbeing Report Q4 2020/21 [AC21/09]**

The Committee noted the Health, Safety and Wellbeing Report May 2021 to July 2021. All buildings continued to be Covid secure; restrictions had been lifted with effect from 10 September. The RoSPA Gold award had been maintained and second place achieved in the RoSPA competitive Education and Training sector category. the cost of sickness absence was at its lowest since summer 2017, with the absence impacts of remote working still emerging but appearing positive. **The Committee agreed that the Terms of Reference should be reviewed to clarify the respective Health, Safety and Wellbeing roles of Audit Committee and Employment and Finance Committee, along with the role of the Health, Safety and Wellbeing Management Group, to maintain required levels of assurance while avoiding duplication, and noted that Sally Pelham would provide a link between all three bodies with a standing item to update at each Audit Committee meeting. The Committee noted that the red indicator for planned maintenance was expected to return to green for the next quarter, and that the red indicator for completion of mandatory training was moving in the right direction.**

**Draft Prevent Duty Annual Report [AC21/10]**

The Committee considered a draft of the University's Prevent Duty Annual Report for 2020/21; there were no incidents to report for 2020/21. **The Committee noted that a final version of the report would be presented to the 8 November meeting.**

**Draft Audit Committee Annual Report 2020/21 [AC21/11]**

The Committee considered a draft of its Annual Report 2020/21, the final version of which would be reported to Board of Governors on 29 November. **The Committee agreed to provide comments and feedback to the Secretary before 15 October to allow the final version to be prepared for consideration at the 8 November Committee meeting.**

**Insurance Coverage Report [AC21/12]**

**The Committee noted the University's insurance arrangements, which informed its overall opinion on the adequacy of the University's internal controls and risk management arrangements.**

**Reportable Incidents Summary [AC21/13] *CONFIDENTIAL AND LEGALLY PRIVILEGED***

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

**Strategic Risk Dashboard [AC21/14]**

	<p>The Committee noted the Dashboard, and noted that the University's risk management arrangements would be reviewed following the appointment of the Risk Manager, for which recruitment was currently in progress. An anticipated timescale would be reported to the next meeting.</p> <p><b>Committee Agenda Plan 2021/22 [AC21/15]</b> The Committee noted its 2021/22 Agenda Plan and future meeting agenda items. It was agreed that the 8 November meeting which would consider the Annual Report and Financial Statements would be held on campus, but others would continue to be online.</p>
5.	<p><b><u>Meeting Record, Reporting and Context</u></b> <b>Matters Arising/Summary Action List [AC21/20]</b> 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.</p>